The Narragansett Electric Company

d/b/a National Grid

INVESTIGATION AS TO THE PROPRIETY OF PROPOSED TARIFF CHANGES

Testimony and Schedules of:

Michael D. Laflamme

Book 3 of 11

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Testimony of
Michael D. Laflamme

PRE-FILED DIRECT TESTIMONY

OF

MICHAEL D. LAFLAMME

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I. Introduction and Qualifications

Q. Please state your full name and business address.

A. My name is Michael D. Laflamme, and my business address is 40 Sylvan Road, Waltham, Massachusetts 02451.

Q. By whom are you employed and in what capacity?

A. I am Vice President, Regulation and Pricing Officer, New England for National Grid USA Service Company, Inc. ("NGSC"). NGSC provides administrative, corporate and management services to direct and indirect subsidiary companies of National Grid USA ("National Grid"). My current duties include revenue requirements and pricing activities for all New England electric and gas distribution subsidiaries of National Grid, including The Narragansett Electric Company d/b/a National Grid (the "Company").

Q. Please provide a brief summary of your educational background.

A. In 1981, I earned a Bachelor of Science degree in Business Administration with an emphasis in Accounting from Bryant College in Smithfield, Rhode Island.

Q. Please describe your professional background.

A. From 1981 through April 2000, I was employed by various subsidiary companies of Eastern Utilities Associates ("EUA"), including EUA Service Corporation ("EUASC") which provided accounting, financial, engineering, planning, data processing and other services to all EUA System companies. I joined EUA's accounting department in 1981 and transferred to the revenue requirements section of EUASC's Rate Department in

1985. I held progressively responsible positions in revenue requirements prior to transferring to the Treasury Services department of EUASC in 1988. I was promoted to the position of Manager of Treasury Services in 1991. The EUA System was acquired by National Grid in early 2000, at which time I joined NGSC as Manager of Regulatory Support. In October 2007, I assumed the position of Director of Electric Revenue Requirements, and in June 2008, I was promoted to my current position.

Q. Have you previously testified before the Rhode Island Public Utilities Commission (the "Commission")?

A. Yes, I have testified in numerous ratemaking proceedings before the Rhode Island Public Utilities Commission (the "Commission") during my tenure with EUA and National Grid. My most recent base rate case testimony was as a policy witness in Docket No. 4065, The Narragansett Electric Company, d/b/a National Grid Application for Approval of Change in Electric Base Distribution Rates (the "2009 Electric Rate Case") and as the revenue requirement witness in Commission Docket No. 3943, Application for Rate Change of Narragansett Electric d/b/a National Grid (the "2008 Gas Rate Case"), which was the application by the Company for a change in gas distribution rates for Narragansett Gas. I have also testified in numerous proceedings before the Massachusetts Department of Public Utilities and New Hampshire Public Utilities Commission, as well as at the New York State Public Service Commission and the Federal Energy Regulatory Commission ("FERC").

Q. Would you please explain the naming conventions that you will be using in your testimony and associated schedules to identify the various entities involved in this proceeding?

A. Certainly. This proceeding is a ratemaking proceeding for the electric and gas distribution operations of The Narragansett Electric Company, which together represent the entirety of the regulated operations conducted in Rhode Island by the Company. In this case, I will refer to the regulated entity as the "Company," where the reference is to both electric and gas distribution operations on a collective basis. Where there is a need to refer to the "stand-alone" or individual electric or gas operations of The Narragansett Electric Company, I will use the terms "Narragansett Electric" or "Narragansett Gas," respectively, as appropriate. Where I refer to "National Grid USA", I will use the term "National Grid"; where I refer to "National Grid plc," I will use that specific term.

II. <u>Purpose of Testimony</u>

Q. What is the purpose of your testimony?

A. My testimony is designed to serve several purposes. First, I discuss efforts undertaken by the Company to review Test Year data, including, but not limited to, the costs charged by the service companies to Narragansett Electric and Narragansett Gas in the Test Year ending December 31, 2011 ("Test Year"). Second, I discuss the reallocation of Test Year service company costs to implement the findings of a study performed by PA Consulting Group ("PA"), which recommended a new single suite of allocators designed to most appropriately allocate service company costs under a new combined service company model and with a new back office system, both of which will be operating for the entirety of the Rate Year ending January 31, 2014 ("Rate Year"). National Grid anticipates implementing a new back office system including a combined general ledger and human resources ("HR") system, along with the use of the recommended allocators, later in 2012.

Third, my testimony provides the Rate Year revenue-requirement calculation and existing revenue deficiency for Narragansett Electric, and separately for Narragansett Gas. The cost of service established in my testimony for Narragansett Electric and for Narragansett Gas will serve as the basis for the allocated cost of service study presented by Company Witness Howard S. Gorman for Narragansett Electric and Company Witness Paul M. Normand for Narragansett Gas.

Fourth, my testimony is designed to set forth the Company's proposal in this case for calculation of the rate base amount to be recovered through base distribution rates. As discussed herein, the rate base calculation must be performed in a manner consistent with the operation of the Infrastructure, Safety and Reliability ("ISR") Plans in place for Narragansett Electric and Narragansett Gas as a result of the Decoupling Act[1]. My testimony explains the Company's proposal for structuring rate base recovery through base rates and the ISR Plan mechanism, which work in tandem under Rhode Island law. The treatment proposed by the Company for the rate base calculation is the same for Narragansett Electric and Narragansett Gas.

[1] R.I. Gen. Laws §39-1-27.7.1, An Act Relating to Public Utilities and Carriers – Revenue Decoupling (the "Decoupling Act").

Fifth, my testimony discusses the amount of pension and other post-remployment benefits ("OPEBs") to be included in the Pension Adjustment Mechanism ("PAM"), which is currently in place for Narragansett Gas as the P&PBOP Adjustment[2] in the Delivery Adjustment Charge ("DAC"), and is proposed in this case for application to Narragansett Electric.

Sixth, my testimony discusses the Company's proposal to reinitiate the storm fund recovery in Narragansett Electric base rates, which was temporarily suspended in the 2009 Electric Rate Case. As a result of the Commission's decision in the 2009 Electric Rate Case, Order No. 19965A at 153 (April 29, 2010), the operation of the storm fund was suspended until such time that the balance of the account fell below a threshold of $20 million at which time funding was to be reinstated, subject to Commission approval. Narragansett Electric's storm fund is currently in a deficit position due primarily to the costs to execute an emergency response effort in relation to Tropical Storm Irene (August 28, 2011) and to a lesser extent other storms, including the 2010 Flood for example. Thus, Narragansett Electric is also proposing a temporary recovery mechanism to specifically extinguish this fund deficiency in a manner that will restore a much needed fund surplus designed to levelize the recovery of restoration costs resulting from the inevitable next major storm, in the same way that the fund mitigated the customer impact of Tropical Storm Irene.

[2] In this proceeding, Narragansett Gas will rename its P&PBOP Adjustment to the PAM and its P&PBOP Adjustment Factor to the Pension Adjustment Factor for consistency with Narragansett Electric.

Seventh, my testimony presents analysis supporting a proposed property tax recovery mechanism to operate outside of base distribution rates and the gas and electric ISR Plans. As I discuss below, this proposed mechanism is necessary and appropriate because the ratemaking mechanisms historically employed by the Commission causes a substantial under-recovery of property tax expense arising from the fact that (1) the current ratemaking calculation does not derive an amount that is representative of the Company's actual cost coming out of a rate case, and (2) property tax expense is increasing at a far greater rate than anticipated by the Commission's ratemaking practice. In combination with the extreme pressure on municipalities to find revenue sources, the Commission's ratemaking practice creates a strong driver for constant base-rate relief unless a mechanism can be established to account for this expense in a more reasonable manner.

Q. How did you establish the revenue requirement for Narragansett Electric and Narragansett Gas?

A. To develop the separate revenue requirements for Narragansett Electric and Narragansett Gas, the Company started with historical Test Year data for the 12-month period ending December 31, 2011, adjusted for known and measurable changes occurring prior to the end of the Rate Year (i.e., by January 31, 2014). Based on this data, the Company has calculated a total Rate Year revenue requirement of $270,471,182 for Narragansett Electric, which demonstrates an existing revenue deficiency of $31,448,278.

For Narragansett Gas, the Company has calculated a total Rate Year revenue requirement of $173,128,689, which demonstrates an existing revenue deficiency of $19,952,203**.**

Q. Please describe the exhibits accompanying your testimony.

A. I have prepared separate exhibits for Narragansett Electric and Narragansett Gas, with the exhibits labeled with the designations "ELEC" and "GAS," respectively, as appropriate. For ease of reference, I have maintained the same naming convention for the presentation of similar information for Narragansett Electric and Narragansett Gas. For example Schedule MDL-3-ELEC represents the summary revenue requirement and resulting revenue deficiency for Narragansett Electric. Schedule MDL-3-GAS contains the same information for Narragansett Gas. For exhibits that provide common support for both electric and gas, no "ELEC" or "GAS" designation is used. Using these designations, the schedules accompanying my testimony are as follows:

Schedule	**Description**
MDL Schedules – Common	
Schedule MDL-1	E&Y Report on Service Company Cost Analysis for Calendar Year 2011
Schedule MDL-2	Reallocation of Test Year Service Company Costs
Schedule MDL-5-	Illustrative Pension/OPEB Tracker
Schedule MDL-6	Illustrative Property Tax Tracker
MDL Schedules Relating to Narragansett Electric	
Schedule MDL-3-ELEC	Narragansett Electric Cost of Service
Schedule MDL-4-ELEC	Narragansett Electric Cash Working Capital Study
MDL Schedules Relating to Narragansett Gas	
Schedule MDL-3-GAS	Narragansett Gas Cost of Service
Schedule MDL-4-GAS	Narragansett Gas Cash Working Capital Study

Q. How is your testimony organized?

A. My testimony is organized into nine sections (Sections I through IX). Section I is the Introduction, and Section II explains the purpose of my testimony. Section III describes the review of Test Year data. Section IV describes the reallocation of test-year service company costs. Section V describes the cost of service for Narragansett Electric and Section VI describes the cost of service for Narragansett Gas. The cost of service sections, Sections V and VI, each include a number of subparts. The first subpart of the cost of service provides a summary of the respective Narragansett Electric or Narragansett Gas total cost of service and the resulting revenue deficiency. This is followed by the second subpart, which is a short discussion of adjustments to operating revenues. The third subpart describes the normalizing adjustments made for out-of-period or non-recurring items experienced in the Test Year ending December 31, 2011, as well as proposed known and measurable changes to Test-Year data to account for expense changes through the end of the Rate Year, or the twelve months ended January 31, 2014. The fourth subpart discusses the Company's capital structure and capital cost rates presented in the testimony of Company Witness Robert B. Hevert to calculate the overall weighted average cost of capital to be applied to rate base. The fifth subpart includes a discussion of rate-base calculations, with a review of the Company's proposal for calculating rate base in alignment with Narragansett Electric and Narragansett Gas ISR Plans. The sixth subpart discusses the mechanics and calculations relating to the recovery of pension and OPEB costs through the PAM. Section VII discusses the mechanics relating to storm fund recovery for Narragansett Electric. Section VIII presents the Company's proposal for implementation of a property tax recovery mechanism for Narragansett Electric and Narragansett Gas. Section IX is the Conclusion.

III. Test Year Data Review

Q. In preparing this filing, did the Company undertake any special efforts to review Historic Test Year service company costs?

A. Yes. The Company undertook a comprehensive review of service-company costs recorded during the Test Year.

Q. Please describe the Company's review of costs charged from the service companies.

A. The Company retained a third-party auditor, Ernst & Young, LLP ("EY"), to assist with reviewing the accounting for costs charged from the service companies to Narragansett Electric and Narragansett Gas and their affiliates in the Test Year. This detailed review of charges from the service companies to all affiliates was designed to identify errors, positive or negative, that may have occurred in the Test Year so that they could be corrected. The review was focused on verifying that the costs charged to Narragansett Electric and Narragansett Gas, and their affiliates, were allocated appropriately, in accordance with National Grid's Cost Allocation Policies and Procedures Manual ("CAM"), and were proper to include in Narragansett Electric's and Narragansett Gas' cost of service.

Q. Please describe the process EY undertook to review costs charged from the service companies.

A. Under the Company's direction, EY reviewed operation and maintenance ("O&M") expense charges from four sources: (1) accounts payable; (2) payroll expense; (3) employee expenses; and (4) general ledger journal entries. The charges included those that originated in the service companies, as well as charges from affiliate companies that were charged through the service companies. For each charge reviewed, EY examined the supporting documentation (e.g., invoices, expense reports, time sheets, receipts, purchase orders, contracts, journal entry support, and other documentation) and confirmed that: (1) the charge was incurred in the historic Test Year; (2) the charge was made to the appropriate company or companies and segment(s) (e.g., electric and gas); (3) if allocated, an appropriate bill pool was used; and (4) the charge should not be accounted for below-the-line for ratemaking purposes (the "Verification Process"). If EY determined that there was not adequate support for the charge, or if it had a question about a particular charge, EY requested additional documentation from the Company to support the charge and, in many instances, followed up with the business process owner to understand, for example, the reason behind the allocation of a particular charge. If the Company could not provide adequate support for the charge, or a clear explanation for the allocation, EY included the charge as a proposed adjustment. As part of the Verification Process, EY also considered if a different bill pool or direct charge would have been more appropriate to use. Although EY's review was performed under the Company's direction, EY maintained its independence throughout the review process, utilizing its established practices and procedures.

Q. Did EY document its review and findings?

A. Yes. EY prepared a report entitled National Grid – Service Company Cost Analysis for Calendar Year 2011 (the "Report"), which is included herewith as Schedule MDL-1. The Report describes the comprehensive process EY undertook to review the historic Test Year service company charges. The Report also describes the review process for each of the four sources of O&M charges, lists the number of charges and total dollar amounts reviewed, and summarizes the proposed adjustments by category. The proposed adjustments are identified by a decision code that explains the reason for EY's finding. Detailed findings are listed in a series of appendices for each of the four sources of charges, identifying, for example, each vendor, the number of line items of accounting reviewed for each, and the proposed adjustments. Lastly, the Report includes a summary of the net impact of EY's findings with respect to test year service company charges to all of National Grid's companies. As concluded by EY on Page 7 of the Report (Schedule MDL-1, Page 8):

- The costs charged to the operating companies from the service companies were valid charges;
- On a net basis, the costs were allocated appropriately to the various operating companies using the CAMs for legacy National Grid and legacy KeySpan Corporation ("KeySpan") updated May 2010 and January 2010, respectively;
- The allocation adjustments within the cost data provided in the scope of our testing amounting to approximately $33 million were not material to the service companies involved or to any one business unit; and
- There were no other pertinent facts indicating that the cost should be allocated differently or excluded.

Indeed, as shown in the Report's Summary of Results in Section 3.1, net findings for reallocation adjustments for Narragansett Electric and Narragansett Gas amounted to

($630,168) for Narragansett Electric and $343,088 for Narragansett Gas. These amounts represent approximately one half of one percent of total Test Year service company expense charges to both Narragansett Electric and Narragansett Gas, respectively. The Company has included a normalizing adjustment to reflect EY's findings in the individual cost of service for Narragansett Electric and for Narragansett Gas in this proceeding.

IV. <u>Reallocation of Test Year Service Company Costs</u>

Q. How are service company costs currently charged to their affiliated companies?

A. National Grid currently has four service companies providing services to affiliated operating companies of the National Grid system in the U.S. These costs are charged in one of two ways: direct or allocated. Direct charging is employed when the service being provided is benefiting a single operating company, and therefore that benefitting company is "directly" charged for 100 percent of the cost of the service being provided. When services rendered benefit more than a single operating affiliate, costs are appropriately "allocated" to the benefitting companies. These allocations are in turn determined in one of two ways: cost causative or general. For costs that can be assigned allocation parameters consistent with the services being provided, cost causative allocators are employed. For example, HR services performed by the service companies are appropriately allocated based on employee levels of each operating affiliate, or a "cost causative" allocator. For services of a more general nature for which no appropriate cost causative allocation metric is available, a "general" allocator is employed to allocate such costs to the operating entities benefitting from such service.

National Grid currently employs two allocation methodologies, a legacy National Grid and a legacy KeySpan methodology, to charge service company costs to operating affiliates. In both methodologies, the three forms of service-company charging are employed and prioritized as follows: (1) direct charging, (2) cost causative allocations and (3) general allocations. Although the methodologies for allocating service company costs are the same, the underlying metric data to arrive at the cost causative allocators are in some instances calculated slightly differently and the general allocator incorporates different metrics. In order to standardize like cost allocations, the two methodologies must be consolidated.

Q. Please provide a description of the relationship among the Company, National Grid and the service companies that provide service to the Company.

A. The Company is a wholly-owned subsidiary of National Grid, acquired by National Grid in 2000. At that time, National Grid had a centralized service company, NGSC, which provided centralized services to all of National Grid's U.S.-based operating companies. In 2007, National Grid acquired KeySpan Corporation, which also had three service companies - KeySpan Corporate Services, LLC ("KCS"), KeySpan Utility Services, LLC ("KUS") and KeySpan Engineering Services, LLC - which provided centralized services to KeySpan's various operating entities. As part of National Grid's corporate restructuring, the legacy KeySpan corporate and utility service companies will be consolidated with NGSC into a single service company. National Grid will continue to maintain a separate engineering services service company that will be used solely to provide services to the Long Island Power Authority.

Q. What services do the service companies provide to the Company?

A. The services that have been and will be provided by the service companies include, but are not limited to, corporate affairs services, customer services, environmental services, executive and administrative services, financial services, HR services, information technology services, legal and regulatory services, operating services, strategic planning and corporate performance services, gas supply services, gas operations services and gas marketing and sales services. The service company structure provides a benefit to the Company and its customers by positioning the Company to (i) attain the benefits of economies of scale and scope associated with providing centralized services to a number of operating entities in a manner that ensures that no operating entity is cross-subsidizing another; (ii) improve service quality throughout the National Grid organization as result of the enhanced job differentiation and specialization that results from providing services on a centralized basis to a number of operating entities; (iii) improve reliability of services provided within the organization as a result of minimizing the use of outside resources, and (iv) implement enhanced controls and uniformity of methods and practices throughout the National Grid family of companies.

Q. Please describe how shared assets owned or leased by the service companies are charged to the Company and its affiliates.

A. Historically for legacy KeySpan service companies and to a more recent and greater degree for NGSC, shared assets are held and owned by the service companies. These shared assets are used either by service company employees to provide services to affiliates or are used by the affiliates on a shared basis. These types of assets are primarily shared office facilities and information technology equipment and software. When assets are used, the rates are charged to affiliates at cost using approved allocation methodologies. When the service companies finance and own the shared assets, the service companies charge the affiliates a return on the asset, book depreciation expense, any associated O&M expense and any applicable taxes.

Q. What capital structure will the consolidated service company employ?

National Grid plans to capitalize its consolidated service company with 50 percent debt and 50 percent equity. NGSC's capital charges to its various operating affiliates will be based on its weighted average pre-tax cost of capital ("pre-tax WACC"). The cost of debt reflected in that charge will be NGSC's actual cost of debt, currently 3.28 percent. At the same time, the cost of equity reflected in pre-tax WACC will be equal to that which is ultimately adopted by the public utility commission with jurisdiction over the affected operating company, which in this proceeding would be the same return on equity as approved by the Commission for Narragansett Electric and Narragansett Gas. Therefore, in preparing the revenue requirement, the Company has utilized the cost of equity recommended in the testimony of its expert Company Witness Hevert, or 10.75 percent to calculate the pre-tax WACC for the service company, or 9.91 percent.

Q. Please describe National Grid's efforts to implement revised cost allocation practices and procedures as part of the expected consolidation of the service companies.

A. In anticipation of the consolidation of the service companies and two separate financial systems, PeopleSoft and Oracle, onto a single SAP platform, National Grid is revising its cost-allocation methodologies to allow for common cost assignment and allocation processes. To assist in its effort to revise its cost allocation methodologies, National Grid engaged PA to review National Grid's cost allocation practices and recommend a methodology (i) consistent with industry best practices, and (ii) capable of being implemented as part of the initiative to consolidate National Grid's legacy financial systems into a single SAP system to be used throughout the U.S. National Grid directed PA to both address National Grid's "general allocator" and to assist National Grid in the development of cost causative allocation bases.

Q. What are the results of National Grid's efforts to revise its cost allocation policies and procedures?

A. National Grid has developed:

(i) A revised general allocator to be used when there is no readily determinable cost causative basis available to allocate costs;

(ii) A cost-causative allocation process that will be consistently applied throughout National Grid. This method stresses the importance of using direct assignment as a first preference and is generally designed to use a cost allocation method that bears the closest practicable relationship to cost-causation; and

(iii) A revised comprehensive cost-allocation manual.

A copy of the PA report setting forth the recommended cost-allocation methodology and a draft of the cost-allocation manual is attached as Schedule MDL-2 Reallocation of Test Year Service Company Costs.

Q. Please describe the revised cost-causative allocation process that National Grid has developed.

A. The preferred method for service company costs to be charged to client companies is to direct charge the appropriated client company. Where direct charge is not possible, costs would be allocated on a cost-causative allocation basis. A description of the cost-causative allocators proposed by National Grid is set forth in Section 3.2.4 of PA's report (Schedule MDL-2, Page 60).

Q. Please describe the general allocator.

A. The legacy KeySpan service companies currently use a three-point allocation methodology for their general allocator, while the legacy National Grid service company uses only O&M expense to arrive at its general allocator. PA concluded that the use of a three-factor formula as a general allocator is a common practice in the utility industry and that, with few exceptions, the three components are equally weighted. As a result of their review, PA recommended that the Company adopt a three-factor general allocator that considers Gross Margin, Net Plant, and O&M Expenses, equally weighted.

"Gross Margins" is defined as Total Operating Revenues less the Cost of Purchased Power/Gas. Total Operating Revenues are adjusted to remove Stranded Costs and §18-a assessments for New York entities. Cost of Purchased Power/Gas includes Purchased Power (FERC account 555) and Purchased Gas/Other Gas Supply Expense (FERC Accounts 800 through 813).

The "Net Plant" component of the revised general allocator is the sum of Net Utility Plant and Net Non-Utility Plant less Goodwill. Net Utility Plant and Net Non-Utility Plant are taken from the balance sheet.

"O&M Expenses" are defined as all non-Purchased Power/Gas expenses less costs allocated from the service companies to the affiliate companies using the general allocator (and charged to a FERC 920 or above account) and the §18-a assessment for New York entities.

As explained in PA's report on the general allocator recommendation, PA recommended use of a three-point allocator, which utilizes a gross margin factor rather than the revenue factor utilized in the current KeySpan general allocator formula, because use of gross margin levelizes the impact of changing commodity prices and the differing degrees to which utility services have been unbundled in various jurisdictions.

Q. Has the Company forecasted the change in costs incurred by Narragansett Electric and Narragansett Gas as a result of implementing the revised allocation policies and procedures?

A. Yes. As shown on Schedule MDL-3-ELEC, Page 48 and carried forward to Page 7, Line 32, the Company has included an adjustment of $4,514,843 for Narragansett Electric related to the reallocation of Test Year service company costs designed to replicate the proposed allocation pools that will be used in the new SAP platform and as supported by the PA recommendations discussed earlier. Similarly, an adjustment of ($4,452,323) for Narragansett Gas is shown on Schedule MDL-3-GAS, Page 47.

Q. How were the analyses prepared?

A. The adjustment relates to service company allocated costs only and is summarized on Schedule MDL-3-ELEC, Page 48. The Company first accumulated all service company charges to all associated companies during the Test Year, as recorded on the books of each receiving company. These charges consisted of direct and allocated charges to O&M expense accounts as well as capitalized or other non-expense accounts. Because direct charges represent charges for which only a single associated company benefitted, those costs would not be affected by allocation pool changes and therefore require no adjustment. However, all service company allocated costs will be affected by billing pool changes and therefore require an adjustment. Test Year service company allocated costs were accumulated by the billing pools employed to allocate those total costs in the Test Year. For activities for which a new cost causative billing pool was recommended, the Test Year costs for those activities were mapped to the new recommended billing pools. The remaining Test Year billing pool amounts were then mapped to the recommended consolidated billing pool containing the same billing pool metric. These mapped service company charges were then allocated based on the proposed billing pools to arrive at revised allocated amounts by associated company. To these revised allocated amounts were added the actual Test Year capitalized and other non-expense charges to arrive at the reallocated total service company charges, by receiving company, as shown on Schedule MDL-2, Page 1.

The sum of the allocated and direct O&M charges for the Test-Year period and as reallocated are shown on Schedule MDL-3-ELEC, Page 48 and as shown on Schedule MDL-2, Pages 1 and 2. As shown on Schedule MDL-3-ELEC, Page 48, Line 16, the total change in service company Test-Year allocations as a result of incorporating the proposed allocators equals $5,251,162. This amount represents a 5.6 percent change from total Test Year “direct and allocated” service company expense charged to Narragansett Electric and an 11.8 percent change in Test Year “allocated only” service company expense charged to Narragansett Electric. Because the Company is adjusting labor and associated benefits based on Test Year end employee complement and benefit elections, this total increase must be reduced to recognize that a portion of these Test Year reallocated costs for labor and benefits are being adjusted as a component of the Test Year-end adjustment methodology employed in this cost of service for these expense types. As shown on Lines 25 through 32 of Page 48, this was accomplished by applying the percentage change in the Test Year “direct and allocated” costs charged to the Company or 5.6 percent to the Pro Forma adjustments for these expense types. The percentage of change in “direct and allocated” expense was used for these expense types because labor and benefits are charged both directly and allocated to the Company. As shown on Page 48 at Line 32, applying the 5.61 percent to the Pro Forma adjustments for these expense types totals ($299,064). Similarly allocated Test Year service company costs to achieve the U.S. Restructuring Program cost benefits, discussed in more detail later in this testimony, have been eliminated in total from Rate Year expenses in Narragansett Electric's cost of service in this proceeding. Because these costs to achieve were allocated only, Narragansett Electric has applied the 11.8 percent change in Test Year "allocated only" service company expense as shown on Page 48 at Line 37. The resulting share of costs to achieve that needs to be excluded from the total service company reallocation amount is ($602,956). Finally, inflation, through the Rate Year, is applied to the net Test Year adjustment amount as shown on Line 42 of Page 48.

The same analysis was performed for Narragansett Gas as shown on Schedule MDL-3-GAS, Page 47. As shown on Page 47, the total change in Test Year service company allocated costs as a result of employing the proposed billing pools is ($5,365,003). The required adjustments to that amount for labor and benefits totals $385,488, based on the percentage change in the Test Year "direct and allocated" costs charged to Narragansett Gas, or (11.3 percent), and for cost to achieve is $690,599 based on the change in Test Year "allocated only" service company expense, or (20.8 percent).

Q. What is the net adjustment being proposed for the reallocation of Test Year service company charges for Narragansett Electric and Narragansett Gas in this proceeding?

A. As shown on Schedule MDL-3-ELEC, Page 48, Line 44, the resulting adjustment to the Narragansett Electric cost of service amounts to $4,514,843. The same analysis for

Narragansett Gas results in an adjustment of ($4,452,323) as shown on Schedule MDL-3-Gas, Page 47, Line 44. Although this analysis results in an increase in Narragansett Electric's cost of service, it also supports a decrease in the Narragansett Gas cost of service in essentially an equal and offsetting amount resulting in little to no impact for Rhode Island customers as a whole.

V. Narragansett Electric Revenue Requirement Analysis

Subpart A: Cost of Service Summary

Q. Would you please provide a summary of the Narragansett Electric cost of service and resulting revenue requirement?

A. Schedule MDL-3-ELEC begins with the Narragansett Electric cost of service and resulting revenue requirement as shown on Page 1, Revenue Deficiency Summary. For the Rate Year ending January 31, 2014, the calculated revenue deficiency is $31,448,278 as shown on Page 1 in Column (f) and as calculated on Page 2. Page 3 shows the appropriate mechanisms through which this revenue deficiency will be recovered. The Operating Revenue Summary is set forth on Page 4, with Adjustments to Electric Operating Revenues listed on Page 5. The Cost of Service Summary provided on Page 6 identifies the adjusted Test-Year amounts for the cost of Standard Offer Service, O&M expense, depreciation, amortization, taxes other than income, income taxes and return on rate base. The Cost of Service Summary also shows the total adjustments to the Test Year amounts. Adjustments to O&M expenses to normalize Test Year amounts and to reflect known and measurable changes to the Test Year are itemized on Page 7. Supporting schedules are provided in the remainder of the schedule.

Q. Does the cost of service include costs incurred by National Grid service companies on behalf of Narragansett Electric?

A. Yes. As previously discussed, these Test Year costs have been adjusted to reflect proposed changes in billing pool allocators. The cost of service for Narragansett Electric reflects two types of charges from the service companies as previously discussed in Section III of this testimony, which are "direct charges" billed for costs incurred and work performed by service-company personnel directly related to the respective subsidiary, and "common costs," which are allocated among the respective subsidiaries benefitting from the service based on appropriate allocation factors and billing pools. Therefore, where applicable, costs incurred on behalf of, or allocated to, Narragansett Electric by the service companies are included in Test Year charges as adjusted pursuant to the discussion in Section III herewith. Schedule MDL-3-ELEC provides detail of these costs by cost category and by originating company.

Q. How are the costs that the service companies incurred to perform services reflected in the Narragansett Electric cost of service calculation?

A. The charges to Narragansett Electric from the service companies are incorporated into the appropriate O&M or other expense categories included in the Test-Year cost of service. In addition, I have included any applicable charges from the service companies in the individual post-Test Year adjustments to the cost of service, to the extent that those adjustments also represent known and measurable changes to the Test-Year cost of service under Commission precedent.

Q. Are charges billed to Narragansett Electric in conformance with a service agreement?

A. Yes. There are operating agreements in effect between the service companies and Narragansett Electric for the fiscal years (sometimes referred to as "FYs" or individually as "FY") ending March 31, 2011 and 2012, as amended. These agreements identify the services that will be provided to Narragansett Electric and reference the cost-allocation formulas that will be applied to calculate the charges presented each month to Narragansett Electric. The provisions of the service company agreements, including the cost-allocation formulas, are in conformance with FERC requirements.

Subpart B: Revenue Adjustments

Q. What is the total amount of normalizing Test Year adjustments to Electric Operating Revenues?

A. For Narragansett Electric, there is a total increase to Electric Operating Revenues of $9,648,547 as a result of normalizing Test-Year adjustments made consistent with Commission precedent. These adjustments are listed in Schedule MDL-3-ELEC, Page 5.

Q. Please describe the adjustments to Adjusted Test Year and Rate Year Operating Revenues reflected in Schedule MDL-3-ELEC, Page 4.

A. The Company made a number of known and measurable adjustments to Test Year booked operating revenues, as reflected on Schedule MDL-3-ELEC Page 4. First, the Company removed Test Year ISR O&M Factor revenue and Standard Offer Service Administrative Cost Adjustment revenue from the Test Year. Although revenue associated with these charges is reflected in distribution revenue on the Company's books, these revenues are collected through separate reconciliation mechanisms and not through base distribution rates and have been reflected as such in Column (a). Next, a normalizing adjustment was made to base distribution revenue to account for approved rate changes that have been implemented since the end of the Test Year. The Company also made a normalizing adjustment to ISR CapEx Factor revenue (Line 4) so that the adjusted Test Year amount reflects the sum of the Test Year ISR CapEx Factor revenue and the calendar year portion of the FY 2012 ISR capital investment. The Company also included a normalizing adjustment to the Revenue Decoupling Mechanism ("RDM") revenue, which reconciles the adjusted Test Year revenue to the annual target revenue approved in Docket No. 4065, and as adjusted for the O&M Factor credit approved in Docket No. 4218 and the base rate adjustment approved pursuant to the capital structure remand settlement approved in Docket No. 4065, effective April 23, 2012.

The Company made Pro Forma adjustments to base distribution charge revenue to reflect the forecasted Rate Year customer numbers and kWh deliveries. The sales forecast is supported in the testimony of Company Witness Alfred P. Morrissey. The Company also included a Pro Forma adjustment to ISR CapEx Factor revenue to include the incremental revenue associated with the FY 2013 ISR CapEx revenue requirement approved in Docket No. 4307. The Company also included a Pro Forma adjustment to RDM revenue similar to the normalizing adjustment described above.

The Company also made similar normalizing and Pro Forma adjustments to revenues associated with its various reconciling mechanisms, shown as Other Delivery and Commodity Revenue on Page 4 of Schedule MDL-3-ELEC. Expenses associated with these rate mechanisms are collected outside of base distribution charges. Therefore, normalizing and Pro Forma revenue adjustments are offset by adjustments to adjusted Test Year and Rate Year Purchased Power and Other Reconciling Expense as reflected on Schedule MDL-3-ELEC, at Page 1 (Line 3).

The development of adjusted Test Year and Rate Year revenue is discussed further in the testimony of Company Witness Jeanne A. Lloyd.

Subpart C: Expense Adjustments

Normalizing Adjustments

Q. Has the Company made any adjustments to Test Year O&M expense?

A. Yes. The Company has adjusted Test-Year O&M expenses by ($117,825,347) to normalize the booked Test-Year amounts for ratemaking purposes. The Company has also adjusted Test-Year O&M expenses by $4,858,292 to account for known and measurable changes in O&M expense levels occurring after the end of the Test Year and prior to the end of the Rate Year, or January 31, 2014. Each adjustment is discussed below in the order presented on Schedule MDL-3-ELEC, Page 7. Normalizing adjustments are segregated by issue on Pages 8 and 9. Pro Forma post-Test Year adjustments are supported individually on subsequent pages of Schedule MDL-3-ELEC and will be discussed individually in my testimony below.

Q. What is the first normalizing adjustment shown on Schedule MDL-3-ELEC, Page 8?

A. The first normalizing adjustment, detailed by cost category in Column (b) of Page 8, represents the elimination of Narragansett Electric's transmission bill credit from its affiliate New England Power Company ("NEP") for use of Narragansett Electric-owned transmission facilities pursuant to the Integrated Facilities Agreement ("IFA") between Narragansett Electric and NEP. Line 44 of Column (b) reflects the total elimination of the transmission-related O&M credit for facilities supported by NEP under the IFA, or $51,054,041. Other transmission-related items supported by NEP pursuant to the IFA, such as transmission-related rate base components, depreciation expense and municipal and other taxes have also been removed from the distribution revenue requirement determination in this proceeding.

Q. What is the next normalizing adjustment shown on Schedule MDL-3-ELEC, Page 8?

A. The next normalizing adjustment, reflected in Column (c) of Page 8, removes vegetation management expenses recorded by Narragansett Electric during the Test Year, or calendar year 2011. These costs are being eliminated because they are recovered through a reconciling mechanism as a component of Narragansett Electric's ISR Plan.

Q. Please continue.

A. As is the case with vegetation management expenses, Narragansett Electric's inspection and maintenance program expenses are also recovered through a reconciling mechanism as a component of Narragansett Electric's ISR Plan. Consequently, inspection and maintenance program expenses recorded during the Test Year are eliminated as reflected in Column (d) of Page 8.

Q. Would you explain the adjustment for storm costs contained on Page 8 in Column (e)?

A. Certainly. Pursuant to the operation of Narragansett Electric's Storm Contingency Fund, the incremental costs of restoration efforts following significant storm events are deferred and charged to Narragansett Electric's storm fund. When costs are initially incurred, they are charged to the respective expense category and accumulated in a storm work order for identification. Once Narragansett Electric determines that a particular event qualifies for inclusion in the storm fund, an expense credit is recorded along with an associated charge to the storm fund for the incremental amount eligible for storm fund inclusion. The expense credit however is recorded in a single "expense type" rather than crediting each expense type related to the original cost incurrence. Consequently, Column (e) reflects a large value for this single expense type deferral practice, as shown on Line 39. The net amount of this normalizing adjustment represents the elimination of out of period incremental storm cost deferrals of $2,613,590 for expenses incurred in 2011 but not deferred until 2012 offset by an expense credit of $228,966 recorded in 2011 for storm costs incurred in 2010.

Q. What is the next normalizing adjustment shown on Schedule MDL-3-ELEC, Page 8?

A. The next normalizing adjustment, reflected in Column (f) of Page 8, relates to the cost of National Grid's expatriate program. Although this program provides benefits to National Grid and its customers, management has elected to limit the cost of that program to a market-based value of the individual positions filled by expatriate employees. As a result, this adjustment reflects normalizing Test Year expatriate salary and benefits charged to Narragansett Electric to the lower of actual cost or market-based cost. In other words, the costs for expatriate employees track the cost of a U.S. resident employee. The resulting adjustment is a decrease in Test Year expense of $187,447 for Narragansett Electric as shown in Column (f) of Page 8.

Q. Please explain the adjustment contained in Column (g) of page 8, Costs of Savings Initiative.

A. As noted above, during 2011, National Grid completed a major corporate restructuring, which will be discussed in more detail later in this testimony. This U.S. restructuring will provide enduring savings for both Narragansett Electric and Narragansett Gas, and is expected to provide for a more focused attention on individual jurisdictional issues as National Grid has transitioned from its former line-of-business model to a jurisdictional organization. Although enduring savings are expected to result, there are one-time costs to achieve these enduring savings, such as employee separation costs for example.

Q. Does the Company propose to recover costs to achieve associated with the US Restructuring Program?

A. No. The Company is not proposing to recover the costs to achieve the U.S. Restructuring Program because those costs will be offset by the savings realized from staffing reductions and from individual non-labor-related initiatives from the time of implementation through February 1, 2014, the beginning of the Rate Year. Consequently, this adjustment eliminates these one-time costs to achieve recorded by Narragansett Electric in the Test Year aggregating to $3,945,593, as shown in Column (g) of Page 8.

Q. There are a number of entries reflected in Column (h) of Page 8, titled 'Other'. Would you please explain what they represent?

A. Yes. As shown on Line 44, in Column (h), other normalizing adjustments to O&M total ($156,519,796). Details of the individual items included here are shown on Schedule MDL-3-ELEC, Page 9.

Pro Forma Adjustments

Q. You mentioned that Narragansett Electric was proposing several Pro Forma O&M adjustments representing known and measurable changes to the Test Year cost of service. Would you summarize these adjustments beginning with payroll expense?

A. Yes. The adjustment to Narragansett Electric's normalized Test-Year payroll expense, by originating company, totals ($1,390,934) as shown on Schedule MDL-3-ELEC, Page 10. Page 11 summarizes the Test Year normalizing adjustments, previously discussed, to arrive at normalized Test Year labor by originating company for union and management employees and by wages and salaries, management incentive compensation and the

"Union Goals" program. Details of those individual components are calculated and provided on Pages 13 through 22. Because Narragansett Electric does not accumulate non-productive pay separately for union and management employees, Page 12 provides the allocation of non-productive labor costs to union and management categories as well as the calculation of labor allocation rates for service company labor charged to Narragansett Electric as well as O&M percentages for direct company and service company labor. Page 13 provides detail of the previously discussed Test Year normalizing adjustments by wage type. The Pro Forma adjustments for union and non-union employees are summarized on Schedule MDL-3-ELEC, Page 14 with detailed calculations provided on Pages 15 and 16, respectively, for union and non-union base and overtime labor while the adjustments for management incentive compensation and union goals incentive compensation are calculated on Pages 21 and 22, respectively. For purposes of calculating wages and salaries charged to Narragansett Electric from the service companies, the percentages of Test Year productive pay charged to Narragansett Electric to total productive pay of each service company were used. Likewise, O&M percentages of total wages and salaries charged to Narragansett Electric used the Test Year percentage of productive pay charged to O&M to total productive pay charged to Narragansett Electric as the appropriate proxy. Consistent with Commission precedent, the Company is adjusting payroll expense to reflect known and measurable changes that will take effect through the end of the Rate Year, or January 31, 2014. In addition, as a result of the U.S. Restructuring initiative completed by National Grid, the National Grid system has 118 positions it must fill prior to the Rate Year in this proceeding, of which 86 are Electric and 82 are Gas, which will impact labor costs of Narragansett Electric and

Narragansett Gas, respectively. The details of these known and measurable changes to the Test Year cost of service are discussed in the testimony of Company Witness Maureen P. Heaphy. Lastly, Narragansett Electric has minimum staffing requirements pursuant bargaining unit contracts. As explained in the testimony of Company Witness Michael R. Hrycin, pursuant to those contracts, the Company must hire 19 union employees prior to the beginning of the Rate Year in this proceeding.

In general, the adjustments are designed to properly reflect normalized Test Year payroll expense adjusted for known and measurable impacts occurring through the end of the Rate Year. Individual labor adjustments for the union and non-union labor force of Narragansett Electric, as well as the service companies, are calculated. Lastly, adjustments to Test-Year non-union incentive compensation and the union goals program are computed and summarized by originating company, either for Narragansett Electric or from each of the service companies. All adjustments appropriately include only the O&M amount for inclusion in the cost of service.

Q. Would you begin by explaining the adjustment you are proposing for union O&M wages?

A. Yes. The adjustment starts with the annual base union wages for union employees of Narragansett Electric on record as of December 31, 2011, or $26,292,656 as shown on Schedule MDL-3-ELEC, Page 15, Line 1, Column (a). This amount represents the Narragansett Electric steady state union workforce and annual wage totals as of December 31, 2011. The steady state work force and annual wages for the service companies as of December 31, 2011 are shown in Columns (b) through (d) on Line 1. Line 2 reflects the salary levels for the 19 Narragansett Electric bargaining unit employees that must be hired prior to the start of the Rate Year, based on an average salary level. The aggregate amount of total steady state wages by originating company is shown on Line 3. These amounts are adjusted for the weighted average of known union contract wage increases occurring through the end of the Rate Year. The weighted average union wage increases, by originating company, from December 31, 2011 through the end of the Rate Year in this proceeding are calculated on Pages 17 through 20 of Schedule MDL-3-ELEC. The resulting adjusted total union wages by originating company are displayed in Schedule MDL-3-ELEC, Page 15, at Line 7.

These amounts are then allocated to Narragansett Electric based on Test-Year percentages of total wages charged to Narragansett Electric as shown on Line 9, and as calculated on Page 12. For example, 100 percent of Narragansett Electric direct union labor costs were charged to Narragansett Electric, while only .07 percent of KCS union labor was charged to Narragansett Electric in the Test Year (see Line 9). KUS and NGSC charged .56 percent and 16.15 percent of their union labor to Narragansett Electric in the Test Year, respectively. Line 11 represents the O&M percentage of total wages charged to Narragansett Electric by originating company based on the actual O&M wage ratio experienced by Narragansett Electric in the Test Year as calculated on Page 12. Applying the company-specific wage allocation percentage from Line 9, and O&M wages percentage from Line 11, to the adjusted total union wages from Line 7 results in the Rate Year union O&M wages shown on Line 21. The Test Year levels of overtime labor charged to Narragansett Electric by originating company is shown on Line 22. The sum of Lines 21 through 26 equals total Rate Year union O&M labor as shown on Line 28, totaling $21,175,853. Normalized Test Year union O&M labor costs are shown on Line 30 by originating company and aggregating $20,102,710**.** The resulting Pro Forma adjustment for union O&M labor totals $1,073,143, shown on Line 32, by originating company, and is the difference in the Rate Year union O&M wages from Line 28 and the normalized Test Year union O&M wages reflected on Line 30.

Q. How did Narragansett Electric calculate the weighted average union wage increase?

A. The weighted average union wage increase is based on the union payroll increases scheduled to take effect before the end of the Rate Year and the associated impact of such increases through the end of the Rate Year as discussed in the testimony of Company Witness Heaphy. A schedule showing the calculation of the weighted average union wage increase has been provided in the work papers accompanying this testimony.

Q. Would you review the payroll adjustments relating to non-union personnel?

A. Yes. As further described in the testimony and accompanying exhibits of Company Witness Heaphy, non-union employees of Narragansett Electric and the service companies are scheduled to receive a combination of merit and promotional increases totaling 3.37 percent effective July 1, 2012 and merit and promotional increases totaling 3.00 percent effective July 1, 2013. The calculation of the adjustment for non-union wage expense was conducted using the same methodology as the union adjustment, beginning with steady state total wages, converted to an O&M component and compared to actual Test Year non-union O&M wages. As was the case with Narragansett Electric union employee hires, Line 2 of Schedule MDL-3-ELEC, page 16 reflects the total costs of vacancies for the service companies resulting from the U.S. Restructuring initiative and that need to be filled prior to the Rate Year. Line 3 reflects total steady state non-union labor costs at the end of the Test Year by originating company. These amounts were adjusted using the same methodology as that described for Narragansett Electric's union labor costs. As shown on Schedule MDL-3-ELEC, Page 16 at Line 32, the adjustment to non-union wage expense for the Rate Year totals ($349,734).

Q. Please explain the adjustment made to incentive compensation.

A. As described in the testimony of Company Witness Heaphy, Narragansett Electric's incentive compensation plan represents the variable portion of the wages and salaries paid to union and non-union employees serving Narragansett Electric. As Ms. Heaphy explains in her testimony, since the Commission's decision in the 2009 Electric Rate Case disallowing 50 percent of the total incentive compensation, which was the amount of incentive compensation related to financial performance, National Grid has made certain modifications to its incentive compensation program. As a result, the incentive-compensation adjustment for the Rate-Year ending January 31, 2014 is calculated differently in this case from the calculation made in the 2009 Electric Rate Case.

Specifically, the Company is excluding 100 percent of Band A and 40 percent of Band B and C incentive compensation from the cost of service in this proceeding. In addition, National Grid has modified the 2011/12 Annual Performance Plan for management employees to replace the financial measures for employees in Bands D, E and F with customer satisfaction, safety and reliability measures. These measures represent 50 percent of the plan, while the remaining 50 percent is based on attainment of individual performance goals. A total of 60 percent of the plan for employees in Bands B and C will be linked to these same customer satisfaction, safety and reliability measures. These measures are the same for the union employee plan. The other 40 percent of the plan for employees in Bands B and C is linked to financial performance measures and the Company has chosen to exclude this component in this proceeding.

Therefore, the variable pay calculation encompasses the non-financial component of variable pay for all Bands B through F for the portion of the management plan attributed directly to customer satisfaction, safety and reliability measures, as well as total for the union plan, which encompasses the same goals, at targeted levels of performance:

(a) Bands D - F (100 percent of plan)

(b) Bands B - C (60 percent of plan)

(c) Union employees (100 percent of plan)

Incentive compensation is paid to employees in June for performance in the prior fiscal year ending March 31 based on fixed performance criteria and compensation guidelines. During the Test Year, incentive compensation payments exceeded the “target” level compensation. However, as more fully described by Company Witness Heaphy, incentive compensation has been limited to the target amount in this proceeding. Total targeted incentive compensation based on steady state wages is shown on Line 1 of

Schedule MDL-3-ELEC, Page 21. Line 2 reflects incentive pay, at target level, related to non-union vacancies being filled prior to the Rate Year, and when added to Line 1 equals total Rate Year non-union variable pay by originating company, as shown on Line 3. This total targeted incentive compensation amount was converted to Narragansett Electric O&M amounts using the same company wage allocation percentages and O&M wage percentages as previously described in the management wage adjustments, to arrive at a targeted Rate Year O&M incentive compensation for Narragansett Electric of $1,959,511 shown on Line 12. This amount is compared to normalized Test Year management incentive compensation charged to Narragansett Electric of $3,440,667 reflected on Line 19 to arrive at Narragansett Electric's O&M incentive compensation adjustment of ($1,481,156) as shown on Page 21, Line 21.

Q. Can you summarize the proposed adjustment for Union Goals?

A. Yes. "Union Goals" refers to the incentive compensation plan in place for the union workforce. As shown on Page 22, the calculation of the Union Goals adjustment for the Rate Year in this proceeding was calculated using the same methodology as the incentive compensation adjustment previously discussed, including 19 Narragansett Electric union employees that will be hired prior to the start of the Rate Year, and is based on the target level of Union Goals compensation. As shown on Page 22 at Line 21, the adjustment is computed by comparing the Rate Year targeted level of O&M-related Union Goals compensation to the normalized level of O&M-related Union Goals compensation paid in the Test Year, which produces an adjustment to the cost of service of ($633,187).

Q. Could you please explain the adjustment made to Test Year health care expenses?

A. Narragansett Electric's proposed adjustment to Test Year healthcare costs is set forth in Schedule MDL-3-ELEC on Page 23. The adjustment was calculated using the same methodology as used for the wage adjustments previously discussed. The Rate Year level of healthcare O&M expense was computed by first calculating the total annual costs of current healthcare elections of the employee population as of December 31, 2011, by originating company, incorporating the same steady state employee complement used for the wage adjustment, as shown on Line 37 of Page 23. The health costs associated with union and non-union vacancy hires based on average cost levels is shown, by originating company, on Line 39 and as calculated on Lines 18 through 30. As was the case with the wage adjustments, the total of Lines 37 and 39 were then converted to O&M amounts using the same company wage allocation percentages as those used in the wage adjustment, and blended union and non-union O&M percentages, as shown on Lines 41 and 43, and as calculated on Page 12. The resulting Rate Year healthcare O&M expense is shown by originating company on Line 45. Line 47 reflects an adjustment to remove an amount associated with the Company's IFA based on the Test Year IFA salary allocator. The total Rate Year healthcare O&M expense, equal to the sum of Lines 45 and 47, is shown on Line 49, by originating company. Comparing the amounts on Line 49 to actual Test-Year healthcare expense on Line 51, results in an adjustment totaling $399,650, as shown on Line 53 and in Column (d) at Lines 1 through 5.

Q. Would you explain the proposed Test-Year adjustment to Narragansett Electric 401(k) expense?

A. Narragansett Electric is proposing adjustments to 401(k) expense for two components of Narragansett Electric's 401(k) costs. The first is shown on Schedule MDL-3-ELEC, Page 24. Here, the Company is simply adjusting the Test Year level of company 401(k) match expense for the change in O&M labor from the Test Year to the Rate Year. The adjustment applies the Test Year 401(k) company match rate per payroll dollar, as calculated in Columns (k) through (m), to the total change in O&M labor from the Test Year to the Rate Year as shown in Columns (n) through (r). The resulting adjustment for 401(k) Company match expense equals ($103,649) as shown in Column (r).

The second adjustment related to Narragansett Electric's 401(k) expense is related to the Company's 401(k) pension replacement plan. As more fully discussed by Company Witness Stephen F. Doucette and Company Witness Heaphy, commencing January 1, 2011, all National Grid new non-union hires are excluded from National Grid's defined benefit pension plans and receive an enhanced 401(k) company benefit instead. Page 25 of Schedule MDL-3-ELEC provides the calculation of the necessary adjustment to reflect the estimated Rate Year level of this pension replacement benefit related to two groups of new hires. The first group of new hires is the Company and service company vacancies that will be filled prior to the Rate Year in this proceeding. The second group of new hires reflects a three-year average of National Grid employee turn over. These two groups of new hires will be enrolled in the 401(k) pension replacement plan rather than in a defined benefit pension plan. The adjustment first calculates the cost of this benefit for the service company vacancies being filled by applying and average benefit cost per employee, as shown on Line 14 to the number vacancies being filled by originating company and stepping the total down to the Narragansett Electric O&M level by applying the same company wage allocation percentages and O&M wage percentages as previously described. This total O&M amount is further adjusted to exclude the amount allocated to the Company's IFA. The resulting net adjustment is shown on Line 34 in the amount of $44,708. The next component of the adjustment performs the same calculation as described for the filled Company and service company vacancies but applied to a three year average of employee turnover by originating company. Because this incremental benefit should be matched by a similar decrease in defined benefit pension plan costs, this component of the adjustment results in a like reduction to pension costs as discussed later in this testimony. If approved, the proposed pension and OPEB tracker mechanism will reflect this annual reduction in defined benefit pension plan costs as employee turnover continues year on year. The 401(k) expense adjustment for this group of new hires, net of IFA allocation, is shown on Line 40 and amounts to $136,890. The total Rate Year amount of this benefit totals $181,598 and when compared to the Test Year amount results in an adjustment of $178,575.

Q. Please explain the proposed Test Year adjustment to computer software expenses as detailed on Schedule MDL-3-ELEC, Page 27.

A. This adjustment relates to Narragansett Electric computing costs charged from the service companies, and includes several components, including National Grid's Information Services ("IS") Transformation initiative and the U.S. Foundation Program.

Q. Please describe the IS Transformation initiative.

A. In summary, the IS Transformation initiative shifts National Grid away from providing many computer and communication services using solely in-house resources and relies on the expertise of specialty firms in the markets for these services. This approach to service provision takes advantage of the significant expertise in vendors that specialize in certain areas of computer hardware, computer software or communications. Specifically, the IS Transformation initiative includes the provision of services by external service providers in the following areas: Service Management Integrator; Intranet, Collaboration and Email; Networks and Telecommunications; Solution Delivery; Managed Print; and data center and client services ("Enterprise Services"). The new partners that National Grid has chosen to participate in this transformation include: Hewlett Packard as Service Management Integrator; Computer Sciences Corporation for Enterprise Services; Verizon for networks and communications; IBM for Internet, Collaboration, and E-mail; Xerox for Managed Print services; and IBM and Wipro for application development and maintenance. The new partners were selected for delivery of services in their areas of expertise or specialization.

Q. What savings are expected from each of the transformation initiatives discussed above?

A. As will be explained later in this testimony, the IS Transformation initiative is one of many components delivering savings within the U.S. Restructuring Program. All IS Transformation savings are included in the $171 million in projected U.S. Restructuring Program savings, discussed later in this testimony.

Q. You mentioned the U.S. Foundation Program. Would you please elaborate?

A. The primary objective of the U.S. Foundation Program is integration of National Grid's U.S. HR, Supply Chain and Finance processes that continue to operate across a patchwork of disparate applications and infrastructure since National Grid's acquisition of KeySpan in 2007. The U.S. Foundation Program will consolidate systems onto a single integrated SAP platform to replace and improve the functionality delivered in the U.S. today by the Oracle and PeopleSoft Enterprise Resource Planning ("ERP") Suites and associated applications. The U.S. Foundation Program will redesign business processes, provide additional functionality and address a host of related issues including, but not limited to:

- vendor and product stability;
- critical path to addressing service company cost allocation issues and single set of allocation methods and separate codings specifically for each overhead/burden type;
- consolidation of the U.S. service companies;
- treatment of direct assigned service company costs that are directly reported in affiliate company financial ledgers;
- consistent and robust financial/regulatory reporting and business planning capability, and improved controls;
- simplification of business processes and the associated systems landscape (e.g., single ERP, fleet, sales tax, time entry systems); and
- support for delivery of future front office/work management rollout.

Q. How does the U.S. Foundation Program fit into the overall IS agenda and the IS Transformation effort?

A. National Grid, as part of the IS Transformation initiative, has embarked on an ambitious hardware, software and process rationalization to improve operational and shared services efficiency, while simplifying and consolidating the IS infrastructure that supports the business. The U.S. Foundation Program is one of the major first steps along a multi year roadmap to update and rationalize National Grid's IS systems. It will serve as a critical enabler of a U.S. systems strategy, and serve as a platform for future enterprise-wide enhancements that will deliver improved service at reasonable cost to customers.

Q. Why is the U.S. Foundation Program needed?

A. The U.S. Foundation Program is of critical importance in addressing the financial reporting and business efficiency challenges inherent in the multiple processes and systems that currently exist across the U.S. landscape following the KeySpan merger. Furthermore, it is fundamental to improving financial and regulatory reporting and reducing the technical risk associated with operating business critical systems on aged infrastructure that in some cases has limited vendor support. Following National Grid's acquisition of KeySpan in 2007, investments in the Oracle and PeopleSoft ERP infrastructure were put on hold pending review and decisions on the strategy and timing of the consolidation of those systems and their underlying Finance, Supply Chain and HR processes. As a result, the U.S. business has been challenged in supporting multiple and complex business processes that span multiple and complex technology platforms. The

U.S. Foundation Program eliminates the need to operate across multiple, disparate systems and applications and replaces aged systems that are at risk of failure and lacking support.

Q. When does the U.S. Foundation Program go into service?

A. The planned "go-live" date for the U.S. Foundation Program is October 2012.

Q. What is the cost of the U.S. Foundation program?

A. The total indicative costs for the U.S. Foundation Program are estimated at $356.7 million. Of this amount, approximately $273.4 million comprise capital costs, and $83.3 million comprise operating expense. Through March 2012, National Grid has invested $172.3 million of the total estimated capital cost of $273.4 million. Because the US Foundation Program is a shared services investment, only a portion of the total investment support would be allocated to Narragansett Electric.

Q. Who will own the U.S. Foundations Program's assets?

A. Because the U.S. Foundation Program will deliver significant benefits to all associated companies of the service company, the assets will be owned by the service company and allocated to the benefitting associated companies based on the appropriate cost causative or general allocator as appropriate.

Q. What is the estimated support cost to Narragansett Electric for the Rate Year ended January 31, 2014?

A. Based on the projected capital cost for the U.S. Foundation Program of $273.4 million the expected rental charge from the service company to Narragansett Electric is $2,626,506 for the Rate Year, as detailed on Workpaper MDL-7. It is important to note that although the Company has incurred $33 million of operation expenses and estimates the total of such costs to exceed $83.3 million through the in-service date of the program, the Company is not requesting recovery of these expenses in this case, and these costs will be absorbed by shareholders.

Q. How was this estimated allocation to Narragansett Electric derived?

A. The U.S. Foundation Program assets will be amortized over a 10-year period. The estimated Rate Year U.S. Foundation Program rental charge to Narragansett Electric was based on the projected $273.4 million of total investment by the service company, a 10-year life and service company pre-tax weighted average cost of capital of 9.91 percent as shown on Workpaper MDL-7. The service company pre-tax weighted average cost of capital reflects the re-capitalization of the service company as result of National Grid's plans to combine the multiple service company organizations currently in place, as discussed earlier in this testimony, along with a return on equity at the same rate as is being proposed for Narragansett Electric in this proceeding, or 10.75 percent.

Q. Is it expected that the U.S. Foundation Program will deliver any cost savings?

A. Yes. As is the case with IS Transformation savings, all savings associated with the U.S. Foundation Program are included in the projected U.S. Restructuring Program savings adjustment, which I will discuss later in this testimony.

Q. How are the costs of IS Transformation allocated to Narragansett Electric?

A. IS Transformation costs, as well as other existing IS investments made by the service companies for the benefit of all of their associated companies are allocated to Narragansett Electric and other associated companies based on the appropriate cause of the costs. Details of this cost allocation for the Rate Year are included in Workpaper MDL-7 by individual project. Narragansett Electric's share of total IS rental charges, including the IS Transformation effort, the U.S. Foundation Program and allocated costs related to existing software, total $9,212,944, net of amounts allocated to the IFA. Comparing that amount to Test Year costs incurred by Narragansett Electric of $3,621,276, results in an adjustment of $5,591,668 as shown on Schedule MDL-3-ELEC, Page 27, Line 45. This amount includes $2,626,506 for the U.S. Foundation Program as shown on Line 38.

Q. Please discuss the Test-Year adjustment for regulatory assessments as shown on Page 28.

A. The adjustment simply restates the Test Year regulatory assessment expense to a level equal to the most recent assessment incurred by the Company, or an increase of $1,077,066 from the Test Year level.

Q. Please discuss the Test Year adjustment for facilities expenses presented on Page 29.

A. The adjustment for facilities expense relates to a change in the rental charge for the Reservoir Woods facility and the Northborough call center owned by Massachusetts Electric Company, an affiliate of the Company. The costs associated with Reservoir

Woods are billed to Narragansett Electric as a rental charge from NGSC. The rental charge consists of two components: an operating lease component, which is billed by the owner of the Reservoir Woods facility to the service company, and a charge for leasehold improvements that were incurred by the service company. The allocated cost of these leasehold improvements have been recalculated using the new combined service company capital structure as previously discussed The recalculated cost of Reservoir Woods leasehold improvements results in an increase to Narragansett Electric of $141,153 as shown on Page 29, Line 36. Similarly, the Northborough call center is a shared facility used for the benefit of associated utility operating companies, including Narragansett Electric. Leasehold improvements incurred by Massachusetts Electric Company are billed as rental charges to associated companies receiving call center services from that facility. The incremental rental charge of $58,634 for the Northborough facility is related to leasehold improvements incurred by Massachusetts Electric but not fully charged to Narragansett Electric during the Test Year. For all other facility costs not specifically adjusted, the Company has applied an inflation rate increase as depicted on Page 29. The total resulting adjustment for facilities expense, net of an allocation to the IFA, amounts to $267,926 as shown on Schedule MDL-3-ELEC, Page 29 at Line 53.

Q. Would you summarize the adjustment for uninsured claims on Page 30?

A. Yes. Uninsured claims relate to legal claims that the Company must pay from time to time. The precedent for rate recovery of this expense has been to normalize an annual recovery level based on the five-year average of expense accruals for this item. Also, the reserve level on the Company's balance sheet was included as a reduction to rate base. In the 2009 Electric Rate Case, the annual level of uninsured claims expense was disputed and Narragansett Electric's cost of service was ultimately reduced by $2,250,000 as a result. In this proceeding Narragansett Electric proposes recovery of only actual claims paid based on an average of actual payments for the last five years, consistent with past normalization precedent of the Commission. In addition, the Company proposes to exclude the balance sheet reserve from the development of rate base, consistent with the Company's proposal to recover only actual claims paid. As shown on Schedule MDL-3-ELEC, Page 30, comparing a five-year average of actual claims paid to accrued uninsured claims expense in the Test Year results in an adjustment of $319,541, net of IFA allocation, as shown on Schedule MDL- 3-ELEC, Page 30, Line 35.

Q. Would you turn your attention to Page 31 of Schedule MDL-3-ELEC?

A. That page, along with Page 32, provides details of the proposed adjustment for insurance premium expenses for Narragansett Electric. As shown on Page 32, this adjustment simply compares the most recently received insurance premium bills, along with respective allocations to Narragansett Electric, to the Company's Test Year level of insurance expense. The resulting O&M adjustment, net of IFA allocation, is $94,007 as shown on Page 32, Line 44 and carried forward to Page 31, Column (d).

Q. Please describe the adjustment to payroll taxes being proposed in this case.

A. The next proposed Test-Year adjustment relates to payroll tax expenses recorded as both O&M expense and taxes other than income taxes on the Company's books, as shown on

Page 33. For Narragansett Electric supervisory personnel and KCS and KUS personnel, associated payroll taxes are charged to O&M expense. Payroll taxes associated with non-supervisory Narragansett Electric direct employees and NGSC employees are charged to "Taxes Other Than Income." Consequently, the Company has calculated a Pro Forma Test Year adjustment to both O&M expense and taxes other than income taxes expense for changes in payroll tax expense. As total labor costs change, the Narragansett Electric payroll taxes also change. Here, the Company is simply adjusting the Test Year level of payroll taxes for the change in O&M labor from the Test Year to the Rate Year. The adjustment applies the Test Year payroll tax rate per payroll dollar, as calculated in Columns (k) through (m), to the total change in O&M labor from the Test Year to the Rate Year as shown in Columns (p) through (t). The resulting adjustment for total payroll taxes charged to Narragansett Electric equals ($105,751) as shown in Column (t) at Line 36. This total payroll tax change was allocated to O&M and taxes other than income based on the actual Test Year split for each category as shown in Columns (n) and (o).

Q. Is Narragansett Electric proposing adjustments to its OPEB and pension expenses?

A, Yes, it is. As discussed more fully later in this testimony, and as supported by the testimony of Company Witness Doucette, Narragansett Electric is proposing to establish a pension and OPEB tracker mechanism similar to the currently operating Pension Adjustment Mechanism ("PAM") for Narragansett Gas.

Q. How will the proposed Narragansett Electric PAM impact rates?

A. The Company proposes to establish a base rate allowance for OPEB and pension costs for the Rate Year in this proceeding. These amounts would establish a base PAM amount for OPEB and pension expense from which the annual reconciliation would be performed. These base amounts for both pension and OPEB expense reflect the most recent actuarial estimates of pension expense and OPEB expense for the Rate Year, as provided by the Company's actuary and as shown on Pages 34 and 35 for OPEB and pension expense, respectively. As shown on Page 34, Rate Year OPEB expense is expected to be $4,876,932 lower than adjusted Test Year OPEB expense incurred by Narragansett Electric as shown on Line 25 of that page. Pension expense is expected to increase by $1,676,080, after the reduction for estimated pension expense associated with the 401(k) pension replacement plan and average workforce turn over as previously discussed, as shown on Line 28 of Page 35.

Q. Please explain the Test Year adjustment to postage expense.

A. Narragansett Electric adjusted its normalized Test-Year postage expense of $2,014,377 by $83,418 to annualize scheduled U.S. Postal rate increases effective April 17, 2011 and January 22, 2012 plus an estimated postal rate increase effective January 23, 2013 based on the Consumer Price Index ("CPI"). Details of the proposed postage rate increase are provided at Schedule MDL-3-ELEC, Page 36.

Q. What is Narragansett Electric proposing for storm fund recovery in this proceeding?

A. Narragansett Electric's proposal for storm costs recovery is more fully discussed later in this testimony in Section VII. In that section, I discuss a proposal to reinstate the annual storm fund collections of $1,041,000 along with a temporary three-year recovery of $2,400,000 annually designed to extinguish the current storm fund deficiency estimated at approximately $11.5 million. The sum of these two amounts, $3,441,000, is shown as a Pro Forma O&M adjustment on Schedule MDL-3-ELEC, Page 38, Line 20.

Q. What is the next Pro Forma O&M adjustment you would like to discuss?

A. The next O&M adjustment relates to O&M expenses related to Capital spending. For each dollar of capital spending, Narragansett Electric incurs a level of O&M spending. This O&M spending is for costs incurred as part of capital projects for activities that do not meet the definition of a capital asset under the Uniform System of Accounts and must therefore be charged to O&M expense as incurred. For example, the costs of re-hanging conductor wire as part of a pole replacement project must be accounted for as an O&M expense. The previous three-year average percentage of O&M spending related to capital spending for Narragansett Electric is 10.71 percent. As shown on Schedule MDL-3-ELEC, Page 39, the Company has applied this percentage to the difference in capital spending included in the Rate Year in this proceeding and actual capital spending for the Company during the Test Year. Using the approved FY 2013 ISR level of capital spend as a proxy for the Rate Year level of capital spend, yields $7,926,314 of incremental capital spend from Test Year levels. Applying the three-year average of 10.71 percent to this delta results in an adjustment of $848,908 of O&M

expense related to incremental capital spend in the Rate Year as shown on Page 39 at Line 6.

Q. Is the Company proposing a customer outreach and education initiative?

A. Yes, it is. The customer outreach and education initiative is National Grid's effort to improve the delivery of the communications with customers on such issues as safety, storm preparedness, energy efficiency and the benefits of natural gas, billing information and financial assistance. Based on market analysis and customer feedback, National Grid has developed a communications initiative that is designed to broaden the channels of customer outreach and education in a manner that leverages today's media and technology. The proposed customer outreach and education initiative is expected to cost an incremental $521,453 in the Rate Year, as shown on Schedule MDL-3-ELEC, Page 40.

Q. Please provide the background for the customer outreach and education initiative.

A. Communications with customers focus on four principal themes: (i) Safety; (ii) Storm Preparedness; (iii) Billing Information and Financial Assistance; and (iv) Benefits of Natural Gas. JD Powers' research reports indicate that National Grid is focusing on the right themes, as these are the types of information customers are looking for from their utilities. However, JD Powers' research also indicates that National Grid ranks below its peers in key communication metrics, including customer recall of utility outreach and education. National Grid believes the reason it has fallen behind peers with respect to customer recall of utility outreach and education is that National Grid has not updated its communication vehicles. National Grid communicates with customers primarily through website postings and bill inserts. However, these means alone are no longer effective in today's media environment, with its proliferation of communication channels.

Q. How does the Company propose to broaden its communications channels?

A. The Company intends to leverage new channels of communications, such as radio, outdoor advertising, newspapers and digital channels, including social media, to more effectively reach and educate customers on what they want to hear from their utilities, including the four themes of our current outreach and education noted above. The combination of the Company's existing and the proposed new channels will allow us not only to reach more customers but also to educate them more effectively. For example, rather than reactionary education when a storm is imminent (and when customers may have more pressing matters than consulting utility bill inserts or websites), these channels would permit us to provide year-round education on storm preparedness and safety. We believe that this initiative would make the Company's outreach and education far more effective and would enhance customer safety and satisfaction.

Q. What is the incremental cost of the enhanced customer outreach and education initiative?

A. As shown on Schedule MDL-3-ELEC, Page 40, Narragansett Electric expects to increase educational and informational advertising to benefit its customers in the amount of $521,453 from normalized Test Year levels.

Q. Has the Company included a Test Year adjustment to recover rate-case expenses in this filing?

A. Yes. As shown on Schedule MDL-3-ELEC, Page 43, the Company has estimated the total rate case expense for Narragansett Electric to be $774,375, which includes the cost of researching, preparing and litigating this filing through the compliance phase of the proceeding. Please note that the total of $774,375 does not represent the total rate case expense to be incurred in this proceeding. As explained below, a portion of the total cost is directly attributed or allocated on a 50/50 basis to Narragansett Electric and Narragansett Gas.

Q. Would you please describe the costs that the Company expects to incur to conduct this rate case?

A. In preparing and litigating this case before the Commission, the Company will incur costs associated with the following services: (1) legal representation; (2) research and preparation of the cost of capital analysis; (3) research and preparation of allocated cost of service study; (4) revenue requirements support; (5) consultant costs for the Division of Public Utilities and Carriers' participation in the case; and (6) other associated services and resources that will be required to complete the case, such as temporary help, transcripts, notices, delivery and copying costs.

Q. What is the Company's proposal for the recovery of rate case expense in this proceeding?

A. The Commission's practice in determining the amount of rate case expense to be included in rates is to amortize these expenses over a period of years intended to reflect the number of years between base-rate case filings. As a consolidated entity, the Company believes that filing the two base-rate cases simultaneously for both electric and gas operations, as the need arises, provides the most efficient manner to conduct base-rate investigations. It has been three years since the filing of the last base-rate petition (the 2009 Electric Rate Case). Consequently, the Company is proposing a three-year amortization period for both Narragansett Electric and Narragansett Gas. As shown in Schedule MDL-3-ELEC, Page 43, a three-year amortization period of a total expense of $774,375 results in an annual expense amount of $258,125. Therefore, the Company is proposing to make an adjustment to increase Test Year O&M expense by $258,125 in this case.

Q. Please describe the adjustment for consumer advocate positions shown on Schedule MDL-3-ELEC, Page 44.

A. This adjustment, which is calculated on Page 44, provides for the addition to the Company's staff of two employees as presented in the testimony of Company Witness Evelyn M. Kaye. The Company has used a base salary level of $92,744 for each employee and has provided for the standard benefits package by using the per payroll dollar percentage for payroll taxes and employee benefits for direct company employees during the Rate Year as shown on Lines 18 through 26. These positions are expected to split their efforts evenly between electric and gas operations and to charge 100 percent of their time to Company O&M. Consequently, the total adjustment for the customer advocacy positions equals 50 percent of the fully burdened cost of these two resources, or $166,282, after IFA allocation, as shown on Schedule MDL-3-ELEC, Page 44, Line 43. Of this amount, $158,021 relates to O&M expense and $8,261 relates to payroll taxes which have been included in the Pro Forma adjustment for taxes other than income.

Q. Would you please turn your attention to Schedule MDL-3-ELEC, Page 45?

A. Yes. This adjustment reflects the need for incremental personnel to provide on-going operating support for the SAP operating platform being implemented by the U.S. Foundation Project, as mentioned previously and discussed later in this testimony. Once implemented, it is expected that the new SAP platform will require support from an incremental 26 positions from the Test Year-end employee complement. The testimony of Company Witness Heaphy discusses these needed resources in greater detail. As shown on Page 45 of Schedule MDL-3-ELEC, the calculation of the required incremental resources is the same as that performed for the two customer advocate positions, but incorporates service company payroll tax and benefit percentages per service-company payroll dollar for the Rate Year. The 26 required positions are expected to include 24 Band E positions and two Band D positions. The average base wage for the Company's Band E and Band D positions were used to calculate the total costs of these incremental positions in the Rate Year, upon which the payroll tax and benefit percentages were applied to arrive at the fully burdened cost of these positions. Lastly, the total costs of these fully burdened incremental positions are stepped down to the Narragansett Electric O&M level using the same company and O&M allocators previously discussed, but on a service company weighted basis. The resulting adjustment to Narragansett Electric O&M

and taxes other than income amount to $240,326 and $16,137, respectively, as shown on Page 45 at Lines 45 and 48.

Q. What is the next Pro Forma O&M adjustment you would like to discuss?

A. The next four adjustments relate to bad debt expenses. Narragansett Electric currently collects its commodity-related and transmission-related bad-debt expense through Standard Offer Rates and retail transmission rates, respectively, based on a five-year average of net write-off rate set in the 2009 Electric Rate Case. During the year, the Company estimates its bad-debt expense based on estimated commodity and transmission revenue and this fixed net write-off rate is used to determine the component of these rates that recovers commodity-related and transmission-related bad debt expense. The revenue generated by this rate element is then reconciled to actual bad debt expense, which is determined by applying the fixed write-off rate to actual commodity and transmission revenue. These calculations are performed outside of base distribution rates.

Consequently, the Test Year level of bad debt expense related to those two revenue categories has been fully eliminated from the base cost of service in this proceeding. The level of bad debt costs allowable in rates is based on the Company's actual write-offs. As shown on Schedule MDL-3-ELEC, Page 46 and discussed more fully in the testimony of Company Witness Kaye, Narragansett Electric's three-year average write-off rate equals 1.35 percent. This write-off rate was applied to Rate Year base rate revenue to calculate the allowable base rate bad debt costs for the Rate Year, or $3,264,875, or $38,924 greater than the Test Year adjusted base rate bad debt cost of $3,225,951 as shown on

Page 46, Line 37. The Company is also proposing to recover bad debt costs associated with energy efficiency revenue outside of base rates as discussed in the testimony of Company Witness Kaye. Narragansett Electric proposes to recover 1.35 percent of the underlying energy efficiency cost recovery through the energy efficiency charge, or an estimated $659,464 for the Rate Year.

An additional bad-debt expense of $424,552 results from the proposed rate increase, as shown on the Revenue Deficiency Summary provided at Schedule MDL-3-ELEC, Page 1.

Q. Can you describe the Test-Year adjustment being proposed on Schedule MDL-3-ELEC, Page 47?

A. This adjustment is related to National Grid's efforts to reduce its overall costs and specifically, the U.S. Restructuring Program that was launched and completed in 2011.

Q. Please explain the efficiency and productivity efforts of the U.S. Restructuring Program that you have previously referred to.

A. In January 2011, National Grid announced a major organizational and efficiency restructuring initiative, which is referred to as the US Restructuring Program. The U.S. Restructuring Program consists of the implementation of a new organizational structure with greater jurisdictional and local focus and significant productivity and efficiency efforts to reduce U.S. operating costs. National Grid made a commitment to reduce its total U.S. operating costs by $200 million, measured from a baseline of FY 2009/2010 actually achieved financial performance, adjusted for inflation. National Grid's goal was to achieve these savings, on a run rate basis, by March 31, 2012. To achieve such significant reductions, National Grid made deep cuts in its work force. Those labor reductions alone, however, were not sufficient to reach the target. National Grid therefore undertook a thorough review of its U.S. business platform in an effort to identify non-labor efficiency and productivity savings opportunities. As of March 31, 2012, the U.S. Restructuring Program had delivered on its savings goal when compared to a baseline of FY 2009/2010 actual costs. As National Grid proceeded with its restructuring initiative, management decided to challenge the business further by establishing an internal, more aggressive target measured from a baseline of FY 2010/2011 actually achieved financial performance, adjusted for inflation.

Q. What are the U.S. Restructuring Program efficiency and productivity initiatives?

A. Workpaper MDL-15 sets forth the list of initiatives that comprises the U.S. Restructuring Program, the targeted savings, and the savings actually achieved to date. Because of the aggressive nature of its targeted results, the U.S. Restructuring Program became the umbrella program for a number of initiatives that were already identified and, in some cases, underway, prior to the announcement of the U.S. Restructuring Program. Those initiatives include, among others, the U.S. Foundation Program and IS Transformation initiatives.

Q. Assuming actual FY2010/2011 as a baseline, how successful has the U.S. Restructuring Program been?

A. National Grid has identified approximately $171 million of total delivered savings of the U.S. Restructuring Program on a run rate basis as of March 31, 2013. Of that total, approximately $102 million is related to O&M labor and associated benefits.

Q. How many full-time equivalent positions were eliminated as a result of the U.S. Restructuring Program?

A. Through restructuring, National Grid will reduce approximately 1,400 positions in total. It should be noted that approximately 137 employees who held these eliminated positions have not left the workforce as they remain in non-enduring roles (i.e., interim roles that are expected to terminate following completion of currently active work assignments).

Q. Does the Rate Year labor forecast reflect the U.S. Restructuring Program reductions?

A. Yes. The positions had all been eliminated as of December 31, 2011. Because the Rate Year labor forecast is based on December 31, 2011 employee complement, these eliminated positions, and associated labor benefits and payroll taxes have been excluded from the Company's cost of service in this proceeding. In addition, the 137 positions that were identified as non-enduring roles have also been removed from the Test Year end employee complement reflected in the cost of service. Consequently, all of the O&M labor savings allocable to the Company are included in the Rate Year labor and associated benefit adjustment discussed earlier in this testimony.

Q. How are non-labor and benefit savings being reflected in the cost of service in this proceeding?

A. Of the $171 million of identified savings, approximately $69 million was related to non-labor and benefit initiatives, of which approximately $22 million was delivered during 2011, the Test Year in this proceeding. The Company has made an adjustment to the Rate Year O&M forecast to reduce the revenue requirement by 100 percent of Narragansett Electric's allocable share of the incremental $47 million of remaining savings.

Q. Please explain how the U.S. Restructuring Program efficiency and productivity savings were allocated.

A. As shown on Workpaper MDL-15, individual non-labor and benefit related savings were allocated based on individual initiatives to arrive at the Narragansett Electric share. The proposed new service company allocators, previously discussed, were employed in allocating the individual initiatives. The resulting Narragansett Electric share of U.S. Restructuring Program savings amounts to ($2,627,184) as detailed on Workpaper MDL-15 and reflected in the Company's cost of service calculation for Narragansett Electric in Schedule MDL-3-ELEC, on Page 47.

Q. What is the adjustment included on Schedule MDL-3-ELEC, Page 7, Line 32?

A. This adjustment relates to the reallocation of Test Year service company costs as discussed in detail earlier in this testimony in the amount of $4,514,843.

Q. Would you describe the proposed O&M adjustment for paperless billing?

A. Schedule MDL-3-ELEC, Page 49 summarizes this proposed adjustment. In an effort to encourage customers to take advantage of paperless billing, as discussed in the testimony of Company Witness Jeffrey P. Martin, the Company is proposing to offer customers a monthly credit when they elect to enroll in the paperless billing program currently offered by the Company. This adjustment is adding back the cost savings generated during the Test Year by customers who had elected the paperless billing option. In doing so, the base rates will be established assuming the full costs of paper billing for all customers, and will isolate the paperless billing savings on a per customer basis and deliver that benefit to the individual customers generating the savings through a bill credit in the amount of $0.33 per month based on the Test Year average monthly bill cost. The adjustment to the cost of service, in the amount of $207,038, represents the actual cost savings of paperless bills rendered during the Test Year.

Q. Please describe the inflation adjustment shown on Schedule MDL-3-ELEC, Page 50?

A. This adjustment is designed to adjust Test Year expenses that have not been specifically adjusted elsewhere to expected Rate Year levels. The calculation on Page 50 starts with total normalized Test Year O&M expense, or $121,409,142, as shown on Schedule MDL-3-ELEC, Page 1, Line 7, Column (c). That amount is then reduced by Test Year amounts that are being individually adjusted to the Rate Year on other pages within Schedule MDL-3-ELEC. For example, Line 9 shows a exclusion for labor expenses in the amount of $40,001,966, which represents the Test Year normalized labor costs charged to the Company's O&M as reflected on Page 7, Line 3, Column (c). Since there is a separate Pro Forma Rate Year adjustment for labor expense, it must be removed from the total expense that will be subject to an inflation adjustment. The same is true for each of the other expenses listed on Lines 10 through 34 of Page 50. Once these expenses are reduced from the Test Year normalized O&M expense, the resulting $25,468,336 on Line 38, Column (c) needs to be adjusted to reflect inflation from the Test Year to the Rate Year level for those expenses.

Q. How is the adjustment for the inflation percentage change to the Rate Year calculated?

A. The inflation rate was calculated by using a 50/50 weighting of the change in the Gross Domestic Product Implicit Price Deflator and CPI from the mid-point of the Test Year to the mid-point of the Rate Year. The resulting inflation rate is 3.81 percent as shown on Line 40 of Page 50. This rate was applied to the net O&M amount subject to inflation of $25,468,336. The resulting inflation amount of $970,344 is shown on Line 42.

Q. Why is it necessary to have this inflation adjustment?

A. This inflation adjustment is required so that all Test Year expenses are reflected in the Rate Year at Pro Forma cost levels for the Rate Year. Each of the other expenses that were removed from the adjusted Test Year O&M expense are separately adjusted or calculated to reflect the cost levels anticipated for the Rate Year. This inflation adjustment applies the same principle to the expenses not part of a specific calculation, such as labor expense.

Q. Would you please summarize the Pro Forma O&M adjustments being proposed in this cost of service for Narragansett Electric?

A. Yes. As shown on Schedule MDL-3-ELEC, Page 7 at Line 36 in Column (d), total Pro Forma O&M adjustments as previously discussed, aggregate $4,858,292. This amount is carried forward to the cost of service summary page, Schedule MDL-3-ELEC, Page 6, Line 14 in Column (d). Of this amount, ($6,972,769) relates to elimination of commodity- and transmission-related bad debt, which are recovered outside of base rates. Therefore, the resulting net impact of Pro Forma O&M adjustments to the base rate cost of service is $11,831,061.

Q. Please describe the adjustment for uncollectibles on the proposed rate increase on Schedule MDL-3-ELEC, Page 6, Line 15.

A. As previously mentioned, this adjustment simply relates to the base-rate uncollectible rate of 1.35 percent applied to the calculated revenue deficiency of $31,448,278, or $424,552 as shown on Schedule MDL-3-ELEC, Page 6, Line 15, and carried forward to Schedule MDL-3-ELEC, Page 1, Line 7, Column (f).

Q. Keeping your attention on Schedule MDL-3-ELEC, Page 6, would you please describe the adjustment for depreciation expense as shown on Line 20.

A. Certainly. This adjustment is detailed on Schedule MDL-3-ELEC, Page 52.

Q. Can you summarize the calculation of the depreciation expense adjustment of $3,140,050 shown on that page?

A. This adjustment is calculated on Page 52 using average depreciable plant for the Rate Year and the composite depreciation rate approved by the Commission in the 2009 Electric Rate Case. The average depreciable plant for the Rate Year, $1,324,668,970, on Line 53 is multiplied by the composite depreciation rate of 3.40 percent on Line 55, which results in the Pro Forma Rate Year depreciation expense of $45,038,745, as shown on Line 58. This is also shown on Line 1, and when compared to the adjusted per books depreciation expense for the Test Year of $43,331,838 on Line 5, results in an adjustment of $3,140,050 reflected on Line 6 and carried forward to Schedule MDL-3-ELEC, Page 6, Line 20, Column (d).

Q. How did you determine the average depreciable plant for the Rate Year?

A. That calculation is detailed on Page 52. In summary, total distribution utility plant at December 31, 2011 (Line 10) was used as the starting point. First, the non-depreciable plant was removed as shown on Line 11 to arrive at depreciable utility plant at December 31, 2011 as shown on Line 12. To that amount, calendar year capital investments and retirements were added to arrive at depreciable utility plant at December 31, 2012 (Line 16). The average of the year end balances for 2011 and 2012, as shown on Line 18 was used for the calculation of 2012, or $43,314,812 as shown on Line 23. This amount along with projected retirements and cost of removal were added to the Company's December 31, 2011 depreciation reserve to arrive at the December 31, 2012 depreciation reserve balance. This same calculation was performed for the January 2013 period, to arrive at balances for the beginning of the Rate Year period, and for the Rate Year period ended January 31, 2014 as shown on Lines 28 through 61. The total Rate Year depreciation expense is calculated by applying the previously approved composite depreciation rate of 3.40 percent to the Rate Year average depreciable utility plant amount of $1,324,668,970, or $45,038,745as shown on Line 58.

Q. How were the projected capital investments, retirements and cost of removal calculated?

A. As previously mentioned, and discussed in greater detail later in this testimony, in order to maintain consistency with the existing ISR mechanism for the FY 2012 and FY 2013 periods, the level of ISR eligible capital additions previously approved by the Commission were reflected in the projected amounts on Page 52. For the April 2013 through January 2014 period, the Company assumed the same level of annual ISR eligible capital investments as those approved for the FY 2013 period. The Company expects that proposed capital investments for the FY 2014 period will be more than those requested for and approved for FY 2013, and believes this assumption is conservative. To these ISR eligible amounts were added modest investment projections for general plant. General plant investments are ineligible for inclusion in the ISR plan and therefore must be added. Details of these capital investment projects are provided on Schedule MDL-3-ELEC, Page 53.

For cost of removal projections, the Company maintained the same annual levels as those approved in the ISR filings and followed the same approach for the FY 2014 period included in the Rate Year in this proceeding, or employing the FY 2013 annual amount as a proxy. Projected retirements were based on the actual percentage of retirements to actual plant additions experienced in the Test Year, or calendar year 2011.

Q. Turning to Line 21 of Page 6, please describe the Pro Forma adjustment being proposed for amortization expense.

A. This adjustment is detailed on Schedule MDL-3-ELEC, Page 54. The adjustment is comprised of three amortization items. The first is a reduction of $924,000 and relates to the amortization of KeySpan merger costs to achieve that the Company projects will be completed prior to the Rate Year. The second component relates to the projected reduction in amortization of loss on required debt from the Test Year to the Rate Year in an amount of $80,022. The final component is the elimination of adjusted Test Year investment tax credits ("ITC") amortization in the amount of ($394,024). ITC amortization is eliminated from O&M expenses because it is included as an element of income tax expense discussed later in this testimony. In total, amortization expense has been reduced from Test Year levels by $609,998 as shown on Page 54, Line 10, Column (d).

Q. Please explain the adjustment for taxes other than income taxes.

A. Narragansett Electric has made two adjustments for taxes other than income taxes to account for known and measurable changes: (1) an adjustment to property taxes; and (2) an adjustment to modify payroll tax expense by ($86,594), as was described earlier in my testimony, and detailed on Schedule MDL-3-ELEC, Page 33.

Q. Please explain the property tax adjustment.

A. Narragansett Electric's property taxes have been escalating to an inordinate degree over the last several years. These costs are essentially beyond the control of the Company and have contributed significantly to the Company's inability to earn a reasonable rate of return. As a result, the Company is proposing to establish a property tax tracker as discussed in greater detail in Section VIII of this testimony.

The adjustment for property tax expenses to be embedded in base rates is detailed on Schedule MDL-3-ELEC, Page 59. As shown on that page, the adjustment is calculated by applying an annual percentage increase to normalized Test Year property tax expense through the end of the Rate Year and comparing the resulting Rate Year level to the normalized Test Year amount. The annual percentage increase, based on the average increase in property tax expense for the last three years consistent with Commission precedent, is 11.6 percent. When applied to the normalized Test Year property tax expense on an annual basis through the Rate Year results in Rate Year property tax expense of $29,743.324. Subtracting from that amount the Test Year normalized property tax expense amount of $23,658,084 yields an adjustment of $6,085,240, as shown on Line 17 of Page 59.

Q. How did the Company calculate income tax expense for the Narragansett Electric cost of service?

A. The Company's calculation of income taxes for Narragansett Electric's cost of service is shown on Schedule MDL-3-ELEC, Page 60. As shown therein, the calculation begins with Operating Income before Income Taxes, as shown on Schedule MDL-3-ELEC, Page 1 at Line 19. The Company subtracted synchronized interest expense from Operating Income before Income Taxes to determine Taxable Income. The interest expense is computed by multiplying the Rate Year five-quarter average rate base shown in Schedule MDL-3-ELEC, Page 63, by the weighted cost of long-term and short-term debt as shown on Page 61 at Lines 1 and 3 in Column (e), and on Line 6. The federal income tax expense is derived by applying the federal tax rate of 35 percent to the federal taxable income amount. Next, the amount of ITC amortization and the annual funding of the Company's unfunded deferred taxes as provided in Docket No. 4065 are added to the calculated income tax to arrive at the total Rate Year income tax expense amount of $17,071,671 as shown on Schedule MDL-3-ELEC, Page 60 at Line 17, Column (e).

Subpart D: Capital Structure and Return Rate

Q. Please describe the Company's capital structure used for computing return on rate base.

A. As shown on Schedule MDL-3-ELEC, Page 61, the Company's capital structure used in arriving at the Company's total cost of service in this proceeding consists of 1.20 percent short-term debt at a cost of 0.80 percent, 49.00 percent long-term debt at a cost of 5.11 percent as detailed on Page 61, 0.20 percent preferred equity at a cost of 4.50 percent and 49.60 percent common equity with a cost rate of 10.75 percent. The Company's capital structure and associated cost rates, including the cost of common equity, is discussed in the testimony of Company Witness Hevert.

Subpart E: Rate Base Issues

Q. Is the Company proposing a means to reconcile Narragansett Electric's currently operating ISR mechanism and rate base includable in distribution base rates in this proceeding?

A. Yes. As the Commission is aware, the Company's ISR Plan, which was implemented on April 1, 2011, is designed to provide recovery of the revenue requirement associated with incremental capital additions, not included in base rates, on the electric distribution system on a timely basis in order to promote the safety and reliability of the Company's electric distribution system. The ISR Plan was established by statute, R.I. Gen. Laws, §39-1-27.7.1, taking effect on April 1, 2011. The statutory provision establishing the ISR Plan does not address how recovery through the ISR Plan should be aligned with the recovery of rate base in a base-rate proceeding. However, in a base-rate proceeding, it is appropriate to incorporate recovery of rate-base investment into base rates to be consistent with rate design principles. Therefore, the Company proposes to embed approved investments currently being recovered through the ISR mechanism. All reconciliations of approved ISR investments to actual amounts for FYs 2012 and 2013 would remain included in the ISR mechanism along with FY 2014 ISR Plan eligible amounts approved in excess of the FY 2014 amounts included in rate base in this proceeding. Therefore, in the context of a base-rate proceeding, we propose to align the computation of the rate base included in base rates with the recovery of capital investment through the ISR Plan to ensure that rates are recovering capital investment consistent with cost causation principles used in rate design.

Q. What is the Company's proposal to align ISR Plan recovery with base-rate recovery?

A. Narragansett Electric's ISR Plan became effective April 1, 2011 and a reconciling rate was established effective on that date outside of base rates to begin recovering the revenue requirement on estimated incremental capital additions on the electric system for FY 2012 (i.e., April 1, 2011 to March 31, 2012). The ISR Plan is designed to allow for reconciliation of the preliminary amounts recovered during FY 2012 to the revenue requirement associated with actual capital additions during the fiscal year, once the fiscal year is completed on March 31, 2012. At the end of December 2011, Narragansett Electric filed its ISR Plan for FY 2013, and in the absence of a base-rate proceeding, the revenue requirement associated with the actual investment made during FY 2013 (April 1, 2012 to March 31, 2013) would be reconciled to the amounts recovered through rates in FY 2013 beginning April 1, 2013. Similarly, the Company would be filing an ISR Plan in December 2012 to cover FY 2014 (i.e., April 1, 2013 to March 31, 2014).

This sequencing is significant because, under Commission ratemaking practice, base rates would be set to include rate base as of the Test-Year ending December 31, 2011, as well as to include a level of forecasted capital additions through the end of the Rate Year, or January 31, 2014. This period covers the same period as the ISR Plan for FY 2012, FY 2013, and FY 2014, except that FY 2014 is a 12-month period ending March 31, 2014, which is two months beyond the end of the Rate Year of January 31, 2014. Therefore, to align the base-rate setting process with the operation of the ISR Plan, the Company is proposing to include the ISR approved capital additions for FY 2012, FY 2013, and 10 months of the yet to be filed FY 2014 ISR additions amount in rate base (i.e., capital additions completed by Test Year-end, December 31, 2011, and forecast to be completed through January 31, 2014).

Q. The forecast of FY 2014 capital additions for Narragansett Electric is not due to be filed with the Commission until December 2012. How is the Company relying on that forecast to establish the proposed revenue requirements in this case?

A. For purposes of calculating the revenue requirements in this case, the Company has used a proxy for the FY 2014 forecast of capital additions to provide a level of certainty to the calculation. Specifically, the Company has used the FY 2013 approved ISR Plan amounts, pro-rated for 10 months (i.e., to cover the Rate-Year period of April 1, 2013 to January 31, 2014). Inclusion of this amount is reasonable because the capital investment for FY 2014 is expected to be higher than for FY 2013 amount, which makes the FY 2013 approved amount a conservative starting point for purposes of setting base rates.

Q. How does the Company propose to avoid double recovery of capital costs from the current ISR mechanism and from base rates effective February 1, 2013?

A. The Company proposes to reduce the Capital portion of the ISR rate to zero as of February 1, 2013, coincident with the effective date of new base rates in this proceeding. For its ISR filing for FY 2014, to be submitted in the later part of calendar year 2012, the Company would include only an amount in excess of the FY 2013 approved ISR capital amount which was used as a proxy for FY 2014 additions and embedded in base rates in this proceeding. Any reconciliation of estimated FY 2012 and FY 2013 ISR capital additions would remain in the ISR filings, and outside of base rates. Proceeding in this fashion provides the best balance of base rate and ISR mechanism capital recovery.

Q. How did the Company determine Narragansett Electric rate base?

A. Narragansett Electric rate base is summarized by component on Schedule MDL-3-ELEC, Page 63 and is equal to the Rate Year rate base five-quarter average. Detailed calculations of individual rate base components are provided on Pages 64 through 71. The calculation starts with the total net utility plant in service at the end of the Test Year (i.e., December 31, 2011), which includes reductions for contributions in aid of construction ("CIAC") and accumulated depreciation. Additions to net utility plant in service include materials and supplies, prepayments, loss on reacquired debt and cash working capital ("CWC"). Deduction from net utility plant in service includes accumulated deferred income taxes ("ADIT") and customer deposits. Column (a) of Page 63 reflects the Test Year five-quarter average rate base, net of rate base included in the Company's ISR Plan, and as calculated on Pages 64 through 66. This net rate base represents distribution only rate base. The Test Year-end distribution rate base components, from which all Pro Forma rate base adjustments are made, are shown on Page 64, in Column (e).

Q. Would you summarize the Pro Forma adjustment made to Test Year-end Plant in Service?

A. As shown on Schedule MDL-3-ELEC, Page 67, Test Year-end plant in service is adjusted for projected capital additions from January 1, 2012 through January 31, 2014.

As previously discussed the projected capital additions for this Pro Forma period are the same as the capital additions amounts approved by the Commission for FY 2012 and FY2013 and included in the ISR mechanism currently being billed by the Company. For April 1, 2013 through January 31, 2014 period, the approved FY 2013 ISR capital addition amount has been used as a proxy and prorated for ten months. Projected retirements are also included in the calculation of the Rate Year plant in service amounts. The five-quarter average plant in service amount for the Rate Year amounts to $1,338,779,442, as shown on Page 67, Line 28 and is carried forward to Page 63.

Q. Would you summarize the Pro Forma adjustment made to Test Year-end Accumulated Depreciation?

A. The calculation of Rate Year accumulated depreciation is provided on Schedule MDL-3-ELEC, Page 68. As shown on that page, the Test Year-end accumulated depreciation amount was adjusted for projected changes for the January 1, 2012 through January 31, 2014. Adjustments to the Test Year-end balance include depreciation expense, as previously discussed and as calculated on Schedule MDL-3-ELEC, Page 52, and incorporating the same capital additions assumptions as those included in the plant in service adjustment. Projected cost of removal and retirement amounts were also incorporated in arriving at the five-quarter average accumulated depreciation amount for the Rate Year, or $596,863,723, as shown on Page 68, Line 30. This amount is also carried forward to Page 63.

Q. How was the Rate Year ADIT amount calculated?

A. The Rate Year ADIT calculation is shown on Schedule MDL-3-ELEC, Page 70. As shown on that page, the Test Year-end balance was adjusted for projected changes for the January 1, 2012 through January 31, 2014. The changes in the ADIT balance reflect the tax impact on that period's book and tax depreciation amounts. The tax depreciation includes projected tax depreciation on December 31, 2011 embedded assets plus the tax depreciation on projected capital additions, equal to the ISR approved capital additions for the projected period as previously discussed. Book depreciation amounts were calculated on Page 52. The difference in these depreciation amounts times the federal income tax rate of 35 percent generates the projected deferred tax adjustments for the projected period. In addition, the Company has elected to secure safe harbor protection with respect to prior year capital repair related tax deductions. As a result, in the month of March 2012, the Company recorded a deferred tax reversal of $7,403,074. This adjustment is also incorporated in the calculation of the Rate Year ADIT balance. The five-quarter average ADIT amount for the Rate Year amounts to $174,430,457, as shown on Page 70, Line 25 and is carried forward to Page 63.

Q. Were any adjustments made to the other components of rate base?

A. Schedule MDL-3-ELEC, Page 69 summarizes the derivation of Rate Year amounts for all other rate base components with the exception of CWC. Included on that page is the derivation of the Rate Year balances for, CIAC, Materials and Supplies, Prepayments, Loss on Reacquired Debt and Customer Deposits. The five-quarter average for these rate-base components for the Rate Year is shown on Page 69, Line 21 and are carried forward to Page 63.

Q. Please explain the adjustment for cash working capital.

A. The Commission permits companies to include in rate base a working capital component associated with O&M expenses. The Company is required to use its capital funds to meet these ongoing expenses as a result of the lag between the time when payments by the Company are due and the recovery of those funds is obtained from customers. The cost associated with the use of that capital is included in the Company's revenue requirements by means of the working capital allowance. Under Commission precedent, the working capital allowance is derived based on the results of a lead/lag study.

Q. Did the Company conduct a lead/lag study for this proceeding?

A. Yes. A summary of the CWC study results is presented on Schedule MDL-3-ELEC, Page 71. As shown on that page, on Line 38 in Column (c), the CWC for the Rate Year amounts to $4,975,475. The detail support for the CWC study is contained in Schedule MDL-4-ELEC.

Q. Please describe the lead/lag study summary presented on Page 71.

A. Column (a) shows the net percent (lead), or lag, for each of the components. For example, the federal income tax net revenue lag of 4.81 percent means that on average, the Company pays for federal income taxes in the provision of its service to customers before the customers pay their bills to the Company. The net lag is calculated by determining the number of days between the end of the service period and the payment dates and subtracting the payment lag from the revenue collection lag. The lag for the revenue collection is 39.91 days, or 10.93 percent on an annual basis (39.91 days / 365 days) as shown on Schedule MDL-4-ELEC, Page 2. The lag for the payment of federal income taxes is (22.33) days or (6.12) percent on an annual basis (22.33 days / 365 days) as shown on Page 6 of Schedule MDL-4-ELEC. The difference between the revenue collection lag of 10.93 percent and the federal income tax payment lag of (6.12) percent is a net lag of 4.81 percent. The percent is then multiplied by the Rate Year federal income tax expense shown on Schedule MDL-3-ELEC, Page 71, Column (c) which results in a CWC of $821,147 for the federal income tax expense for the Rate Year. This same process is conducted for each of the expense items and the net total is included as a CWC component of rate base.

Subpart F: Pension and OPEB

Q. What is the Company's proposal in this case with respect to the recovery of pension and OPEB expense for Narragansett Electric?

A. In the 2008 Gas Rate Case, the Commission approved implementation of the PAM for Narragansett Gas. The PAM reconciles annual pension and OPEB expense with a base amount established in distribution rates through a base-rate proceeding and allows for recovery of the difference between the base amount and the annual expense amount outside of base rates. In this case, the Company is proposing implement the PAM for Narragansett Electric, which does not currently have a PAM in place. The testimony of

Company Witness Doucette provides a comprehensive discussion of the reasons that a policy allowing recovery of pension and OPEB expense through the PAM is warranted.

Q. Could you please review how the proposed PAM would operate for Narragansett Electric?

A. Yes. As is the case with the PAM for Narragansett Gas, the Company has calculated the revenue requirement for Narragansett Electric using the Rate Year pension and OPEB expense amounts as the base PAM amount. By August 1 of each year, the Company will propose a Pension Adjustment Factor ("PAF") for Narragansett Electric to collect or refund the reconciling amount of actual pension/OPEB expense versus rate recovery for the previous year-ended March 31. The first PAF would take effect on October 1, 2013, which will use the data for the two months ended March 31, 2013. In subsequent years the twelve months ended March 31 will be reconciled annually. The Company has selected this schedule to coincide with its October 1 rate changes related to the ISR reconciliation and large customer standard offer service rates in an effort to reduce customer bill volatility within a given year.

Q. How will the initial PAF be calculated for Narragansett Electric?

A. The Company will establish a base amount for pension/OPEB expense. The base amount equals the Rate Year expense for pension and OPEB, which is included in base rates in this proceeding as shown on Schedule MDL-3-ELEC, Page 7, at Lines 14 and 15 for OPEB and pension expense, respectively, and aggregating $13,776,267. This will be the revenue allowance in base rates that the Company will use to perform the annual reconciliation of revenue allowance and actual expenses incurred.

Q. How will the PAF be calculated each year?

A. A new PAF will be calculated prior to each August 1, with the new rate to be effective the following October 1. The PAF will be calculated to recover or refund, during the 12-month period ending September 30, the over- or under-recovery of pension and OPEB base rate allowance versus actual pension and OPEB expenses for the period ending the preceding March 31. In addition, a funding reconciliation comparing actual Company plan funding versus total actuarial pension and OPEB costs (including capitalized amounts) will be prepared, as discussed further below. The PAF effective each October 1 will be the PAF annual reconciliation amount for the immediately preceding 12- month period ending March 31 divided by forecast kWh sales for the recovery year commencing October 1.

Q. Is the Company proposing any changes from the PAM that is already in place for Narragansett Gas?

A. In implementing the PAM for Narragansett Electric, the Company proposes to modify the PAM in place for Narragansett Gas by including the same funding and customer return accrual on the cumulative amount of Company underfunding, if any, as described below. The balance of the Narragansett Gas PAM would continue as it currently operates. However, in the event that the Commission was to authorize the implementation of the PAM for Narragansett Electric, the Company is proposing to institute two inter-related protections for the benefit of customers, so that the Commission has the assurance that the PAM will function as intended to support the funding of the Company's historical pension and OPEB plans.

First, for the Narragansett Electric PAM, the Company will follow the practice already applied in relation to the Narragansett Gas PAM, which is to contribute to the pension and OPEB plans at the "Minimum Funding Obligation" level. The Minimum Funding Obligation level would be equal to the amount collected from customers, plus the amounts of pension and OPEB costs capitalized. The amount collected from customers would include: (1) pension and OPEB amounts collected through base rates, (2) plus or minus the amount of PAF collections or amounts returned to customers. To demonstrate this commitment, the Company has already contributed an amount to Narragansett Electric's FY 2012 pension and OPEB plans at a level equal to the FY 2012 capitalized pension and OPEB amounts.

Second, the Company proposes to pay a carrying charge to customers at the weighted average cost of capital, which would be applied to the cumulative shortfall between the minimum funding obligation and amounts contributed by the Company to the pension and OPEB plans, plus amounts paid to the service companies for allocated pension and OPEB costs. This carrying charge would be asymmetrical, meaning that it would not be applied to any excess Company contributions based on the same criteria. To avoid carrying charges, the Company would be obligated to make contributions equal to or greater than the minimum funding obligation on a cumulative basis beginning February

1, 2013, the effective date of this proposal if approved. Any carrying cost would be calculated based on a fiscal year five-quarter average shortfall at the weighted average cost of capital. Any calculated carry charge would be returned to customers in the next PAF filing for effect commencing the subsequent November 1st.

Q. What reporting will the Company institute for the Narragansett Electric PAM?

A. The Company will follow the same reporting protocols established for Narragansett Gas, which means that the Company would provide an annual reconciliation report based on the Company's March 31 fiscal year end with its annual rate filing on August 1 detailing the annual pension and OPEB expense calculation. This report would also document how the Company funded the associated employee benefit plans along with associated carrying cost calculation if warranted. Currently, the Narragansett Gas reconciliation is based on the 12-month period ended June 30 each year. The Company is proposing to change this to an annual reconciliation based on the Company's March 31 fiscal year-end similar to that proposed for Narragansett Electric.

Q. Has the Company prepared an illustration of the proposed PAM for Narragansett Electric?

A. Yes. Schedule MDL-5 presents an illustrative model showing the reconciliation for several years after the rates become effective from this proceeding.

VI. <u>Narragansett Gas Revenue Requirement Analysis</u>

<u>Subpart A: Cost of Service Summary</u>

Q. Rather than repeating all of the foregoing description on the development of the cost of service, would you please explain whether you have calculated the Narragansett Gas cost of service any differently than the Narragansett Electric cost of service?

A. In preparing the cost of service and related revenue requirement for Narragansett Gas, the Company has followed all of the same ratemaking procedures outlined above for Narragansett Electric. Accordingly, to avoid a substantial amount of repetition, my testimony will be limited to the extent possible to specifics involving Narragansett Gas.

Q. Would you please provide a summary of the Narragansett Gas cost of service and resulting revenue requirement?

A. Schedule MDL-3-GAS begins with the Narragansett Gas cost of service and resulting revenue requirement as shown on Page 1, Revenue Deficiency Summary. For the Rate Year-ended January 31, 2014, the calculated revenue deficiency is $19,952,203 as shown on Page 1 in Column (f) and as calculated on Page 2. Page 3 shows the appropriate mechanisms through which this revenue deficiency will be recovered. The Operating Revenue Summary is set forth on Page 4 with Adjustments to Gas Operating Revenues listed on Page 5. Page 6, provides a summary of the total Cost of Service, which is $372,660,020, or $173,128,689 net of gas costs of $199,531,331. The Cost of Service Summary also shows the total adjustments to the Test Year amounts. Adjustments to O&M expenses to normalize Test Year amounts and to reflect known and measurable changes to the Test Year are itemized on Page 7. Supporting schedules are provided in the remainder of the schedule.

Q. Does the cost of service include costs incurred by the service companies on behalf of Narragansett Gas?

A. Yes. In the Test Year, the cost of service for Narragansett Gas reflects two types of charges from the service companies, which are "direct charges" billed for costs incurred and work performed by service company personnel directly related to the respective subsidiary, and "common costs," which are allocated among the respective subsidiaries receiving the service based on appropriate allocation factors and billing pools. Therefore, where applicable, costs incurred on behalf of, or allocated to, Narragansett Gas by the service companies are included in Test Year charges as billed. Schedule MDL-3-GAS provides detail of these costs by cost category and by originating company.

Q. How are the costs that the service companies incurred to perform services reflected in the Narragansett Gas cost of service calculation?

A. The charges to Narragansett Gas from the service companies are incorporated into the appropriate O&M and other expense categories included in the Test Year cost of service. In addition, I have included any applicable charges from the service companies in the individual post-Test Year adjustments to the cost of service, to the extent that those charges also represent known and measurable changes to the Test Year cost of service under Commission precedent.

Q. Are these charges billed to Narragansett Gas in conformance with a service agreement?

A. Yes. As I indicated above in relation to Narragansett Electric, there are agreements in effect between the service companies and Narragansett Gas for the fiscal years ending March 31, 2012 and 2013. These agreements identify the services that will be provided to Narragansett Gas and reference the cost-allocation formulas that will be applied to calculate the charges presented each month to Narragansett Gas. The provisions of these agreements, including the cost-allocation formulas, are in conformance with FERC requirements.

Subpart B: Revenue Adjustments

Q. Please describe the adjustments to operating revenues reflected in Schedule MDL-3-GAS Page 4.

A. The Company made a number of known and measurable adjustments to Test Year operating revenues, as reflected on Schedule MDL-3-GAS Page 4. First, the Company made a normalizing adjustment for weather and a Pro Forma adjustment for the Rate Year forecast. The testimony of Company Witnesses Ann E. Leary and A. Leo Silvestrini provides detailed explanations. Next, the Company eliminated Non Firm Margin, Off System Sales, Unbilled Margin and Gross Receipts Tax. The Company also made a Pro Forma adjustment to the non firm revenues to reflect the proposed base rate credit level of $1,512,209. The testimony of Company Witness Leary provides more details regarding the proposed revision to the Company's On System Margin Credits. The Company also made normalizing adjustments to its various reconciling mechanisms specifically the Gas Cost Recovery ("GCR"), Distribution Adjustment Charge ("DAC"), and Energy Efficiency Factor ("EE"). For the GCR, the Company made normalizing adjustments so that the sum of GCR Deferral Revenues (Line 21) plus actual GCR Revenues (Line 1) offsets the adjusted Test Year firm gas costs reflected on Schedule MDL-3-GAS page 6 (Line 1). For the DAC, the Company made normalizing adjustments so that the DAC Deferral Revenues (Line 28) offsets the DAC Revenues (Line 2). For the EE, the Company made normalizing adjustments so that EE Deferral Revenues (Line 25) offsets the EE Revenues (Line 3). The Company also included normalizing adjustments for the bad debt component of GCR, DAC, and EE. This adjustment represents the variance between the bad debt rate of 2.46 percent approved in the 2008 Gas Rate Case and the proposed Rate Year bad debt rate of 3.79 percent. The Company then included a Pro Forma adjustment to eliminate the GCR, DAC, and EE bad debt from the total Operating Revenues. The Company also made a normalizing adjustment to the Capital Tracker/ARP/ISR (Line 31) so that the adjusted Test Year amount reflected the sum of the Test Year Capital Tracker adjustment, the ARP, and the calendar year portion of FY 2012 ISR. The Company also included a Pro Forma adjustment to Capital Tracker/ARP/ISR to include the incremental revenue associated with the FY 2013 ISR revenue approved in Docket No. 4306. The Company also eliminated the Weather Adjustment since the Company has implemented the RDM. The Company also eliminated the Pool Aggregation charges which were designed to recover IT costs associated with its implementation of its Customer Choice programs. Since the amortization period for these costs has been exceeded, the Company is proposing to eliminate these rates. Operating revenues were also adjusted for the Company's service contract program costs, special contracts, and Other Revenues which included incentive payments associated with the Company's EE and Natural Gas Portfolio Management Plan programs, and accounting entries. The Company also included a Pro Forma adjustment to Revenue Decoupling Adjustment, which adjusted the Rate Year forecasted revenues to the revenue benchmarks approved in Docket 4206. Lastly, the Company made a normalizing adjustment for the Allowance for Funds Used During Construction ("AFUDC") and interest on customer arrears.

Q. Please describe the Company's proposed treatment of Company Use Gas.

A. Historically, the Company has embedded a Test Year amount of Company Use Gas into its base rates and therefore has removed all Company Use Gas from its Gas Cost Recovery. In this filing, the Company is proposing to eliminate the recovery of Company Use Gas from its base rates and to begin recovering Company Use Gas through its GCR mechanism.

Subpart C: Expense Adjustments

Q. What is the total amount of normalizing expense adjustments made to the Cost of Gas?

A. For Narragansett Gas, there is a total reduction to the Cost of Gas of $57,664,271, as a result of normalizing adjustments made under Commission precedent. These normalizing adjustments are listed in Schedule MDL-3-GAS, Page 8. Both revenues and expenses related to unbilled revenue, optimization and other off-system gas have been excluded from the cost of service in this proceeding.

Q. Has the Company made any normalizing adjustments to Test Year O&M expense?

A. Yes. The Company has adjusted Test Year O&M expenses by ($16,662,644) to normalize the booked Test Year amounts for ratemaking purposes. The Company has also adjusted Test Year O&M expenses by ($7,435,308) to account for known and measurable changes in O&M expense levels occurring after the end of the Test Year and prior to the end of the Rate Year, or January 31, 2014. Each adjustment is discussed below in the order presented on Schedule MDL-3-GAS, Page 7. Normalizing adjustments are segregated by issue on Page 8. Pro Forma post Test Year adjustments are supported individually on subsequent pages of Schedule MDL-3-GAS, and summarized on Page 7 and will be discussed individually.

Q. Would you describe the normalizing adjustments to O&M expenses summarized on Schedule MDL-3-GAS, Page 8?

A. Certainly. Schedule MDL-3-GAS, Page 8 lists the normalizing adjustments made to O&M expenses for the Test Year ended December 31, 2011 (shown in Column (a)), by cost category in separate Columns that I will describe individually.

Normalizing adjustments were made for costs of savings initiatives in Column (b), donations in Column (c) and expatriate expenses in Column (e) totaling ($2,832,033), $235,086 and ($91,622), respectively, as previously described in the Narragansett Electric cost of service discussion.

Column (d) includes an adjustment to remove incremental costs related to an incident that occurred in Westerly in December 2011. The total expense exclusion for this item is ($2,299,983).

All other normalizing adjustments listed by cost category are shown in Column (f) and total ($11,674,091). Details of this total are summarized on Schedule MDL-3-GAS, Page 9.

Q. What adjustment has the Company made for advertising expense?

A. Included in the previously described normalizing adjustments and as shown on Schedule MDL-3-GAS, Page 8 at Line 23, the Company incurred advertising expenses of $373,987 during the Test Year. The Company eliminated advertising expenses not recoverable in rates under Commission precedent, such as certain types of image and promotional activities. In total, the Company deducted $300,810 from the total Test Year expense.

Q. You mentioned that the Company was proposing several Pro Forma O&M adjustments representing known and measurable changes to the Test Year cost of service for Narragansett Gas. Would you summarize these adjustments beginning with payroll expense?

A. Yes. The adjustments to the Company's normalized Test Year payroll expense by originating company total $(1,505,434), as shown on Schedule MDL-3-GAS, Page 10. Page 11 summarizes the Test Year normalizing adjustments, previously discussed, to arrive at normalized Test Year labor by originating company for union and management employees and by wages and salaries, management incentive compensation and the "Union Goals" program. Details of those individual components are calculated and provided on Pages 13 through 22. Because the Company does not accumulate non-productive pay separately for union and management employees, Page 12, provides the allocation of non-productive labor costs to union and management categories as well as calculates labor allocation rates for service company labor charged to Narragansett Gas and O&M percentages for direct company and service company labor. Page 13 provides detail of the previously discussed Test Year normalizing adjustments by wage type. The Pro Forma adjustments for union and non-union employees are summarized on Schedule MDL-3-GAS, Page 14 with detailed calculations provided on Pages 15 and 16, respectively, for union and non-union base and overtime labor while the adjustments for management incentive compensation and union goals incentive compensation are calculated on Pages 21 and 22, respectively. For purposes of calculating wages and salaries charged to Narragansett Gas from the service companies, the percentages of Test Year productive pay charged to Narragansett Gas to total productive pay of each service company were used. Likewise, O&M percentages of total wages and salaries charged to Narragansett Gas used the Test-Year percentage of productive pay charged to O&M to total productive pay charged to Narragansett Gas as the appropriate proxy. Consistent with Commission precedent, the Company is adjusting payroll expense to reflect known and measurable changes that will take effect through the end of the Rate Year, or January 31, 2014. The details of these known and measurable changes to the Test Year cost of service are discussed in the testimony of Company Witness Heaphy.

In general, the adjustments are designed to properly reflect normalized Test Year payroll expense adjusted for known and measurable impacts occurring through the end of the Rate Year. Individual labor adjustments for the union and non-union labor force of Narragansett Gas, as well as the service companies are calculated. Lastly, adjustments to Test Year non-union incentive compensation and the "Union Goals" program are computed and summarized by originating company, either for Narragansett Gas or from each of the service companies. All adjustments appropriately include only the O&M amount for inclusion in the cost of service.

Q. How was the labor adjustment calculated?

A. The adjustment for both union and management groups starts with the annual base wages for employees of Narragansett Gas and the service companies on record as of December 31, 2011, and mirrors the labor adjustment previously described in the Narragansett Electric discussion.

Q. How did the Company calculate the weighted average union wage increase?

A. The weighted average union wage increase is based on the union payroll increases scheduled to take effect before the end of the Rate Year and the associated compounded impact of such increases through the end of the Rate Year as discussed in the testimony of Company Witness Heaphy. A schedule showing the calculation of the weighted average union wage increase is provided in Workpaper MDL-3.

Q. How was the management group wage increase derived?

A. As further described in the testimony and accompanying exhibits of Company Witness Heaphy, non-union employees of Narragansett Gas and the service companies are scheduled to receive a combination of merit and promotional increases totaling 3.37 percent effective July 1, 2012 and merit and promotional increases totaling 3.00 percent effective July 1, 2013.

Q. Please explain the adjustment made to incentive compensation.

A. As described in relation to the incentive compensation adjustment for Narragansett Electric, the Company has modified the 2011/12 Annual Performance Plan for management employees to replace the financial measures for employees in Bands D, E and F with customer satisfaction, safety and reliability measures. These measures represent 50 percent of the plan while the remaining 50 percent is based on attainment of individual performance goals. A total of 60 percent of the plan for employees in Bands B and C will be linked to these same customer satisfaction, safety and reliability measures. These measures are the same for the union employee plan.

The adjustments for management incentive compensation and Union Goals incentive compensation were also performed in like fashion to the Narragansett Electric adjustments described previously in the electric cost of service discussion and also based on target payout levels.

Q. Can you summarize the proposed labor adjustments?

A. Yes. As summarized on Schedule MDL-3-GAS, Page 14, adjustments of ($1,563,354) and ($758,923) for union wages and union goals incentive pay, respectively, have been calculated. For management wages and incentive compensation the adjustments total ($943,887) and ($1,016,151), respectively. In total, the Company is reducing its Test Year labor expense by ($4,282,315) as shown on Page 14 in Column (c) at Line 43.

Q. Could you please explain the adjustment made to Test Year healthcare expenses?

A. As was the case for Narragansett Electric, the Rate Year level of healthcare O&M expense for Narragansett Gas was computed by first calculating the annual costs of current health care elections of the employee population as of December 31, 2011, which is the same steady state employee complement used for the wage adjustment. As was the case with the wage adjustment, these total annual costs were then converted to O&M amounts using the same company wage allocation percentages as those used in the wage adjustment, and blended union and management O&M percentages, and follows the same calculation as that explained in the Narragansett Electric cost of service discussion. As set forth in Schedule MDL-3-GAS, Page 23, the resulting adjustment for healthcare expense Pro Forma adjustment shown in Column (d) at Line 6 totals $11,578.

Q. Would you explain the proposed Test Year adjustment to Narragansett Gas 401(k) expense?

A. As was the case for Narragansett Electric, two adjustments related to the Company's 401(k) expense have been made. The first is shown on Schedule MDL-3-GAS, Page 24. Here, the Company is simply adjusting the Test Year level of Company 401(k) match expense for the change in O&M labor from the Test Year to the Rate Year. The second adjustment related to the Narragansett Gas 401(k) expense is related to the Company's 401(k) pension replacement plan. As discussed by Company Witnesses Doucette and Heaphy, commencing January 1, 2011, all National Grid new non-union hires are excluded from National Grid's defined benefit pension plans and receive an enhanced 401(k) benefit instead. Page 25 of Schedule MDL-3-GAS calculates the necessary adjustment for reflecting the estimated Rate Year level of this pension replacement benefit related to two groups of new hires. The first group of new hires is the service company vacancies that will be filled prior to the Rate Year in this proceeding. The second group of new hires reflects a three-year average of National Grid employee turn over. These two groups of new hires will be enrolled in the 401(k) pension replacement plan rather than in a defined benefit pension plan. Because this incremental benefit should be matched by a similar decrease in defined benefit pension plan costs, this component of the adjustment results in a like reduction to pension costs. The Narragansett Gas PAM will reflect this annual reduction in defined benefit pension plan costs as employee turnover continues year on year. The adjustments for both the Narragansett Gas 401 (k) company match expense and the Narragansett Gas 401(k) pension replacement plan were calculated using the same methodology as previously outlined in the Narragansett Electric discussion. The resulting adjustments, as detailed on Schedule MDL-3-Gas, Pages 24 and 25 amount to ($94,792) and $110,181 for the 401 (k) company match expense and the 401(k) pension replacement plan, respectively.

Q. Please explain the proposed Test Year adjustment to computer software expenses as detailed on Schedule MDL-3-GAS, Page 27.

A. Again, as was explained in the Narragansett Electric discussion, this adjustment relates to Narragansett Gas computing costs charged from the service companies, and includes several components, including National Grid's IS Transformation initiative, the U.S. Foundation Program and new software purchases.

Q. Would you summarize the total computer software adjustments presented on Schedule MDL-3-GAS, Page 27?

A. As shown on that page, the total O&M adjustment for computer software costs amounts to $1,804,096 and includes $1,092,331 for the U.S. Foundation Program.

Q. Please discuss the Test Year adjustment for regulatory assessments as shown on Page 28.

A. The adjustment simply restates the Test Year regulatory assessment expense to a level equal to the most recent assessment incurred by the Company, or a decrease of ($87,372).

Q. Please discuss the Test Year adjustment for facilities expenses presented on Page 29.

A. There are two adjustments being made that relate to facilities. The first adjustment for facilities mirrors the adjustment that was made for Narragansett Electric. As detailed on Page 29, the resulting adjustment for Narragansett Gas facilities expenses totals $237,620 as shown in Column (d). The second adjustment relates to planned facility moves as summarized on Schedule MDL-3-GAS, Page 30. Narragansett Gas plans on moving personnel from its Cumberland and Dexter Street, Providence facilities to facilities in Lincoln, on Washington Highway, and to Providence on Allens Avenue. As shown on that schedule, the planned moves will result in the need for $2,140,000 of facility renovations at the Lincoln and Allens Avenue facilities. This investment has been included in projected rate base, discussed later in this testimony. The expected cost savings, related to reduced operating costs for the Cumberland and Dexter Street facilities and lease income for the Cumberland facility offset somewhat by incremental operating costs for the Lincoln and Allens Avenue facilities, amounts to $438,870, as shown on Line 12.

Q. Would you summarize the adjustment for uninsured claims?

A. Page 31 contains the proposed adjustment for uninsured claims in an amount of $383,316 and was calculated using the same methodology as previously discussed for Narragansett Electric. As described in the Narragansett Electric discussion, Narragansett Gas proposes recovery of only actual claims paid based on an average of actual payments for the last five years, consistent with past normalization precedent of the Commission. In addition, the Company proposes to exclude the balance sheet reserve for uninsured claims from the development of rate base, consistent with the Company's proposal to recover only actual claims paid.

Q. What is the Company proposing for Rate Year insurance expense?

A. As shown on Schedule MDL-3-GAS, the Company projects Rate Year insurance expense to be $284 greater than adjusted Test Year expense. As shown on Page 32, this adjustment simply compares the most recently received insurance premium bills, along with respective allocations to Narragansett Gas, as shown on Page 33, to the Company's adjusted Test Year level of insurance expense.

Q. Please describe the adjustment to payroll taxes being proposed in this case.

A. The proposed adjustment to payroll tax expenses relates to payroll taxes recorded as both O&M expense and "taxes other than income taxes" on the Narragansett Gas books. Once again, the adjustments to these two lines items of expense follows the same calculation performed for Narragansett Electric as previously described, applying the Company's Test Year payroll tax rate per payroll dollar to the total change in O&M labor from the Test Year to the Rate Year.

Q. Is Narragansett Gas proposing adjustments to its OPEB and pension expenses embedded in base rate recovery?

A. The Company is proposing adjustments to its base-rate allowance for OPEB and pension costs for the Rate Year in this proceeding. These base amounts for both pension and OPEB expense reflect the most recent actuarial estimates of pension expense and OPEB expense for the Rate Year, as provided by the Company's actuary and as shown on Pages 35 and 36 for OPEB and pension expense, respectively. As shown on Page 35, Rate Year OPEB expense is expected to be $116,233 lower than adjusted Test Year OPEB expense incurred by Narragansett Gas as shown on Line 25 of that page. Pension expense is expected to increase by $2,821,012, after the reduction for estimated pension expense associated with the 401(k) pension replacement plan and average workforce turn over as previously discussed, as shown on Line 24 of Page 36.

Q. Please explain the Test Year adjustment to postage expense.

A. The Company adjusted its normalized Test Year postage expense of $1,353,126 by $56,035 to reflect U.S. Postal Service rate increases effective April 17, 2011 and January 22, 2012 plus an estimated postal rate increase effective January 23, 2013 based on CPI. Details of the proposed postage rate increase are provided on Schedule MDL-3-GAS, Page 37.

Q. Would you explain the O&M adjustment proposed on Page 39?

A. Narragansett Gas recovers 80 percent of identified O&M costs related to the Local Production and Storage Facilities through its GCR. In order to reflect the proper level of such cost recovery for the Rate Year, the Company identified $1,347,620 of Test Year costs. These costs were adjusted by applying the associated wage increase to Test Year labor costs and the proposed inflation rate for non-labor costs. The resulting increase for Local Production and Storage Facilities expenses totals $54,768 of which, $29,098 is labor related and embedded in the Company's labor adjustment previously discussed. The remaining non-labor O&M adjustment is $25,760 as shown on Line 14 of Page 39.

Q. Has the Company included an adjustment to recover rate-case expenses in this filing?

A. Yes. As shown on Schedule MDL-3-GAS, Page 41, the Company has estimated the total rate-case expense for Narragansett Gas to be $826,375, which includes the cost of researching, preparing and litigating this filing through the compliance phase of the proceeding. As previously explained, a portion of the total cost is directly attributed or allocated to Narragansett Gas and Narragansett Electric on a 50/50 basis. The Company is proposing a three-year amortization period for both Narragansett Electric and Narragansett Gas, as previously discussed. As shown in Schedule MDL-3-GAS,Page 41, a three-year amortization period of a total expense of $826,375 results in an annual expense amount of $275,458. Therefore, the Company is proposing to make an adjustment to increase Test Year O&M expense by $275,458 in this case.

Q. Please describe the adjustment for consumer advocate positions shown on Schedule MDL-3-GAS, Page 42.

A. This adjustment, which is calculated on Page 42, is the companion adjustment to the adjustment described in the Narragansett Electric discussion. The customer advocacy positions are expected to split their efforts evenly between electric and gas operations and to charge 100 percent of their time to Company O&M. Consequently, the adjustment equals 50 percent of the fully burdened cost of these two resources, or $156,314, as shown on Schedule MDL-3-GAS, Page 42 Line 47.

Q. Would you turn your attention to Schedule MDL-3-GAS, Page 43?

A. Yes. As previously discussed, this adjustment reflects the need for incremental personnel to provide on-going operating support for the SAP operating platform. Once implemented, it is expected that the new SAP platform will require support from an incremental 26 positions from the Test Year-end employee complement. The adjustment employs the same calculation as that described in the Narragansett Electric discussion, incorporating service company payroll tax and benefit percentages per service company payroll dollar for the Rate Year. The total costs of these fully burdened incremental positions are stepped down to the Narragansett Gas O&M level using the same company and O&M allocators previously discussed, but on a service company weighted basis. The resulting adjustment to Narragansett Gas O&M is $92,126, as shown on Page 43 at Line 43.

Q. Is the Company proposing to increase its level of instructional advertising for the benefit of customers in the future?

A. Yes, it is. As shown on Schedule MDL-3-GAS, Page 44, and as explained in the Narragansett Electric cost of service discussion, Narragansett Gas expects to increase educational and informational advertising to benefit its customers in the amount of $353,811 from normalized Test Year levels.

Q. What is the next Pro Forma O&M adjustment you would like to discuss?

A. The next four adjustments relate to bad debt expenses. Narragansett Gas currently collects its commodity-related, DAC-related and energy efficiency-related bad debt costs through the related rate mechanism that recovers the underlying costs for commodity, DAC or energy efficiency. Consequently, the Test Year level of bad debt expense related to those three revenue categories has been fully eliminated from the base cost of service in this proceeding. As is the case with Narragansett Electric, the level of bad debt costs allowable in rates is based on Narragansett Gas' actual write-offs. As shown on Schedule MDL-3-GAS, Page 45, Narragansett Gas' three-year average write-off rate as discussed by Company Witness Kaye equals 3.79 percent. This write-off rate was applied to Rate

Year base rate revenue to calculate the allowable base rate bad debt costs for the Rate Year, or $5,245,371, or $1,854,662 greater than the Test Year adjusted bad-debt cost of $3,390,709 as shown on Page 45, Line 32.

Q. Would you please explain the adjustment being proposed for productivity and efficiency?

A. As was described in detail in the Narragansett Electric cost of service discussion, in January 2011, National Grid announced a major organizational and efficiency restructuring initiative, commonly referred to as the U.S. Restructuring Program committing to reduce its total U.S. operating costs by $200 million measured from a baseline of FY 2009/2010 actually achieved financial performance, adjusted for inflation. National Grid's goal was to achieve these savings, on a run rate basis, by March 31, 2012. As the Company proceeded with its restructuring initiative, management decided to challenge the business further by establishing an internal, more aggressive target measured from a baseline of FY 2010/2011 actually achieved financial performance, adjusted for inflation.

Q. Assuming actual FY 2010/2011 as a baseline, how successful has the U.S. Restructuring Program been?

A. National Grid has identified approximately $171 million of total delivered savings of the U.S. Restructuring Program on a run rate basis as of March 31, 2013. Of that total, approximately $102 million is related to O&M labor and associated benefits. Of the $171 million of identified savings, approximately $69 million was related to non-labor and benefit initiatives, of which approximately $22 million was delivered during 2011, the Test Year in this proceeding. Because the Company's labor and benefits adjustments incorporate Rate Year-end employee head count and benefit elections, only the non-labor and benefit related amounts of the U.S. Foundation Program savings must be separately adjusted for. The Company has made an adjustment to the Rate Year O&M forecast to reduce the revenue requirement by 100 percent of Narragansett Gas' allocable share of the incremental $49 million of remaining savings.

Q. Please explain how the U.S. Restructuring Program efficiency and productivity savings were allocated.

A. As shown on Workpaper MDL-15, individual non-labor and benefit related savings were allocated based on individual initiatives to arrive at the Narragansett Gas share. The proposed new service company allocators, previously discussed, were employed in allocating the individual initiatives. The resulting Narragansett Gas share of U.S. Restructuring Program savings amounts to ($1,134,002) as summarized on Schedule MDL-3-GAS, Page 46.

Q. Would you explain the adjustment contained on Page 47 of Schedule MDL-3-GAS?

A. Yes. This adjustment relates to the reallocation of Test Year service company costs as explained in detail earlier in this testimony in the amount of $(4,452,323).

Q. Please describe the inflation adjustment shown on Schedule MDL-3-GAS, Page 48.

A. This adjustment is designed to adjust Test Year expenses that have not been specifically adjusted elsewhere to expected Rate Year levels. The calculation on Page 48 starts with total normalized Test Year O&M expense, net of gas costs, or $92,538,244, as shown on Schedule MDL-3-GAS, Page 1, Line 7, Column (c). That amount is then reduced by Test Year amounts that are being individually adjusted to the Rate Year on other pages within Schedule MDL-3-GAS. For example, Line 9 shows a reduction for labor expenses in the amount of $36,003,627, which represents the Test Year normalized labor costs charged to the Company's O&M as reflected on Page 7, Line 3, Column (c). Since there is a separate Pro Forma Rate Year adjustment for labor expense, it must be removed from the total expense that will be subject to an inflation adjustment. The same is true for each of the other expenses listed on Lines 10 through 33. Once these expenses are reduced from the Test Year normalized O&M expense, the resulting $19,334,899 on Line 37 needs to be adjusted to reflect inflation from the Test Year to the Rate Year level for those expenses.

Q. How is the adjustment for the change to the Rate Year calculated?

A. The inflation rate is the same as described in the Narragansett Electric cost of service discussion, or 3.81 percent. This rate was applied to the net O&M amount subject to inflation of $19,334,899. The resulting inflation amount of $736,660 is shown on Line 41.

Q. Why is it necessary to have this inflation adjustment?

A. This inflation adjustment is required so that all Test Year expenses are reflected in the Rate Year at cost levels expected for the Rate Year. Each of the other expenses that were removed from the adjusted Test Year O&M expense are separately adjusted or calculated to reflect the cost levels anticipated for the Rate Year. This inflation adjustment applies the same principle to the expenses not part of a specific calculation, such as labor expense.

Q. Would you please summarize the Pro Forma O&M adjustments being proposed in this cost of service?

A. Yes. As shown on Schedule MDL-3-GAS, Page 7 at Line 32 in Column (d), total Pro Forma O&M adjustments as previously discussed, aggregate ($7,435,308). This amount is carried forward to the cost of service summary page, Schedule MDL-3-GAS, Page 6, Line 7 in Column (d). Of this amount, ($5,657,868) relates to the elimination of commodity, DAC and energy efficiency-related bad debt, which are recovered outside of base rates. Therefore, the resulting net impact of Pro Forma O&M adjustments to the base rate cost of service is ($1,777,440).

Q. Please describe the adjustment for uncollectibles on the proposed rate increase on Schedule MDL-3-GAS, Page 6, Line 8.

A. As previously mentioned, this adjustment simply relates to the base rate uncollectible rate of 3.79 percent applied to the calculated revenue deficiency of $19,952,203, or $756,189 as shown on Schedule MDL-3-GAS, Page 6, Line 8 and carried forward to Schedule MDL-3-ELEC, Page 1.

Q. Keeping your attention on Schedule MDL-3-GAS Page 6, would you please describe the adjustment for depreciation and amortization expense as shown on Line 13.

A. Certainly. This adjustment is detailed on Schedule MDL-3-GAS, Page 50.

Q. Can you summarize the calculation of the depreciation and amortization expense adjustment of $6,301,991 shown on that page?

A. This adjustment is calculated using the same methodology as described in the Narragansett Electric cost of service as shown on Page 52 and using average depreciable plant for the Rate Year and the composite depreciation rate approved by the Commission in the 2008 Gas Rate Case or 3.38 percent. Applying this previously approved composite depreciation rate to average Rate Year depreciable plant of $743,762,408 results in Rate Year depreciation expense of $25,139,169 as shown on Line 72. To this amount is added amortization of intangible plant in the amount of $1,170,250, reflected on Line 73 and equal to the annualized December 2011 amortization expense amount. Lastly, also added is amortization of the costs of the gas billing system conversion from the Advantage to the CSS platform, as supported by the testimony of Company Witness Martin, over an eight-year period, or $1,817,805 as shown on Line 74. The sum of these three components, or total depreciation and amortization expense for the Rate Year, equals $28,127,225 as shown on Line 1. This amount exceeds Test Year depreciation and amortization expense, adjusted to eliminate a reserve for write-off of old work orders recorded in the Test Year, of $21,825,234, by $6,301,991 as shown on Lines 1 through 5.

Q. How were the projected capital investments, retirements and cost of removal calculated?

A. Page 51 of Schedule MDL-3-GAS provides the detail for capital additions included in the cost of service from the end of the Test Year through the end of the Rate Year. As previously mentioned, in order to maintain consistency with the existing ISR mechanism, for the FY 2012 and FY 2013 periods, the level of ISR eligible capital additions previously approved by the Commission were reflected in the projected amounts on Page 51. For the April 2013 through January 2014 period, the Company assumed the same level of annual ISR eligible capital investments as those approved for the FY 2013 period. The Company expects that proposed capital investments for the FY 2014 will be more than those requested for and approved for FY 2013 and believes its assumption here is conservative. To these ISR eligible amounts were added capital investments related to growth in the amount of $24,938,211 as shown on Page 51 on Line 4. Revenue was also adjusted to reflect associated growth revenue from these investments.

Projected cost of removal and retirements were calculated using the same methodology as the Narragansett Electric projections for the items previously discussed in relation to the Narragansett Electric cost of service.

Q. Please explain the adjustment for taxes other than income taxes.

A. Narragansett Gas has made two adjustments for taxes other than income taxes to account for known and measurable changes: (1) an adjustment to property taxes; and (2) an adjustment to modify payroll tax expense by ($191,062) as was described earlier in my testimony, and detailed on Schedule MDL-3-GAS, Page 34.

Q. Please explain the property tax adjustment.

A. As is the case with Narragansett Electric, the Narragansett Gas property taxes have been escalating by an inordinate amount over the last several years. These costs are out of the control of the Company and are contributing significantly to the Company's inability to earn a reasonable rate of return. As a result, the Company is proposing to establish a property tax tracker as discussed in Section VIII of this testimony.

The adjustment for property tax expenses to be embedded in base rates is detailed on Schedule MDL-3-GAS, Page 54. As shown on that page, the adjustment is calculated by applying an annual percentage increase to normalized Test Year property tax expense through the end of the Rate Year and comparing the resulting Rate Year level to the normalized Test Year amount. The annual percentage increase, based on the average increase in property tax expense for the last three years consistent with Commission precedent, is 9.1 percent. When applied to the normalized Test Year property tax expense on an annual basis through the Rate Year results in Rate Year property tax expense of $13,994,652. Subtracting from that amount the Test Year normalized property tax expense amount of $11,658,209 yields an adjustment of $2,336,443, as shown on Line 12 of Page 54.

Q. How did the Company calculate income tax expense for the Narragansett Electric cost of service?

A. The Company's calculation of income taxes is shown on Schedule MDL-3-GAS, Page 55. As shown therein, the calculation begins with Operating Income before Income Taxes, as shown on Schedule MDL-3-GAS, Page 1 at Line 19. The Company subtracted synchronized interest expense from Operating Income before Income Taxes to determine Net Taxable Income. The interest expense is computed by multiplying the Rate Year five-quarter average rate base shown in Schedule MDL-3-GAS, Page 58, by the weighted cost of long-term and short-term debt as shown on Page 56 at Lines 1 and 3 in Column (e). The federal income tax expense is derived by applying the federal tax rate of 35 percent to the federal taxable income amount resulting in Rate Year federal income taxes of $10,639,347.

Subpart D: Capital Structure and Return Rate

Q. Please describe the Company's capital structure used for computing return on rate base.

A. As shown on Schedule MDL-3-GAS, Page 56, the Company's actual capital structure consists of 1.20 percent short-term debt at a cost of 0.80 percent, 49.00 percent long-term debt at a cost of 5.90 percent, 0.20 percent preferred stock at a cost of 4.50 percent and 49.60 percent common equity with a cost rate of 10.75 percent. The Narragansett Gas capital structure represents Test Year-end actual capital structure adjusted for an expected long-term debt financing to be issued prior to the Rate Year in this proceeding.

The associated cost rates, including the cost of common equity, are discussed in the testimony of Company Witness Hevert.

Subpart E: Rate Base Issues

Q. How did the Company determine the Narragansett Gas rate base?

A. The Narragansett Gas rate base is calculated on Schedule MDL-3-GAS, Page 58. The Rate Base calculation follows the same methodology previously detailed in the Narragansett Electric cost of service discussion. The calculation starts with the calculation of a five-quarter average of total utility plant in service in Column (a) for the Test Year (i.e., 12 months ending December 31, 2011), plus construction work in progress, less accumulated depreciation and contributions in aid of construction to arrive at Net Plant. Added to Net Plant are the five-quarter averages for materials and supplies, prepayments, unamortized deferred Y2K costs and CWC. Total deductions include ADIT, the Company's hold harmless adjustment approved in the 2008 Gas Rate Case and customer deposits. The net amount, as adjusted, represents the Narragansett Gas' Test Year average rate base as shown on Page 59.

Q. Please describe what is included in the ADIT Test Year balance.

A. ADIT includes the difference between normal book to tax depreciation and other timing differences, associated with plant items included in the Company's rate base, including the deferred taxes associated with a cumulative deduction associated with repair related costs capitalized on the books of Narragansett Gas.

Q. Were any adjustments made to the Narragansett Gas Test Year average rate base?

A. Yes. The calculations of Rate Year amounts of rate base components are detailed on Schedule MDL-3-GAS, on Pages 60 through 64, with the Rate Year five-quarter average amounts for individual rate base components carried forward to Page 58, Column (c). The adjustments were calculated using the same methodology as that described for Narragansett Electric. The resulting change in Test Year rate base is $64,558,947 as shown on Page 58, Line 24 in Column (b).

Q. What is the Company's proposal to align the ISR Plan recovery with base rate recovery?

A. The Narragansett Gas ISR Plan became effective April 1, 2011 and a reconciling rate was established on that date outside of base rates to begin recovering the revenue requirement on estimated non-growth capital additions on the gas system for FY 2012 (i.e., April 1, 2011 to March 31, 2012). The ISR Plan is designed to allow for reconciliation of the preliminary amounts recovered during FY 2012 to the revenue requirement associated with actual capital additions during the fiscal year, once the fiscal year is completed on March 31, 2012. At the end of December 2011, Narragansett Gas filed its ISR Plan for FY 2013, and in the absence of a base rate proceeding, the revenue requirement associated with the actual investment made during FY 2013 (i.e., April 1, 2012 to March 31, 2013) would be reconciled to the amounts recovered through rates in FY 2013 beginning April 1, 2012. Similarly, the Company would be filing an ISR Plan in December 2012 to cover FY 2014 investment (i.e., April 1, 2013 to March 31, 2014).

This sequencing is significant because, under Commission ratemaking practice, base rates would be set to include rate base at the five-quarter average of the Test Year-ending December 31, 2011, as well as to include a level of forecasted capital additions through the end of the Rate Year, January 31, 2014. This period covers the same period as the ISR Plan for FY 2012, FY 2013, and FY 2014, except that FY 2014 is a 12-month period ending March 31, 2014, which is two months beyond the Rate Year-end of January 31, 2014. Therefore, to align the base rate setting process with the operation of the ISR Plan, the Company is proposing to include capital additions for FY 2012, FY 2013 and ten months of FY 2014 in rate base (i.e., capital additions completed by Test Year-end, December 31, 2011, and forecast to be completed through January 2014).

Q. The forecast of FY 2014 capital additions for Narragansett Gas is not due to be filed with the Commission until December 2012. How is the Company relying on that forecast to establish the proposed revenue requirement in this case?

A. For purposes of calculating the revenue requirement in this case, the Company has used a proxy for the FY 2014 forecast of capital additions that would be eligible for inclusion in the ISR mechanism to provide a level of certainty to the calculation. Specifically, the Company has used the FY 2013 approved ISR Plan amount, pro-rated for 10 months (i.e., to cover the Rate Year period April 1, 2013 to January 31, 2014). Inclusion of this amount is reasonable because the capital investment for FY 2014 is expected to be higher than for FY 2013 amount, which makes the FY 2013 approved amount a conservative starting point for purposes of setting base rates.

Q. Did the Company conduct a lead/lag study for this proceeding?

A. Yes. A summary of the CWC study results is presented on Schedule MDL-3-GAS, Page 65. As shown on that page, on Line 36 in Column (c), the CWC for the Rate Year amounts to $8,974,216. The detail support for the CWC study is contained in Schedule MDL-4-GAS.

Q. Was the lead/lag study for Narragansett Gas performed using the same methodology as that previously described for Narragansett Electric?

A. Yes, it was.

VII. <u>Storm Cost Recovery Proposal</u>

Q. You mentioned earlier that Narragansett Electric was proposing a recovery mechanism for storm fund deficits primarily related to Tropical Storm Irene restoration efforts. Please explain

A. Narragansett Electric currently employs a Storm Contingency Fund ("Storm Fund") designed to levelize customer rate impacts of major storm events such as Tropical Storm Irene, which heavily damaged Narragansett Electric's distribution system in August 2011. In total, Tropical Storm Irene resulted in an estimated $34.2 million of incremental restoration expense. Prior to the Commission's order in Docket No. 4065, Narragansett Electric's base rates included an annual recovery of $1,041,000 of Storm Fund contributions. In that docket, the Commission ordered a temporary suspension of those collections on the basis that the Storm Fund balance was sufficient. At the time, the Storm Fund balance was just over $20 million. In suspending Storm Fund contributions, the Commission stated that funding would be reinstated, subject to Commission approval, if the Storm Fund balance fell below a threshold of $20 million. The Commission's decision to allow the Company to build the Storm Fund through annual customer contributions, and to maintain a balance in the fund, greatly facilitated the recovery of restoration costs related to Tropical Storm Irene and other recent significant storm events, while mitigating bill impacts for customers. Although the Storm Fund balance was not sufficient, in the final result, to cover 100 percent of the costs of the restoration effort for Tropical Storm Irene and other storms during 2010 and 2011, the Storm Fund operated exactly as intended and absorbed a substantial portion of the incremental restoration costs. Narragansett Electric is currently faced with the need to recover the Storm Fund deficit, but the deficit amount is more manageable given the existence of the Storm Fund balance.

Q. What is the estimated Storm Fund deficit as a result of Tropical Storm Irene and other major storm events?

A. As a result of the significant damage incurred by Tropical Storm Irene, in particular, and to a lesser extent other recent major storms events such as the March 2010 Flood, the Storm Fund deficit is estimated at approximately $11.5 million.

Q. Please describe Narragansett Electric's inter-related proposals to reinstate the base-rate Storm Fund contribution along with a plan to address the currently projected Storm Fund deficit.

A. Narragansett Electric is proposing three components to address storm funding. First, as indicated earlier, the Commission allowed for reinstatement of the $1,041,000 base-rate recovery of Storm Fund contributions in the 2009 Electric Rate Case, in the event that the Storm Fund balance was to decline below $20 million. That circumstance has now occurred. Therefore, the Company is proposing to reinstate the base-rate recovery amount of $1,041,000 in this proceeding. If approved, these base-rate collections may re-establish an adequate Storm Fund reserve in order to mitigate the bill impact of future storm events, similar to the way the Storm Fund operated with respect to costs related to Tropical Storm Irene and other recent major storm events.

Q. In addition to restoring the Storm Fund charge, what other measures is Narragansett Electric proposing to address the currently projected Storm Fund deficit?

A. The Company is also proposing to eliminate the projected Storm Fund deficit of $11.5 million, as previously mentioned. There are two proposals involved with the elimination of the $11.5 million deficit, which would work in tandem to extinguish the projected Storm Fund deficit over a three-year period and balance the interests of customers in having a level of rate stability with the critical need for timely cost recovery. The first proposal is to establish a temporary three-year Storm Cost Recovery Provision and an associated Storm Cost Recovery Factor (“SCRF”), as supported and calculated in the testimony of Company Witness Lloyd. The SCRF would expire on January 31, 2016, and is designed to recover an annual $2.4 million for a three-year period, or $7.2 million over the life of the SCRF. In conjunction with the companion proposal discussed below, the SCRF is designed to be a temporary factor to extinguish the projected Storm Fund deficit by the end of the three-year period.

Second, the Company is proposing to provide for recovery of the remaining portion of the deficit through base rates. Specifically, the Second Amended Stipulation and Settlement, approved in Docket No. 3617, allowed Narragansett Electric to defer and amortize the recovery of $25 million of costs related to a 2003 voluntary early retirement offer (the "2003 VERO") over a ten-year period commencing January 1, 2004. This annual amortization concludes December 31, 2013, or in the eleventh month of the Rate Year. The Company proposes that effective January 2014, this annual base rate recovery amount, or $2.5 million, continues and gets credited to the Storm Fund to provide storm cost recovery without creating additional bill impacts for customers. The SCRF, in conjunction with the 2003 VERO proposal, would extinguish the projected Storm Fund deficit by the end of the three-year period.

Q. Would you describe Narragansett Electric's proposal more specifically with respect to the expiration of the 2003 VERO amortization?

A. Yes. The Company is proposing that recovery of the full twelve-month amortization amount of the 2003 VERO, or $2.5 million, continue in base rates. Commencing January 2014, or the twelfth month of the Rate Year, the Company proposes to contribute the monthly recovery of this $2.5 million annual amortization amount, or $208,333 per month, to the Storm Fund, which together with the SCRF is designed to extinguish the currently projected $11.5 million Storm Fund deficit by January 31, 2016.

Q. Has Narragansett Electric provided an illustration of how these two rate proposals, working in tandem, will eliminate the projected Storm Fund deficit balance?

A. Yes. Workpaper MDL-23 provides an illustration of the SCRF and the 2003 VERO proposals. As shown on that workpaper, if approved, the combination of the temporary SCRF effective February 1, 2013 through January 2016, along with an annual $2.5 million contribution ($208,333 per month), effective January 2014 and related to the proposed base-rate recovery of the 2003 VERO, would result in a deficit balance of near zero (approximately $15,716) by January 31, 2016, assuming interest at the current customer deposit rate.

Q. You indicated that, as proposed, the projected Storm Fund deficit would be extinguished by January 31, 2016. What is Narragansett Electric proposing with respect to the base-rate recovery related to the 2003 VERO amortization subsequent to January 2016?

A. Narragansett Electric proposes that the Commission review the adequacy of the Storm Fund at that point in time to determine if the $2.5 million annual base rate recovery contribution to the Storm Fund continues to be warranted. If not, an adjustment would be made either through a change in base rates, if a base-rate filing is imminent, or through another type of adjustment.

VIII. <u>Property Tax Recovery Mechanism</u>

Q. What is the Company's proposal for changing the ratemaking treatment of property tax expense in this proceeding?

A. In this proceeding, the Company is proposing a change in the manner in which property tax expenses are recovered by reconciling annually property tax expense recovery in base rates for its gas and electric operations to actual property tax expense incurred through a separate rate adjustment mechanism. In addition, the ISR Plans would be amended to remove the existing property tax calculation component.

Q. Why is the Company proposing the creation of a separate property tax recovery mechanism?

A. The existing ratemaking formula for estimating the appropriate level of property tax expense for inclusion in base rates no longer produces the representative level of property tax expenses associated with the distribution plant providing service to customers. In recent years, property tax rates have sharply escalated in most municipalities in Rhode Island. The Commission's existing practice is to incorporate in the cost of service the Test Year property expense adjusted by a three-year average increase of property tax expense through the end of the Rate Year. However, increases in municipal property taxes are consistently rising at a much faster rate than anticipated by the Commission's ratemaking practice, and therefore, are not adequately captured in the existing base rate formula.

Workpaper MDL-24 provides data showing the annual level of increases in property tax expense for electric and gas operations that would be reflective of the cost recovered through base rates in this proceeding, and equal to the three-year average increase rate or 11.6 percent for electric and 9.1 percent for gas. However as shown on that illustration, in calendar year 2011 property taxes increased by 18.5 percent for Narragansett Electric and 18.0 percent for Narragansett Gas. Although 2011 data indicates the highest level of increase in these expenses in recent years, a consistent pattern of significant increases in this expense is confirmed by data from 2008 and forward. In light of this consistent trend of increasing and volatile municipal property taxes, the use of a composite historic average increase to calculate the level of representative property tax expense prohibits recovery of property tax expense at a rate that constitutes the cost of providing service to customers.

Q. Could you provide an example of the shortfall in recovery that is created by the Commission's current ratemaking practice for property tax expense?

A. Yes. Workpaper MDL-24 shows that the rate allowance provided through the existing ratemaking calculation would significantly under-recover the property tax expense for the Rate Year assuming that the 2011 rate of increase is more representative of property tax increases for the period from 2011 and through the Rate Year and calendar year 2014. Based on the regulatory precedent, Narragansett Electric would be allowed to recover $29,743,324 in property tax expense for the Rate Year. However, if the 2011 rate of increase persists, the Company's expense level for property taxes in the Rate Year would amount to $33,740,382, or $3,997,059 more than the base rate allowance established pursuant to current regulatory precedent. When compared to projected property tax expense for the calendar year 2014 using this same rate increase assumption, the base rate allowance would under recover calendar year property tax expense by $9,635,484. Similar analysis was performed for Narragansett Gas yielding similarly dismal results.

Assuming the 18.0 percent increase in 2011 property tax expense persists, the base rate allowance employing current regulatory practices would under recover projected Rate Year property tax expense by $2,487,542 and would under recover calendar year 2014 expense by $5,169,823.

Q. Why is there such a significant mismatch between the current formula used to estimate property taxes and the actual expense?

A. The fundamental mismatch between the Commission's current ratemaking practice and the Company's actual experience with property tax expense is that municipal property taxes typically increase at a non-linear rate over time. Basing the rate allowance for property tax on the Test Year expense escalated by a three-year average percentage increase rather than a current amount has a strong potential to understate expense (perhaps substantially) because the averaging of past expense levels that will not occur in the future arbitrarily diminishes the amount allowed for recovery. In short, the current ratemaking practice, while appropriate for periods of consistent modest growth, is not aligned with the Company's actual historical experience and results in the potential for significant under recovery of costs which are not within the control of the Company.

Q. Are increases in the property tax rates the only factor producing an underestimate of representative levels of property tax expenses?

A. No, increases in plant investment levels with the addition of new services and equipment also contribute to the ratemaking formula's failure to properly estimate a representative property tax level. The Company has determined that fluctuating levels of net plant investment explain a critical part of the underestimate of property tax expense calculated by the existing ratemaking formula. Thus significant increases in net plant levels exacerbate the problematic predictive nature of the current ratemaking formula.

Q. Doesn't the Company's ISR Plan provide for recovery of property tax expense on incremental capital investments?

A. Yes, it does. However, ISR Plan property tax calculation is based on a composite property tax rate for the Company and may overstate or understate the actual property taxes based on the individual community tax rates for the actual plant investments included in the ISR. In addition, in the last ISR Plan submission, the amount of property tax expense proposed by the Company for recovery was disputed. A settlement was reached for a single year only, but this ISR property tax issue is likely to be disputed in the Company's next ISR Plan submission.

With the implementation of a separate property tax recovery mechanism, the Commission could remove the property tax component from the ISR Plans. This would have two beneficial impacts: (1) the recovery of property tax expense would be more reasonably aligned with the actual cost incurred by the Company rather than being a function of an inapplicable ratemaking formula or a proxy for actual expense, and (2) there would be greater transparency in terms of a determination as to the level of recovery being realized by the Company.

Q. Are you recommending a permanent change in the ratemaking treatment of property tax expenses?

A. Yes. The Company's revenue requirement in this proceeding for both Narragansett Electric and Narragansett Gas would establish a base amount of property tax recovery, similar to the currently operating PAM for Narragansett Gas and as proposed for Narragansett Electric. The property tax reconciliation mechanism would operate so as to recover the difference between the Company's actual property tax expense in a given fiscal year versus the base recovery level embedded in base rates and refund or surcharge that difference through a separate recovery factor. Thus, the Company's rates will automatically adjust for fluctuations in taxes levied by municipalities and changing investment levels to best represent the levels of property taxes incurred to provide service to Rhode Island customers. The schedule of the proposed reconciliation factor would follow that proposed for the PAM, with a reconciliation filing for the previous fiscal year ending March 31 submitted to the Commission by August 1 for effect October 1 and November 1 for electric and gas, respectively. Consequently, the first property tax tracker submission would be filed August 1, 2013 for effect October 1, 2013 and November 1, 2013 for electric and gas, respectively, and would include a reconciliation of the base level of property tax recovery and actual property tax incurred for the February 1, 2013 through March 31, 2013 period. For annual filings in subsequent years, the full fiscal year would be reconciled in the August 1 submission for effect the following October 1 and November 1 for electric and gas, respectively.

IX. <u>Conclusion</u>

Q. Does this conclude your testimony?

A. Yes, it does.

Schedules of
Michael D. Laflamme

Index of Schedules

The following schedules are located in Book 4 of 11

Schedule MDL-1

Ernst & Young Report on Service Company Cost Analysis for Calendar Year 2011

National Grid

Service Company Cost Analysis for Calendar Year 2011

Declaration of Michael Barrett

Table of contents

1. Introduction

My name is Michael Barrett and I am an active Partner with the firm Ernst & Young LLP ("EY"). My Curriculum Vitae and Summary of Professional Testimony is attached in Appendix A. I was retained to provide this declaration on the accuracy of calendar year 2011 service company operating and maintenance ("O&M") charges and cost allocations. The analyses upon which I have, in part, based my conclusions set forth in this declaration were performed by me or other individuals in EY ("engagement team," "we," or "our") working under my direction and supervision. References to analyses that I performed may refer to work performed by the engagement team at my direction and under my supervision.

This declaration summarizes the results of our cost analysis of the National Grid service companies (collectively, "service company"). As part of National Grid's request for proposal (RFP) process, we were retained to validate that costs were charged to the correct operating companies using the correct bill pool/allocation code or direct charge, where appropriate, consistent with the allocation methodologies approved for use by the Securities and Exchange Commission (SEC). As part of the RFP for this work, National Grid provided certain parameters and requirements regarding the testing coverage for certain transaction types, including obtaining 75% coverage of service company accounts payable charges and coverage for the other service company O&M charges. We applied our independent judgment in the interpretation of the parameters and requirements when developing our approach. We believe our approach provides a reasonable basis for our overall conclusion. *Section 2.3* provides further information on the parameters and requirements set forth in the RFP. Our objectives were to:

1. Validate that the costs charged to the operating companies from the service companies were valid charges,
2. Validate that the costs were charged or allocated appropriately to the various operating companies based on the Cost Allocation Policies and Procedures Manuals ("CAMs") for Legacy National Grid and Legacy KeySpan updated May 2010 and January 2010, respectively,
3. Identify and calculate any potential adjustments, and
4. Confirm with National Grid, the facts concerning the cost allocations and verify that there were no other pertinent facts indicating that the cost should be charged or allocated differently or excluded.

The purpose of the analysis we performed was to confirm that the allocation of calendar year 2011 O&M costs to be included in the Company's rate filings, as captured in the Company's financial systems, reflected the approved methods of allocation and that any deviations within the cost data provided within the scope of our testing were not material to the service companies involved nor to any one business unit (BU). We utilized common analytic procedures in our sampling and data analysis (*e.g.*, stratified sampling, vouching to source documentation). These procedures do not constitute a financial audit of the Company's financial statements nor do we provide any form of assurance on the financial statements as a whole.

My declaration consists of a summary overview of our scope and approach, an executive summary of the results of our analysis, and a detailed description of our approach and basis for my conclusions. Our detailed results of testing are included in a series of Appendices addressing each of the cost areas that we analyzed.

The information provided in this declaration is intended to be used solely in connection with the Company's rate proceedings. It is not intended to be, nor should it be, used for any other purpose by any other party without our express written consent, unless specifically included in our statement of work.

2. Scope and Approach

2.1 Summary of Data included in Scope

We performed our assessment on O&M costs originating in National Grid's four service companies and charged (either by direct charge or by allocation) to the operating companies during calendar year 2011. In addition, we evaluated O&M costs that originated in other affiliated companies but were charged to the service companies and then were either by direct charge or by allocation charged to the operating companies. Our assessment was divided into four cost areas:

- Vendor costs (accounts payable)
- Payroll expenses
- Employee expenses
- General ledger journal entries

2.2 Summary of Sampling Methodologies

For each of the four cost areas, our procedures included validation of data based on testing of underlying source documentation. We validated the data by obtaining coverage through a combination of selecting the largest items in a population and judgmental sampling[1] from the remaining items. We also used random sampling[2] techniques on the underlying data. The following is a summary of the sampling methodologies utilized as part of our approach. *Section 4* provides further detail of the approach by cost area:

- Vendor costs (accounts payable): With the overall objective from the RFP of achieving coverage of 75% of vendor charges, we utilized sampling techniques resulting in a combination of testing the largest vendor charges as well as random sampling from the remaining vendors in the population.
- Payroll expenses: With the overall objective from the RFP of evaluating the allocation of labor expenses for service company employees, we utilized sampling techniques resulting in a combination of testing the largest department charges as well as judgmental sampling from the remaining departments in the population.
- Employee expenses: With the overall objective from the RFP of verifying activity in expense accounts, we utilized sampling techniques resulting in a combination of testing both randomly and judgmentally selected employee expense reports.
- General ledger journal entries: With the overall objective from the RFP of evaluating corporate costs for appropriate allocation, we utilized sampling techniques resulting in a combination of testing the largest journal entries as well as judgmental sampling from the remaining journal entries in the population.

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[1] Judgmental sampling allows the sample to be based on what the sampler believes should be selected from the population. In this matter, we also considered the testing parameters and requirements of the RFP in validating that our selection of items to test would achieve the required testing coverage.

[2] Random sampling allows all samples of the same size to have an equal chance of being selected from the entire population.

2.3 Summary of Overall Approach

National Grid had set forth the areas of inquiry for which this declaration and conclusions were sought. The scope of work we performed took into consideration these parameters and requirements as we developed our procedures:

#	Requirement[3]	Cost Area
1	Audit both PO and non PO invoices, equal to 75% of total Service Company costs, to determine whether the accounting is correct and supportable.	Vendor costs (Accounts Payable)
2	Review of employee expenses.	Employee expenses
3	Review adherence to regulatory accounting policy including examination of expat and other data (*i.e.*, Lobbying).	Common to all areas
4	Review corporate costs for appropriate allocation.	Common to all areas
5	Review cost allocation correcting entries to ensure adjustments are in the correct accounting periods and link to corrections identified in this process.	Common to all areas
6	Review any other area identified by regulatory (i.e., both in New York and Rhode Island).	Common to all areas
7	Audit allocation of labor expenses for service company employees.	Payroll expenses
8	Review analysis performed by Overland to identify potential concerns in the test year data.	Common to all areas
9	Confirm the recommended adjustments to the test year financials to validate the base year financial statement.	Common to all areas

Our procedures included validation of data based on testing of underlying source documentation, data mining for key words, and detailed data analytics. At our request, National Grid provided and validated the total populations of data used in our analysis, verified the areas for us to consider in our testing (per the RFP), confirmed key words to be utilized for testing, and verified the coverage percentages for the populations tested. We confirmed the parameters of the analysis, our overall approach, and the required procedures to be performed with National Grid, and then applied our independent judgment in the interpretation of the requirements when developing our approach. We believe our independent approach provides a reasonable basis for our overall conclusion.

For all four cost areas -- vendor cost (accounts payable), payroll expenses, employee expenses, and general ledger journal entries -- we analyzed the information from the two existing systems used for the four service companies; PeopleSoft and Oracle. We obtained the policies and procedures related to cost allocation of service company costs governing both systems, and assessed the process flowcharts to understand the current process of allocating service company costs. We obtained an understanding of the allocation methods in the CAMs as well as the current bill pools/allocation codes. We then obtained the bill pool/allocation code descriptions for both PeopleSoft and Oracle, evaluated the descriptions of pools, obtained the percentages used for the pools, determined the general basis for the percentages, and determined how frequently percentages are updated. The data that was analyzed from both systems was O&M accounts included in Federal Energy Regulatory Commission (FERC) Uniform System of Accounts 500-935 charged through the service companies.

With that background information we then determined the charges to test. For each charge tested we went through the following confirmation process.

1. Determined adherence to the Company's policies for what costs should be included in regulated cost of service.
2. Determined whether the charge was related to providing services to the utility and was of a type normally included in cost of service.
3. Determined that the appropriate companies and segments were charged either through direct charge or bill pool/allocation code.

[3] The table above is a direct quote from the RFP. The terms "audit" and "review" were confirmed with National Grid to mean test and analyze and were not intended to refer to the financial reporting usages of these terms in the accounting vernacular.

4. Determined if the activity charge was applicable to the scope period and/or if the nature of the cost was recurring. If an activity charge was consistently recorded out of period, we determined whether it was valid to expect the similar activity charge to be recorded in the wrong period on a recurring basis.
5. Performed analyses specific to vendor costs, payroll expenses, employee expenses, and general ledger journal entries to assess whether there was a more accurate way to have allocated the charges (i.e., either through a bill pool/allocation code or direct charge) based on the CAMs.
6. Determined if journal entry adjustments were previously posted to correct any adjustments identified.
7. Calculated any potential adjustments and confirmed with both the business owners and the Regulatory Department the facts concerning the cost allocations and verified that there were no other pertinent facts indicating that the cost should be allocated differently or excluded.
8. Documented any allocation adjustments and populated the detailed testing workbook.
9. Grouped allocation adjustments by reason codes and identified whether assumptions could be applied to larger populations.
10. Performed a quality review consisting of EY Manager-level or above detailed evaluation of the procedures we performed and performed additional testing as appropriate to improve coverage for any area determined to require it based on the results of our initial findings in order to identify other transactions that required similar adjustments.

2.4 Summary of Items Not Tested

As of the date of this declaration, certain supplemental testing items were not tested because the testing parameters had already been met and because of the additional time required to test these items (*e.g.*, high volume of low dollar transactions). I believe that these supplemental testing items do not impact our overall conclusion.

3. Executive Summary of Results

3.1 Summary of Results

Based on our procedures performed, the following table summarizes the total population, sample sizes, and results by cost area. The total population is the total dollars of transactions considered for sample selection while the sample size indicates the total dollars of transactions and line items tested as part of our scope of work. We sampled over $1.0B of transactions from a total population of over $1.6B. This represents a substantial coverage of total service company charges. Gross adjustments are defined as the accumulation of total dollars and line items of transactions that required reallocation. The net impact of adjustments indicates that the total reallocations between companies were not material to the service companies in total or to any one cost area.

Cost Area	Total Population	Sample Size		Summary of Gross Adjustments		
	$	$	Line Items[4]	$	Line Items	% of Sample ($)
Vendor Costs (AP)	$690M	$515M	134K	$27.18M	4.9K	5.3%
Payroll Expense	$529M	$309M	528K	$6.04M	3.7K	2.0%
Employee Expenses	$14M	$14M	151K	.19M	1.1K	1.4%
General Ledger Journal Entries	$388M	$185M	6K	$(0.16)M	0.1K	-0.1%
TOTALS	**$1,621M**	**$1,023M**	**819K**	$33.25M	**9.8K**	**3.3%**

The following table summarizes the total net impact of adjustments identified by company/BU. The net impact of adjustments indicates that the total reallocations between companies were not material to the service companies in total or to any one BU.

Company (BU) Description	Segment	Unadjusted amount as of 12/31/11	Amount Allocated from Company	Amount Allocated to Company	Net Impact of Adjustments	Adjusted amount as of 12/31/11
KEDLI	Gas	$99,140,089	$1,555,049	$1,514,034	$(41,015)	$99,099,074
KEDNY	Gas	$145,775,718	$2,234,064	$2,484,099	$250,035	$146,025,753
KeySpan Electric Services (LIPA)	Electric	$150,798,985	$2,036,652	$1,521,801	$(514,851)	$150,284,134
KeySpan Generation	Gen	$79,217,745	$1,694,124	$500,824	$(1,193,300)	$78,024,445
Massachusetts Electric & Nantucket Electric	Multiple	$255,478,110	$7,000,642	$4,707,186	$(2,293,456)	$253,184,654
Massachusetts Gas (Boston Gas & Colonial Gas)	Gas	$172,301,081	$4,071,648	$3,247,494	$(824,154)	$171,476,927
Narragansett Electric	Multiple	$92,707,284	$2,506,179	$1,876,011	$(630,168)	$92,077,116
Narragansett Gas	Gas	$47,030,242	$854,839	$1,197,927	$343,088	$47,373,330
National Grid USA & KeySpan Energy Corporation[5]	Multiple	$33,043,496	$53,041	$2,923,582	$2,870,541	$35,914,037
New England Power Company	Multiple	$60,888,246	$1,018,413	$911,911	$(106,502)	$60,781,744
New Hampshire (Granite State Electric & Energy North)	Multiple	$23,978,835	$48,850	$539,964	$491,114	$24,469,949
Niagara Mohawk Power Corporation-Electric	Multiple	$298,241,757	$9,431,986	$11,059,192	$1,627,206	$299,868,963
Niagara Mohawk Power Corporation-Gas	Gas	$46,781,055	$286,599	$335,246	$48,647	$46,829,702
All Other Companies	Multiple	$115,844,126	$455,984	$428,799	$(27,185)	$115,816,941
TOTALS		**$1,621,226,769**	**$33,248,070**	**$33,248,070**	**$-**	**$1,621,226,769**

[4] "Line items" is defined as the total line items of accounting included within a single invoice. Invoices can contain multiple line items of accounting.

[5] In addition to the reallocations to National Grid USA Parent and/or KeySpan Corporation as the holding companies, these reallocations also include the accumulation of "below the line" charges.

The following table summarizes the total net impact of adjustments identified by reason code for the adjustment:

Reason Code	Description of Adjustment	Summary of Gross Adjustments
R1	Used a bill pool/allocation code instead of a company/BU direct charge	$7,026,166
R2	Used a company/BU direct charge instead of a bill pool/allocation code	$639,782
R3	Used inaccurate bill pool/allocation code	$9,023,945
R4	Used inaccurate company/BU direct charge	$2,965,523
R5	Below the line charge or out of period charge	$3,109,804
R6	Calculation error	$457,538
R7	Used inaccurate segment (e.g., gas vs. electric)	$4,082,587
R8	Used bill pool/allocation code from incorrect fiscal year	$184,810
R9	Charged department in different jurisdiction than company/BU being charged	$625
R10	Blank coding - No assigned code but can be assigned	$118,983
R11	Used some combination of company/BU direct charge or bill pool/allocation code instead of manual allocation	$5,638,307
	TOTALS	**$33,248,070**

The types of items that are considered below the line charges (*e.g.,* Reason Code R5) that are not includable in cost of service include, but are not limited to, the following. In addition, no single adjustment below was material to the service companies in total or to any one BU:

- Charitable donations
- Gifts & awards
- Celebratory dinners
- Sporting event tickets
- Executive life insurance
- Lobbying charges

3.2 Overall Conclusion

Based on the procedures performed, I conclude with the following with regard to the calendar year 2011 service company O&M charges and cost allocations to be included in the Company's rate proceedings:

- The costs charged to the operating companies from the service companies were valid charges,
- On a net basis, the costs were allocated appropriately to the various operating companies based on the CAMs for Legacy National Grid and Legacy KeySpan updated May 2010 and January 2010, respectively,
- The allocation adjustments within the cost data provided in the scope of our testing amounting to approximately $33M were not material to the service companies involved or to any one business unit, and
- There were no other pertinent facts indicating that the cost should be allocated differently or excluded.

We validated the data by obtaining coverage through a combination of selecting the largest items in a population and judgmental sampling from the majority of the remaining items. Based on the testing performed, I believe all necessary adjustments have been made. Therefore, I determined the calendar year 2011 service company O&M charges and cost allocations to be included in the Company's rate proceedings are properly stated. In addition for those items not tested I believe that any adjustments, if such items had been tested, would be immaterial for the purposes of setting rates.

4. Detailed Approach and Basis for Conclusions

4.1 Vendor Costs (Accounts Payable) Analysis

For the vendor costs analysis we received accounts payable (AP) files from PeopleSoft and Oracle for all service company originated charges and all non-service company charges that are charged to the service companies and reallocated back to the utility operating companies. This was done for all FERC accounts numbered 500-935, for the period January through September 2011 for PeopleSoft. We subsequently received similar files for the period October through December 2011 as the data became available to us. The periods were considered separately due to the availability of data at the start of the engagement. For Oracle, as the data was provided later in our process, the period within scope was January through December 2011. The files were grouped by vendor and sorted by total charged dollars.

The information in the files included the vendor, the originating business unit, the charged department and bill pool/allocation code information, charge detail such as purchase order number and invoice number, the total payment, the period, the regulatory account description, the activity description, and the expense type.

For the PeopleSoft data for the period January to September 2011 we stratified data by vendor by total charged dollars. The sampling methodology described below was executed with the intention of obtaining coverage of 75% of the total spend within AP. For vendors that were paid more than $400,000 we validated each of the invoices paid[6]. For those vendors paid between $100,000 and $400,000 we selected a random sample of 25 vendors based on EY sampling guidance and validated all invoices paid. For those invoices below $100,000 we randomly sampled 25 invoice line items. For the charges not originating in the service companies, the sample consisted of all invoices for the five (5) largest vendors plus a random sample of 15 line items. For the PeopleSoft data for the period October 2011 to December 2011, we validated invoices for the same vendors selected in the first period for both the more than $400,000 category and those selected in the $100,000 to $400,000 category. We also selected a sample of 16 vendors with higher dollar charges in the October-December 2011 period that had not been previously selected in the initial period and validated the invoices paid. This additional sampling provided coverage of all vendors that were paid more than $400,000 in the period January to December 2011. For the charges not originating in the service companies, we validated all invoices for the same vendors selected in the first period. No additional random testing of invoice line items for invoices below $100,000 was performed for the October 2011 to December 2011 period since no significant issues were identified in the earlier period samples and the desired coverage of total spend within AP was already achieved.

For the Oracle data for the period January to December 2011 a similar approach was used to obtain a comparable coverage of AP invoice dollars, again with the intention of obtaining coverage of 75% of the total spend within AP. Invoices were validated for vendors with charges over $600,000. For vendors in the $100,000 to $600,000 category, 15 vendors were selected and all invoices for those vendors were validated. For vendors in the under $100,000 category a random sample of 25 invoice line items was validated.

For each charge sampled, we went through the general confirmation process steps noted above. In addition to performing the assessment of the allocation factor used, we evaluated the invoice, the purchase order or contract (if appropriate), identified the contact person within the business for the

[6] See *Section 2.4*.

invoice, and confirmed the nature of the charges and basis for the allocation. If we preliminarily determined that the allocation of a charge should change we confirmed our conclusions with the Regulatory Department. If valid additional support was not provided by the Regulatory Department, we included the item as an adjustment. With the assistance of the Regulatory Department we confirmed, where possible, that the adjustment was not already adjusted by a general ledger journal entry. We tested all journal entries based on the accounting codes in the invoice and determined whether the entry had already been adjusted by the Company. In addition we developed a reason code for the adjustments and grouped the adjustments accordingly (see above table). We identified if the allocation was correct given the existing billing pools/allocation codes and direct charging options based on the information provided in the supporting documentation (*e.g.,* vendor invoice, purchase order, contracts, work orders, etc.) and through confirmation with the process owners.

The approach for both systems resulted in our validation procedures being performed on approximately $515M of a total of $690M or coverage of approximately 75% of total O&M charges for the AP cost area for calendar year 2011. Based on the analysis this resulted in gross adjustments to AP expenses amounting to approximately $27M.

Attached as Appendix B is a decision tree of the steps taken to determine if the service company AP charges were being allocated properly. Attached as Appendix C is a summary by vendor and by Company of proposed net changes in allocations.

4.2 Payroll Expenses Analysis

The analysis of payroll expense allocation is somewhat different for PeopleSoft and Oracle because of the time keeping process and procedures used in each system. In PeopleSoft employees can charge their time to any operating company or groups of operating companies either through direct charging or through the use of bill pools/allocation codes. Generally, Oracle utilizes exception based accounting and time defaults automatically based on pre-approved activities (with corresponding bill pools/allocation codes) for a given department. Our analysis was focused on individuals who appeared to have not requested changes to the departmental assigned activities in the Oracle system. The sampling methodology described below was undertaken with the intention of obtaining 100% coverage of higher dollar departments as well as judgmentally selected departments who perform a diverse set of activities.

In both systems, there is a structure of departments with level 5 ("L5") departments being operating level departments. We performed our testing at the L5 department level because it provided the best definitions of departments across the US Company. There are 97 L5 departments and our PeopleSoft sample included the L5 departments with payroll during January-December 2011 of over $2 million, which accounted for 12 departments. In addition, a judgmental sample of 10 departments was selected after consultation with National Grid to verify we were selecting the most germane departments for the payroll expenses in question. This includes departments that perform a diverse set of activities across multiple companies. This sample provided approximately 55% coverage of payroll charges in the PeopleSoft system during January-December 2011. For the same 22 departments, we tested any charges not originating in the service companies. This sample consisted of 10 of the 22 departments, as not all of the 22 departments selected for testing had labor charges originating outside the service companies. This coverage was deemed sufficient given the nature of the payroll charges by department and given that our sampled departments were those with the highest dollars and those with the most diversity in cost allocations.

For Oracle for the period January-December 2011, we performed similar sampling to gain approximately 55% coverage of payroll charges in the Oracle system. The Oracle system includes 93 L5 departments. Although L5 is inherently a PeopleSoft term, we performed analytical procedures over the Oracle data provided to us to correlate the naming convention of departments from PeopleSoft to

Oracle. Similar to PeopleSoft our sample included the L5 departments with payroll during January-December 2011 of over $3.0 million, which accounted for 13 departments. In addition, a judgmental sample of 8 departments was selected. This coverage was deemed sufficient given the nature of the payroll charges by department and given that our sampled departments were those with the highest dollars and those with the most diversity in cost allocations.

For the "core" activities for the departments selected, we met with budget owners across the related cost centers within the L5 department to gain an understanding of the core activities, projects and allocation of payroll costs within each of the cost centers. We then developed an outlier report for those who appeared to be using the core activities differently and those who were utilizing the time defaults automatically. We performed a second analysis stratifying the data by bill pool/allocation code. We identified the bill pools/allocation codes and talked with the budget owners/department heads to assess who typically uses the different bill pools/allocation codes from those in the payroll data. We also selected an employee from each of the departments selected for testing and went through the same process. We then developed an outlier report for other employees using a bill pool/allocation code not consistent with other employees using the expected bill pool/allocation code.

We followed up with the department head/budget owners and individual employees on the reasons for outliers and determined whether an adjustment was required. If valid additional support was not provided by the Regulatory Department, we included the item as an adjustment. With the assistance of the Regulatory Department we confirmed, where possible, that the adjustment was not already adjusted by a general ledger journal entry. We tested all journal entries based on the accounting codes in the payroll and determined whether the entry had already been adjusted by the Company. In addition we developed a reason code for the adjustment and grouped the adjustments accordingly (see above table). We identified if the allocation was correct given the existing billing pools/allocation codes, and also determined if a different allocation or a direct charge would have been more appropriate.

Due to the recent reorganization, we performed additional testing in the period October-December 2011. For the total payroll charges, we selected individuals who changed departments and compared the bill pools/allocation codes they charged during October-December 2011 to the bill pools/allocation codes they were expected to have charged based on their new job profile post the reorganization. These new job profiles were established based on National Grid-led reorganization initiatives that we utilized for purposes of understanding and validating the new time charging expectations. Based on this information, our expectation was that the bill pools/allocation codes should change. Where they did not change we investigated and identified potential adjustments. As before, we followed up with the department head/budget owners and individual employees on the reasons for outliers and determined whether an adjustment was required. If valid additional support was not provided by the Regulatory Department, we included the item as an adjustment. With the assistance of the Regulatory Department we confirmed, where possible, that the adjustment was not already adjusted by a general ledger journal entry.

Additionally, we tested a sample of activities to determine whether the activities the employees performed were directly related to bill pools/allocation codes set up for the activities. We sampled approximately 75 employees and validated that accurate bill pools/allocation codes were set up. We also selected a judgmental sample of approximately 100 employees and stratified their payroll charges by month for the period January-December 2011. We confirmed with each individual whether the direct charging and/or bill pool/allocation code utilized throughout the year was accurate. As before, we followed up with the individual employees on the reasons for any outliers and determined whether an adjustment was required. If valid additional support was not provided, we included the item as an adjustment.

Finally, we performed comparisons of the payroll file to the employee expenses file for all service company employees to further test the reasonableness of time and employee expense charging. We queried the data and identified instances where the time reporting did not match the expense reporting as to charged BU and/or bill pool/allocation code. On a sample basis, we investigated instances where items did not match to determine reasons. For those employees/departments deemed to have potential exceptions, we determined whether follow-up was required on both the payroll and employee expense testing. In addition, we sampled 25 people whose time reporting did match expense reporting as to charged BU and/or billing pool, and validated in the sample selected that the expenses were charged to the right bill pool/allocation code or direct charged to the right BU.

The approach for both systems resulted in our validation procedures being performed on approximately $309M of a total of $529M or coverage of approximately 60% of total O&M charges for the payroll cost area for calendar year 2011. Based on the analysis this resulted in gross adjustments to payroll expenses amounting to approximately $6M. We identified adjustments for the following reasons[7]:

- Default accounting was used and employee automatically charged approved activities for their department; however, a different bill pool/allocation code or direct charging method should have been used due to exceptions to the normal payroll charging
- Incorrect default accounting was used due to incorrect initial setup or lack of update after the reorganization process
- Incorrect bill pool/allocation code or direct charging was selected by the employee or was set up incorrectly within an activity code
- Based on the reorganization, time charging for certain employees did not change and should have
- Vehicle allowances were not being charged consistently with the employee's payroll charges

Attached as Appendix D is a decision tree of the steps taken to determine if the service company payroll charges were being allocated properly. Attached as Appendix E is a summary by department and by company of proposed net changes in allocations.

4.3 Employee Expenses Analysis

For the employee expenses analysis we obtained files from both PeopleSoft and Oracle, performed the general confirmation of the validity of the line items and validated that executive-level (*i.e.*, Band A) employees were excluded from the scope of work as per the parameters of testing set forth as an assumption of our analysis by National Grid. The Band A employee charges were therefore not subject to the scope of work performed. We initially followed up on the payroll and employee expense comparisons previously described.

The following tests were performed on the entire population of employee expenses for both PeopleSoft and Oracle for the period January-December 2011.

1. Keyword search - Searched for specific key words within the expense description that could possibly be considered non-recoverable for regulatory purposes (*e.g.*, rewards, recognition, lobbying). These words were developed based on our prior experience with traditional rate making, based on the National Grid CAMs, and the results of the most recent rate case and then validated by the National Grid Regulatory Department. Expense reports were requested for the items that could not be validated through the data analysis alone.
2. Location - A word search was also performed based on the location in the expense description compared with the bill pool/allocation code or direct charge BU. Expense reports were requested for the items that could not be validated through the data analysis alone.

[7] Proposed adjustments to payroll charges as a result of our procedures have not yet been reflected as an adjustment to the burdens associated with these labor charges.

3. Dues - Dues that were paid were tested for charitable or political contributions. For expenses that could not be determined based on the expense description, the expense report was requested to determine adjustments required.
4. Hotel / Airfare - A sample of these expenses were tested to determine that expenses did not violate policy requirements and that they were charged appropriately.
5. Meals – A sample of meals were tested to validate the employee was traveling when the meal was incurred and that they were charged appropriately.
6. Other / Business Meeting - A sample of charges to the other and business meeting description was tested to validate the expenses complied with policy and that they were charged appropriately.
7. Random – A sample of 255 employee expense reports were requested to validate if the expenses complied with policy, were charged appropriately, and were incurred in the scope period.
8. Payroll Different BU – As noted above, a detail analytic was run on the data to identify employees who had charged expenses differently than their payroll. A test was run to determine if this was appropriate based on the circumstance and location. Expense reports were requested for items that could not be determined from the data analysis alone.
9. Payroll Same BU – A detail analytic was run on the data to identify employees who had charged expenses the same as their payroll. A test was run to determine if this was appropriate based on the circumstance and location. Expense reports were requested for items that could not be determined from the data analysis alone.
10. Expatriates - Employees who are expatriates were tested for expenses that did not have "EX" in the data description (non-expatriate related expenses) to determine if the employee was actually in the United States when the expense was incurred.
11. Top 10 Employees by Expenses - Employees who incurred the highest amount of expenses were tested to determine if their expenses complied with policy and were charged appropriately.
12. Top 10 Employees by Payroll - Employees who were the highest paid employees (*i.e.*, not Band A) were tested to determine if their expenses complied with policy and were charged appropriately.
13. Gifts - Gifts were tested for non-service company employee expense reports because service company expense reports do not include any expense descriptions that included "Gifts". These expenses were tested to validate they complied with policy and were charged appropriately.

We tested the time and expense report detail in the system and a sample of receipts and other attached supporting documentation for expenses. All of the sampled expense reports were tested for reasonableness of expenses. Any expenses that did not appear to be within policy were either questioned or supporting expense report receipts were inspected to ascertain the nature of the items. Expense reports that were requested were also tested to validate that the expense was incurred in calendar year 2011. We followed up with the individual employees on the reasons for potential allocation adjustments and validated all adjustments with the Regulatory Department. With the assistance of the Regulatory Department we confirmed, where possible, that the adjustment was not already adjusted by a general ledger journal entry.

The approach for both systems resulted in our validation procedures being performed on the approximately $14.0M of total O&M charges for the employee expense cost area for calendar year 2011. Based on the analysis this resulted in gross adjustments to employee expenses amounting to approximately $188K.

Attached as Appendix F is a decision tree of the steps taken to determine if the service company employee expense charges were being allocated properly. Attached as Appendix G is a summary by expense test and by company of proposed net changes in allocations.

4.4 General Ledger Journal Entries Analysis

As with all areas we obtained files from both the PeopleSoft and Oracle systems and went through the general process to confirm the validity of the charges. The journal entries for PeopleSoft were agreed back in total to AP, payroll and employee expenses for the allocation of all entries based on bill pools/allocation codes. For Oracle, these similar allocation entries were not provided as part of our scope, therefore we did not reconcile these amounts for the allocations. As noted above, we also tested cost allocation correcting entries to the extent possible to assess whether adjustments were in the correct accounting periods and linked to corrections identified in this process. We tested adjusting entries in both directions from AP/payroll/employee expenses to general ledger journal entry.

The items not in these above mentioned categories were sampled for both PeopleSoft and Oracle. We initially performed the sampling for January-September 2011, and then rolled forward the analysis using similar sampling methods for October-December 2011. The following is a table that describes our sampling approach for each of the categories of journal entries:

System/ Origination	Journal Entry Type	Method of Input	Testing Approach[8]
PeopleSoft	Accounts Receivable	Manual	100% of Population
	Adjusting Entries	Manual	Top 53 by Total Dollars & Sample of 25 below top 53
	Billing	Manual	100% of Population
	Inventory	Manual/ Automated	Top 15 by Total Dollars & Sample of 40 below top 15
	Online	Manual	100% of Population
	PowerPlant Projects	Manual/ Automated	Top 12 by Total Dollars & Sample of 35 below top 12
	Sales & Use Tax (SUT) Accounting Adjustments	Manual	100% of Population
	Spreadsheet Import	Manual	Top 28 by Total Dollars & Sample of 39 below top 28
PeopleSoft: Not Originating in Service Company	Spreadsheet Import	Manual	Top 36 by Total Dollars & Sample of 15 below top 36
	Adjusting Entries	Manual	100% of Population
	Online	Manual	100% of Population
Oracle	Manual	Manual	100% of Population
	Recurring	Manual	100% of Population
	Spreadsheet	Manual	Top 14 by Total Dollars & Sample of 52 below top 14

Our analysis included the following steps:

- Tested journal entry support and identified the person responsible for the journal entry
- Followed-up with clarifications on the journal entry support with the applicable process owner in the Accounting Department and then also the Regulatory Department
- Tested the documentation, including the journal entry summary form and any miscellaneous supporting details and agreed support to the journal entry dollars
- Verified additional detail as indicated such as accruals and reversals and capital to expense charges where applicable
- Performed other internal checks such as agreeing a business unit project to the business unit charged
- For any corrections we identified that were recurring entries, we tested all related recurring entries for the year to validate accuracy of the entries
- Grouped any adjustments for both PeopleSoft and Oracle into the same reason codes as previously described

[8] The top number of journal entries based on total dollars was selected with the overall intent of achieving approximately 50% coverage for journal entries.

Not including the agreement of the allocations for AP, payroll, and employee expenses for PeopleSoft as mentioned above, the approach for both systems resulted in our validation procedures being performed on approximately $185M of a total of $388M or coverage of approximately 50% of total O&M charges for the general ledger journal entry cost area for calendar year 2011. Based on the analysis this resulted in gross adjustments to the general ledger amounting to approximately $(161K).

Attached as Appendix H is a decision tree of the steps taken to determine if the service company payroll journal entries were being allocated properly. Attached as Appendix I is a summary by journal entry category and company of proposed net changes in allocations.

5. Signature of Michael Barrett

Michael Barrett

6. Appendices

Appendix A

Michael E. Barrett, CPA
Curriculum Vitae and Summary of Professional Testimony

Mr. Barrett is a partner with the firm of Ernst & Young LLP. Ernst & Young is one of the "Big Four" accounting firms and one of the largest professional services firms in the world. At Ernst & Young Mr. Barrett specializes in providing audit and consulting services to the electric, gas, water and wastewater industries. He is a Certified Public Accountant in several states including Pennsylvania, Georgia, and Florida. Mr. Barrett graduated cum laude from the University of Scranton in 1976 with a Bachelor of Science in Accounting. In 1976, Mr. Barrett started his career with the Federal Power Commission, which later became the Federal Energy Regulatory Commission, as a field auditor responsible for completing audits of electric and gas utilities for compliance with the Commission's Uniform System of Accounts. In 1980, he joined Harvey Hubbell, Inc. a manufacturing company in Orange, CT., as a senior internal auditor. There he was responsible for financial and operational audits of the various divisions of the Company. In 1981, he joined Coopers & Lybrand in their national utility industry program as a supervisor responsible for audits and consulting projects to utilities. He was admitted into the partnership in 1988 and served as the Firm's national utility industry leader for the business assurance line of business. In 1998, he joined the firm of Ernst & Young as National Director-Utilities. He relinquished that role in September 2006 and is currently the Firm's Southeast Area Power & Utility Sector Leader.

Mr. Barrett's experience includes financial audits of numerous electric and gas utilities including rural electric cooperatives, and several energy marketers and traders. He has also performed contract audits of power purchase agreements. He has also testified as an expert in regulatory proceedings and arbitrations. In addition to his audit experience his non-audit client experience has included examinations of prospective financial information and analysis of projections, assistance in mergers and acquisitions including due diligence and financial analysis, financial systems design and implementation and organization and staffing assessments.

Mr. Barrett is a member of the American Institute of Certified Public Accountants. He is a member of the Corporate Accounting Committee of the Edison Electric Institute and American Gas Association. He has served as the Treasurer of the Alliance to Save Energy. Mr. Barrett also co-authored a biennial report "Survey of FERC Compliance Audit Findings" published by the Corporate Accounting Committee. He has also spoken at numerous industry conferences and training courses sponsored by both industry associations, Coopers & Lybrand and Ernst & Young.

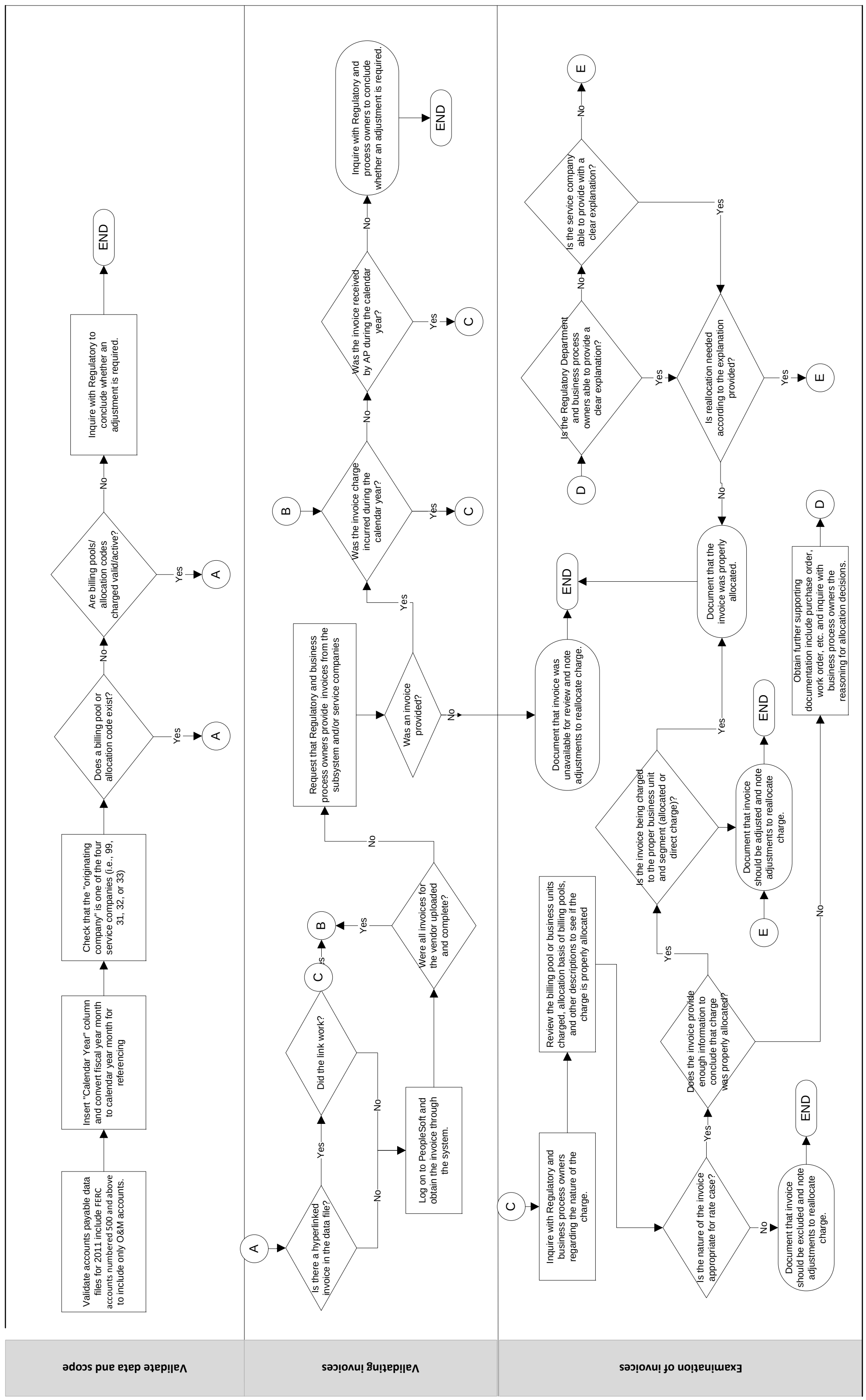
Year	Matter	Reference
2012	Yankee Gas Services Company Before the Connecticut Public Utility Regulatory Authority	Docket No. 10-12-02
2010	South Jersey Gas Company In the Matter of Petition for Approval Of Increased Base Tariff Rates	BPU Docket No. GR 10010035
	United States of America vs. Louisiana Generating LLC	Civil Action No. 09-CV-100-RET-CN
2009	Entergy Gulf States, Inc. Before the Louisiana Public Service Commission	Consolidated Dockets U-21453, U-20925, U22092 (Subdocket J)
2008	United States of America vs. Kentucky Utilities Company	Civil Action No. 5:07-CV-75-KSF
	New Jersey Natural Gas Company Before the New Jersey Board of Public Utilities	Docket No. GR06060415

Year	Matter	Reference
2006	Columbia Gas of Virginia, Inc. Before the Commonwealth of Virginia State Corporation Commission	Case Nos. PUE – 2005 – 00098, 10000
2005	United States of America vs. East Kentucky Power Cooperative, Inc.	Civil Action No. 04-34-KSF
	Florida Power & Light Company Before the Florida Public Utility Commission	Docket No, 050045-EI
	Application of Nevada Power for Authority to Adjust Electric Rates Before the Nevada Public Service Commission	N/A
2004	The United States et. al. vs. American Electric Power Company, et. al.	Civil Action Nos. C2 99-1182, C2 99-1250
	South Jersey Gas Company In the Matter of Petition for Approval Of Increased Base Tariff Rates	BPU Docket no. GR 03080683
	Application of Madison Gas and Electric Company for Authority to Adjust Electric and Natural Gas Rates Before the Wisconsin Public Service Commission	N/A
	Application of Wisconsin Public Service Company for Authority to Adjust Electric Rates Before the Wisconsin Public Service Commission	N/A
	Nicor Gas Company vs. Illinois Commerce Commission	Docket No. 01-0705, 02-0067, 02-0725
2001	Cinergy Corporation vs. The United States	N/A
2000	South Jersey Gas Company and Elizabethtown Gas Company Before the New Jersey Board of Public Utilities	N/A
1999	Delaware Electric Cooperative Before the Delaware Public Service Commission	Docket 99-457
	Investigation by the D.T.E. into Boston Edison's Compliance With the Department's Order in D.P.U. 93-37	DPU 97-95
1998	Public Service of New Hampshire, North Atlantic Energy Corporation, Northeast Utilities and Northeast Utilities Service Company vs. Public Utilities Commission of the State of New Hampshire	N/A
	Duquesne Light Company vs. State of Ohio	Re: Property Tax Assessment
1997	City of Warton, Pasadena and Galveston Texas Individually and as Class Representatives vs. Houston Lighting & Power Company and Houston Industries Finance, Inc.	Pursuant to Texas Rule of Civil Procedures Regarding Cause No. 96-016613
	Application of ODEC for correction of Assessments of Gross Receipts Taxes and for a Refund - tax year 1997	Case No. PST970002
	American Bituminous Power Partners, L.P. vs. Monongahela Power Company	Case No 55-198-012-96 DAW
1992	Florida Cities Water Company vs. Hillsborough County, FL	N/A
	City of Palm Bay, FL and City of North Port, FL vs. Generation Development Utilities, Inc.	Arbitration
	North Carolina Municipal Power Agency No. 1 and Piedmont Municipal Power Agency vs. Duke Power Co.	Fourth Arbitration
	Seaboard Water Co. vs. Hillsborough County, FL	N/A

Year	Matter	Reference
	The Florida Public Service Commission vs. General Development Utilities, Inc. Port Malabar and West Coast Divisions	Docket No. 911030-WS & Docket No. 911067-W
1991	City of Austin – City Commissions vs. Southern Union Gas Company	N/A
	Nevada Public Service Commission vs. Sierra Power Company	Docket No. 91-7079, et. al.
1989	Public Service Commission of The State of Tennessee vs. United Cities Gas Company	Docket No. 89-10017
1987	Central Florida Gas Company vs. Florida Public Service Commission	Docket No. 8970118-GU
1985	Public Service Commission of Delaware vs. Chesapeake Utilities Corporation Delaware Division	Docket No. 85-17
1983	Eastern Shore Natural Gas Company vs. Federal Energy Regulatory Commission	Docket No. RP83-32-000
	Chesapeake Utilities - Citizens Division vs. Maryland Public Service Commission	Case No. 7952
1982	Chesapeake Utilities - Delaware Division vs. Delaware Public Service Commission	Docket No. 82-10

Appendix B

Accounts Payable: Decision Tree



Appendix C

Accounts Payable: Summary by Vendor of Proposed Net Adjustments to Allocations

Vendor	System/ Origination	Period	Test Pool	Sample Size		Summary of Gross Adjustments	
				$	Line Items	$	Line Items
ENERGY FEDERATION INC	PeopleSoft	Jan-Sep 2011	> $400K	$16,007,136	1,151		
VANGUARD	PeopleSoft	Jan-Sep 2011	> $400K	$15,943,408	286	$3,412,693[9]	31
NATIONWIDE CREDIT INC	PeopleSoft	Jan-Sep 2011	> $400K	$10,768,107	83	$480,005	7
PRO UNLIMITED INC	PeopleSoft	Jan-Sep 2011	> $400K	$9,605,345	8,319	$156,248	9
NORTHEAST POWER ALLIANCE LLC	PeopleSoft	Jan-Sep 2011	> $400K	$6,635,420	84		
VERIZON BUSINESS SERVICES	PeopleSoft	Jan-Sep 2011	> $400K	$5,604,590	21		
PITNEY BOWES RESERVE ACCOUNT	PeopleSoft	Jan-Sep 2011	> $400K	$5,505,000	12		
ACTION INC	PeopleSoft	Jan-Sep 2011	> $400K	$4,792,649	251		
CAPGEMINI TECHNOLOGIES LLC	PeopleSoft	Jan-Sep 2011	> $400K	$4,335,970	8		
CONSERVATION SERVICES GROUP INC	PeopleSoft	Jan-Sep 2011	> $400K	$4,208,980	301		
IBM CORPORATION	PeopleSoft	Jan-Sep 2011	> $400K	$4,172,487	187		
DSM SINGLE PAYMENT VENDOR	PeopleSoft	Jan-Sep 2011	> $400K	$4,072,539	452		
VERIZON WIRELESS	PeopleSoft	Jan-Sep 2011	> $400K	Not Tested[10]	Not Tested		
HSBC CORPORATE CARD SERVICES	PeopleSoft	Jan-Sep 2011	> $400K	$3,858,295	4,693	$5,588	3
RELIABILITY MANAGEMENT GROUP	PeopleSoft	Jan-Sep 2011	> $400K	$3,349,887	25	$66,225	1
CREDIT COLLECTION SERVICES	PeopleSoft	Jan-Sep 2011	> $400K	$3,340,459	50	$1,507,931	8
LEWIS TREE SERVICE INC	PeopleSoft	Jan-Sep 2011	> $400K	$2,999,957	797		
VERIZON	PeopleSoft	Jan-Sep 2011	> $400K	$2,818,542	306	$23,958	18
REGULUS GROUP LLC	PeopleSoft	Jan-Sep 2011	> $400K	$2,781,722	149		
NEW ENERGY ALLIANCE LLC	PeopleSoft	Jan-Sep 2011	> $400K	$2,665,508	609		
PITNEY BOWES MANAGEMENT SERVICES	PeopleSoft	Jan-Sep 2011	> $400K	$1,978,793	137	$1,676,005	97
NATIONAL GRID PETTY CASH FUND	PeopleSoft	Jan-Sep 2011	> $400K	$1,969,650	696		
INTERNAL REVENUE SERVICE	PeopleSoft	Jan-Sep 2011	> $400K	$1,932,546	185	$127,812	23
VITEC SOLUTIONS LLC	PeopleSoft	Jan-Sep 2011	> $400K	$1,810,121	510	$15,516	94
JP MORGAN CHASE BANK NA	PeopleSoft	Jan-Sep 2011	> $400K	$1,628,551	89	$47,854	2
DAVEY RESOURCE GROUP	PeopleSoft	Jan-Sep 2011	> $400K	$1,621,048	365		
P SCHNEIDER & ASSOCIATES PLLC	PeopleSoft	Jan-Sep 2011	> $400K	$1,530,927	38		
EFFICIO	PeopleSoft	Jan-Sep 2011	> $400K	$1,518,678	21		
KIRKLAND & ELLIS LLP	PeopleSoft	Jan-Sep 2011	> $400K	$1,500,395	39		
OPOWER INC	PeopleSoft	Jan-Sep 2011	> $400K	$1,494,500	14		
EXPERIAN	PeopleSoft	Jan-Sep 2011	> $400K	$1,460,520	98	$576,171	36
UGL UNICCO	PeopleSoft	Jan-Sep 2011	> $400K	$1,430,818	2,009	$8,015	13
DELOITTE & TOUCHE LLP	PeopleSoft	Jan-Sep 2011	> $400K	$1,416,038	2		

[9] An entry for approximately $4.0M relates to an adjustment for incorrect segment (e.g., gas/electric) usage.
[10] See *Section 2.4*.

Vendor	System/ Origination	Period	Test Pool	Sample Size		Summary of Gross Adjustments	
				$	Line Items	$	Line Items
AT&T	PeopleSoft	Jan-Sep 2011	> $400K	$1,340,471	214		
POWER & CONSTRUCTION GROUP INC	PeopleSoft	Jan-Sep 2011	> $400K	$1,334,780	189		
OLIVER WYMAN INC - MERCER MANAGEMENT	PeopleSoft	Jan-Sep 2011	> $400K	$1,294,519	11	$1,166,781	4
MERCER HUMAN RESOURCE CONSULTING INC	PeopleSoft	Jan-Sep 2011	> $400K	$1,293,729	7		
COMPUTER ASSOCIATES INTERNATIONAL INC	PeopleSoft	Jan-Sep 2011	> $400K	$1,283,636	4		
STAPLES BUSINESS ADVANTAGE	PeopleSoft	Jan-Sep 2011	> $400K	Not Tested	Not Tested		
SECURITAS SECURITY SYSTEMS USA INC	PeopleSoft	Jan-Sep 2011	> $400K	$1,207,014	206	$514,229	116
OSMOSE UTILITIES SERVICES INC	PeopleSoft	Jan-Sep 2011	> $400K	$1,184,234	351		
DRIVECAM INC	PeopleSoft	Jan-Sep 2011	> $400K	$1,166,087	38		
ITRONIX CORPORATION	PeopleSoft	Jan-Sep 2011	> $400K	$1,143,723	5		
WIPRO LTD	PeopleSoft	Jan-Sep 2011	> $400K	$1,118,078	161	$125,854	20
BULWARK PROTECTIVE APPAREL	PeopleSoft	Jan-Sep 2011	> $400K	$1,113,617	471	$79,667	5
POWER SURVEY LLC	PeopleSoft	Jan-Sep 2011	> $400K	$1,054,620	4		
VEGETATION CONTROL SERVICE INC	PeopleSoft	Jan-Sep 2011	> $400K	$1,033,104	132		
ALSTON & BIRD LLP	PeopleSoft	Jan-Sep 2011	> $400K	$1,022,748	16	$937,500	5
STUART C IRBY COMPANY	PeopleSoft	Jan-Sep 2011	> $400K	$1,002,001	1,465	$22,632	9
SOUTHERN CROSS CORPORATION	PeopleSoft	Jan-Sep 2011	> $400K	$969,870	197		
BOSCH SECURITY SYSTEMS INC	PeopleSoft	Jan-Sep 2011	> $400K	$960,603	25		
RISE ENGINEERING	PeopleSoft	Jan-Sep 2011	> $400K	$933,264	171	$1,630	1
DELL COMPUTER CORPORATION	PeopleSoft	Jan-Sep 2011	> $400K	Not Tested	Not Tested		
GE ENERGY MANAGEMENT SERVICES INC	PeopleSoft	Jan-Sep 2011	> $400K	$914,079	30		
ANNESE ELECTRICAL SERVICES INC	PeopleSoft	Jan-Sep 2011	> $400K	$906,570	74		
HISCOCK & BARCLAY LLP	PeopleSoft	Jan-Sep 2011	> $400K	$880,472	59	$845,289	28
PREMIER UTILITY SERVICES LLC	PeopleSoft	Jan-Sep 2011	> $400K	$874,999	867		
D&D POWER INC	PeopleSoft	Jan-Sep 2011	> $400K	$871,253	19		
EPRI	PeopleSoft	Jan-Sep 2011	> $400K	$866,789	24		
ORACLE AMERICA INC	PeopleSoft	Jan-Sep 2011	> $400K	$857,565	32		
ICF RESOURCES LLC	PeopleSoft	Jan-Sep 2011	> $400K	$832,714	102		
T ROWE PRICE	PeopleSoft	Jan-Sep 2011	> $400K	$831,508	4		
TENSION ENVELOPE CORPORATION	PeopleSoft	Jan-Sep 2011	> $400K	$803,010	167	$25,137	9
JBI HELICOPTER SERVICES	PeopleSoft	Jan-Sep 2011	> $400K	$796,579	101		
HAWKEYE ELECTRIC LLC	PeopleSoft	Jan-Sep 2011	> $400K	$786,812	9	$17,721	1
LANGUAGE SELECT LLC	PeopleSoft	Jan-Sep 2011	> $400K	$758,789	44		
DUNN & BRADSTREET	PeopleSoft	Jan-Sep 2011	> $400K	$747,125	4		
MCDONOUGH ELECTRIC CONST CORP	PeopleSoft	Jan-Sep 2011	> $400K	$725,482	12		
MASSACHUSETTS ELECTRIC (UTILITY BILLS)	PeopleSoft	Jan-Sep 2011	> $400K	$706,936	159	$66,465	60
THE CADMUS GROUP INC	PeopleSoft	Jan-Sep 2011	> $400K	$691,489	199		
BETLEM SERVICE	PeopleSoft	Jan-Sep 2011	> $400K	$672,161	2,479		
WESTERN UNION FINANCIAL SERVICES	PeopleSoft	Jan-Sep 2011	> $400K	$670,997	80	$103,469	10
DOBLE ENGINEERING COMPANY	PeopleSoft	Jan-Sep 2011	> $400K	$663,265	62		
CINGULAR WIRELESS	PeopleSoft	Jan-Sep 2011	> $400K	Not Tested	Not Tested		
GRAYBAR ELECTRIC COMPANY INC	PeopleSoft	Jan-Sep 2011	> $400K	$659,955	1,796	$72,186	64
KEMA INC	PeopleSoft	Jan-Sep 2011	> $400K	$654,719	193	$160,650	2

Vendor	System/ Origination	Period	Test Pool	Sample Size		Summary of Gross Adjustments	
				$	Line Items	$	Line Items
HARLAN ELECTRIC COMPANY	PeopleSoft	Jan-Sep 2011	> $400K	$642,382	118		
CABLE & WIRELESS AMERICAS OPERATIONS INC	PeopleSoft	Jan-Sep 2011	> $400K	$617,427	11		
THREE PHASE LINE CONSTRUCTION INC	PeopleSoft	Jan-Sep 2011	> $400K	$595,638	15		
R R DONNELLEY	PeopleSoft	Jan-Sep 2011	> $400K	$570,910	111	$12,669	4
CLOUGH HARBOUR & ASSOCIATES LLP	PeopleSoft	Jan-Sep 2011	> $400K	$559,175	121	$21,784	15
KONICA MINOLTA BUSINESS SOLUTIONS INC	PeopleSoft	Jan-Sep 2011	> $400K	$550,389	103	$423,518	34
CORVEN INC	PeopleSoft	Jan-Sep 2011	> $400K	$549,024	21		
GRATTAN LINE CONSTRUCTION CORPORATION	PeopleSoft	Jan-Sep 2011	> $400K	$540,540	13		
RIVER ENERGY CONSULTANTS	PeopleSoft	Jan-Sep 2011	> $400K	$539,805	1,089	$279	1
IKON FINANCIAL SERVICES	PeopleSoft	Jan-Sep 2011	> $400K	$538,209	86	$128,992	17
NORTHEAST LINE CONSTRUCTION CORP	PeopleSoft	Jan-Sep 2011	> $400K	$504,598	11		
MARSH USA INC - NEW YORK CITY	PeopleSoft	Jan-Sep 2011	> $400K	$497,205	18	$81,623	4
AVIATION SERVICES UNLIMITED INC	PeopleSoft	Jan-Sep 2011	> $400K	$491,853	38		
UNITED PARCEL SERVICE	PeopleSoft	Jan-Sep 2011	> $400K	$491,107	193	$327,966	90
CAROUSEL INDUSTRIES OF NORTH AMERICA INC	PeopleSoft	Jan-Sep 2011	> $400K	$489,670	19		
CLERK OF THE COURT	PeopleSoft	Jan-Sep 2011	> $400K	$479,925	4		
RDC COMMUNICATIONS	PeopleSoft	Jan-Sep 2011	> $400K	$478,307	144		
CGI TECHNOLOGIES & SOLUTIONS INC	PeopleSoft	Jan-Sep 2011	> $400K	$472,470	96		
SECURITY LIFE OF DENVER INSURANCE CO	PeopleSoft	Jan-Sep 2011	> $400K	$465,515	2	$465,515	2
IRON MOUNTAIN RECORDS MANAGEMENT	PeopleSoft	Jan-Sep 2011	> $400K	$464,229	201	$185,699	82
O'HARA INDUSTRIAL SERVICES LLC	PeopleSoft	Jan-Sep 2011	> $400K	$460,357	265		
ITRON INCORPORATED	PeopleSoft	Jan-Sep 2011	> $400K	$459,728	49	$140,473	16
BT COUNTERPANE INTERNET SECURITY INC	PeopleSoft	Jan-Sep 2011	> $400K	$455,690	19	$262,754	13
METLIFE AUTO & HOME	PeopleSoft	Jan-Sep 2011	> $400K	$452,935	46	$444,517	1
TYNDALE COMPANY INC	PeopleSoft	Jan-Sep 2011	> $400K	$446,853	45	$56,623	8
STANLEY TREE SERVICE INC	PeopleSoft	Jan-Sep 2011	> $400K	$445,029	58	$10,741	1
MTV SOLUTIONS INC	PeopleSoft	Jan-Sep 2011	> $400K	$431,618	3		
OCCUPATIONAL HEALTH CENTERS OF THE	PeopleSoft	Jan-Sep 2011	> $400K	$421,489	47		
LEDGE CREEK DEVELOPMENT INC	PeopleSoft	Jan-Sep 2011	> $400K	$413,293	573		
EGON ZEHNDER INTERNATIONAL INC	PeopleSoft	Jan-Sep 2011	> $400K	$405,069	6		
MORGAN LEWIS & BOCKIUS LLP	PeopleSoft	Jan-Sep 2011	> $400K	$401,589	73	$349,085	12
WASTE HARMONICS LLC	PeopleSoft	Jan-Sep 2011	> $400K	$400,699	842	$36,562	15
NSTAR (UTILITY PAYMENTS)	PeopleSoft	Jan-Sep 2011	$100K - $400K	$391,544	24		
INTERCALL INC	PeopleSoft	Jan-Sep 2011	$100K - $400K	$389,570	29	$389,434	22
METROWEST REALTY LLC	PeopleSoft	Jan-Sep 2011	$100K - $400K	$358,319	3		
WPI/CAREER DEVELOPMENT CENTER	PeopleSoft	Jan-Sep 2011	$100K - $400K	$343,504	47		
ENERGY & RESOURCE SOLUTIONS INC	PeopleSoft	Jan-Sep 2011	$100K - $400K	$328,571	45		
ARIBA INC	PeopleSoft	Jan-Sep 2011	$100K - $400K	$322,253	14		
SKADDEN ARPS SLATE MEAGHER & FLOM	PeopleSoft	Jan-Sep 2011	$100K - $400K	$312,255	3		
WEBSAN SOLUTIONS INC	PeopleSoft	Jan-Sep 2011	$100K - $400K	$284,087	14		
NPS LLC	PeopleSoft	Jan-Sep 2011	$100K - $400K	$262,336	2		
O'CONNELL ELECTRIC COMPANY INC	PeopleSoft	Jan-Sep 2011	$100K - $400K	$255,774	19		
WORCESTER POLYTECHNIC INSTITUTE	PeopleSoft	Jan-Sep 2011	$100K - $400K	$215,319	24	$11,969	2

Vendor	System/ Origination	Period	Test Pool	Sample Size		Summary of Gross Adjustments	
				$	Line Items	$	Line Items
INDUSTRIAL DEFENDER INC	PeopleSoft	Jan-Sep 2011	$100K - $400K	$212,850	38		
VERMONT ENERGY INVESTMENT CORPORATION	PeopleSoft	Jan-Sep 2011	$100K - $400K	$209,724	44		
UNICOM SYSTEMS INC	PeopleSoft	Jan-Sep 2011	$100K - $400K	$208,754	4		
ENVIRONMENTAL CONSULTANTS INC	PeopleSoft	Jan-Sep 2011	$100K - $400K	$202,632	95		
LEI SNOW MANAGEMENT SERVICES	PeopleSoft	Jan-Sep 2011	$100K - $400K	$193,043	55		
SECURITY INTEGRATIONS INC	PeopleSoft	Jan-Sep 2011	$100K - $400K	$177,143	163		
WILLIAM J DYER & SONS INC	PeopleSoft	Jan-Sep 2011	$100K - $400K	$142,658	292		
GARRETTCOM INC	PeopleSoft	Jan-Sep 2011	$100K - $400K	$137,823	44		
JANITRONICS BUILDING SERVICES	PeopleSoft	Jan-Sep 2011	$100K - $400K	$137,088	389		
CROSS OIL & REFINING COMPANY	PeopleSoft	Jan-Sep 2011	$100K - $400K	$118,269	28		
ESRI	PeopleSoft	Jan-Sep 2011	$100K - $400K	$117,799	2		
J MARCHESE AND SONS INC	PeopleSoft	Jan-Sep 2011	$100K - $400K	$114,817	65	$600	1
NORTHEAST ENERGY EFFICIENCY	PeopleSoft	Jan-Sep 2011	$100K - $400K	$110,958	52		
FREEMAN SULLIVAN & COMPANY	PeopleSoft	Jan-Sep 2011	$100K - $400K	$108,406	7	$21,024	1
AMERICAN ELECTRICAL TESTING CO INC	PeopleSoft	Jan-Sep 2011	< $100K	$32,643	1		
CDH ENERGY CORP	PeopleSoft	Jan-Sep 2011	< $100K	$9,912	1		
DIANE POLLARD	PeopleSoft	Jan-Sep 2011	< $100K	$2,688	1		
INDUSTRIAL PROTECTION PRODUCTS INC	PeopleSoft	Jan-Sep 2011	< $100K	$1,063	1		
R B STRONG EXCAVATING & SEWERAGE	PeopleSoft	Jan-Sep 2011	< $100K	$759	1		
ECSM UTILITY CONTRACTORS INC	PeopleSoft	Jan-Sep 2011	< $100K	$545	1		
FREDRIC R BURTCH	PeopleSoft	Jan-Sep 2011	< $100K	$350	1		
MC&S COMPANY	PeopleSoft	Jan-Sep 2011	< $100K	$277	1		
ALLIED WASTE SERVICES	PeopleSoft	Jan-Sep 2011	< $100K	$241	1		
CAROLINA POLE	PeopleSoft	Jan-Sep 2011	< $100K	$210	1		
THOMAS F FATONE	PeopleSoft	Jan-Sep 2011	< $100K	$209	1		
COFFEE PAUSE	PeopleSoft	Jan-Sep 2011	< $100K	$192	1		
WILLIAMS SCOTSMAN INC	PeopleSoft	Jan-Sep 2011	< $100K	$159	1		
NEOPOST	PeopleSoft	Jan-Sep 2011	< $100K	$112	1		
POLAND SPRING WATER COMPANY	PeopleSoft	Jan-Sep 2011	< $100K	$79	1		
MCMASTER CARR SUPPLY CO	PeopleSoft	Jan-Sep 2011	< $100K	$65	1		
LAMSON AND DAVIS HARDWARE INC	PeopleSoft	Jan-Sep 2011	< $100K	$46	1		
POLAND SPRING WATER COMPANY	PeopleSoft	Jan-Sep 2011	< $100K	$39	1		
NEWARK	PeopleSoft	Jan-Sep 2011	< $100K	$24	1		
HYDE-STONE MECHANICAL CONTRACTORS INC	PeopleSoft	Jan-Sep 2011	< $100K	$10	1		
UPSCO INC	PeopleSoft	Jan-Sep 2011	< $100K	$7	1		
NEC CORPORATION OF AMERICA	PeopleSoft	Jan-Sep 2011	< $100K	$4	1		
TROJAN ELECTRONIC SUPPLY CO INC	PeopleSoft	Jan-Sep 2011	< $100K	$3	1		
J C EHRLICH COMPANY INC	PeopleSoft	Jan-Sep 2011	< $100K	$1	1		
WILLIAMS SCOTSMAN INC	PeopleSoft	Jan-Sep 2011	< $100K		1		
CREDIT COLLECTION SERVICES	PeopleSoft:Non-99	Jan-Sep 2011	> $100K	$586,235	3	$586,235	3
VANGUARD	PeopleSoft:Non-99	Jan-Sep 2011	> $100K	$510,145	2		
PITNEY BOWES MANAGEMENT SERVICES	PeopleSoft:Non-99	Jan-Sep 2011	> $100K	$222,916	10	$161,135	7
CGI TECHNOLOGIES & SOLUTIONS INC	PeopleSoft:Non-99	Jan-Sep 2011	> $100K	$151,518	4	$151,518	4

Vendor	System/ Origination	Period	Test Pool	Sample Size		Summary of Gross Adjustments	
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CITRIX SYSTEMS INC	PeopleSoft:Non-99	Jan-Sep 2011	> $100K	$118,353	2	$59,176	2
OCE NORTH AMERICA INC	PeopleSoft:Non-99	Jan-Sep 2011	< $100K	$90,062	192		
LANGUAGE SELECT LLC	PeopleSoft:Non-99	Jan-Sep 2011	< $100K	$80,132	4	$2,778	1
LANDMARK AVIATION	PeopleSoft:Non-99	Jan-Sep 2011	< $100K	$62,707	2	$27,209	1
QUANTA TECHNOLOGY LLC	PeopleSoft:Non-99	Jan-Sep 2011	< $100K	$25,639	3		
STEVENS BUSINESS SERVICE	PeopleSoft:Non-99	Jan-Sep 2011	< $100K	$15,276	2	$15,276	2
UNITED PARCEL SERVICE	PeopleSoft:Non-99	Jan-Sep 2011	< $100K	$4,958	19		
OFFICE ENVIRONMENTS OF NEW ENGLAND	PeopleSoft:Non-99	Jan-Sep 2011	< $100K	$2,871	2		
TEE'S DELI MART COMPANY INC	PeopleSoft:Non-99	Jan-Sep 2011	< $100K	$2,626	13		
J H LYNCH AND SONS INC	PeopleSoft:Non-99	Jan-Sep 2011	< $100K	$2,250	6		
IRTH SOLUTIONS INC	PeopleSoft:Non-99	Jan-Sep 2011	< $100K	$2,000	1		
NEWARK	PeopleSoft:Non-99	Jan-Sep 2011	< $100K	$1,185	2		
CVC PAGING	PeopleSoft:Non-99	Jan-Sep 2011	< $100K	$521	21		
NORTHLAND-WILLETTE INC	PeopleSoft:Non-99	Jan-Sep 2011	< $100K	$408	1		
CITY OF ROME	PeopleSoft:Non-99	Jan-Sep 2011	< $100K	$2	1		
B&H PHOTO VIDEO INC	PeopleSoft:Non-99	Jan-Sep 2011	< $100K	$(1,462)	2		
DSM SINGLE PAYMENT VENDOR	PeopleSoft	Oct-Dec 2011	> $400K	$7,431,453	439		
IBM CORPORATION	PeopleSoft	Oct-Dec 2011	> $400K	$6,141,559	353		
ENERGY FEDERATION INC	PeopleSoft	Oct-Dec 2011	> $400K	$5,119,066	334		
VANGUARD	PeopleSoft	Oct-Dec 2011	> $400K	$4,945,503	106	$669,892	7
CONSERVATION SERVICES GROUP INC	PeopleSoft	Oct-Dec 2011	> $400K	$4,551,197	175		
RISE ENGINEERING	PeopleSoft	Oct-Dec 2011	> $400K	$4,535,430	208		
HSBC CORPORATE CARD SERVICES	PeopleSoft	Oct-Dec 2011	> $400K	$4,344,190	2,434		
VERIZON BUSINESS SERVICES	PeopleSoft	Oct-Dec 2011	> $400K	$4,106,913	57	$46,250	2
GRAYS POWER SUPPLY	PeopleSoft	Oct-Dec 2011	> $400K	$3,770,733	18		
NATIONWIDE CREDIT INC	PeopleSoft	Oct-Dec 2011	> $400K	$3,636,183	33	$28,565	1
M J ELECTRIC LLC	PeopleSoft	Oct-Dec 2011	> $400K	$3,420,686	30		
THE ENERGY GROUP INC	PeopleSoft	Oct-Dec 2011	> $400K	$3,352,021	15		
ACTION INC	PeopleSoft	Oct-Dec 2011	> $400K	$2,851,118	81		
HP ENTERPRISE SERVICES LLC	PeopleSoft	Oct-Dec 2011	> $400K	$2,731,290	7		
PRO UNLIMITED INC	PeopleSoft	Oct-Dec 2011	> $400K	$2,658,084	2,165	$46,809	13
L E MYERS COMPANY	PeopleSoft	Oct-Dec 2011	> $400K	$2,531,016	12		
SPE UTILITY CONTRACTORS LLC	PeopleSoft	Oct-Dec 2011	> $400K	$2,488,049	24		
INTREN INC	PeopleSoft	Oct-Dec 2011	> $400K	$2,436,613	2		
KENT POWER	PeopleSoft	Oct-Dec 2011	> $400K	$2,191,311	2		
JF ELECTRIC INC	PeopleSoft	Oct-Dec 2011	> $400K	$2,109,173	6		
PITNEY BOWES RESERVE ACCOUNT	PeopleSoft	Oct-Dec 2011	> $400K	$2,005,000	5		
CAPGEMINI TECHNOLOGIES LLC	PeopleSoft	Oct-Dec 2011	> $400K	$1,802,854	3		
I B ABEL INC	PeopleSoft	Oct-Dec 2011	> $400K	$1,767,529	12	$255,645	2
DAVEY RESOURCE GROUP	PeopleSoft	Oct-Dec 2011	> $400K	$1,330,681	152		
VERIZON WIRELESS	PeopleSoft	Oct-Dec 2011	> $400K	Not Tested	Not Tested		
COMPUTER ASSOCIATES INTERNATIONAL INC	PeopleSoft	Oct-Dec 2011	> $400K	$1,268,702	3		
THREE PHASE LINE CONSTRUCTION INC	PeopleSoft	Oct-Dec 2011	> $400K	$1,225,259	24		

Vendor	System/ Origination	Period	Test Pool	Sample Size		Summary of Gross Adjustments	
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LEWIS TREE SERVICE INC	PeopleSoft	Oct-Dec 2011	> $400K	$1,138,953	419		
MTV SOLUTIONS INC	PeopleSoft	Oct-Dec 2011	> $400K	$1,128,867	6		
SUMTER UTILITIES INC	PeopleSoft	Oct-Dec 2011	> $400K	$1,091,551	15	$151,955	1
POWER SURVEY LLC	PeopleSoft	Oct-Dec 2011	> $400K	$1,062,396	4		
HELGESON ENTERPRISES INC	PeopleSoft	Oct-Dec 2011	> $400K	$1,035,226	30		
ALLIANCE POWER GROUP LLC	PeopleSoft	Oct-Dec 2011	> $400K	$1,028,528	6	$1,167	2
OPOWER INC	PeopleSoft	Oct-Dec 2011	> $400K	$1,021,750	8		
BASE LOGISTICS LLC	PeopleSoft	Oct-Dec 2011	> $400K	$937,364	24		
CREDIT COLLECTION SERVICES	PeopleSoft	Oct-Dec 2011	> $400K	$935,116	20	$187,949	1
D&D POWER INC	PeopleSoft	Oct-Dec 2011	> $400K	$914,277	23	$13,623	2
PITNEY BOWES MANAGEMENT SERVICES	PeopleSoft	Oct-Dec 2011	> $400K	$909,204	42	$794,455	38
RELIABILITY MANAGEMENT GROUP	PeopleSoft	Oct-Dec 2011	> $400K	$904,319	7		
P SCHNEIDER & ASSOCIATES PLLC	PeopleSoft	Oct-Dec 2011	> $400K	$891,429	14		
GRATTAN LINE CONSTRUCTION CORPORATION	PeopleSoft	Oct-Dec 2011	> $400K	$875,968	4		
SOUTHERN CROSS CORPORATION	PeopleSoft	Oct-Dec 2011	> $400K	$842,785	103		
DELOITTE & TOUCHE LLP	PeopleSoft	Oct-Dec 2011	> $400K	$774,199	2		
MERCER HUMAN RESOURCE CONSULTING INC	PeopleSoft	Oct-Dec 2011	> $400K	$746,712	4		
REGULUS GROUP LLC	PeopleSoft	Oct-Dec 2011	> $400K	$732,144	52		
POWER & CONSTRUCTION GROUP INC	PeopleSoft	Oct-Dec 2011	> $400K	$729,252	85		
NATIONAL GRID PETTY CASH FUND	PeopleSoft	Oct-Dec 2011	> $400K	$722,090	263		
VERIZON	PeopleSoft	Oct-Dec 2011	> $400K	$708,371	180	$8,002	6
NEW ENERGY ALLIANCE LLC	PeopleSoft	Oct-Dec 2011	> $400K	$678,423	226		
HENKELS & MCCOY INC	PeopleSoft	Oct-Dec 2011	> $400K	$616,137	3		
KIRKLAND & ELLIS LLP	PeopleSoft	Oct-Dec 2011	> $400K	$600,300	8		
BURFORD'S TREE INC	PeopleSoft	Oct-Dec 2011	> $400K	$574,990	1		
HISCOCK & BARCLAY LLP	PeopleSoft	Oct-Dec 2011	> $400K	$554,874	17	$491,735	10
AT&T	PeopleSoft	Oct-Dec 2011	> $400K	$538,404	74		
LEDGE CREEK DEVELOPMENT INC	PeopleSoft	Oct-Dec 2011	> $400K	$528,739	378		
T ROWE PRICE	PeopleSoft	Oct-Dec 2011	> $400K	$522,461	2		
VITEC SOLUTIONS LLC	PeopleSoft	Oct-Dec 2011	> $400K	$516,723	117	$1,508	8
STAPLES BUSINESS ADVANTAGE	PeopleSoft	Oct-Dec 2011	> $400K	Not Tested	Not Tested		
LANGUAGE SELECT LLC	PeopleSoft	Oct-Dec 2011	> $400K	$490,377	20	$16	1
VEGETATION CONTROL SERVICE INC	PeopleSoft	Oct-Dec 2011	> $400K	$488,684	71		
EXPERIAN	PeopleSoft	Oct-Dec 2011	> $400K	$444,450	37	$20,020	2
NORTHEAST LINE CONSTRUCTION CORP	PeopleSoft	Oct-Dec 2011	> $400K	$435,140	3		
JBI HELICOPTER SERVICES	PeopleSoft	Oct-Dec 2011	> $400K	$429,509	56		
EFFICIO	PeopleSoft	Oct-Dec 2011	> $400K	$411,880	4		
WIPRO LTD	PeopleSoft	Oct-Dec 2011	> $400K	$378,689	44		
ALSTON & BIRD LLP	PeopleSoft	Oct-Dec 2011	> $400K	$375,000	2	$375,000	2
PREMIER UTILITY SERVICES LLC	PeopleSoft	Oct-Dec 2011	> $400K	$374,354	162		
THE CADMUS GROUP INC	PeopleSoft	Oct-Dec 2011	> $400K	$373,800	124		
STANLEY TREE SERVICE INC	PeopleSoft	Oct-Dec 2011	> $400K	$347,818	24	$73,536	3
UGL UNICCO	PeopleSoft	Oct-Dec 2011	> $400K	$333,754	386		

Vendor	System/ Origination	Period	Test Pool	Sample Size		Summary of Gross Adjustments	
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SECURITAS SECURITY SYSTEMS USA INC	PeopleSoft	Oct-Dec 2011	> $400K	$328,219	79	$114,790	21
JP MORGAN CHASE BANK NA	PeopleSoft	Oct-Dec 2011	> $400K	$321,127	17		
STUART C IRBY COMPANY	PeopleSoft	Oct-Dec 2011	> $400K	$304,236	526	$42,486	10
KEMA INC	PeopleSoft	Oct-Dec 2011	> $400K	$289,283	97		
ICF RESOURCES LLC	PeopleSoft	Oct-Dec 2011	> $400K	$287,456	34		
ANNESE ELECTRICAL SERVICES INC	PeopleSoft	Oct-Dec 2011	> $400K	$266,720	7		
GRAYBAR ELECTRIC COMPANY INC	PeopleSoft	Oct-Dec 2011	> $400K	$249,068	645	$1,530	5
TENSION ENVELOPE CORPORATION	PeopleSoft	Oct-Dec 2011	> $400K	$247,346	26	$72,613	4
OSMOSE UTILITIES SERVICES INC	PeopleSoft	Oct-Dec 2011	> $400K	$243,433	114		
CLOUGH HARBOUR & ASSOCIATES LLP	PeopleSoft	Oct-Dec 2011	> $400K	$237,470	18	$11,395	1
MASSACHUSETTS ELECTRIC (UTILITY BILLS)	PeopleSoft	Oct-Dec 2011	> $400K	$227,373	20	$3,085	4
RIVER ENERGY CONSULTANTS	PeopleSoft	Oct-Dec 2011	> $400K	$216,354	161		
CAROUSEL INDUSTRIES OF NORTH AMERICA INC	PeopleSoft	Oct-Dec 2011	> $400K	$190,799	10		
CINGULAR WIRELESS	PeopleSoft	Oct-Dec 2011	> $400K	Not Tested	Not Tested		
OCCUPATIONAL HEALTH OF	PeopleSoft	Oct-Dec 2011	> $400K	$171,278	10	$27,111	1
UNITED PARCEL SERVICE	PeopleSoft	Oct-Dec 2011	> $400K	$168,977	62	$90,086	25
WASTE HARMONICS LLC	PeopleSoft	Oct-Dec 2011	> $400K	$162,670	320	$11,848	7
IKON FINANCIAL SERVICES	PeopleSoft	Oct-Dec 2011	> $400K	$161,569	31	$30,976	5
CABLE & WIRELESS AMERICAS OPERATIONS INC	PeopleSoft	Oct-Dec 2011	> $400K	$153,671	3		
R R DONNELLEY	PeopleSoft	Oct-Dec 2011	> $400K	$145,320	26		
WESTERN UNION FINANCIAL SERVICES	PeopleSoft	Oct-Dec 2011	> $400K	$135,616	12		
BULWARK PROTECTIVE APPAREL	PeopleSoft	Oct-Dec 2011	> $400K	$122,593	101		
IRON MOUNTAIN RECORDS MANAGEMENT	PeopleSoft	Oct-Dec 2011	> $400K	$118,473	87	$35,930	18
BT COUNTERPANE INTERNET SECURITY INC	PeopleSoft	Oct-Dec 2011	> $400K	$109,386	2	$25,885	1
CLERK OF THE COURT	PeopleSoft	Oct-Dec 2011	> $400K	$108,000	1		
BETLEM SERVICE	PeopleSoft	Oct-Dec 2011	> $400K	$97,888	216		
MORGAN LEWIS & BOCKIUS LLP	PeopleSoft	Oct-Dec 2011	> $400K	$95,834	3	$95,834	3
CORVEN INC	PeopleSoft	Oct-Dec 2011	> $400K	$88,182	9		
CGI TECHNOLOGIES & SOLUTIONS INC	PeopleSoft	Oct-Dec 2011	> $400K	$74,499	30		
HARLAN ELECTRIC COMPANY	PeopleSoft	Oct-Dec 2011	> $400K	$66,491	7		
RDC COMMUNICATIONS	PeopleSoft	Oct-Dec 2011	> $400K	$51,340	33	$27,313	13
AVIATION SERVICES UNLIMITED INC	PeopleSoft	Oct-Dec 2011	> $400K	$46,613	7		
EGON ZEHNDER INTERNATIONAL INC	PeopleSoft	Oct-Dec 2011	> $400K	$42,522	6		
KONICA MINOLTA BUSINESS SOLUTIONS INC	PeopleSoft	Oct-Dec 2011	> $400K	$39,857	16	$1,200	2
O'HARA INDUSTRIAL SERVICES LLC	PeopleSoft	Oct-Dec 2011	> $400K	$35,418	22		
DELL COMPUTER CORPORATION	PeopleSoft	Oct-Dec 2011	> $400K	Not Tested	Not Tested		
ITRON INCORPORATED	PeopleSoft	Oct-Dec 2011	> $400K	$26,750	23	$18,667	5
DRIVECAM INC	PeopleSoft	Oct-Dec 2011	> $400K	$16,587	9		
DOBLE ENGINEERING COMPANY	PeopleSoft	Oct-Dec 2011	> $400K	$13,356	31		
ORACLE AMERICA INC	PeopleSoft	Oct-Dec 2011	> $400K	$12,585	3		
TYNDALE COMPANY INC	PeopleSoft	Oct-Dec 2011	> $400K	$10,960	5		
INTERNAL REVENUE SERVICE	PeopleSoft	Oct-Dec 2011	> $400K	$10,911	1		
DUNN & BRADSTREET	PeopleSoft	Oct-Dec 2011	> $400K	$3,844	2		

Vendor	System/ Origination	Period	Test Pool	Sample Size		Summary of Gross Adjustments	
				$	Line Items	$	Line Items
METLIFE AUTO & HOME	PeopleSoft	Oct-Dec 2011	> $400K	$476	13		
BOSCH SECURITY SYSTEMS INC	PeopleSoft	Oct-Dec 2011	> $400K	$96	2		
O'CONNELL ELECTRIC COMPANY INC	PeopleSoft	Oct-Dec 2011	$100K - $400K	$811,060	18		
SKADDEN ARPS SLATE MEAGHER & FLOM	PeopleSoft	Oct-Dec 2011	$100K - $400K	$317,611	10		
VERMONT ENERGY INVESTMENT CORPORATION	PeopleSoft	Oct-Dec 2011	$100K - $400K	$260,823	32		
WEBSAN SOLUTIONS INC	PeopleSoft	Oct-Dec 2011	$100K - $400K	$242,960	18		
CROSS OIL & REFINING COMPANY	PeopleSoft	Oct-Dec 2011	$100K - $400K	$87,743	16		
ENVIRONMENTAL CONSULTANTS INC	PeopleSoft	Oct-Dec 2011	$100K - $400K	$68,866	19	$14,241	3
SECURITY INTEGRATIONS INC	PeopleSoft	Oct-Dec 2011	$100K - $400K	$64,238	38		
JANITRONICS BUILDING SERVICES	PeopleSoft	Oct-Dec 2011	$100K - $400K	$60,065	200		
ENERGY & RESOURCE SOLUTIONS INC	PeopleSoft	Oct-Dec 2011	$100K - $400K	$54,425	10		
FREEMAN SULLIVAN & COMPANY	PeopleSoft	Oct-Dec 2011	$100K - $400K	$31,826	1		
NORTHEAST ENERGY EFFICIENCY	PeopleSoft	Oct-Dec 2011	$100K - $400K	$28,603	59		
INTERCALL INC	PeopleSoft	Oct-Dec 2011	$100K - $400K	$20,032	8	$20,032	8
GARRETTCOM INC	PeopleSoft	Oct-Dec 2011	$100K - $400K	$6,008	8		
NSTAR (UTILITY PAYMENTS)	PeopleSoft	Oct-Dec 2011	$100K - $400K	$2,218	3		
LEI SNOW MANAGEMENT SERVICES	PeopleSoft	Oct-Dec 2011	$100K - $400K	$587	1		
CREDIT COLLECTION SERVICES	PeopleSoft:Non-99	Oct-Dec 2011	> $100K	$183,278	1		
CVC PAGING	PeopleSoft:Non-99	Oct-Dec 2011	> $100K	$149	6		
BLUE CROSS BLUE SHIELD	Oracle	Jan-Dec 2011	> $600K	$27,645,112	73		
PITNEY BOWES GLOBAL FINANCIAL SERVICES LLC	Oracle	Jan-Dec 2011	> $600K	$16,420,400	71	$460,000	5
PRO UNLIMITED	Oracle	Jan-Dec 2011	> $600K	Not Tested	Not Tested		
FIRST NEW YORK MANAGEMENT CO	Oracle	Jan-Dec 2011	> $600K	$11,702,043	18		
THE PORTLAND GROUP INC	Oracle	Jan-Dec 2011	> $600K	$9,520,197	7,290	$1,030,054	658
CAREMARK PRESCRIPTION SERVICE DIVISION	Oracle	Jan-Dec 2011	> $600K	$9,452,768	698		
VANGUARD STOCK WIRE	Oracle	Jan-Dec 2011	> $600K	$7,843,624	394		
KPMG	Oracle	Jan-Dec 2011	> $600K	$7,027,008	31	$469,264	21
IBM	Oracle	Jan-Dec 2011	> $600K	$6,344,441	96		
PRICEWATERHOUSECOOPERS LLP	Oracle	Jan-Dec 2011	> $600K	$4,979,582	13		
HEALTH INSURANCE PLAN OF GREATER NY	Oracle	Jan-Dec 2011	> $600K	$4,849,791	49		
F W WEBB CO	Oracle	Jan-Dec 2011	> $600K	$4,634,857	4,013		
BUILDING STAR SECURITY CORPORATION	Oracle	Jan-Dec 2011	> $600K	$4,410,977	1,217	$185,426	114
VERIZON	Oracle	Jan-Dec 2011	> $600K	Not Tested	Not Tested		
OXFORD HEALTH PLANS	Oracle	Jan-Dec 2011	> $600K	$4,285,739	218		
GARDNER NELSON & PARTNERS	Oracle	Jan-Dec 2011	> $600K	$3,755,883	122	$107,643	9
BLACKMAN INC	Oracle	Jan-Dec 2011	> $600K	$3,408,255	8,431		
PHH VEHICLE MANAGEMENT SERVICES	Oracle	Jan-Dec 2011	> $600K	$3,365,145	1,467		
A F SUPPLY	Oracle	Jan-Dec 2011	> $600K	$3,357,997	4,254		
DELTA DENTAL PLAN	Oracle	Jan-Dec 2011	> $600K	$3,276,069	91		
US POSTAL SERVICE	Oracle	Jan-Dec 2011	> $600K	$3,071,186	65		
LIGHT TOWER FIBER LONG ISLAND LLC	Oracle	Jan-Dec 2011	> $600K	$3,046,589	69	$118,256	30
AT&T	Oracle	Jan-Dec 2011	> $600K	$2,620,210	1,093		
PITNEY BOWES MANAGEMENT SERVICES INC	Oracle	Jan-Dec 2011	> $600K	$2,558,112	86	$185,512	11

Vendor	System/ Origination	Period	Test Pool	Sample Size		Summary of Gross Adjustments	
				$	Line Items	$	Line Items
OMARK CONSULTANTS INC	Oracle	Jan-Dec 2011	> $600K	$2,548,100	1,153	$1,604	2
HARTFORD LIFE INSURANCE COMPANIES	Oracle	Jan-Dec 2011	> $600K	$2,448,648	190		
GROUP HEALTH INCORPORATED	Oracle	Jan-Dec 2011	> $600K	$2,237,879	257		
WOOD GROUP PRATT & WHITNEY	Oracle	Jan-Dec 2011	> $600K	$2,213,035	107		
CULLEN AND DYKMAN	Oracle	Jan-Dec 2011	> $600K	$2,006,166	254	$1,508,477	22
THE HAY GROUP MANAGEMENT LIMITED	Oracle	Jan-Dec 2011	> $600K	$1,881,264	2		
S G TORRICE	Oracle	Jan-Dec 2011	> $600K	$1,668,442	3,308		
COMMONWEALTH OF MASSACHUSETTS	Oracle	Jan-Dec 2011	> $600K	$1,562,738	31	$29,000	3
VERIZON WIRELESS	Oracle	Jan-Dec 2011	> $600K	$1,532,757	6,041	$122,279	2,316
BANK ONE NA	Oracle	Jan-Dec 2011	> $600K	$1,484,013	2,655	$170.65	2
TOWERS WATSON PENNSYLVANIA INC	Oracle	Jan-Dec 2011	> $600K	$1,474,009	22		
RREEF MANAGEMENT	Oracle	Jan-Dec 2011	> $600K	$1,433,185	16		
METLIFE	Oracle	Jan-Dec 2011	> $600K	Not Tested	Not Tested		
WIPRO LIMITED	Oracle	Jan-Dec 2011	> $600K	$1,404,443	37	$57,608	3
DELOITTE TAX LLP	Oracle	Jan-Dec 2011	> $600K	$1,314,544	38	$38,318	2
ENERGY SERVICES GROUP, INC.	Oracle	Jan-Dec 2011	> $600K	$1,299,191	78	$229,646	34
INNERWORKINGS INC	Oracle	Jan-Dec 2011	> $600K	$1,256,064	241	$19,681	3
OLIVER WYMAN INC	Oracle	Jan-Dec 2011	> $600K	$1,251,087	17		
SECURITAS SECURITY SERVICES USA INC	Oracle	Jan-Dec 2011	> $600K	$1,247,462	404	$716,558	208
UNICCO SERVICE COMPANY	Oracle	Jan-Dec 2011	> $600K	Not Tested	Not Tested		
KELLIHER SAMETS VOLK	Oracle	Jan-Dec 2011	> $600K	$1,123,308	286	$76,787	19
GALAXY INTEGRATED TECHNOLOGIES INC	Oracle	Jan-Dec 2011	> $600K	Not Tested	Not Tested		
TENSION ENVELOPE CORPORATION	Oracle	Jan-Dec 2011	> $600K	$1,076,574	790	$46,178	57
HEWITT ASSOCIATES LLC	Oracle	Jan-Dec 2011	> $600K	$995,103	41		
CAPGEMINI US LLC	Oracle	Jan-Dec 2011	> $600K	$949,537	3		
BOWDITCH AND DEWEY LLP	Oracle	Jan-Dec 2011	> $600K	$932,531	221	$535,182	25
ERNST & YOUNG LLP	Oracle	Jan-Dec 2011	> $600K	$924,486	96	$35,388	2
NEWBORN CONSTRUCTION INC	Oracle	Jan-Dec 2011	> $600K	$904,947	3		
AMERICAN GAS ASSOCIATION(AGA)	Oracle	Jan-Dec 2011	> $600K	$895,756	2		
RAM MARKETING	Oracle	Jan-Dec 2011	> $600K	$888,652	122		
STAPLES BUSINESS ADVANTAGE	Oracle	Jan-Dec 2011	> $600K	Not Tested	Not Tested		
GE PACKAGED POWER INC	Oracle	Jan-Dec 2011	> $600K	$864,898	33		
SPRAGUE ENERGY CORP	Oracle	Jan-Dec 2011	> $600K	$850,682	34,046		
FENLEY & NICOL ENVIRONMENTAL INC	Oracle	Jan-Dec 2011	> $600K	$832,934	652		
INTERVIEWING SERVICE OF AMERICA INC	Oracle	Jan-Dec 2011	> $600K	$797,207	114	$161,200	13
MCLANE, GRAF, RAULERSON & MIDDLETON PA	Oracle	Jan-Dec 2011	> $600K	$718,545	278	$14,823	8
KEYSPAN ENERGY CORP LEGAL DEPT	Oracle	Jan-Dec 2011	> $600K	$680,000	4		
METROPOLITAN LIFE INSURANCE COMPANY	Oracle	Jan-Dec 2011	> $600K	Not Tested	Not Tested		
LASER INDUSTRIES INC	Oracle	Jan-Dec 2011	> $600K	$648,038	686	$1,412	1
THOMAS REUTERS TAX & ACCOUNTING INC	Oracle	Jan-Dec 2011	$100K - $600K	$595,500	1		
PLATEAU SYSTEMS LTD	Oracle	Jan-Dec 2011	$100K - $600K	$587,903	33		
SCHIFF HARDIN LLP	Oracle	Jan-Dec 2011	$100K - $600K	$584,644	27		
CLOUGH HARBOUR & ASSOCIATES LLP	Oracle	Jan-Dec 2011	$100K - $600K	$565,400	40		

Vendor	System/ Origination	Period	Test Pool	Sample Size		Summary of Gross Adjustments	
				$	Line Items	$	Line Items
PERSONNEL DECISIONS INTERNATIONAL CORP DBA PDI - N	Oracle	Jan-Dec 2011	$100K - $600K	$454,082	7		
GOODWIN PROCTER LLP	Oracle	Jan-Dec 2011	$100K - $600K	$403,081	37	$43,247	4
BOSTON RED SOX	Oracle	Jan-Dec 2011	$100K - $600K	$300,000	1	$300,000	1
GE MOBILE WATER INC.	Oracle	Jan-Dec 2011	$100K - $600K	$288,693	49		
KEEGAN WERLIN & PABIAN LLP	Oracle	Jan-Dec 2011	$100K - $600K	$276,225	119	$2,211	3
ANI ACQUISITION SUB	Oracle	Jan-Dec 2011	$100K - $600K	$241,541	56	$241,541	18
STANDARD & POORS FINANCIAL SERVICES LLC	Oracle	Jan-Dec 2011	$100K - $600K	$238,541	8		
HAWKEYE, LLC	Oracle	Jan-Dec 2011	$100K - $600K	$140,579	336		
J & J TOWING	Oracle	Jan-Dec 2011	$100K - $600K	$128,085	44		
SAS INSTITUTE INC.	Oracle	Jan-Dec 2011	$100K - $600K	$109,080	1		
BANGOR HYDRO	Oracle	Jan-Dec 2011	$100K - $600K	$108,395	1		
SDM METRO	Oracle	Jan-Dec 2011	< $100K	$1,500	1		
INNOVATIVE ENGINEERING SOLUTIONS, INC.	Oracle	Jan-Dec 2011	< $100K	$650	1		
STANLEY ACCESS TECH	Oracle	Jan-Dec 2011	< $100K	$558	1		
BRAKE SERVICE INC	Oracle	Jan-Dec 2011	< $100K	$445	1		
GABRIELLI TRUCK SALES	Oracle	Jan-Dec 2011	< $100K	$419	1		
THE RELIZON COMPANY DBA WORKFLOW ONE	Oracle	Jan-Dec 2011	< $100K	$11,209	52	$11,209	52
MUZI FORD CITY	Oracle	Jan-Dec 2011	< $100K	$268	1		
GENALCO INC	Oracle	Jan-Dec 2011	< $100K	$255	1		
COLLISION SERVICE CORP	Oracle	Jan-Dec 2011	< $100K	$159	1		
HENRICH EQUIPMENT CO INC	Oracle	Jan-Dec 2011	< $100K	$144	1		
MINUTEMAN TRUCKS INC	Oracle	Jan-Dec 2011	< $100K	$54	1		
JAMAICA ASH & RUBBISH REMOVAL	Oracle	Jan-Dec 2011	< $100K	$52	1		
RH&M MACHINE COMPANY	Oracle	Jan-Dec 2011	< $100K	$31	1		
TANGOE INC	Oracle	Jan-Dec 2011	< $100K	$19	1		
TANGOE INC	Oracle	Jan-Dec 2011	< $100K	$16	1		
LITTLETON ELEC LIGHT DEPT	Oracle	Jan-Dec 2011	< $100K	$10	1		
TRI STATE FREIGHTLINER INC	Oracle	Jan-Dec 2011	< $100K	$5	1		
ORKIN PEST CONTROL INC	Oracle	Jan-Dec 2011	< $100K	$5	1		
JET SANITATION SERVICE CORP	Oracle	Jan-Dec 2011	< $100K	$4	1		
MADISON LOHRIUS INC	Oracle	Jan-Dec 2011	< $100K	$3	1		
TRI STATE FREIGHTLINER INC	Oracle	Jan-Dec 2011	< $100K	$2	1		
TANGOE INC	Oracle	Jan-Dec 2011	< $100K	$1	1		
ARTIES AUTO PARTS	Oracle	Jan-Dec 2011	< $100K	$1	1		
W W BRITTON INC	Oracle	Jan-Dec 2011	< $100K	$1	1		
TESSCO	Oracle	Jan-Dec 2011	< $100K		1		
TOTALS				$514,501,683	134,417	$27,178,209	4,920

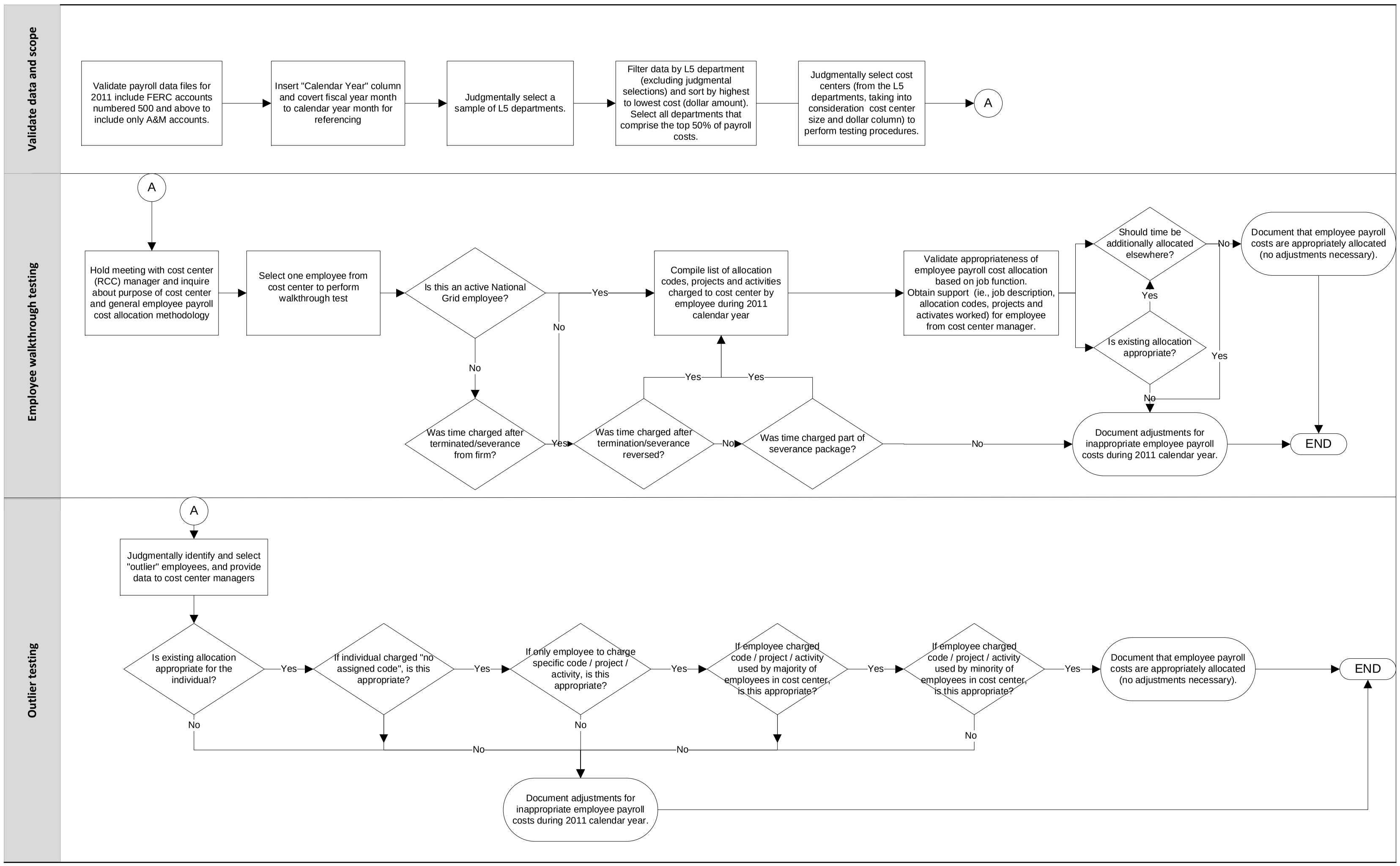
Accounts Payable: Summary by Company of Proposed Net Adjustments to Allocations

Company (BU) Description	Segment	Amount Allocated from Company	Amount Allocated to Company	Net Impact of Adjustments
KEDLI	Gas	$953,162	$1,067,006	$113,844
KEDNY	Gas	$1,244,002	$1,836,592	$592,590
KeySpan Electric Services (LIPA)	Electric	$1,114,833	$850,914	$(263,919)
KeySpan Generation	Gen	$1,420,177	$196,700	$(1,223,477)
Massachusetts Electric & Nantucket Electric	Multiple	$6,117,831	$3,819,101	$(2,298,730)
Massachusetts Gas (Boston Gas & Colonial Gas)	Gas	$2,904,772	$2,252,012	$(652,760)
Narragansett Electric	Multiple	$2,162,428	$1,591,036	$(571,392)
Narragansett Gas	Gas	$675,123	$834,696	$159,573
National Grid USA & KeySpan Energy Corporation[11]	Multiple	$36,859	$3,147,327	$3,110,468
New England Power Company	Multiple	$912,224	$731,156	$(181,068)
New Hampshire (Granite State Electric & Energy North)	Multiple	$636,778	$396,486	$(240,292)
Niagara Mohawk Power Corporation-Electric	Multiple	$8,552,474	$10,079,355	$1,526,881
Niagara Mohawk Power Corporation-Gas	Gas	$130,481	$117,918	$(12,563)
All Other Companies	Multiple	$317,065	$257,910	$(59,155)
TOTALS		**$ 27,178,209**	**$27,178,209**	**$-**

[11] In addition to the reallocations to National Grid USA Parent and/or KeySpan Corporation as the holding companies, these reallocations also include the accumulation of "below the line" charges.

Appendix D

Payroll Expense: Decision Tree



Appendix E

Payroll Expense: Summary by Department of Proposed Net Adjustments to Allocations

Department	System/ Origination	Test Pool	Sample Size		Summary of Gross Adjustments	
			$	Line Items	$	Line Items
MAINT_&_CONSTRUCTION	PeopleSoft	Over$2.0M	$20,743,524	29,583	$17,310	8
SHARED_SERV_EXEC	PeopleSoft	Over$2.0M	$19,732,108	516		
CONTROL_CENTER_OPS	PeopleSoft	Over$2.0M	$17,041,737	20,737	$283	1
TRANS_DELIVERY_CNTR	PeopleSoft	Over$2.0M	$11,203,850	5373		
PROJ_MGMT_&_CONST	PeopleSoft	Over$2.0M	$10,177,200	21,528	$1,077	4
IS_SERVICE_DELIVERY	PeopleSoft	Over$2.0M	$7,950,538	4,799	$16,713	4
CUSTOMER_CARE	PeopleSoft	Over$2.0M	$6,989,486	10,523		
CUST_&_BUS_STRATEGY	PeopleSoft	Over$2.0M	$4,546,391	5,658	$82	1
LEGAL_OPER	PeopleSoft	Over$2.0M	$3,317,291	2,236	$21,059	38
DECISION_SUPPORT	PeopleSoft	Over$2.0M	$3,302,706	1,248	$47,520	1
IS_SOL_DEL_PROJ	PeopleSoft	Over$2.0M	$3,079,141	744	$20,639	8
EXEC_DIRECTOR	PeopleSoft	Over$2.0M	$2,023,786	42		
IS_PROCESS_&_SYS	PeopleSoft	Judgmental	$1,775,468	623		
REG_PRICE_OFFICER_NE	PeopleSoft	Judgmental	$1,413,958	1,357		
REG_PRICE_EXEC	PeopleSoft	Judgmental	$665,316	223		
COMP BENEFITS	PeopleSoft	Judgmental	$662,913	1,046		
INTERNAL AUDIT	PeopleSoft	Judgmental	$524,567	207	$6,791	1
EMPLOYEE_COMM	PeopleSoft	Judgmental	$439,285	104		
MEDIA	PeopleSoft	Judgmental	$388,329	347		
CORPORATE_COMM	PeopleSoft	Judgmental	$166,386	46		
GOVT_RELATIONS	PeopleSoft	Judgmental	$87,137	26		
FEDERAL_AFFAIRS	PeopleSoft	Judgmental	$26,531	18		
Customer Care	Oracle	Over$3.0M	$34,857,657	91,919	$ 29,059	2
Maintenance & Construction	Oracle	Over$3.0M	$33,555,715	59,899	$101,478	7
Power Plant Operations	Oracle	Over$3.0M	$30,583,457	85,944		
LI Jurisdiction	Oracle	Over$3.0M	$27,630,938	68,369	$3,172	6
Operations Support	Oracle	Over$3.0M	$19,470,537	54,597	$280,493	11
Customer & Business Strategy	Oracle	Over$3.0M	$7,531,908	14,782	$151,124	10
Legal Operations	Oracle	Over$3.0M	$7,496,559	4,811	$841,102	15
IS Solution Delivery-Projects	Oracle	Over$3.0M	$6,457,311	3,227	$66,110	3
Sales & Sales Operations	Oracle	Over$3.0M	$5,865,023	8,338		
Corporate Cost Center	Oracle	Over$3.0M	$3,942,573	7,767	$15,442	1
US Financial Services	Oracle	Over$3.0M	$3,732,018	3,705	$377,989	13
Facilities Management	Oracle	Over$3.0M	$3,650,073	11,700	$63,040	33
Decision Support	Oracle	Over$3.0M	$3,606,979	3,009		
Comp Benefits	Oracle	Judgmental	$1,459,586	807		
Global Corporate Affairs - Employee Communications	Oracle	Judgmental	$671,399	422		

Department	System/ Origination	Test Pool	Sample Size		Summary of Gross Adjustments	
			$	Line Items	$	Line Items
Global Corporate Affairs - Federal Affairs	Oracle	Judgmental	$546,778	350		
IS Process & Sys	Oracle	Judgmental	$460,712	304	$6,058	1
Global Corporate Affairs - Government Relations	Oracle	Judgmental	$354,240	240		
Global Corporate Affairs - Media Relations	Oracle	Judgmental	$256,304	183		
Reg Price Officer NE	Oracle	Judgmental	$74,258	132	$59	2
Reg & Pricing Exec	Oracle	Judgmental	$56,196	44	$53,014	1
Subtotals			**$308,517,869**	**527,533**	**$2,119,614**	**171**
Reorganization Testing					$1,394,546	327
Vehicle Allowance Testing					$198,066	43
Other Department Testing (Random Employees)					$279,933	15
Corporate Controller Cost Center Testing					$2,051,445	3,177
TOTALS					**$6,043,604**	**3,733**

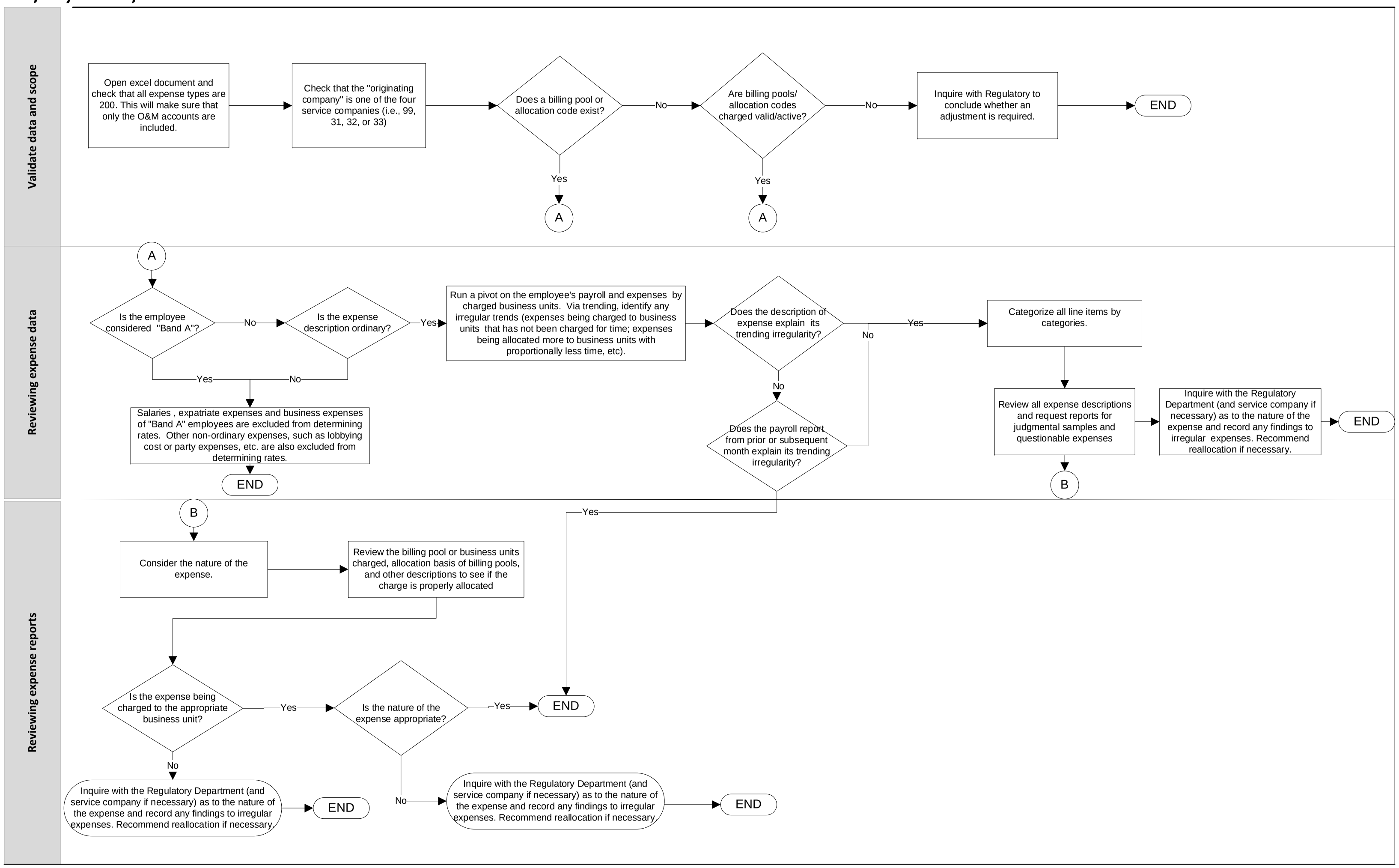
Payroll Expense: Summary by Company of Proposed Net Adjustments to Allocations

Company (BU) Description	Segment	Amount Allocated from Company	Amount Allocated to Company	Net Impact of Adjustments
KEDLI	Gas	$583,888	$425,629	$(158,259)
KEDNY	Gas	$964,919	$606,838	$(358,081)
KeySpan Electric Services (LIPA)	Electric	$904,609	$639,818	$(264,791)
KeySpan Generation	Gen	$234,734	$284,802	$50,068
Massachusetts Electric & Nantucket Electric	Multiple	$663,729	$727,717	$63,988
Massachusetts Gas (Boston Gas & Colonial Gas)	Gas	$1,140,571	$960,615	$(179,956)
Narragansett Electric	Multiple	$257,940	$232,716	$(25,224)
Narragansett Gas	Gas	$128,755	$326,248	$197,493
National Grid USA & KeySpan Energy Corporation[12]	Multiple	$15,741	$306,631	$290,890
New England Power Company	Multiple	$62,290	$165,211	$102,921
New Hampshire (Granite State Electric & Energy North)	Multiple	$128,550	$138,078	$9,528
Niagara Mohawk Power Corporation-Electric	Multiple	$707,534	$850,028	$142,494
Niagara Mohawk Power Corporation-Gas	Gas	$123,934	$196,269	$72,335
All Other Companies	Multiple	$126,410	$183,004	$56,594
TOTALS		**$ 6,043,604**	**$6,043,604**	**$-**

[12] In addition to the reallocations to National Grid USA Parent and/or KeySpan Corporation as the holding companies, these reallocations also include the accumulation of "below the line" charges.

Appendix F

Employee Expense: Decision Tree



Appendix G

Employee Expense: Summary of Proposed Net Adjustments to Allocations

System/ Origination	Period	Sample Size		Summary of Gross Adjustments	
		$	Line Items	$	Line Items
PeopleSoft	Jan-Dec 2011	$7,328,291	111,178	$82,754	816
Oracle	Jan-Dec 2011	$6,322,373	40,060	$104,829	311
TOTALS		**$13,650,664**	**151,238**	**$187,583**	**1,127**

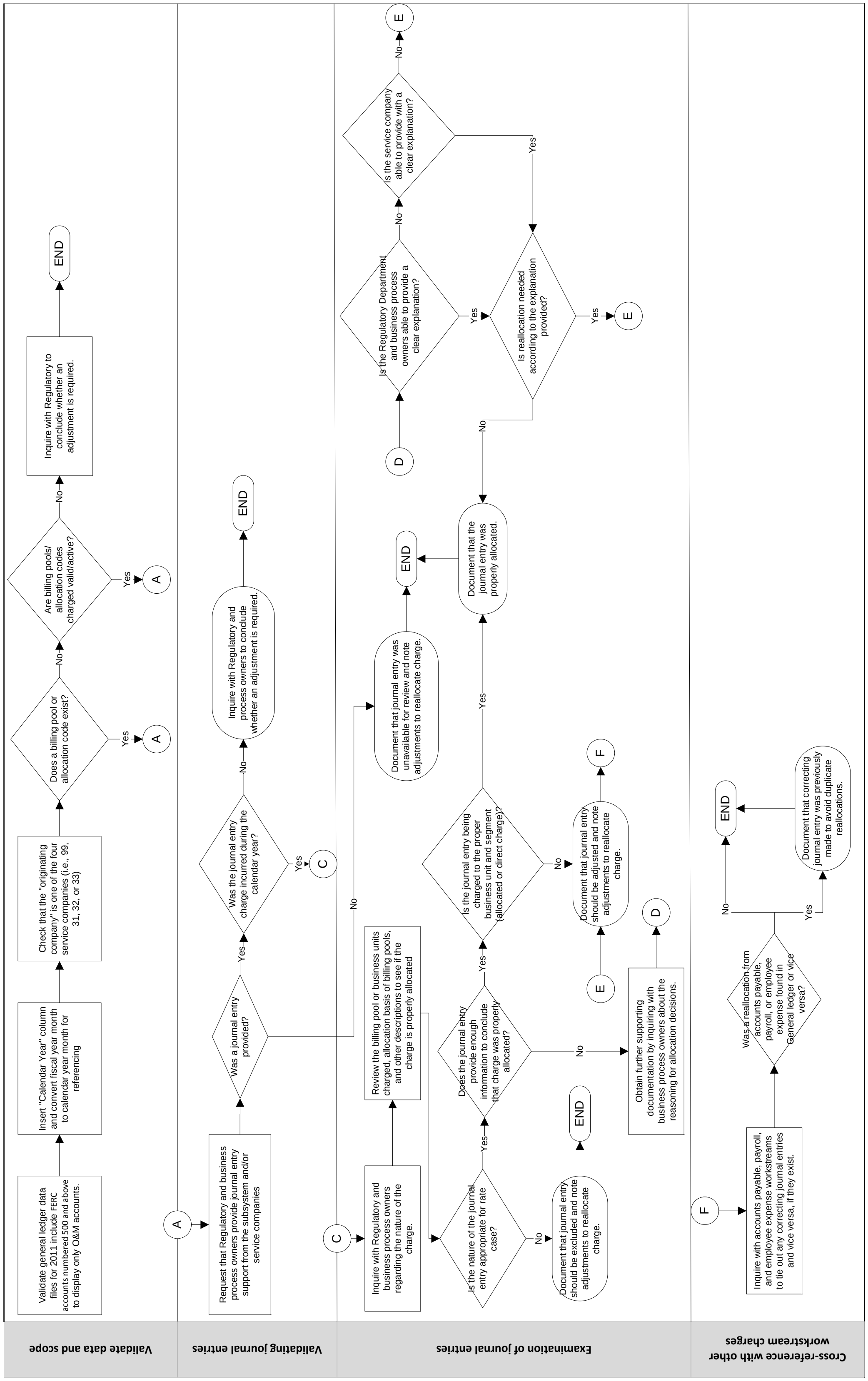
Employee Expense: Summary by Company of Proposed Net Adjustments to Allocations

Company (BU) Description	Segment	Amount Allocated from Company	Amount Allocated to Company	Net Impact of Adjustments
KEDLI	Gas	$12,598	$4,528	$(8,070)
KEDNY	Gas	$25,364	$7,811	$(17,553)
KeySpan Electric Services (LIPA)	Electric	$17,394	$7,440	$(9,954)
KeySpan Generation	Gen	$9,996	$3,411	$(6,585)
Massachusetts Electric & Nantucket Electric	Multiple	$20,205	$8,471	$(11,734)
Massachusetts Gas (Boston Gas & Colonial Gas)	Gas	$26,490	$6,507	$(19,983)
Narragansett Electric	Multiple	$16,306	$3,279	$(13,027)
Narragansett Gas	Gas	$3,287	$2,234	$(1,053)
National Grid USA & KeySpan Energy Corporation[13]	Multiple	$441	$118,411	$117,970
New England Power Company	Multiple	$10,795	$1,085	$(9,710)
New Hampshire (Granite State Electric & Energy North)	Multiple	$2,654	$833	$(1,821)
Niagara Mohawk Power Corporation-Electric	Multiple	$32,763	$19,061	$(13,702)
Niagara Mohawk Power Corporation-Gas	Gas	$4,254	$3,523	$(731)
All Other Companies	Multiple	$5,036	$989	$(4,047)
TOTALS		**$ 187,583**	**$187,583**	**$-**

[13] In addition to the reallocations to National Grid USA Parent and/or KeySpan Corporation as the holding companies, these reallocations also include the accumulation of "below the line" charges.

Appendix H

General Ledger Journal Entries: Decision Tree



Appendix I

General Ledger Journal Entries: Summary by Journal Entry Category of Proposed Net Adjustments to Allocations

Journal Entry Category	System/ Origination	Period	Sample Size		Summary of Gross Adjustments	
			$	Line Items	$	Line Items
Accounts Receivable	PeopleSoft	Jan-Dec 2011	$(1,345)	2	$(40)	1
Adjusting Entries	PeopleSoft	Jan-Dec 2011	$69,407,945	136	$215,250	76
Billing	PeopleSoft	Jan-Dec 2011	$(756,271)	43		
Inventory	PeopleSoft	Jan-Dec 2011	$4,229,387	542	$51	1
Online	PeopleSoft	Jan-Dec 2011	$3,962,076	95	$(23,748)	6
PowerPlant Projects	PeopleSoft	Jan-Dec 2011	$1,213,855	1,743		
SUT Accounting Adjustments	PeopleSoft	Jan-Dec 2011	$486	28		
Spreadsheet Import	PeopleSoft	Jan-Dec 2011	$28,939,011	1020	$(406,281)	2
Spreadsheet Import	PeopleSoft:Non-99	Jan-Dec 2011	$31,948,067	326	$47,917	1
Adjusting Entries	PeopleSoft:Non-99	Jan-Dec 2011	$39,722	25		
Online	PeopleSoft:Non-99	Jan-Dec 2011	$3,856,530	173		
Manual	Oracle	Jan-Dec 2011	(1,208,890)	39	$5,525	1
Recurring	Oracle	Jan-Dec 2011	7,494,579	46		
Spreadsheet	Oracle	Jan-Dec 2011	36,003,941	1,469		
TOTALS			**$185,129,093**	**5,687**	**$(161,326)**	**88**

General Ledger Journal Entries: Summary by Company of Proposed Net Adjustments to Allocations

Company (BU) Description	Segment	Amount Allocated from Company	Amount Allocated to Company	Net Impact of Adjustments
KEDLI	Gas	$5,401	$16,871	$11,470
KEDNY	Gas	$(221)	$32,858	$33,079
KeySpan Electric Services (LIPA)	Electric	$(184)	$23,629	$23,813
KeySpan Generation	Gen	$29,217	$15,911	$(13,306)
Massachusetts Electric & Nantucket Electric	Multiple	$198,877	$151,897	$(46,980)
Massachusetts Gas (Boston Gas & Colonial Gas)	Gas	$(185)	$28,360	$28,545
Narragansett Electric	Multiple	$69,505	$48,980	$(20,525)
Narragansett Gas	Gas	$47,674	$34,749	$(12,925)
National Grid USA & KeySpan Energy Corporation[14]	Multiple	$-	$(648,787)	$(648,787)
New England Power Company	Multiple	$33,104	$14,459	$(18,645)
New Hampshire (Granite State Electric & Energy North)	Multiple	$(719,132)	$4,567	$723,699
Niagara Mohawk Power Corporation-Electric	Multiple	$139,215	$110,748	$(28,467)
Niagara Mohawk Power Corporation-Gas	Gas	$27,930	$17,536	$(10,394)
All Other Companies	Multiple	$7,473	$(13,104)	$(20,577)
TOTALS		**$ (161,326)**	**$(161,326)**	**$-**

[14] In addition to the reallocations to National Grid USA Parent and/or KeySpan Corporation as the holding companies, these reallocations also include the accumulation of "below the line" charges.

Schedule MDL-2

Reallocation of Test Year Service Company Costs

The Narragansett Electric Company d/b/a National Grid
Summary Impact of Reallocations Based on Proposed Revised Allocators
Calendar Year 2011

CY 2011 by Company

Company	(a) As booked	(b) As Proposed	(c) Difference
Boston Gas Company	188,275,995	190,836,979	2,560,984
Colonial Gas	39,508,601	41,467,876	1,959,275
Energy North	20,804,447	20,301,865	(502,581)
EUA Energy Investment	3,730	3,730	0
Granite State Electric Company	20,683,833	21,739,604	1,055,771
GridAmerica Holdings	545	545	-
KEDLI	168,928,028	178,774,185	9,846,157
KEDNY	197,466,461	199,625,380	2,158,919
Keyspan Corporate Services	8,534,603	8,534,603	-
Keyspan Electric Services	254,282,874	253,418,048	(864,826)
Keyspan Energy Corp	19,406,535	14,307,370	(5,099,166)
Keyspan Energy Develop	3,172,425	2,864,104	(308,322)
Keyspan Engineering Services	18,456	18,456	-
Keyspan Services Inc	2,469,880	1,914,288	(555,592)
KS Energy Corp - West Hold	(279)	(279)	-
KS Energy Management	(46)	(46)	-
KS Energy Trading Services	1,724,687	1,678,376	(46,311)
KS Generation	107,464,185	102,351,066	(5,113,119)
KS Glenwood Energy	4,967,612	5,076,921	109,309
KS Holding Company West	25	25	-
KS LNG Regulated	37,353	37,353	0
KS New England	302,347	302,347	-
KS Port Jefferson Energy	6,659,875	6,773,032	113,157
KS Technologies Inc	426	426	-
Massachusetts Electric	399,884,199	405,084,818	5,200,619
Metrowest Realty	106,129	106,129	(0)
Nantucket Electric	3,749,130	4,182,326	433,196
Narragansett Electric	245,981,179	251,169,692	5,188,513
Narragansett Gas	102,023,202	96,741,309	(5,281,893)
National Grid Billing Entity	3,620,035	3,620,035	(0)
National Grid Service Company USA	(63,143,492)	(63,143,344)	148
National Grid Trans Services	22,346	20,050	(2,296)
National Grid USA	43,242,110	44,012,155	770,046
NE Hydro - Finance Co	2,700	2,700	-
NE Hydro - Trans Corp	1,253,115	1,311,875	58,760
NE Hydro - Trans Electric Co	4,214,118	4,342,666	128,548
NEES Energy	(16,837)	(16,837)	0
New England Electric Trans Co	1,923,212	1,617,717	(305,496)
New England Power Company	208,125,364	211,625,983	3,500,619
Newport America Corporation	689	689	-
Niagara Mohawk Holdings	229	229	(0)
Niagara Mohawk Power Corporation-ELEC	555,072,030	540,228,121	(14,843,909)
Niagara Mohawk Power Corporation-GAS	61,459,963	61,861,839	401,876
Opinac NA	4,200	4,200	-
Prudence Corporation	144	144	-
Seneca-Upshur Petroleum	972,605	375,022	(597,583)
Valley Appliance & Merchandise	362,735	362,736	0
Wayfinder Group	(4,086)	31,110	35,196
	2,613,567,616	2,613,567,616	0

column (a) = Actual amount booked by company. See Exhibit 2A
column (b) = Amount charged by company based on proposed revised allocators. See Exhibit 2B
column (c) = column (b) minus column (a)

CY 2011 by Groups of Companies and Certain Individual Companies

Company	Original	Proposed	Difference
MA GAS	227,784,596	232,304,855	4,520,259
NH	41,488,280	42,041,470	553,190
KEDLI	168,928,028	178,774,185	9,846,157
KEDNY	197,466,461	199,625,380	2,158,919
Keyspan Electric Services	254,282,874	253,418,048	(864,826)
MA Electric & Nantucket	6,692,299	6,755,297	62,998
Rhode Island Electric & Gas	37,377	37,378	0
New England Power Company	(63,143,492)	(63,143,344)	148
Niagara Mohawk Power Corporation	43,242,110	44,012,155	770,046
Other	1,736,789,084	1,719,742,193	(17,046,891)
	2,613,567,616	2,613,567,616	0

The Narragansett Electric Company d/b/a National Grid
Summary of Actual Amounts by Company & Category
Calendar Year 2011

	As booked by company				
	(a)	(b)	(c)	(d)	(e)
Company	Direct Capital	Direct Below Line	Direct	Bill Pool	Grand Total
Boston Gas Company	44,182,582	1,715,695	61,056,813	81,320,905	188,275,995
Colonial Gas	9,253,264	331,974	13,251,421	16,671,942	39,508,601
Energy North	4,365,575	416,032	6,700,955	9,321,885	20,804,447
EUA Energy Investment	-	(1)	3,742	(12)	3,730
Granite State Electric Company	12,244,747	483,091	4,310,971	3,645,025	20,683,833
GridAmerica Holdings	-	234	311	-	545
KEDLI	64,067,472	5,720,467	24,466,751	74,673,338	168,928,028
KEDNY	44,765,053	6,925,690	56,776,308	88,999,410	197,466,461
Keyspan Corporate Services	8,534,603	-	-	-	8,534,603
Keyspan Electric Services	97,098,117	6,385,772	40,469,916	110,329,069	254,282,874
Keyspan Energy Corp	403,293	(1,053,554)	14,944,338	5,112,458	19,406,535
Keyspan Energy Develop	(285,229)	9,159	2,822,788	625,708	3,172,425
Keyspan Engineering Services	18,456	-	-	-	18,456
Keyspan Services Inc	762,559	8,037	999,509	699,774	2,469,880
KS Energy Corp - West Hold	-	-	(279)	-	(279)
KS Energy Management	-	-	(46)	-	(46)
KS Energy Trading Services	3,992	56,883	1,328,571	335,241	1,724,687
KS Generation	26,424,557	1,821,883	51,480,968	27,736,777	107,464,185
KS Glenwood Energy	1,683,940	56,473	2,700,195	527,005	4,967,612
KS Holding Company West	25	-	-	-	25
KS LNG Regulated	-	24	29,978	7,351	37,353
KS New England	35,144	-	267,203	-	302,347
KS Port Jefferson Energy	4,104,326	65,914	1,930,642	558,993	6,659,875
KS Technologies Inc	-	-	426	-	426
Massachusetts Electric	138,858,710	7,482,278	130,548,071	122,995,140	399,884,199
Metrowest Realty	68,565	1,398	35,959	208	106,129
Nantucket Electric	1,733,302	80,930	813,610	1,121,289	3,749,130
Narragansett Electric	150,634,155	2,639,740	48,802,007	43,905,277	245,981,179
Narragansett Gas	53,651,711	1,341,248	21,558,495	25,471,748	102,023,202
National Grid Billing Entity	4,430	99,321	3,499,014	17,270	3,620,035
National Grid Service Company USA	(63,143,492)	148	-	(148)	(63,143,492)
National Grid Trans Services	(4,449)	329	24,219	2,247	22,346
National Grid USA	(7,528,957)	37,784,366	12,033,075	953,625	43,242,110
NE Hydro - Finance Co	-	-	2,700	-	2,700
NE Hydro - Trans Corp	541,165	47,844	160,436	503,671	1,253,115
NE Hydro - Trans Electric Co	715,629	163,126	2,907,350	428,014	4,214,118
NEES Energy	-	(0)	(16,858)	21	(16,837)
New England Electric Trans Co	(472,967)	16,367	1,975,605	404,207	1,923,212
New England Power Company	145,044,294	2,192,824	44,976,322	15,911,924	208,125,364
Newport America Corporation	-	-	689	-	689
Niagara Mohawk Holdings	70	8	151	0	229
Niagara Mohawk Power Corporation-ELEC	269,525,725	(12,740,376)	119,746,243	178,540,438	555,072,030
Niagara Mohawk Power Corporation-GAS	12,702,864	1,951,380	11,638,898	35,166,821	61,459,963
Opinac NA	4,200	-	-	-	4,200
Prudence Corporation	-	-	144	-	144
Seneca-Upshur Petroleum	130,954	11,452	66,178	764,021	972,605
Valley Appliance & Merchandise	159,345	22,651	180,556	183	362,735
Wayfinder Group	(16,830)	(5,729)	17,450	1,022	(4,086)
Grand Total	1,020,270,900	64,033,077	682,511,795	846,751,844	2,613,567,616

Column (a) = actual CY 2010 charges booked directly to capital accounts
Column (b) = actual CY 2010 charges booked directly below the line
Column (c) = actual CY 2010 charges booked directly to above the line, non-capital accounts
Column (d) = actual CY 2010 charges booked to a bill pool for allocation (including clearing). See Exhibit 2C for detail
Column (e) = sum of columns a through d

	As booked by groups of companies and certain individual companies				
Company	Direct Capital	Direct Below Line	Direct	Bill Pool	Grand Total
MA GAS	13,618,839	748,006	19,952,376	25,993,827	60,313,047
NH	-	233	4,053	(12)	4,275
KEDLI	8,534,603	-	-	-	8,534,603
KEDNY	97,098,117	6,385,772	40,469,916	110,329,069	254,282,874
Keyspan Electric Services	(285,229)	9,159	2,822,788	625,708	3,172,425
MA Electric & Nantucket	26,424,557	1,821,883	51,480,923	27,736,777	107,464,140
Rhode Island Electric & Gas	1,683,964	56,473	2,700,195	527,005	4,967,636
New England Power Company	4,430	99,321	3,499,014	17,270	3,620,035
Niagara Mohawk Power Corporation	(4,449)	329	24,219	2,247	22,346
Other	873,196,067	54,911,902	561,558,312	681,519,953	2,171,186,235
	1,020,270,900	64,033,077	682,511,795	846,751,844	2,613,567,616

The Narragansett Electric Company d/b/a National Grid
Summary of Proposed Amounts by Company & Category
Calendar Year 2011

	As proposed by company				
	(a)	(b)	(c)	(d)	(e)
Company	Direct Capital	Direct Below Line	Direct	Bill Pool	Grand Total
Boston Gas Company	44,182,582	1,715,695	61,056,813	83,881,889	190,836,979
Colonial Gas	9,253,264	331,974	13,251,421	18,631,218	41,467,876
Energy North	4,365,575	416,032	6,700,955	8,819,303	20,301,865
EUA Energy Investment	-	(1)	3,742	(11)	3,730
Granite State Electric Company	12,244,747	483,091	4,310,971	4,700,796	21,739,604
GridAmerica Holdings	-	234	311	-	545
KEDLI	64,067,472	5,720,467	24,466,751	84,519,495	178,774,185
KEDNY	44,765,053	6,925,690	56,776,308	91,158,329	199,625,380
Keyspan Corporate Services	8,534,603	-	-	-	8,534,603
Keyspan Electric Services	97,098,117	6,385,772	40,469,916	109,464,242	253,418,048
Keyspan Energy Corp	403,293	(1,053,554)	14,944,338	13,292	14,307,370
Keyspan Energy Develop	(285,229)	9,159	2,822,788	317,386	2,864,104
Keyspan Engineering Services	18,456	-	-	-	18,456
Keyspan Services Inc	762,559	8,037	999,509	144,182	1,914,288
KS Energy Corp - West Hold	-	-	(279)	-	(279)
KS Energy Management	-	-	(46)	-	(46)
KS Energy Trading Services	3,992	56,883	1,328,571	288,930	1,678,376
KS Generation	26,424,557	1,821,883	51,480,968	22,623,658	102,351,066
KS Glenwood Energy	1,683,940	56,473	2,700,195	636,314	5,076,921
KS Holding Company West	25	-	-	-	25
KS LNG Regulated	-	24	29,978	7,351	37,353
KS New England	35,144	-	267,203	-	302,347
KS Port Jefferson Energy	4,104,326	65,914	1,930,642	672,150	6,773,032
KS Technologies Inc	-	-	426	-	426
Massachusetts Electric	138,858,710	7,482,278	130,548,071	128,195,759	405,084,818
Metrowest Realty	68,565	1,398	35,959	208	106,129
Nantucket Electric	1,733,302	80,930	813,610	1,554,485	4,182,326
Narragansett Electric	150,634,155	2,639,740	48,802,007	49,093,790	251,169,692
Narragansett Gas	53,651,711	1,341,248	21,558,495	20,189,855	96,741,309
National Grid Billing Entity	4,430	99,321	3,499,014	17,270	3,620,035
National Grid Service Company USA	(63,143,492)	148	-	-	(63,143,344)
National Grid Trans Services	(4,449)	329	24,219	(49)	20,050
National Grid USA	(7,528,957)	37,784,366	12,033,075	1,723,671	44,012,155
NE Hydro - Finance Co	-	-	2,700	-	2,700
NE Hydro - Trans Corp	541,165	47,844	160,436	562,431	1,311,875
NE Hydro - Trans Electric Co	715,629	163,126	2,907,350	556,561	4,342,666
NEES Energy	-	(0)	(16,858)	21	(16,837)
New England Electric Trans Co	(472,967)	16,367	1,975,605	98,712	1,617,717
New England Power Company	145,044,294	2,192,824	44,976,322	19,412,543	211,625,983
Newport America Corporation	-	-	689	-	689
Niagara Mohawk Holdings	70	8	151	-	229
Niagara Mohawk Power Corporation-ELEC	269,525,725	(12,740,376)	119,746,243	163,696,528	540,228,121
Niagara Mohawk Power Corporation-GAS	12,702,864	1,951,380	11,638,898	35,568,698	61,861,839
Opinac NA	4,200	-	-	-	4,200
Prudence Corporation	-	-	144	-	144
Seneca-Upshur Petroleum	130,954	11,452	66,178	166,438	375,022
Valley Appliance & Merchandise	159,345	22,651	180,556	183	362,736
Wayfinder Group	(16,830)	(5,729)	17,450	36,219	31,110
	1,020,270,900	64,033,077	682,511,795	846,751,844	2,613,567,616

Column (a) = proposed CY 2010 charges booked directly to capital accounts
Column (b) = proposed CY 2010 charges booked directly below the line
Column (c) = proposed CY 2010 charges booked directly to above the line, non-capital accounts
Column (d) = proposed CY 2010 charges booked to a bill pool for allocation (including clearing), See Exhibit 2D for detail
Column (e) = sum of columns a through d

	As proposed by groups of companies and certain individual companies				
Company	Direct Capital	Direct Below Line	Direct	Bill Pool	Grand Total
MA GAS	53,435,846	2,047,670	74,308,234	102,513,107	232,304,855
NH	16,610,322	899,123	11,011,926	13,520,099	42,041,470
KEDLI	64,067,472	5,720,467	24,466,751	84,519,495	178,774,185
KEDNY	44,765,053	6,925,690	56,776,308	91,158,329	199,625,380
Keyspan Electric Services	97,098,117	6,385,772	40,469,916	109,464,242	253,418,048
MA Electric & Nantucket	762,559	8,037	999,463	144,182	1,914,242
Rhode Island Electric & Gas	26,428,549	1,878,766	52,809,539	22,912,588	104,029,442
New England Power Company	150,634,155	2,639,740	48,802,007	49,093,790	251,169,692
Niagara Mohawk Power Corporation	4,430	99,321	3,499,014	17,270	3,620,035
Other	566,464,396	37,428,492	369,368,637	373,408,743	1,346,670,268
	1,020,270,900	64,033,077	682,511,795	846,751,844	2,613,567,616

The Narragansett Electric Company d/b/a National Grid
Summary of Actual Amounts by Bill Pool & Groups of Companies and Certain Individual Companies
Calendar Year 2011

Line No.	Bill Pool	(a) KEDLI	(b) KEDNY	(c) Narragansett Electric	(d) Narragansett Gas	(e) Niagara Mohawk Power Corporation-ELEC	(f) Niagara Mohawk Power Corporation-GAS	(g) All Other Companies	(k) Grand Total
1	Aerial - Grid NE &NY Electric	$ -	$ -	$ 767	$ -	$ 4,209	$ -	$ 2,397	$ 7,373
2	Bills - KS - Gas - MA Only	-	-	-	-	-	-	1,829,260	1,829,260
3	Bills - KS - Gas - NE only	-	-	-	-	-	-	4,949,164	4,949,164
4	Bills - KS - LIPA & KEDLI	138,745	-	-	-	-	-	263,450	402,195
5	Calls - KS - Gas - NE only	-	-	-	-	-	-	6,270,770	6,270,770
6	Calls - KS - Gas - NE only & KEDNY	-	4,467,746	-	-	-	-	1,532,912	6,000,658
7	Calls - KS - LIPA & KEDLI	5,830,610	-	-	-	-	-	13,484,780	19,315,390
8	Clearing	7,224,719	8,039,661	(395,716)	3,133,678	(976,170)	1,815,251	9,947,433	28,788,857
9	Customers - Grid NE Retail	-	-	9,189,611	-	-	-	25,180,774	34,370,385
10	Data Center - Grid DIST, TRAN, GAS incl Parent & INTE	-	-	868,998	58,727	2,724,779	528,740	2,432,134	6,613,379
11	Employees - Grid - Dist - NE only	-	-	662,449	-	-	-	1,888,869	2,551,318
12	Employees - Grid & KS - All (exlcuding Parent)	1,753,415	3,658,798	1,112,650	988,424	8,323,824	1,985,656	12,917,958	30,740,724
13	Employees - Grid & KS - Dist & Gas - NE only	-	-	91,080	80,683	-	-	605,151	776,914
14	Employees - Grid & KS - Dist, Tran & Gen (regulated)	-	-	69,583	-	518,195	-	544,333	1,132,111
15	Employees - Grid & KS - Gas	44,057	92,112	-	24,325	-	46,352	102,652	309,497
16	Employees - Grid & KS - Gas - NE only	-	-	-	16,626	-	-	70,879	87,505
17	Employees - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	1,040,189	2,173,903	1,045,018	751,660	6,124,811	1,254,373	7,327,117	19,717,070
18	Employees - Grid & KS NE Gas	-	-	-	170,885	-	-	455,499	626,384
19	Employees - Grid inc parent & INTE	-	-	187,129	122,615	190,637	39,044	654,204	1,193,630
20	Employees - Grid inc parent & INTE (NO NEET)	-	-	126,017	85,825	703,800	144,209	457,798	1,517,650
21	Employees - KS - All (excl KS Corp, PJ & Glenwood)	46,644	99,214	-	-	-	-	245,159	391,018
22	Employees - KS - All (excluding KS Corp)	334,309	696,322	-	-	-	-	1,826,711	2,857,343
23	Employees - KS - All NY (excl PJ, Glenwood & KS Corp)	7,736	16,094	-	-	-	-	24,049	47,879
24	Employees - KS - Dist & Gas	754	1,577	-	-	-	-	3,020	5,351
25	Employees - KS - Dist & Gas & KS Generation (all LI)	56,513	-	-	-	-	-	164,118	220,631
26	Employees - KS - Dist & Gen	-	-	-	-	-	-	240,503	240,503
27	Employees - KS - Dist & Gen (Excl PJ & Glenwood)	-	-	-	-	-	-	4,676	4,676
28	Employees - KS - Dist, Gas & Gen - LI only	49,858	-	-	-	-	-	145,455	195,313
29	Employees - KS - Dist, Gas & Gen - NY only	323,797	675,080	-	-	-	-	983,894	1,982,771
30	Employees - KS - Dist, Gas & Gen - NY only (excl PJ & Glenwood) & KSI	2,315	4,828	-	-	-	-	6,885	14,027
31	Employees - KS - Dist, Gas & Gen - NY only (excl PJ & Glenwood) & KSI & KS Energy Development	13,133	28,352	-	-	-	-	39,774	81,259
32	Employees - KS - Dist, Gas & Gen (incl KSI)	576,704	1,204,401	-	-	-	-	3,077,428	4,858,532
33	Employees - KS - Dist, Gas, Gen - NY Only	412,188	855,306	-	-	-	-	1,200,697	2,468,191
34	Employees - KS - Dist, Gas, Gen & Energy Trading	1,872,792	3,918,271	-	-	-	-	9,846,707	15,637,770
35	Employees - KS - Dist, Gas, Gen (excl PJ & Glenwood) - NY only	516,804	1,075,767	-	-	-	-	1,502,064	3,094,635
36	Employees - KS - Gas	(21,011)	(43,398)	-	-	-	-	(50,412)	(114,821)
37	Employees - KS - Gas - NE only	-	-	-	-	-	-	1,916,932	1,916,932
38	Employees - KS - Gen	-	-	-	-	-	-	50,103	50,103
39	Employees - KS - KEDLI & KEDNY	121,785	253,745	-	-	-	-	-	375,530
40	Employees - KS - LIPA & KEDLI	15,155	-	-	-	-	-	25,665	40,820
41	Employees - KS DIST, GAS, GEN, NREG	40,517	86,346	-	-	-	-	171,879	298,742
42	Engineering O&M - Grid NE DIST	-	-	729,263	-	-	-	2,276,758	3,006,021
43	Facilities - Grid All incl parent & Wayfinder	-	-	157,045	50,244	328,245	67,230	790,583	1,393,347
44	G&A - Grid - All (excl Parent)	-	-	1,169,879	757,594	6,758,695	1,127,136	4,421,546	14,234,850
45	G&A - Grid - All (excl Parent) - NE only	-	-	231,298	158,518	-	-	841,045	1,230,861
46	G&A - Grid - All (incl Parent & INTE)	-	-	(27,311)	(15,694)	(117,707)	(30,139)	(82,478)	(273,328)
47	G&A - Grid - Dist	-	-	2,788,160	-	13,208,918	-	8,938,783	24,935,861
48	G&A - Grid - Dist - NE only	-	-	2,207,075	-	-	-	6,963,964	9,171,039
49	G&A - Grid - Dist & Gas	-	-	548,435	403,059	2,659,805	523,027	1,803,681	5,938,007
50	G&A - Grid - Dist & Gas - NE only	-	-	314,545	230,048	-	-	1,028,646	1,573,239
51	G&A - Grid - Dist & Gas - RI only	-	-	39,083	22,904	-	-	-	61,988
52	G&A - Grid - Dist & Tran	-	-	1,142,128	-	6,210,441	-	4,038,910	11,391,480
53	G&A - Grid - Dist & Tran - NE only	-	-	48,918	-	-	-	172,599	221,517

The Narragansett Electric Company d/b/a National Grid
Summary of Actual Amounts by Bill Pool & Groups of Companies and Certain Individual Companies
Calendar Year 2011

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(k)
Line No.	Bill Pool	KEDLI	KEDNY	Narragansett Electric	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
54	G&A - Grid - Dist, Tran & Gas - RI only	-	-	524,023	353,938	-	-	-	877,961
55	G&A - Grid - Dist, Tran, Gas & Parent	-	-	1,056	720	5,648	1,004	7,814	16,242
56	G&A - Grid - NEP & INTE companies	-	-	-	-	-	-	511,494	511,494
57	G&A - Grid - NIMO Dist & Gas	-	-	-	-	14,385,036	2,945,396	-	17,330,431
58	G&A - Grid - NIMO Dist & Tran	-	-	-	-	4,141,694	-	-	4,141,694
59	G&A - Grid - NIMO Only	-	-	-	-	11,818,274	2,420,616	-	14,238,890
60	G&A - Grid - Ops Companies	-	-	1,037,550	701,808	5,619,842	988,503	3,705,791	12,053,496
61	G&A - Grid - Ops Companies - NE only	-	-	1,459,886	999,381	-	-	5,176,174	7,635,441
62	G&A - Grid - RI Dist & Tran	-	-	(371,825)	-	-	-	-	(371,825)
63	G&A - Grid - Trans	-	-	738,863	-	9,175,015	-	5,791,218	15,705,097
64	G&A - Grid - Trans - NE only	-	-	29,738	-	-	-	259,458	289,197
65	G&A - Grid & KS - All (exlcuding Parent)	12,854,595	21,544,698	11,412,478	7,728,796	57,399,733	10,297,559	94,658,758	215,896,617
66	G&A - Grid & KS - All (incl Parent, excl PJ, Glenwood,Seneca, KSI)	11,170	15,488	8,162	4,764	35,942	8,766	59,649	143,942
67	G&A - Grid & KS - All KS & MECO	15,194	22,159	-	-	-	-	82,541	119,894
68	G&A - Grid & KS - All KS & Narragansett	19,262	28,655	-	9,831	-	-	68,902	126,650
69	G&A - Grid & KS - All NY	5,981	8,808	-	-	22,283	3,832	13,367	54,271
70	G&A - Grid & KS - Dist	-	-	439,602	-	2,011,053	-	2,104,045	4,554,700
71	G&A - Grid & KS - Dist & Gas	2,338,736	3,709,448	1,927,259	1,278,727	8,861,494	1,850,120	12,401,785	32,367,570
72	G&A - Grid & KS - Dist & Gas - MA Only	-	-	-	-	-	-	1,436,301	1,436,301
73	G&A - Grid & KS - Dist & Gas - NE only	-	-	832,683	573,211	-	-	3,954,180	5,360,074
74	G&A - Grid & KS - Dist & Gas - NH Only	-	-	-	-	-	-	905,002	905,002
75	G&A - Grid & KS - Dist & Gas - NY Only	470,298	690,815	-	-	1,670,008	300,422	-	3,131,543
76	G&A - Grid & KS - Dist & Gas (excl LIPA)	2,689	4,816	2,583	1,794	13,199	2,602	13,810	41,494
77	G&A - Grid & KS - Dist & Gen	-	-	485,488	-	2,250,027	-	2,776,950	5,512,465
78	G&A - Grid & KS - Dist, Gas & Gen	5,640	8,243	4,327	2,647	18,888	3,519	28,855	72,119
79	G&A - Grid & KS - Dist, Gen & Gas	41,081	75,167	39,471	28,491	193,679	38,162	308,420	724,471
80	G&A - Grid & KS - Dist, Tran & Gas	181,113	265,033	145,380	83,308	645,432	110,465	699,166	2,129,897
81	G&A - Grid & KS - Dist, Tran & Gas - NY Only	259,192	468,035	-	-	1,443,263	246,992	-	2,417,482
82	G&A - Grid & KS - Dist, Tran & Gen (regulated)	-	-	213,343	-	1,086,604	-	1,272,133	2,572,079
83	G&A - Grid & KS - Dist, Tran, Gas	178,972	320,576	171,873	119,444	1,013,561	173,180	992,884	2,970,489
84	G&A - Grid & KS - Dist, Tran, Gas & Gen (excl LIPA)	108,749	194,764	104,421	72,570	615,816	105,225	713,722	1,915,266
85	G&A - Grid & KS - Dist, Tran, Gas & Gen (regulated)	225,341	393,813	212,372	144,133	1,226,080	210,684	1,697,325	4,109,748
86	G&A - Grid & KS - FERC (KS Gen, MECO tran, NECO tran, NEP, INTE companies)	-	-	2,317	-	-	-	46,559	48,876
87	G&A - Grid & KS - Gas	7,860,327	12,017,527	-	4,106,202	-	6,006,924	10,047,896	40,038,877
88	G&A - Grid & KS - Gas - NE only	-	-	-	1,389,522	-	-	3,514,660	4,904,182
89	G&A - Grid & KS - Gas - NY only	762,309	1,132,845	-	-	-	562,463	-	2,457,617
90	G&A - Grid & KS - NGUSA & LIPA	-	-	-	-	-	-	109,177	109,177
91	G&A - Grid & KS - Tran, Gen & INTE	-	-	81,027	-	-	-	2,557,419	2,638,446
92	G&A - Grid & KS - Trans	-	-	16,327	-	128,593	-	143,329	288,249
93	G&A - KS - All	383,964	576,766	-	-	-	-	1,377,716	2,338,446
94	G&A - KS - All (excl KSI & KS Corp)	155	223	-	-	-	-	510	889
95	G&A - KS - All (excl Seneca, PJ & Glenwood)	7,901	11,354	-	-	-	-	28,054	47,309
96	G&A - KS - All (excluding Energy Trading & Energy Corp)	(158,398)	(335,576)	-	-	-	-	(602,905)	(1,096,879)
97	G&A - KS - All (excluding KS Corp)	611,654	895,553	-	-	-	-	4,641,715	6,148,922
98	G&A - KS - All NY (excl Seneca)	38,608	57,402	-	-	-	-	91,966	187,977
99	G&A - KS - All NY (excl Seneca, PJ, Glenwood & LIPA)	5,411	7,672	-	-	-	-	10,967	24,050
100	G&A - KS - Dist & Gas	224,099	363,692	-	-	-	-	662,828	1,250,620
101	G&A - KS - Dist & Gas - NY only	700,738	1,067,626	-	-	-	-	1,049,750	2,818,114
102	G&A - KS - Dist & Gas & KS Generation (all LI)	67,864	-	-	-	-	-	136,016	203,880
103	G&A - KS - Dist & Gen	-	-	-	-	-	-	1,214,741	1,214,741
104	G&A - KS - Dist & Gen (Excl PJ & Glenwood)	-	-	-	-	-	-	5,247,337	5,247,337
105	G&A - KS - Dist, Gas & KS Generation	200,665	299,586	-	-	-	-	404,843	905,094
106	G&A - KS - Dist, Gas & Gen - LI only	569,170	-	-	-	-	-	1,157,757	1,726,927

The Narragansett Electric Company d/b/a National Grid
Summary of Actual Amounts by Bill Pool & Groups of Companies and Certain Individual Companies
Calendar Year 2011

Line No.	Bill Pool	(a) KEDLI	(b) KEDNY	(c) Narragansett Electric	(d) Narragansett Gas	(e) Niagara Mohawk Power Corporation-ELEC	(f) Niagara Mohawk Power Corporation-GAS	(g) All Other Companies	(k) Grand Total
107	G&A - KS - Dist, Gas & Gen - NY only	107,602	161,071	-	-	-	-	238,354	507,027
108	G&A - KS - Dist, Gas & Gen - NY only (excl PJ & Glenwood)	656,764	978,432	-	-	-	-	1,330,793	2,965,989
109	G&A - KS - Dist, Gas & Gen & KS Corp	13,830	20,443	-	-	-	-	47,339	81,612
110	G&A - KS - Dist, Gas & Gen (incl KSI)	27,812	44,514	-	-	-	-	96,659	168,985
111	G&A - KS - Dist, Gas & KSI	1,301	1,945	-	-	-	-	3,640	6,887
112	G&A - KS - Dist, Gas, Gen - NY Only	47,561	71,576	-	-	-	-	99,082	218,219
113	G&A - KS - Dist, Gas, Gen & Energy Trading	480,164	715,709	-	-	-	-	1,556,881	2,752,754
114	G&A - KS - Dist, Gas, Gen & KSI & KS Corp	10,208	15,150	-	-	-	-	35,627	60,985
115	G&A - KS - Gas	1,580,489	2,373,178	-	-	-	-	1,868,702	5,822,369
116	G&A - KS - Gas - MA Only	-	-	-	-	-	-	3,697,901	3,697,901
117	G&A - KS - Gas - NE only	-	-	-	-	-	-	17,144,337	17,144,337
118	G&A - KS - Gas - NE only & KEDNY	-	40,990	-	-	-	-	35,047	76,036
119	G&A - KS - Gas (excluding LI)	-	1,269,378	-	-	-	-	1,347,533	2,616,910
120	G&A - KS - Gas, KSI & KEC	38,304	54,967	-	-	-	-	59,305	152,577
121	G&A - KS - Gen	-	-	-	-	-	-	1,661,398	1,661,398
122	G&A - KS - KEDLI & KEDNY	1,669,793	2,546,507	-	-	-	-	33,754	4,250,054
123	G&A - KS - LIPA & KEDLI	2,701,125	-	-	-	-	-	3,962,795	6,663,919
124	Grid - NIMO Dist & Gas	-	-	-	-	(277,831)	(56,905)	-	(334,736)
125	IS - Grid & KS - Dist & Gas	2,101	4,063	2,022	-	9,712	1,989	12,887	32,775
126	IS - Grid & KS - Dist, Tran & Gas	(529)	(1,022)	(509)	(404)	(2,507)	(436)	(3,445)	(8,852)
127	Meters - Grid - Dist - NE only	-	-	77,543	-	-	-	207,759	285,302
128	Meters - Grid - NIMO Dist & Gas	-	-	-	-	101,043	36,333	-	137,376
129	Meters - Grid & KS - Dist & Gas	29,210	68,298	25,845	13,269	86,155	31,005	179,856	433,639
130	Meters - KS - Dist & Gas	167,642	392,760	-	-	-	-	637,038	1,197,439
131	Meters - KS - Dist & Gas - NY only	37,049	86,590	-	-	-	-	75,548	199,187
132	Meters - KS - Gas	65,959	154,186	-	-	-	-	115,442	335,587
133	Meters - KS - Gas - MA Only	-	-	-	-	-	-	1,100,728	1,100,728
134	Meters - KS - Gas - NE only	-	-	-	-	-	-	2,289,529	2,289,529
135	Meters - KS - Gas - NE only & KEDNY	-	3,312,400	-	-	-	-	2,475,433	5,787,833
136	Meters - KS - KEDLI & KEDNY	638,933	1,492,594	-	-	-	-	-	2,131,527
137	Meters - KS - LIPA & KEDLI	15,449,500	-	-	-	-	-	31,551,920	47,001,421
138	Millbury Training - Grid NE DIST & TRAN	-	-	40,567	-	-	-	136,118	176,685
139	Property - KS - Dist, Gas, Gen - NY Only	34,855	37,575	-	-	-	-	69,561	141,991
140	Property - KS - Dist, Gas, Gen & Energy Trading	1,172	1,266	-	-	-	-	3,345	5,783
141	Property - KS - Gen	-	-	-	-	-	-	162,000	162,000
142	Property - KS - KEDLI & KEDNY	452,668	488,430	-	-	-	-	-	941,098
143	Reservoir Woods - Grid & KS incl parent, INTE, BDEV, GEN, KS NREG	931,592	1,819,982	1,119,814	561,620	6,093,125	759,928	7,745,438	19,031,499
144	Revenues - Grid & KS - Gas	94,410	148,567	-	36,935	-	57,771	119,739	457,422
145	Revenues - Grid & KS - Gas - NE & NIMO	-	-	-	5,212	-	8,456	17,518	31,187
146	Revenues - Grid & KS - Gas - NH & NIMO	-	-	-	-	-	123,890	22,866	146,756
147	Revenues - KS - All (excluding KS Corp)	5,066	7,304	-	-	-	-	18,711	31,081
148	Revenues - KS - Dist, Gas, Gen & Energy Trading	337,390	516,265	-	-	-	-	1,324,280	2,177,935
149	Revenues - KS - Gas	10	16	-	-	-	-	13	39
150	Revenues - KS - Gas - MA Only	-	-	-	-	-	-	166,834	166,834
151	Revenues - KS - Gas - NE only	-	-	-	-	-	-	5,342	5,342
152	Revenues - KS - Gas, KSI & KEC	40,577	64,664	-	-	-	-	57,281	162,522
153	Revenues - KS - KEDLI & KEDNY	243,828	383,371	-	-	-	-	-	627,199
154	Rubber Gloves - Grid NE DIST, TRAN incl NE HYDRO Trans	-	-	150,144	-	-	-	390,756	540,900
155	Sendout - KS - Gas	38,691	53,941	-	-	-	-	44,852	137,484
156	Sendout - KS - KEDLI & KEDNY	374,052	524,987	-	-	-	-	-	899,039
157	Servers - Grid incl parent, INTE, OTH	-	-	498,105	168,075	1,794,599	367,560	1,671,657	4,499,996
158	Service Based - Grid inc INTE	-	-	29,407	11,572	79,180	16,219	126,740	263,119
159	Shared Telecom - Grid NE only	-	-	34,425	-	-	-	652,483	686,908
160	Supply Chain - Grid	-	-	28,758	13,446	122,658	25,122	100,174	290,157
161	T&D Supervision - Grid Dist - NE Only & NEP	-	-	53,213	-	-	-	212,451	265,664
162	Transportation Sup - Grid NE & NY	-	-	13,205	13,933	90,656	18,577	41,797	178,168
163	Transportation Sup - Grid NE	-	-	8,232	8,682	-	-	26,053	42,967
164	Grand Total	$ 168,928,028	$ 197,466,461	$ 245,981,179	$ 102,023,202	$ 555,072,030	$ 61,459,963	$ 1,282,636,754	$ 2,613,567,616

Columns (a) through (g) = General Ledger actual CY 2011 amounts charged to bill pools
Column (h) = sum of Columns (a) through (g)

The Narragansett Electric Company d/b/a National Grid
Summary of Proposed Reallocated Amounts by Bill Pool & Groups of Companies and Certain Individual Companies
Calendar Year 2011

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Line No.	Bill Pool	As Booked Total	Reassignments	Revised Allocation Base	KEDLI	KEDNY	Narragansett Electric	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
1	Aerial - Grid NE &NY Electric	$ 7,373		$ 7,373	$ -	$ -	$ 767	$ -	$ 4,209	$ -	$ 2,398	$ 7,374
2	Bills - KS - Gas - MA Only	1,829,260	(1,829,260)	-	-	-	-	-	-	-	-	-
3	Bills - KS - Gas - NE only	4,949,164	(4,949,164)	-	-	-	-	-	-	-	-	-
4	Bills - KS - LIPA & KEDLI	402,195	(402,195)	0	-	-	-	-	-	-	-	-
5	Calls - KS - Gas - NE only	6,270,770	(6,270,770)	-	-	-	-	-	-	-	-	-
6	Calls - KS - Gas - NE only & KEDNY	6,000,658	(6,000,658)	-	-	-	-	-	-	-	-	-
7	Calls - KS - LIPA & KEDLI	19,315,390	(19,315,390)	-	-	-	-	-	-	-	-	-
8	Clearing	28,788,857	-	28,788,857	7,224,719	8,039,661	(395,716)	3,133,678	(976,170)	1,815,251	9,947,433	28,788,856
9	Customers - Grid NE Retail	34,370,385	(34,370,385)	0	-	-	-	-	-	-	-	-
10	Data Center - Grid DIST, TRAN, GAS incl Parent & INTE	6,613,379	-	6,613,379	-	-	868,998	58,727	2,724,779	528,740	2,432,133	6,613,377
11	Employees - Grid - Dist - NE only	2,551,318	(2,551,318)	(0)	-	-	-	-	-	-	-	-
12	Employees - Grid & KS - All (exlcuding Parent)	30,740,724	(30,740,724)	-	-	-	-	-	-	-	-	-
13	Employees - Grid & KS - Dist & Gas - NE only	776,914	(776,914)	-	-	-	-	-	-	-	-	-
14	Employees - Grid & KS - Dist, Tran & Gen (regulated)	1,132,111	(1,132,111)	-	-	-	-	-	-	-	-	-
15	Employees - Grid & KS - Gas	309,497	(309,497)	-	-	-	-	-	-	-	-	-
16	Employees - Grid & KS - Gas - NE only	87,505	(87,505)	-	-	-	-	-	-	-	-	-
17	Employees - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	19,717,070	(19,717,070)	0	-	-	-	-	-	-	-	-
18	Employees - Grid & KS NE Gas	626,384	(626,384)	-	-	-	-	-	-	-	-	-
19	Employees - Grid inc parent & INTE	1,193,630	(1,193,631)	(1)	-	-	-	-	-	-	-	-
20	Employees - Grid inc parent & INTE (NO NEET)	1,517,650	(1,517,650)	(0)	-	-	-	-	-	-	-	-
21	Employees - KS - All (excl KS Corp, PJ & Glenwood)	391,018	(391,018)	-	-	-	-	-	-	-	-	-
22	Employees - KS - All (excluding KS Corp)	2,857,343	(2,857,343)	-	-	-	-	-	-	-	-	-
23	Employees - KS - All NY (excl PJ, Glenwood & KS Corp)	47,879	(47,879)	-	-	-	-	-	-	-	-	-
24	Employees - KS - Dist & Gas	5,351	(5,351)	-	-	-	-	-	-	-	-	-
25	Employees - KS - Dist & Gas & KS Generation (all LI)	220,631	(220,631)	-	-	-	-	-	-	-	-	-
26	Employees - KS - Dist & Gen	240,503	(240,503)	-	-	-	-	-	-	-	-	-
27	Employees - KS - Dist & Gen (Excl PJ & Glenwood)	4,676	(4,676)	-	-	-	-	-	-	-	-	-
28	Employees - KS - Dist, Gas & Gen - LI only	195,313	(195,313)	-	-	-	-	-	-	-	-	-
29	Employees - KS - Dist, Gas & Gen - NY only	1,982,771	(1,982,771)	-	-	-	-	-	-	-	-	-
30	Employees - KS - Dist, Gas & Gen - NY only (excl PJ & Glenwood) & KSI	14,027	(14,027)	-	-	-	-	-	-	-	-	-
31	Employees - KS - Dist, Gas & Gen - NY only (excl PJ & Glenwood) & KSI & KS Energy Development	81,259	(81,259)	-	-	-	-	-	-	-	-	-
32	Employees - KS - Dist, Gas & Gen (incl KSI)	4,858,532	(4,858,532)	-	-	-	-	-	-	-	-	-
33	Employees - KS - Dist, Gas, Gen - NY Only	2,468,191	(2,468,191)	-	-	-	-	-	-	-	-	-
34	Employees - KS - Dist, Gas, Gen & Energy Trading	15,637,770	(15,637,770)	-	-	-	-	-	-	-	-	-
35	Employees - KS - Dist, Gas, Gen (excl PJ & Glenwood) - NY only	3,094,635	(3,094,635)	-	-	-	-	-	-	-	-	-
36	Employees - KS - Gas	(114,821)	114,821	-	-	-	-	-	-	-	-	-
37	Employees - KS - Gas - NE only	1,916,932	(1,916,932)	-	-	-	-	-	-	-	-	-
38	Employees - KS - Gen	50,103	(50,103)	-	-	-	-	-	-	-	-	-
39	Employees - KS - KEDLI & KEDNY	375,530	(375,530)	-	-	-	-	-	-	-	-	-
40	Employees - KS - LIPA & KEDLI	40,820	(40,820)	-	-	-	-	-	-	-	-	-
41	Employees - KS DIST, GAS, GEN, NREG	298,742	(298,742)	0	-	-	-	-	-	-	-	-
42	Engineering O&M - Grid NE DIST	3,006,021	(1,408,047)	1,597,974	-	-	387,669	-	-	-	1,210,304	1,597,973
43	Facilities - Grid All incl parent & Wayfinder	1,393,347	-	1,393,347	-	-	157,045	50,244	328,245	67,230	790,583	1,393,347
44	G&A - Grid - All (excl Parent)	14,234,850	(692,157)	13,542,693	-	-	1,321,714	549,685	5,518,424	1,195,241	4,957,534	13,542,598
45	G&A - Grid - All (excl Parent) - NE only	1,230,861	(1,299)	1,229,561	-	-	237,974	98,970	-	-	892,600	1,229,544
46	G&A - Grid - All (incl Parent & INTE)	(273,328)	(15,836)	(289,164)	-	-	(28,095)	(11,684)	(117,303)	(25,407)	(106,675)	(289,164)
47	G&A - Grid - Dist	24,935,861	(8,577,507)	16,358,354	-	-	2,136,017	-	7,848,106	-	6,374,231	16,358,354
48	G&A - Grid - Dist - NE only	9,171,039	(1,608,586)	7,562,453	-	-	1,898,127	-	-	-	5,664,326	7,562,453
49	G&A - Grid - Dist & Gas	5,938,007	(2,620,797)	3,317,210	-	-	369,460	153,654	1,357,461	334,106	1,102,529	3,317,210
50	G&A - Grid - Dist & Gas - NE only	1,573,239	(20,584)	1,552,655	-	-	352,872	146,755	-	-	1,053,028	1,552,655
51	G&A - Grid - Dist & Gas - RI only	61,988	-	61,988	-	-	43,780	18,208	-	-	-	61,988
52	G&A - Grid - Dist & Tran	11,391,480	(3,952,288)	7,439,191	-	-	841,335	-	3,512,745	-	3,085,111	7,439,191
53	G&A - Grid - Dist & Tran - NE only	221,517	(175,799)	45,718	-	-	9,796	-	-	-	35,922	45,718
54	G&A - Grid - Dist, Tran & Gas - RI only	877,961	(67,654)	810,307	-	-	600,149	210,158	-	-	-	810,307
55	G&A - Grid - Dist, Tran, Gas & Parent	16,242	-	16,242	-	-	1,591	662	6,643	1,439	5,907	16,242
56	G&A - Grid - NEP & INTE companies	511,494	(1,060)	510,434	-	-	-	-	-	-	510,434	510,434
57	G&A - Grid - NIMO Dist & Gas	17,330,431	-	17,330,431	-	-	-	-	14,384,258	2,946,173	-	17,330,431
58	G&A - Grid - NIMO Dist & Tran	4,141,694	-	4,141,694	-	-	-	-	3,644,690	497,003	-	4,141,694
59	G&A - Grid - NIMO Only	14,238,890	(6,564)	14,232,326	-	-	-	-	11,812,830	2,419,495	-	14,232,326
60	G&A - Grid - Ops Companies	12,053,496	(1,800,027)	10,253,469	-	-	1,008,969	419,618	4,212,650	912,422	3,699,811	10,253,469
61	G&A - Grid - Ops Companies - NE only	7,635,441	(74,293)	7,561,148	-	-	1,487,592	618,671	-	-	5,454,885	7,561,148
62	G&A - Grid - RI Dist & Tran	(371,825)	-	(371,825)	-	-	(371,825)	-	-	-	-	(371,825)
63	G&A - Grid - Trans	15,705,097	(5,354,170)	10,350,927	-	-	1,392,729	-	3,718,478	-	5,239,720	10,350,927
64	G&A - Grid - Trans - NE only	289,197	(188,220)	100,976	-	-	21,204	-	-	-	79,773	100,976
65	G&A - Grid & KS - All (exlcuding Parent)	215,896,617	(10,775,298)	205,121,319	15,307,226	20,806,921	11,484,645	4,776,323	47,950,710	10,385,688	94,408,981	205,120,494
66	G&A - Grid & KS - All (incl Parent, excl PJ, Glenwood,Seneca, KSI)	143,942	-	143,942	10,761	14,627	8,074	3,358	33,709	7,301	66,112	143,942
67	G&A - Grid & KS - All KS & MECO	119,894	-	119,894	15,286	20,778	-	-	-	-	83,831	119,894

The Narragansett Electric Company d/b/a National Grid
Summary of Proposed Reallocated Amounts by Bill Pool & Groups of Companies and Certain Individual Companies
Calendar Year 2011

Line No.	Bill Pool	(a) As Booked Total	(b) Reassignments	(c) Revised Allocation Base	(d) KEDLI	(e) KEDNY	(f) Narragansett Electric	(g) Narragansett Gas	(h) Niagara Mohawk Power Corporation-ELEC	(i) Niagara Mohawk Power Corporation-GAS	(j) All Other Companies	(k) Grand Total
68	G&A - Grid & KS - All KS & Narragansett	126,650	-	126,650	21,027	28,582	-	6,561	-	-	70,480	126,650
69	G&A - Grid & KS - All NY	54,271	-	54,271	6,526	8,871	-	-	20,444	4,428	14,002	54,271
70	G&A - Grid & KS - Dist	4,554,700	(1,016,555)	3,538,144	-	-	367,877	-	1,351,646	-	1,818,621	3,538,144
71	G&A - Grid & KS - Dist & Gas	32,367,570	(12,240,919)	20,126,651	1,709,818	2,324,134	1,282,836	533,516	4,713,366	1,160,082	8,402,899	20,126,651
72	G&A - Grid & KS - Dist & Gas - MA Only	1,436,301	(263,284)	1,173,017	-	-	-	-	-	-	1,173,017	1,173,017
73	G&A - Grid & KS - Dist & Gas - NE only	5,360,074	(893,342)	4,466,732	-	-	743,618	309,262	-	-	3,413,852	4,466,732
74	G&A - Grid & KS - Dist & Gas - NH Only	905,002	(7,422)	897,580	-	-	-	-	-	-	897,580	897,580
75	G&A - Grid & KS - Dist & Gas - NY Only	3,131,543	(16,294)	3,115,249	504,876	686,272	-	-	1,581,552	342,550	-	3,115,249
76	G&A - Grid & KS - Dist & Gas (excl LIPA)	41,494	-	41,494	4,028	5,475	3,022	1,257	11,104	2,733	13,874	41,494
77	G&A - Grid & KS - Dist & Gen	5,512,465	(937,928)	4,574,537	-	-	436,951	-	1,605,435	-	2,532,152	4,574,537
78	G&A - Grid & KS - Dist, Gas & Gen	72,119	-	72,119	5,811	7,899	4,360	1,813	16,020	3,943	32,272	72,119
79	G&A - Grid & KS - Dist, Gen & Gas	724,471	(154,766)	569,705	45,907	62,400	34,443	14,324	126,548	31,147	254,936	569,705
80	G&A - Grid & KS - Dist, Tran & Gas	2,129,897	(1,180,498)	949,399	84,849	115,334	63,660	26,475	265,793	57,568	335,719	949,399
81	G&A - Grid & KS - Dist, Tran & Gas - NY Only	2,417,482	(34,585)	2,382,897	386,187	524,939	-	-	1,209,750	262,021	-	2,382,897
82	G&A - Grid & KS - Dist, Tran & Gen (regulated)	2,572,079	(265,769)	2,306,310	-	-	197,915	-	826,337	-	1,282,058	2,306,310
83	G&A - Grid & KS - Dist, Tran, Gas	2,970,489	(401,300)	2,569,189	-	-	176,985	73,606	738,946	160,049	1,419,603	2,569,189
84	G&A - Grid & KS - Dist, Tran, Gas & Gen (excl LIPA)	1,915,266	(855,323)	1,059,942	89,612	121,808	67,234	27,962	280,714	60,800	411,814	1,059,942
85	G&A - Grid & KS - Dist, Tran, Gas & Gen (regulated)	4,109,748	1,453,993	5,563,741	418,382	568,701	313,902	130,548	1,310,603	283,865	2,537,741	5,563,741
86	G&A - Grid & KS - FERC (KS Gen, MECO tran, NECO tran, NEP, INTE companies)	48,876	(4,345)	44,531	-	-	4,569	-	-	-	39,962	44,531
87	G&A - Grid & KS - Gas	40,038,877	(20,541,500)	19,497,377	4,280,181	5,817,997	-	1,335,547	-	2,904,029	5,159,622	19,497,377
88	G&A - Grid & KS - Gas - NE only	4,904,182	(704,691)	4,199,491	-	-	-	863,506	-	-	3,335,985	4,199,491
89	G&A - Grid & KS - Gas - NY only	2,457,617	(115,061)	2,342,556	771,143	1,048,205	-	-	-	523,207	-	2,342,556
90	G&A - Grid & KS - NGUSA & LIPA	109,177	-	109,177	-	-	-	-	-	-	109,177	109,177
91	G&A - Grid & KS - Tran, Gen & INTE	2,638,446	(18,767)	2,619,679	-	-	224,807	-	938,615	-	1,456,257	2,619,679
92	G&A - Grid & KS - Trans	288,249	(8,798)	279,451	-	-	37,600	-	100,390	-	141,460	279,451
93	G&A - KS - All	2,338,446	(63,974)	2,274,472	398,252	541,338	-	-	-	-	1,334,882	2,274,472
94	G&A - KS - All (excl KSI & KS Corp)	889	-	889	156	212	-	-	-	-	522	889
95	G&A - KS - All (excl Seneca, PJ & Glenwood)	47,309	-	47,309	8,367	11,373	-	-	-	-	27,569	47,309
96	G&A - KS - All (excluding Energy Trading & Energy Corp)	(1,096,879)	(137,883)	(1,234,762)	(216,231)	(293,919)	-	-	-	-	(724,612)	(1,234,762)
97	G&A - KS - All (excluding KS Corp)	6,148,922	(1,209,408)	4,939,514	863,632	1,173,924	-	-	-	-	2,901,959	4,939,514
98	G&A - KS - All NY (excl Seneca)	187,977	(82,507)	105,470	23,457	31,884	-	-	-	-	50,129	105,470
99	G&A - KS - All NY (excl Seneca, PJ, Glenwood & LIPA)	24,050	-	24,050	5,748	7,813	-	-	-	-	10,489	24,050
100	G&A - KS - Dist & Gas	1,250,620	(443,669)	806,951	160,273	217,858	-	-	-	-	428,820	806,951
101	G&A - KS - Dist & Gas - NY only	2,818,114	60,786	2,878,900	751,795	1,021,905	-	-	-	-	1,105,200	2,878,900
102	G&A - KS - Dist & Gas & KS Generation (all LI)	203,880	-	203,880	66,598	-	-	-	-	-	137,281	203,880
103	G&A - KS - Dist & Gen	1,214,741	-	1,214,741	-	-	-	-	-	-	1,214,741	1,214,741
104	G&A - KS - Dist & Gen (Excl PJ & Glenwood)	5,247,337	-	5,247,337	-	-	-	-	-	-	5,247,337	5,247,337
105	G&A - KS - Dist, Gas & KS Generation	905,094	(176,774)	728,320	164,755	223,950	-	-	-	-	339,615	728,320
106	G&A - KS - Dist, Gas & Gen - LI only	1,726,927	(34,003)	1,692,924	551,368	-	-	-	-	-	1,141,556	1,692,924
107	G&A - KS - Dist, Gas & Gen - NY only	507,027	(82,592)	424,435	94,220	128,072	-	-	-	-	202,143	424,435
108	G&A - KS - Dist, Gas & Gen - NY only (excl PJ & Glenwood)	2,965,989	-	2,965,989	669,570	910,138	-	-	-	-	1,386,282	2,965,989
109	G&A - KS - Dist, Gas & Gen & KS Corp	81,612	-	81,612	14,382	19,550	-	-	-	-	47,680	81,612
110	G&A - KS - Dist, Gas & Gen (incl KSI)	168,985	-	168,985	29,693	40,361	-	-	-	-	98,931	168,985
111	G&A - KS - Dist, Gas & KSI	6,887	-	6,887	1,366	1,856	-	-	-	-	3,665	6,887
112	G&A - KS - Dist, Gas, Gen - NY Only	218,219	-	218,219	48,739	66,250	-	-	-	-	103,230	218,219
113	G&A - KS - Dist, Gas, Gen & Energy Trading	2,752,754	(17,501)	2,735,252	481,324	654,258	-	-	-	-	1,599,671	2,735,252
114	G&A - KS - Dist, Gas, Gen & KSI & KS Corp	60,985	-	60,985	10,732	14,587	-	-	-	-	35,666	60,985
115	G&A - KS - Gas	5,822,369	(7,111,310)	(1,288,942)	(361,579)	(491,490)	-	-	-	-	(435,872)	(1,288,942)
116	G&A - KS - Gas - MA Only	3,697,901	(641,613)	3,056,288	-	-	-	-	-	-	3,056,288	3,056,288
117	G&A - KS - Gas - NE only	17,144,337	(32,558,636)	(15,414,299)	-	-	-	-	-	-	(15,414,299)	(15,414,299)
118	G&A - KS - Gas - NE only & KEDNY	76,036	-	76,036	-	40,298	-	-	-	-	35,738	76,036
119	G&A - KS - Gas (excluding LI)	2,616,910	(477,757)	2,139,153	-	1,133,724	-	-	-	-	1,005,429	2,139,153
120	G&A - KS - Gas, KSI & KEC	152,577	-	152,577	42,801	58,179	-	-	-	-	51,596	152,577
121	G&A - KS - Gen	1,661,398	-	1,661,398	-	-	-	-	-	-	1,661,398	1,661,398
122	G&A - KS - KEDLI & KEDNY	4,250,054	(16,566,179)	(12,316,126)	(5,220,273)	(7,095,852)	-	-	-	-	-	(12,316,126)
123	G&A - KS - LIPA & KEDLI	6,663,919	(2,073,348)	4,590,572	1,858,470	-	-	-	-	-	2,732,102	4,590,572
124	Grid - NIMO Dist & Gas	(334,736)	-	(334,736)	-	-	-	-	(277,831)	(56,905)	-	(334,736)
125	IS - Grid & KS - Dist & Gas	32,775	-	32,775	2,101	4,063	2,022	-	9,712	1,989	12,887	32,775
126	IS - Grid & KS - Dist, Tran & Gas	(8,852)	-	(8,852)	(529)	(1,022)	(509)	(404)	(2,507)	(436)	(3,445)	(8,852)
127	Meters - Grid - Dist - NE only	285,302	(1,091,635)	(806,333)	-	-	(219,155)	-	-	-	(587,178)	(806,333)
128	Meters - Grid - NIMO Dist & Gas	137,376	(137,376)	-	-	-	-	-	-	-	-	-
129	Meters - Grid & KS - Dist & Gas	433,639	(433,639)	-	-	-	-	-	-	-	-	-
130	Meters - KS - Dist & Gas	1,197,439	(1,264,206)	(66,767)	(9,347)	(21,899)	-	-	-	-	(35,520)	(66,767)
131	Meters - KS - Dist & Gas - NY only	199,187	(199,187)	-	-	-	-	-	-	-	-	-
132	Meters - KS - Gas	335,587	(335,587)	-	-	-	-	-	-	-	-	-
133	Meters - KS - Gas - MA Only	1,100,728	(1,100,728)	-	-	-	-	-	-	-	-	-
134	Meters - KS - Gas - NE only	2,289,529	(2,261,080)	28,449	-	-	-	-	-	-	28,449	28,449

The Narragansett Electric Company d/b/a National Grid
Summary of Proposed Reallocated Amounts by Bill Pool & Groups of Companies and Certain Individual Companies
Calendar Year 2011

Line No.	Bill Pool	(a) As Booked Total	(b) Reassignments	(c) Revised Allocation Base	(d) KEDLI	(e) KEDNY	(f) Narragansett Electric	(g) Narragansett Gas	(h) Niagara Mohawk Power Corporation-ELEC	(i) Niagara Mohawk Power Corporation-GAS	(j) All Other Companies	(k) Grand Total
135	Meters - KS - Gas - NE only & KEDNY	5,787,833	(5,802,064)	(14,231)	-	(8,145)	-	-	-	-	(6,087)	(14,231)
136	Meters - KS - KEDLI & KEDNY	2,131,527	(7,117,389)	(4,985,861)	(1,494,530)	(3,491,331)	-	-	-	-	-	(4,985,861)
137	Meters - KS - LIPA & KEDLI	47,001,421	(47,001,421)	-	-	-	-	-	-	-	-	-
138	Millbury Training - Grid NE DIST & TRAN	176,685	-	176,685	-	-	40,567	-	-	-	136,118	176,685
139	Property - KS - Dist, Gas, Gen - NY Only	141,991	-	141,991	34,855	37,575	-	-	-	-	69,561	141,991
140	Property - KS - Dist, Gas, Gen & Energy Trading	5,783	(4,793,341)	(4,787,559)	(970,046)	(1,047,771)	-	-	-	-	(2,769,741)	(4,787,559)
141	Property - KS - Gen	162,000	-	162,000	-	-	-	-	-	-	162,000	162,000
142	Property - KS - KEDLI & KEDNY	941,098	-	941,098	452,668	488,430	-	-	-	-	-	941,098
143	Reservoir Woods - Grid & KS incl parent, INTE, BDEV, GEN, KS NREG	19,031,499	-	19,031,499	931,592	1,819,982	1,119,814	561,620	6,093,125	759,928	7,745,438	19,031,499
144	Revenues - Grid & KS - Gas	457,422	-	457,422	94,410	148,567	-	36,935	-	57,771	119,739	457,422
145	Revenues - Grid & KS - Gas - NE & NIMO	31,187	-	31,187	-	-	-	5,212	-	8,456	17,518	31,187
146	Revenues - Grid & KS - Gas - NH & NIMO	146,756	-	146,756	-	-	-	-	-	123,890	22,866	146,756
147	Revenues - KS - All (excluding KS Corp)	31,081	-	31,081	5,066	7,304	-	-	-	-	18,711	31,081
148	Revenues - KS - Dist, Gas, Gen & Energy Trading	2,177,935	-	2,177,935	337,390	516,265	-	-	-	-	1,324,280	2,177,935
149	Revenues - KS - Gas	39	-	39	10	16	-	-	-	-	13	39
150	Revenues - KS - Gas - MA Only	166,834	-	166,834	-	-	-	-	-	-	166,834	166,834
151	Revenues - KS - Gas - NE only	5,342	-	5,342	-	-	-	-	-	-	5,342	5,342
152	Revenues - KS - Gas, KSI & KEC	162,522	-	162,522	40,577	64,664	-	-	-	-	57,281	162,522
153	Revenues - KS - KEDLI & KEDNY	627,199	-	627,199	243,828	383,371	-	-	-	-	-	627,199
154	Rubber Gloves - Grid NE DIST, TRAN incl NE HYDRO Trans	540,900	(206)	540,693	-	-	150,087	-	-	-	390,607	540,693
155	Sendout - KS - Gas	137,484	(89,355)	48,129	13,545	18,883	-	-	-	-	15,701	48,129
156	Sendout - KS - KEDLI & KEDNY	899,039	(492,283)	406,756	169,234	237,522	-	-	-	-	-	406,756
157	Servers - Grid incl parent, INTE, OTH	4,499,996	-	4,499,996	-	-	498,105	168,075	1,794,599	367,560	1,671,657	4,499,996
158	Service Based - Grid inc INTE	263,119	(291,133)	(28,014)	-	-	(3,131)	(1,232)	(8,430)	(1,727)	(13,494)	(28,014)
159	Shared Telecom - Grid NE only	686,908	(98,947)	587,960	-	-	29,466	-	-	-	558,494	587,960
160	Supply Chain - Grid	290,157	-	290,157	-	-	28,758	13,446	122,658	25,122	100,174	290,157
161	T&D Supervision - Grid Dist - NE Only & NEP	265,664	(91,781)	173,883	-	-	34,829	-	-	-	139,054	173,883
162	Transportation Sup - Grid NE & NY	178,168	-	178,168	-	-	13,205	13,933	90,656	18,577	41,797	178,168
163	Transportation Sup - Grid NE	42,967	-	42,967	-	-	8,232	8,682	-	-	26,053	42,967
164	Customers - Grid NE DIST, TRAN incl NE HYDRO Trans	-	206	206	-	-	55	-	-	-	151	206
165	Customers - Grid NE DIST	-	401,220	401,220	-	-	106,710	-	-	-	294,510	401,220
166	Customers - Grid - Dist & Gas - NE only	-	6,879	6,879	-	-	1,607	838	-	-	4,435	6,880
167	Customers - Grid - Dist	-	22,946	22,946	-	-	3,638	-	9,267	-	10,042	22,947
168	Customers - Grid - Ops Companies	-	919,193	919,193	-	-	119,019	62,047	303,136	106,507	328,484	919,193
169	Customers - Grid - Dist & Tran	-	1,692,945	1,692,945	-	-	268,428	-	683,674	-	740,842	1,692,944
170	Customers - Grid & KS - Dist, Tran, Gas & Gen (regulated)	-	60	60	4	10	4	2	10	3	27	60
171	Customers - KS - Gas (excluding LI)	-	87	87	-	49	-	-	-	-	38	87
172	Customers - Grid NE Retail	-	10,457,954	10,457,954	-	-	2,781,426	-	-	-	7,676,528	10,457,954
173	Customers - Grid NE only	-	330	330	-	-	88	-	-	-	242	330
174	Customers - KS - KEDLI & KEDNY	-	7,117,389	7,117,389	2,236,470	4,880,919	-	-	-	-	-	7,117,389
175	Customers - Grid - NIMO Dist & Gas	-	137,376	137,376	-	-	-	-	101,658	35,718	-	137,376
176	Customers - KS - LIPA & KEDLI	-	1,727,661	1,727,661	571,473	-	-	-	-	-	1,156,188	1,727,661
177	Customers - KS - Gas - NE only	-	(11,435)	(11,435)	-	-	-	-	-	-	(11,434)	(11,434)
178	Customers - KS - Gas - MA Only	-	1,100,728	1,100,728	-	-	-	-	-	-	1,100,728	1,100,728
179	Customers - KS - Gas - NE only	-	828,722	828,722	-	-	-	-	-	-	828,721	828,721
180	Customers - KS - Gas	-	335,587	335,587	68,981	150,545	-	-	-	-	116,061	335,587
181	Customers - KS - LIPA & KEDLI	-	492,283	492,283	162,837	-	-	-	-	-	329,446	492,283
182	Customers - KS - Dist & Gas - NY only	-	89,355	89,355	17,165	37,462	-	-	-	-	34,728	89,355
183	Customers - Grid & KS - Dist & Gas	-	432,448	432,448	31,626	69,020	27,788	14,486	70,774	24,867	193,887	432,448
184	Customers - KS - Dist & Gas	-	1,264,206	1,264,206	183,535	400,550	-	-	-	-	680,121	1,264,206
185	Customers - Grid - Dist - NE only	-	1,075,111	1,075,111	-	-	285,939	-	-	-	789,171	1,075,110
186	Customers - Grid inc parent & INTE	-	6,870	6,870	-	-	890	464	2,266	796	2,455	6,871
187	Customers - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	-	2,110	2,110	154	337	136	71	345	121	947	2,111
188	Customers - KS - LIPA & KEDLI	-	34,768,006	34,768,006	11,500,510	-	-	-	-	-	23,267,496	34,768,006
189	Customers - Grid & KS - Gas	-	4,076	4,076	667	1,456	-	306	-	525	1,122	4,076
190	Customers - KS - Dist & Gas - NY only	-	199,187	199,187	38,264	83,508	-	-	-	-	77,415	199,187
191	Customers - Grid & KS - Dist	-	5,648	5,648	-	-	656	-	1,671	-	3,322	5,649
192	Customers - Grid - Dist & Gas	-	322,671	322,671	-	-	41,780	21,781	106,412	37,388	115,310	322,671
193	Customers - Grid - Dist	-	574	574	-	-	91	-	232	-	251	574
194	Customers - Grid - Dist - NE only	-	361,478	361,478	-	-	96,140	-	-	-	265,339	361,479
195	Customers - Grid - Trans	-	383	383	-	-	62	-	157	-	163	382
196	Customers - Grid - All (excl Parent)	-	9,514	9,514	-	-	1,232	642	3,138	1,102	3,400	9,514
197	Customers - KS - All (excluding Energy Trading & Energy Corp)	-	54,162	54,162	7,863	17,161	-	-	-	-	29,138	54,162
198	Customers - Grid & KS - Dist & Gas	-	357,619	357,619	26,153	57,077	22,980	11,980	58,528	20,564	160,337	357,619
199	Customers - Grid & KS - Dist & Gas - NE only	-	274,783	274,783	-	-	44,348	23,119	-	-	207,316	274,783
200	Customers - Grid & KS - Gas - NE only	-	2,415	2,415	-	-	-	517	-	-	1,899	2,416

The Narragansett Electric Company d/b/a National Grid
Summary of Proposed Reallocated Amounts by Bill Pool & Groups of Companies and Certain Individual Companies
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Line No.	Bill Pool	(a) As Booked Total	(b) Reassignments	(c) Revised Allocation Base	(d) KEDLI	(e) KEDNY	(f) Narragansett Electric	(g) Narragansett Gas	(h) Niagara Mohawk Power Corporation-ELEC	(i) Niagara Mohawk Power Corporation-GAS	(j) All Other Companies	(k) Grand Total
201	Customers - KS - Gas - MA Only	-	530,771	530,771	-	-	-	-	-	-	530,771	530,771
202	Customers - KS - Gas - NE only	-	37	37	-	-	-	-	-	-	37	37
203	Customers - Grid & KS - Gas	-	139,878	139,878	22,896	49,969	-	10,488	-	18,003	38,523	139,879
204	Customers - KS - Gas - NE only	-	17,722,629	17,722,629	-	-	-	-	-	-	17,722,629	17,722,629
205	Customers - KS - LIPA & KEDLI	-	480,448	480,448	158,922	-	-	-	-	-	321,526	480,448
206	Customers - Grid & KS - Dist & Gas	-	862,101	862,101	63,047	137,594	55,396	28,879	141,092	49,573	386,521	862,102
207	Customers - KS - Gas	-	100,907	100,907	20,742	45,267	-	-	-	-	34,899	100,908
208	Customers - Grid & KS - Gas - NE only	-	274,646	274,646	-	-	-	58,772	-	-	215,874	274,646
209	Customers - KS - KEDLI & KEDNY	-	381,511	381,511	119,881	261,630	-	-	-	-	-	381,511
210	Customers - KS - Gas - NE only & KEDNY	-	1,411,169	1,411,169	-	796,849	-	-	-	-	614,321	1,411,170
211	Customers - KS - LIPA & KEDLI	-	28,131	28,131	9,305	-	-	-	-	-	18,826	28,131
212	Collection Calls - KS - Gas - NE only	-	1,250,492	1,250,492	-	-	-	-	-	-	1,250,492	1,250,492
213	Collection Calls - Grid & KS - All (exlcuding Parent)	-	4,467	4,467	190	608	266	188	1,288	264	1,662	4,466
214	Collection Calls - Grid - Dist & Gas	-	2,017,815	2,017,815	-	-	184,065	129,722	889,714	182,231	632,082	2,017,814
215	Collection Calls - Grid - Dist	-	557,548	557,548	-	-	60,160	-	290,796	-	206,591	557,547
216	Collection Calls - Grid - Dist - NE only	-	3,835	3,835	-	-	865	-	-	-	2,970	3,835
217	Collection Calls - Grid & KS - Dist, Tran, Gas & Gen (regulated)	-	(2,113,038)	(2,113,038)	(90,062)	(287,783)	(126,020)	(88,814)	(609,143)	(124,764)	(786,454)	(2,113,040)
218	Collection Calls - Grid NE Retail	-	(198,134)	(198,134)	-	-	(44,685)	-	-	-	(153,449)	(198,134)
219	Collection Calls - Grid - All (excl Parent)	-	9,101	9,101	-	-	830	585	4,013	822	2,851	9,101
220	Collection Calls - KS - All (excluding Energy Trading & Energy Corp)	-	4,177	4,177	514	1,643	-	-	-	-	2,019	4,176
221	Collection Calls - KS - LIPA & KEDLI	-	(9,303)	(9,303)	(2,597)	-	-	-	-	-	(6,706)	(9,303)
222	Collection Calls - KS - Gas (excluding LI)	-	740,917	740,917	-	521,460	-	-	-	-	219,457	740,917
223	Collection Calls - KS - Dist & Gas - NY only	-	(65,881)	(65,881)	(9,720)	(31,059)	-	-	-	-	(25,102)	(65,881)
224	Collection Calls - Grid & KS - Dist & Gas - NH Only	-	818	818	-	-	-	-	-	-	818	818
225	Collection Calls - Grid & KS - Dist & Gas	-	3,211,110	3,211,110	136,863	437,334	191,508	134,967	925,692	189,600	1,195,146	3,211,110
226	Collection Calls - Grid & KS - Dist, Tran & Gas - NY Only	-	577	577	47	149	-	-	316	65	-	577
227	Collection Calls - Grid & KS - Dist & Gas	-	1,191	1,191	51	162	71	50	343	70	444	1,191
228	Collection Calls - KS - Gas - NE only	-	1,443,793	1,443,793	-	-	-	-	-	-	1,443,793	1,443,793
229	Collection Calls - KS - LIPA & KEDLI	-	5,060,473	5,060,473	1,412,554	-	-	-	-	-	3,647,919	5,060,473
230	Capex - Grid NE Retail	-	61	61	-	-	32	-	-	-	29	61
231	Capex - Grid inc parent & INTE	-	12,131	12,131	-	-	2,852	992	4,982	696	2,609	12,131
232	Capex - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	-	6,780	6,780	616	847	985	343	1,721	240	2,028	6,780
233	Capex - Grid - Dist - NE only	-	31,680	31,680	-	-	16,545	-	-	-	15,135	31,680
234	Capex - Grid - Dist	-	453,919	453,919	-	-	123,969	-	216,542	-	113,408	453,919
235	Capex - Grid - Dist - NE only	-	222,434	222,434	-	-	116,165	-	-	-	106,270	222,435
236	Capex - Grid - Trans	-	2,436,887	2,436,887	-	-	672,963	-	1,175,500	-	588,424	2,436,887
237	Capex - Grid - Ops Companies - NE only	-	19,515	19,515	-	-	8,625	3,001	-	-	7,889	19,515
238	Capex - Grid - Dist & Tran - NE only	-	133,211	133,211	-	-	69,569	-	-	-	63,642	133,211
239	Capex - Grid - Dist & Tran	-	433,335	433,335	-	-	118,347	-	206,723	-	108,265	433,335
240	Capex - Grid - All (excl Parent)	-	243,754	243,754	-	-	57,306	19,938	100,099	13,987	52,424	243,754
241	Capex - Grid - All (excl Parent) - NE only	-	292	292	-	-	129	45	-	-	118	292
242	Capex - Grid & KS - All (exlcuding Parent)	-	(2,836)	(2,836)	(258)	(354)	(412)	(143)	(720)	(101)	(848)	(2,836)
243	Capex - Grid & KS - Gas	-	6,577,415	6,577,415	1,277,809	1,754,701	-	710,347	-	498,339	2,336,219	6,577,415
244	Capex - KS - Gas - NE only	-	12,535,515	12,535,515	-	-	-	-	-	-	12,535,516	12,535,516
245	Capex - Grid & KS - Gas - NY only	-	110,940	110,940	40,149	55,133	-	-	-	15,658	-	110,940
246	Capex - KS - KEDLI & KEDNY	-	12,643,238	12,643,238	5,327,484	7,315,755	-	-	-	-	-	12,643,239
247	Capex - Grid & KS - Dist, Tran & Gas	-	999,196	999,196	90,854	124,762	145,165	50,507	253,567	35,433	298,908	999,196
248	Capex - Grid & KS - All (exlcuding Parent)	-	1,053	1,053	96	131	153	53	267	37	315	1,052
249	Capex - KS - Dist, Gas, Gen & Energy Trading	-	4,793,341	4,793,341	1,140,861	1,566,643	-	-	-	-	2,085,838	4,793,342
250	Capex - Grid & KS - Dist, Tran, Gas & Gen (regulated)	-	36,410	36,410	3,311	4,546	5,290	1,840	9,240	1,291	10,892	36,410
251	Capex - Grid & KS - Dist, Tran, Gas	-	(16,020)	(16,020)	(1,457)	(2,000)	(2,327)	(810)	(4,065)	(568)	(4,792)	(16,019)
252	Capex - KS - All (excluding Energy Trading & Energy Corp)	-	2,846	2,846	677	930	-	-	-	-	1,238	2,845
253	Capex - KS - Dist & Gas - NY only	-	598	598	252	346	-	-	-	-	-	598
254	Capex - Grid & KS - Dist & Gas	-	382	382	35	48	55	19	97	14	116	384
255	Capex - Grid & KS - Dist & Gas - NE only	-	176	176	-	-	52	18	-	-	107	177
256	Capex - Grid & KS - Gas - NE only	-	12,520	12,520	-	-	-	2,919	-	-	9,601	12,520
257	Capex - KS - Gas - NE only	-	4,016	4,016	-	-	-	-	-	-	4,016	4,016
258	Capex - KS - Gas - MA Only	-	104,249	104,249	-	-	-	-	-	-	104,249	104,249
259	Capex - Grid & KS - Dist	-	15,976	15,976	-	-	4,363	-	7,621	-	3,992	15,976
260	Capex - KS - Gas	-	3,040,417	3,040,417	723,648	993,721	-	-	-	-	1,323,047	3,040,416
261	Capex - Grid NE DIST	-	376,947	376,947	-	-	196,858	-	-	-	180,089	376,947
262	Capex - KS - All	-	64,486	64,486	15,348	21,076	-	-	-	-	28,062	64,486
263	Capex - Grid - Dist	-	675,972	675,972	-	-	184,613	-	322,473	-	168,886	675,972
264	Capex - Grid & KS - Gas - NE only	-	181,624	181,624	-	-	-	42,348	-	-	139,276	181,624
265	Capex - Grid Dist - NE Only & NEP	-	13,941	13,941	-	-	7,281	-	-	-	6,660	13,941
266	Capex - Grid inc INTE	-	1,472	1,472	-	-	346	120	605	84	317	1,472
267	Capex - Grid NE only	-	85,481	85,481	-	-	44,871	-	-	-	40,610	85,481
268	Capex - Grid inc parent & INTE (NO NEET)	-	104	104	-	-	24	8	43	6	22	103

The Narragansett Electric Company d/b/a National Grid
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Line No.	Bill Pool	(a) As Booked Total	(b) Reassignments	(c) Revised Allocation Base	(d) KEDLI	(e) KEDNY	(f) Narragansett Electric	(g) Narragansett Gas	(h) Niagara Mohawk Power Corporation-ELEC	(i) Niagara Mohawk Power Corporation-GAS	(j) All Other Companies	(k) Grand Total
269	Capex - Grid & KS - Gas	-	70,540	70,540	13,704	18,818	-	7,618	-	5,344	25,055	70,539
270	Capex - Grid & KS - Dist	-	3,426	3,426	-	-	936	-	1,634	-	856	3,426
271	Capex - Grid - Trans - NE only	-	35,418	35,418	-	-	18,896	-	-	-	16,522	35,418
272	Capex - Grid - Ops Companies	-	53,445	53,445	-	-	12,565	4,372	21,947	3,067	11,494	53,445
273	Bills - Grid NE Retail	-	11,852,391	11,852,391	-	-	3,142,653	-	-	-	8,709,738	11,852,391
274	Bills - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	-	1,345	1,345	95	222	88	45	224	79	592	1,345
275	Bills - KS - LIPA & KEDLI	-	5,417,149	5,417,149	5,417,149	-	-	-	-	-	-	5,417,149
276	Bills - KS - Gas - NE only & KEDNY	-	4,376,664	4,376,664	-	2,471,383	-	-	-	-	1,905,281	4,376,664
277	Bills - Grid - Dist - NE only	-	16,525	16,525	-	-	4,381	-	-	-	12,143	16,524
278	Bills - KS - Gas - NE only	-	4,949,164	4,949,164	-	-	-	-	-	-	4,949,164	4,949,164
279	Bills - KS - LIPA & KEDLI	-	402,195	402,195	402,195	-	-	-	-	-	-	402,195
280	Bills - KS - Gas - MA Only	-	1,829,260	1,829,260	-	-	-	-	-	-	1,829,260	1,829,260
281	Bills - Grid & KS - Gas	-	26,386	26,386	4,098	9,569	-	1,951	-	3,391	7,377	26,386
282	Bills - Grid - Dist & Gas	-	85,602	85,602	6,056	14,138	5,585	2,883	14,260	5,010	37,670	85,602
283	Bills - Grid - Dist & Gas - NE only	-	148	148	-	-	24	12	-	-	112	148
284	Bills - Grid - Dist	-	38,653	38,653	-	-	6,112	-	15,603	-	16,939	38,654
285	Bills - Grid - Dist - NE only	-	3,010	3,010	-	-	798	-	-	-	2,212	3,010
286	Bills - Grid - Ops Companies	-	775,522	775,522	-	-	100,228	51,729	255,883	89,905	277,778	775,523
287	Bills - Grid - All (excl Parent)	-	6,807	6,807	-	-	880	454	2,246	789	2,438	6,807
288	Bills - Grid & KS - All (exlcuding Parent)	-	3,517	3,517	249	581	230	118	586	206	1,548	3,518
289	Bills - KS - All (excluding Energy Trading & Energy Corp)	-	110	110	16	37	-	-	-	-	58	111
290	Bills - KS - LIPA & KEDLI	-	333,908	333,908	333,908	-	-	-	-	-	-	333,908
291	Bills - KS - Gas (excluding LI)	-	(263,247)	(263,247)	-	(148,648)	-	-	-	-	(114,598)	(263,246)
292	Bills - KS - Dist & Gas - NY only	-	2,714	2,714	522	1,219	-	-	-	-	973	2,714
293	Bills - KS - Dist & Gas	-	293,362	293,362	41,914	97,856	-	-	-	-	153,593	293,363
294	Bills - Grid & KS - Dist & Gas	-	2,036,808	2,036,808	144,088	336,397	132,900	68,591	339,293	119,211	896,328	2,036,808
295	Bills - Grid & KS - Dist, Tran & Gas - NY Only	-	187	187	29	67	-	-	68	24	-	188
296	Sendout - Grid - Dist - NE only	-	93,183	93,183	10,330	19,989	2,836	7,896	12,374	8,527	31,232	93,184
297	Sendout - Grid - All (excl Parent)	-	24,507	24,507	-	-	2,887	-	12,601	-	9,019	24,507
298	Sendout - Grid & KS - Gas	-	3,107	3,107	-	-	218	606	950	654	680	3,108
299	Sendout - KS - Gas - NE only	-	6,067,197	6,067,197	962,351	1,862,163	-	735,531	-	794,336	1,712,816	6,067,197
300	Sendout - Grid & KS - All (exlcuding Parent)	-	9,000	9,000	-	-	-	2,041	-	2,205	4,754	9,000
301	Sendout - Grid & KS - Dist & Gas - NE only	-	138,508	138,508	14,280	27,632	3,920	10,914	17,106	11,787	52,869	138,508
302	Sendout - KS - KEDLI & KEDNY	-	1,500	1,500	511	989	-	-	-	-	-	1,500
303	Sendout - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	-	104	104	35	68	-	-	-	-	-	103
304	Sendout - Grid & KS - Dist & Gas	-	220	220	23	44	6	17	27	19	84	220
305	Sendout - Grid & KS - Dist & Gen	-	801,471	801,471	88,851	171,929	24,389	67,910	106,432	73,339	268,623	801,473
306	Sendout - Grid & KS - Trans	-	284,639	284,639	-	-	28,769	-	125,546	-	130,323	284,638
307	Sendout - KS - Gas - NE only	-	2,329	2,329	-	-	277	-	1,209	-	843	2,329
308	Sendout - Grid & KS - Dist	-	9,000	9,000	-	-	-	2,704	-	-	6,296	9,000
309	Sendout - KS GAS	-	458,155	458,155	-	-	46,306	-	202,079	-	209,769	458,154
310	# Employees - Grid Dist - NE Only & NEP	-	68,616	68,616	-	-	17,565	-	-	-	51,050	68,615
311	# Employees - GRID & KS Gas	-	849,114	849,114	127,144	264,650	-	70,156	-	132,660	254,504	849,114
312	# Employees - Grid - Dist	-	51	51	-	-	5	-	33	-	13	51
313	# Employees - Grid & KS - Dist	-	(18)	(18)	-	-	(1)	-	(10)	-	(7)	(18)
314	# Employees - Grid - Dist - NE only	-	2,521,091	2,521,091	-	-	645,374	-	-	-	1,875,718	2,521,092
315	# Employees - Grid & KS - Gas	-	137,781	137,781	11,704	24,361	-	6,458	59,620	12,211	23,428	137,782
316	# Employees - Grid - Trans - NE only	-	16,798	16,798	-	-	4,434	-	-	-	12,364	16,798
317	# Employees - Grid - Ops Companies - NE only	-	29,952	29,952	-	-	6,364	5,094	-	-	18,496	29,954
318	# Employees - Grid - Ops Companies	-	22,981	22,981	-	-	1,688	1,352	12,478	2,556	4,908	22,982
319	# Employees - Grid - Dist & Tran - NE only	-	1,780	1,780	-	-	456	-	-	-	1,325	1,781
320	# Employees - Grid - Dist & Tran	-	(120)	(120)	-	-	(11)	-	(78)	-	(31)	(120)
321	# Employees - Grid & KS - Dist, Tran, Gas	-	92,879	92,879	6,421	13,365	4,426	3,543	32,709	6,699	25,716	92,879
322	# Employees - Grid & KS - Dist, Tran, Gas & Gen (excl LIPA)	-	11,807	11,807	787	1,639	543	435	4,011	822	3,570	11,807
323	# Employees - Grid & KS - Tran, Gen & INTE	-	2,235	2,235	-	-	491	-	-	-	1,744	2,235
324	# Employees - KS - Dist & Gas	-	14,857	14,857	2,237	4,657	-	-	-	-	7,962	14,856
325	# Employees - Grid & KS - Dist & Gas - NH Only	-	1,735	1,735	-	-	-	-	-	-	1,735	1,735
326	# Employees - Grid & KS - Dist & Gas - MA Only	-	38,455	38,455	-	-	-	-	-	-	38,455	38,455
327	# Employees - Grid - Dist, Tran & Gas - RI only	-	25,856	25,856	-	-	14,360	11,495	-	-	-	25,855
328	# Employees - Grid & KS - Dist, Tran & Gas - NY Only	-	2,242	2,242	243	506	-	-	1,239	254	-	2,242
329	# Employees - KS - Dist, Gas & Gen - NY only	-	2,065,363	2,065,363	398,983	830,480	-	-	-	-	835,899	2,065,362
330	# Employees - KS - LIPA & KEDLI	-	41,065	41,065	16,061	-	-	-	-	-	25,004	41,065
331	# Employees - Grid & KS - Dist & Gas - NE only	-	896,091	896,091	-	-	117,739	94,249	-	-	684,104	896,092
332	# Employees - Grid & KS - Gas - NE only	-	90,381	90,381	-	-	-	19,530	-	-	70,850	90,380
333	# Employees - KS - Gas - MA Only	-	498	498	-	-	-	-	-	-	498	498
334	# Employees - KS - All NY (excl Seneca)	-	82,507	82,507	15,938	33,176	-	-	-	-	33,392	82,506
335	# Employees - Grid & KS - Dist, Tran, Gas & Gen (regulated)	-	96,584	96,584	5,832	12,140	4,020	3,218	29,711	6,085	35,578	96,584
336	# Employees - Grid - NIMO Only	-	6,564	6,564	-	-	-	-	5,448	1,116	-	6,564

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		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Line No.	Bill Pool	As Booked Total	Reassignments	Revised Allocation Base	KEDLI	KEDNY	Narragansett Electric	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
337	# Employees - Grid - All (incl Parent & INTE)	-	15,836	15,836	-	-	1,163	931	8,598	1,761	3,381	15,834
338	# Employees - Grid & KS - Dist, Tran & Gas	-	18,558	18,558	1,283	2,670	884	708	6,536	1,339	5,138	18,558
339	# Employees - Grid - Trans	-	51,225	51,225	-	-	4,582	-	33,866	-	12,777	51,225
340	# Employees - Grid - All (excl Parent)	-	36,899	36,899	-	-	2,711	2,170	20,035	4,104	7,880	36,900
341	# Employees - Grid & KS - All (exlcuding Parent)	-	30,918,337	30,918,337	1,867,019	3,886,188	1,286,943	1,030,189	9,510,860	1,948,007	11,389,131	30,918,337
342	# Employees - KS - All (excluding Energy Trading & Energy Corp)	-	54,309	54,309	7,577	15,770	-	-	-	-	30,963	54,310
343	# Employees - KS - Gas - NE only	-	204	204	-	-	-	-	-	-	204	204
344	# Employees - Grid & KS - Gas - NE only	-	79,527	79,527	-	-	-	17,185	-	-	62,342	79,527
345	# Employees - Grid & KS - All (exlcuding Parent)	-	1,053,504	1,053,504	63,616	132,417	43,851	35,102	324,071	66,376	388,070	1,053,503
346	# Employees - KS - Dist, Gas & KS Generation	-	176,774	176,774	34,216	71,221	-	-	-	-	71,337	176,774
347	# Employees - Grid & KS - Dist, Tran & Gen (regulated)		1,132,111	1,132,111	-	-	78,969	-	583,605	-	469,538	1,132,112
348	Employees - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	-	19,613,061	19,613,061	1,184,344	2,465,205	816,373	653,501	6,033,218	1,235,719	7,224,701	19,613,061
349	Employees - Grid & KS NE Gas	-	626,384	626,384	-	-	-	135,356	-	-	491,028	626,384
350	Employees - Grid inc parent & INTE	-	1,164,125	1,164,125	-	-	85,529	68,466	632,084	129,463	248,583	1,164,125
351	Employees - Grid inc parent & INTE (NO NEET)	-	1,513,813	1,513,813	-	-	111,221	89,032	821,954	168,352	323,253	1,513,812
352	Employees - KS - All (excl KS Corp, PJ & Glenwood)	-	391,018	391,018	54,472	113,384	-	-	-	-	223,162	391,018
353	Employees - KS - All (excluding KS Corp)	-	2,857,343	2,857,343	398,055	828,548	-	-	-	-	1,630,740	2,857,343
354	Employees - KS - All NY (excl PJ, Glenwood & KS Corp)	-	47,879	47,879	9,249	19,252	-	-	-	-	19,378	47,879
355	Employees - KS - Dist & Gas & KS Generation (all LI)	-	220,631	220,631	71,520	-	-	-	-	-	149,111	220,631
356	Employees - KS - Dist & Gen	-	240,503	240,503	-	-	-	-	-	-	240,503	240,503
357	Employees - KS - Dist & Gen (Excl PJ & Glenwood)	-	4,676	4,676	-	-	-	-	-	-	4,676	4,676
358	Employees - KS - Dist, Gas & Gen - LI only	-	195,313	195,313	63,104	-	-	-	-	-	132,209	195,313
359	Employees - KS - Dist, Gas & Gen - NY only (excl PJ & Glenwood) & KSI	-	14,027	14,027	2,710	5,640	-	-	-	-	5,678	14,028
360	Employees - KS - Dist, Gas & Gen - NY only (excl PJ & Glenwood) & KSI & KS Energy Development	-	81,259	81,259	15,697	32,674	-	-	-	-	32,887	81,258
361	Employees - KS - Dist, Gas & Gen (incl KSI)	-	4,858,532	4,858,532	676,839	1,408,836	-	-	-	-	2,772,857	4,858,532
362	Employees - KS - Dist, Gas, Gen - NY Only	-	2,468,191	2,468,191	476,800	992,457	-	-	-	-	998,933	2,468,190
363	Employees - KS - Dist, Gas, Gen & Energy Trading	-	15,637,770	15,637,770	2,178,488	4,534,510	-	-	-	-	8,924,773	15,637,771
364	Employees - KS - Dist, Gas, Gen (excl PJ & Glenwood) - NY only	-	3,094,635	3,094,635	597,816	1,244,350	-	-	-	-	1,252,470	3,094,636
365	Employees - KS - Gas	-	(114,821)	(114,821)	(22,588)	(47,018)	-	-	-	-	(45,215)	(114,821)
366	Employees - KS - Gas - NE only	-	1,916,932	1,916,932	-	-	-	-	-	-	1,916,931	1,916,931
367	Employees - KS - Gen	-	50,103	50,103	-	-	-	-	-	-	50,103	50,103
368	Employees - KS - KEDLI & KEDNY	-	375,530	375,530	121,866	253,664	-	-	-	-	-	375,530
369	Employees - KS DIST, GAS, GEN, NREG	-	298,234	298,234	37,102	77,227	-	-	-	-	183,906	298,235
370	T&D Expend - Grid NE DIST	-	427,477	427,477	-	-	136,603	-	-	-	290,875	427,478
371	T&D Expend - Grid Dist - NE Only & NEP	-	8,606	8,606	-	-	2,750	-	-	-	5,857	8,607
372	T&D Expend - Grid NE only	-	7,300	7,300	-	-	2,346	-	-	-	4,955	7,301
373	T&D Expend - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	-	3,815	3,815	259	384	444	148	971	137	1,471	3,814
374	T&D Expend - Grid & KS - Gas	-	219,547	219,547	39,166	58,001	-	22,424	-	20,666	79,290	219,547
375	T&D Expend - Grid & KS - Dist & Gen	-	658,354	658,354	-	-	123,883	-	270,680	-	263,791	658,354
376	T&D Expend - Grid & KS - Dist, Gen & Gas	-	47	47	3	5	5	2	12	2	17	46
377	T&D Expend - Grid & KS - Dist	-	178,114	178,114	-	-	33,516	-	73,231	-	71,367	178,114
378	T&D Expend - Grid - Dist & Gas	-	(8)	(8)	-	-	(1)	-	(3)	-	(3)	(7)
379	T&D Expend - Grid - Dist & Gas - NE only	-	283	283	-	-	82	27	-	-	174	283
380	T&D Expend - Grid - Dist	-	2,081,328	2,081,328	-	-	391,647	-	855,731	-	833,950	2,081,328
381	T&D Expend - Grid - Dist - NE only	-	510,660	510,660	-	-	163,184	-	-	-	347,476	510,660
382	T&D Expend - Grid - Trans	-	758,093	758,093	-	-	145,419	-	317,733	-	294,941	758,093
383	T&D Expend - Grid - Trans - NE only	-	13,394	13,394	-	-	4,423	-	-	-	8,971	13,394
384	T&D Expend - Grid - Ops Companies - NE only	-	17,290	17,290	-	-	4,992	1,668	-	-	10,629	17,289
385	T&D Expend - Grid - Ops Companies	-	10,253	10,253	-	-	1,721	575	3,761	530	3,665	10,252
386	T&D Expend - Grid - Dist & Tran - NE only	-	9,642	9,642	-	-	3,081	-	-	-	6,560	9,641
387	T&D Expend - Grid - Dist & Tran	-	1,683,412	1,683,412	-	-	316,770	-	692,129	-	674,512	1,683,411
388	T&D Expend - Grid & KS - Dist, Tran, Gas & Gen (regulated)	-	304,658	304,658	20,705	30,662	35,488	11,855	77,540	10,925	117,484	304,659
389	T&D Expend - Grid & KS - Dist, Tran & Gen (regulated)	-	261,465	261,465	-	-	49,200	-	107,501	-	104,764	261,465
390	T&D Expend - Grid & KS - Dist, Tran, Gas	-	26,119	26,119	1,775	2,629	3,042	1,016	6,648	937	10,073	26,120
391	T&D Expend - Grid & KS - Dist, Tran, Gas & Gen (excl LIPA)	-	544,576	544,576	37,011	54,808	63,435	21,190	138,603	19,528	210,000	544,575
392	T&D Expend - Grid & KS - Tran, Gen & INTE	-	16,532	16,532	-	-	5,459	-	-	-	11,073	16,532
393	T&D Expend - Grid - All (excl Parent)	-	96,417	96,417	-	-	16,188	5,407	35,369	4,983	34,469	96,416
394	T&D Expend - Grid - All (excl Parent) - NE only	-	1,007	1,007	-	-	291	97	-	-	619	1,007
395	T&D Expend - Grid & KS - All (exlcuding Parent)	-	1,571,173	1,571,173	106,781	158,129	183,019	61,136	399,888	56,342	605,880	1,571,175
396	T&D Expend - KS - All (excluding Energy Trading & Energy Corp)	-	7,822	7,822	1,736	2,571	-	-	-	-	3,514	7,821
397	T&D Expend - KS - Dist & Gas - NY only	-	1,784	1,784	719	1,065	-	-	-	-	-	1,784
398	T&D Expend - Grid & KS - Dist & Gas	-	1,372,473	1,372,473	93,277	138,131	159,873	53,404	349,316	49,216	529,255	1,372,472
399	T&D Expend - Grid & KS - Dist & Gas - NE only	-	408,731	408,731	-	-	88,003	29,397	-	-	291,331	408,731
400	T&D Expend - Grid & KS - Gas - NE only	-	2,540	2,540	-	-	-	560	-	-	1,981	2,541
401	T&D Expend - Grid & KS - Dist & Gas - NH Only	-	4,869	4,869	-	-	-	-	-	-	4,870	4,870
402	T&D Expend - Grid & KS - Dist & Gas - MA Only	-	58,806	58,806	-	-	-	-	-	-	58,807	58,807

The Narragansett Electric Company d/b/a National Grid
Summary of Proposed Reallocated Amounts by Bill Pool & Groups of Companies and Certain Individual Companies
Calendar Year 2011

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Line No.	Bill Pool	As Booked Total	Reassignments	Revised Allocation Base	KEDLI	KEDNY	Narragansett Electric	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
403	T&D Expend - Grid - Dist, Tran & Gas - RI only	-	41,798	41,798	-	-	31,332	10,466	-	-	-	41,798
404	T&D Expend - Grid & KS - Dist, Tran & Gas - NY Only	-	21,559	21,559	3,192	4,727	-	-	11,955	1,684	-	21,558
405	T&D Expend - Grid & KS - Gas	-	3,821,094	3,821,094	681,672	1,009,473	-	390,281	-	359,676	1,379,992	3,821,094
406	T&D Expend - KS - Gas - NE only	-	729,203	729,203	-	-	-	160,763	-	-	568,440	729,203
407	T&D Expend - KS - Gas - MA Only	-	203	203	-	-	-	-	-	-	203	203
408	T&D Expend - Grid & KS - Dist & Gas	-	2,870	2,870	195	289	334	112	731	103	1,107	2,871
409	T&D Expend - KS - Gas	-	3,969,986	3,969,986	881,181	1,304,922	-	-	-	-	1,783,884	3,969,987
410	T&D Expend - Grid & KS - Dist, Tran, Gas & Gen (regulated)	-	140,755	140,755	9,566	14,166	16,396	5,477	35,824	5,047	54,279	140,755
411	T&D Expend - Grid & KS - Gas - NE only	-	95,065	95,065	-	-	-	20,958	-	-	74,106	95,064
412	T&D Expend - Grid & KS - Dist & Gas - NE only	-	33,882	33,882	-	-	7,295	2,437	-	-	24,150	33,882
413	T&D Expend - KS - KEDLI & KEDNY	-	1,225,862	1,225,862	494,124	731,738	-	-	-	-	-	1,225,862
414	T&D Expend - KS - Dist, Gas, Gen & Energy Trading	-	17,501	17,501	3,885	5,753	-	-	-	-	7,864	17,502
415	T&D Expend - Grid & KS - All (exlcuding Parent)	-	3,584,515	3,584,515	243,612	360,760	417,544	139,477	912,314	128,539	1,382,270	3,584,516
416	T&D Expend - Grid & KS - Dist, Tran & Gas	-	26,211	26,211	1,781	2,638	3,053	1,020	6,671	940	10,107	26,210
417	T&D Expend - Grid & KS - Dist & Gas - MA Only	-	164,919	164,919	-	-	-	-	-	-	164,918	164,918
418	T&D Expend - Grid & KS - Dist & Gas - NY Only	-	15,836	15,836	2,345	3,472	-	-	8,781	1,237	-	15,835
419	Miles OH Lines - Grid NE only	-	4,991	4,991	-	-	1,344	-	-	-	3,648	4,992
420	Miles OH Lines - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	-	3,516	3,516	-	-	318	-	2,331	-	868	3,517
421	Miles OH Lines - Grid & KS - Gas	-	(416)	(416)	-	-	-	-	-	-	-	-
422	Miles OH Lines - Grid & KS - Dist & Gen	-	(7,102)	(7,102)	-	-	(642)	-	(4,708)	-	(1,753)	(7,103)
423	Miles OH Lines - Grid & KS - Dist	-	56,240	56,240	-	-	5,082	-	37,283	-	13,875	56,240
424	Miles OH Lines - Grid - Dist	-	195,784	195,784	-	-	17,691	-	129,792	-	48,301	195,784
425	Miles OH Lines - Grid - Dist - NE only	-	261,045	261,045	-	-	69,978	-	-	-	191,067	261,045
426	Miles OH Lines - Grid - Trans	-	22,932	22,932	-	-	2,107	-	15,460	-	5,365	22,932
427	Miles OH Lines - Grid - Dist & Tran	-	38,929	38,929	-	-	3,518	-	25,808	-	9,604	38,930
428	Miles OH Lines - Grid & KS - Dist, Tran, Gas & Gen (regulated)	-	69,944	69,944	-	-	6,320	-	46,368	-	17,256	69,944
429	Miles OH Lines - Grid & KS - Dist, Tran & Gen (regulated)	-	4,303	4,303	-	-	389	-	2,853	-	1,062	4,304
430	Miles OH Lines - Grid & KS - Dist, Tran, Gas & Gen (excl LIPA)	-	298,940	298,940	-	-	27,011	-	198,178	-	73,751	298,940
431	Miles OH Lines - Grid - All (excl Parent)	-	2,702	2,702	-	-	244	-	1,791	-	666	2,701
432	Miles OH Lines - Grid & KS - All (exlcuding Parent)	-	737	737	-	-	67	-	489	-	182	738
433	Miles OH Lines - Grid & KS - Dist & Gas	-	(350)	(350)	-	-	(32)	-	(232)	-	(86)	(350)
434	Miles OH Lines - Grid & KS - Dist, Tran & Gas - NY Only	-	10,019	10,019	-	-	-	-	10,019	-	-	10,019
435	Miles OH Lines - Grid - Dist & Tran - NE only	-	31,166	31,166	-	-	8,355	-	-	-	22,811	31,166
436	# Joint Use Poles O&M - Grid NE DIST	-	198,118	198,118	-	-	55,213	-	-	-	142,905	198,118
437	# Joint Use Poles - Grid Dist - NE Only & NEP	-	618	618	-	-	172	-	-	-	445	617
438	# Joint Use Poles - Grid & KS - All (exlcuding Parent)	-	863	863	-	-	125	-	415	-	323	863
439	# Joint Use Poles - Grid - Dist	-	437,433	437,433	-	-	63,297	-	210,305	-	163,831	437,433
440	# Joint Use Poles - Grid - Dist - NE only	-	(116,046)	(116,046)	-	-	(32,340)	-	-	-	(83,706)	(116,046)
441	# Joint Use Poles - Grid - Trans	-	66,143	66,143	-	-	9,719	-	32,292	-	24,132	66,143
442	Inbound Call Minutes - Grid & KS - Gas	-	58,897	58,897	10,607	28,403	-	4,590	-	2,839	12,459	58,898
443	Inbound Call Minutes - Grid & KS - Dist	-	189,011	189,011	-	-	10,748	-	54,091	-	124,173	189,012
444	Inbound Call Minutes - Grid - Dist - NE only	-	246,878	246,878	-	-	57,762	-	-	-	189,115	246,877
445	Inbound Call Minutes - Grid NE Retail	-	12,258,112	12,258,112	-	-	2,868,049	-	-	-	9,390,064	12,258,113
446	Inbound Call Minutes - Grid inc parent & INTE	-	10,505	10,505	-	-	875	1,458	4,404	902	2,865	10,504
447	Inbound Call Minutes - KS DIST, GAS, GEN, NREG	-	508	508	73	194	-	-	-	-	241	508
448	Inbound Call Minutes - KS - LIPA & KEDLI	-	19,315,390	19,315,390	6,132,817	-	-	-	-	-	13,182,573	19,315,390
449	Inbound Call Minutes - KS - Gas - NE only	-	6,270,770	6,270,770	-	-	-	-	-	-	6,270,770	6,270,770
450	Inbound Call Minutes - KS - Gas - NE only & KEDNY	-	6,000,658	6,000,658	-	4,171,122	-	-	-	-	1,829,536	6,000,658
451	Inbound Call Minutes - Grid - Dist & Gas - NE only	-	10,314	10,314	-	-	1,736	2,893	-	-	5,684	10,313
452	Inbound Call Minutes - Grid - All (excl Parent)	-	7,309	7,309	-	-	609	1,015	3,064	628	1,994	7,310
453	Inbound Call Minutes - Grid & KS - All (exlcuding Parent)	-	2,000	2,000	198	529	51	86	258	53	825	2,000
454	Inbound Call Minutes - KS - All (excluding Energy Trading & Energy Corp)	-	9,555	9,555	1,365	3,654	-	-	-	-	4,536	9,555
455	Inbound Call Minutes - KS - LIPA & KEDLI	-	247,011	247,011	78,428	-	-	-	-	-	168,583	247,011
456	Inbound Call Minutes - Grid & KS - Dist & Gas	-	371,540	371,540	36,719	98,325	9,533	15,888	47,979	9,827	153,268	371,539
457	Inbound Call Minutes - KS - Gas - MA Only	-	4,118	4,118	-	-	-	-	-	-	4,118	4,118
458	Inbound Call Minutes - KS - Gas - NE only	-	173,810	173,810	-	-	-	-	-	-	173,811	173,811
459	Inbound Call Minutes - KS - Dist & Gas	-	49,491	49,491	7,068	18,927	-	-	-	-	23,496	49,491
460	Inbound Call Minutes - Grid & KS - Dist & Gas	-	2,840,123	2,840,123	280,690	751,617	72,874	121,454	366,759	75,119	1,171,610	2,840,123
461	Inbound Call Minutes - Grid & KS - Gas - NE only	-	48,109	48,109	-	-	-	12,952	-	-	35,157	48,109
462	Inbound Call Minutes - Grid - Dist & Gas	-	25,572	25,572	-	-	2,130	3,550	10,721	2,196	6,974	25,571
463	Inbound Call Minutes - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	-	660	660	65	175	17	28	85	17	271	658
464	Claims - Grid & KS - Dist, Gen & Gas	-	60,333	60,333	6,454	3,736	3,247	2,117	12,173	2,030	30,579	60,336
465	Claims - Grid - Dist & Gas	-	169,088	169,088	-	-	19,377	12,632	72,633	12,111	52,336	169,089
466	Claims - Grid - Dist & Gas - NE only	-	2,961	2,961	-	-	680	443	-	-	1,837	2,960
467	Claims - Grid - Ops Companies - NE only	-	4,805	4,805	-	-	1,099	716	-	-	2,991	4,806
468	Claims - Grid - Ops Companies	-	18,011	18,011	-	-	2,059	1,342	7,719	1,287	5,604	18,011

The Narragansett Electric Company d/b/a National Grid
Summary of Proposed Reallocated Amounts by Bill Pool & Groups of Companies and Certain Individual Companies
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		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Line No.	Bill Pool	As Booked Total	Reassignments	Revised Allocation Base	KEDLI	KEDNY	Narragansett Electric	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
469	Claims - KS - Dist & Gas	-	3,209	3,209	647	375	-	-	-	-	2,186	3,208
470	Claims - Grid & KS - Dist & Gas - NE only	-	55,093	55,093	-	-	8,364	5,452	-	-	41,278	55,094
471	Claims - KS - All (excluding Energy Trading & Energy Corp)	-	346	346	69	40	-	-	-	-	238	347
472	Claims - Grid - All (excl Parent)	-	1,537	1,537	-	-	176	115	659	110	479	1,539
473	Claims - Grid & KS - Dist, Tran, Gas & Gen (regulated)	-	10,439	10,439	1,107	641	557	363	2,087	348	5,336	10,439
474	Claims - KS - Gas - NE only	-	14,449	14,449	-	-	-	-	-	-	14,448	14,448
475	Claims - KS - All (excluding KS Corp)	-	2,879	2,879	572	331	-	-	-	-	1,975	2,878
476	Claims - KS - Gas - NE only	-	107,149	107,149	-	-	-	-	-	-	107,149	107,149
477	Claims - KS - Dist & Gas	-	88,100	88,100	17,770	10,286	-	-	-	-	60,043	88,099
478	Claims - KS - LIPA & KEDLI	-	1,021,039	1,021,039	313,705	-	-	-	-	-	707,334	1,021,039
479	Debt - Grid inc INTE	-	289,661	289,661	-	-	13,859	4,693	52,069	10,665	208,374	289,660
480	Debt - Grid - Ops Companies - NE only	-	987	987	-	-	215	73	-	-	699	987
481	Debt - KS - Dist, Gas & Gen - LI only	-	34,003	34,003	24,258	-	-	-	-	-	9,745	34,003
482	Debt - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	-	85,123	85,123	10,502	10,895	5,584	1,891	20,980	4,297	30,975	85,124
483	Debt - Grid & KS - All (exlcuding Parent)	-	2,903	2,903	193	200	103	35	386	79	1,905	2,901
484	Debt - KS - All (excluding Energy Trading & Energy Corp)	-	3,153	3,153	809	839	-	-	-	-	1,505	3,153
485	Debt - KS - Gas - MA Only	-	1,774	1,774	-	-	-	-	-	-	1,774	1,774
486	Debt - Grid & KS - Dist & Gas - MA Only	-	1,104	1,104	-	-	-	-	-	-	1,105	1,105
487	Debt - KS - All (excluding KS Corp)	-	1,206,529	1,206,529	309,319	320,892	-	-	-	-	576,316	1,206,527
488	Debt - Grid - NEP & INTE companies	-	1,060	1,060	-	-	-	-	-	-	1,060	1,060
489	Debt - Grid & KS - Dist & Gas - NY Only	-	458	458	103	107	-	-	206	42	-	458
490	Debt - Grid & KS - Dist & Gas	-	353,326	353,326	46,365	48,100	24,654	8,348	92,624	18,971	114,263	353,325
491	Debt - Grid & KS - All (exlcuding Parent)	-	3,390,555	3,390,555	225,649	234,091	119,985	40,627	450,779	92,328	2,227,095	3,390,554
492	Property Owned - KS - Gas - NE only & KEDNY	-	14,231	14,231	-	7,715	-	-	-	-	6,517	14,232
493	Property Owned - Grid - Dist & Gas	-	57	57	-	-	7	2	28	7	12	56
494	Property Owned - Grid & KS - Dist, Tran, Gas & Gen (regulated)	-	195	195	23	25	12	4	51	13	68	196
495	Property Owned - Grid & KS - Gas	-	471,302	471,302	125,275	136,325	-	24,680	-	69,881	115,141	471,302
496	Property Owned - Grid NE DIST	-	4,285	4,285	-	-	1,491	-	-	-	2,794	4,285
497	Property Owned - Grid & KS - Dist & Gen	-	2,037	2,037	-	-	265	-	1,109	-	662	2,036
498	Property Owned - Grid & KS - Dist, Gen & Gas	-	1,203	1,203	152	165	82	30	344	85	346	1,204
499	Property Owned - Grid & KS - Dist	-	110,004	110,004	-	-	15,559	-	65,004	-	29,442	110,005
500	Property Owned - Grid NE only	-	846	846	-	-	209	-	-	-	636	845
501	Property Owned - Grid - Trans	-	2,018,507	2,018,507	-	-	247,581	-	1,034,405	-	736,522	2,018,508
502	Property Owned - Grid - Ops Companies - NE only	-	1,743	1,743	-	-	391	142	-	-	1,210	1,743
503	Property Owned - Grid - Ops Companies	-	622	622	-	-	64	23	269	66	199	621
504	Property Owned - Grid - Dist	-	4,113,299	4,113,299	-	-	583,302	-	2,437,066	-	1,092,931	4,113,299
505	Property Owned - Grid - Dist - NE only	-	89,331	89,331	-	-	31,086	-	-	-	58,245	89,331
506	Property Owned - Grid - All (excl Parent)	-	275,010	275,010	-	-	28,259	10,244	118,070	29,008	89,429	275,010
507	Property Owned - Grid & KS - All (exlcuding Parent)	-	521,608	521,608	60,404	65,732	32,826	11,900	137,148	33,695	179,903	521,608
508	Property Owned - KS - All (excluding Energy Trading & Energy Corp)	-	1,402	1,402	419	456	-	-	-	-	527	1,402
509	Property Owned - Grid inc parent & INTE (NO NEET)	-	3,733	3,733	-	-	384	139	1,603	394	1,214	3,734
510	Property Owned - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	-	440	440	56	61	30	11	127	31	124	440
511	Property Owned - Grid - Trans - NE only	-	122,610	122,610	-	-	30,846	-	-	-	91,763	122,609
512	Property Owned - Grid - Dist & Tran	-	103,787	103,787	-	-	12,539	-	52,387	-	38,862	103,788
513	Property Owned - Grid & KS - Dist, Tran, Gas	-	298,323	298,323	36,115	39,300	19,626	7,115	81,999	20,146	94,021	298,322
514	Property Owned - Grid & KS - Gas - NE only	-	5,369	5,369	-	-	-	948	-	-	4,422	5,370
515	Property Owned - Grid & KS - Gas - NY only	-	4,122	4,122	1,249	1,360	-	-	-	697	816	4,122
516	Property Owned - Grid & KS - Dist & Gas	-	31,446	31,446	4,135	4,500	2,247	815	9,389	2,307	8,053	31,446
517	Property Owned - Grid & KS - Trans	-	6,469	6,469	-	-	788	-	3,292	-	2,389	6,469
518	Property Owned - Grid & KS - FERC (KS Gen, MECO tran, NECO tran, NEP, INTE companies)	-	4,345	4,345	-	-	936	-	-	-	3,410	4,346
519	Property Owned - Grid & KS - Dist, Tran & Gas	-	136,532	136,532	16,529	17,986	8,982	3,256	37,528	9,220	43,031	136,532
520	Property Owned - Grid & KS - Gas	-	2,411,317	2,411,317	640,944	697,477	-	126,268	-	357,533	589,095	2,411,317
521	Property Owned - KS - KEDLI & KEDNY	-	2,315,464	2,315,464	1,108,823	1,206,624	-	-	-	-	17	2,315,464
522	Property Owned - Grid & KS - All (exlcuding Parent)	-	325,118	325,118	39,359	42,830	21,389	7,754	89,364	21,955	102,468	325,119
523	Grand Total	$ 846,751,844	$ 512	$ 846,752,356	$ 84,519,495	$ 91,158,329	$ 49,093,790	$ 20,189,855	$ 163,696,528	$ 35,568,698	$ 402,525,150	$ 846,751,844

The Narragansett Electric Company d/b/a National Grid
Summary of Amounts to be Reassigned by Proposed Allocator
Calendar Year 2011

Number of Customers Allocator

Current Allocator	Current Allocator	New Allocator	Meter Test NE	TDC (revenue cycle management)	Cust Meter Svs	Meters	Total
90542	Rubber Gloves - Grid NE DIST, TRAN incl NE HYDRO Trans	Customers - Grid NE DIST, TRAN incl NE HYDRO Trans	206		-		206
90253	Engineering O&M - Grid NE DIST	Customers - Grid NE DIST	401,220			-	401,220
90230	G&A - Grid - Dist & Gas - NE only	Customers - Grid - Dist & Gas - NE only			6,879		6,879
90231	G&A - Grid - Dist	Customers - Grid - Dist			8,810	14,136	22,946
90236	G&A - Grid - Ops Companies	Customers - Grid - Ops Companies			50,333	868,860	919,193
90238	G&A - Grid - Dist & Tran	Customers - Grid - Dist & Tran				1,692,945	1,692,945
90239	G&A - Grid & KS - Dist, Tran, Gas & Gen (regulated)	Customers - Grid & KS - Dist, Tran, Gas & Gen (regulated)			60		60
90385	G&A - KS - Gas (excluding LI)	Customers - KS - Gas (excluding LI)			87		87
90247	Customers - Grid NE Retail	Customers - Grid NE Retail				9,941	9,941
90297	Shared Telecom - Grid NE only	Customers - Grid NE only			330		330
B0900	Meters - KS - KEDLI & KEDNY	Customers - KS - KEDLI & KEDNY				7,117,389	7,117,389
B1030	Meters - Grid - NIMO Dist & Gas	Customers - Grid - NIMO Dist & Gas				137,376	137,376
B1500	Meters - KS - LIPA & KEDLI	Customers - KS - LIPA & KEDLI				1,727,661	1,727,661
B1600	Meters - KS - Gas - NE only	Customers - KS - Gas - NE only				(11,435)	(11,435)
B2000	Meters - KS - Gas - MA Only	Customers - KS - Gas - MA Only				1,100,728	1,100,728
B0300	Meters - KS - Gas - NE only	Customers - KS - Gas - NE only				828,722	828,722
B2400	Meters - KS - Gas	Customers - KS - Gas				335,587	335,587
M0600	Sendout - KS - LIPA & KEDLI	Customers - KS - LIPA & KEDLI			492,283		492,283
M0700	Sendout - KS - Dist & Gas - NY only	Customers - KS - Dist & Gas - NY only			89,355		89,355
B5800	Meters - Grid & KS - Dist & Gas	Customers - Grid & KS - Dist & Gas				432,448	432,448
B0500	Meters - KS - Dist & Gas	Customers - KS - Dist & Gas				1,264,206	1,264,206
B1040	Meters - Grid - Dist - NE only	Customers - Grid - Dist - NE only				1,075,111	1,075,111
90352	Employees - Grid inc parent & INTE	Customers - Grid inc parent & INTE			6,870		6,870
90354	Employees - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	Customers - GRID & KS DIST, TRAN, GAS, GEN, KS NREG			2,110		2,110
B0600	Meters - KS - LIPA & KEDLI	Customers - KS - LIPA & KEDLI			25,589,149	9,178,858	34,768,006
90200	G&A - Grid & KS - Gas	Customers - Grid & KS - Gas			3,613	464	4,076
B0700	Meters - KS - Dist & Gas - NY only	Customers - KS - Dist & Gas - NY only				199,187	199,187
90203	G&A - Grid & KS - Dist	Customers - Grid & KS - Dist			378	5,270	5,648
90229	G&A - Grid - Dist & Gas	Customers - Grid - Dist & Gas			322,671		322,671
90231	G&A - Grid - Dist	Customers - Grid - Dist	574				574
90232	G&A - Grid - Dist - NE only	Customers - Grid - Dist - NE only	961		360,518		361,478
90233	G&A - Grid - Trans	Customers - Grid - Trans	383				383
90380	G&A - Grid - All (excl Parent)	Customers - Grid - All (excl Parent)	497		8,711	306	9,514
90383	G&A - KS - All (excluding Energy Trading & Energy Corp)	Customers - KS - All (excluding Energy Trading & Energy Corp)			51,417	2,744	54,162
90388	G&A - Grid & KS - Dist & Gas	Customers - Grid & KS - Dist & Gas			54,942	302,677	357,619
90389	G&A - Grid & KS - Dist & Gas - NE only	Customers - Grid & KS - Dist & Gas - NE only			138,175	136,608	274,783
90390	G&A - Grid & KS - Gas - NE only	Customers - Grid & KS - Gas - NE only			2,415		2,415
90393	G&A - KS - Gas - MA Only	Customers - KS - Gas - MA Only			530,771		530,771
90397	G&A - KS - Gas - NE only	Customers - KS - Gas - NE only			37		37
G5200	G&A - Grid & KS - Gas	Customers - Grid & KS - Gas			34,400	105,478	139,878
G0300	G&A - KS - Gas - NE only	Customers - KS - Gas - NE only			5,148,170	12,574,459	17,722,629
G0600	G&A - KS - LIPA & KEDLI	Customers - KS - LIPA & KEDLI			480,448		480,448
G5800	G&A - Grid & KS - Dist & Gas	Customers - Grid & KS - Dist & Gas			862,101		862,101
G2400	G&A - KS - Gas	Customers - KS - Gas			100,907		100,907
G5900	G&A - Grid & KS - Gas - NE only	Customers - Grid & KS - Gas - NE only				274,646	274,646
G0900	G&A - KS - KEDLI & KEDNY	Customers - KS - KEDLI & KEDNY			381,511		381,511
B3400	Meters - KS - Gas - NE only & KEDNY	Customers - KS - Gas - NE only & KEDNY				1,411,169	1,411,169
H0600	Bills - KS - LIPA & KEDLI	Customers - KS - LIPA & KEDLI			28,131		28,131
			403,840	-	34,755,581	40,785,541	75,944,962

Source: General Ledger Actual CY 2011 amounts

The Narragansett Electric Company d/b/a National Grid
Summary of Amounts to be Reassigned by Proposed Allocator
Calendar Year 2011

Number of Inbound and Outbound Collection Calls Allocator

Current Allocator	Current Allocator	New Allocator	Credit & Collections
90397	G&A - KS - Gas - NE only	Collection Calls - KS - Gas - NE only	1,250,492
90382	G&A - Grid & KS - All (exlcuding Parent)	Collection Calls - Grid & KS - All (exlcuding Parent)	4,467
90229	G&A - Grid - Dist & Gas	Collection Calls - Grid - Dist & Gas	2,017,815
90231	G&A - Grid - Dist	Collection Calls - Grid - Dist	557,548
90232	G&A - Grid - Dist - NE only	Collection Calls - Grid - Dist - NE only	3,835
90239	G&A - Grid & KS - Dist, Tran, Gas & Gen (regulated)	Collection Calls - Grid & KS - Dist, Tran, Gas & Gen (regulated)	(2,113,038)
90247	Customers - Grid NE Retail	Collection Calls - Grid NE Retail	(198,134)
90380	G&A - Grid - All (excl Parent)	Collection Calls - Grid - All (excl Parent)	9,101
90383	G&A - KS - All (excluding Energy Trading & Energy Corp)	Collection Calls - KS - All (excluding Energy Trading & Energy Corp)	4,177
90384	G&A - KS - LIPA & KEDLI	Collection Calls - KS - LIPA & KEDLI	(9,303)
90385	G&A - KS - Gas (excluding LI)	Collection Calls - KS - Gas (excluding LI)	740,917
90386	G&A - KS - Dist & Gas - NY only	Collection Calls - KS - Dist & Gas - NY only	(65,881)
90391	G&A - Grid & KS - Dist & Gas - NH Only	Collection Calls - Grid & KS - Dist & Gas - NH Only	818
90388	G&A - Grid & KS - Dist & Gas	Collection Calls - Grid & KS - Dist & Gas	3,211,110
90396	G&A - Grid & KS - Dist, Tran & Gas - NY Only	Collection Calls - Grid & KS - Dist, Tran & Gas - NY Only	577
B5800	Meters - Grid & KS - Dist & Gas	Collection Calls - Grid & KS - Dist & Gas	1,191.22
B0300	Meters - KS - Gas - NE only	Collection Calls - KS - Gas - NE only	1,443,793
B0600	Meters - KS - LIPA & KEDLI	Collection Calls - KS - LIPA & KEDLI	5,060,473
			11,919,958

Capital Expenditures Allocator

Current Allocator	Current Allocator	New Allocator	Construction	Plant Accounting	Network Strategy - Eng & Standards)	Total
90247	Customers - Grid NE Retail	Capex - Grid NE Retail	61			61
90352	Employees - Grid inc parent & INTE	Capex - Grid inc parent & INTE	11,337		793	12,131
90354	Employees - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	Capex - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	5,900		880	6,780
90356	Employees - Grid - Dist - NE only	Capex - Grid - Dist - NE only	31,680			31,680
90231	G&A - Grid - Dist	Capex - Grid - Dist	50,995		402,924	453,919
90232	G&A - Grid - Dist - NE only	Capex - Grid - Dist - NE only	46,727		175,707	222,434
90233	G&A - Grid - Trans	Capex - Grid - Trans	63,417		2,373,471	2,436,887
90235	G&A - Grid - Ops Companies - NE only	Capex - Grid - Ops Companies - NE only	20,885		(1,370)	19,515
90237	G&A - Grid - Dist & Tran - NE only	Capex - Grid - Dist & Tran - NE only	79,630		53,581	133,211
90238	G&A - Grid - Dist & Tran	Capex - Grid - Dist & Tran	16,794		416,541	433,335
90380	G&A - Grid - All (excl Parent)	Capex - Grid - All (excl Parent)	163,539		80,215	243,754
90381	G&A - Grid - All (excl Parent) - NE only	Capex - Grid - All (excl Parent) - NE only	292			292
90382	G&A - Grid & KS - All (exlcuding Parent)	Capex - Grid & KS - All (exlcuding Parent)	(14,747)		11,911.10	(2,836)
G5200	G&A - Grid & KS - Gas	Capex - Grid & KS - Gas	1,033,439		5,543,977	6,577,415
G0300	G&A - KS - Gas - NE only	Capex - KS - Gas - NE only	7,256,064		5,279,451	12,535,515
G6100	G&A - Grid & KS - Gas - NY only	Capex - Grid & KS - Gas - NY only	110,940			110,940
G0900	G&A - KS - KEDLI & KEDNY	Capex - KS - KEDLI & KEDNY	7,570,878		5,072,360.21	12,643,238
G1240	G&A - Grid & KS - Dist, Tran & Gas	Capex - Grid & KS - Dist, Tran & Gas	650,044		349,152	999,196
G5100	G&A - Grid & KS - All (exlcuding Parent)	Capex - Grid & KS - All (exlcuding Parent)		1,053		1,053
I0200	Property - KS - Dist, Gas, Gen & Energy Trading	Capex - KS - Dist, Gas, Gen & Energy Trading		4,793,341		4,793,341
90239	G&A - Grid & KS - Dist, Tran, Gas & Gen (regulated)	Capex - Grid & KS - Dist, Tran, Gas & Gen (regulated)			36,410	36,410
90241	G&A - Grid & KS - Dist, Tran, Gas	Capex - Grid & KS - Dist, Tran, Gas			(16,020)	(16,020)
90383	G&A - KS - All (excluding Energy Trading & Energy Corp)	Capex - KS - All (excluding Energy Trading & Energy Corp)			2,846	2,846
90386	G&A - KS - Dist & Gas - NY only	Capex - KS - Dist & Gas - NY only			598	598
90388	G&A - Grid & KS - Dist & Gas	Capex - Grid & KS - Dist & Gas			382	382
90389	G&A - Grid & KS - Dist & Gas - NE only	Capex - Grid & KS - Dist & Gas - NE only			176	176
90390	G&A - Grid & KS - Gas - NE only	Capex - Grid & KS - Gas - NE only			12,520	12,520
90397	G&A - KS - Gas - NE only	Capex - KS - Gas - NE only			4,016	4,016
G2000	G&A - KS - Gas - MA Only	Capex - KS - Gas - MA Only			104,249	104,249
G5400	G&A - Grid & KS - Dist	Capex - Grid & KS - Dist			15,976	15,976
G2400	G&A - KS - Gas	Capex - KS - Gas			3,040,417	3,040,417
90253	Engineering O&M - Grid NE DIST	Capex - Grid NE DIST			376,947	376,947
G0800	G&A - KS - All	Capex - KS - All			64,486	64,486
G1060	G&A - Grid - Dist	Capex - Grid - Dist			675,972	675,972
G5900	G&A - Grid & KS - Gas - NE only	Capex - Grid & KS - Gas - NE only			181,623.98	181,624
90256	T&D Supervision - Grid Dist - NE Only & NEP	Capex - Grid Dist - NE Only & NEP			13,941	13,941
90272	Service Based - Grid inc INTE	Capex - Grid inc INTE			1,472	1,472

The Narragansett Electric Company d/b/a National Grid
Summary of Amounts to be Reassigned by Proposed Allocator
Calendar Year 2011

90297	Shared Telecom - Grid NE only	Capex - Grid NE only			85,481	85,481
90353	Employees - Grid inc parent & INTE (NO NEET)	Capex - Grid inc parent & INTE (NO NEET)			104	104
90200	G&A - Grid & KS - Gas	Capex - Grid & KS - Gas			70,540	70,540
90203	G&A - Grid & KS - Dist	Capex - Grid & KS - Dist			3,426	3,426
90234	G&A - Grid - Trans - NE only	Capex - Grid - Trans - NE only			35,418	35,418
90236	G&A - Grid - Ops Companies	Capex - Grid - Ops Companies			53,445	53,445
			17,097,874	4,794,394	24,524,020	46,416,288

Source: General Ledger Actual CY 2011 amounts

The Narragansett Electric Company d/b/a National Grid
Summary of Amounts to be Reassigned by Proposed Allocator
Calendar Year 2011

Number of Bills Allocator

Current Allocator	Current Allocator	New Allocator	Billing and Systems
90247	Customers - Grid NE Retail	Bills - Grid NE Retail	11,852,391
90354	Employees - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	Bills - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	1,345
B0600	Meters - KS - LIPA & KEDLI	Bills - KS - LIPA & KEDLI	5,445,280
B3400	Meters - KS - Gas - NE only & KEDNY	Bills - KS - Gas - NE only & KEDNY	4,376,664
B1040	Meters - Grid - Dist - NE only	Bills - Grid - Dist - NE only	16,525
H0300	Bills - KS - Gas - NE only	Bills - KS - Gas - NE only	4,949,164
H0600	Bills - KS - LIPA & KEDLI	Bills - KS - LIPA & KEDLI	402,195
H2000	Bills - KS - Gas - MA Only	Bills - KS - Gas - MA Only	1,829,260
90200	G&A - Grid & KS - Gas	Bills - Grid & KS - Gas	26,386
90229	G&A - Grid - Dist & Gas	Bills - Grid - Dist & Gas	85,602
90230	G&A - Grid - Dist & Gas - NE only	Bills - Grid - Dist & Gas - NE only	148
90231	G&A - Grid - Dist	Bills - Grid - Dist	38,653
90232	G&A - Grid - Dist - NE only	Bills - Grid - Dist - NE only	3,010
90236	G&A - Grid - Ops Companies	Bills - Grid - Ops Companies	775,522
90380	G&A - Grid - All (excl Parent)	Bills - Grid - All (excl Parent)	6,807
90382	G&A - Grid & KS - All (exlcuding Parent)	Bills - Grid & KS - All (exlcuding Parent)	3,517
90383	G&A - KS - All (excluding Energy Trading & Energy Corp)	Bills - KS - All (excluding Energy Trading & Energy Corp)	110
90384	G&A - KS - LIPA & KEDLI	Bills - KS - LIPA & KEDLI	333,908
90385	G&A - KS - Gas (excluding LI)	Bills - KS - Gas (excluding LI)	(263,247)
90386	G&A - KS - Dist & Gas - NY only	Bills - KS - Dist & Gas - NY only	2,714
90387	G&A - KS - Dist & Gas	Bills - KS - Dist & Gas	293,362
90388	G&A - Grid & KS - Dist & Gas	Bills - Grid & KS - Dist & Gas	2,036,808
90396	G&A - Grid & KS - Dist, Tran & Gas - NY Only	Bills - Grid & KS - Dist, Tran & Gas - NY Only	187.11
			32,216,311

Revenues and # of Commodity Transactions Allocator

Current Allocator	Current Allocator	New Allocator	Energy procurement	Acctg - energy backoffice	US Treasury - Energy Risk	Other Energy Risk	Total
90202	G&A - Grid & KS - Dist, Gen & Gas	Sendout - Grid & KS - Dist, Gen & Gas			93,183		93,183
90232	G&A - Grid - Dist - NE only	Sendout - Grid - Dist - NE only	24,507				24,507
90380	G&A - Grid - All (excl Parent)	Sendout - Grid - All (excl Parent)	2,543		564.64		3,107
G5200	G&A - Grid & KS - Gas	Sendout - Grid & KS - Gas	4,099,730	117,499		1,846,838	6,064,067
G0300	G&A - KS - Gas - NE only	Sendout - KS - Gas - NE only				9,000	9,000
G5100	G&A - Grid & KS - All (exlcuding Parent)	Sendout - Grid & KS - All (exlcuding Parent)				138,508	138,508
G6000	G&A - Grid & KS - Dist & Gas - NE only	Sendout - Grid & KS - Dist & Gas - NE only	1,500				1,500
G0900	G&A - KS - KEDLI & KEDNY	Sendout - KS - KEDLI & KEDNY	104				104
90354	Employees - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	Sendout - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	220				220
G5800	G&A - Grid & KS - Dist & Gas	Sendout - Grid & KS - Dist & Gas	6,881	734,151	30,219	30,219	801,471
G5500	G&A - Grid & KS - Dist & Gen	Sendout - Grid & KS - Dist & Gen	284,639				284,639
G5300	G&A - Grid & KS - Trans	Sendout - Grid & KS - Trans		2,329			2,329
G0300	G&A - KS - Gas - NE only	Sendout - KS - Gas - NE only			9,000		9,000
G5400	G&A - Grid & KS - Dist	Sendout - Grid & KS - Dist		455,251	1,452	1,452	458,155
G2400	G&A - KS GAS	Sendout - KS GAS			1,565	1,565	3,131
			4,420,124	1,309,230	135,985	2,027,582	7,892,921

The Narragansett Electric Company d/b/a National Grid
Summary of Amounts to be Reassigned by Proposed Allocator
Calendar Year 2011

Number of Employees Allocator

Current Allocator	Current Allocator	New Allocator	Emp Svcs (L6) dept Payroll Mgmt	HR - # employees	Safety # employees		Total
90256	T&D Supervision - Grid Dist - NE Only & NEP	# Employees - Grid Dist - NE Only & NEP			68,616		68,616
G5200	G&A - GRID & KS Gas	# Employees - GRID & KS Gas			539,617		539,617
90231	G&A - Grid - Dist	# Employees - Grid - Dist			51		51
90203	G&A - Grid & KS - Dist	# Employees - Grid & KS - Dist			(18)		(18)
90232	G&A - Grid - Dist - NE only	# Employees - Grid - Dist - NE only			1,453		1,453
90200	G&A - Grid & KS - Gas	# Employees - Grid & KS - Gas		135,779.23	2,002		137,781
90234	G&A - Grid - Trans - NE only	# Employees - Grid - Trans - NE only			16,798		16,798
90235	G&A - Grid - Ops Companies - NE only	# Employees - Grid - Ops Companies - NE only		29,952.37			29,952
90236	G&A - Grid - Ops Companies	# Employees - Grid - Ops Companies		22,980.80	-		22,981
90237	G&A - Grid - Dist & Tran - NE only	# Employees - Grid - Dist & Tran - NE only		260.69	1,519		1,780
90238	G&A - Grid - Dist & Tran	# Employees - Grid - Dist & Tran			(120)		(120)
90241	G&A - Grid & KS - Dist, Tran, Gas	# Employees - Grid & KS - Dist, Tran, Gas			92,879		92,879
90242	G&A - Grid & KS - Dist, Tran, Gas & Gen (excl LIPA)	# Employees - Grid & KS - Dist, Tran, Gas & Gen (excl LIPA)		11,806.54			11,807
90243	G&A - Grid & KS - Tran, Gen & INTE	# Employees - Grid & KS - Tran, Gen & INTE			2,235		2,235
90387	G&A - KS - Dist & Gas	# Employees - KS - Dist & Gas			9,506		9,506
90391	G&A - Grid & KS - Dist & Gas - NH Only	# Employees - Grid & KS - Dist & Gas - NH Only			1,735		1,735
90392	G&A - Grid & KS - Dist & Gas - MA Only	# Employees - Grid & KS - Dist & Gas - MA Only			38,455		38,455
90394	G&A - Grid - Dist, Tran & Gas - RI only	# Employees - Grid - Dist, Tran & Gas - RI only			25,856		25,856
90396	G&A - Grid & KS - Dist, Tran & Gas - NY Only	# Employees - Grid & KS - Dist, Tran & Gas - NY Only			2,242		2,242
G1700	G&A - KS - Dist, Gas & Gen - NY only	# Employees - KS - Dist, Gas & Gen - NY only			82,592		82,592
90384	G&A - KS - LIPA & KEDLI	# Employees - KS - LIPA & KEDLI		245.12			245
90389	G&A - Grid & KS - Dist & Gas - NE only	# Employees - Grid & KS - Dist & Gas - NE only		68,783.00	50,394		119,177
90390	G&A - Grid & KS - Gas - NE only	# Employees - Grid & KS - Gas - NE only		2,875.59			2,876
90393	G&A - KS - Gas - MA Only	# Employees - KS - Gas - MA Only		305.95	192		498
G3900	G&A - KS - All NY (excl Seneca)	# Employees - KS - All NY (excl Seneca)		82,506.66			82,507
G1250	G&A - Grid & KS - Dist, Tran, Gas & Gen (regulated)	# Employees - Grid & KS - Dist, Tran, Gas & Gen (regulated)		96,584.33			96,584
G1010	G&A - Grid - NIMO Only	# Employees - Grid - NIMO Only		6,564.39			6,564
G1230	G&A - Grid - All (incl Parent & INTE)	# Employees - Grid - All (incl Parent & INTE)		15,835.64			15,836
G1240	G&A - Grid & KS - Dist, Tran & Gas	# Employees - Grid & KS - Dist, Tran & Gas		18,558.20			18,558
90233	G&A - Grid - Trans	# Employees - Grid - Trans	400		50,824.73		51,225
90380	G&A - Grid - All (excl Parent)	# Employees - Grid - All (excl Parent)	4363.76	31,447.64	1,088		36,899
90382	G&A - Grid & KS - All (exlcuding Parent)	# Employees - Grid & KS - All (exlcuding Parent)	661	15.94	176,936		177,613
90383	G&A - KS - All (excluding Energy Trading & Energy Corp)	# Employees - KS - All (excluding Energy Trading & Energy Corp)	2,185.74	52,123.34			54,309
G0300	G&A - KS - Gas - NE only	# Employees - KS - Gas - NE only			204		204
G5900	G&A - Grid & KS - Gas - NE only	# Employees - Grid & KS - Gas - NE only			79,527		79,527
G5100	G&A - Grid & KS - All (exlcuding Parent)	# Employees - Grid & KS - All (exlcuding Parent)			1,053,504		1,053,504
G1300	G&A - KS - Dist, Gas & KS Generation	# Employees - KS - Dist, Gas & KS Generation			176,774		176,774
			7,611	576,625	2,474,863	-	3,059,099

Source: General Ledger Actual CY 2011 amounts

The Narragansett Electric Company d/b/a National Grid
Summary of Amounts to be Reassigned by Proposed Allocator
Calendar Year 2011

Total T&D Expenditures Allocator

Current Allocator	Current Allocator	New Allocator	Resource Planning	Environmental - license & compliance	Finance Decision Support	Network Strategy (best methods)	COO	Total
90253	Engineering O&M - Grid NE DIST	T&D Expend - Grid NE DIST	-	40		427,437		427,477
90256	T&D Supervision - Grid Dist - NE Only & NEP	T&D Expend - Grid Dist - NE Only & NEP	8,606			-		8,606
90297	Shared Telecom - Grid NE only	T&D Expend - Grid NE only	5,527	1,773		-		7,300
90354	Employees - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	T&D Expend - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	2,900		585	110	220	3,815
90200	G&A - Grid & KS - Gas	T&D Expend - Grid & KS - Gas		(3,619)	127,415	27,335	68,416	219,547
90201	G&A - Grid & KS - Dist & Gen	T&D Expend - Grid & KS - Dist & Gen			399,244		259,110	658,354
90202	G&A - Grid & KS - Dist, Gen & Gas	T&D Expend - Grid & KS - Dist, Gen & Gas			47			47
90203	G&A - Grid & KS - Dist	T&D Expend - Grid & KS - Dist	397	3,830	46,231		127,656	178,114
90229	G&A - Grid - Dist & Gas	T&D Expend - Grid - Dist & Gas		(8)				(8)
90230	G&A - Grid - Dist & Gas - NE only	T&D Expend - Grid - Dist & Gas - NE only		-	283			283
90231	G&A - Grid - Dist	T&D Expend - Grid - Dist	661,254	4,608	494,079	722,726	198,661	2,081,328
90232	G&A - Grid - Dist - NE only	T&D Expend - Grid - Dist - NE only	459,368	45	-	51,247		510,660
90233	G&A - Grid - Trans	T&D Expend - Grid - Trans	230,120	12,916	105,101	63,810	346,146	758,093
90234	G&A - Grid - Trans - NE only	T&D Expend - Grid - Trans - NE only	574	12,514	306			13,394
90235	G&A - Grid - Ops Companies - NE only	T&D Expend - Grid - Ops Companies - NE only	-	17,290	-			17,290
90236	G&A - Grid - Ops Companies	T&D Expend - Grid - Ops Companies	9,396	787	(71)	141		10,253
90237	G&A - Grid - Dist & Tran - NE only	T&D Expend - Grid - Dist & Tran - NE only	9,642		-			9,642
90238	G&A - Grid - Dist & Tran	T&D Expend - Grid - Dist & Tran	66,519		153,497		1,463,396	1,683,412
90239	G&A - Grid & KS - Dist, Tran, Gas & Gen (regulated)	T&D Expend - Grid & KS - Dist, Tran, Gas & Gen (regulated)		180,749	123,514		395	304,658
90240	G&A - Grid & KS - Dist, Tran & Gen (regulated)	T&D Expend - Grid & KS - Dist, Tran & Gen (regulated)	11,874	579	28		248,984	261,465
90241	G&A - Grid & KS - Dist, Tran, Gas	T&D Expend - Grid & KS - Dist, Tran, Gas	(4,338)		22,956		7,500	26,119
90242	G&A - Grid & KS - Dist, Tran, Gas & Gen (excl LIPA)	T&D Expend - Grid & KS - Dist, Tran, Gas & Gen (excl LIPA)			18,458		526,118	544,576
90243	G&A - Grid & KS - Tran, Gen & INTE	T&D Expend - Grid & KS - Tran, Gen & INTE			16,532			16,532
90380	G&A - Grid - All (excl Parent)	T&D Expend - Grid - All (excl Parent)	73,881	1,465	2,108	17,758	1,205	96,417
90381	G&A - Grid - All (excl Parent) - NE only	T&D Expend - Grid - All (excl Parent) - NE only	1,007					1,007
90382	G&A - Grid & KS - All (exlcuding Parent)	T&D Expend - Grid & KS - All (exlcuding Parent)		516	1,570,123		533	1,571,173
90383	G&A - KS - All (excluding Energy Trading & Energy Corp)	T&D Expend - KS - All (excluding Energy Trading & Energy Corp)		220	1,893	438	5,271	7,822
90386	G&A - KS - Dist & Gas - NY only	T&D Expend - KS - Dist & Gas - NY only					1,784	1,784
90388	G&A - Grid & KS - Dist & Gas	T&D Expend - Grid & KS - Dist & Gas	(12,513)	4,671	1,379,345	970		1,372,473
90389	G&A - Grid & KS - Dist & Gas - NE only	T&D Expend - Grid & KS - Dist & Gas - NE only		379,622	29,109			408,731
90390	G&A - Grid & KS - Gas - NE only	T&D Expend - Grid & KS - Gas - NE only			2,540			2,540
90391	G&A - Grid & KS - Dist & Gas - NH Only	T&D Expend - Grid & KS - Dist & Gas - NH Only			4,869			4,869
90392	G&A - Grid & KS - Dist & Gas - MA Only	T&D Expend - Grid & KS - Dist & Gas - MA Only		13,790	45,016			58,806
90394	G&A - Grid - Dist, Tran & Gas - RI only	T&D Expend - Grid - Dist, Tran & Gas - RI only			41,798			41,798
90396	G&A - Grid & KS - Dist, Tran & Gas - NY Only	T&D Expend - Grid & KS - Dist, Tran & Gas - NY Only			21,559			21,559
G5200	G&A - Grid & KS - Gas	T&D Expend - Grid & KS - Gas			2,948,435	68,290	804,370	3,821,094
G0300	G&A - KS - Gas - NE only	T&D Expend - KS - Gas - NE only	467,700	261,503				729,203
G2000	G&A - KS - Gas - MA Only	T&D Expend - KS - Gas - MA Only	203					203
G5800	G&A - Grid & KS - Dist & Gas	T&D Expend - Grid & KS - Dist & Gas	2,870					2,870
G2400	G&A - KS - Gas	T&D Expend - KS - Gas	1,717,897			2,314,652	(62,563)	3,969,986
G1250	G&A - Grid & KS - Dist, Tran, Gas & Gen (regulated)	T&D Expend - Grid & KS - Dist, Tran, Gas & Gen (regulated)			140,755			140,755
G5900	G&A - Grid & KS - Gas - NE only	T&D Expend - Grid & KS - Gas - NE only	95,065					95,065
G6000	G&A - Grid & KS - Dist & Gas - NE only	T&D Expend - Grid & KS - Dist & Gas - NE only			33,882			33,882
G0900	G&A - KS - KEDLI & KEDNY	T&D Expend - KS - KEDLI & KEDNY	1,163,190			62,673		1,225,862
G0200	G&A - KS - Dist, Gas, Gen & Energy Trading	T&D Expend - KS - Dist, Gas, Gen & Energy Trading			17,501			17,501
G5100	G&A - Grid & KS - All (exlcuding Parent)	T&D Expend - Grid & KS - All (exlcuding Parent)			3,584,515			3,584,515
G1240	G&A - Grid & KS - Dist, Tran & Gas	T&D Expend - Grid & KS - Dist, Tran & Gas	26,211					26,211
G1190	G&A - Grid & KS - Dist & Gas - MA Only	T&D Expend - Grid & KS - Dist & Gas - MA Only		164,919				164,919
G1170	G&A - Grid & KS - Dist & Gas - NY Only	T&D Expend - Grid & KS - Dist & Gas - NY Only			15,836			15,836
			4,997,350	1,058,210	11,347,490	3,757,586	3,997,203	25,157,840

Source: General Ledger Actual CY 2011 amounts

The Narragansett Electric Company d/b/a National Grid
Summary of Amounts to be Reassigned by Proposed Allocator
Calendar Year 2011

Miles of Overhead Electric Lines Allocator

Current Allocator	Current Allocator	New Allocator	Emergency Planning	Veg Mgmt	Total
90297	Shared Telecom - Grid NE only	Miles OH Lines - Grid NE only	4,991		4,991
90354	Employees - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	Miles OH Lines - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	3,516		3,516
90200	G&A - Grid & KS - Gas	Miles OH Lines - Grid & KS - Gas	(416)		(416)
90201	G&A - Grid & KS - Dist & Gen	Miles OH Lines - Grid & KS - Dist & Gen	(7,102)	-	(7,102)
90203	G&A - Grid & KS - Dist	Miles OH Lines - Grid & KS - Dist	56,240		56,240
90231	G&A - Grid - Dist	Miles OH Lines - Grid - Dist	49,392	146,392	195,784
90232	G&A - Grid - Dist - NE only	Miles OH Lines - Grid - Dist - NE only	260,066	979	261,045
90233	G&A - Grid - Trans	Miles OH Lines - Grid - Trans	4,853	18,079	22,932
90238	G&A - Grid - Dist & Tran	Miles OH Lines - Grid - Dist & Tran		38,929	38,929
90239	G&A - Grid & KS - Dist, Tran, Gas & Gen (regulated)	Miles OH Lines - Grid & KS - Dist, Tran, Gas & Gen (regulated)	69,944		69,944
90240	G&A - Grid & KS - Dist, Tran & Gen (regulated)	Miles OH Lines - Grid & KS - Dist, Tran & Gen (regulated)	4,303		4,303
90242	G&A - Grid & KS - Dist, Tran, Gas & Gen (excl LIPA)	Miles OH Lines - Grid & KS - Dist, Tran, Gas & Gen (excl LIPA)	298,940		298,940
90380	G&A - Grid - All (excl Parent)	Miles OH Lines - Grid - All (excl Parent)		2,702	2,702
90382	G&A - Grid & KS - All (exlcuding Parent)	Miles OH Lines - Grid & KS - All (exlcuding Parent)	737		737
90388	G&A - Grid & KS - Dist & Gas	Miles OH Lines - Grid & KS - Dist & Gas	(350)		(350)
90396	G&A - Grid & KS - Dist, Tran & Gas - NY Only	Miles OH Lines - Grid & KS - Dist, Tran & Gas - NY Only	10,019		10,019
90237	G&A - Grid - Dist & Tran - NE only	Miles OH Lines - Grid - Dist & Tran - NE only	31,166		31,166
			786,300	207,082	993,381

Source: General Ledger Actual CY 2011 amounts

The Narragansett Electric Company d/b/a National Grid
Summary of Amounts to be Reassigned by Proposed Allocator
Calendar Year 2011

Number of Joint Use Poles Allocator

Current Allocator	Current Allocator	New Allocator	Net Strategy - outdoor lighting
90253	Engineering O&M - Grid NE DIST	# Joint Use Poles O&M - Grid NE DIST	198,118
90256	T&D Supervision - Grid Dist - NE Only & NEP	# Joint Use Poles - Grid Dist - NE Only & NEP	618
90382	G&A - Grid & KS - All (exlcuding Parent)	# Joint Use Poles - Grid & KS - All (exlcuding Parent)	863
90231	G&A - Grid - Dist	# Joint Use Poles - Grid - Dist	437,433
90232	G&A - Grid - Dist - NE only	# Joint Use Poles - Grid - Dist - NE only	(116,046)
90233	G&A - Grid - Trans	# Joint Use Poles - Grid - Trans	66,143
			587,128

Number of Inbound Call Minutes Allocator

Current Allocator	Current Allocator	New Allocator	Contact Center
90200	G&A - Grid & KS - Gas	Inbound Call Minutes - Grid & KS - Gas	58,897
90203	G&A - Grid & KS - Dist	Inbound Call Minutes - Grid & KS - Dist	189,011
90232	G&A - Grid - Dist - NE only	Inbound Call Minutes - Grid - Dist - NE only	246,878
90247	Customers - Grid NE Retail	Inbound Call Minutes - Grid NE Retail	12,258,112
90352	Employees - Grid inc parent & INTE	Inbound Call Minutes - Grid inc parent & INTE	10,505
90355	Employees - KS DIST, GAS, GEN, NREG	Inbound Call Minutes - KS DIST, GAS, GEN, NREG	508
D0600	Calls - KS - LIPA & KEDLI	Inbound Call Minutes - KS - LIPA & KEDLI	19,315,390
D1600	Calls - KS - Gas - NE only	Inbound Call Minutes - KS - Gas - NE only	6,270,770
D3400	Calls - KS - Gas - NE only & KEDNY	Inbound Call Minutes - KS - Gas - NE only & KEDNY	6,000,658
90230	G&A - Grid - Dist & Gas - NE only	Inbound Call Minutes - Grid - Dist & Gas - NE only	10,314
90380	G&A - Grid - All (excl Parent)	Inbound Call Minutes - Grid - All (excl Parent)	7,309
90382	G&A - Grid & KS - All (exlcuding Parent)	Inbound Call Minutes - Grid & KS - All (exlcuding Parent)	2,000
90383	G&A - KS - All (excluding Energy Trading & Energy Corp)	Inbound Call Minutes - KS - All (excluding Energy Trading & Energy Corp)	9,555
90384	G&A - KS - LIPA & KEDLI	Inbound Call Minutes - KS - LIPA & KEDLI	247,011
90388	G&A - Grid & KS - Dist & Gas	Inbound Call Minutes - Grid & KS - Dist & Gas	371,540
90393	G&A - KS - Gas - MA Only	Inbound Call Minutes - KS - Gas - MA Only	4,118
90397	G&A - KS - Gas - NE only	Inbound Call Minutes - KS - Gas - NE only	173,810
G0500	G&A - KS - Dist & Gas	Inbound Call Minutes - KS - Dist & Gas	49,491
G5800	G&A - Grid & KS - Dist & Gas	Inbound Call Minutes - Grid & KS - Dist & Gas	2,840,123
90390	G&A - Grid & KS - Gas - NE only	Inbound Call Minutes - Grid & KS - Gas - NE only	48,109
G1050	G&A - Grid - Dist & Gas	Inbound Call Minutes - Grid - Dist & Gas	25,572
90354	Employees - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	Inbound Call Minutes - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	660
			48,140,341

Number of Claims Processed Allocator

Current Allocator	Current Allocator	New Allocator	Claims
90202	G&A - Grid & KS - Dist, Gen & Gas	Claims - Grid & KS - Dist, Gen & Gas	60,333
90229	G&A - Grid - Dist & Gas	Claims - Grid - Dist & Gas	169,088
90230	G&A - Grid - Dist & Gas - NE only	Claims - Grid - Dist & Gas - NE only	2,961
90235	G&A - Grid - Ops Companies - NE only	Claims - Grid - Ops Companies - NE only	4,805
90236	G&A - Grid - Ops Companies	Claims - Grid - Ops Companies	18,011
90387	G&A - KS - Dist & Gas	Claims - KS - Dist & Gas	3,209
90389	G&A - Grid & KS - Dist & Gas - NE only	Claims - Grid & KS - Dist & Gas - NE only	55,093
90383	G&A - KS - All (excluding Energy Trading & Energy Corp)	Claims - KS - All (excluding Energy Trading & Energy Corp)	346
90380	G&A - Grid - All (excl Parent)	Claims - Grid - All (excl Parent)	1,537
90239	G&A - Grid & KS - Dist, Tran, Gas & Gen (regulated)	Claims - Grid & KS - Dist, Tran, Gas & Gen (regulated)	10,439
90397	G&A - KS - Gas - NE only	Claims - KS - Gas - NE only	14,449
G0100	G&A - KS - All (excluding KS Corp)	Claims - KS - All (excluding KS Corp)	2,879
G0300	G&A - KS - Gas - NE only	Claims - KS - Gas - NE only	107,149
G0500	G&A - KS - Dist & Gas	Claims - KS - Dist & Gas	88,100
G0600	G&A - KS - LIPA & KEDLI	Claims - KS - LIPA & KEDLI	1,021,039
			1,559,438

Source: General Ledger Actual CY 2011 amounts

The Narragansett Electric Company d/b/a National Grid
Summary of Amounts to be Reassigned by Proposed Allocator
Calendar Year 2011

Level of Debt Outstanding Allocator

Current Allocator	Current Allocator	New Allocator	US Treasury -Cash Mgmt	Other Treasury	Total
90272	Service Based - Grid inc INTE	Debt - Grid inc INTE	289,661		289,661
90235	G&A - Grid - Ops Companies - NE only	Debt - Grid - Ops Companies - NE only	-	987	987
G1500	G&A - KS - Dist, Gas & Gen - LI only	Debt - KS - Dist, Gas & Gen - LI only		34,003	34,003
90354	Employees - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	Debt - GRID & KS DIST, TRAN, GAS, GEN, KS NREG		85,123	85,123
90382	G&A - Grid & KS - All (exlcuding Parent)	Debt - Grid & KS - All (exlcuding Parent)	-	2,903	2,903
90383	G&A - KS - All (excluding Energy Trading & Energy Corp)	Debt - KS - All (excluding Energy Trading & Energy Corp)		3,153	3,153
G2000	G&A - KS - Gas - MA Only	Debt - KS - Gas - MA Only		1,774	1,774
G1190	G&A - Grid & KS - Dist & Gas - MA Only	Debt - Grid & KS - Dist & Gas - MA Only		1,104	1,104
G0100	G&A - KS - All (excluding KS Corp)	Debt - KS - All (excluding KS Corp)		1,206,529	1,206,529
G1070	G&A - Grid - NEP & INTE companies	Debt - Grid - NEP & INTE companies		1,060	1,060
G1170	G&A - Grid & KS - Dist & Gas - NY Only	Debt - Grid & KS - Dist & Gas - NY Only		458	458
G5800	G&A - Grid & KS - Dist & Gas	Debt - Grid & KS - Dist & Gas		353,326	353,326
G5100	G&A - Grid & KS - All (exlcuding Parent)	Debt - Grid & KS - All (exlcuding Parent)		3,390,555	3,390,555
			289,661	5,080,976	5,370,636

Dollar Value of Property Owned Allocator

Current Allocator	Current Allocator	New Allocator	Prop Tax & Strategy	Network Strat (net strat & LT planning)	Total
B3400	Meters - KS - Gas - NE only & KEDNY	Property Owned - KS - Gas - NE only & KEDNY		14,231	14,231
90229	G&A - Grid - Dist & Gas	Property Owned - Grid - Dist & Gas		57	57
90239	G&A - Grid & KS - Dist, Tran, Gas & Gen (regulated)	Property Owned - Grid & KS - Dist, Tran, Gas & Gen (regulated)	195		195
90200	G&A - Grid & KS - Gas	Property Owned - Grid & KS - Gas	110,330	360,972	471,302
90253	Engineering O&M - Grid NE DIST	Property Owned - Grid NE DIST		4,285	4,285
90201	G&A - Grid & KS - Dist & Gen	Property Owned - Grid & KS - Dist & Gen	2,037		2,037
90202	G&A - Grid & KS - Dist, Gen & Gas	Property Owned - Grid & KS - Dist, Gen & Gas	1,203		1,203
90203	G&A - Grid & KS - Dist	Property Owned - Grid & KS - Dist	109,314	691	110,004
90297	Shared Telecom - Grid NE only	Property Owned - Grid NE only		846	846
90233	G&A - Grid - Trans	Property Owned - Grid - Trans	124,151	1,894,357	2,018,507
90235	G&A - Grid - Ops Companies - NE only	Property Owned - Grid - Ops Companies - NE only	1,743		1,743
90236	G&A - Grid - Ops Companies	Property Owned - Grid - Ops Companies	165	456	622
90231	G&A - Grid - Dist	Property Owned - Grid - Dist		4,113,299	4,113,299
90232	G&A - Grid - Dist - NE only	Property Owned - Grid - Dist - NE only		89,331	89,331
90380	G&A - Grid - All (excl Parent)	Property Owned - Grid - All (excl Parent)	243,187	31,823	275,010
90382	G&A - Grid & KS - All (exlcuding Parent)	Property Owned - Grid & KS - All (exlcuding Parent)	521,608		521,608
90383	G&A - KS - All (excluding Energy Trading & Energy Corp)	Property Owned - KS - All (excluding Energy Trading & Energy Corp)	1,402		1,402
90353	Employees - Grid inc parent & INTE (NO NEET)	Property Owned - Grid inc parent & INTE (NO NEET)		3,733	3,733
90354	Employees - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	Property Owned - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	440		440
90234	G&A - Grid - Trans - NE only	Property Owned - Grid - Trans - NE only		122,610	122,610
90238	G&A - Grid - Dist & Tran	Property Owned - Grid - Dist & Tran		103,787	103,787
90241	G&A - Grid & KS - Dist, Tran, Gas	Property Owned - Grid & KS - Dist, Tran, Gas		298,323	298,323
90390	G&A - Grid & KS - Gas - NE only	Property Owned - Grid & KS - Gas - NE only		5,369	5,369
90395	G&A - Grid & KS - Gas - NY only	Property Owned - Grid & KS - Gas - NY only		4,122	4,122
G1260	G&A - Grid & KS - Dist & Gas	Property Owned - Grid & KS - Dist & Gas		31,446	31,446
G5300	G&A - Grid & KS - Trans	Property Owned - Grid & KS - Trans		6,469	6,469
G1270	G&A - Grid & KS - FERC (KS Gen, MECO tran, NECO tran, NEP, INTE companies)	Property Owned - Grid & KS - FERC (KS Gen, MECO tran, NECO tran, NEP, INTE companies)		4,345	4,345
G1240	G&A - Grid & KS - Dist, Tran & Gas	Property Owned - Grid & KS - Dist, Tran & Gas		136,532	136,532
G5200	G&A - Grid & KS - Gas	Property Owned - Grid & KS - Gas		2,411,317	2,411,317
G0900	G&A - KS - KEDLI & KEDNY	Property Owned - KS - KEDLI & KEDNY		2,315,464	2,315,464
G5100	G&A - Grid & KS - All (exlcuding Parent)	Property Owned - Grid & KS - All (exlcuding Parent)	325,118		325,118
			1,440,893	11,953,865	13,394,758
					272,653,061

Source: General Ledger Actual CY 2011 amounts

The Narragansett Electric Company d/b/a National Grid
Summary of Proposed Allocator Data & Percentages by Groups of Companies and Certain Individual Companies
Calendar Year 2011

Line No.	Proposed Allocator Data	KEDLI	KEDNY	Narragansett Electric	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
1	Number of Customers	$ 556,519	$ 1,214,559	$ 488,988	$ 254,920	$ 1,245,430	$ 437,583	$ 3,411,852	$ 7,609,851
2	Number of Inbound & Outbound Calls - Collection	216,706	692,463	303,229	213,704	1,465,718	300,207	$ 1,892,362	$ 5,084,389
3	$ Capital Expenditures	137,059,692	188,211,768	218,991,134	76,192,826	382,523,073	53,452,544	$ 450,922,128	$ 1,507,353,165
4	Number Bills	539,633	1,259,863	497,731	256,885	1,270,709	446,465	$ 3,356,898	$ 7,628,185
5	Revenues & Commodity Purchases (Sendout)	10	20	3	8	12	9	$ 38	$ 100
6	Number of Employees	589	1,226	406	325	3,000	615	$ 9,694	$ 15,855
7	$ of total T&D Expenditures	188,741,776	279,503,576	323,497,050	108,061,171	706,826,598	99,587,227	$ 1,070,929,313	$ 2,777,146,711
8	Number of Miles Overhead Lines		-	5,463	-	40,081		$ 14,916	$ 60,460
9	Number Joint Use Poles			226,498		752,536		$ 586,239	$ 1,565,273
10	Inbound Call Minutes (Excl Collection)	3,865,919	10,351,978	1,003,682	1,672,779	5,051,349	1,034,614	$ 16,136,508	$ 39,116,830
11	Number Claims Processed	1,256	727	632	412	2,369	395	$ 6,056	$ 11,847
12	$ Level of Debt Outstanding	1,412,650,715	1,465,500,000	751,156,250	254,339,000	2,822,053,950	578,011,050	$ 14,568,585,675	$ 21,852,296,640
13	$ Value Property Owned	2,199,736,442	2,393,758,537	1,195,416,500	433,355,561	4,994,512,322	1,227,063,989	$ 7,174,739,077	$ 19,618,582,429

Line No.	ALLOCATIONS BASED ON VARIOUS COMPANY MIX	KEDLI	KEDNY	Narragansett Electric	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
14	Customers - Grid NE DIST, TRAN incl NE HYDRO Trans			$ 488,988				$ 1,349,570	$ 1,838,558
15	Customers - Grid NE DIST			488,988				1,349,570	1,838,558
16	Customers - Grid - Dist & Gas - NE only			488,988	254,920			1,349,570	2,093,478
17	Customers - Grid - Dist			488,988		1,245,430		1,349,570	3,083,988
18	Customers - Grid - Ops Companies			488,988	254,920	1,245,430	437,583	1,349,570	3,776,491
19	Customers - Grid - Dist & Tran			488,988		1,245,430		1,349,570	3,083,988
20	Customers - Grid & KS - Dist, Tran, Gas & Gen (regulated)	556,519	1,214,559	488,988	254,920	1,245,430	437,583	3,411,852	7,609,851
21	Customers - KS - Gas (excluding LI)		1,214,559					936,349	2,150,908
22	Customers - Grid NE Retail			488,988				1,349,570	1,838,558
23	Customers - Grid NE only			488,988				1,336,826	1,825,814
24	Customers - KS - KEDLI & KEDNY	556,519	1,214,559					-	1,771,078
25	Customers - Grid - NIMO Dist & Gas					1,245,430	437,583	-	1,683,013
26	Customers - KS - LIPA & KEDLI	556,519						1,125,933	1,682,452
27	Customers - KS - Gas - NE only							936,349	936,349
28	Customers - KS - Gas - MA Only							851,255	851,255
29	Customers - KS - Gas - NE only							936,349	936,349
30	Customers - KS - Gas	556,519	1,214,559					936,349	2,707,427
31	Customers - KS - LIPA & KEDLI	556,519						1,125,933	1,682,452
32	Customers - KS - Dist & Gas - NY only	556,519	1,214,559					1,125,933	2,897,011
33	Customers - Grid & KS - Dist & Gas	556,519	1,214,559	488,988	254,920	1,245,430	437,583	3,411,852	7,609,851
34	Customers - KS - Dist & Gas	556,519	1,214,559					2,062,282	3,833,360
35	Customers - Grid - Dist - NE only			488,988				1,349,570	1,838,558
36	Customers - Grid inc parent & INTE			488,988	254,920	1,245,430	437,583	1,349,570	3,776,491
37	Customers - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	556,519	1,214,559	488,988	254,920	1,245,430	437,583	3,411,852	7,609,851
38	Customers - KS - LIPA & KEDLI	556,519						1,125,933	1,682,452
39	Customers - Grid & KS - Gas	556,519	1,214,559		254,920		437,583	936,349	3,399,930
40	Customers - KS - Dist & Gas - NY only	556,519	1,214,559					1,125,933	2,897,011
41	Customers - Grid & KS - Dist			488,988		1,245,430		2,475,503	4,209,921
42	Customers - Grid - Dist & Gas			488,988	254,920	1,245,430	437,583	1,349,570	3,776,491
43	Customers - Grid - Dist			488,988		1,245,430		1,349,570	3,083,988
44	Customers - Grid - Dist - NE only			488,988				1,349,570	1,838,558
45	Customers - Grid - Trans			488,988		1,245,430		1,293,939	3,028,357
46	Customers - Grid - All (excl Parent)			488,988	254,920	1,245,430	437,583	1,349,570	3,776,491
47	Customers - KS - All (excluding Energy Trading & Energy Corp)	556,519	1,214,559					2,062,282	3,833,360
48	Customers - Grid & KS - Dist & Gas	556,519	1,214,559	488,988	254,920	1,245,430	437,583	3,411,852	7,609,851
49	Customers - Grid & KS - Dist & Gas - NE only			488,988	254,920			2,285,919	3,029,827
50	Customers - Grid & KS - Gas - NE only				254,920			936,349	1,191,269
51	Customers - KS - Gas - MA Only							851,255	851,255
52	Customers - KS - Gas - NE only							936,349	936,349
53	Customers - Grid & KS - Gas	556,519	1,214,559		254,920		437,583	936,349	3,399,930
54	Customers - KS - Gas - NE only							936,349	936,349
55	Customers - KS - LIPA & KEDLI	556,519						1,125,933	1,682,452
56	Customers - Grid & KS - Dist & Gas	556,519	1,214,559	488,988	254,920	1,245,430	437,583	3,411,852	7,609,851
57	Customers - KS - Gas	556,519	1,214,559					936,349	2,707,427
58	Customers - Grid & KS - Gas - NE only				254,920			936,349	1,191,269
59	Customers - KS - KEDLI & KEDNY	556,519	1,214,559					-	1,771,078
60	Customers - KS - Gas - NE only & KEDNY		1,214,559					936,349	2,150,908
61	Customers - KS - LIPA & KEDLI	556,519						1,125,933	1,682,452

The Narragansett Electric Company d/b/a National Grid
Summary of Proposed Allocator Data & Percentages by Groups of Companies and Certain Individual Companies
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		KEDLI	KEDNY	Narragansett Electric	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
62	Collection Calls - KS - Gas - NE only							291,424	291,424
63	Collection Calls - Grid & KS - All (exlcuding Parent)	216,706	692,463	303,229	213,704	1,465,718	300,207	1,892,362	5,084,389
64	Collection Calls - Grid - Dist & Gas			303,229	213,704	1,465,718	300,207	1,041,295	3,324,153
65	Collection Calls - Grid - Dist			303,229		1,465,718		1,041,295	2,810,242
66	Collection Calls - Grid - Dist - NE only			303,229				1,041,295	1,344,524
67	Collection Calls - Grid & KS - Dist, Tran, Gas & Gen (regulated)	216,706	692,463	303,229	213,704	1,465,718	300,207	1,892,362	5,084,389
68	Collection Calls - Grid NE Retail			303,229				1,041,295	1,344,524
69	Collection Calls - Grid - All (excl Parent)			303,229	213,704	1,465,718	300,207	1,041,295	3,324,153
70	Collection Calls - KS - All (excluding Energy Trading & Energy Corp)	216,706	692,463					851,067	1,760,236
71	Collection Calls - KS - LIPA & KEDLI	216,706						559,643	776,349
72	Collection Calls - KS - Gas (excluding LI)		692,463					291,424	983,887
73	Collection Calls - KS - Dist & Gas - NY only	216,706	692,463					559,643	1,468,812
74	Collection Calls - Grid & KS - Dist & Gas - NH Only							11,066	11,066
75	Collection Calls - Grid & KS - Dist & Gas	216,706	692,463	303,229	213,704	1,465,718	300,207	1,892,362	5,084,389
76	Collection Calls - Grid & KS - Dist, Tran & Gas - NY Only	216,706	692,463			1,465,718	300,207	-	2,675,094
77	Collection Calls - Grid & KS - Dist & Gas	216,706	692,463	303,229	213,704	1,465,718	300,207	1,892,362	5,084,389
78	Collection Calls - KS - Gas - NE only							291,424	291,424
79	Collection Calls - KS - LIPA & KEDLI	216,706						559,643	776,349
80	Capex - Grid NE Retail			218,991,134				200,335,832	419,326,966
81	Capex - Grid inc parent & INTE			218,991,134	76,192,826	382,523,073	53,452,544	200,335,832	931,495,409
82	Capex - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	137,059,692	188,211,768	218,991,134	76,192,826	382,523,073	53,452,544	450,922,128	1,507,353,165
83	Capex - Grid - Dist - NE only			218,991,134				200,335,832	419,326,966
84	Capex - Grid - Dist			218,991,134		382,523,073		200,335,832	801,850,038
85	Capex - Grid - Dist - NE only			218,991,134				200,335,832	419,326,966
86	Capex - Grid - Trans			218,991,134		382,523,073		191,480,926	792,995,132
87	Capex - Grid - Ops Companies - NE only			218,991,134	76,192,826			200,335,832	495,519,792
88	Capex - Grid - Dist & Tran - NE only			218,991,134				200,335,832	419,326,966
89	Capex - Grid - Dist & Tran			218,991,134		382,523,073		200,335,832	801,850,038
90	Capex - Grid - All (excl Parent)			218,991,134	76,192,826	382,523,073	53,452,544	200,335,832	931,495,409
91	Capex - Grid - All (excl Parent) - NE only			218,991,134	76,192,826			200,335,832	495,519,792
92	Capex - Grid & KS - All (exlcuding Parent)	137,059,692	188,211,768	218,991,134	76,192,826	382,523,073	53,452,544	450,922,128	1,507,353,165
93	Capex - Grid & KS - Gas	137,059,692	188,211,768		76,192,826		53,452,544	250,586,296	705,503,126
94	Capex - KS - Gas - NE only							250,586,296	250,586,296
95	Capex - Grid & KS - Gas - NY only	137,059,692	188,211,768				53,452,544	-	378,724,004
96	Capex - KS - KEDLI & KEDNY	137,059,692	188,211,768					-	325,271,460
97	Capex - Grid & KS - Dist, Tran & Gas	137,059,692	188,211,768	218,991,134	76,192,826	382,523,073	53,452,544	450,922,128	1,507,353,165
98	Capex - Grid & KS - All (exlcuding Parent)	137,059,692	188,211,768	218,991,134	76,192,826	382,523,073	53,452,544	450,922,128	1,507,353,165
99	Capex - KS - Dist, Gas, Gen & Energy Trading	137,059,692	188,211,768					250,586,296	575,857,756
100	Capex - Grid & KS - Dist, Tran, Gas & Gen (regulated)	137,059,692	188,211,768	218,991,134	76,192,826	382,523,073	53,452,544	450,922,128	1,507,353,165
101	Capex - Grid & KS - Dist, Tran, Gas	137,059,692	188,211,768	218,991,134	76,192,826	382,523,073	53,452,544	450,922,128	1,507,353,165
102	Capex - KS - All (excluding Energy Trading & Energy Corp)	137,059,692	188,211,768					250,586,296	575,857,756
103	Capex - KS - Dist & Gas - NY only	137,059,692	188,211,768					-	325,271,460
104	Capex - Grid & KS - Dist & Gas	137,059,692	188,211,768	218,991,134	76,192,826	382,523,073	53,452,544	450,922,128	1,507,353,165
105	Capex - Grid & KS - Dist & Gas - NE only			218,991,134	76,192,826			450,922,128	746,106,088
106	Capex - Grid & KS - Gas - NE only				76,192,826			250,586,296	326,779,122
107	Capex - KS - Gas - NE only							250,586,296	250,586,296
108	Capex - KS - Gas - MA Only							238,784,919	238,784,919
109	Capex - Grid & KS - Dist			218,991,134		382,523,073		200,335,832	801,850,038
110	Capex - KS - Gas	137,059,692	188,211,768					250,586,296	575,857,756
111	Capex - Grid NE DIST			218,991,134				200,335,832	419,326,966
112	Capex - KS - All	137,059,692	188,211,768					250,586,296	575,857,756
113	Capex - Grid - Dist			218,991,134		382,523,073		200,335,832	801,850,038
114	Capex - Grid & KS - Gas - NE only				76,192,826			250,586,296	326,779,122
115	Capex - Grid Dist - NE Only & NEP			218,991,134				200,335,832	419,326,966
116	Capex - Grid inc INTE			218,991,134	76,192,826	382,523,073	53,452,544	200,335,832	931,495,409
117	Capex - Grid NE only			218,991,134				198,195,050	417,186,184
118	Capex - Grid inc parent & INTE (NO NEET)			218,991,134	76,192,826	382,523,073	53,452,544	200,335,832	931,495,409
119	Capex - Grid & KS - Gas	137,059,692	188,211,768		76,192,826		53,452,544	250,586,296	705,503,126
120	Capex - Grid & KS - Dist			218,991,134		382,523,073		200,335,832	801,850,038
121	Capex - Grid - Trans - NE only			218,991,134				191,480,926	410,472,060
122	Capex - Grid - Ops Companies			218,991,134	76,192,826	382,523,073	53,452,544	200,335,832	931,495,409
123	Bills - Grid NE Retail			497,731				1,379,442	1,877,173
124	Bills - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	539,633	1,259,863	497,731	256,885	1,270,709	446,465	3,356,898	7,628,185
125	Bills - KS - LIPA & KEDLI	137,059,692						-	137,059,692
126	Bills - KS - Gas - NE only & KEDNY		1,259,863					971,276	2,231,139
127	Bills - Grid - Dist - NE only			497,731				1,379,442	1,877,173
128	Bills - KS - Gas - NE only							971,276	971,276
129	Bills - KS - LIPA & KEDLI	137,059,692						-	137,059,692
130	Bills - KS - Gas - MA Only							883,008	883,008
131	Bills - Grid & KS - Gas	539,633	1,259,863		256,885		446,465	971,276	3,474,122

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		KEDLI	KEDNY	Narragansett Electric	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
132	Bills - Grid - Dist & Gas	539,633	1,259,863	497,731	256,885	1,270,709	446,465	3,356,898	7,628,185
133	Bills - Grid - Dist & Gas - NE only			497,731	256,885			2,350,718	3,105,334
134	Bills - Grid - Dist			497,731		1,270,709		1,379,442	3,147,882
135	Bills - Grid - Dist - NE only			497,731				1,379,442	1,877,173
136	Bills - Grid - Ops Companies			497,731	256,885	1,270,709	446,465	1,379,442	3,851,233
137	Bills - Grid - All (excl Parent)			497,731	256,885	1,270,709	446,465	1,379,442	3,851,233
138	Bills - Grid & KS - All (exlcuding Parent)	539,633	1,259,863	497,731	256,885	1,270,709	446,465	3,356,898	7,628,185
139	Bills - KS - All (excluding Energy Trading & Energy Corp)	539,633	1,259,863					1,977,457	3,776,952
140	Bills - KS - LIPA & KEDLI	539,633						-	539,633
141	Bills - KS - Gas (excluding LI)		1,259,863					971,276	2,231,139
142	Bills - KS - Dist & Gas - NY only	539,633	1,259,863					1,006,181	2,805,677
143	Bills - KS - Dist & Gas	539,633	1,259,863					1,977,457	3,776,952
144	Bills - Grid & KS - Dist & Gas	539,633	1,259,863	497,731	256,885	1,270,709	446,465	3,356,898	7,628,185
145	Bills - Grid & KS - Dist, Tran & Gas - NY Only	539,633	1,259,863			1,270,709	446,465	-	3,516,670
146	Sendout - Grid & KS - Dist, Gen & Gas	10	20	3	8	12	9	31	93
147	Sendout - Grid - Dist - NE only			3		12		9	24
148	Sendout - Grid - All (excl Parent)			3	8	12	9	9	40
149	Sendout - Grid & KS - Gas	10	20		8		9	18	65
150	Sendout - KS - Gas - NE only				8		9	18	35
151	Sendout - Grid & KS - All (exlcuding Parent)	10	20	3	8	12	9	38	100
152	Sendout - Grid & KS - Dist & Gas - NE only	10	20					-	30
153	Sendout - KS - KEDLI & KEDNY	10	20					-	30
154	Sendout - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	10	20	3	8	12	9	38	100
155	Sendout - Grid & KS - Dist & Gas	10	20	3	8	12	9	31	93
156	Sendout - Grid & KS - Dist & Gen			3		12		13	28
157	Sendout - Grid & KS - Trans			3		12		9	24
158	Sendout - KS - Gas - NE only				8			18	26
159	Sendout - Grid & KS - Dist			3		12		13	28
160	# Employees - Grid Dist - NE Only & NEP			406				1,180	1,586
161	# Employees - GRID & KS Gas	589	1,226		325		615	1,179	3,934
162	# Employees - Grid - Dist			406		3,000		1,180	4,586
163	# Employees - Grid & KS - Dist			406		3,000		2,097	5,503
164	# Employees - Grid - Dist - NE only			406				1,180	1,586
165	# Employees - Grid & KS - Gas	589	1,226		325	3,000	615	1,179	6,934
166	# Employees - Grid - Trans - NE only			406				1,132	1,538
167	# Employees - Grid - Ops Companies - NE only			406	325			1,180	1,911
168	# Employees - Grid - Ops Companies			406	325	3,000	615	1,180	5,526
169	# Employees - Grid - Dist & Tran - NE only			406				1,180	1,586
170	# Employees - Grid - Dist & Tran			406		3,000		1,180	4,586
171	# Employees - Grid & KS - Dist, Tran, Gas	589	1,226	406	325	3,000	615	2,359	8,520
172	# Employees - Grid & KS - Dist, Tran, Gas & Gen (excl LIPA)	589	1,226	406	325	3,000	615	2,670	8,831
173	# Employees - Grid & KS - Tran, Gen & INTE			406				1,443	1,849
174	# Employees - KS - Dist & Gas	589	1,226					2,096	3,911
175	# Employees - Grid & KS - Dist & Gas - NH Only							123	123
176	# Employees - Grid & KS - Dist & Gas - MA Only							2,236	2,236
177	# Employees - Grid - Dist, Tran & Gas - RI only			406	325			-	731
178	# Employees - Grid & KS - Dist, Tran & Gas - NY Only	589	1,226			3,000	615	-	5,430
179	# Employees - KS - Dist, Gas & Gen - NY only	589	1,226					1,234	3,049
180	# Employees - KS - LIPA & KEDLI	589						917	1,506
181	# Employees - Grid & KS - Dist & Gas - NE only			406	325			2,359	3,090
182	# Employees - Grid & KS - Gas - NE only				325			1,179	1,504
183	# Employees - KS - Gas - MA Only							1,091	1,091
184	# Employees - KS - All NY (excl Seneca)	589	1,226					1,234	3,049
185	# Employees - Grid & KS - Dist, Tran, Gas & Gen (regulated)	589	1,226	406	325	3,000	615	3,593	9,754
186	# Employees - Grid - NIMO Only					3,000	615	-	3,615
187	# Employees - Grid - All (incl Parent & INTE)			406	325	3,000	615	1,180	5,526
188	# Employees - Grid & KS - Dist, Tran & Gas	589	1,226	406	325	3,000	615	2,359	8,520
189	# Employees - Grid - Trans			406		3,000		1,132	4,538
190	# Employees - Grid - All (excl Parent)			406	325	3,000	615	1,180	5,526
191	# Employees - Grid & KS - All (exlcuding Parent)	589	1,226	406	325	3,000	615	3,593	9,754
192	# Employees - KS - All (excluding Energy Trading & Energy Corp)	589	1,226					2,407	4,222
193	# Employees - KS - Gas - NE only							1,179	1,179
194	# Employees - Grid & KS - Gas - NE only				325			1,179	1,504
195	# Employees - Grid & KS - All (exlcuding Parent)	589	1,226	406	325	3,000	615	3,593	9,754
196	# Employees - KS - Dist, Gas & KS Generation	589	1,226					1,228	3,043
197	# Employees - Grid & KS - Dist, Tran & Gen (regulated)			406		3,000		2,414	5,820
198	Employees - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	589	1,226	406	325	3,000	615	3,593	9,754
199	Employees - Grid & KS NE Gas				325			1,179	1,504
200	Employees - Grid inc parent & INTE			406	325	3,000	615	1,180	5,526
201	Employees - Grid inc parent & INTE (NO NEET)			406	325	3,000	615	1,180	5,526

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		KEDLI	KEDNY	Narragansett Electric	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
202	Employees - KS - All (excl KS Corp, PJ & Glenwood)	589	1,226					2,413	4,228
203	Employees - KS - All (excluding KS Corp)	589	1,226					2,413	4,228
204	Employees - KS - All NY (excl PJ, Glenwood & KS Corp)	589	1,226					1,234	3,049
205	Employees - KS - Dist & Gas & KS Generation (all LI)	589						1,228	1,817
206	Employees - KS - Dist & Gen							1,228	1,228
207	Employees - KS - Dist & Gen (Excl PJ & Glenwood)							1,228	1,228
208	Employees - KS - Dist, Gas & Gen - LI only	589						1,234	1,823
209	Employees - KS - Dist, Gas & Gen - NY only (excl PJ & Glenwood) & KSI	589	1,226					1,234	3,049
210	Employees - KS - Dist, Gas & Gen - NY only (excl PJ & Glenwood) & KSI & KS Energy Development	589	1,226					1,234	3,049
211	Employees - KS - Dist, Gas & Gen (incl KSI)	589	1,226					2,413	4,228
212	Employees - KS - Dist, Gas, Gen - NY Only	589	1,226					1,234	3,049
213	Employees - KS - Dist, Gas, Gen & Energy Trading	589	1,226					2,413	4,228
214	Employees - KS - Dist, Gas, Gen (excl PJ & Glenwood) - NY only	589	1,226					1,234	3,049
215	Employees - KS - Gas	589	1,226					1,179	2,994
216	Employees - KS - Gas - NE only							1,179	1,179
217	Employees - KS - Gen							311	311
218	Employees - KS - KEDLI & KEDNY	589	1,226					-	1,815
219	Employees - KS DIST, GAS, GEN, NREG	589	1,226					2,920	4,735
220	T&D Expend - Grid NE DIST			323,497,050				688,835,950	1,012,333,000
221	T&D Expend - Grid Dist - NE Only & NEP			323,497,050				688,835,950	1,012,333,000
222	T&D Expend - Grid NE only			323,497,050				683,240,176	1,006,737,226
223	T&D Expend - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	188,741,776	279,503,576	323,497,050	108,061,171	706,826,598	99,587,227	1,070,929,313	2,777,146,711
224	T&D Expend - Grid & KS - Gas	188,741,776	279,503,576		108,061,171		99,587,227	382,093,363	1,057,987,114
225	T&D Expend - Grid & KS - Dist & Gen			323,497,050		706,826,598		688,835,950	1,719,159,597
226	T&D Expend - Grid & KS - Dist, Gen & Gas	188,741,776	279,503,576	323,497,050	108,061,171	706,826,598	99,587,227	1,070,929,313	2,777,146,711
227	T&D Expend - Grid & KS - Dist			323,497,050		706,826,598		688,835,950	1,719,159,597
228	T&D Expend - Grid - Dist & Gas			323,497,050	108,061,171	706,826,598	99,587,227	688,835,950	1,926,807,996
229	T&D Expend - Grid - Dist & Gas - NE only			323,497,050	108,061,171			688,835,950	1,120,394,171
230	T&D Expend - Grid - Dist			323,497,050		706,826,598		688,835,950	1,719,159,597
231	T&D Expend - Grid - Dist - NE only			323,497,050				688,835,950	1,012,333,000
232	T&D Expend - Grid - Trans			323,497,050		706,826,598		656,122,874	1,686,446,521
233	T&D Expend - Grid - Trans - NE only			323,497,050				656,122,874	979,619,924
234	T&D Expend - Grid - Ops Companies - NE only			323,497,050	108,061,171			688,835,950	1,120,394,171
235	T&D Expend - Grid - Ops Companies			323,497,050	108,061,171	706,826,598	99,587,227	688,835,950	1,926,807,996
236	T&D Expend - Grid - Dist & Tran - NE only			323,497,050				688,835,950	1,012,333,000
237	T&D Expend - Grid - Dist & Tran			323,497,050		706,826,598		688,835,950	1,719,159,597
238	T&D Expend - Grid & KS - Dist, Tran, Gas & Gen (regulated)	188,741,776	279,503,576	323,497,050	108,061,171	706,826,598	99,587,227	1,070,929,313	2,777,146,711
239	T&D Expend - Grid & KS - Dist, Tran & Gen (regulated)			323,497,050		706,826,598		688,835,950	1,719,159,597
240	T&D Expend - Grid & KS - Dist, Tran, Gas	188,741,776	279,503,576	323,497,050	108,061,171	706,826,598	99,587,227	1,070,929,313	2,777,146,711
241	T&D Expend - Grid & KS - Dist, Tran, Gas & Gen (excl LIPA)	188,741,776	279,503,576	323,497,050	108,061,171	706,826,598	99,587,227	1,070,929,313	2,777,146,711
242	T&D Expend - Grid & KS - Tran, Gen & INTE			323,497,050				656,122,874	979,619,924
243	T&D Expend - Grid - All (excl Parent)			323,497,050	108,061,171	706,826,598	99,587,227	688,835,950	1,926,807,996
244	T&D Expend - Grid - All (excl Parent) - NE only			323,497,050	108,061,171			688,835,950	1,120,394,171
245	T&D Expend - Grid & KS - All (exlcuding Parent)	188,741,776	279,503,576	323,497,050	108,061,171	706,826,598	99,587,227	1,070,929,313	2,777,146,711
246	T&D Expend - KS - All (excluding Energy Trading & Energy Corp)	188,741,776	279,503,576					382,093,363	850,338,715
247	T&D Expend - KS - Dist & Gas - NY only	188,741,776	279,503,576					-	468,245,352
248	T&D Expend - Grid & KS - Dist & Gas	188,741,776	279,503,576	323,497,050	108,061,171	706,826,598	99,587,227	1,070,929,313	2,777,146,711
249	T&D Expend - Grid & KS - Dist & Gas - NE only			323,497,050	108,061,171			1,070,929,313	1,502,487,534
250	T&D Expend - Grid & KS - Gas - NE only				108,061,171			382,093,363	490,154,535
251	T&D Expend - Grid & KS - Dist & Gas - NH Only							47,933,328	47,933,328
252	T&D Expend - Grid & KS - Dist & Gas - MA Only							1,022,995,985	1,022,995,985
253	T&D Expend - Grid - Dist, Tran & Gas - RI only			323,497,050	108,061,171			-	431,558,221
254	T&D Expend - Grid & KS - Dist, Tran & Gas - NY Only	188,741,776	279,503,576			706,826,598	99,587,227	-	1,274,659,177
255	T&D Expend - Grid & KS - Gas	188,741,776	279,503,576		108,061,171		99,587,227	382,093,363	1,057,987,114
256	T&D Expend - KS - Gas - NE only				108,061,171			382,093,363	490,154,535
257	T&D Expend - KS - Gas - MA Only							361,277,337	361,277,337
258	T&D Expend - Grid & KS - Dist & Gas	188,741,776	279,503,576	323,497,050	108,061,171	706,826,598	99,587,227	1,070,929,313	2,777,146,711
259	T&D Expend - KS - Gas	188,741,776	279,503,576					382,093,363	850,338,715
260	T&D Expend - Grid & KS - Dist, Tran, Gas & Gen (regulated)	188,741,776	279,503,576	323,497,050	108,061,171	706,826,598	99,587,227	1,070,929,313	2,777,146,711
261	T&D Expend - Grid & KS - Gas - NE only				108,061,171			382,093,363	490,154,535
262	T&D Expend - Grid & KS - Dist & Gas - NE only			323,497,050	108,061,171			1,070,929,313	1,502,487,534
263	T&D Expend - KS - KEDLI & KEDNY	188,741,776	279,503,576					-	468,245,352
264	T&D Expend - KS - Dist, Gas, Gen & Energy Trading	188,741,776	279,503,576					382,093,363	850,338,715
265	T&D Expend - Grid & KS - All (exlcuding Parent)	188,741,776	279,503,576	323,497,050	108,061,171	706,826,598	99,587,227	1,070,929,313	2,777,146,711
266	T&D Expend - Grid & KS - Dist, Tran & Gas	188,741,776	279,503,576	323,497,050	108,061,171	706,826,598	99,587,227	1,070,929,313	2,777,146,711
267	T&D Expend - Grid & KS - Dist & Gas - MA Only							1,022,995,985	1,022,995,985
268	T&D Expend - Grid & KS - Dist & Gas - NY Only	188,741,776	279,503,576			706,826,598	99,587,227	-	1,274,659,177
269	Miles OH Lines - Grid NE only			5,463				14,832	20,295
270	Miles OH Lines - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	-	-	5,463	-	40,081	-	14,916	60,460
271	Miles OH Lines - Grid & KS - Gas	-	-	-	-	-	-	-	-

The Narragansett Electric Company d/b/a National Grid
Summary of Proposed Allocator Data & Percentages by Groups of Companies and Certain Individual Companies
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		KEDLI	KEDNY	Narragansett Electric	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
272	Miles OH Lines - Grid & KS - Dist & Gen			5,463		40,081		14,916	60,460
273	Miles OH Lines - Grid & KS - Dist			5,463		40,081		14,916	60,460
274	Miles OH Lines - Grid - Dist			5,463		40,081		14,916	60,460
275	Miles OH Lines - Grid - Dist - NE only			5,463				14,916	20,379
276	Miles OH Lines - Grid - Trans			5,463		40,081		13,908	59,452
277	Miles OH Lines - Grid - Dist & Tran			5,463		40,081		14,916	60,460
278	Miles OH Lines - Grid & KS - Dist, Tran, Gas & Gen (regulated)	-	-	5,463	-	40,081	-	14,916	60,460
279	Miles OH Lines - Grid & KS - Dist, Tran & Gen (regulated)			5,463		40,081		14,916	60,460
280	Miles OH Lines - Grid & KS - Dist, Tran, Gas & Gen (excl LIPA)	-	-	5,463	-	40,081	-	14,916	60,460
281	Miles OH Lines - Grid - All (excl Parent)			5,463	-	40,081	-	14,916	60,460
282	Miles OH Lines - Grid & KS - All (exlcuding Parent)	-	-	5,463	-	40,081	-	14,916	60,460
283	Miles OH Lines - Grid & KS - Dist & Gas	-	-	5,463	-	40,081	-	14,916	60,460
284	Miles OH Lines - Grid & KS - Dist, Tran & Gas - NY Only	-	-			40,081	-	-	40,081
285	Miles OH Lines - Grid - Dist & Tran - NE only			5,463				14,916	20,379
286	# Joint Use Poles O&M - Grid NE DIST			226,498				586,239	812,737
287	# Joint Use Poles - Grid Dist - NE Only & NEP			226,498				586,239	812,737
288	# Joint Use Poles - Grid & KS - All (exlcuding Parent)	-	-	226,498	-	752,536	-	586,239	1,565,273
289	# Joint Use Poles - Grid - Dist			226,498		752,536		586,239	1,565,273
290	# Joint Use Poles - Grid - Dist - NE only			226,498				586,239	812,737
291	# Joint Use Poles - Grid - Trans			226,498		752,536		562,383	1,541,417
292	Inbound Call Minutes - Grid & KS - Gas	3,865,919	10,351,978		1,672,779		1,034,614	4,540,581	21,465,871
293	Inbound Call Minutes - Grid & KS - Dist			1,003,682		5,051,349		11,595,927	17,650,959
294	Inbound Call Minutes - Grid - Dist - NE only			1,003,682				3,286,081	4,289,763
295	Inbound Call Minutes - Grid NE Retail			1,003,682				3,286,081	4,289,763
296	Inbound Call Minutes - Grid inc parent & INTE			1,003,682	1,672,779	5,051,349	1,034,614	3,286,081	12,048,505
297	Inbound Call Minutes - KS DIST, GAS, GEN, NREG	3,865,919	10,351,978					12,850,427	27,068,325
298	Inbound Call Minutes - KS - LIPA & KEDLI	3,865,919						8,309,846	12,175,766
299	Inbound Call Minutes - KS - Gas - NE only							4,540,581	4,540,581
300	Inbound Call Minutes - KS - Gas - NE only & KEDNY		10,351,978					4,540,581	14,892,559
301	Inbound Call Minutes - Grid - Dist & Gas - NE only			1,003,682	1,672,779			3,286,081	5,962,542
302	Inbound Call Minutes - Grid - All (excl Parent)			1,003,682	1,672,779	5,051,349	1,034,614	3,286,081	12,048,505
303	Inbound Call Minutes - Grid & KS - All (exlcuding Parent)	3,865,919	10,351,978	1,003,682	1,672,779	5,051,349	1,034,614	16,136,508	39,116,830
304	Inbound Call Minutes - KS - All (excluding Energy Trading & Energy Corp)	3,865,919	10,351,978					12,850,427	27,068,325
305	Inbound Call Minutes - KS - LIPA & KEDLI	3,865,919						8,309,846	12,175,766
306	Inbound Call Minutes - Grid & KS - Dist & Gas	3,865,919	10,351,978	1,003,682	1,672,779	5,051,349	1,034,614	16,136,508	39,116,830
307	Inbound Call Minutes - KS - Gas - MA Only							3,995,800	3,995,800
308	Inbound Call Minutes - KS - Gas - NE only							4,540,581	4,540,581
309	Inbound Call Minutes - KS - Dist & Gas	3,865,919	10,351,978					12,850,427	27,068,325
310	Inbound Call Minutes - Grid & KS - Dist & Gas	3,865,919	10,351,978	1,003,682	1,672,779	5,051,349	1,034,614	16,136,508	39,116,830
311	Inbound Call Minutes - Grid & KS - Gas - NE only				1,672,779			4,540,581	6,213,360
312	Inbound Call Minutes - Grid - Dist & Gas			1,003,682	1,672,779	5,051,349	1,034,614	3,286,081	12,048,505
313	Inbound Call Minutes - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	3,865,919	10,351,978	1,003,682	1,672,779	5,051,349	1,034,614	16,136,508	39,116,830
314	Claims - Grid & KS - Dist, Gen & Gas	1,256	727	632	412	2,369	395	5,951	11,742
315	Claims - Grid - Dist & Gas			632	412	2,369	395	1,707	5,515
316	Claims - Grid - Dist & Gas - NE only			632	412			1,707	2,751
317	Claims - Grid - Ops Companies - NE only			632	412			1,720	2,764
318	Claims - Grid - Ops Companies			632	412	2,369	395	1,720	5,528
319	Claims - KS - Dist & Gas	1,256	727					4,244	6,227
320	Claims - Grid & KS - Dist & Gas - NE only			632	412			3,119	4,163
321	Claims - KS - All (excluding Energy Trading & Energy Corp)	1,256	727					4,336	6,319
322	Claims - Grid - All (excl Parent)			632	412	2,369	395	1,720	5,528
323	Claims - Grid & KS - Dist, Tran, Gas & Gen (regulated)	1,256	727	632	412	2,369	395	6,056	11,847
324	Claims - KS - Gas - NE only							1,412	1,412
325	Claims - KS - All (excluding KS Corp)	1,256	727					4,336	6,319
326	Claims - KS - Gas - NE only							1,412	1,412
327	Claims - KS - Dist & Gas	1,256	727					4,244	6,227
328	Claims - KS - LIPA & KEDLI	1,256						2,832	4,088
329	Debt - Grid inc INTE			751,156,250	254,339,000	2,822,053,950	578,011,050	11,293,480,008	15,699,040,258
330	Debt - Grid - Ops Companies - NE only			751,156,250	254,339,000			2,448,213,333	3,453,708,583
331	Debt - KS - Dist, Gas & Gen - LI only	1,412,650,715						567,496,570	1,980,147,285
332	Debt - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	1,412,650,715	1,465,500,000	751,156,250	254,339,000	2,822,053,950	578,011,050	4,166,609,689	11,450,320,654
333	Debt - Grid & KS - All (exlcuding Parent)	1,412,650,715	1,465,500,000	751,156,250	254,339,000	2,822,053,950	578,011,050	13,942,501,364	21,226,212,328
334	Debt - KS - All (excluding Energy Trading & Energy Corp)	1,412,650,715	1,465,500,000					2,627,164,527	5,505,315,242
335	Debt - KS - Gas - MA Only							1,627,000,000	1,627,000,000
336	Debt - Grid & KS - Dist & Gas - MA Only							3,264,863,333	3,264,863,333
337	Debt - KS - All (excluding KS Corp)	1,412,650,715	1,465,500,000					2,632,021,356	5,510,172,071
338	Debt - Grid - NEP & INTE companies							820,350,000	820,350,000
339	Debt - Grid & KS - Dist & Gas - NY Only	1,412,650,715	1,465,500,000			2,822,053,950	578,011,050	-	6,278,215,715
340	Debt - Grid & KS - Dist & Gas	1,412,650,715	1,465,500,000	751,156,250	254,339,000	2,822,053,950	578,011,050	3,481,329,769	10,765,040,734
341	Debt - Grid & KS - All (exlcuding Parent)	1,412,650,715	1,465,500,000	751,156,250	254,339,000	2,822,053,950	578,011,050	13,942,501,364	21,226,212,328

The Narragansett Electric Company d/b/a National Grid
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		KEDLI	KEDNY	Narragansett Electric	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
342	Property Owned - KS - Gas - NE only & KEDNY		2,393,758,537					2,021,791,957	4,415,550,494
343	Property Owned - Grid - Dist & Gas			1,195,416,500	433,355,561	4,994,512,322	1,227,063,989	2,239,848,988	10,090,197,360
344	Property Owned - Grid & KS - Dist, Tran, Gas & Gen (regulated)	2,199,736,442	2,393,758,537	1,195,416,500	433,355,561	4,994,512,322	1,227,063,989	6,471,652,216	18,915,495,568
345	Property Owned - Grid & KS - Gas	2,199,736,442	2,393,758,537		433,355,561		1,227,063,989	2,021,791,957	8,275,706,487
346	Property Owned - Grid NE DIST			1,195,416,500				2,239,848,988	3,435,265,488
347	Property Owned - Grid & KS - Dist & Gen			1,195,416,500		4,994,512,322		2,984,676,389	9,174,605,212
348	Property Owned - Grid & KS - Dist, Gen & Gas	2,199,736,442	2,393,758,537	1,195,416,500	433,355,561	4,994,512,322	1,227,063,989	5,005,898,719	17,449,742,071
349	Property Owned - Grid & KS - Dist			1,195,416,500		4,994,512,322		2,262,112,390	8,452,041,212
350	Property Owned - Grid NE only			1,195,416,500				3,636,361,897	4,831,778,397
351	Property Owned - Grid - Trans			1,195,416,500		4,994,512,322		3,556,216,127	9,746,144,949
352	Property Owned - Grid - Ops Companies - NE only			1,195,416,500	433,355,561			3,705,032,857	5,333,804,919
353	Property Owned - Grid - Ops Companies			1,195,416,500	433,355,561	4,994,512,322	1,227,063,989	3,705,032,857	11,555,381,230
354	Property Owned - Grid - Dist			1,195,416,500		4,994,512,322		2,239,848,988	8,429,777,810
355	Property Owned - Grid - Dist - NE only			1,195,416,500				2,239,848,988	3,435,265,488
356	Property Owned - Grid - All (excl Parent)			1,195,416,500	433,355,561	4,994,512,322	1,227,063,989	3,782,983,853	11,633,332,226
357	Property Owned - Grid & KS - All (exlcuding Parent)	2,199,736,442	2,393,758,537	1,195,416,500	433,355,561	4,994,512,322	1,227,063,989	6,551,515,966	18,995,359,318
358	Property Owned - KS - All (excluding Energy Trading & Energy Corp)	2,199,736,442	2,393,758,537					2,767,962,486	7,361,457,465
359	Property Owned - Grid inc parent & INTE (NO NEET)			1,195,416,500	433,355,561	4,994,512,322	1,227,063,989	3,782,983,853	11,633,332,226
360	Property Owned - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	2,199,736,442	2,393,758,537	1,195,416,500	433,355,561	4,994,512,322	1,227,063,989	4,886,902,329	17,330,745,681
361	Property Owned - Grid - Trans - NE only			1,195,416,500				3,556,216,127	4,751,632,627
362	Property Owned - Grid - Dist & Tran			1,195,416,500		4,994,512,322		3,705,032,857	9,894,961,680
363	Property Owned - Grid & KS - Dist, Tran, Gas	2,199,736,442	2,393,758,537	1,195,416,500	433,355,561	4,994,512,322	1,227,063,989	5,726,824,815	18,170,668,167
364	Property Owned - Grid & KS - Gas - NE only				433,355,561			2,021,791,957	2,455,147,519
365	Property Owned - Grid & KS - Gas - NY only	2,199,736,442	2,393,758,537				1,227,063,989	1,436,509,763	7,257,068,731
366	Property Owned - Grid & KS - Dist & Gas	2,199,736,442	2,393,758,537	1,195,416,500	433,355,561	4,994,512,322	1,227,063,989	4,283,904,347	16,727,747,699
367	Property Owned - Grid & KS - Trans			1,195,416,500		4,994,512,322		3,624,887,087	9,814,815,910
368	Property Owned - Grid & KS - FERC (KS Gen, MECO tran, NECO tran, NEP, INTE companies)			1,195,416,500				4,356,161,494	5,551,577,995
369	Property Owned - Grid & KS - Dist, Tran & Gas	2,199,736,442	2,393,758,537	1,195,416,500	433,355,561	4,994,512,322	1,227,063,989	5,726,824,815	18,170,668,167
370	Property Owned - Grid & KS - Gas	2,199,736,442	2,393,758,537		433,355,561		1,227,063,989	2,021,791,957	8,275,706,487
371	Property Owned - KS - KEDLI & KEDNY	2,199,736,442	2,393,758,537					33,754	4,593,528,733
372	Property Owned - Grid & KS - All (exlcuding Parent)	2,199,736,442	2,393,758,537	1,195,416,500	433,355,561	4,994,512,322	1,227,063,989	6,551,515,966	18,995,359,318

Line No.	Allocator Percentages Based on Companies	Bill Pools/Allocation Codes currently used	$ Amount to be assigned to new allocator	KEDLI	KEDNY	Narragansett Electric	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
373	Customers - Grid NE DIST, TRAN incl NE HYDRO Trans	247	$ 206	0%	0%	27%	0%	0%	0%	73%	100%
374	Customers - Grid NE DIST	253/232	$ 401,220	0%	0%	27%	0%	0%	0%	73%	100%
375	Customers - Grid - Dist & Gas - NE only	297	$ 6,879	0%	0%	23%	12%	0%	0%	64%	100%
376	Customers - Grid - Dist	B06/M06/G06 & meters	$ 22,946	0%	0%	16%	0%	40%	0%	44%	100%
377	Customers - Grid - Ops Companies	B03	$ 919,193	0%	0%	13%	7%	33%	12%	36%	100%
378	Customers - Grid - Dist & Tran	M07 & meters	$ 1,692,945	0%	0%	16%	0%	40%	0%	44%	100%
379	Customers - Grid & KS - Dist, Tran, Gas & Gen (regulated)	200	$ 60	7%	16%	6%	3%	16%	6%	45%	100%
380	Customers - KS - Gas (excluding LI)	202	$ 87	0%	56%	0%	0%	0%	0%	44%	100%
381	Customers - Grid NE Retail	203	$ 9,941	0%	0%	27%	0%	0%	0%	73%	100%
382	Customers - Grid NE only	229	$ 330	0%	0%	27%	0%	0%	0%	73%	100%
383	Customers - KS - KEDLI & KEDNY	230	$ 7,117,389	31%	69%	0%	0%	0%	0%	0%	100%
384	Customers - Grid - NIMO Dist & Gas	231	$ 137,376	0%	0%	0%	0%	74%	26%	0%	100%
385	Customers - KS - LIPA & KEDLI	236	$ 1,727,661	33%	0%	0%	0%	0%	0%	67%	100%
386	Customers - KS - Gas - NE only	380	$ (11,435)	0%	0%	0%	0%	0%	0%	100%	100%
387	Customers - KS - Gas - MA Only	383	$ 1,100,728	0%	0%	0%	0%	0%	0%	100%	100%
388	Customers - KS - Gas - NE only	388/G58	$ 828,722	0%	0%	0%	0%	0%	0%	100%	100%
389	Customers - KS - Gas	389	$ 335,587	21%	45%	0%	0%	0%	0%	35%	100%
390	Customers - KS - LIPA & KEDLI	393 & meters	$ 492,283	33%	0%	0%	0%	0%	0%	67%	100%
391	Customers - KS - Dist & Gas - NY only	G33	$ 89,355	19%	42%	0%	0%	0%	0%	39%	100%
392	Customers - Grid & KS - Dist & Gas	G03 & meters	$ 432,448	7%	16%	6%	3%	16%	6%	45%	100%
393	Customers - KS - Dist & Gas	G24 & Meters	$ 1,264,206	15%	32%	0%	0%	0%	0%	54%	100%
394	Customers - Grid - Dist - NE only	G09 & meters	$ 1,075,111	0%	0%	27%	0%	0%	0%	73%	100%
395	Customers - Grid inc parent & INTE	meters	$ 6,870	0%	0%	13%	7%	33%	12%	36%	100%
396	Customers - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	meters	$ 2,110	7%	16%	6%	3%	16%	6%	45%	100%
397	Customers - KS - LIPA & KEDLI	meters	$ 34,768,006	33%	0%	0%	0%	0%	0%	67%	100%
398	Customers - Grid & KS - Gas	Meters	$ 4,076	16%	36%	0%	7%	0%	13%	28%	100%
399	Customers - KS - Dist & Gas - NY only	Meters	$ 199,187	19%	42%	0%	0%	0%	0%	39%	100%
400	Customers - Grid & KS - Dist	247	$ 5,648	0%	0%	12%	0%	30%	0%	59%	100%
401	Customers - Grid - Dist & Gas	B06	$ 322,671	0%	0%	13%	7%	33%	12%	36%	100%
402	Customers - Grid - Dist	B03	$ 574	0%	0%	16%	0%	40%	0%	44%	100%
403	Customers - Grid - Dist - NE only	200	$ 361,478	0%	0%	27%	0%	0%	0%	73%	100%

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				KEDLI	KEDNY	Narragansett Electric	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
404	Customers - Grid - Trans	203	$ 383	0%	0%	16%	0%	41%	0%	43%	100%
405	Customers - Grid - All (excl Parent)	229	$ 9,514	0%	0%	13%	7%	33%	12%	36%	100%
406	Customers - KS - All (excluding Energy Trading & Energy Corp)	231	$ 54,162	15%	32%	0%	0%	0%	0%	54%	100%
407	Customers - Grid & KS - Dist & Gas	232	$ 357,619	7%	16%	6%	3%	16%	6%	45%	100%
408	Customers - Grid & KS - Dist & Gas - NE only	239	$ 274,783	0%	0%	16%	8%	0%	0%	75%	100%
409	Customers - Grid & KS - Gas - NE only	380	$ 2,415	0%	0%	0%	21%	0%	0%	79%	100%
410	Customers - KS - Gas - MA Only	383	$ 530,771	0%	0%	0%	0%	0%	0%	100%	100%
411	Customers - KS - Gas - NE only	384	$ 37	0%	0%	0%	0%	0%	0%	100%	100%
412	Customers - Grid & KS - Gas	385	$ 139,878	16%	36%	0%	7%	0%	13%	28%	100%

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				KEDLI	KEDNY	Narragansett Electric	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
413	Customers - KS - Gas - NE only	386	$ 17,722,629	0%	0%	0%	0%	0%	0%	100%	100%
414	Customers - KS - LIPA & KEDLI	387	$ 480,448	33%	0%	0%	0%	0%	0%	67%	100%
415	Customers - Grid & KS - Dist & Gas	388/G58	$ 862,101	7%	16%	6%	3%	16%	6%	45%	100%
416	Customers - KS - Gas	393	$ 100,907	21%	45%	0%	0%	0%	0%	35%	100%
417	Customers - Grid & KS - Gas - NE only	247/253/232	$ 274,646	0%	0%	0%	21%	0%	0%	79%	100%
418	Customers - KS - KEDLI & KEDNY	256/237	$ 381,511	31%	69%	0%	0%	0%	0%	0%	100%
419	Customers - KS - Gas - NE only & KEDNY	272/352	$ 1,411,169	0%	56%	0%	0%	0%	0%	44%	100%
420	Customers - KS - LIPA & KEDLI	353	$ 28,131	33%	0%	0%	0%	0%	0%	67%	100%
421	Collection Calls - KS - Gas - NE only	354	$ 1,250,492	0%	0%	0%	0%	0%	0%	100%	100%
422	Collection Calls - Grid & KS - All (exlcuding Parent)	357/G59	$ 4,467	4%	14%	6%	4%	29%	6%	37%	100%
423	Collection Calls - Grid - Dist & Gas	I02	$ 2,017,815	0%	0%	9%	6%	44%	9%	31%	100%
424	Collection Calls - Grid - Dist	200/G52	$ 557,548	0%	0%	11%	0%	52%	0%	37%	100%
425	Collection Calls - Grid - Dist - NE only	231/G106	$ 3,835	0%	0%	23%	0%	0%	0%	77%	100%
426	Collection Calls - Grid & KS - Dist, Tran, Gas & Gen (regulated)	233	$ (2,113,038)	4%	14%	6%	4%	29%	6%	37%	100%
427	Collection Calls - Grid NE Retail	235	$ (198,134)	0%	0%	23%	0%	0%	0%	77%	100%
428	Collection Calls - Grid - All (excl Parent)	236	$ 9,101	0%	0%	9%	6%	44%	9%	31%	100%
429	Collection Calls - KS - All (excluding Energy Trading & Energy Corp)	238	$ 4,177	12%	39%	0%	0%	0%	0%	48%	100%
430	Collection Calls - KS - LIPA & KEDLI	380	$ (9,303)	28%	0%	0%	0%	0%	0%	72%	100%
431	Collection Calls - KS - Gas (excluding LI)	382	$ 740,917	0%	70%	0%	0%	0%	0%	30%	100%
432	Collection Calls - KS - Dist & Gas - NY only	383	$ (65,881)	15%	47%	0%	0%	0%	0%	38%	100%
433	Collection Calls - Grid & KS - Dist & Gas - NH Only	388	$ 818	0%	0%	0%	0%	0%	0%	100%	100%
434	Collection Calls - Grid & KS - Dist & Gas	G03	$ 3,211,110	4%	14%	6%	4%	29%	6%	37%	100%
435	Collection Calls - Grid & KS - Dist, Tran & Gas - NY Only	G24	$ 577	8%	26%	0%	0%	55%	11%	0%	100%
436	Collection Calls - Grid & KS - Dist & Gas	G09	$ 1,191	4%	14%	6%	4%	29%	6%	37%	100%
437	Collection Calls - KS - Gas - NE only	G51	$ 1,443,793	0%	0%	0%	0%	0%	0%	100%	100%
438	Collection Calls - KS - LIPA & KEDLI	G08	$ 5,060,473	28%	0%	0%	0%	0%	0%	72%	100%
439	Capex - Grid NE Retail	247/232	$ 61	0%	0%	52%	0%	0%	0%	48%	100%
440	Capex - Grid inc parent & INTE	b34	$ 12,131	0%	0%	24%	8%	41%	6%	22%	100%
441	Capex - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	H03	$ 6,780	9%	12%	15%	5%	25%	4%	30%	100%
442	Capex - Grid - Dist - NE only	200	$ 31,680	0%	0%	52%	0%	0%	0%	48%	100%
443	Capex - Grid - Dist	229	$ 453,919	0%	0%	27%	0%	48%	0%	25%	100%
444	Capex - Grid - Dist - NE only	231	$ 222,434	0%	0%	52%	0%	0%	0%	48%	100%
445	Capex - Grid - Trans	236	$ 2,436,887	0%	0%	28%	0%	48%	0%	24%	100%
446	Capex - Grid - Ops Companies - NE only	239	$ 19,515	0%	0%	44%	15%	0%	0%	40%	100%
447	Capex - Grid - Dist & Tran - NE only	380	$ 133,211	0%	0%	52%	0%	0%	0%	48%	100%
448	Capex - Grid - Dist & Tran	382	$ 433,335	0%	0%	27%	0%	48%	0%	25%	100%
449	Capex - Grid - All (excl Parent)	384	$ 243,754	0%	0%	24%	8%	41%	6%	22%	100%
450	Capex - Grid - All (excl Parent) - NE only	385	$ 292	0%	0%	44%	15%	0%	0%	40%	100%
451	Capex - Grid & KS - All (exlcuding Parent)	387	$ (2,836)	9%	12%	15%	5%	25%	4%	30%	100%
452	Capex - Grid & KS - Gas	388	$ 6,577,415	19%	27%	0%	11%	0%	8%	36%	100%
453	Capex - KS - Gas - NE only	202	$ 12,535,515	0%	0%	0%	0%	0%	0%	100%	100%
454	Capex - Grid & KS - Gas - NY only	232	$ 110,940	36%	50%	0%	0%	0%	14%	0%	100%
455	Capex - KS - KEDLI & KEDNY	380	$ 12,643,238	42%	58%	0%	0%	0%	0%	0%	100%
456	Capex - Grid & KS - Dist, Tran & Gas	G52	$ 999,196	9%	12%	15%	5%	25%	4%	30%	100%
457	Capex - Grid & KS - All (exlcuding Parent)	G58	$ 1,053	9%	12%	15%	5%	25%	4%	30%	100%
458	Capex - KS - Dist, Gas, Gen & Energy Trading	G54	$ 4,793,341	24%	33%	0%	0%	0%	0%	44%	100%
459	Capex - Grid & KS - Dist, Tran, Gas & Gen (regulated)	G55	$ 36,410	9%	12%	15%	5%	25%	4%	30%	100%
460	Capex - Grid & KS - Dist, Tran, Gas	G24	$ (16,020)	9%	12%	15%	5%	25%	4%	30%	100%
461	Capex - KS - All (excluding Energy Trading & Energy Corp)	G51	$ 2,846	24%	33%	0%	0%	0%	0%	44%	100%
462	Capex - KS - Dist & Gas - NY only	I04	$ 598	42%	58%	0%	0%	0%	0%	0%	100%
463	Capex - Grid & KS - Dist & Gas	256	$ 382	9%	12%	15%	5%	25%	4%	30%	100%
464	Capex - Grid & KS - Dist & Gas - NE only	200/G52	$ 176	0%	0%	29%	10%	0%	0%	60%	100%
465	Capex - Grid & KS - Gas - NE only	203	$ 12,520	0%	0%	0%	23%	0%	0%	77%	100%
466	Capex - KS - Gas - NE only	232	$ 4,016	0%	0%	0%	0%	0%	0%	100%	100%
467	Capex - KS - Gas - MA Only	233	$ 104,249	0%	0%	0%	0%	0%	0%	100%	100%
468	Capex - Grid & KS - Dist	380	$ 15,976	0%	0%	27%	0%	48%	0%	25%	100%
469	Capex - KS - Gas	382	$ 3,040,417	24%	33%	0%	0%	0%	0%	44%	100%
470	Capex - Grid NE DIST	383	$ 376,947	0%	0%	52%	0%	0%	0%	48%	100%
471	Capex - KS - All	G03	$ 64,486	24%	33%	0%	0%	0%	0%	44%	100%
472	Capex - Grid - Dist	G59	$ 675,972	0%	0%	27%	0%	48%	0%	25%	100%
473	Capex - Grid & KS - Gas - NE only	G51	$ 181,624	0%	0%	0%	23%	0%	0%	77%	100%
474	Capex - Grid Dist - NE Only & NEP	G102	$ 13,941	0%	0%	52%	0%	0%	0%	48%	100%
475	Capex - Grid inc INTE	G13	$ 1,472	0%	0%	24%	8%	41%	6%	22%	100%
476	Capex - Grid NE only	G04	$ 85,481	0%	0%	52%	0%	0%	0%	48%	100%
477	Capex - Grid inc parent & INTE (NO NEET)	253/232	$ 104	0%	0%	24%	8%	41%	6%	22%	100%
478	Capex - Grid & KS - Gas	256/237	$ 70,540	19%	27%	0%	11%	0%	8%	36%	100%
479	Capex - Grid & KS - Dist	353	$ 3,426	0%	0%	27%	0%	48%	0%	25%	100%

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					KEDLI	KEDNY	Narragansett Electric	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
480	Capex - Grid - Trans - NE only	354	$	35,418	0%	0%	53%	0%	0%	0%	47%	100%
481	Capex - Grid - Ops Companies	200/G52	$	53,445	0%	0%	24%	8%	41%	6%	22%	100%
482	Bills - Grid NE Retail	201	$	11,852,391	0%	0%	27%	0%	0%	0%	73%	100%
483	Bills - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	202	$	1,345	7%	17%	7%	3%	17%	6%	44%	100%
484	Bills - KS - LIPA & KEDLI	203	$	5,445,280	100%	0%	0%	0%	0%	0%	0%	100%
485	Bills - KS - Gas - NE only & KEDNY	231	$	4,376,664	0%	56%	0%	0%	0%	0%	44%	100%
486	Bills - Grid - Dist - NE only	233	$	16,525	0%	0%	27%	0%	0%	0%	73%	100%
487	Bills - KS - Gas - NE only	235	$	4,949,164	0%	0%	0%	0%	0%	0%	100%	100%
488	Bills - KS - LIPA & KEDLI	236	$	402,195	100%	0%	0%	0%	0%	0%	0%	100%
489	Bills - KS - Gas - MA Only	238	$	1,829,260	0%	0%	0%	0%	0%	0%	100%	100%
490	Bills - Grid & KS - Gas	239	$	26,386	16%	36%	0%	7%	0%	13%	28%	100%
491	Bills - Grid - Dist & Gas	240	$	85,602	7%	17%	7%	3%	17%	6%	44%	100%
492	Bills - Grid - Dist & Gas - NE only	380	$	148	0%	0%	16%	8%	0%	0%	76%	100%
493	Bills - Grid - Dist	382	$	38,653	0%	0%	16%	0%	40%	0%	44%	100%
494	Bills - Grid - Dist - NE only	388	$	3,010	0%	0%	27%	0%	0%	0%	73%	100%
495	Bills - Grid - Ops Companies	389	$	775,522	0%	0%	13%	7%	33%	12%	36%	100%
496	Bills - Grid - All (excl Parent)	G03	$	6,807	0%	0%	13%	7%	33%	12%	36%	100%
497	Bills - Grid & KS - All (exlcuding Parent)	G54	$	3,517	7%	17%	7%	3%	17%	6%	44%	100%
498	Bills - KS - All (excluding Energy Trading & Energy Corp)	G24	$	110	14%	33%	0%	0%	0%	0%	52%	100%
499	Bills - KS - LIPA & KEDLI	G60	$	333,908	100%	0%	0%	0%	0%	0%	0%	100%
500	Bills - KS - Gas (excluding LI)	G09	$	(263,247)	0%	56%	0%	0%	0%	0%	44%	100%
501	Bills - KS - Dist & Gas - NY only	G02	$	2,714	19%	45%	0%	0%	0%	0%	36%	100%
502	Bills - KS - Dist & Gas	G51	$	293,362	14%	33%	0%	0%	0%	0%	52%	100%
503	Bills - Grid & KS - Dist & Gas	253/232	$	2,036,808	7%	17%	7%	3%	17%	6%	44%	100%
504	Bills - Grid & KS - Dist, Tran & Gas - NY Only	297	$	187	15%	36%	0%	0%	36%	13%	0%	100%
505	Sendout - Grid & KS - Dist, Gen & Gas	201	$	93,183	11%	21%	3%	8%	13%	9%	34%	100%
506	Sendout - Grid - Dist - NE only	203	$	24,507	0%	0%	12%	0%	51%	0%	37%	100%
507	Sendout - Grid - All (excl Parent)	231	$	3,107	0%	0%	7%	20%	31%	21%	22%	100%
508	Sendout - Grid & KS - Gas	233	$	6,067,197	16%	31%	0%	12%	0%	13%	28%	100%
509	Sendout - KS - Gas - NE only	239	$	9,000	0%	0%	0%	23%	0%	24%	53%	100%
510	Sendout - Grid & KS - All (exlcuding Parent)	240	$	138,508	10%	20%	3%	8%	12%	9%	38%	100%
511	Sendout - Grid & KS - Dist & Gas - NE only	253/232	$	1,500	34%	66%	0%	0%	0%	0%	0%	100%
512	Sendout - KS - KEDLI & KEDNY	256	$	104	34%	66%	0%	0%	0%	0%	0%	100%
513	Sendout - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	231	$	220	10%	20%	3%	8%	12%	9%	38%	100%
514	Sendout - Grid & KS - Dist & Gas	233	$	801,471	11%	21%	3%	8%	13%	9%	34%	100%
515	Sendout - Grid & KS - Dist & Gen	247	$	284,639	0%	0%	10%	0%	44%	0%	46%	100%
516	Sendout - Grid & KS - Trans	352	$	2,329	0%	0%	12%	0%	52%	0%	36%	100%
517	Sendout - KS - Gas - NE only	354	$	9,000	0%	0%	0%	30%	0%	0%	70%	100%
518	Sendout - Grid & KS - Dist	B06/384/D06	$	458,155	0%	0%	10%	0%	44%	0%	46%	100%
519	# Employees - Grid Dist - NE Only & NEP	B07	$	68,616	0%	0%	26%	0%	0%	0%	74%	100%
520	# Employees - GRID & KS Gas	D16	$	539,617	15%	31%	0%	8%	0%	16%	30%	100%
521	# Employees - Grid - Dist	D34	$	51	0%	0%	9%	0%	65%	0%	26%	100%
522	# Employees - Grid & KS - Dist	200	$	(18)	0%	0%	7%	0%	55%	0%	38%	100%
523	# Employees - Grid - Dist - NE only	203	$	1,453	0%	0%	26%	0%	0%	0%	74%	100%
524	# Employees - Grid & KS - Gas	232	$	137,781	8%	18%	0%	5%	43%	9%	17%	100%
525	# Employees - Grid - Trans - NE only	380	$	16,798	0%	0%	26%	0%	0%	0%	74%	100%
526	# Employees - Grid - Ops Companies - NE only	383	$	29,952	0%	0%	21%	17%	0%	0%	62%	100%
527	# Employees - Grid - Ops Companies	388	$	22,981	0%	0%	7%	6%	54%	11%	21%	100%
528	# Employees - Grid - Dist & Tran - NE only	393	$	1,780	0%	0%	26%	0%	0%	0%	74%	100%
529	# Employees - Grid - Dist & Tran	G37	$	(120)	0%	0%	9%	0%	65%	0%	26%	100%
530	# Employees - Grid & KS - Dist, Tran, Gas	G52	$	92,879	7%	14%	5%	4%	35%	7%	28%	100%
531	# Employees - Grid & KS - Dist, Tran, Gas & Gen (excl LIPA)	202	$	11,807	7%	14%	5%	4%	34%	7%	30%	100%
532	# Employees - Grid & KS - Tran, Gen & INTE	229	$	2,235	0%	0%	22%	0%	0%	0%	78%	100%
533	# Employees - KS - Dist & Gas	230	$	9,506	15%	31%	0%	0%	0%	0%	54%	100%
534	# Employees - Grid & KS - Dist & Gas - NH Only	235	$	1,735	0%	0%	0%	0%	0%	0%	100%	100%
535	# Employees - Grid & KS - Dist & Gas - MA Only	236	$	38,455	0%	0%	0%	0%	0%	0%	100%	100%
536	# Employees - Grid - Dist, Tran & Gas - RI only	388	$	25,856	0%	0%	56%	44%	0%	0%	0%	100%
537	# Employees - Grid & KS - Dist, Tran & Gas - NY Only	389	$	2,242	11%	23%	0%	0%	55%	11%	0%	100%
538	# Employees - KS - Dist, Gas & Gen - NY only	G03	$	82,592	19%	40%	0%	0%	0%	0%	40%	100%
539	# Employees - KS - LIPA & KEDLI	G05	$	245	39%	0%	0%	0%	0%	0%	61%	100%
540	# Employees - Grid & KS - Dist & Gas - NE only	G06	$	119,177	0%	0%	13%	11%	0%	0%	76%	100%
541	# Employees - Grid & KS - Gas - NE only	272/380	$	2,876	0%	0%	0%	22%	0%	0%	78%	100%

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					KEDLI	KEDNY	Narragansett Electric	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
542	# Employees - KS - Gas - MA Only	353	$	498	0%	0%	0%	0%	0%	0%	100%	100%
543	# Employees - KS - All NY (excl Seneca)	354	$	82,507	19%	40%	0%	0%	0%	0%	40%	100%
544	# Employees - Grid & KS - Dist, Tran, Gas & Gen (regulated)	236	$	96,584	6%	13%	4%	3%	31%	6%	37%	100%
545	# Employees - Grid - NIMO Only	382	$	6,564	0%	0%	0%	0%	83%	17%	0%	100%
546	# Employees - Grid - All (incl Parent & INTE)	G51	$	15,836	0%	0%	7%	6%	54%	11%	21%	100%
547	# Employees - Grid & KS - Dist, Tran & Gas	G15	$	18,558	7%	14%	5%	4%	35%	7%	28%	100%
548	# Employees - Grid - Trans	G01	$	51,225	0%	0%	9%	0%	66%	0%	25%	100%
549	# Employees - Grid - All (excl Parent)	253/232	$	36,899	0%	0%	7%	6%	54%	11%	21%	100%
550	# Employees - Grid & KS - All (exlcuding Parent)	603	$	177,613	6%	13%	4%	3%	31%	6%	37%	100%
551	# Employees - KS - All (excluding Energy Trading & Energy Corp)	200	$	54,309	14%	29%	0%	0%	0%	0%	57%	100%
552	# Employees - KS - Gas - NE only	202	$	204	0%	0%	0%	0%	0%	0%	100%	100%
553	# Employees - Grid & KS - Gas - NE only	203	$	79,527	0%	0%	0%	22%	0%	0%	78%	100%
554	# Employees - Grid & KS - All (exlcuding Parent)	231	$	1,053,504	6%	13%	4%	3%	31%	6%	37%	100%
555	# Employees - KS - Dist, Gas & KS Generation	233	$	176,774	19%	40%	0%	0%	0%	0%	40%	100%
556	# Employees - Grid & KS - Dist, Tran & Gen (regulated)		$	-	0%	0%	7%	0%	52%	0%	41%	100%
557	Employees - GRID & KS DIST, TRAN, GAS, GEN, KS NREG		$	-	6%	13%	4%	3%	31%	6%	37%	100%
558	Employees - Grid & KS NE Gas		$	-	0%	0%	0%	22%	0%	0%	78%	100%
559	Employees - Grid inc parent & INTE		$	-	0%	0%	7%	6%	54%	11%	21%	100%
560	Employees - Grid inc parent & INTE (NO NEET)		$	-	0%	0%	7%	6%	54%	11%	21%	100%
561	Employees - KS - All (excl KS Corp, PJ & Glenwood)		$	-	14%	29%	0%	0%	0%	0%	57%	100%
562	Employees - KS - All (excluding KS Corp)		$	-	14%	29%	0%	0%	0%	0%	57%	100%
563	Employees - KS - All NY (excl PJ, Glenwood & KS Corp)		$	-	19%	40%	0%	0%	0%	0%	40%	100%
564	Employees - KS - Dist & Gas & KS Generation (all LI)		$	-	32%	0%	0%	0%	0%	0%	68%	100%
565	Employees - KS - Dist & Gen		$	-	0%	0%	0%	0%	0%	0%	100%	100%
566	Employees - KS - Dist & Gen (Excl PJ & Glenwood)		$	-	0%	0%	0%	0%	0%	0%	100%	100%
567	Employees - KS - Dist, Gas & Gen - LI only		$	-	32%	0%	0%	0%	0%	0%	68%	100%
568	Employees - KS - Dist, Gas & Gen - NY only (excl PJ & Glenwood) & KSI		$	-	19%	40%	0%	0%	0%	0%	40%	100%
569	Employees - KS - Dist, Gas & Gen - NY only (excl PJ & Glenwood) & KSI & KS Energy Development		$	-	19%	40%	0%	0%	0%	0%	40%	100%
570	Employees - KS - Dist, Gas & Gen (incl KSI)		$	-	14%	29%	0%	0%	0%	0%	57%	100%
571	Employees - KS - Dist, Gas, Gen - NY Only		$	-	19%	40%	0%	0%	0%	0%	40%	100%
572	Employees - KS - Dist, Gas, Gen & Energy Trading		$	-	14%	29%	0%	0%	0%	0%	57%	100%
573	Employees - KS - Dist, Gas, Gen (excl PJ & Glenwood) - NY only		$	-	19%	40%	0%	0%	0%	0%	40%	100%
574	Employees - KS - Gas		$	-	20%	41%	0%	0%	0%	0%	39%	100%
575	Employees - KS - Gas - NE only		$	-	0%	0%	0%	0%	0%	0%	100%	100%
576	Employees - KS - Gen		$	-	0%	0%	0%	0%	0%	0%	100%	100%
577	Employees - KS - KEDLI & KEDNY		$	-	32%	68%	0%	0%	0%	0%	0%	100%
578	Employees - KS DIST, GAS, GEN, NREG		$	-	12%	26%	0%	0%	0%	0%	62%	100%
579	T&D Expend - Grid NE DIST	235	$	427,477	0%	0%	32%	0%	0%	0%	68%	100%
580	T&D Expend - Grid Dist - NE Only & NEP	236	$	8,606	0%	0%	32%	0%	0%	0%	68%	100%
581	T&D Expend - Grid NE only	237	$	7,300	0%	0%	32%	0%	0%	0%	68%	100%
582	T&D Expend - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	238	$	3,815	7%	10%	12%	4%	25%	4%	39%	100%
583	T&D Expend - Grid & KS - Gas	380	$	219,547	18%	26%	0%	10%	0%	9%	36%	100%
584	T&D Expend - Grid & KS - Dist & Gen	382	$	658,354	0%	0%	19%	0%	41%	0%	40%	100%
585	T&D Expend - Grid & KS - Dist, Gen & Gas	383	$	47	7%	10%	12%	4%	25%	4%	39%	100%
586	T&D Expend - Grid & KS - Dist	389	$	178,114	0%	0%	19%	0%	41%	0%	40%	100%
587	T&D Expend - Grid - Dist & Gas	G52	$	(8)	0%	0%	17%	6%	37%	5%	36%	100%
588	T&D Expend - Grid - Dist & Gas - NE only	G54	$	283	0%	0%	29%	10%	0%	0%	61%	100%
589	T&D Expend - Grid - Dist	G09	$	2,081,328	0%	0%	19%	0%	41%	0%	40%	100%
590	T&D Expend - Grid - Dist - NE only	G51	$	510,660	0%	0%	32%	0%	0%	0%	68%	100%
591	T&D Expend - Grid - Trans		$	758,093	0%	0%	19%	0%	42%	0%	39%	100%
592	T&D Expend - Grid - Trans - NE only		$	13,394	0%	0%	33%	0%	0%	0%	67%	100%
593	T&D Expend - Grid - Ops Companies - NE only		$	17,290	0%	0%	29%	10%	0%	0%	61%	100%
594	T&D Expend - Grid - Ops Companies		$	10,253	0%	0%	17%	6%	37%	5%	36%	100%
595	T&D Expend - Grid - Dist & Tran - NE only		$	9,642	0%	0%	32%	0%	0%	0%	68%	100%
596	T&D Expend - Grid - Dist & Tran		$	1,683,412	0%	0%	19%	0%	41%	0%	40%	100%
597	T&D Expend - Grid & KS - Dist, Tran, Gas & Gen (regulated)		$	304,658	7%	10%	12%	4%	25%	4%	39%	100%
598	T&D Expend - Grid & KS - Dist, Tran & Gen (regulated)		$	261,465	0%	0%	19%	0%	41%	0%	40%	100%
599	T&D Expend - Grid & KS - Dist, Tran, Gas		$	26,119	7%	10%	12%	4%	25%	4%	39%	100%
600	T&D Expend - Grid & KS - Dist, Tran, Gas & Gen (excl LIPA)		$	544,576	7%	10%	12%	4%	25%	4%	39%	100%
601	T&D Expend - Grid & KS - Tran, Gen & INTE		$	16,532	0%	0%	33%	0%	0%	0%	67%	100%
602	T&D Expend - Grid - All (excl Parent)		$	96,417	0%	0%	17%	6%	37%	5%	36%	100%
603	T&D Expend - Grid - All (excl Parent) - NE only		$	1,007	0%	0%	29%	10%	0%	0%	61%	100%
604	T&D Expend - Grid & KS - All (exlcuding Parent)		$	1,571,173	7%	10%	12%	4%	25%	4%	39%	100%
605	T&D Expend - KS - All (excluding Energy Trading & Energy Corp)		$	7,822	22%	33%	0%	0%	0%	0%	45%	100%
606	T&D Expend - KS - Dist & Gas - NY only		$	1,784	40%	60%	0%	0%	0%	0%	0%	100%
607	T&D Expend - Grid & KS - Dist & Gas		$	1,372,473	7%	10%	12%	4%	25%	4%	39%	100%
608	T&D Expend - Grid & KS - Dist & Gas - NE only		$	408,731	0%	0%	22%	7%	0%	0%	71%	100%
609	T&D Expend - Grid & KS - Gas - NE only		$	2,540	0%	0%	0%	22%	0%	0%	78%	100%
610	T&D Expend - Grid & KS - Dist & Gas - NH Only		$	4,869	0%	0%	0%	0%	0%	0%	100%	100%
611	T&D Expend - Grid & KS - Dist & Gas - MA Only		$	58,806	0%	0%	0%	0%	0%	0%	100%	100%

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				KEDLI	KEDNY	Narragansett Electric	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
612	T&D Expend - Grid - Dist, Tran & Gas - RI only	$	41,798	0%	0%	75%	25%	0%	0%	0%	100%
613	T&D Expend - Grid & KS - Dist, Tran & Gas - NY Only	$	21,559	15%	22%	0%	0%	55%	8%	0%	100%
614	T&D Expend - Grid & KS - Gas	$	3,821,094	18%	26%	0%	10%	0%	9%	36%	100%
615	T&D Expend - KS - Gas - NE only	$	729,203	0%	0%	0%	22%	0%	0%	78%	100%
616	T&D Expend - KS - Gas - MA Only	$	203	0%	0%	0%	0%	0%	0%	100%	100%
617	T&D Expend - Grid & KS - Dist & Gas	$	2,870	7%	10%	12%	4%	25%	4%	39%	100%
618	T&D Expend - KS - Gas	$	3,969,986	22%	33%	0%	0%	0%	0%	45%	100%
619	T&D Expend - Grid & KS - Dist, Tran, Gas & Gen (regulated)	$	140,755	7%	10%	12%	4%	25%	4%	39%	100%
620	T&D Expend - Grid & KS - Gas - NE only	$	95,065	0%	0%	0%	22%	0%	0%	78%	100%
621	T&D Expend - Grid & KS - Dist & Gas - NE only	$	33,882	0%	0%	22%	7%	0%	0%	71%	100%
622	T&D Expend - KS - KEDLI & KEDNY	$	1,225,862	40%	60%	0%	0%	0%	0%	0%	100%
623	T&D Expend - KS - Dist, Gas, Gen & Energy Trading	$	17,501	22%	33%	0%	0%	0%	0%	45%	100%
624	T&D Expend - Grid & KS - All (exlcuding Parent)	$	3,584,515	7%	10%	12%	4%	25%	4%	39%	100%
625	T&D Expend - Grid & KS - Dist, Tran & Gas	$	26,211	7%	10%	12%	4%	25%	4%	39%	100%
626	T&D Expend - Grid & KS - Dist & Gas - MA Only	$	164,919	0%	0%	0%	0%	0%	0%	100%	100%
627	T&D Expend - Grid & KS - Dist & Gas - NY Only	$	15,836	15%	22%	0%	0%	55%	8%	0%	100%
628	Miles OH Lines - Grid NE only	$	4,991	0%	0%	27%	0%	0%	0%	73%	100%
629	Miles OH Lines - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	$	3,516	0%	0%	9%	0%	66%	0%	25%	100%
630	Miles OH Lines - Grid & KS - Gas	$	(416)	0%	0%	0%	0%	0%	0%	0%	0%
631	Miles OH Lines - Grid & KS - Dist & Gen	$	(7,102)	0%	0%	9%	0%	66%	0%	25%	100%
632	Miles OH Lines - Grid & KS - Dist	$	56,240	0%	0%	9%	0%	66%	0%	25%	100%
633	Miles OH Lines - Grid - Dist	$	195,784	0%	0%	9%	0%	66%	0%	25%	100%
634	Miles OH Lines - Grid - Dist - NE only	$	261,045	0%	0%	27%	0%	0%	0%	73%	100%
635	Miles OH Lines - Grid - Trans	$	22,932	0%	0%	9%	0%	67%	0%	23%	100%
636	Miles OH Lines - Grid - Dist & Tran	$	38,929	0%	0%	9%	0%	66%	0%	25%	100%
637	Miles OH Lines - Grid & KS - Dist, Tran, Gas & Gen (regulated)	$	69,944	0%	0%	9%	0%	66%	0%	25%	100%
638	Miles OH Lines - Grid & KS - Dist, Tran & Gen (regulated)	$	4,303	0%	0%	9%	0%	66%	0%	25%	100%
639	Miles OH Lines - Grid & KS - Dist, Tran, Gas & Gen (excl LIPA)	$	298,940	0%	0%	9%	0%	66%	0%	25%	100%
640	Miles OH Lines - Grid - All (excl Parent)	$	2,702	0%	0%	9%	0%	66%	0%	25%	100%
641	Miles OH Lines - Grid & KS - All (exlcuding Parent)	$	737	0%	0%	9%	0%	66%	0%	25%	100%
642	Miles OH Lines - Grid & KS - Dist & Gas	$	(350)	0%	0%	9%	0%	66%	0%	25%	100%
643	Miles OH Lines - Grid & KS - Dist, Tran & Gas - NY Only	$	10,019	0%	0%	0%	0%	100%	0%	0%	100%
644	Miles OH Lines - Grid - Dist & Tran - NE only	$	31,166	0%	0%	27%	0%	0%	0%	73%	100%
645	# Joint Use Poles O&M - Grid NE DIST	$	198,118	0%	0%	28%	0%	0%	0%	72%	100%
646	# Joint Use Poles - Grid Dist - NE Only & NEP	$	618	0%	0%	28%	0%	0%	0%	72%	100%
647	# Joint Use Poles - Grid & KS - All (exlcuding Parent)	$	863	0%	0%	14%	0%	48%	0%	37%	100%
648	# Joint Use Poles - Grid - Dist	$	437,433	0%	0%	14%	0%	48%	0%	37%	100%
649	# Joint Use Poles - Grid - Dist - NE only	$	(116,046)	0%	0%	28%	0%	0%	0%	72%	100%
650	# Joint Use Poles - Grid - Trans	$	66,143	0%	0%	15%	0%	49%	0%	36%	100%
651	Inbound Call Minutes - Grid & KS - Gas	$	58,897	18%	48%	0%	8%	0%	5%	21%	100%
652	Inbound Call Minutes - Grid & KS - Dist	$	189,011	0%	0%	6%	0%	29%	0%	66%	100%
653	Inbound Call Minutes - Grid - Dist - NE only	$	246,878	0%	0%	23%	0%	0%	0%	77%	100%
654	Inbound Call Minutes - Grid NE Retail	$	12,258,112	0%	0%	23%	0%	0%	0%	77%	100%
655	Inbound Call Minutes - Grid inc parent & INTE	$	10,505	0%	0%	8%	14%	42%	9%	27%	100%
656	Inbound Call Minutes - KS DIST, GAS, GEN, NREG	$	508	14%	38%	0%	0%	0%	0%	47%	100%
657	Inbound Call Minutes - KS - LIPA & KEDLI	$	19,315,390	32%	0%	0%	0%	0%	0%	68%	100%
658	Inbound Call Minutes - KS - Gas - NE only	$	6,270,770	0%	0%	0%	0%	0%	0%	100%	100%
659	Inbound Call Minutes - KS - Gas - NE only & KEDNY	$	6,000,658	0%	70%	0%	0%	0%	0%	30%	100%
660	Inbound Call Minutes - Grid - Dist & Gas - NE only	$	10,314	0%	0%	17%	28%	0%	0%	55%	100%
661	Inbound Call Minutes - Grid - All (excl Parent)	$	7,309	0%	0%	8%	14%	42%	9%	27%	100%
662	Inbound Call Minutes - Grid & KS - All (exlcuding Parent)	$	2,000	10%	26%	3%	4%	13%	3%	41%	100%
663	Inbound Call Minutes - KS - All (excluding Energy Trading & Energy Corp)	$	9,555	14%	38%	0%	0%	0%	0%	47%	100%
664	Inbound Call Minutes - KS - LIPA & KEDLI	$	247,011	32%	0%	0%	0%	0%	0%	68%	100%
665	Inbound Call Minutes - Grid & KS - Dist & Gas	$	371,540	10%	26%	3%	4%	13%	3%	41%	100%
666	Inbound Call Minutes - KS - Gas - MA Only	$	4,118	0%	0%	0%	0%	0%	0%	100%	100%
667	Inbound Call Minutes - KS - Gas - NE only	$	173,810	0%	0%	0%	0%	0%	0%	100%	100%
668	Inbound Call Minutes - KS - Dist & Gas	$	49,491	14%	38%	0%	0%	0%	0%	47%	100%
669	Inbound Call Minutes - Grid & KS - Dist & Gas	$	2,840,123	10%	26%	3%	4%	13%	3%	41%	100%
670	Inbound Call Minutes - Grid & KS - Gas - NE only	$	48,109	0%	0%	0%	27%	0%	0%	73%	100%
671	Inbound Call Minutes - Grid - Dist & Gas	$	25,572	0%	0%	8%	14%	42%	9%	27%	100%
672	Inbound Call Minutes - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	$	660	10%	26%	3%	4%	13%	3%	41%	100%
673	Claims - Grid & KS - Dist, Gen & Gas	$	60,333	11%	6%	5%	4%	20%	3%	51%	100%
674	Claims - Grid - Dist & Gas	$	169,088	0%	0%	11%	7%	43%	7%	31%	100%
675	Claims - Grid - Dist & Gas - NE only	$	2,961	0%	0%	23%	15%	0%	0%	62%	100%
676	Claims - Grid - Ops Companies - NE only	$	4,805	0%	0%	23%	15%	0%	0%	62%	100%
677	Claims - Grid - Ops Companies	$	18,011	0%	0%	11%	7%	43%	7%	31%	100%
678	Claims - KS - Dist & Gas	$	3,209	20%	12%	0%	0%	0%	0%	68%	100%
679	Claims - Grid & KS - Dist & Gas - NE only	$	55,093	0%	0%	15%	10%	0%	0%	75%	100%
680	Claims - KS - All (excluding Energy Trading & Energy Corp)	$	346	20%	12%	0%	0%	0%	0%	69%	100%
681	Claims - Grid - All (excl Parent)	$	1,537	0%	0%	11%	7%	43%	7%	31%	100%

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682	Claims - Grid & KS - Dist, Tran, Gas & Gen (regulated)	$	10,439	11%	6%	5%	3%	20%	3%	51%	100%
683	Claims - KS - Gas - NE only	$	14,449	0%	0%	0%	0%	0%	0%	100%	100%
684	Claims - KS - All (excluding KS Corp)	$	2,879	20%	12%	0%	0%	0%	0%	69%	100%
685	Claims - KS - Gas - NE only	$	107,149	0%	0%	0%	0%	0%	0%	100%	100%
686	Claims - KS - Dist & Gas	$	88,100	20%	12%	0%	0%	0%	0%	68%	100%
687	Claims - KS - LIPA & KEDLI	$	1,021,039	31%	0%	0%	0%	0%	0%	69%	100%
688	Debt - Grid inc INTE	$	289,661	0%	0%	5%	2%	18%	4%	72%	100%
689	Debt - Grid - Ops Companies - NE only	$	987	0%	0%	22%	7%	0%	0%	71%	100%
690	Debt - KS - Dist, Gas & Gen - LI only	$	34,003	71%	0%	0%	0%	0%	0%	29%	100%
691	Debt - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	$	85,123	12%	13%	7%	2%	25%	5%	36%	100%
692	Debt - Grid & KS - All (exlcuding Parent)	$	2,903	7%	7%	4%	1%	13%	3%	66%	100%
693	Debt - KS - All (excluding Energy Trading & Energy Corp)	$	3,153	26%	27%	0%	0%	0%	0%	48%	100%
694	Debt - KS - Gas - MA Only	$	1,774	0%	0%	0%	0%	0%	0%	100%	100%
695	Debt - Grid & KS - Dist & Gas - MA Only	$	1,104	0%	0%	0%	0%	0%	0%	100%	100%
696	Debt - KS - All (excluding KS Corp)	$	1,206,529	26%	27%	0%	0%	0%	0%	48%	100%
697	Debt - Grid - NEP & INTE companies	$	1,060	0%	0%	0%	0%	0%	0%	100%	100%
698	Debt - Grid & KS - Dist & Gas - NY Only	$	458	23%	23%	0%	0%	45%	9%	0%	100%
699	Debt - Grid & KS - Dist & Gas	$	353,326	13%	14%	7%	2%	26%	5%	32%	100%
700	Debt - Grid & KS - All (exlcuding Parent)	$	3,390,555	7%	7%	4%	1%	13%	3%	66%	100%
701	Property Owned - KS - Gas - NE only & KEDNY	$	14,231	0%	54%	0%	0%	0%	0%	46%	100%
702	Property Owned - Grid - Dist & Gas	$	57	0%	0%	12%	4%	49%	12%	22%	100%
703	Property Owned - Grid & KS - Dist, Tran, Gas & Gen (regulated)	$	195	12%	13%	6%	2%	26%	6%	34%	100%
704	Property Owned - Grid & KS - Gas	$	471,302	27%	29%	0%	5%	0%	15%	24%	100%
705	Property Owned - Grid NE DIST	$	4,285	0%	0%	35%	0%	0%	0%	65%	100%
706	Property Owned - Grid & KS - Dist & Gen	$	2,037	0%	0%	13%	0%	54%	0%	33%	100%
707	Property Owned - Grid & KS - Dist, Gen & Gas	$	1,203	13%	14%	7%	2%	29%	7%	29%	100%
708	Property Owned - Grid & KS - Dist	$	110,004	0%	0%	14%	0%	59%	0%	27%	100%
709	Property Owned - Grid NE only	$	846	0%	0%	25%	0%	0%	0%	75%	100%
710	Property Owned - Grid - Trans	$	2,018,507	0%	0%	12%	0%	51%	0%	36%	100%
711	Property Owned - Grid - Ops Companies - NE only	$	1,743	0%	0%	22%	8%	0%	0%	69%	100%
712	Property Owned - Grid - Ops Companies	$	622	0%	0%	10%	4%	43%	11%	32%	100%
713	Property Owned - Grid - Dist	$	4,113,299	0%	0%	14%	0%	59%	0%	27%	100%
714	Property Owned - Grid - Dist - NE only	$	89,331	0%	0%	35%	0%	0%	0%	65%	100%
715	Property Owned - Grid - All (excl Parent)	$	275,010	0%	0%	10%	4%	43%	11%	33%	100%
716	Property Owned - Grid & KS - All (exlcuding Parent)	$	521,608	12%	13%	6%	2%	26%	6%	34%	100%
717	Property Owned - KS - All (excluding Energy Trading & Energy Corp)	$	1,402	30%	33%	0%	0%	0%	0%	38%	100%
718	Property Owned - Grid inc parent & INTE (NO NEET)	$	3,733	0%	0%	10%	4%	43%	11%	33%	100%
719	Property Owned - GRID & KS DIST, TRAN, GAS, GEN, KS NREG	$	440	13%	14%	7%	3%	29%	7%	28%	100%
720	Property Owned - Grid - Trans - NE only	$	122,610	0%	0%	25%	0%	0%	0%	75%	100%
721	Property Owned - Grid - Dist & Tran	$	103,787	0%	0%	12%	0%	50%	0%	37%	100%
722	Property Owned - Grid & KS - Dist, Tran, Gas	$	298,323	12%	13%	7%	2%	27%	7%	32%	100%
723	Property Owned - Grid & KS - Gas - NE only	$	5,369	0%	0%	0%	18%	0%	0%	82%	100%
724	Property Owned - Grid & KS - Gas - NY only	$	4,122	30%	33%	0%	0%	0%	17%	20%	100%
725	Property Owned - Grid & KS - Dist & Gas	$	31,446	13%	14%	7%	3%	30%	7%	26%	100%
726	Property Owned - Grid & KS - Trans	$	6,469	0%	0%	12%	0%	51%	0%	37%	100%
727	Property Owned - Grid & KS - FERC (KS Gen, MECO tran, NECO tran, NEP, INTE companies)	$	4,345	0%	0%	22%	0%	0%	0%	78%	100%
728	Property Owned - Grid & KS - Dist, Tran & Gas	$	136,532	12%	13%	7%	2%	27%	7%	32%	100%
729	Property Owned - Grid & KS - Gas	$	2,411,317	27%	29%	0%	5%	0%	15%	24%	100%
730	Property Owned - KS - KEDLI & KEDNY	$	2,315,464	48%	52%	0%	0%	0%	0%	0%	100%
731	Property Owned - Grid & KS - All (exlcuding Parent)	$	325,118	12%	13%	7%	2%	27%	7%	32%	100%
732	Grand Total	$	272,653,061								

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	3 Point General Allocator Data	Source	(a) KEDLI	(b) KEDNY	(c) Narragansett Electric Tran	(d) Narragansett Electric Dist	(e) Narragansett Gas	(f) Niagara Mohawk Power Corporation-ELEC	(g) Niagara Mohawk Power Corporation-GAS	(h) All Other Companies	(i) Grand Total
1	Gross Margin	Income Statement	582,320	866,875	60,707	430,322	181,603	1,690,667	353,848	3,495,339	7,600,974
2	Net Plant	Balance Sheet	2,201,221	2,393,759	465,439	731,194	433,356	5,004,938	1,227,064	10,734,089	22,725,621
3	O&M Expenses	Income Statement	159,659	272,564	8,798	259,723	87,599	840,985	166,346	1,596,217	3,383,093

	3 Point General Allocator Percentage	KEDLI	KEDNY	Narragansett Electric Tran	Narragansett Electric Dist	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
4	Gross Margin	7.7%	11.4%	0.8%	5.7%	2.4%	22.2%	4.7%	46.0%	100.0%
5	Net Plant	9.7%	10.5%	2.0%	3.2%	1.9%	22.0%	5.4%	47.2%	100.0%
6	O&M Expenses	4.7%	8.1%	0.3%	7.7%	2.6%	24.9%	4.9%	47.2%	100.0%
7	3 Point Allocator Percentage	7.4%	10.0%	1.0%	5.5%	2.3%	23.0%	5.0%	65.5%	100.0%

	Percentages Based on Companies	Allocator	KEDLI	KEDNY	Narragansett Electric Tran	Narragansett Electric Dist	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
8	G&A - Grid - All (excl Parent)	90380	0.0%	0.0%	0.0%	9.8%	4.1%	40.7%	8.8%	36.6%	100.0%
9	G&A - Grid - All (excl Parent) - NE only	90381	0.0%	0.0%	0.0%	19.4%	8.0%	0.0%	0.0%	72.6%	100.0%
10	G&A - Grid - All (incl Parent & INTE)	G1230	0.0%	0.0%	0.0%	9.7%	4.0%	40.6%	8.8%	36.9%	100.0%
11	G&A - Grid - Dist	G1060	0.0%	0.0%	0.0%	13.1%	0.0%	48.0%	0.0%	39.0%	100.0%
12	G&A - Grid - Dist	90231	0.0%	0.0%	0.0%	13.1%	0.0%	48.0%	0.0%	39.0%	100.0%
13	G&A - Grid - Dist - NE only	G1040	0.0%	0.0%	0.0%	25.1%	0.0%	0.0%	0.0%	74.9%	100.0%
14	G&A - Grid - Dist - NE only	90232	0.0%	0.0%	0.0%	25.1%	0.0%	0.0%	0.0%	74.9%	100.0%
15	G&A - Grid - Dist & Gas	G1050	0.0%	0.0%	0.0%	11.1%	4.6%	40.9%	10.1%	33.2%	100.0%
16	G&A - Grid - Dist & Gas	90229	0.0%	0.0%	0.0%	11.1%	4.6%	40.9%	10.1%	33.2%	100.0%
17	G&A - Grid - Dist & Gas - NE only	90230	0.0%	0.0%	0.0%	22.7%	9.5%	0.0%	0.0%	67.8%	100.0%
18	G&A - Grid - Dist & Gas - RI only	G1290	0.0%	0.0%	0.0%	70.6%	29.4%	0.0%	0.0%	0.0%	100.0%
19	G&A - Grid - Dist & Tran	90238	0.0%	0.0%	0.0%	11.3%	0.0%	47.2%	0.0%	41.5%	100.0%
20	G&A - Grid - Dist & Tran - NE only	90237	0.0%	0.0%	0.0%	21.4%	0.0%	0.0%	0.0%	78.6%	100.0%
21	G&A - Grid - Dist, Tran & Gas - RI only	90394	0.0%	0.0%	11.7%	62.4%	25.9%	0.0%	0.0%	11.7%	100.0%
22	G&A - Grid - Dist, Tran, Gas & Parent	90282	0.0%	0.0%	0.0%	9.8%	4.1%	40.9%	8.9%	36.4%	100.0%
23	G&A - Grid - NEP & INTE companies	G1070	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
24	G&A - Grid - NIMO Dist & Gas	G1030	0.0%	0.0%	0.0%	0.0%	0.0%	80.2%	19.8%	0.0%	100.0%
25	G&A - Grid - NIMO Dist & Gas	90102	0.0%	0.0%	0.0%	0.0%	0.0%	83.0%	17.0%	0.0%	100.0%
26	G&A - Grid - NIMO Dist & Tran	G1020	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
27	G&A - Grid - NIMO Dist & Tran	90101						88.0%	12.0%	0.0%	100.0%
28	G&A - Grid - NIMO Only	G1010	0.0%	0.0%	0.0%	0.0%	0.0%	82.2%	17.8%	0.0%	100.0%
29	G&A - Grid - NIMO Only	90100	0.0%	0.0%	0.0%	0.0%	0.0%	83.0%	17.0%	0.0%	100.0%
30	G&A - Grid - Ops Companies	90236	0.0%	0.0%	0.0%	9.8%	4.1%	41.1%	8.9%	36.1%	100.0%
31	G&A - Grid - Ops Companies - NE only	90235	0.0%	0.0%	0.0%	19.7%	8.2%	0.0%	0.0%	72.1%	100.0%
32	G&A - Grid - RI Dist & Tran	90150	0.0%	0.0%	5.0%	95.0%	0.0%	0.0%	0.0%	5.0%	100.0%

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	3 Point General Allocator Data	Source	(a) KEDLI	(b) KEDNY	(c) Narragansett Electric Tran	(d) Narragansett Electric Dist	(e) Narragansett Gas	(f) Niagara Mohawk Power Corporation-ELEC	(g) Niagara Mohawk Power Corporation-GAS	(h) All Other Companies	(i) Grand Total
33	G&A - Grid - Trans	90233	0.0%	0.0%	13.5%	0.0%	0.0%	35.9%	0.0%	64.1%	100.0%
34	G&A - Grid - Trans - NE only	90234	0.0%	0.0%	21.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
35	G&A - Grid & KS - All (exlcuding Parent)	G5100	7.4%	10.1%	0.0%	5.6%	2.3%	23.3%	5.1%	46.2%	100.0%
36	G&A - Grid & KS - All (exlcuding Parent)	90382	7.5%	10.1%	0.0%	5.6%	2.3%	23.4%	5.1%	46.0%	100.0%
37	G&A - Grid & KS - All (incl Parent, excl PJ, Glenwood,Seneca, KSI)	G1150	7.5%	10.2%	0.0%	5.6%	2.3%	23.4%	5.1%	45.9%	100.0%
38	G&A - Grid & KS - All KS & MECO	G1120	12.7%	17.3%	0.0%	0.0%	0.0%	0.0%	0.0%	69.9%	100.0%
39	G&A - Grid & KS - All KS & Narragansett	G1110	16.6%	22.6%	0.0%	0.0%	5.2%	0.0%	0.0%	55.6%	100.0%
40	G&A - Grid & KS - All NY	G1210	12.0%	16.3%	0.0%	0.0%	0.0%	37.7%	8.2%	25.8%	100.0%
41	G&A - Grid & KS - Dist	G5400	0.0%	0.0%	0.0%	10.4%	0.0%	38.2%	0.0%	51.4%	100.0%
42	G&A - Grid & KS - Dist	90203	0.0%	0.0%	0.0%	10.4%	0.0%	38.2%	0.0%	51.4%	100.0%
43	G&A - Grid & KS - Dist & Gas	G1260	9.7%	13.2%	0.0%	7.3%	3.0%	26.8%	6.6%	33.4%	100.0%
44	G&A - Grid & KS - Dist & Gas	G5800	8.5%	11.5%	0.0%	6.4%	2.7%	23.4%	5.8%	41.8%	100.0%
45	G&A - Grid & KS - Dist & Gas	90388	8.5%	11.5%	0.0%	6.4%	2.7%	23.4%	5.8%	41.8%	100.0%
46	G&A - Grid & KS - Dist & Gas - MA Only	G1190	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
47	G&A - Grid & KS - Dist & Gas - MA Only	90392	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
48	G&A - Grid & KS - Dist & Gas - NE only	G6000	0.0%	0.0%	0.0%	16.6%	6.9%	0.0%	0.0%	76.4%	100.0%
49	G&A - Grid & KS - Dist & Gas - NE only	90389	0.0%	0.0%	0.0%	16.6%	6.9%	0.0%	0.0%	76.4%	100.0%
50	G&A - Grid & KS - Dist & Gas - NH Only	G1180	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
51	G&A - Grid & KS - Dist & Gas - NH Only	90391	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
52	G&A - Grid & KS - Dist & Gas - NY Only	G1170	16.2%	22.0%	0.0%	0.0%	0.0%	50.8%	11.0%	0.0%	100.0%
53	G&A - Grid & KS - Dist & Gas (excl LIPA)	90398	9.7%	13.2%	0.0%	7.3%	3.0%	26.8%	6.6%	33.4%	100.0%
54	G&A - Grid & KS - Dist & Gen	G5500	0.0%	0.0%	0.0%	9.5%	0.0%	35.1%	0.0%	55.4%	100.0%
55	G&A - Grid & KS - Dist & Gen	90201	0.0%	0.0%	0.0%	9.6%	0.0%	35.1%	0.0%	55.4%	100.0%
56	G&A - Grid & KS - Dist, Gas & Gen	G1160	8.1%	11.0%	0.0%	6.0%	2.5%	22.2%	5.5%	44.7%	100.0%
57	G&A - Grid & KS - Dist, Gen & Gas	90202	8.1%	11.0%	0.0%	6.0%	2.5%	22.2%	5.5%	44.7%	100.0%
58	G&A - Grid & KS - Dist, Tran & Gas	G1240	8.9%	12.1%	0.0%	6.7%	2.8%	28.0%	6.1%	35.4%	100.0%
59	G&A - Grid & KS - Dist, Tran & Gas - NY Only	90396	16.2%	22.0%	0.0%	0.0%	0.0%	50.8%	11.0%	0.0%	100.0%
60	G&A - Grid & KS - Dist, Tran & Gen (regulated)	G5600	0.0%	0.0%	0.0%	8.6%	0.0%	35.8%	0.0%	55.6%	100.0%
61	G&A - Grid & KS - Dist, Tran & Gen (regulated)	90240	0.0%	0.0%	0.0%	8.6%	0.0%	35.8%	0.0%	55.6%	100.0%
62	G&A - Grid & KS - Dist, Tran, Gas	90241	0.0%	0.0%	0.0%	6.9%	2.9%	28.8%	6.2%	55.3%	100.0%
63	G&A - Grid & KS - Dist, Tran, Gas & Gen (excl LIPA)	90242	8.5%	11.5%	0.0%	6.3%	2.6%	26.5%	5.7%	38.9%	100.0%
64	G&A - Grid & KS - Dist, Tran, Gas & Gen (regulated)	G1250	8.4%	11.5%	0.0%	6.3%	2.6%	26.5%	5.7%	38.9%	100.0%
65	G&A - Grid & KS - Dist, Tran, Gas & Gen (regulated)	90239	7.5%	10.2%	0.0%	5.6%	2.3%	23.6%	5.1%	45.6%	100.0%
66	G&A - Grid & KS - FERC (KS Gen, MECO tran, NECO tran, NEP, INTE companies)	G1270	0.0%	0.0%	10.3%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
67	G&A - Grid & KS - Gas	G5200	22.0%	29.8%	0.0%	0.0%	6.8%	0.0%	14.9%	26.5%	100.0%
68	G&A - Grid & KS - Gas	90200	22.0%	29.8%	0.0%	0.0%	6.8%	0.0%	14.9%	26.5%	100.0%
69	G&A - Grid & KS - Gas - NE & NIMO	G1080	0.0%	0.0%	0.0%	0.0%	14.2%	0.0%	30.9%	54.9%	100.0%
70	G&A - Grid & KS - Gas - NE only	G5900	0.0%	0.0%	0.0%	0.0%	20.6%	0.0%	0.0%	79.4%	100.0%
71	G&A - Grid & KS - Gas - NE only	90390	0.0%	0.0%	0.0%	0.0%	20.6%	0.0%	0.0%	79.4%	100.0%
72	G&A - Grid & KS - Gas - NH & NIMO	G1090	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	86.4%	13.6%	100.0%
73	G&A - Grid & KS - Gas - NY only	G6100	32.9%	44.7%	0.0%	0.0%	0.0%	0.0%	22.3%	0.0%	100.0%
74	G&A - Grid & KS - Gas - NY only	90395	32.9%	44.7%	0.0%	0.0%	0.0%	0.0%	22.3%	0.0%	100.0%
75	G&A - Grid & KS - Gas (excl NIMO)	G1280	25.8%	35.1%	0.0%	0.0%	8.0%	0.0%	0.0%	31.1%	100.0%
76	G&A - Grid & KS - KEDNY, Nantucket & Granite	G1140	0.0%	92.7%	0.0%	0.0%	0.0%	0.0%	0.0%	7.3%	100.0%
77	G&A - Grid & KS - NGUSA & LIPA	G1130	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
78	G&A - Grid & KS - Tran, Gen & INTE	90243	0.0%	0.0%	0.0%	8.6%	0.0%	35.8%	0.0%	55.6%	100.0%

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			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	3 Point General Allocator Data	Source	KEDLI	KEDNY	Narragansett Electric Tran	Narragansett Electric Dist	Narragansett Gas	Niagara Mohawk Power Corporation-ELEC	Niagara Mohawk Power Corporation-GAS	All Other Companies	Grand Total
79	G&A - Grid & KS - Trans	G5300	0.0%	0.0%	13.5%	0.0%	0.0%	35.9%	0.0%	64.1%	100.0%
80	G&A - KS - All	G0800	17.5%	23.8%	0.0%	0.0%	0.0%	0.0%	0.0%	58.7%	100.0%
81	G&A - KS - All (excl KS Corp, PJ & Glenwood)	G3500	17.6%	24.0%	0.0%	0.0%	0.0%	0.0%	0.0%	58.4%	100.0%
82	G&A - KS - All (excl KSI & KS Corp)	G4900	17.5%	23.8%	0.0%	0.0%	0.0%	0.0%	0.0%	58.7%	100.0%
83	G&A - KS - All (excl Seneca, PJ & Glenwood)	G3600	17.7%	24.0%	0.0%	0.0%	0.0%	0.0%	0.0%	58.3%	100.0%
84	G&A - KS - All (excluding Energy Trading & Energy Corp)	90383	17.5%	23.8%	0.0%	0.0%	0.0%	0.0%	0.0%	58.7%	100.0%
85	G&A - KS - All (excluding KS Corp)	G0100	17.5%	23.8%	0.0%	0.0%	0.0%	0.0%	0.0%	58.7%	100.0%
86	G&A - KS - All NY (excl PJ, Glenwood & KS Corp)	G4800	22.4%	30.4%	0.0%	0.0%	0.0%	0.0%	0.0%	47.2%	100.0%
87	G&A - KS - All NY (excl Seneca & LIPA)	G4000	33.0%	44.9%	0.0%	0.0%	0.0%	0.0%	0.0%	22.0%	100.0%
88	G&A - KS - All NY (excl Seneca)	G3900	22.2%	30.2%	0.0%	0.0%	0.0%	0.0%	0.0%	47.5%	100.0%
89	G&A - KS - All NY (excl Seneca, PJ, Glenwood & LIPA)	G4100	23.9%	32.5%	0.0%	0.0%	0.0%	0.0%	0.0%	43.6%	100.0%
90	G&A - KS - Dist & Gas	G0500	19.9%	27.0%	0.0%	0.0%	0.0%	0.0%	0.0%	53.1%	100.0%
91	G&A - KS - Dist & Gas	90387	19.9%	27.0%	0.0%	0.0%	0.0%	0.0%	0.0%	53.1%	100.0%
92	G&A - KS - Dist & Gas - NY only	G0700	26.1%	35.5%	0.0%	0.0%	0.0%	0.0%	0.0%	38.4%	100.0%
93	G&A - KS - Dist & Gas - NY only	90386	26.1%	35.5%	0.0%	0.0%	0.0%	0.0%	0.0%	38.4%	100.0%
94	G&A - KS - Dist & Gas & KS Generation (all LI)	G2200	32.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	67.3%	100.0%
95	G&A - KS - Dist & Gen	G1000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
96	G&A - KS - Dist & Gen (Excl KS Energy Trading) & KS Corp	G3200	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
97	G&A - KS - Dist & Gen (Excl PJ & Glenwood)	G1100	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
98	G&A - KS - Dist, Gas & KS Generation	G1300	22.6%	30.7%	0.0%	0.0%	0.0%	0.0%	0.0%	46.6%	100.0%
99	G&A - KS - Dist, Gas & Gen - LI only	G1500	32.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	67.4%	100.0%
100	G&A - KS - Dist, Gas & Gen - NY only	G1700	22.2%	30.2%	0.0%	0.0%	0.0%	0.0%	0.0%	47.6%	100.0%
101	G&A - KS - Dist, Gas & Gen - NY only (excl PJ & Glenwood)	G3800	22.6%	30.7%	0.0%	0.0%	0.0%	0.0%	0.0%	46.7%	100.0%
102	G&A - KS - Dist, Gas & Gen - NY only (excl PJ & Glenwood) & KSI	G4700	22.5%	30.6%	0.0%	0.0%	0.0%	0.0%	0.0%	46.8%	100.0%
103	G&A - KS - Dist, Gas & Gen - NY only (excl PJ & Glenwood) & KSI & KS Energy Development	G4600	22.4%	30.5%	0.0%	0.0%	0.0%	0.0%	0.0%	47.1%	100.0%
104	G&A - KS - Dist, Gas & Gen & KS Corp	G3000	17.6%	24.0%	0.0%	0.0%	0.0%	0.0%	0.0%	58.4%	100.0%
105	G&A - KS - Dist, Gas & Gen (excl PJ & Glenwood) - NY only	G1800	22.5%	30.6%	0.0%	0.0%	0.0%	0.0%	0.0%	47.0%	100.0%
106	G&A - KS - Dist, Gas & Gen (incl KSI)	G1400	17.6%	23.9%	0.0%	0.0%	0.0%	0.0%	0.0%	58.5%	100.0%
107	G&A - KS - Dist, Gas & KSI	G3700	19.8%	27.0%	0.0%	0.0%	0.0%	0.0%	0.0%	53.2%	100.0%
108	G&A - KS - Dist, Gas, Gen - NY Only	G0400	22.3%	30.4%	0.0%	0.0%	0.0%	0.0%	0.0%	47.3%	100.0%
109	G&A - KS - Dist, Gas, Gen & Energy Trading	G0200	17.6%	23.9%	0.0%	0.0%	0.0%	0.0%	0.0%	58.5%	100.0%
110	G&A - KS - Dist, Gas, Gen & KSI & KS Corp	G3300	17.6%	23.9%	0.0%	0.0%	0.0%	0.0%	0.0%	58.5%	100.0%
111	G&A - KS - Dist, Gas, Gen (excl PJ & Glenwood) - NY only	G4400	22.6%	30.7%	0.0%	0.0%	0.0%	0.0%	0.0%	46.7%	100.0%
112	G&A - KS - Gas	G2400	28.1%	38.1%	0.0%	0.0%	0.0%	0.0%	0.0%	33.8%	100.0%
113	G&A - KS - Gas - MA Only	G2000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
114	G&A - KS - Gas - MA Only	90393	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
115	G&A - KS - Gas - NE only	G0300	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
116	G&A - KS - Gas - NE only	G1600	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
117	G&A - KS - Gas - NE only	90397	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
118	G&A - KS - Gas - NE only & KEDNY	G3400	0.0%	53.0%	0.0%	0.0%	0.0%	0.0%	0.0%	47.0%	100.0%
119	G&A - KS - GAS - NE only & KS Corp	G3100	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
120	G&A - KS - Gas - NY only & KSI	G2900	42.2%	57.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	100.0%
121	G&A - KS - GAS & KSI	G5000	28.0%	38.0%	0.0%	0.0%	0.0%	0.0%	0.0%	34.0%	100.0%
122	G&A - KS - Gas (excluding LI)	90385	0.0%	53.0%	0.0%	0.0%	0.0%	0.0%	0.0%	47.0%	100.0%
123	G&A - KS - Gas, Gen - NY Only	G2600	33.3%	45.2%	0.0%	0.0%	0.0%	0.0%	0.0%	21.5%	100.0%
124	G&A - KS - Gas, KSI & KEC	G2700	28.1%	38.1%	0.0%	0.0%	0.0%	0.0%	0.0%	33.8%	100.0%

The Narragansett Electric Company d/b/a National Grid
Revised General Allocator Data and Percentages based on Proposed 3 Point Formula by Groups of Companies and Certain Individual Companies
Calendar Year 2011

	3 Point General Allocator Data	Source	(a) KEDLI	(b) KEDNY	(c) Narragansett Electric Tran	(d) Narragansett Electric Dist	(e) Narragansett Gas	(f) Niagara Mohawk Power Corporation-ELEC	(g) Niagara Mohawk Power Corporation-GAS	(h) All Other Companies	(i) Grand Total
125	G&A - KS - Gen	G1200	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
126	G&A - KS - Gen	G5700	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
127	G&A - KS - KEDLI & KEDNY	G0900	42.4%	57.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
128	G&A - KS - KEDLI & KEDNY	90399	42.4%	57.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
129	G&A - KS - KS Generation	G4500	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
130	G&A - KS - LIPA & KEDLI	G0600	0.0%	0.0%	0.0%	9.8%	4.1%	40.7%	8.8%	36.6%	100.0%
131	G&A - KS - LIPA & KEDLI	G1900	40.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	59.5%	100.0%
132	G&A - KS - LIPA & KEDLI	90384	40.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	59.5%	100.0%
133	G&A - KS - LIPA & KS Generation	G4300	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%

Lines 1 through 3 = source general ledger actuals
Line 4, columns a through h = Line 1, respective column (a through h) divided by Column h
Line 5, columns a through h = Line 2, respective column (a through h) divided by Column h
Line 6, columns a through h = Line 3, respective column (a through h) divided by Column h
Line 7, columns a through h = Sum of Lines 4 through 6, divided by 3
Lines 8 through 133= percentage by company based on companies included in allocator

PA Consulting Group

National Grid USA

Cost Allocations Review Project Report

February 17, 2012

PA CONFIDENTIAL – Internal Use Only

PA Regional Office:
PA Consulting Group
10 Canal Park, 4th Floor
Cambridge, MA 02141
USA
Tel: +1 617 225 2700
Fax: +1 617 225 2631
www.paconsulting.com

Version no: 1.0

Prepared by: Derek HasBrouck and Joel Jeanson

Document reference:

Contents

1 Executive Summary

1.1 Introduction

National Grid is an international Gas and Electricity Company and one of the largest investor-owned energy companies in the world. In the US, National Grid distributes electricity to nearly five million customers in Massachusetts, New Hampshire, New York and Rhode Island. Owning 4,000 megawatts of electricity generation, it is the largest power producer in New York State – carrying power to over one million customers on Long Island and supplying around a quarter of New York City's electricity needs. It is also the largest distributor of natural gas in the north-eastern U.S., delivering gas to 3.4 million customers in New York, Massachusetts, New Hampshire and Rhode Island.

PA Consulting Group (PA) is a leading management consulting company. We are an independent, employee-owned firm of over 2,000 consultants, headquartered in London and operating from 30 offices across the world including six offices in the United States. PA has a dedicated Global Energy Consulting (GEC) industry practice focused on the utility and energy industries and has over 100 consultants working for clients in this sector. PA's GEC consultants work closely with leading investor-owned and publicly-owned utilities, regulators, energy market participants and financial institutions to meet a broad array of management consulting needs. PA has extensive experience in all segments of the energy sector, from generation, transmission, distribution and supply through settlement, trading and support services. Of particular relevance to this assignment, PA consultants have an extensive track record of having worked with both regulators and utilities on cost allocation issues.

1.2 Background

In May 2011, National Grid issued RFP 027-11 for cost allocations-related consulting services. As described in that RFP, National Grid is embarking on a Cost Allocations Review Project within its US based regional jurisdictions and business entities. The project is to review the proposed changes by National Grid personnel to existing cost allocation processes and methodologies in response to changes recommended by a third party consultancy (Liberty Consulting Group) recently retained to review the current state cost allocation processes and methodologies and attest to the soundness of the proposed changes. These recommended changes are described in detail in Liberty Consulting Group's report (Liberty Report) entitled "Independent Review and Evaluation of the Affiliate Relationships and Transactions Affecting National Grid U.S." dated March 23, 2011. The specific recommended changes in the Liberty Report are presented below.

1.3 Summary of Liberty Report Recommendations

Following is a summary of the recommendations contained in the Liberty Report related to Cost Assignment and Allocation.

1. Operate with a common financial platform and common cost assignment/allocation methods and procedures as soon as feasible; meanwhile, take steps to reconcile differences as much as possible within the current systems.
2. Create a revised cost allocation approach that breaks the linkage between the allocation basis and benefiting companies
3. Maintain the history of all mappings between the financial functional coding and the actual organizational units in the financial systems.
4. Integrate the transactions between the U.S. and U.K. more fully into the U.S. financial systems and processes.
5. Eliminate financial system processes that obscure the origin of costs.
6. Maintain directly assigned costs on the service-company books.
7. Train employees always to use direct assignment as the first preference over allocations for attributing costs to benefiting entities.
8. Allow all transactions to be directly assigned to more than one benefiting company, but require thorough documentation of the reasons for the multiple assignments and the method used to determine the amounts directly assigned to each company.
9. Highlight in training materials and other employee communications the need to avoid using general allocation methods, and institute controls to minimize the use of general allocators.
10. Use consistent capital recovery mechanisms.
11. Review the clearing account processes for both legacy KS and NG to determine the best practices from each company to implement a consistent clearing account process.
12. Review both legacy NG and KS processes and procedures to calculate overhead rates and choose the best method and practice.
13. Use a consistent basis or method to calculate and allocate building and other facility costs.
14. Uniformly automate the invoice retention and retrieval process.
15. Require consistent and complete documentation of the reasons for cost assignment and allocation choices.
16. Require comprehensive, structured, regularly scheduled reviews and documentation of the status of and changes in billing pools and cost allocation factors.
17. Establish rigorous cost allocation control structures and processes.
18. Create a complete and unified Cost Allocation Manual.
19. Revise training to make it clear and comprehensive once new, simplified cost allocation mechanisms are in place.
20. Require affirmative time reporting requirements for all employees.
21. Implement a single time entry system to be used by all employees for time reporting.

22. Institute controls to ensure that labor costs are properly allocated based on the operating entities that benefited from the employee's labor.
23. Implement a single expense reporting system.
24. Implement system checks that validate that the expense report accounting is consistent with the employee's time report accounting.
25. Institute controls to ensure that employee expenses are properly allocated.
26. Develop a consistent expense policy for all employees.
27. Remove cost allocation accounting code defaults for expense reporting.

Providing specific direction to the work performed to PA are the recommendations related to establishing a common cost assignment/allocation process, breaking the linkage between the allocation basis and benefiting companies, avoiding the use of the general allocator, and creating a new Cost Allocation Manual.

Coincident with this effort are actions underway related to National Grid's "US Foundation Program." The US Foundations Program (USFP) is National Grid's name for its SAP implementation program. National Grid currently has two separate systems used to process financials, Oracle Financials and PeopleSoft Financials. These two systems will be merged into SAP later this year. As each of the two existing systems has a unique set of allocation methods, merging the two systems will also require developing a consistent allocation methodology.

The PeopleSoft System is the National Grid legacy system and the Oracle system is the legacy KeySpan system. While the legacy National Grid and KeySpan service companies remain separate legal entities, support functions have been effectively integrated to facilitate common governance practices, and achieve economies of scale and other benefits. As a result, legacy National Grid and legacy KeySpan employees performing essentially the same functions in the same organization are treated differently from an accounting (and consequently, a cost allocation) perspective.

PA also developed an understanding of the current process and methodologies used for cost allocation purposes. This understanding of the current process was obtained from the review of internal documents and analyses provided by the Company, the review of the Service Company Form 60s, the Liberty Report, documents developed in connection with the Foundations Program, and interviews of functional area and accounting personnel.

PA was also briefed on the design of the SAP system, in particular the code block and the sequencing of the closing / settlement process.

2 Scope of Work

2.1 Original Scope of Work

PA's original contract for this project included the following scope of work; this scope of work was based on the scope of work defined in the RFP. The work was to be completed in three phases as described below.

2.1.1 Phase 1 – Short Term Phase

National Grid is embarking on a Cost Allocations Review Project within its US based regional jurisdictions and business entities. The project is to review the proposed changes by National Grid personnel to existing cost allocations processes and methodologies in response to changes recommended by a third party consultancy recently retained to review the current state cost allocations processes and methodologies. National Grid is seeking to hire a Cost Allocations Specialist to review those proposed changes by National Grid personnel relevant to cost allocations methodologies and to provide a written opinion on the soundness of the proposed changes to be made to the current Cost Allocations methodologies, processes and supporting systems relevant to meeting the spirit of the third party recommendations in a manner consistent with industry standard best practices. This phase 1 review project is targeted to start in May with the written opinion to be completed and submitted to the Vice President of Revenue Management and Controls mid-June.

The Cost Allocation Specialist will work under the direction of the Vice President of Revenue Management and Controls.

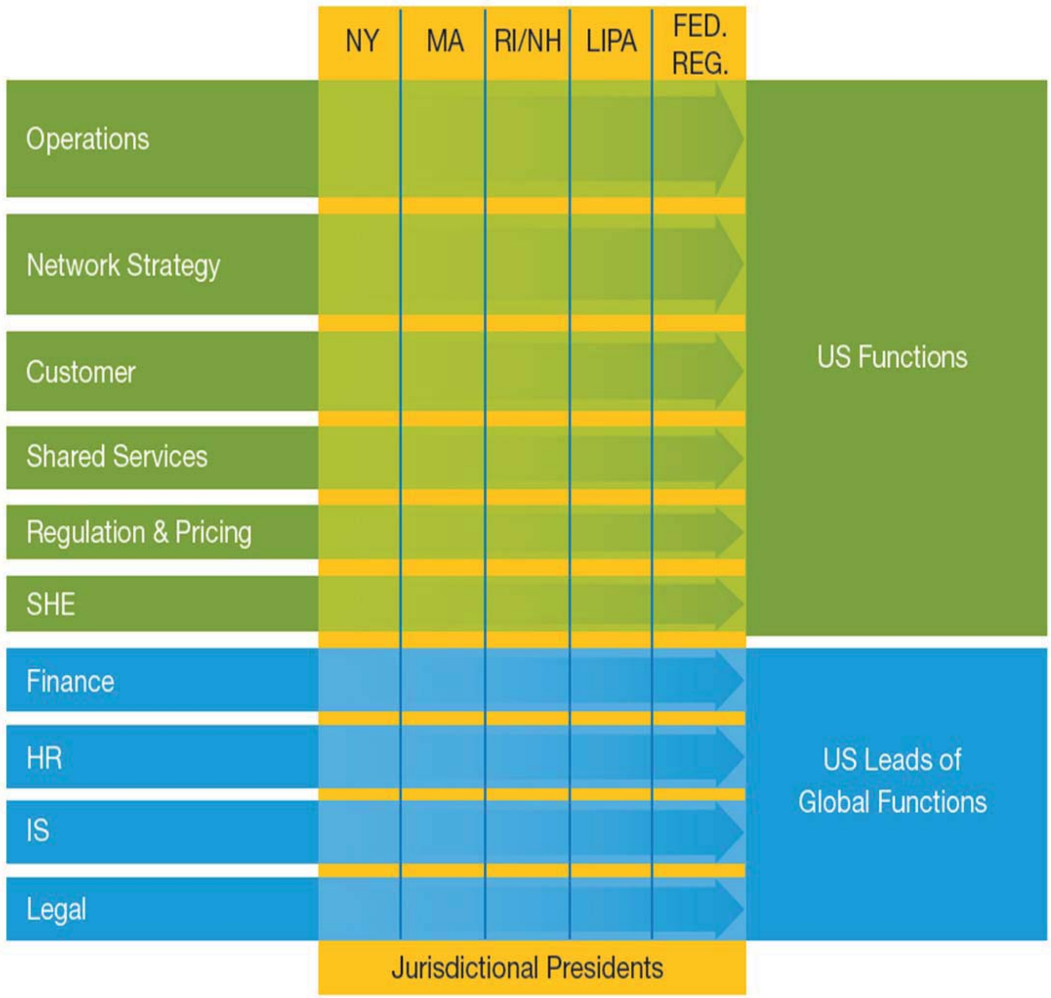
2.1.2 Phase 2 – Long Term Phase

Additionally, on a longer term engagement, the Cost Allocations Specialist will be tasked with providing guidance, assistance and direction specific to integrating the recommended Cost Allocations changes (methodologies, processes and systems) to the National Grid team currently working on the US based design and implementation of SAP back office financial software applications known as the 'US Foundations Program'. This guidance should be written and form the basis for a Cost Allocation Manual for subject matter experts implementing Cost Allocation function using the new SAP system. This phase 2 engagement should begin subsequent to Phase 1 in June, 2011. Completion of the Cost Allocation Manual will be targeted to a mutually agreed end date once the Phase 2 engagement starts.

Longer term cost allocations advice is also sought to support the new US organizational structure as it evolves creating regional jurisdictional entities while also supporting cross-jurisdictional corporate functions and business areas within the US (see figure 1 below).

Figure 1

National Grid USA – New Organizational Structure



2.1.3 Phase 3 – Optional Phase

As communications with the regulators progresses there may be a need to engage the Cost Allocations Specialist to testify before the appropriate governing bodies (e.g., New York Public Service Commission (NYPSC)), on behalf of National Grid attesting to the soundness of the proposed changes to be made to the Cost Allocations methodologies, processes and supporting systems in response to the third party recommendations; also the progress in designing and implementing Cost Allocation methodologies in the SAP back office financial software applications known as the 'US Foundations Program'.

2.2 Revised Scope of Work

Once the project started it soon became apparent that the Company had not yet developed the proposed changes to its cost allocation processes and methodologies although some of the third party recommendations were clearly being addressed by the USFP team. As a result, rather than rendering an opinion on the proposed changes, the scope of work changed to focus on assisting the Company develop the required changes to its cost allocation processes and methodologies.

The original proposed scope of work was revised as follows.

2.2.1 Phase 1 – Revised SOW

National Grid is seeking to hire a Cost Allocations Specialist to develop a common general allocator to be used by both the legacy National Grid and legacy KeySpan companies. This new general allocator will replace the single factor formula used by the legacy National Grid companies and the three-point formula used by the legacy KeySpan companies. The recommended approach is intended to be consistent with industry best practices and the recommendations of the third party consultancy. This phase 1 review project is targeted to start in May with the written opinion to be completed and submitted to the Vice President of Revenue Management and Controls by the end of July.

Activities to be completed during this phase include: review Liberty Report recommendations regarding cost allocations; review status of Foundations Project (SAP) as it relates to cost allocations; review current practices related to use of the “general allocator”; industry research related to use of general allocators; recommend changes to General Allocator including detailed calculations of components; and present recommendation to Senior Management. The Cost Allocation Specialist will work under the direction of the Vice President of Revenue Management and Controls.

2.2.2 Phase 2 – Revised SOW

Additionally, on a longer term engagement, the Cost Allocations Specialist will be tasked with developing a detailed cost allocation process for all National Grid USA companies fully coordinated with the National Grid team currently working on the US based design and implementation of SAP back office financial software applications known as the ‘US Foundations Program’. The new cost allocation process must be developed consistent with industry best practices, the recommendations of the Liberty Consulting Group study, and support the new US organizational structure (see figure 1 above).

The new cost allocation process, including guiding principles, will be documented in a Cost Allocation Manual. This phase 2 engagement should begin subsequent to the start of Phase 1 in June, 2011. Completion of the Cost Allocation Manual will be targeted to a mutually agreed end date once the Phase 2 engagement starts.

2.2.3 Phase 3 – Revised SOW

As communications with the regulators progresses there may be a need to engage the Cost Allocations Specialist to testify before the appropriate governing bodies (e.g., New York Public Service Commission (NYPSC)), on behalf of National Grid attesting to the soundness of the proposed changes to be made to the Cost Allocations methodologies, processes and supporting systems in response to the third party recommendations; also the progress in designing and implementing Cost Allocation methodologies in the SAP back office financial software applications known as the ‘US Foundations Program’.

3 Study Results

In this section of the report, PA presents by phase the results of the work performed consistent with the revised Scope of Work in Section 2.

3.1 Phase 1: General Allocator

3.1.1 Background

The general allocator used by the legacy KeySpan service company is comprised of three components: total assets, revenues and O&M expenses. The general allocator used by the legacy National Grid service company is comprised of a single component: O&M expenses.

The objective of the first phase of the project was to develop a single general allocator to replace the above two general allocators currently in use.

Working with the National Grid Cost Allocations project manager, PA completed the following activities during this phase to accomplish this objective:

- Reviewed Liberty Report recommendations regarding cost allocations;
- Reviewed the status of Foundations Project (SAP) as it relates to cost allocations;
- Reviewed current practices related to use of the “general allocator”;
- Completed industry research related to use of general allocators;
- Recommended changes to General Allocator including the detailed methodology to be used to calculate the three components; and,
- Presented the recommendation to Senior Management.

3.1.2 Approach

In developing our recommendation for a single general allocator for all National Grid USA service companies, PA considered the following:

- Cost allocation guiding principles
- Commonly accepted practices in the utility industry, and
- National Grid’s business and operating model.

We also considered the recommendations contained in the Liberty Report.

3.1.3 Guiding Principles

Based on our experience and understanding of guidance provided by regulatory agencies such as NARUC, we developed the following guiding principles.

- The components of the general allocator should impartially and fairly reflect the level of effort and costs required by the service company to support each of the operating companies
- The underlying calculation used to support the components of the general allocator should be as transparent as possible (i.e., based as directly as possible on published information)

- The underlying calculation should not vary significantly from period to period based on factors considered to be “non-controllable”

3.1.4 General Allocator Research Results

To develop an understanding of commonly accepted cost allocation practices in the utility industry, PA reviewed the cost allocation policies and practices of about 25 utilities located in North America. We relied on publically available materials, primarily through rate proceeding dockets electronically available on regulatory commission websites. While PA also has available confidential materials provided in the course of work performed for regulated utility companies, the practices described below come only from publicly available sources.

Based on this research, and consistent with work PA has done in the industry, we found that the most common general allocator used in the utility industry is the Massachusetts Formula (MF) or variations of the Massachusetts Formula commonly referred to as the Modified Massachusetts Formula (MMF).

The Massachusetts Formula consists of Plant, Revenues, and Employees, equally weighted; however, “Plant”, “Revenues”, and “Employees” are not specifically defined. As a result of the lack of specific, authoritative guidance on the specific definitions of these three components, we found that variations have emerged over time among utilities claiming to use the MF. For example, revenues may be defined as top line revenues from the income statement or as gross margins; plant may be defined as utility plant or as total assets; and labor may be defined as headcount or as payroll dollars. But in all cases, the variances are small enough to still be considered as Massachusetts Formulas.

Similar to the Massachusetts Formula, there are a number of Modified Massachusetts Formulas in place, usually with equally weighted component allocation factors, but the components differ somewhat from the Massachusetts Formula.

The following tables provide detail regarding company-specific general allocators. While not exhaustive, the following list includes many of utilities with multi-jurisdictional operations in the United States. In order, the tables provide:

- Practices in the region
- Companies using the Massachusetts Formula
- Companies using a Modified Massachusetts Formula
- Companies using other formulas

Other utility or holding companies in the region use a variety of formulas with the Massachusetts Formula being most commonly used. But there is some variability in the specific calculation of the individual components.

Utility/Holding Company	State	General Allocator Formula
ConEd	New York	Massachusetts Formula (Average of Revenues, Assets, and Labor Costs)
Central Hudson	New York	Net Assets and Number of Employees
Iberdrola	New York (RG&E, NYSEG) and Maine (CMP)	Massachusetts Formula (Operating Revenue, Net PPE, Payroll)
NStar	Massachusetts	Use a number of allocation methodologies including: Number of Customers, Operating Revenue, Avg. Capitalization, and Operating Revenues. Also, Operating Revenues and Capitalization
Northeast Utilities	Connecticut (CL&P), Massachusetts (Western Mass Electric), and New Hampshire (PSNH)	Gross Plant and Net Income
Unitil	Massachusetts (FG&E), New Hampshire, and Maine	Massachusetts Formula (Operating Revenue, Net PPE, Employees)

Nationwide, the following companies use the Massachusetts Formula as their general allocator.

Utility/Holding Company	State	General Allocator Formula
AEP	Multiple States	Total Assets, Number of Employees, and Number of Electric Retail Customers (this is AEP's most commonly used functional allocator)
American Water	Multiple States	Operating Revenue, Net PPE, Employees
Black Hills	South Dakota, Wyoming, Montana, Colorado, Iowa, Kansas, Nebraska	Asset Cost, Payroll, Gross Margin
CenterPoint Energy	Texas, Louisiana, Minnesota, Mississippi, Oklahoma	Asset Cost {40%}, Headcount {20%}, Gross Margin {40%}
ConEd	New York	Average of Revenues, Assets, and Labor Costs
Duke Energy	Indiana, North Carolina, Ohio, Kentucky, South Carolina	Gross Margin, Net PPE, Payroll
Iberdrola	New York (RG&E, NYSEG) and Maine (CMP)	Operating Revenue, Net PPE, Payroll
Great Plains Energy (Kansas City Power & Light)	Missouri, Kansas	Operating Revenue, Net PPE, Employees
Unitil	Massachusetts (FG&E, New Hampshire, and Maine	Labor, Revenue, Plant
Xcel	Minnesota, Colorado, Texas, Michigan, New Mexico, North Dakota, South Dakota, Wisconsin	Average of Revenue, Employee, and Total Asset Ratios

The Modified Massachusetts Formula is also commonly used as shown in the table below.

Utility/Holding Company	State	General Allocator Formula
Ameren	Illinois and Missouri	Use an “Executive Allocator” which includes :Total Capitalization, Total Assets, Sales Volumes
First Energy	Ohio, Pennsylvania and New Jersey	Initial allocation is based on FE’s Equity investments in affiliates. For allocations across subsidiaries FE use Gross T&D Plant, O&M Expense, and T&D Revenues.
NiSource	Indiana , Kentucky and Ohio	Total Plant, State Employees and Customers
PPL (not including LG&E/KU)	Pennsylvania	Use the average invested capital, O&M, and number of employees of subsidiaries.
Progress Energy	North Carolina, South Carolina, Florida	Revenue, Asset, and Operating Expense Ratios
PSE&G	New Jersey	Use Revenue, Earnings, and CapEx
Southern Company	Georgia, Alabama, Mississippi, Florida	Use Net Fixed Assets, Operating Expenses, Operating Revenues.

Companies have also developed other formulas which they believe meet specific needs. For example:

Utility/Holding Company	State	General Allocator Formula
Alliant Energy	Wisconsin, Iowa, Minnesota	• Use a General Ratio based on the sum of all Service Company expenses directly assigned or allocated. • Numerator is the Client Company • Denominator is all Client Companies and/or the Service Company.
Central Hudson	New York	• Net Assets and Number of Employees
Constellation Energy	Maryland (BG&E)	• Total Corporate Assets, Equity, Employees and Gross Margin
Entergy	Louisiana, Texas, Arkansas, Mississippi	• Employees and Total Amount Billed (Complete allocation factors, not just residuals)
EPCOR	Alberta, Canada	• Total Annual Revenue, Total Net Assets, Total Annual CapEx, Average Number of FTE's
Exelon	Illinois (Commonwealth Edison), Pennsylvania (PECO)	• Total Average Assets and 12 months Gross Payroll.
Integrys Energy	Wisconsin (Wisconsin Public Service), Illinois (Peoples Gas), Minnesota and Michigan	• Use a two-part formula: Total Assets and Total Non-Fuel O&M
E.On (pre-acquisition by PPL)	Kentucky (LG&E and KU)	• Use Revenue, Total Assets, Number of Employees and Direct Expense Ratios (used for cash management and investment). • Other ratios are also used
Northeast Utilities	Connecticut (CL&P), Massachusetts and New Hampshire	• Gross Plant and Net Income
NStar	Massachusetts	• Use a number of allocation methodologies including : Number of Customers, Operating Revenue, Avg. Capitalization. Also, Operating Revenues and Capitalization
PNM Resources, Inc.	New Mexico, Texas	• Pro-Rata distribution and Transactional allocations
Southern California Edison	California	• Operating Revenues, Operating Expenses, Number of Employees, and Total Assets • Some governance costs are allocated based on Equity Investment and Advances.

3.1.5 Recommendation

Based on the research performed, the guiding principles, the recommendations of the Liberty report and the National Grid USA business and operating model, we believe the following proposed general allocator represents the "best fit" for National Grid USA.

PA recommends that National Grid USA implement a common general allocator based on the Modified Massachusetts Model, a model commonly accepted in the utility industry comprised of the following three components, to be equally weighted:

- Gross Margin
- Net Plant
- O&M Expenses

The first two elements are closely aligned with the Massachusetts Formula. Gross Margin is recommended instead of Revenue to eliminate potential variability in revenues due to the pass through of purchased power and purchased gas costs from jurisdiction to jurisdiction and year to year. This is especially true in an operating model in which unbundling has been implemented to a differing degree among jurisdictions.

O&M expenses is recommended as the third component rather than an employee or payroll-related factor because O&M expenses more properly recognizes the use of contractors and outsourced vendors in National Grid's business model.

PA's General Allocator recommendation was made giving consideration to commonly-accepted industry practices, National Grid USA's operating and business model, and the recommendations made by Liberty Consulting.

While not directly related to the design of the general allocator but instead based on the totality of PA's recommended cost allocation methodology, the percentage of service company costs direct charged or allocated using a cost causative factor is expected to increase and the percentage of service company costs allocated using the general allocator is expected to decrease. This was an intended consequence of the Liberty recommendations.

The rationale behind these specific modifications is described below.

3.1.6 Justification

The proposed General Allocator is theoretically sound given National Grid's unique circumstances and reflects common-accepted industry practices

The use of a three factor formula based on the Massachusetts Formula as a general allocator is a common practice in the utility industry; with few exceptions, the three components are equally weighted.

Utility regulatory commissions across the United States and in the Northeast have accepted both the Massachusetts Formula and Modified Massachusetts Formula.

Using "gross margins" rather than "revenues" levelizes the impact of changing commodity prices and the differing degrees to which utility services have been unbundled among jurisdictions.

Net Plant is a common component of general allocators in the utility industry, especially when there are no significant non-regulated operations. Net Plant includes both Utility and Non-Utility Plant.

Substituting "O&M expenses" for "employees" as the third component in the formula makes sense for the following reasons:

- National Grid uses a combination of internal labor and contractors at the Client Companies. This mix of labor could vary by Client Company.
- Some companies do not have "native employees" and instead use service company employees.
- The mix of internal labor and contractors should be based on sound business decisions. The basis for these decisions could differ from operating company to operating company or division to division. These business decisions should not be influenced by their potential impact on cost allocations. Using O&M as the third component eliminates this as a decision making consideration.

Some other companies use equity or capitalization as a component of their general allocator; this is reasonable for companies with significant non-regulated investments but that is not the case for National Grid USA.

The legacy KeySpan general allocator is a Modified Massachusetts Formula comprised of these same three components. The merger Joint Proposal "pre-authorizes" the use of the legacy KeySpan formula.

3.1.7 Definitions of the Three Components

The three components of the proposed General Allocator – Gross Margins, Net Plant and O&M Expenses – are defined as follows. These definitions are intended to be as transparent as possible by using information reported on Form 1 or equivalent with few adjustments. FERC Accounts and Page Numbers discussed below reference FERC Form 1 reports or comparable Annual Reports filed with the state utility regulatory agencies.

Gross Margins

"Gross Margins" are Total Operating Revenues (as adjusted, see below) less Cost of Purchased Power and Purchased Gas. The sources for the specific components of gross margin are:

GROSS MARGIN:

Total Operating Revenues - Income Statement (detail on FERC Form 1: Page 300, Line 27; NYPSC Annual Report: Page 64, Line 28)

Revenues are adjusted for:

Stranded costs. These revenues include the recovery of some of National Grid's historical investments in generating plants that were divested as part of the restructuring and wholesale power deregulation process in New England and New York during the 1990s.

18A Assessments. These revenues are unique to the NY regulated utilities and represent the pass-through of costs. These costs have characteristics similar to sales tax, which is a non-Revenue item.

Cost of Goods Sold:

Purchased Power - FERC account 555

Purchased Gas (Other Gas Supply Expense) - FERC Accounts 800 through 813

Net Plant is defined as:

NET PLANT:

Net Plant is the sum of Net Utility Plant and Net Non-Utility Plant.

Net Utility Plant – Line 6 of the Balance Sheet (Page 110)

Net Non-Utility Plant – Line 18 less Line 19 of the Balance Sheet (Page 110)

Goodwill is deducted from the above as applicable. By excluding goodwill, Net Plant is consistently calculated as the original cost of the assets purchased or constructed less accumulated depreciation. If goodwill were included, the asset base for companies acquired at a premium would inflated above actual purchase/construction costs and therefore receive a disproportionate share of costs allocated using the general allocator.

O&M Expenses are defined as:

O&M EXPENSES

The sum of all non-Purchased Power/Gas expenses less costs allocated from the Service Company distributed to the Affiliate companies using the general allocator (and charged to a 920 or above account) and 18A Assessments. Similar to the discussion of "sales tax" above in the context of 18A Assessment revenues, the expense side of the 18A assessment, while booked to an O&M activity, has characteristics similar to sales tax expense. Sales tax is a non-O&M expense.

The starting point is the Income Statement, Lines 4 and 5 (Page 114)

See above for the source of Purchased Power/Gas expenses

A Special Report will be required to determine the amount to be excluded for Service Company Charges based on the General Allocator. This is the single significant exception to the "transparency" guiding principle.

3.2 Phase 2: Development of Cost Causative Allocation Factors and CAM

In this section of the report we discuss both the development of the proposed cost causative allocation factors[1] and the cost allocation manual[2]. Fundamental to both is the development of cost allocation principles. These principles underpin the entire recommended approach to cost allocations. As such, the discussion of the development of the proposed cost causative allocation factors begins with these principles.

[1] See Appendix A for a summary of the services and allocation bases by function / department.

[2] See Appendix B for the latest draft of the Cost Allocation Manual (January 30, 2012)

3.2.1 Cost Allocation Principles

The following allocation principles will be used whenever products or services are provided between the Service Company and its Client Companies or among affiliates in the case of storm restoration or other emergency services.

- If only one Client Company or affiliate causes a cost to be incurred or benefits from a cost, that cost shall be directly charged or assigned to that Client Company or affiliate. Direct assignment should be performed whenever practicable and is preferred over allocation.
- Direct assignment should be used only when all Client Companies or affiliates that receive a particular product or service can be direct charged for that service.
- The general method for charging indirect costs should be on a fully allocated cost basis. Under appropriate circumstances, incremental cost, prevailing market pricing or other methods may be considered for allocating costs and pricing transactions among affiliates.
- To the extent possible, all direct and allocated costs between regulated and non-regulated services and products should be traceable on the books of the applicable regulated utility to the applicable Uniform System of Accounts. Documentation should be made available to the appropriate regulatory authority upon request regarding transactions between the Service Company and its affiliates.
- The allocation methods should apply to the Service Company and its affiliates in order to prevent subsidization from, and ensure equitable cost sharing among the regulated entity and its affiliates, and vice versa.
- All costs should be classified to services or products which, by their very nature, are either regulated, non-regulated, or common to both.
- The primary cost driver of common costs, or a relevant proxy in the absence of a primary cost driver, should be identified and used to allocate the cost between regulated and non-regulated services or products.
- Service Company functional area costs which cannot be directly assigned or allocated based on cost causative allocation factors should be allocated to the Client Companies based on the proportion of costs direct charged and allocated based on cost causative factors.

3.2.2 Cost Allocation Methodologies

The proposed hierarchy of cost allocation methodologies is as follows:

Direct Charge – involving costs which can be specifically identified with a particular service or product and the Client Company to which that product or service is provided. Costs will be direct charged where possible.

Cost Causative - methodology used to allocate directly attributable costs based upon measurable cost causing relationships which cannot be direct charged.

General Allocator - methodology used to allocate indirectly attributable costs to entities; these are often defined as “governance” or “business sustaining” costs.

Within the cost causative methodology, allocation bases fall into two categories:

- Those based on transaction volumes; in this case, the costs charged to the client companies vary directly with their demand for the services provided. For example, ‘number of invoices processed’ is a cost basis (driver) for the Accounts Payable department to equitably distribute their costs to client companies based on the number of invoices processed on behalf of that client company.

- Those based on "other" causes whereby the selection of the allocation basis is related to the specific service being provided and is a proxy for a transactional-type allocation basis

3.2.3 PA Approach to the Development of Cost Causative Allocation Bases at National Grid

PA performed the following tasks in developing the cost causative allocation bases described below.

1. Reviewed the relevant sections of the Liberty report
2. Developed understanding of Service Company structure through interviews and review of the 2011 NGUSA Operating Model
3. Reviewed other relevant internal studies
4. Conducted interviews of representatives from most Service Company departments and some operating company personnel serving more than one utility or segment. The purpose of these interviews was to:
   - Identify the department's primary activities performed and services provided
   - Identify the entities to whom the services were provided
   - Identified the resources involved in producing those services
   - Discuss cost drivers and potential allocation bases reflective of those cost drivers (i.e., cost causative allocation bases)
5. Reviewed the Company's FERC Form 60s and other documents to identify allocation bases presently used that were not identified during the interviews
6. Developed an understanding of current cost allocation practices
7. Reviewed cost allocation practices used at approximately 25 other utilities in the United States as reported in FERC Form 60s or rate case testimony (often including Cost Allocation Manuals). As examples,
   - AEP uses 55 different allocation bases
   - Ameren uses 24 different allocation bases
   - Rochester Gas & Electric (part of Iberdrola) uses 12 different allocation bases but allocates a number of costs using direct labor overheads not currently used by National Grid
   - PEPCO Holdings uses 26 different allocation bases
   - Integrys Energy uses 30 different allocation bases
8. Considered cost allocation-related work performed on behalf of other clients in the utility industry. In one study prepared on behalf of Southwestern Public Service Company, we noted that the number of allocation methods reported ranged from 6 to 75, with a median of 19.
9. Developed recommendations for the general allocator and cost causative allocation factors and reviewed recommendations with company personnel including the SAP team.
10. Recommended alternative approaches such as the expanded use of a "service company cost pool" to be allocated based on the Service Company's composite cost causative allocations and direct charges.

11. Recommended the use of a clearing account for infrastructure costs (facilities and IT) that would simplify the current process. This recommendation cannot currently be implemented as it would require a design change to SAP.
12. Recommended a process whereby department specific supervision, overhead and A&G costs be allocated based on the Department's composite cost causative allocations and direct charges.
13. Recommended a list of allocation bases that represents the best fit for National Grid USA based on its current business model giving consideration to issues raised in the Liberty audit and commonly accepted allocation practices in the utility industry.

3.2.4 Cost Causative Allocation Bases

In this section of the report we describe the cost causative allocation bases (for both transactional and "other" cost drivers, in that order) that we propose be part of SAP. These allocation bases and the client companies to whom these services are provided will be selected as individuals report time or process expenses using the appropriate fields in the SAP order number. For each cost causative allocation basis we indicate who will be using the allocation basis (based on the current operating model), the rationale for the use of the allocation basis, the source or methodology used to calculate the allocation basis, and other options considered. This same information is also included in the Cost Allocation Manual (current draft provided as Appendix B to this report). We expect that the Cost Allocation Manual will be updated as required going forward to reflect subsequent changes in organization structures and responsibilities.

In some instances, the information required to develop the allocation percentages will not be available prior to the implementation of SAP. In those instances, the application of these allocation bases as discussed herein will be delayed.

In 2010, 38% of all Service Company costs were direct charged to Client Companies and 62% were allocated. Of the 62% that were allocated, 60% of these costs were allocated using a general allocator. Using the cost allocation process and methodology described in the revised Cost Allocation Manual (see Appendix B), we expect that the percentage of costs allocated using the general allocator will be substantially reduced. Best practices in the utility industry suggest a target of 5-10% for the level of costs allocated using a general allocator. Given the number of changes either currently underway or recently completed at National Grid USA including the change in the US Operating Model, the workforce reduction efforts, and the IT transformation effort, it is difficult to model with precision the impact of these changes; however, we expect that the implementation of this revised approach will move the company towards this industry benchmark in a significant manner.

By breaking the linkage between the allocation basis with the companies benefiting from the service provided as recommended by Liberty Consulting, the actual assignment of costs based of these allocation can be tailored to the companies to whom the services are provided. For example, if services are provided which are most appropriately allocated based on "Total T&D Expenditures" and the group providing the service provides the service to gas companies only, the allocation percentages will be based on Total T&D Expenditures data for the gas companies only.

Allocation Basis: Number of Inbound and Outbound Collection Calls

Who will be using this Allocation Basis: This allocation basis will be used by the credit and collections department and includes both outsourced and insourced collection services.

Rationale for use of the Allocation Basis: For this activity, costs are driven by the number of collection calls received from customers and the number of calls placed by Company or contract employees that are collections related. Different jurisdictions have different rules and regulations related to credit and collections. These different rules as well as differing demographics can drive different level of work activities by utility. The use of this allocation bases recognizes these differences.

Source and Calculation of the Allocation Basis: At this time, the only information consistently available for both Company and contractor-provided services is the number of inbound collection calls. This information is reported by the Collections Department based on call center records and data provided by contractors. Going forward, the Company will use the call center phone systems to start tracking and reporting all outbound collection calls.

Other Options Considered: The cost of credit and collection activities could also be allocated based on numbers of customers, revenues or write-offs. However, the use of number of inbound and outbound collection calls represents the most directly cost causative basis for allocating these costs and recognizes jurisdictional differences that may not be reflected if number of customers or revenues was used. The level of write-offs would likely be more indicative of relative levels of collection activities but is not as direct a cost driver as using the actual level of collection activity.

Allocation Basis: Number of Bills

Who will be using this Allocation Basis: This allocation basis will be used by the TDC Billing Operations and Procure to Pay Departments.

Rationale for use of the Allocation Basis: Resources used to provide these services are directly related to the number of bills issued. Using this allocation basis recognizes synergies for those companies providing both gas and electric services whereby the cost of those services is billed on a single customer invoice.

Source and Calculation of the Allocation Basis: Information provided by the Billing Department based on customer billing system reports.

Other Options Considered: Billing Department costs could also be allocated based on the number of customers by company; however, this would over allocate costs to those companies providing a single customer bill for both gas and electric services. Number of payments processed is used by some companies to allocate remittance processing costs; PA did not consider the use of a separate allocation basis for these services to be necessary since the receipt of a bill typically triggers a payment transaction.

Allocation Basis: Number of Purchase Order (PO) Lines

Who will be using this Allocation Basis: This allocation basis will be used by the Procurement Department.

Rationale for use of the Allocation Basis: Resources required are directly related to the volume of purchases made. We recognize that while not all purchase orders require the same degree of effort, on an overall basis we expect that the average time spent will be relatively consistent from company to company.

Source and Calculation of the Allocation Basis: This information will be available companywide on a consistent basis upon implementation of SAP.

Other Options Considered: For those purchase orders which require significant involvement by Procurement, another option for the company to take is to direct charge the companies on whose behalf Procurement is serving. This option can work without jeopardizing the fairness of the allocation process if the direct charging is done consistently; this will require a clear definition of "significant involvement" and routine oversight.

Allocation Basis: Number of Invoice Lines Processed

Who will be using this Allocation Basis: This allocation basis will be used by the Accounts Payable Department.

Rationale for use of the Allocation Basis: Resources required are directly related to the volume of invoices lines processed.

Source and Calculation of the Allocation Basis: Each line on an invoice represents a separate transaction. An invoice line can be reported to one and only one Company, but an invoice may include charges to multiple companies. This information will be available companywide on a consistent basis upon implementation of SAP.

Other Options Considered: Use number of invoices instead of invoices lines. This option presumes, however, that each invoice is associated with one and only one Client Company. While this is true in some instances, it is not true in all instances, and changing practices to move in this direction would negatively impact the efficiency and effectiveness of both Procurement and Accounts Payable.

Allocation Basis: Number of Claims Processed
Who will be using this Allocation Basis: This allocation basis will be used by the Claims Department.
Rationale for use of the Allocation Basis: Resources required are directly related to the volume of claims processed.
Source and Calculation of the Allocation Basis: The Claims Department maintains a database of all claims processed. The Client Company is identified in the database. Developing the percentages of claims processed by Client Company using information provided by the Claims Department from this database is simple and reliable.
Other Options Considered: We initially considered using number of claims paid as an allocation basis when we believed this information was available and were unsure whether the total number of claims processed was available. We subsequently learned that the Claims Department has reliable data available by company for both the number of claims paid and the number of claims processed. Using the number of claims processed is more reflective of the underlying cost drivers because many claims processed do not result in payment where the company is found to not be at fault.
It is reasonable to expect that the volume of claims processed is proportional to the size of the Client Company. That is, a utility with a significant investment in utility property and a large customer base would reasonably be expected to have more claims than a utility with less plant and a smaller customer base. Therefore, another option considered was to develop the allocation basis percentages using an allocation basis comprised of these components. And this allocation basis would be relatively easy to administer. However, if more direct cost driver data is reliable and available, PA's preference is to use that data. And using more direct cost driver data recognizes that operating practices may contribute to differences in rates of claims against individual Client Companies and allows for the allocation of costs proportionate to the volume of claims by company.

Allocation Basis: Number of Inbound Call Minutes
Who will be using this Allocation Basis: This allocation basis will be used by the Customer Care contact center.
Rationale for use of the Allocation Basis: Resources required are directly related to the volume and duration of inbound calls. That is, the more calls taken, and the longer the call, the more representatives will be required to handle customer calls. This is a commonly used allocation basis in the industry for contact centers.
Source and Calculation of the Allocation Basis: Number of calls taken and the duration of each call together with wrap-up time by Client Company are readily available from the contact center telephone system.
Other Options Considered: Number of customers would be an alternative allocation basis. Again, however, if more direct cost driver data is reliable and available, PA's preference is to use that data. Using more direct cost driver data recognizes that operating practices may contribute to differences in incoming call volumes and allows for the allocation of costs proportionate to the volume of call minutes by company.

Allocation Basis: Number of Customers

Who will be using this Allocation Basis: This allocation basis will be used by several departments including Credit and Collections, Customer Meter Services, TDC (Customer Advocacy), Operations Support, and Accounting Services (Revenue Accounting).

Rationale for use of the Allocation Basis: For these departments the level of work is driven by, and the client companies benefit in proportion to, the number of customers by utility company.

Source and Calculation of the Allocation Basis: This information is available from the customer information system. For purposes of this calculation, the count is both premises and meters-driven and may also be described as "Number of Accounts." That is, a single premises receiving utility service by a single meter is counted as one customer. A premises receiving both gas service and electric service from National Grid, with both services being, of course, individually metered, counts as two customers. This information should agree with the customer count reported in the FERC Form 1 or comparable annual reports.

Other Options Considered: For Customer Meter Services, we considered using “number of meters tested” as an allocation basis. We ultimately concluded that meter testing represented only one of several services offered by the meter shop and that meter shop work was performed on behalf on individual utilities proportional to the number of customers.

Allocation Basis: Dollar Value of Capital Expenditures

Who will be using this Allocation Basis: This allocation basis will be used by several departments: Property Accounting, Construction (when not direct charged), and Network Strategy (Standards, Engineering)

Rationale for use of the Allocation Basis: For these departments the level of work is largely driven by, or the client companies benefit in proportion to, the volume and value of capital expenditures.

Source and Calculation of the Allocation Basis: This information used to develop the allocation percentages by company is available in the FERC Form 1 or equivalent. The cash flow statements of each company report “Cash Outflows for Plant.”

Other Options Considered: Using budgeted or forecasted capital expenditures by Company. This option was dropped from consideration after discussions which indicated that actual capital expenditures are not expected to differ significantly year over year and giving a preference to the use of publicly available data where possible.

Allocation Basis: Number of Employees

Who will be using this Allocation Basis: This allocation basis will be used by several departments including Human Resources; Payroll Accounting; Corporate Affairs (employee communications); Safety, Health and Environment; Tax; and Insurance. This allocation basis is also currently used to allocate IT Desktop support costs.

Rationale for use of the Allocation Basis: For these departments the level of work is largely driven by, or the client companies benefit in proportion to, the number of employees by Company. This is a commonly-used allocation basis for these services in the utility industry.

Source and Calculation of the Allocation Basis: This information is available from the Human Resources information system and is based on the number of active employees (both full and part-time) at the end of the preceding calendar year by Company. In this case, the Service Company receives a percentage of these costs based on its proportionate share of employees. The costs allocated to the Service Company will then be reallocated to the Client Companies in the same proportion as the sum of all other service company-allocated costs.

Other Options Considered: For Payroll, we considered using “number of paychecks issued” as the allocation bases. The logic in considering this allocation basis was that the salaried and bargaining units are on different pay schedules. We dismissed this option for the following reasons: all pay schedules are the same among companies; that is, bargaining unit employees working for Massachusetts Electric receive paycheck on the same frequency and bargaining unit employees working for Niagara-Mohawk. In addition, we were informed that the mix of salaried and bargaining unit employees is not significantly different from company to company. For IT Desktop Support costs, it may be possible to move to more direct charging of these costs by requiring the outside vendor who provides these services to itemize its bill based on the home company of the individual to whom the desktop support services were provided. For some HR services such as labor negotiations, the use of a subset of the employee population (i.e., the bargaining unit workforce) as the allocation basis may be more reflective of the underlying cost driver. This issue can be effectively addressed by restricting the calculation of the Number of Employees allocation basis for these activities to those companies with the represented employee groups subject to the labor negotiations.

Allocation Basis: Total Dollar Value of Service Company Costs Direct Charged and Allocated

Who will be using this Allocation Basis: This allocation basis will be used by the Service Company to reallocate costs of services provided to the Service Company. Examples of these services include Human Resources and Payroll services as discussed above together with services such as Service Company Accounting. .

Rationale for use of the Allocation Basis: Services provided to the Service Company benefit the Client Companies proportionate to the value of Service Company services direct charged and allocated.

Source and Calculation of the Allocation Basis: This information is available from the Service Company Integrity (i.e., Accounting) Department based on the existing allocation process. As a result, the allocation percentages will likely change when data becomes available from SAP which reflects the updated cost allocation methodology as described herein.

Other Options Considered: One other option is to ignore Service Company employees, for example, when allocating Human Resources and Payroll Accounting costs. The benefit in using a two-step approach is that it provides the jurisdictions with a more true cost of the services provided based on the utilities' specific demands for those services. Having more true costs is valuable for benchmarking purposes and when negotiating these services as part of the Service Level Agreement process.

Allocation Basis: Total T&D (Transmission and Distribution) Expenditures

Who will be using this Allocation Basis: This allocation basis will be used by Finance Business Partners (Finance Strategy); COO; Network Strategy (other than vegetation management and 3rd party attachments); and Safety, Health and Environment.

Rationale for use of the Allocation Basis: The level of effort spent on behalf of, and the benefits received by, the Utilities these functional areas are substantially driven by and proportionate to the combined spend on T&D O&M and capital.

Source and Calculation of the Allocation Basis: This information is available from the Service Company Integrity (i.e., accounting) department based on publicly available documents such as FERC Form 1s and equivalent annual reports.

Other Options Considered: We considered using the general allocator or similar multi-component allocation basis. In the end, we believed that using Total T&D expenditures was the most direct cost driver for these services.

Allocation Basis: Department Productive Time

Who will be using this Allocation Basis: Each department will use this allocation basis

Rationale for use of the Allocation Basis: Each department has costs related to activities that support the direct provision of that department's products and services. Examples of these costs include time and expenses associated with employee training, attending departmental and enterprise-level meetings, supervision, and other office expenses. The provision of each department's products and services to the Client Companies (i.e., "Department Productive Time") are supported by these indirect activities.

Source and Calculation of the Allocation Basis: This data will be unavailable prior to the implementation of SAP.

Other Options Considered: Until such time as the required information is available from SAP, one option would be to base the allocation percentages on individual departmental budgets. It is not clear that the required level of budget detail is uniformly available, however. Another option is to use the general allocator. However, one of the objectives of the cost allocation project is to reduce the percent of Service Company costs allocated using the general allocator to a percentage more close to best practice in the utility industry. One company considered best practice as measured by the percentage of service company costs allocated using the general allocator used a comparable process.

Allocation Basis: Miles of Overhead Electric Lines

Who will be using this Allocation Basis: This allocation basis will be used by Network Strategy for vegetation management and electric emergency response planning activities. Note: The cost of helicopter surveys and patrols will be direct charged.

Rationale for use of the Allocation Basis: The resources required to perform, and the level of benefits derived from, these activities are directly related to the miles of electric lines.

Source and Calculation of the Allocation Basis: This information is available from National Grid's asset data and analytics group.

Other Options Considered: Electric utility plant in service by utility. While a reasonable option, does not provide the same degree of cost causation. To the extent that individual utilities have more or less aggressively been able to underground power lines, these differences may not be reflected in electric plant balances but would impact the cost of these services (or benefits provided) to the individual utilities.

Allocation Basis: Number of Joint Use Poles

Who will be using this Allocation Basis: This allocation basis will be used for 3rd party attachment activities in the Network Strategy department.

Rationale for use of the Allocation Basis: The resources required to perform, and the level of benefits derived from, these activities are directly related to the number of joint use poles.

Source and Calculation of the Allocation Basis: This information is available from National Grid's Network Strategy group.

Other Options Considered: A potentially better cost driver related to this activity is the number of pole attachments; however, at this time a reliable count of the number of pole attachments by utility is not available.

Allocation Basis: Microwave Airline Circuit Miles

Who will be using this Allocation Basis: Based on FERC Form 60, this is an existing allocation basis used by the telecommunications group within Network Strategy.

Rationale for use of the Allocation Basis: While the total dollar amount of costs to be allocated using this allocation basis is not expected to be as great as for other allocation bases, PA was informed that this information is required to comply with contractual agreements. The dollars being allocated are the costs to administer the shared telecommunications network.

Source and Calculation of the Allocation Basis: This information is available from National Grid's Network Strategy group.

Other Options Considered: None

Allocation Basis: Level of Debt Outstanding

Who will be using this Allocation Basis: This allocation basis will be used by the Treasury Department.

Rationale for use of the Allocation Basis: Many of the activities of the Treasury Department are related to the level of debt outstanding. These activities include compliance, debt management and treasury operations.

Source and Calculation of the Allocation Basis: This information is provided by the Treasury Department and represents the average level of long-term debt and short-term borrowing caps for the prior calendar by Company as a percent of the average level of long-term debt and short-term borrowing caps for all companies.

Other Options Considered: We considered individual allocation bases for the individual group's within the Treasury department but ultimately could not justify that added level of precision with the cost given the relatively small value of the dollars in each allocation bucket considered.

Allocation Basis: Dollar Value of Property Owned
Who will be using this Allocation Basis: This allocation basis will be used by the Property Strategic Services and Property Tax groups with the Shared Services Department, the Insurance Department, and Safety, Health and Environment.
Rationale for use of the Allocation Basis: The resources required to provide these services, and the benefits derived by the individual Client Companies, are related to the dollar value of property owned.
Source and Calculation of the Allocation Basis: This is an existing allocation basis calculated as the ratio of gross fixed assets, valued at original acquisition costs, and investments owned in other companies, including construction work in progress, at the end of the year, the numerator of which is for a specific client company and the denominator being all recipient client companies.
Other Options Considered: None.

Allocation Basis: Revenues and Number of Commodity Transactions
Who will be using this Allocation Basis: This allocation basis will be used by Treasury (energy risk management and reporting), Accounting (energy procurement back office activities) and the Chief Customer Officer (energy procurement) functions.
Rationale for use of the Allocation Basis: The resources required to provide these services, and the benefits derived by the individual Client Companies, are directly related to the volume and dollar value of commodity purchases. This is the same allocation basis that will be used to allocate the cost of the new Energy Trading and Risk Management system being implemented by National Grid.
Source and Calculation of the Allocation Basis: The information required to calculate this allocation basis comes from the existing ETRM (the "deal" related information) system and revenues come from publicly available financial reports. The calculation is a two-step process. The first step is to determine the gas / electric split. This is accomplished by equally weighting the percentage splits between electric and gas for the number of deals transacted, expected annual transaction values, and the number of ETRM system users. Once this split between gas and electric is determined, these percentages are applied to the individual companies based on revenues to calculate weighted average allocation percentages on a combined basis.
Other Options Considered: We considered using commodity purchase volumes on a standalone basis as the allocation basis. Given that processes were already in place to allocate the cost of the new ETRM system based on this allocation basis it made sense that we move to a common allocation basis, especially since this allocation basis is more closely aligned with the actual cost drivers for these activities. In addition, the calculation of the allocation basis if based on commodity purchase volumes would require an assumption of the relative weighting of a "kWh" purchased compared to a "Dth" purchased. Using this allocation basis eliminates the need for this assumption.

Allocation Basis: Number of General Ledger (GL) Transactions

Who will be using this Allocation Basis: This allocation basis will be used by Accounting Services. The Accounting Services department is responsible for maintaining the general and supporting ledgers of the Client Companies.

Rationale for use of the Allocation Basis: The resources required to provide these services are directly related to the volume and dollar value of commodity purchases. This allocation basis is commonly used in the utility industry.

Source and Calculation of the Allocation Basis: The information required is not currently available but is expected to be made available in SAP.

Other Options Considered: Other options considered included the use of the general allocator similar to what is proposed for other finance function departments such as Corporate Accounting.

Allocation Basis: Mainframe Profile

Who will be using this Allocation Basis: This allocation basis is used by IT Enterprise Operations to allocate data center costs.

Rationale for use of the Allocation Basis: This allocation basis allocates data center costs according to their approximate usage by each entity.

Source and Calculation of the Allocation Basis: The percentages used to allocate these costs to the client companies are based on a comprehensive study completed several years ago. Data required to update this study will not be available prior to the implementation of SAP.

Other Options Considered: National Grid USA IT is currently going through an IT Transformation initiative. One of the objectives of this initiative is to have greater transparency of the cost and demand for IT services. Coupled with changes that will be required by the replacement of various current systems with SAP, IT function allocation bases including "Mainframe Profile" are likely to continue to evolve. The results of this evolution cannot be predicted in detail at this time. PA's industry research indicates that for many companies in the utility industry the IT departments commonly have a more comprehensive set of allocation bases than reflected here. Grid IT USA currently uses direct charging in many instances; it is expected that the dollar value of IT services direct charged will at least remain the same and more likely increase in the future (see the Number of Employees allocation basis write-up for a related discussion of Desktop Support Services).

Allocation Basis: Server Profile

Who will be using this Allocation Basis: This allocation basis is used by IT Enterprise Operations to allocate server costs.

Rationale for use of the Allocation Basis: This allocation basis allocates server costs according to their approximate usage by each entity.

Source and Calculation of the Allocation Basis: The percentages used to allocate these costs to the client companies are based on a comprehensive study completed several years ago. Information required to update this study will not be available prior to implementation of SAP.

Other Options Considered: National Grid USA IT is currently going through an IT Transformation initiative. One of the objectives of this initiative is to have greater transparency of the cost and demand for IT services. Coupled with changes that will be required by the replacement of various current systems with SAP, IT function allocation bases including "Server Profile" are likely to continue to evolve. The results of this evolution cannot be predicted in detail at this time. PA's industry research indicates that for many companies in the utility industry the IT departments commonly have a more comprehensive set of allocation bases than reflected here. Grid IT USA currently uses direct charging in many instances; it is expected that the dollar value of IT services direct charged will at least remain the same and more likely increase in the future (see the Number of Employees allocation basis write-up for a related discussion of Desktop Support Services).

Allocation Basis: Gross Margin, Net Plant and O&M Expenses ("General Allocator")

Who will be using this Allocation Basis: This allocation basis will primarily be used by functions and departments providing governance or business-sustaining services to the enterprise. The Functions expected to use this allocation bases include: executives, shareholder relations, corporate accounting, Corporate Secretary, enterprise risk management, tax department, corporate planning and reporting, SarBox, strategic planning, corporate affairs, internal audit, legal, insurance (general liability), jurisdictional presidents, and regulatory.

Rationale for use of the Allocation Basis: Section One of this report describes in detail the rationale for the use of this allocation basis.

This allocation basis reasonably represents the cost drivers of the jurisdictional presidents and regulatory to the extent their time cannot be direct charged. It is expected that legal and internal audit costs will be direct charged where appropriate or, in the case of internal audit, that a more appropriate allocation basis will be used based on the specific focus of the audit.

Source and Calculation of the Allocation Basis: See Section 3.1 of this report for a detailed description of the source and calculation of this allocation basis.

Other Options Considered: See Section 3.1 of this report in which we describe in detail the process used to develop the recommended general allocator.

In Appendix A, we present a summary of the services offered and the related allocation or charge bases by Functional Area and Department. In the allocation bases section of this summary we indicate whether the department will also be direct charging for the service provided and whether the general allocator will be used. Please refer to Note 1 and Note 2 at the top of Appendix A for additional information.

3.2.5 Other Charging Bases

In addition to the above, Service Company departments can use the following charging bases without using the SAP allocation process embedded in the order number. In some cases, these charging bases are similar to "billing" bases as if these services had been procured from an outside vendor. This practice is commonly found in the industry for services such as the Print Shop. The related costs will be direct charged to the appropriate company or cost center. This information may not be currently available in all instances. These are:

Charging basis	Definition
Time Study (Fixed Distribution)	Based on periodic time studies of work performed or planned to be performed. (Time entered as if direct charged.)
Number of Airplane Trips	Fixed cost per trip calculated outside of SAP
Number of Vehicles	Used to assign costs to client company transportation clearing accounts with calculation done outside the SAP order number allocation process
Number of Training Center Transactions	Cost to provide training billed to users on a per session attended basis
Square Feet	Square feet per facility
Number of Images Printed	Based on the number of documents copied, bound and printed with the cost of the services provided based on periodic studies.

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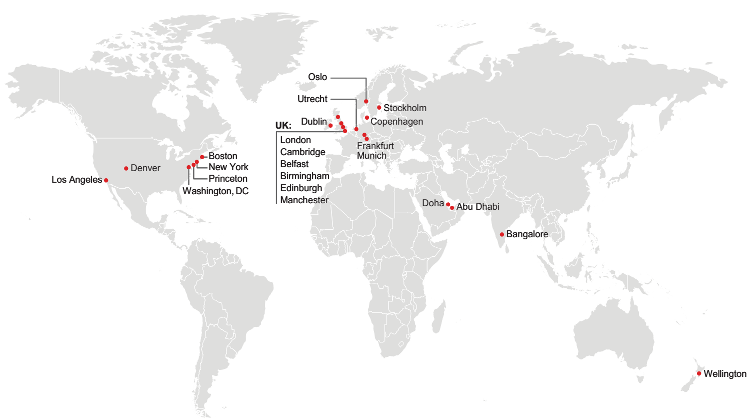

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Suite 600
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Tel: +1 571 227 9000

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National Grid USA

Allocation Basis by US Functional Area (with sub-charted Department/Cost Center)

Corporate / Global Function	US Function	US Department/Cost Center	Description of Responsibilities	Services Provided	Primary Allocation Basis
***NOTE 1:** All functions/departments/cost centers should use the Direct Charging method of assigning or allocating costs wherever appropriate consistent with practices described in the CAM. Secondarily, they should use a Cost Causative method when direct charging cannot be appropriately used, and lastly if costs can not equitably be assigned from either the direct or cost causative methods, then the common 3 point General Allocator should be used to assign costs. In the case of governance and certain other costs, the general allocator is considered to be the appropriate cost causative allocation basis and has been listed below.* ***NOTE 2:** The data required for some of the allocation bases described below will not be available prior to the implementation of SAP. In the case of Information Services, the allocation bases described herein will be reassessed upon completion of the IT Transformation project currently underway.*					
Global Finance	US Finance	US Financial Services Accounting Services Accounting External Reporting Balance Sheet Integrity Accounting Solutions Service Company Integrity Controls Revenue Management & Controls USFP (SAP) Claims Jurisdictional Finance NY Jurisdictional Finance MA, RI, NH, Fed Jurisdictional Finance LIPA Decision Support Corporate Planning and Reporting	Work closely with global Finance leadership to deliver financial controls, compliance and regulatory reporting in the US. Manage the US Foundations Program.	• Provide accounting services to utilities (G/L, trial balances) • Provide property accounting services • Provide revenue accounting services • Provide accounting services to Service Company • External reporting • Provide energy back office services • Provide finance business partner services – Central Functions, Customer, Shared Services, IS, Operations and Network Strategy • Provide finance strategy, revenue analysis, budget support, variance analysis and reporting services (jurisdictions) • Management reporting • Provide business planning services • Corporate planning and reporting • Ensure Sarbanes-Oxley compliance	• Direct charge • # of GL Transactions • # of Claims Processed • Total T&D Expenditures • Direct charge Service Company cost pool (to be allocated based on total Service Company charges by Client Company) • Capital Expenditures • # of Customers • Level of Revenues and Commodity Transactions • 3 point general allocator

Appendix A

Corporate / Global Function	US Function	US Department/Cost Center	Description of Responsibilities	Services Provided	Primary Allocation Basis
				• Provide technical accounting services • Manage US Foundations Program • Manage claims • Manage Jurisdictional Finances • Provide decision support	
	Tax	Tax Research and Planning Tax Budgeting and Forecasting Tax Accounting Tax Compliance Services Defense and Controversy Workout	Responsible for strategy, planning, compliance and reporting of US income taxes	• Provide income tax research and planning services • Provide tax budgeting and forecasting services • Provide tax accounting services • Provide tax defense and controversy workout services • Provide tax compliance services	• Direct Charge • # of Employees • General Allocator • Dollar Value of Property Owned
	US Treasury	Cash Management, Capital Markets and Compliance Pension and 401k Investment Management Energy Risk Management and Reporting	Responsible for all cash management, debt management and investment management activities. Also, energy risk management and reporting.	• Manage the day-to-day cash needs of the business • Manage short-term debt / operate money pool(credit facility fees) • Provide capital markets services • Provide compliance management services • Manage long-term financing needs of the US operating companies • Manage pension and 401k investments • Oversee energy portfolio risk management function	• Direct Charge • Level of Debt Outstanding • Level of Revenues and Commodity Transactions
	US Insurance	Insurance Management	Responsible for monitoring insurable risks, developing the insurance strategy, procuring policies and managing the relationship with the insurance market	• Manage insurance requirements	• Direct Charge • # of Employees • Dollar Value of Property Owned

Corporate / Global Function	US Function	US Department/Cost Center	Description of Responsibilities	Services Provided	Primary Allocation Basis
	Investor Relations	Global Investor Relations	Manages the relationship with all US buy-side and sell-side analysts, and develops comprehensive strategies and road shows to attract US investors to National Grid	• Manages the relationship with all US buy-side and sell-side analysts • Develops comprehensive strategies and road shows to attract US investors to National Grid	• These costs are not allocated to the operating companies)
Corporate	Strategic Planning and Corporate Development	Strategic Planning and Corporate Development	Sets the strategic context for National Grid; coordinates and develops the overall group strategy and the five-year strategic business plan; coordinates business development activities; sets the technology strategy and develops technology partnerships; and coordinates merger, acquisition and divestiture activities.	US Transaction Support US Business Development US Strategy and Development	• Direct Charge (including to Corporate) • General Allocator
	Corporate Affairs	Corporate Affairs Communications and Brand Develop Strategic Communications Maintain Employee Communications Develop External Partnering Federal Affairs Government Relations Media Relations	Responsible for managing the Company's relationships with its main stakeholders – employees, political leaders, the media and communities served. Also responsible for employee and corporate communications.	Government relations Employee Communications Media Relations	• Direct Charge • # of Employees • General Allocator
	Audit	Audit	Responsible for providing independent, objective assurance and consulting to add value and improve the organization's operations	• Governance, risk and compliance services • Operational audits • SHE Audits	• Direct Charge • Other Allocation Bases as Appropriate Depending on Nature of Audit • General allocator

Corporate / Global Function	US Function	US Department/Cost Center	Description of Responsibilities	Services Provided	Primary Allocation Basis
	Procurement	Procurement Procurement Strategy Sourcing	Responsible for negotiating and contracting for goods and services	• Procurement of M&S inventory	• Direct Charge • # of PO Lines • General Allocator
US Operations	Jurisdictional Presidents	Jurisdictional Presidents Performance and Strategy Community and Customer Management Transmission Commercial , FERC LIPA Program Management Substations, Protection and Telecom Overhead and Underground Lines Systems Operations Network Strategy Engineering Network Strategy Planning Construction Delivery Distribution Support Smart Grid IS Support	The Jurisdictional Presidents (non-LIPA) are responsible for the financial and operation performance of each of the regulated entities within their jurisdiction. This is largely accomplished through Service Level Agreements with the following functions: • Operations • Network Strategy • Regulation & Pricing • Finance • Legal • Corporate Affairs	• Provide direction and management oversight for the individual regulated utilities to ensure all customer service, safety, reliability and financial return goals are met. • Coordinate the development of comprehensive jurisdictional strategy and business plans that establish key objectives, resources and milestones which are tracked against service level agreements that include key performance indicators and metrics. • Maintaining strong local relationships within the areas served by the individual regulated utilities. • Work closely with the sales leads to promote gas and electricity, demand reduction and distributed resource initiatives in line with customer priorities within their area. • Manage relationships with wholesale transmission customers and generators (FERC Jurisdiction) • Operate the LIPA T&D System to ensure all contractual obligations are met.	• Direct Charge • General Allocator
	Chief Operations Officer	Emergency Planning PMO Resource Planning Operations Performance Project Management and Complex Construction LNG Operations	Responsible for constructing, operating and maintaining the networks and plants safely, reliably and efficiently for each regulated utility (other than LIPA). Lead an integrated approach to storm and emergency response.	• Provide overall direction and manage performance of all operations activities • Develop, test and implement emergency response plans • Plan, direct and implement resource management plans • Provide project management and complex	• Direct Charge • Total T&D Expenditures • Miles of Overhead Lines • Charge per trip similar to commercial airline (done outside of SAP)

Corporate / Global Function	US Function	US Department/Cost Center	Description of Responsibilities	Services Provided	Primary Allocation Basis
		Power Plant Operations Control Center Operations Operations Support Aviation Fleet Services Inventory Management Meter Test / Electric Lab Customer Fulfillment Support Services Investment Recovery Maintenance and Construction Electric Distribution Field Operations		construction services • Manage LNG Operations • Manage Power Plant Operations • Provide Control Center Operations • Provide Operations Support: ○ Aviation ○ Fleet Services ○ Inventory Management ○ Gas and electric labs ○ Meter Shops ○ Customer Fulfillment ○ Support services ○ Investment recovery • Maintain and Construct gas and electric facilities: ○ New England gas utility facilities ○ New York electric utility facilities ○ New England electric facilities ○ New York gas facilities • Customer Meter Services (including dispatch and scheduling services) • Provide quality control and field quality updates to regulatory commissions	• Number of Vehicles (done outside of SAP) • Dollar value of issues from inventory (applied through clearing process) • # of Customers
	Network Strategy	Asset Management Gas System Engineering	Responsible for managing the electric and gas assets that are critical in developing jurisdictional strategy, determining capital work plans and	• Develop policies and procedures to deliver an enterprise-wide asset management program	• Direct charge • Total T&D Expenditures

Corporate / Global Function	US Function	US Department/Cost Center	Description of Responsibilities	Services Provided	Primary Allocation Basis
		Electric System Engineering Standards, Policies and Codes Regulatory Support and Reporting Investment Planning FERC Network Strategy Gas NY Electric NE Electric Electric Transmission	delivering engineering designs and technical guidelines.	• Deliver the technical requirements for SmartGrid • Provide engineering, design and resource management services for gas and electric systems • Provide technical standards for material and construction • Develop best practice work methods • Communicate new and changed codes and standards • Manage the gas quality laboratory • Develop long-term capital investment plans • Support electric and gas rate cases • Provide technical reports for regulatory agencies • Oversee FERC compliance • Manage Joint Poles • Manage Jointly Owned Telecommunications Network • Vegetation Management and Inspections	• Capital Expenditures • Number of Joint Poles • Miles of Overhead Electric Lines • Level of revenues and commodity transactions • Microwave airline circuit miles
	Regulation and Pricing	Regulation and Pricing Regulatory Strategy and Integrated Analytics Regulatory Accounting Federal Regulatory Affairs	Lead rate case and regulatory filings in alignment with jurisdictions, finance, legal and functional areas	• Develop and/or evaluate regulatory strategies for the different jurisdictions • Lead and/or coordinate rate cases and regulatory filings • Provide financial, research and technical analysis to support rate case work • Develop and submit regulatory compliance reports • Support rate design and pricing strategies for the operating business in the US (including COSS)	• Direct charge • General Allocator

Corporate / Global Function	US Function	US Department/Cost Center	Description of Responsibilities	Services Provided	Primary Allocation Basis
				• Provide project management support for rate cases, filings and regulatory audits • Support regulatory relationships • Provide regulatory accounting services	
	Chief Customer Officer	Customer and Business Strategy Program Strategy Product and Energy Services Economic Development and Corporate Citizenship Market Strategy Customer Analytics and Risk Management Analytics, Modeling and Energy Forecasting Commercial Intelligence Customer Choice Commercial Systems and Data Management Reporting and Metrics Energy Procurement Sales and Sales Operations Marketing and Customer Experience	Create, sustain and grow relationships with residential and commercial customers	• Develop business plans for evaluating, testing and deploying emerging technologies through alliances and partnerships • Provide analytics, modeling and energy forecasting • Develop commercial intelligence • Procure energy procurement • Sales and Sales Operations • Develop and manage energy efficiency programs • Develop marketing programs • Measure customer satisfaction	• Direct Charge • Number of Customers • Level of Revenues and Commodity Transactions
	Safety, Health & Environment	Safety Field Support Communications	Develop and support safety management strategies, workers compensation, absence management,	• Develop Safety policies and procedures • Develop environmental policies and procedures	• Direct Charge • # of employees

Corporate / Global Function	US Function	US Department/Cost Center	Description of Responsibilities	Services Provided	Primary Allocation Basis
		Public Safety Environment Compliance and Licensing Environmental Management Environmental Policy Health Absence Management Back to Work Guidance Wellness Program Workers Compensation Occupational Case Management Process Safety SHE Directors - Functions	OSHA and DOT mandated programs	• Site investigation and remediation • Develop Health and Wellness policies and procedures and strategies	• Total T&D Expenditures • Dollar Value of Property Owned
	Shared Services	Transaction Delivery Center Billing Operations Response Team Employee Services Credit and Collections Procure to Pay Payment Processing Property Strategy Facilities Management Customer Care Contact Centers Managed Account Services Customer Advocacy Real Estate Transactions	Responsible for providing customer, transactional and property services to the National Grid USA enterprise.	• Answer customer calls • Provide managed account services for large customers • Bill customers • Provide employee services • Provide credit and collections services • Process customer payments • Provide “Procure to Pay” services (non-inventory purchases) • TDC controller • TDC Response Team • Provide local customer office services • Provide property strategy services	• Direct Charge • Call Minutes • # of Customers • # of Bills • # of Employees • # of Inbound and Outbound Collection Calls • # of Purchase Order Line Items • # of Invoice Line Items Processed • Dollar Value of Property Owned • # of Images Printed (done

Corporate / Global Function	US Function	US Department/Cost Center	Description of Responsibilities	Services Provided	Primary Allocation Basis
		Real Estate Project Management Property Tax Land Survey Energy Delivery Support Facilities Management Print and Mail Services Facility Operations Asset Management		• Acquire and dispose of real estate • Manage property tax • Obtain rights of way and easements • Surveying • Provide printshop services • Provide mailroom services • Facility operations and maintenance	outside of SAP) • # of Employees • Square Feet Occupied (done outside of SAP) • # of Training Facility Transactions (done outside of SAP)
Global HR	US Human Resources	Compensation, Benefits and Pensions Labor and Employee Relations US HR Business Partners Recruiting Inclusion and Diversity Technical Training HR Operations	Ensure HR policy, programs and procedures in the US meet the functional and jurisdictional needs while in line with the global HR strategy	• Design and implement the compensation and benefits strategy for the US • Develop and implement a comprehensive short- and long-term Labor and Employee Relations strategy • Develop HR plan and workforce strategy • Manage recruiting, inclusion and diversity initiatives in the US • Manage internal metrics and performance • Identify and develop training plans and programs • Recruit employees	• Direct Charge • # of employees
Global IS	Global / US Information Services	Project Management Service Delivery Solution Delivery	Identifies, recommends, develops, implements and maintains cost-effective technology solutions and infrastructure to meet business need	• Project management services • Provide service delivery solutions • Provide solution delivery services • Provide IS security services	**(See Note 2 above)** • Direct charge • Mainframe Profile • Server Profile • # of Employees • # of Customers

Corporate / Global Function	US Function	US Department/Cost Center	Description of Responsibilities	Services Provided	Primary Allocation Basis
					• General allocator
Global Legal	US Legal	Jurisdictional Regulatory Real Estate Litigation, Environment and Employment Corporate and Commercial	Deliver legal solutions and strategic advice to the US business. Supports company secretary, ethics, business conduct, risk and compliance, and information and records management.	• Provide regulatory services • Provide real estate support services • Provide other legal services • Provide corporate and commercial legal services • Business conduct and ethics	• Direct charge • General Allocator • M&A-related – not allocated

DRAFT

National Grid USA

Cost Allocation Manual

Revised, January 2012

I N D E X

1. Introduction

National Grid, a publicly traded company based in the United Kingdom, is an international electricity and gas company and one of the largest investor-owned energy companies in the world. National Grid USA (Company) is a wholly-owned subsidiary of National Grid.

National Grid USA Service Company, Inc. (Service Company), a wholly-owned subsidiary of National Grid USA, is a company engaged primarily in the rendering of services to companies in the National Grid USA holding company system. The organization, conduct of business and method of cost allocation of the Service Company are designed to result in the performance of services and the provision of goods economically and efficiently for the benefit of affiliate companies at cost, fairly and equitably allocated among such companies.

The purpose of the Cost Allocation Manual ("CAM") is to prescribe the manner in which costs will be charged to the National Grid USA client companies (Client Companies) by the Service Company or among affiliates in the event of storm restoration and other emergency services. The prevailing premise of these cost allocation guidelines is that allocation methods should not result in subsidization of non-regulated services or products by regulated entities or subsidization of services or products from one regulated entity to another.

The provision of administrative services to the Client Companies by the Service Company is specified in Service Contracts (National Grid legacy companies) and Service Agreements (KeySpan legacy companies) filed with the respective utility regulatory commissions (Commission). [This reflects the current service company organization.]

2. Responsibility for Maintaining the CAM

The Vice President, Service Company and Regulatory Accounting, has overall responsibility for the Company's cost allocation policies and procedures. The Director, Service Company Integrity, has day-to-day responsibility for maintaining the CAM and ensuring that accounting records reflect the policies and procedures described in the CAM. This includes responsibility for maintaining the list of approved cost allocation bases as described in Section 10 of this manual.

3. Definitions

a. **Act** – NAME OF APPROPRIATE STATE LAWS. (JFJ – Not sure if this is applicable. Should discuss with Regulatory. It's intended to reference regulatory guidance/requirements specifically related to cost allocations. We see this most frequently in the context of transactions with non-regulated affiliates.)

b. **Affiliates –** Companies that are related to each other due to common ownership or control. For example, affiliates include National Grid USA Service Company, Niagara

Mohawk Power Corporation, Massachusetts Electric, and KeySpan Energy Delivery of Long Island (KEDLI). Public Utility Holding Company Act (PUHCA) 2005 defines the term "affiliate" of a company as any company, 5 percent or more of the outstanding voting securities of which are owned, controlled, or held with power to vote, directly or indirectly, by such company.

c. **Associate Company** – According to PUHCA 2005, the term "associate company" refers to any company in the same holding company system with such company.

d. **Attributable Cost** – Costs which are incurred for activities and services which benefit the client companies. Some costs are directly attributable to the client companies; other costs such as corporate governance costs are indirectly attributable to the client companies.

e. **Client Companies** – Affiliates which receive services provided by the Service Companies.

f. **Cost Causative Allocation Factor** – Methodology used to allocate directly attributable costs based upon measurable cost causing relationships; for example, payroll department costs are allocated on the number of employees for each entity to which the Service Company provides this service.

g. **Commission** – The State utility regulatory commissions in the states in which National Grid operates. These include the New York Public Service Commission, the Massachusetts Department of Public Utilities and the Rhode Island Public Utilities Commission.

h. **Cost Allocation Manual (CAM)** - An indexed compilation and documentation of the Company's cost allocation policies and related procedures.

i. **Cost Allocations** - The methods or ratios used to apportion costs. A cost allocator can be based on the origin of costs, as in the case of cost drivers; cost-causative linkage of an indirect nature; or one or more overall factors (also known as general allocators).

j. **Common Costs** - Costs associated with services or products that jointly benefit all regulated and non-regulated business units.

k. **Cost Driver** - A measurable event or quantity which influences the level of costs incurred and which can be directly traced to the origin of the costs themselves; for example, number of invoices processed is a cost driver for the Accounts Payable department. To the extent possible, the allocation basis should reflect the underlying cost driver if the cost cannot be direct charged.

l. **Cross-subsidization** – The offering of a competitive product or service by an electric or gas public utility, or an affiliate, which relies in whole or in part on the use of utility employees, equipment or other assets, and for which full compensation (via cost allocation or direct payment), has not been provided resulting in the inappropriate transfer of benefits from the utility ratepayers to the competitive affiliate. See 18 C.F.R. Part 35 (2008) for FERC rules regarding cross-subsidization restrictions on affiliate transactions.

m. **Direct Costs** - Costs which can be specifically identified with a particular service or product and the Client Company(s) to which that product or service is provided. These costs are charged directly to the Client Company(s).

n. **Fully Allocated Costs** – The sum of the direct, indirect and other economic costs of all equipment, vehicles, labor, related fringe benefits and overheads, real estate, furniture, fixtures and other administrative resources utilized, and other assets utilized and costs incurred, directly or indirectly in the providing of services from the service company to an affiliate.

o. **Functions** – Refers to the National Grid internal organizational structures under which National Grid USA conducts business.

p. **General Allocator** – Methodology used to allocate indirectly attributable costs to entities. For National Grid USA, the general allocator is the ratio of net assets, gross margins and O&M expenses, equally weighted.

q. **Holding Company** – PUHCA 2005 defines "holding company" as "any company that directly or indirectly owns, controls, or holds, with power to vote, 10 percent or more of the outstanding voting securities of a public-utility company or of a holding company of any public-utility company" and any person who exercises "a controlling influence over the management or policies of any public-utility company or holding company as to make it necessary or appropriate for the rate protection of utility customers with respect to rates…"

r. **Indirect Costs** - Costs that cannot be directly identified with the provision of a particular product or service. This includes but is not limited to governance costs, insurance, and taxes as well the cost of services supporting the Service Company such as Service Company accounting and recruiting for Service Company positions.

s. **Jurisdictions** – Refers to the geographic areas in which National Grid USA operates. Jurisdictions are comprised of one or more utility companies.

t. **Non-Regulated** – Those entities, products and services which are not subject to regulation by regulatory authorities.

u. **Operating Companies** – Companies to whom the Service Companies provide products and services. Operating Companies include, but are not limited to, Niagara Mohawk Power Corporation, Massachusetts Electric, and KeySpan Energy Delivery of Long Island (KEDLI). Also referred to as Client Companies.

v. **PUHCA 2005** – 18 C.F.R. Title 18: Conservation of Power and Water Resources, PART 366 – PUBLIC UTILITY HOLDING COMPANY ACT OF 2005

w. **Regulated** - That which is subject to regulation by regulatory authorities such as the New York Public Service Commission.

x. **Service** – Any managerial, financial, legal, engineering, purchasing, marketing, auditing, statistical, advertising, publicity, tax, research, or any other service (including supervision or negotiation of construction or of sales), information or data, which is sold or furnished for a charge. (PUHCA 2005)

y. **Service Agreement** – Legal agreements between then Service Companies and the Client Companies which describe the services offered, services selected, compensation and billing, terms, and cost accumulation, assignment and allocation methodologies. Also referred to as Service Contracts. The documents are filed with the utility regulatory commissions and serve as the basis for the FERC Form 60 disclosures.

z. **Service Company** – An affiliate which provides support services to its utility and other affiliates. This includes both the National Grid USA Service Company and the National Grid USA Engineering Services Company.

aa. **Service Level Agreements (SLAs)**– Non-binding agreements between the functional service providers and jurisdictional presidents that define the services provided and the financial and non-financial attributes of those services.

bb. **Support Services** – Administrative and support services that do not involve merchant functions; for example: payroll, taxes, shareholder services, insurance, financial reporting, financial planning and analysis, corporate accounting, corporate security, human resources (compensation, benefits, employment practices), employee records, regulatory affairs, lobbying, legal, and pension management. Support Services typically refers to those services offered by the Service Company.

cc. **Utility Companies** – Legal entities providing regulated wholesale and retail utility services.

4. Cost Allocation Principles

The following Cost Allocation hierarchy describes the preferred order of methodologies employed and principles used whenever products or services are provided between the Service Company and the Client or Operating Companies or among Operating Companies, for example, in the case of storm restoration services.

a. Direct charging / assignment is the preferred allocation methodology and should be used if the cost of providing a product or service can be charged to 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.

b. 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.

c. The cost allocation methodology should provide the consumers of the products and services with accurate price signals in order to facilitate decision-making related to the demand for and consumption of these products and services.

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

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

f. 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.

g. 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).

5. Cost Apportionment Methodology

Costs are defined into the following four categories for purposes of allocating the costs of Service Company products and services to the Operating Companies. These four cost categories are:

Directly Assignable – Expenses incurred for activities and services exclusively for the benefit of an affiliate.

Directly Attributable – Expenses incurred for activities and services that benefit more than one affiliate and which can be allocated based on direct measures of cost causation; for example number of employees or number of invoices processed.

Indirectly Attributable – Expenses incurred as a “cost of doing business” that do not relate to the provision of specific products and services. The costs typically benefit all entities within the corporate umbrella. Examples include governance costs, Corporate Secretary costs, and investor relations costs. These costs are typically allocated based on a general measure of cost causation, commonly referred to as the general allocator.

Not Allocated – Expenses incurred for activities or services that have been determined as not appropriate for apportionment to the operating company affiliates. These costs relate primarily to activities such as corporate diversification, political or philanthropic endeavors and, as such, are charged directly to National Grid USA.

6. Legal Organizational Structure

See Exhibit A for an organization chart presenting the legal entities comprising National Grid USA.

7. Description and Use of Service Level Agreements[1]

Service level agreements are non-binding agreements between the functional service providers and jurisdictional presidents that define the services provided and the financial and non-financial attributes of those services. The services governed by these agreements are described in Section 8 of this manual.

The Jurisdictional Presidents negotiate service levels on behalf of ratepayers. Jurisdictional objectives are used to determine service provider performance goals. SLAs are a key tool by which the regulated operating companies manage both the cost and performance of services provided by the Service Company.

SLAs are negotiated annually between the functional service providers and the jurisdictions. The annual SLA renewal process includes a critical review of the cost and performance attributes of the services provided, collaborative sessions to discuss the services provided, challenge sessions to encourage performance and an escalation process to deal with impasses.

Each month, the Jurisdictional Presidents receive reports detailing performance against the attributes agreed to in the SLAs. Each quarter, the Jurisdictional Presidents meet with the functional service providers to review performance and identify improvement plans where performance is not at the agreed upon level.

See the SLA Handbook for a more detailed discussion of the SLA governance process including meeting agendas, roles and responsibilities, timings and resolution processes.

8. 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 (or Service Contracts) 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.

[1] Additional or different services may be provided, from time to time, as requested by any Client Company.

Table 8-1
Services Provided By Service Company

Function / Department	***Description of Services Provided***	***Client Companies***
FINANCE		
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 LIPA MSA, 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 Business Partners	Provide decision support at the functional level which includes: • Provide operating and capital budgets decisions and management reporting activities • Perform economic and financial analysis, and short and long-term financial forecasting • Align financial support functions with strategic plans, policies, procedures and internal controls • Perform benchmarking and monitoring of operations metrics to help the business achieve targeted results • Identify savings and potential efficiencies	Internal Business Functions
Accounting Services	Maintain the general ledger for the 18 regulated utilities;	Regulated and non-regulated utilities

Function / Department	***Description of Services Provided***	***Client 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.	
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
Global Corporate Audit		
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	All companies

Function / Department	***Description of Services Provided***	***Client Companies***
	recommendations, as appropriate, on improving processes and the internal control framework.	
SHE Audit	Periodically conduct Safety, Health and Environmental compliance audits at operating company facilities.	All companies
Human Resources		
Labor and Employee Relations	Advise and assist the operating companies with: • Labor contract negotiations and administration • Investigations into specific instances of misconduct or malfeasance • Employee grievances, arbitration and external complaint administration and management • Litigation	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

Function / Department	***Description of Services Provided***	***Client 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
US Regulation and Pricing		
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
Shared Services		
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;	All operating companies

Function / Department	***Description of Services Provided***	***Client Companies***
	retirement and pensions • Maintain and administer payments to current and retired employees	
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

Function / Department	***Description of Services Provided***	***Client Companies***
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
Operations		
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 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	Regulated gas companies

Function / Department	***Description of Services Provided***	***Client Companies***
	the LNG facilities.	
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
Network Strategy		
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	Gas and electric entities

Function / Department	***Description of Services Provided***	***Client Companies***
	engineering and operations; Provide training of new materials; Write procedures for gas and T&D organizations; Manage third party 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
Safety, Health and Environment		
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
Legal		
Real Estate	Provide legal advice and counsel in connection with real property matters affecting National Grid's businesses.	All entities

Function / Department	***Description of Services Provided***	***Client 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 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
Strategy and Business Development		
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

Function / Department	*Description of Services Provided*	*Client Companies*
Corporate Affairs		
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
Customer		
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	All entities

Function / Department	*Description of Services Provided*	*Client Companies*
	economic development activities the 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
Global Information Services		
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

Function / Department	*Description of Services Provided*	*Client Companies*
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

Table 8-2 describes the cost allocation methods used for each of the services listed above. In some instances, the allocations are based on budgeted amounts (and the calculation of provisional rates) which are subsequently trued-up at year-end.

NOTE 1: *All functions/departments/cost centers should use the Direct Charging method of assigning or allocating costs wherever appropriate consistent with practices described in the CAM. Secondarily, they should use a Cost Causative method when direct charging cannot be appropriately used, and lastly if costs cannot equitably be assigned from either the direct or cost causative methods, then the common 3 point General Allocator should be used to assign costs. In the case of governance and certain other costs, the general allocator is considered to be the appropriate cost causative allocation basis and has been listed below.*

NOTE 2: *The data required for some of the allocation bases described below will not be available prior to the implementation of SAP. In the case of Information Services, the allocation bases described herein will be reassessed upon completion of the IT Transformation project currently underway.*

Table 8-2
Cost Allocation Methodology for Services Provided

Function / Department	***Primary Cost Allocation Methodologies***
FINANCE	
Jurisdictional Finance Business Partners	• Direct Charge • Total T&D Expenditures • Direct Charge to Service Company Cost Pool (with subsequent allocation) • General Allocator
Decision Support/Finance Business Partners	• Direct Charge • Total T&D Expenditures • Direct Charge to Service Company Cost Pool (with subsequent allocation) • General Allocator
Accounting Services	• Direct Charge • # of GL Transactions • Direct Charge to Service Company Cost Pool (with subsequent allocation) • Capital Expenditures • Revenue and # of Commodity Transactions (“Deals”) • Dollar Value of Property Owned • General Allocator
Regulatory Accounting	• Direct Charge • General Allocator

Function / Department	***Primary Cost Allocation Methodologies***
IS Finance	• Direct Charge • Direct Charge to Service Company Cost Pool (with subsequent allocation) • General Allocator
US Treasury	• Direct Charge • Revenue and # of Commodity Transactions ("Deals") • Average Level of Debt Outstanding
US Tax	• Direct Charge • Direct Charge to Service Company Cost Pool (with subsequent allocation) • # of Employees • Dollar Value of Property Owned • General Allocator
US Insurance	• Direct Charge • # of Claims Processed • # of Employees • Direct Charge to Service Company Cost Pool (with subsequent allocation) • Dollar Value of Property Owned • General Allocator
Corporate Planning and Reporting	• Direct Charge • General Allocator
Global Corporate Audit	
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
Human Resources	
Labor Relations and Employee Relations	• Direct Charge • # of Employees

Function / Department	***Primary Cost Allocation Methodologies***
HR Business Partners	• Direct Charge • # of Employees
Recruiting, Inclusion, and Diversity	• Direct Charge • # of Employees
HR Operations	• Direct Charge • # of Employees
Compensation, Benefits and Pension	• Direct Charge • # of Employees
Technical Training	• Direct Charge • # of Employees
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
Procure to Pay (TDC)	• Direct Charge • # of Customers • # of Invoice Lines Processed • # of PO Lines
Response Team (TDC)	• Direct Charge • # of Customers
Billing Operations (TDC)	• Direct Charge • # of Customers • # of Bills • # of Joint Use Poles
Credit and Collections (TDC)	• Direct Charge • # of Customers • # of Inbound and Outbound Collection Calls
Customer Care	• Direct Charge • Number of Inbound Call Minutes • # of Customers

Function / Department	***Primary Cost Allocation Methodologies***
Business Process Excellence	• Direct Charge • Follows TDC direct and cost causative charges
Property Strategy	• Direct Charge • Dollar Value of Property Owned
Facilities Management	• Direct Charge
Operations	
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
Maintenance and Construction	• Direct Charge • Total T&D Expenditures • Capital Expenditures
Operations Performance	• Direct Charge • Total T&D Expenditures • Dollar Value of Property Owned
Control Center Operations	• Direct Charge • # of Customers
Power Plant Operations	• Direct Charge
LNG Operations	• Direct Charge
Operations Support	• Direct Charge • Total T&D Expenditures • # of Customers
Network Strategy	
Asset Management	• Direct Charge • Dollar Value of Property Owned • Miles of Overhead Lines
Gas Systems Engineering	• Direct Charge • Capital Expenditures
Electric Systems Engineering	• Direct Charge • Capital Expenditures

Function / Department	*Primary Cost Allocation Methodologies*
Investment Planning	• Direct Charge • Dollar Value of Property Owned
FERC	• Direct Charge • Total T&D Expenditures
Standards, Codes, and Policies	• Direct Charge • Microwave Air Line Circuit Miles • Total T&D Expenditures • Capital Expenditures • Dollar Value of Property Owned (Utilities) • # of Joint Use Poles
Regulatory Support and Reporting	• Direct Charge • General Allocator
Safety, Health and Environment	
Safety	• Direct Charge • # of Employees • Total T&D Expenditures
Health	• Direct Charge • # of Employees
Environment	• Direct Charge • Dollar value of Property Owned • Total T&D Expenditures
Legal	
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	• [M&A related work not allocated to operating companies]

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Function / Department	*Primary Cost Allocation Methodologies*
Strategy and Business Development	
Mergers and Acquisitions	• [M&A related work not allocated to operating companies]
Business Development	• Direct Charge (generally to Corporate) • General Allocator
Strategy	• Direct Charge • General Allocator
Global Technology	• Direct Charge • General Allocator
Corporate Affairs	
Communications and Brand	• Direct Charge • # of Customers • # of Employees • General Allocator
Federal Affairs	• Direct Charge • General Allocator
Government Relations	• Direct Charge • General Allocator
Media Relations	• Direct Charge • General Allocator
Customer	
Energy Solutions Delivery	• Direct Charge • # of Customers
Energy Products	• Direct Charge • # of Customers
Market Strategy and Implementation	• Direct Charge • # of Customers
Customer and Business Strategy	• Direct Charge • # of Customers
Energy Procurement	• Direct Charge • # of Customers • Revenue and # of Commodity Transactions ("Deals")
Lead Intake	• Direct Charge • # of Customers

Function / Department	*Primary Cost Allocation Methodologies*
Customer Analytics and Risk Management	• Direct Charge • # of Customers)
Global Information Services (to be finalized upon implementation of SAP/IT Transformation)	
Solution Delivery	• Direct Charge • Mainframe Profile • Server Profile • # of Employees
Service Delivery	• Direct Charge • Mainframe Profile • Server Profile • # of Employees
Relationship Management	• Direct Charge • Mainframe Profile • Server Profile
IS Security	• Direct Charge • Mainframe Profile • Server Profile • # of Employees • General Allocator
Global Procurement	
Procurement Strategy	• Direct Charge • # of PO Lines • General Allocator
Sourcing	• Direct Charge • # of PO Lines
ALL	
All	• Department productive time

9. Affiliate Services Provided by Operating Companies – Description and Allocation Bases

On occasion, employees of one operating company provide services to another operating company. This typically happens when providing storm restoration services. In this case, the cost of the provider-company employees is billed to the service-receiving company on a full cost basis.

National Grid has employees working on behalf of the service company who are on operating company payrolls. In these instances, the cost of these employees is transferred to the service company and then subject to the allocation process described above as if these employees were service company employees. These employees are managed as service company employees; it is only a matter of convenience to the company that these individuals remain on the operating company payroll. The services provided by these employees are not considered to be "affiliate services provided by operating companies" for purposes of this manual.

10. Approved Cost Allocation Bases – SAP Internal Order Code (Allocation Basis Field), Description and Source

SAP Code	Description	Definition / Source

	Gross margin, net plant, O&M expenses (GENERAL ALLOCATOR)	"Gross 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 less Goodwill.
		"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 (and charged to a FERC 920 or above account)
		The sources for the specific components of gross margin are described below.
		• Total Operating Revenues - Income Statement (detail on FERC Form 1:Page 300, Line 27; NYPSC Annual Report: Page 64, Line 28)
		• Stranded cost recoveries include the recovery of some of National Grid's historical investments in generating plants that were divested as part of the restructuring and wholesale power deregulation process in New England and New York during the 1990s.
		• Excludes 18A Assessments (pertains to NY)
		• Cost of Goods Sold:
		    • Purchased Power - FERC account 555
		    • Purchased Gas (Other Gas Supply Expense) - FERC Accounts 800 through 813
		• The sources for the specific components of net plant are described below.
		    • Net Utility Plant – Line 6 of the Balance Sheet (Page 110)
		    • Net Non-Utility Plant – Line 18 less Line 19 of the

SAP Code	Description	Definition / Source
		Balance Sheet (Page 110) • The sources for the specific components of O&M expenses are described below. • The starting point is the Income Statement, Lines 4 and 5 (Page 114) • See "Gross Margins" above for source of Cost of Goods Sold • Excludes 18A Assessment expenses A Special Report will be created to identify the amount to be excluded for Service Company Charges based on the General Allocator. This is the single significant exception to the "transparency" guiding principle.
	# 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). [Note: # of Outbound Collection Calls not consistently tracked for all operating companies]
	# 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).
	# 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). [Available with SAP]
	# 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). [Available with SAP]
	# of Inbound Call Minutes	Number of minutes call center representatives are on the telephone with specific operating companies 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).
	# of Customers	Number of retail and wholesale customers (accounts) receiving utility

SAP Code	Description	Definition / Source
		services by company as a percent of the YE total. The source for this allocation basis is the TDC (Billing operations Group).
	Capital Expenditures	Budgeted 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 Statement of Cash Flows (Page 120) –OR- Projected Capital Expenditures from Financial Forecasts (Operating Companies only)
	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 Not available prior to SAP
	# of Employees	Total number of employees by company including 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).
	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]
	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]
	# 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).
	# of Joint Use Poles	# of electric poles with 3rd party attachments (joint use poles) by Company as a percent of total joint use poles (this assumes that the average number of foreign attachments by jointly used pole is comparable among utilities) The source for this allocation basis is the Network Strategy (Standards Codes and Procedures group).
	Level of Debt Outstanding	Average level of long-term debt and short-term borrowing caps for prior calendar by Company as a percent of the average level of long-term debt for all companies and short-term borrowing caps for all

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SAP Code	Description	Definition / Source
		companies. The source for the components of this allocation basis are as follows: • LT debt – FERC Form 1s/Treasury • ST Borrowing Caps – US Finance (Treasury group)
	Microwave Air Line Circuit Miles	Miles of microwave airline circuit miles by operating company The source for this allocation basis is the Network Strategy (Standards Policies and Codes group-Telecoms and outdoor lighting).
	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 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 actual experience.
	# 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).
	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 Statement of Cash Flows (Page 120) and T&D O&M FERC accounts 560 to 900 [or equivalent from current fiscal year budget].
	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)
	Revenues and # of Commodity Transactions (“Deals”)	The information required to calculate this allocation basis comes from the existing ETRM (the “deal” related information) system and revenues come from publicly available financial reports. The calculation is a two-step process. The first step is to determine the gas / electric split. This is accomplished by equally weighting the percentage splits between electric and gas for the number of deals transacted, expected annual transaction values, and the number of ETRM system users. Once this split between gas and electric is determined, these percentages are applied to the individual companies based on revenues to calculate weighted average allocation percentages on a combined basis.

SAP Code	Description	Definition / Source
	Department Productive Time	This basis is used to allocate departmental administrative and supervisory time and expenses to the companies receiving services from the department based on the ratio of hours direct charged or allocated as a percent of total hours direct charged of allocated. This will be accomplished through the SAP "assessment" process, not the allocation process.

11. SAP Internal Order Number Structure

[THIS SECTION WILL BE UPDATED BASED ON FINAL SAP DESIGN DECISIONS]

All costs are collected within SAP using orders. "PM Work Orders" are used for operational field work, fleet cost capture and all other capital work. "Internal Orders" are used for service company activities, non-field operating company activities, and various other clearings and cost collections. This section of the CAM describes the structure of the SAP Internal Order and how the Internal Order is used for cost allocation purposes.

An Internal Order is an eleven character field within SAP that specifies the work performed and where the cost is to be charged. For work performed on behalf of a specific operating company, the Internal Order is used as follows - ANNNN9999– where 'A' = 'X' for Service Company, 'NNNN' = the appropriate operating company number, and '999999' = _______________.

For work performed on behalf of multiple companies, the Internal Order is structured as follows – ABCCN999999 – where: (JFJ – Discuss Sharon's comment.)

'A' = 'X' for Service Company

'B' = Allocation basis (see Section 10 above)

'CC' = Region of company

'N' = Unique combination of operating companies

'999999' = ________________

12. Time Reporting Procedures

All employees of the Service Company must positively report time; that is, time reports must be completed by each employee each reporting period that reflect the actual work activities performed during that period. The time report should clearly indicate the work performed during the time reporting period and the companies on whose behalf the work was performed. This is accomplished through the use of the appropriate SAP order number. If employees work on behalf of a specific operating company, an SAP order number should be used which accommodates the direct charging to that operating company.

Each department, and employee in that department, should have a predefined list of Order Numbers that reflect the work typically performed by the employee and department. These lists are developed as follows (to be discussed).

At the time budgets are developed for the current fiscal year, the cost center manager should review the services provided and activities performed for the upcoming year, and the companies on whose behalf those services are performed, to ensure that Internal Orders have been defined that properly reflect those services and activities. If not, the cost center manager should work with _______ to establish or modify the internal orders expected to be used by that department. Once established, the cost center manager should meet with the employees in the department to communicate the list of approved, department-specific internal orders.

Throughout the year, it is the responsibility of the cost center manager to ensure the list of internal orders remains up-to-date as services provided or activities performed change or as employees leave or join the department.

However, each employee must understand the order numbers available to be charged and how they relate to the work being performed. If employees find that the existing order numbers do not reflect the work performed, for example, the employee is assigned to a cross-functional project team, they should alert their supervisor. <u>The integrity of the cost allocation process depends on employees correctly charging their time.</u>

13. Clearing Account Procedures

TBD

14. Intercompany Billing Procedures

TBD

15. Mid-Year Changes

If a significant organizational modification occurs in mid-year, allocation pools based on historical usage statistics would be reviewed and modified at that time. In this situation, allocations using predetermined rates would be modified as part of the following quarterly true up process.

APPENDIX A

LEGAL ENTITY ORGANIZATION CHART

TO BE ATTACHED

APPENDIX B

DETAILED SERVICE COMPANY ORGANIZATION CHARTS

APPENDIX C

APPROVED ORDER NUMBERS BY FUNCTION AND ACTIVITY

APPENDIX D

SAMPLE INVOICE

APPENDIX E

MONTHLY CLOSE PROCESS – ALLOCATIONS

APPENDIX F
CALCULATED ALLOCATION BASES – FY 20XX/XX

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