

CHAIRMAN  
Martin P. Honigberg

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Debra A. Howland

THE STATE OF NEW HAMPSHIRE



PUBLIC UTILITIES COMMISSION

21 S. Fruit Street, Suite 10  
Concord, N.H. 03301-2429

ATTACHMENT A

TDD Access: Relay NH  
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June 24, 2016

Re: DE 15-420 New England Power Company, Petition to Increase Short Term Debt Limit, Motion to Alter or Amend Order

To the Parties:

On November 25, 2015, the Commission issued an order in the form of a Secretarial Letter setting the short-term debt limit of New England Power Company (NEP) at \$750 million through the period ending January 11, 2017. On April 27, 2016, NEP requested that the Commission amend its order to link NEP's short-term debt level to the level approved by the Federal Energy Regulatory Commission (FERC) from time to time. NEP also suggested that it be required to provide the Commission with an electronic version of any filing NEP might make with FERC to change the level of its short-term debt at the time of its filing with FERC. The short-term debt level currently approved by FERC is \$750 million. Staff concurred with NEP's request.

The Commission decided to exercise its authority under RSA 365:28 to alter and amend its prior order. Pursuant to its authority under RSA 369:7, I, the Commission thereafter approved a short-term debt limit of \$750 million for NEP. The Commission also decided to permit NEP's short-term debt limit to track the short-term debt limit approved by FERC in accordance with the following procedure. NEP shall file with the Executive Director a copy of any filing NEP makes with FERC seeking a change in its short-term debt limit, along with a petition to increase its short-term debt level pursuant to RSA 369:7, I. NEP shall thereafter file a copy of the decision issued by FERC on such request. Unless Commission Staff or other party objects, the Commission shall thereafter issue a Secretarial Letter approving the same short-term debt level as was approved by FERC.

Sincerely,

A handwritten signature in black ink that reads "Debra A. Howland".

Debra A. Howland  
Executive Director

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

New England Power Company                    )  
  )     Docket No. ES16-\_\_\_\_-000  
  )

**APPLICATION UNDER SECTION 204 OF THE FEDERAL POWER ACT  
FOR AUTHORIZATION TO ISSUE SECURITIES**

New England Power Company (“NEP”), pursuant to Section 204 of the Federal Power Act, 16 U.S.C. § 824c, and Part 34 of the regulations of the Federal Energy Regulatory Commission (“Commission”) under the Federal Power Act, 18 C.F.R. Part 34 (2015), respectfully requests an order from the Commission authorizing NEP to issue, from time to time, short-term debt in connection with external and internal financings in an aggregate principal amount not to exceed \$1.5 billion outstanding at any one time for the two year period beginning October 15, 2016 through October 14, 2018. NEP also seeks authority to receive capital contributions and non-interest bearing open account advances without limit.

This requested authorization is intended to supersede the existing authorization granted to NEP by Letter Order issued December 23, 2014 in Docket No. ES15-2-000, 149 FERC ¶ 62,213 (2014). NEP submits this Application at this time to address its additional funding needs associated with planned capital improvement projects while it pursues long-term financing authority from the applicable state regulatory authorities having jurisdiction.

NEP respectfully asks that the Commission issue an order granting the requested authorizations no later than October 13, 2016.

**I. INFORMATION REQUIRED UNDER PART 34**

In support of this Application, and in accordance with Section 34.3 of the Commission's regulations, NEP submits the following information:

**(a) Name and Address of Applicant**

New England Power Company  
40 Sylvan Road  
Waltham, MA 02451

**(b) Place and Date of Incorporation; Places of Operation**

NEP is incorporated in the Commonwealth of Massachusetts and has been a Massachusetts corporation since April 27, 1916. NEP operates facilities in Massachusetts, Rhode Island, New Hampshire, and Vermont.

**(c) Notices and Communications**

Notices and communications with respect to this Application should be addressed to:

David C. Lodemore  
Senior Counsel  
National Grid USA  
40 Sylvan Road  
Waltham, MA 02451  
david.lodemore@nationalgrid.com  
781-907-3704

Stephen C. Palmer  
Alston & Bird LLP  
The Atlantic Building  
950 F Street, N.W.  
Washington, D.C. 2004-1404  
Stephen.palmer@alston.com  
202-756-3300

**(d) Date of Requested Action**

NEP respectfully requests that the Commission issue an order granting the requested authorizations by October 13, 2016.

(e) **Description of Securities Proposed To Be Issued**

(1) **Type and Nature of Securities To Be Issued**

*External Financings.* NEP seeks authority to issue and sell, from time to time, directly or through one or more financing subsidiaries, short-term debt in the form of secured and unsecured commercial paper, notes issued to banks and other lenders, and other forms of secured and unsecured short-term third-party debt.

*Internal Financings.* NEP also seeks authority to issue short-term debt in the form of notes, journal entries, or other evidences of indebtedness, in exchange for cash or other financing received from affiliates. Such internal financing may take one of three forms: borrowings from the appropriate Money Pool,<sup>1</sup> borrowings from certain affiliates, or open account advances. NEP may also receive capital contributions from upstream direct and indirect parent companies.

(2) **Amount of Securities**

The aggregate principal amount of NEP short-term debt at any one time outstanding shall not exceed \$1.5 billion. This aggregate limit shall apply to short-term borrowings from external sources and to borrowings under the Money Pools and from certain affiliates.

NEP seeks authority to receive capital contributions and non-interest bearing open account advances without limit.

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<sup>1</sup> The details of the Regulated Money Pool Agreement and the Unregulated Money Pool Agreement, both dated as of November 1, 2012, (each, a "Money Pool") were filed with the Commission in Docket RM02-14 on November 7, 2012. The Money Pools are administered by National Grid USA Service Company, Inc. as agent for the participants.

**(3) Interest or Dividend Rates**

External Financings. External short-term debt would bear interest at a rate not to exceed the greater of (a) 100 basis points over U.S. government-backed securities or other government benchmark having a term equal to the term of such debt, or (b) a gross spread over U.S. government-backed securities that is consistent with similar securities of comparable credit quality and maturities issued by other companies.

Internal Financings.

*Loans from each Money Pool:* Money Pool loans accrue interest as follows:<sup>2</sup>

- If only Internal Funds<sup>3</sup> comprise the daily outstanding balance of all loans outstanding during a calendar month, the interest rate applicable to such daily balance is the monthly average rate of the thirty (30) day A2/P2 commercial paper rate as released by the Federal Reserve Board.
- If only External Funds<sup>4</sup> comprise the daily outstanding balance of all loans outstanding during a calendar month, the interest rate applicable to such daily outstanding balance is the Money Pool lender's costs for such External Funds or, if more than one Money Pool participant has made available External Funds at any time during the month, the applicable interest rate is a composite rate, equal to the weighted average of the costs incurred by the respective Money Pool participants for such External Funds.
- In cases where the daily outstanding balances of all loans outstanding at any time during the month include both Internal and External Funds, the interest rate applicable to the daily outstanding balances for the month is equal to the weighted average of (i) the cost of all Internal Funds contributed by the Money Pool participants, and (ii) the cost of all such External Funds.

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<sup>2</sup> The interest rates on Money Pool loans for the month of July 2016 is 0.96%.

<sup>3</sup> "Internal Funds" include surplus funds in the treasuries of Money Pool participants including, but not limited to, proceeds from capital contributions and open account advances made by direct or indirect parent companies.

<sup>4</sup> "External Funds" include bank borrowings by a Money Pool participant or the sale of commercial paper by a Money Pool participant.

*Loans from certain affiliates.* Short-term borrowings by NEP from affiliates (other than downstream affiliates) would bear an interest rate set according to a market benchmark published by the Federal Reserve Board. Direct short-term loans from affiliated companies to NEP would bear interest at a rate set by the monthly average of the 30-day A2/P2 Commercial Paper rate as published by the Federal Reserve Board.

*Open account advances.* Open account advances from upstream direct or indirect parent companies are interest-free.

(4) **Dates of Issuance and Maturity**

Short-term debt would be issued on various dates as needed for various terms, but in no event for a term of more than 365 days.

(5) **Institutional Rating of Securities**

NEP's short-term debt is rated Prime-2 by Moody's Investors Services, Inc. and A-2 by Standard and Poor's Ratings Services.

(6) **Any Stock Exchange on Which Securities Will Be Listed**

The short-term debt for which authorization is requested will not be listed on any stock exchange.

(f) **Purposes for Which Securities Are To Be Issued**

Proceeds from short-term debt for which authorization is requested will be used by NEP as working capital for purposes that include, but are not limited to, construction or upgrading of facilities; the improvement and maintenance of service; the discharge or lawful refunding of financial obligations; the reimbursement of monies actually expended for these purposes, and other lawful purposes.

(g) **Statement as to Required Filings with State Regulatory Bodies**

The New Hampshire PUC regulates all utility securities issuances, including short-term debt issuances, of utilities that have facilities and do business in the state. NEP has authorization from the New Hampshire PUC with respect to the issuance of short-term debt to the extent required as part of NEP's financing program. No other state utility commission regulates the short-term debt issuances of NEP.

(h) **Statement of Facts Regarding Lawfulness and Necessity of Issuances**

The short-term debt for which NEP seeks authorization is for the purpose of enabling NEP to provide utility service at a reasonable cost. Such issuances are within the corporate purposes of NEP (Exhibit A hereto). NEP's Board of Directors has authorized short-term external borrowing and internal borrowings from the Money Pools and from affiliates by NEP in the amounts requested herein. (Exhibit B hereto). Such short-term debt is necessary for and consistent with the proper performance of NEP's service as a public utility to enable capital expenditure programs and economical borrowing.

NEP agrees that any debt issued pursuant to the authorizations requested in this Application will be subject to the four restrictions on secured and unsecured debt specified in Westar Energy, Inc., 102 FERC ¶ 61,186, *order on reh'g*, 104 FERC ¶ 61,018 (2003). First, the proceeds of any debt issued pursuant to this Application which is secured by utility assets will be used for utility purposes. Second, if any utility assets that secure such debt issuances are divested or "spun off," the debt must follow the asset and also be divested or "spun off." Third, if any of the proceeds from unsecured debt are used for non-utility purposes, the debt must follow the non-utility assets.

Specifically, if the non-utility assets are divested or “spun off,” then a proportionate share of debt must follow the divested or “spun off” non-utility asset. Finally, if utility assets financed by unsecured debt are divested or “spun off” to another entity, then a proportionate share of the debt also must be divested or “spun off.”

(i) **Limitations on Interest and Dividends Coverage and Effects on Issuance of Additional Debt**

NEP is a party to a Standby Bond Purchase Agreement dated as of November 23, 2009, with certain lenders and Citibank, N.A. as Administrative Agent (the “Standby Bond Purchase Agreement”). Under the terms of the Standby Bond Purchase Agreement, NEP is required to maintain a ratio of debt to total capital, as of the last day of each March, June, September, and December, of not greater than 0.65 to 1. The Standby Bond Purchase Agreement expired on November 30, 2011, and was replaced with the First Amendment to the Amended and Restated Bond Purchase Agreement dated as of November 15, 2012 and subsequently by the Second Amendment to Amended and Restated Standby Bond Purchase Agreement dated as of November 20, 2014. This agreement expires on November 20, 2019.

(j) **Rate Changes**

The New England Participating Transmission Owners (PTOs), including NEP, use a formula rate mechanism to calculate their revenue requirement associated with specific facilities and join together to charge one common rate to regional load (RNS Rates). On July 31<sup>st</sup> of each year, pursuant to certain Commission Orders and Attachment F of the ISO-NE Tariff, the PTOs make an Annual Informational Filing with the Commission that identifies updated rates for regional transmission and scheduling, system control and dispatch services effective as of June 1<sup>st</sup> of each year. The Annual

Informational Filing for RNS Rates is made in FERC Docket No. RT04-2. The Annual Informational Filing will be made on July 31, 2016. Additionally, NEP uses a separate rate mechanism to recover transmission revenue requirements from local load (LNS Rates). Those rates are calculated monthly and are not filed with FERC.

Under the terms of NEP's FERC Electric Tariff No. 1, within three months of submitting FERC Form 1s for the prior calendar year, NEP is directed to make an informational filing with the Commission in FERC Docket No. ER10-523 showing the reconciliation of actual monthly billings under the Integrated Facilities Agreement ("IFA") during the applicable Service Year, to the same formula rate calculation based on quarterly FERC Form 1 data submitted to the Commission. The Annual True-up relates to NEP's billings under the IFA provisions of Tariff No. 1, whereby NEP's distribution affiliates are compensated for their respective ownership of National Grid transmission facilities that are integrated through this arrangement into a single National Grid transmission system for operational purposes and for the provision of open access transmission service over National Grid facilities in New England. The most recent Annual True-up filing was made on June 29, 2016.

On September 30, 2011, several state and municipal parties in New England ("Complainants"), filed a complaint against certain New England Transmission Owners, ("NETOs") including NEP, to lower the base ROE for transmission rates in New England from 11.14% to 9.2 % (FERC Docket No. EL11-66). On October 16, 2014, the Commission issued a final order in Opinion No. 531-A establishing a 10.57% base ROE for the NETOs effective as of October 16, 2014 and capped the ROE, including incentives, at 11.74%. On March 3, 2015, the FERC issued an Order on Rehearing,

Opinion No. 531-B, affirming the 10.57% base ROE and clarifying that the 11.74% maximum ROE applies to all individual transmission projects with ROE incentives previously granted by the FERC. On July 18, 2015, the FERC approved an amended tariff compliance filing submitted by the NETOs in response to Opinion No. 531-B and NEP has issued refunds related to the lower ROE.

NEP's Tariff No. 1 requires that, to the extent FERC modifies the ROE generally applicable to transmission assets under the ISO-NE OATT, the ROE for integrated facilities under the IFA in Tariff No. 1 shall also be modified to the same levels pursuant to a FERC filing under Section 205 of the Federal Power. Accordingly, on January 21, 2016, NEP made a filing under Section 205 of the Federal Power Act to make the ROE applicable to Tariff No. 1 integrated facilities consistent with those ordered by the Commission under Opinion Nos. 531, 531-A and 531-B (FERC Docket No. ER16-758). On March 8, 2016, the Commission accepted the submission for filing, as requested, effective October 16, 2014, for the ROE components.

## II. EXHIBITS

Attached hereto are the following exhibits required by Section 34.4 of the Commission's regulations:

<u>Exhibit A</u>	Statements of Corporate Purposes from NEP's Restated Articles of Organization
<u>Exhibit B</u>	Resolutions by the Board of Directors of NEP
<u>Exhibit C</u>	Balance Sheets for the most recent 12-month period, on both an actual and <i>pro forma</i> basis.
<u>Exhibit D</u>	Income Statements for the most recent 12-month period, on both an actual and <i>pro forma</i> basis.

Exhibit E A Statement of Cash Flows and Computations of Interest Coverage on both an actual and *pro forma* basis.

Exhibit F N/A. No registration statement has been filed with respect to the securities proposed to be issued in the Application.

**III. CONCLUSION**

NEP respectfully requests that the Commission issue an order authorizing NEP to issues securities as described in this Application subject to the terms, conditions, and limitations proposed herein. NEP respectfully requests that an order be issued no later than October 13, 2016.

Respectfully submitted,

By: /s/ Stephen C. Palmer

Stephen C. Palmer  
Alston & Bird  
The Atlantic Building  
950 F Street, N.W.  
Washington D.C. 2004-1404

David C. Lodemore  
Senior Counsel  
National Grid USA  
40 Sylvan Road  
Waltham, MA 20451

*Attorneys for  
New England Power Company*

Dated: July 29, 2016

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

New England Power Company                    )  
  )  
  )           Docket No. ES16- -000

**VERIFICATION OF CHARLES V. DEROSA**

Charles V. DeRosa, being first duly sworn, deposes and says that he is Vice President and Treasurer of National Grid USA; that he has authority to verify the foregoing Application on behalf of New England Power Company; that he has read the foregoing Application and is familiar with the contents thereof; and that the same are true to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Charles V. DeRosa

Subscribed and sworn before me this 29<sup>th</sup> day of July, 2016.

**LEON CHANG**  
**NOTARY PUBLIC-STATE OF NEW YORK**  
**No. 01CH6275929**  
**Qualified in Kings County**  
**My Commission Expires February 04, 2017**

  
\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

**EXHIBIT A**

**New England Power Company - Corporate Purpose**

A. To engage in the business in all its branches of producing, selling and delivering power of various kinds, and especially to purchase, acquire, hold, lease, sell, manage, control and utilize waters, water rights and water powers, and to construct, purchase or otherwise acquire and hold, own, lease, maintain and operate dams, power houses, canals, and any structures, buildings or appurtenances necessary, useful or convenient in the judgment of the corporation for the development, utilization, distribution, delivery, sale or turning to account in any manner of water, water rights, water powers or any power or product derived or derivable therefrom in any form.

B. To acquire, hold, own and use in any lawful manner and so far as it lawfully may do, any real or personal property or rights, titles, franchises or easements, necessary, useful or convenient in the judgment of the corporation to enable it to carry out any of the purposes described in the foregoing paragraph.

C. To acquire by purchase, subscription or otherwise, and to own, hold, sell, assign, transfer, mortgage, pledge or otherwise deal in and dispose of any bonds, debentures or other securities or evidences of indebtedness or any shares in the capital stock of any other corporation or corporations, association or associations, or existing by or under the laws of The Commonwealth of Massachusetts or of any state, territory or country, and while owner or holder thereof to exercise all the rights, powers and privileges of ownership, including the right to vote in respect of any shares of stock owned or held by this corporation.

D. To aid in any manner, by guarantee or otherwise, any corporation or association any of whose shares, bonds, debentures, securities or evidences of indebtedness are owned or held by the corporation, and to do any acts or things designed to protect, preserve, improve, or enhance the value of any such shares, bonds or other securities or evidences of indebtedness.

E. To invest the capital or other funds in its possession from time to time in real or personal property of any kind or in any interest therein (including shares or securities of any corporation or voluntary association) so far as permitted by the laws of The Commonwealth of Massachusetts.

F. To do such other things as may be necessary, useful or convenient in the judgment of the corporation to carry out any of the foregoing purposes, or to enhance the value of the corporation's property or business.

**EXHIBIT B**

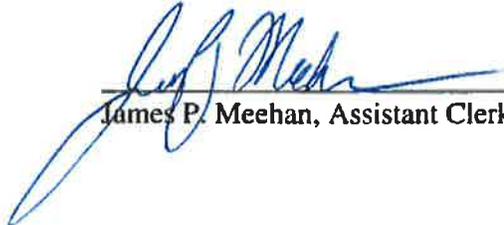
**NEW ENGLAND POWER COMPANY**

**CERTIFICATE**

I, James P. Meehan, the undersigned, do hereby certify that I am the duly elected, qualified and acting Assistant Clerk of New England Power Company, a Massachusetts corporation (the "*Company*"), and that, as such, I am fully qualified to execute this Certificate, and I do further certify as follows:

Attached hereto as *Exhibit A* is a true, correct and complete copy of a resolution of the Board of Directors of the Company duly adopted by unanimous written consent in lieu of meeting dated as of July 26, 2016, and such resolution has not been amended or repealed and is in full force and effect on the date hereof, and there are no inconsistent or conflicting resolutions that have been adopted by the Board of Directors or any committee of the Board of Directors.

**IN WITNESS WHEREOF**, I have executed this Certificate as of the 29th day of July, 2016.

  
\_\_\_\_\_  
James P. Meehan, Assistant Clerk

**Exhibit A**

Taken by Unanimous Written Consent of the Board of Directors dated as of July 26, 2016:

**VOTED:** That, subject to any applicable regulatory requirements or limits, the officers of this Company are severally authorized to issue, from time to time and in the name and on behalf of this Company, to banks, trust companies, security dealers, National Grid plc, National Grid USA, KeySpan Corporation, an affiliated Money Pool, or others, short-term promissory notes, including commercial paper, with such interest rates or at such discounts, with such maturities not more than twelve months after the date thereof, and upon such other terms as the officer or officers so acting may determine; provided, that, the aggregate principal amount of all such notes outstanding at any one time (excluding debt having an initial maturity of more than one year) shall not exceed \$1.5 billion.

**EXHIBIT C**

## ATTACHMENT B

Name or Respondent New England Power Company	This Report Is: (1) <u>X</u> An Original (2) <u>  </u> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2016	Year of Report March 31, 2016
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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)						
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at March 31, 2016 (c)	Adjustments (d)	Reference (e)	Pro Forma (c) + (d)
1	UTILITY PLANT					
2	Utility Plant (101-106, 114)	200-201	2,700,066,972	918,768,304	A, B, C, D	3,618,835,276
3	Construction Work in Progress (107)	200-201	204,319,376			204,319,376
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		2,904,386,348	918,768,304	A, B, C, D	3,823,154,652
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	456,476,845			456,476,845
6	Net Utility Plant (Enter Total of line 4 less 5)		2,447,909,503	918,768,304	A, B, C, D	3,366,677,807
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202-203	-			-
8	Nuclear Fuel in Materials and Assemblies-Stock Account (120.2)		-			-
9	Nuclear Fuel Assemblies in Reactor (120.3)		-			-
10	Spent Nuclear Fuel (120.4)		-			-
11	Nuclear Fuel Under Capital Leases (120.6)		-			-
12	(Less) Accum. Prov. For Amort. Of Nucl. Fuel Assemblies (120.5)	202-203	-			-
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		-	-		-
14	Net Utility Plant (Enter Total of lines 6 and 13)		2,447,909,503	918,768,304	A, B, C, D	3,366,677,807
15	Utility Plant Adjustments (116)		-			-
16	Gas Stored Underground - Noncurrent (117)		-			-
17	OTHER PROPERTY AND INVESTMENTS					
18	Nonutility Property (121)		5,154,738			5,154,738
19	(Less) Accum. Prov. For Depr. And Amort. (122)		55,519			55,519
20	Investments in Associated Companies (123)		-			-
21	Investment in Subsidiary Companies (123.1)	224-225	2,089,497			2,089,497
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)		-			-
23	Noncurrent Portion of Allowances	228-229	-			-
24	Other Investments (124)		41,007			41,007
25	Sinking Funds (125)		-			-
26	Depreciation Fund (126)		-			-
27	Amortization Fund - Federal (127)		-			-
28	Other Special Funds (128)		9,866,683			9,866,683
29	Special Funds (Non Major Only) (129)		-			-
30	Long-Term Portion of Derivative Assets (175)		-			-
31	Long-Term Portion of Derivative Assets - Hedges (176)		-			-
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		17,096,406	-		17,096,406
33	CURRENT AND ACCRUED ASSETS					
34	Cash and Working Funds (Non-major Only) (130)		-			-
35	Cash (131)		649			649
36	Special Deposits (132-134)		-			-
37	Working Fund (135)		-			-
38	Temporary Cash Investments (136)		-			-
39	Notes Receivable (141)		-			-
40	Customer Accounts Receivable (142)		58,567,718			58,567,718
41	Other Accounts Receivable (143)		6,533,256			6,533,256
42	(Less) Accum. Prov. For Uncollectible Acct.-Credit (144)		459,957			459,957
43	Notes Receivable from Associated Companies (145)		-			-
44	Accounts Receivable from Assoc. Companies (146)		26,088,996			26,088,996
45	Fuel Stock (151)	227	15,244			15,244
46	Fuel Stock Expenses Undistributed (152)	227	-			-
47	Residuals (Elec) and Extracted Products (153)	227	-			-
48	Plant Materials and Operating Supplies (154)	227	4,435,176			4,435,176
49	Merchandise (155)	227	-			-
50	Other Materials and Supplies (156)	227	-			-
51	Nuclear Materials Held for Sale (157)	202-203/227	-			-
52	Allowances (158.1 and 158.2)	228-229	-			-

## ATTACHMENT B

Name or Respondent New England Power Company	This Report Is: (1) <u>X</u> An Original (2) <u>  </u> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report March 31, 2016
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## COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at March 31, 2016 (c)	Adjustments (d)	Reference (e)	Pro Forma (c) + (d)
53	(Less) Noncurrent Portion of Allowances		-			-
54	Stores Expense Undistributed (163)	227	-			-
55	Gas Stored Underground - Current (164.1)		-			-
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		-			-
57	Prepayments (165)		2,930,063			2,930,063
58	Advances for Gas (166-167)		-			-
59	Interest and Dividends Receivable (171)		-			-
60	Rents Receivable (172)		56,353			56,353
61	Accrued Utility Revenues (173)		-			-
62	Miscellaneous Current and Accrued Assets (174)		28,547			28,547
63	Derivative Instrument Assets (175)		-			-
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		-			-
65	Derivative Instrument Assets - Hedges (176)		-			-
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		-			-
67	Total Current and Accrued Assets (Lines 34 through 66)		98,196,045	-		98,196,045
68	DEFERRED DEBITS					
69	Unamortized Debt Expenses (181)		1,441,129			1,441,129
70	Extraordinary Property Losses (182.1)	230a	-			-
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	-			-
72	Other Regulatory Assets (182.3)	232	153,418,809			153,418,809
73	Prelim. Survey and Investigation Charges (Electric) (183)		6,814,531			6,814,531
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		-			-
75	Other Preliminary Survey and Investigation Charges (183.2)		-			-
76	Clearing Accounts (184)		4,082			4,082
77	Temporary Facilities (185)		-			-
78	Miscellaneous Deferred Debits (186)	233	-			-
79	Def. Losses from Disposition of Utility Plt. (187)		-			-
80	Research, Devel. and Demonstration Expend. (188)	352-353	-			-
81	Unamortized Loss on Reacquired Debt (189)		-			-
82	Accumulated Deferred Income Taxes (190)	234	78,530,918			78,530,918
83	Unrecovered Purchased Gas Costs (191)		-			-
84	Total Deferred Debits (lines 69 through 83)		240,209,469	-		240,209,469
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		2,803,411,423	918,768,304	A, B, C, D	3,722,179,727

**ATTACHMENT B**

Name or Respondent New England Power Company	This Report Is: (1) <u>X</u> An Original (2) <u>  </u> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report March 31, 2016
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**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at March 31, 2016 (c)	Adjustments (d)	Reference (e)	Pro Forma (c) + (d)
1	PROPRIETARY CAPITAL					
2	Common Stock Issued (201)	250-251	72,397,920			72,397,920
3	Preferred Stock Issued (204)	250-251	1,111,700			1,111,700
4	Capital Stock Subscribed (202, 205)		-			-
5	Stock Liability for Conversion (203, 206)		-			-
6	Premium on Capital Stock (207)		-			-
7	Other Paid-In Capital (208-211)	253	802,509,599			802,509,599
8	Installments Received on Capital Stock (212)	252	-			-
9	(Less) Discount on Capital Stock (213)	254	-			-
10	(Less) Capital Stock Expense (214)	254	-			-
11	Retained Earnings (215, 215.1, 216)	118-119	164,547,594	(12,424,672)	B, C, D	152,122,922
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	(2,131,707)			(2,131,707)
13	(Less) Reacquired Capital Stock (217)	250-251	-			-
14	Noncorporate Proprietorship (Non-major only) (218)		-			-
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	942,785			942,785
16	Total Proprietary Capital (lines 2 through 15)		1,039,377,891	(12,424,672)	B, C, D	1,026,953,219
17	LONG-TERM DEBT					
18	Bonds (221)	256-257	371,850,000			371,850,000
19	(Less) Reacquired Bonds (222)	256-257	-			-
20	Advances from Associated Companies (223)	256-257	-			-
21	Other Long-Term Debt (224)	256-257	-			-
22	Unamortized Premium on Long-Term Debt (225)		-			-
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		-			-
24	TOTAL Long-Term Debt (Enter Total of lines 18 through 23)		371,850,000	-		371,850,000
25	OTHER NONCURRENT LIABILITIES					
26	Obligations Under Capital Leases - Noncurrent (227)		-			-
27	Accumulated Provision for Property Insurance (228.1)		-			-
28	Accumulated Provision for Injuries and Damages (228.2)		6,992,478			6,992,478
29	Accumulated Provision for Pensions and Benefits (228.3)		-			-
30	Accumulated Miscellaneous Operating Provisions (228.4)		-			-
31	Accumulated Provision for Rate Refunds (229)		-			-
32	Long-Term Portion of Derivative Instrument Liabilities		-			-
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		-			-
34	Asset Retirement Obligations (230)		95,194			95,194
35	Total Other Noncurrent Liabilities (lines 26 through 34)		7,087,672	-		7,087,672
36	CURRENT AND ACCRUED LIABILITIES					
37	Notes Payable (231)		-			-
38	Accounts Payable (232)		36,391,837			36,391,837
39	Notes Payable to Associated Companies (233)		568,807,024	931,192,976	A	1,500,000,000
40	Accounts Payable to Associated Companies (234)		34,835,268			34,835,268
41	Customer Deposits (235)		373,992			373,992
42	Taxes Accrued (236)	262-263	2,088,540			2,088,540
43	Interest Accrued (237)		124,828			124,828
44	Dividends Declared (238)		-			-
45	Matured Long-Term Debt (239)		-			-

**ATTACHMENT B**

Name or Respondent New England Power Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2016	Year of Report March 31, 2016		
<b>COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)</b>						
Line No.	Title of Account	Ref. Page No.	Balance at March 31, 2016	Adjustments	Reference	Pro Forma
	(a)	(b)	(c)	(d)	(e)	(c) + (d)
46	Matured Interest (240)		-			-
47	Tax Collections Payable (241)		-			-
48	Miscellaneous Current and Accrued Liabilities (242)		24,854,353			24,854,353
49	Obligations Under Capital Leases-Current (243)		-			-
50	Derivative Instrument Liabilities (244)		-			-
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		-			-
52	Derivative Instrument Liabilities - Hedges (245)		-			-
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		-			-
54	Total Current and Accrued Liabilities (lines 37 through 53)		667,475,842	931,192,976	A	1,598,668,818
55	DEFERRED CREDITS					
56	Customer Advances for Construction (252)		-			-
57	Accumulated Deferred Investment Tax Credits (255)	266-267	3,069,437			3,069,437
58	Deferred Gains from Disposition of Utility Plant (256)		-			-
59	Other Deferred Credits (253)	269	55,194,112			55,194,112
60	Other Regulatory Liabilities (254)	278	55,557,295			55,557,295
61	Unamortized Gain on Reacquired Debt (257)		-			-
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	-			-
63	Accum. Deferred Income Taxes-Other Property (282)		539,973,131			539,973,131
64	Accum. Deferred Income Taxes-Other (283)		63,826,043			63,826,043
65	Total Deferred Credits (lines 56 through 64)		717,620,018	-		717,620,018
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54, and 65)		2,803,411,423	918,768,304	A, B, C, D	3,722,179,727
PAGE 113						

# ATTACHMENT B

**National Grid USA and Subsidiaries**  
**Notes to March 31, 2016 FERC Financial Statements**

These adjustments reflect, for purposes of illustration only, the effect of increasing short term borrowings to the maximum authority requested.

**New England Power Company**

A) Assume short term borrowing of \$1,500,000,000 to fund incremental capital expenditures

			<u>Amount Requested</u>
Utility Plant	\$ 931,192,976		
Notes Payable to Associated Companies		\$ 931,192,976	1,500,000,000
B) Incur interest expense \$1,500,000,000 @ 1.56%			
Interest on Debt to Associated Companies	23,400,000		\$ 23,400,000 Interest expense on limit
Cash		23,400,000	\$ (2,692,214) Interest paid on actual balance (IS line 67)
C) Adjustment to (B) for the actual short term interest on actual short term borrowing balance incurred			
Cash	2,692,214		\$ 20,707,786 Total incremental interest expense
Interest on Interest on Debt to Associated Companies		2,692,214	
D) Tax deductibility of Interest expense			
Assume 35% federal, 5% state tax rates			
Cash	8,283,114		\$ 12,424,672 Adjustment to Retained Earnings
Income taxes federal - operating		7,247,725	\$ 12,424,672 Check
Income taxes - other - operating		1,035,389	

**Note:**

The 1.56% interest rate applied to the incremental borrowing is derived from the 1-year Treasury rate (0.56% at July 19, 2016) plus 100 basis points

**EXHIBIT D**

**ATTACHMENT B**

Name or Respondent New England Power Company	This Report Is: (1) <u>X</u> An Original (2) <u>  </u> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2016	Year of Report March 31, 2016
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**STATEMENT OF INCOME FOR THE YEAR (Continued)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at March 31, 2016 (c)	Adjustments (d)	Reference (e)	Pro Forma (c) + (d)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	425,127,935			425,127,935
3	Operating Expenses					
4	Operation Expenses (401)	320-323	149,116,264			149,116,264
5	Maintenance Expenses (402)	320-323	26,116,822			26,116,822
6	Depreciation Expense (403)	336-337	50,297,152			50,297,152
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337	-			-
8	Amort. & Depl. of Utility Plant (404-405)	336-337	155,937			155,937
9	Amort. of Utility Plant Acq. Adj. (406)	336-337	-			-
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)		-			-
11	Amort. of Conversion Expenses (407)		-			-
12	Regulatory Debits (407.3)		-			-
13	(Less) Regulatory Credits (407.4)		42,323			42,323
14	Taxes Other Than Income Taxes (408.1)	262-263	44,520,256			44,520,256
15	Income Taxes - Federal (409.1)	262-263	(6,066,000)	(7,247,725)	D	(13,313,725)
16	- Other (409.1)	262-263	(126,262)	(1,035,389)	D	(1,161,651)
17	Provision for Deferred Income Taxes (410.1)	234,272-277	63,655,489			63,655,489
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234,272-277	-			-
19	Investment Tax Credit Adj. - Net (411.4)	266	-			-
20	(Less) Gains from Disp. of Utility Plant (411.6)		-			-
21	Losses from Disp. of Utility Plant (411.7)		-			-
22	(Less) Gains from Disposition of Allowances (411.8)		-			-
23	Losses from Disposition of Allowances (411.9)		-			-
24	Accretion Expense (411.10)		-			-
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		327,627,335	(8,283,114)	D	319,344,221
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg 117, line 27		97,500,600	8,283,114	D	105,783,714

## ATTACHMENT B

Name of Respondent New England Power Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report March 31, 2016
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### STATEMENT OF INCOME FOR THE YEAR (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at March 31, 2016 (c)	Adjustments (d)	Reference (e)	Pro Forma (c) + (d)
27	Net Utility Operating Income (Carried forward from page 114)		97,500,600	8,283,114		105,783,714
28	Other Income and Deductions					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)		-			-
32	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)		-			-
33	Revenues From Nonutility Operations (417)		23,880			23,880
34	(Less) Expenses of Nonutility Operations (417.1)		782,686			782,686
35	Nonoperating Rental Income (418)		-			-
36	Equity in Earnings of Subsidiary Companies (418.1)	119	93,698			93,698
37	Interest and Dividend Income (419)		627,409			627,409
38	Allowance for Other Funds Used During Construction (419.1)		(234,841)			(234,841)
39	Miscellaneous Nonoperating Income (421)		214,925			214,925
40	Gain on Disposition of Property (421.1)		-			-
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		(57,615)	-		(57,615)
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)		18			18
44	Miscellaneous Amortization (425)	340	-			-
45	Donations (426.1)	340	13,191			13,191
46	Life Insurance (426.2)		154,754			154,754
47	Penalties (426.3)		-			-
48	Exp. for Certain Civic, Political & Related Activities (426.4)		75,780			75,780
49	Other Deductions (426.5)		1,420,797			1,420,797
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		1,664,540	-		1,664,540
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	168,588			168,588
53	Income Taxes-Federal (409.2)	262-263	(618,883)			(618,883)
54	Income Taxes-Other (409.2)	262-263	(117,089)			(117,089)
55	Provision for Deferred Inc. Taxes (410.2)	234,272-277	12,071			12,071
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234,272-277	-			-
57	Investment Tax Credit Adj.-Net (411.5)		-			-
58	(Less) Investment Tax Credits (420)		371,847			371,847
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		(927,160)	-		(927,160)
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		(794,995)	-		(794,995)
61	Interest Charges					
62	Interest on Long-Term Debt (427)		1,689,369			1,689,369
63	Amort. of Debt Disc. and Expense (428)		749,151			749,151
64	Amortization of Loss on Reacquired Debt (428.1)		81,802			81,802
65	(Less) Amort. of Premium on Debt-Credit (429)		-			-
66	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)		-			-
67	Interest on Debt to Assoc. Companies (430)	340	2,692,214	20,707,786	B, C	23,400,000
68	Other Interest Expense (431)	340	8,626,288			8,626,288
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		716,639			716,639
70	Net Interest Charges (Enter Total of lines 62 thru 69)		13,122,185	20,707,786	B, C	33,829,971
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		83,583,420	(12,424,672)	B, C, D	71,158,748
72	Extraordinary Items					
73	Extraordinary Income (434)		-			-
74	(Less) Extraordinary Deductions (435)		-			-
75	Net Extraordinary Items (Total of line 73 less line 74)		-	-		-
76	Income Taxes-Federal and Other (409.3)	262-263	-			-
77	Extraordinary Items After Taxes (line 75 less line 76)		-	-		-
78	Net Income (Total of line 71 and 77)		83,583,420	(12,424,672)	B, C, D	71,158,748

# ATTACHMENT B

**National Grid USA and Subsidiaries**  
**Notes to March 31, 2016 FERC Financial Statements**

These adjustments reflect, for purposes of illustration only, the effect of increasing short term borrowings to the maximum authority requested.

**New England Power Company**

A) Assume short term borrowing of \$1,500,000,000 to fund incremental capital expenditures

Utility Plant	\$ 931,192,976	
Notes Payable to Associated Companies		\$ 931,192,976

B) Incur interest expense \$1,500,000,000 @ 1.56%

Interest on Debt to Associated Companies	23,400,000	
Cash		23,400,000

C) Adjustment to (B) for the actual short term interest on actual short term borrowing balance incurred

Cash	2,692,214	
Interest on Interest on Debt to Associated Companies		2,692,214

D) Tax deductibility of Interest expense  
 Assume 35% federal, 5% state tax rates

Cash	8,283,114	
Income taxes federal - operating		7,247,725
Income taxes - other - operating		1,035,389

		<u>Amount Requested</u>
		1,500,000,000
\$	23,400,000	Interest expense on limit
\$	(2,692,214)	Interest paid on actual balance (IS line 67)
\$	<u>20,707,786</u>	Total incremental interest expense
\$	12,424,672	Adjustment to Retained Earnings
\$	12,424,672	Check

**Note:**

The 1.56% interest rate applied to the incremental borrowing is derived from the 1-year Treasury rate (0.56% at July 19, 2016) plus 100 basis points

**EXHIBIT E**

**ATTACHMENT B**

Name of Respondent New England Power Company	This Report Is: (1) <u>X</u> An Original (2) <u>  </u> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report March 31, 2016
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**STATEMENT OF CASH FLOWS**

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at March 31, 2016 (c)	Adjustments (d)	Reference (e)	Pro Forma (c) + (d)
1	Net Cash Flow from Operating Activities:					
2	Net Income (Line 78(b) on page 117)		83,583,420	(12,424,672)	B, C, D	71,158,748
3	Noncash Charges (Credits) to Income:					
4	Depreciation and Depletion		50,453,089			50,453,089
5	Amortization of Debt Discount and Expense		749,151			749,151
6	Amortization of Loss on Recquired Debt		81,802			81,802
7	Amortization of Regulatory Debits and Credits, Net		(42,323)			(42,323)
8	Deferred Income Taxes (Net)		63,667,560			63,667,560
9	Investment Tax Credit Adjustments (Net)		(371,847)			(371,847)
10	Net (Increase) Decrease in Receivables		2,962,029			2,962,029
11	Net (Increase) Decrease in Inventory		(1,904,379)			(1,904,379)
12	Net (Increase) Decrease in Allowances Inventory		-			-
13	Net Increase (Decrease) in Payables and Accrued Expenses		(24,749,457)			(24,749,457)
14	Net (Increase) Decrease in Other Regulatory Assets		(15,806,615)			(15,806,615)
15	Net Increase (Decrease) in Other Regulatory Liabilities		(43,909,192)			(43,909,192)
16	(Less) Allowance for Other Funds Used During Construction		(234,841)			(234,841)
17	(Less) Undistributed Earnings for Subsidiary Companies		93,698			93,698
18	Other (provide details in footnote):		(8,173,272)			(8,173,272)
19						
20						
21						
22	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 thru 21)		106,681,108	(12,424,672)	B, C, D	94,256,436
23						
24	Cash Flows from Investment Activities:					
25	Construction and Acquisition of Plant (including land):					
26	Gross Additions to Utility Plant (less nuclear fuel)		(191,871,887)	(931,192,976)	A	(1,123,064,863)
27	Gross Additions to Nuclear Fuel		-			-
28	Gross Additions to Common Utility Plant		-			-
29	Gross Additions to Nonutility Plant		7,016			7,016
30	(Less) Allowance for Other Funds Used During Construction		234,841			234,841
31	Other (provide details in footnote):		(1,073,016)			(1,073,016)
32	Cost of Removal		(12,431,154)			(12,431,154)
33						
34	Cash Outflows for Plant (Total of lines 26 thru 33)		(205,603,882)	(931,192,976)	A	(1,136,796,858)
35						
36	Acquisition of Other Noncurrent Assets (d)		-			-
37	Proceeds from Disposal of Noncurrent Assets (d)		-			-
38						
39	Investments in and Advances to Assoc. and Subsidiary Companies		-			-
40	Contributions and Advances from Assoc. and Subsidiary Companies		-			-
41	Disposition of Investments in (and Advances to)		-			-
42	Associated and Subsidiary Companies		-			-
43						
44	Purchase of Investment Securities (a)		-			-
45	Proceeds from Sales of Investment Securities (a)		-			-

**ATTACHMENT B**

Name of Respondent New England Power Company	This Report is: (1) <u>X</u> An Original (2) <u>  </u> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report March 31, 2016
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STATEMENT OF CASH FLOWS						
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at March 31, 2016 (c)	Adjustments (d)	Reference (e)	Pro Forma (c) + (d)
46	Loans Made or Purchased		-			-
47	Collections on Loans		-			-
48						
49	Net (Increase) Decrease in Receivables		-			-
50	Net (Increase) Decrease in Inventory		-			-
51	Net (Increase) Decrease in Allowances Held for Speculation		-			-
52	Net Increase (Decrease) in Payables and Accrued Expenses		-			-
53	Other (provide details in footnote):		(439,590)			(439,590)
54	Affiliate Moneypool Lending and Receivables/Payables, Net		-			-
55	Net Increase (Decrease) in Special Deposits		-			-
56	Net Cash Provided by (Used in) Investing Activities					
57	(Total of lines 34 thru 55)		(206,043,472)	(931,192,976)	A	(1,137,236,448)
58						
59	Cash Flows from Financing Activities:					
60	Proceeds from Issuance of:					
61	Long-Term Debt (b)		(38,500,000)			(38,500,000)
62	Preferred Stock		-			-
63	Common Stock		-			-
64	Other (provide details in footnote):		-			-
65						
66	Net Increase in Short-Term Debt (c)		-	-		-
67	Other (provide details in footnote):		-	931,192,976	A	931,192,976
68						
69						
70	Cash Provided by Outside Sources (Total of lines 61 thru 69)		(38,500,000)	931,192,976	A	892,692,976
71						
72	Payments for Retirement of:					
73	Long-Term Debt (b)		-			-
74	Preferred Stock		-			-
75	Common Stock		-			-
76	Other (provide details in footnote):		38,522,345			38,522,345
77	Advances from Affiliates		-			-
78	Net Decrease in Short-Term Debt (c)		-			-
79	Affiliate Moneypool Borrowing and Receivables/Payables, Net		277,866,640			277,866,640
80	Dividends on Preferred Stock		(66,702)			(66,702)
81	Dividends on Common Stock		(180,000,000)			(180,000,000)
82	Net Cash Provided by (Used in) Financing Activities					
83	(Total of lines 70 thru 81)		97,822,283	931,192,976	A	1,029,015,259
84						
85	Net Increase (Decrease) in Cash and Cash Equivalents					
86	(Total of lines 22, 57 and 83)		(1,540,081)	(12,424,672)	A, B, C	(13,964,753)
87						
88	Cash and Cash Equivalents at Beginning of Year		1,540,730			1,540,730
89						
90	Cash and Cash Equivalents at End of Year		649	(12,424,672)	A, B, C	(12,424,023)

**New England Power Company**  
**Pro Forma Computation of Interest Coverage**  
**Assumes Short Term Borrowings at Maximum Authority Requested**  
**(in \$ thousands except ratio data)**

Earnings	Twelve Months Ended 3/31/2016	Adjustments	Reference	Pro Forma
<u>Net Income</u>	83,583	(12,425)	B, C, D	71,158
Add income taxes and fixed charges:				
Current income taxes	(6,928)	(8,283)	D	(15,211)
Deferred income taxes	63,667			63,667
Investment tax credits, net	(372)			(372)
Interest on long term debt	2,520			2,520
Interest on short term debt	2,692	20,708	B, C	23,400
Other interest	7,910	-		7,910
<u>Net earnings available for fixed charges</u>	<u>153,072</u>	<u>-</u>		<u>153,072</u>
Fixed charges:				
Interest on long term debt	2,520			2,520
Interest on short term debt	2,692	20,708	B, C	23,400
Other interest	7,910			7,910
<u>Total fixed charges</u>	<u>13,122</u>	<u>-</u>		<u>33,830</u>
Ratio of earnings to Interest Charges	11.7			4.5

From March 31, 2016 FERC Financial Statements

# ATTACHMENT B

**National Grid USA and Subsidiaries**  
**Notes to March 31, 2016 FERC Financial Statements**

These adjustments reflect, for purposes of illustration only, the effect of increasing short term borrowings to the maximum authority requested.

**New England Power Company**

A) Assume short term borrowing of \$1,500,000,000 to fund incremental capital expenditures

Utility Plant	\$ 931,192,976			Amount Requested
Notes Payable to Associated Companies		\$ 931,192,976		1,500,000,000
B) Incur interest expense \$1,500,000,000 @ 1.56%				
Interest on Debt to Associated Companies	23,400,000			\$ 23,400,000 Interest expense on limit
Cash			23,400,000	\$ (2,692,214) Interest paid on actual balance (IS line 67)
C) Adjustment to (B) for the actual short term interest on actual short term borrowing balance incurred				
Cash		2,692,214		\$ 20,707,786 Total incremental interest expense
Interest on Interest on Debt to Associated Companies			2,692,214	
D) Tax deductibility of interest expense				
Assume 35% federal, 5% state tax rates				
Cash		8,283,114		\$ 12,424,672 Adjustment to Retained Earnings
Income taxes federal - operating			7,247,725	\$ 12,424,672 Check
Income taxes - other - operating			1,035,389	

**Note:**

The 1.56% interest rate applied to the incremental borrowing is derived from the 1-year Treasury rate (0.56% at July 19, 2016) plus 100 basis points