

Niagara Mohawk Power Corporation  
d/b/a National Grid

PROCEEDING ON MOTION OF  
THE COMMISSION AS TO THE  
RATES, CHARGES, RULES AND  
REGULATIONS OF NIAGARA  
MOHAWK POWER CORPORATION  
FOR ELECTRIC AND GAS  
SERVICE

Testimony and Exhibits of:

Revenue Requirements Panel  
Exhibit \_\_ (RRP-1) through  
Exhibit \_\_ (RRP-3),  
Schedules 1 - 18

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Submitted by:  
Niagara Mohawk Power Corporation

Testimony of  
Revenue Requirements Panel

**Before the Public Service Commission**

**NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID**

**Direct Testimony**

**of**

**The Revenue Requirements Panel**

## Testimony of Revenue Requirements Panel

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## Testimony of the Revenue Requirements Panel

1   **I.     Introduction and Qualifications**

2   **Q.     Please introduce the members of the Revenue Requirements Panel.**

3   A.     The Panel consists of James M. Molloy and David B. Doxsee.

4

5   **Q.     Mr. Molloy, please state your name and business address.**

6   A.     My name is James M. Molloy. My business address is 40 Sylvan Road,  
7           Waltham, Massachusetts 02451.

8

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

10  A.     I am the Director of Revenue Requirements for Upstate New York for  
11           National Grid USA Service Company, Inc. (“National Grid Service  
12           Company”).

13

14  **Q.     Please describe your educational background.**

15  A.     In 1992, I graduated from Catholic University with a Bachelor of Arts degree  
16           in Accounting. In 1994, I received a Master’s degree in Business  
17           Administration with a concentration in Finance from the William E. Simon  
18           Graduate School of Business Administration at the University of Rochester.

19

20  **Q.     What is your professional background?**

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1     A.     In 1995, I was hired by the New England Power Service Company as an  
2           Assistant Rate Analyst. In 1996, I was promoted to the position of Rate  
3           Analyst. In 1998, I was promoted to the position of Senior Rate Analyst. In  
4           those positions, I was responsible for rate design analysis for various New  
5           England Electric System (“NEES”) companies. Specifically, I conducted  
6           allocated distribution cost of service studies and supported others in the  
7           development of cost allocation and rate design studies. In addition, I  
8           performed rate and cost allocation analytical work in the unbundling of rates  
9           for the NEES retail companies in preparation for industry restructuring.  
10          Further, I developed and implemented the rate plan for the merger of  
11          Narragansett Electric, Blackstone Electric, and Newport Electric. In 2001, I  
12          was promoted to the position of Principal Regulatory Analyst. In this  
13          position, I was responsible for the development and implementation of the  
14          Niagara Mohawk Power Corporation d/b/a National Grid (“Niagara Mohawk”  
15          or “Company”) and National Grid plc merger rate plan. In 2004, I was  
16          promoted to Manager of New York accounting. In this position, I was  
17          responsible for the books and records of Niagara Mohawk as well as the  
18          regulatory filings associated with the acquisition of KeySpan Corporation. In  
19          2008, I was promoted to the position of Director of Regulatory Compliance.  
20          In 2009, I became the Director of Regulatory Accounting and in 2011 became

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1 the Director of Revenue Requirements for Upstate New York, which is my  
2 current position.

3

4 **Q. Have you previously testified before a regulatory commission?**

5 A. Yes. I have testified numerous times before the New York State Public  
6 Service Commission (“Commission”), the Massachusetts Department of  
7 Public Utilities, and the Rhode Island Public Utilities Commission. Most  
8 recently, I testified on behalf of Niagara Mohawk in Case 10-E-0050, the  
9 Company’s previous electric base rate proceeding (“2010 Electric Rate  
10 Case”).

11

12 **Q. Mr. Doxsee, please state your name and business address.**

13 A. My name is David B. Doxsee. My business address is One MetroTech  
14 Center, Brooklyn, New York 11201.

15

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

17 A. I am employed by National Grid Corporate Services, LLC as Vice President  
18 of Finance with responsibilities for National Grid USA’s (“National Grid”) New York utility operations, which include Niagara Mohawk.

20

21 **Q. Please describe your educational background.**



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1 A. I received a Bachelors of Science degree in Business Administration from  
2 Long Island University in 1981. I received a Master's degree in Business  
3 Administration with a concentration in Finance from Long Island University  
4 in 1984.

5  
6 **Q. What is your professional background?**

7 A. In 1980, I was hired by the Long Island Lighting Company as a Cost Analyst.  
8 Thereafter, I held various supervisory positions in Economic Research, Rates  
9 and Costing, and Financial Planning. In 1992, I was promoted to Manager of  
10 Financial Planning and was involved in conducting the analyses needed to  
11 determine the financial and ratemaking impacts of the Shoreham Settlement  
12 Agreement with New York State. In 1994, I was promoted to Assistant  
13 Treasurer. In this position, I was responsible for Treasury Operations, Capital  
14 Markets, Risk Management, Insurance, and Pension Administration. In 1999,  
15 I became Director of Finance for the Electric Business Unit and in 2001  
16 became Director of Finance for Corporate Services. In 2008, I was promoted  
17 to Vice President of Finance for US Gas Operations. In 2011, I was appointed  
18 Vice President of Finance for the New York jurisdiction, which is my current  
19 position.

20  
21 **Q. Have you previously testified before a regulatory commission?**

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1 A. Yes. I have testified before the Commission on the financial panel in Case  
2 96-E-0132 and on cost of capital and financial integrity in Case 93-E-1123.

### 3 4 **II. Purpose of Testimony and Overview of Filing**

#### 5 **Q. What is the purpose of the Panel's testimony?**

6 A. The purpose of the Panel's testimony is to support the Company's request to  
7 increase its electric and gas delivery rates. In support of this request, the  
8 Panel will:

- 9 (i) present Niagara Mohawk's historic and forecast data for various  
10 periods in a manner consistent with the Commission's regulations and  
11 policies;
- 12 (ii) describe the Company's forecast of operation and maintenance  
13 ("O&M") expenses, as well as adjustments to those expenses that were made  
14 to normalize the historic test year;
- 15 (iii) describe the Company's efforts to reduce its cost of service and detail  
16 how savings related to National Grid's US Restructuring Program were  
17 reflected in the filing;
- 18 (iv) discuss the development of Niagara Mohawk's electric and gas rate  
19 bases;
- 20 (v) support the Company's forecast and amortization of regulatory  
21 deferral balances; and

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(vi) describe proposed treatment for deferrals that the Commission has previously adopted, as well as proposed new deferral mechanisms.

**Q. Is the Panel sponsoring any exhibits?**

A. Yes. The Panel sponsors the following appendix and exhibits, which were prepared by or under the supervision and direction of one or both members of the Panel and which, in all cases, refer to Niagara Mohawk:

Appendix A	Description of Regulatory Assets and Liabilities
Exhibit ____ (RRP-1)	Statement of Electric and Gas Operating Incomes, by Component, for the Historic Test Year Ended December 31, 2011 and Rate Year Ending March 31, 2014;
Exhibit ____ (RRP-2)	Summary of Normalizing Adjustments by Expense Type for the Historic Test Year Ended December 31, 2011, Rate Year Ending March 31, 2014, and Data Years Ending March 31, 2015 and March 31, 2016;
Exhibit ____ (RRP-3)	Electric and Gas O&M Expenses by Expense Type for the Historic Test Year Ended December 31, 2011, Rate Year Ending March 31, 2014, and Data Years Ending March 31, 2015 and March 31, 2016;
Exhibit ____ (RRP-4)	Electric and Gas Depreciation Expenses for the Historic Test Year Ended December 31, 2011, Rate Year Ending March 31, 2014, and Data Years Ending March 31, 2015 and March 31, 2016;
Exhibit ____ (RRP-5)	Electric and Gas Taxes Other than Income Taxes for the Historic Test Year Ended December 31, 2011,

## Testimony of the Revenue Requirements Panel

- 1 Rate Year Ending March 31, 2014, and Data Years  
2 Ending March 31, 2015 and March 31, 2016;  
3
- 4 Exhibit \_\_\_\_ (RRP-6) Electric and Gas Federal and State Income Taxes for  
5 the Historic Test Year Ended December 31, 2011,  
6 Rate Year Ending March 31, 2014, and Data Years  
7 Ending March 31, 2015 and March 31, 2016;  
8
- 9 Exhibit \_\_\_\_ (RRP-7) Electric and Gas Rate Bases for the Historic Test  
10 Year Ended December 31, 2011, Rate Year Ending  
11 March 31, 2014, and Data Years Ending March 31,  
12 2015 and March 31, 2016;  
13
- 14 Exhibit \_\_\_\_ (RRP-8) Table of Inflation Factors;  
15
- 16 Exhibit \_\_\_\_ (RRP-9) Deferral Exhibits;  
17
- 18 Exhibit \_\_\_\_ (RRP-10) Various Historic Financial Exhibits for Calendar  
19 Years 2006 through 2010; and  
20
- 21 Exhibit \_\_\_\_ (RRP-11) Workpaper Data Supporting Certain Exhibits  
22
- 23 **Q. What is the historic test year in this proceeding?**
- 24 A. The historic test year in this proceeding is the 12 months ended December 31,  
25 2011 (“Historic Test Year”). The Historic Test Year data consists of the costs  
26 recorded on the books of Niagara Mohawk, including: (i) costs from within  
27 the Company; (ii) costs charged to Niagara Mohawk from National Grid  
28 Service Company and the three legacy KeySpan service companies (National  
29 Grid Corporate Services, LLC, National Grid Engineering & Survey, Inc., and  
30 National Grid Utility Services, LLC, collectively, the “KeySpan Service

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1 Companies”) (collectively, the “Service Company”); and (iii) costs charged to  
2 Niagara Mohawk from other affiliated companies.

3  
4 **Q. What Historic Test Year and Rate Year information is the Company**  
5 **presenting?**

6 A. The Company is presenting electric and gas operating results for the Historic  
7 Test Year and forecast data for the rate year, which is the 12 months ending  
8 March 31, 2014 (“Rate Year”). In addition, the Company is including  
9 forecast data for the 12 months ending March 31, 2015 (“Data Year 1”) and  
10 March 31, 2016 (“Data Year 2”) (collectively, the “Data Years”) for  
11 information purposes and to facilitate the possibility of a multi-year rate  
12 settlement in this proceeding. The forecast data provides the basis for  
13 computing the revenue requirement for the Rate Year and Data Years in this  
14 proceeding. The information presented in this filing is consistent with that  
15 required under the Commission’s *Statement of Policy on Test Periods in*  
16 *Major Rate Proceedings*.

17  
18 **Q. What are Niagara Mohawk’s revenue requirements and associated**  
19 **revenue deficiencies based on current rates for the electric and gas**  
20 **businesses?**

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1 A. Based on the cost of services set forth in the Company's filing, for the Rate  
2 Year, Niagara Mohawk's revenue deficiency for the electric business is  
3 \$130.682 million and \$39.840 million for the gas business, based on a 10.55  
4 percent return on equity and a 51.4 percent common equity ratio, as  
5 recommended by Company Witnesses Robert B. Hevert and Mustally A.  
6 Hussain. If a three year settlement is reached, the Company proposes that a  
7 return on equity of 10.90 percent be used to calculate the revenue requirement,  
8 as recommended by Mr. Hevert.

9  
10 In the absence of the rate relief requested in this filing, Niagara Mohawk  
11 projects that it would earn a rate of return in the Rate Year of 5.45 percent for  
12 the electric business and 5.23 percent for the gas business, which equates to a  
13 return on equity of 6.79 percent and 6.30 percent, respectively.

14  
15 **Q. How does Niagara Mohawk propose to address the current revenue**  
16 **deficiencies?**

17 A. The Company is proposing to reset base electric delivery rates, which were  
18 last set in the 2010 Electric Rate Case, to permit recovery of the cost of  
19 providing service and earn a fair return. The Company's filing has been timed  
20 such that all of the electric customer classes (with the exception of the outdoor  
21 lighting classes) will see an electric delivery rate decrease. Specifically, to

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1 provide a measure of rate stability to electric customers, the Company has  
2 timed this filing to coincide with the expiration of the deferral recovery  
3 surcharge on March 31, 2013, which is providing annual recovery of  
4 approximately \$190 million. The \$190 million represents an estimated  
5 annualized amount of the total deferral recovery authorized of \$240 million.  
6 Because the expiration of the deferral recovery surcharge more than offsets  
7 the revenue deficiency, the Company is proposing to take no action on its net  
8 electric deferral account balances at this time. The Company is also  
9 proposing to reset base gas delivery rates, which were last set in Case 08-G-  
10 0609 ("2008 Gas Rate Case"), to eliminate the forecast revenue deficiency of  
11 \$39.840 million for the gas business. The forecast deficiency is partially  
12 offset by the elimination of a base rate allowance of \$15.324 million of  
13 deferral recovery, for a net base rate increase of \$24.516 million. To partially  
14 offset the rate increase to gas customers, the Company is proposing to  
15 amortize its net gas deferral account balances over three years, resulting in a  
16 \$14.104 million credit to gas customers in each of those years. The result is a  
17 net base gas delivery rate increase of \$10.412 million.

18  
19 **Q. Please describe Exhibit \_\_\_\_ (RRP-1).**

20 A. Exhibit \_\_\_\_ (RRP-1) consists of an electric and gas Summary Page showing  
21 the calculation of Niagara Mohawk's electric and gas operating incomes for

## Testimony of the Revenue Requirements Panel

1 the Historic Test Year and Rate Year. The exhibit presents the computation of  
2 the base electric and gas revenues in this proceeding, comprising:

- 3 • Revenues and Gross Margin for the Rate Year and Data Years at  
4 present rates supported by Exhibit \_\_\_\_ (E-RDP-4) and Exhibit \_\_\_\_ (G-  
5 RDP-2);
- 6 • O&M Expenses supported by Exhibit \_\_\_\_ (RRP-3);
- 7 • Amortization of Regulatory Deferrals supported by Exhibit \_\_\_\_ (RRP-  
8 7);
- 9 • Depreciation, Amortization, and Loss on Disposition supported by  
10 Exhibit \_\_\_\_ (RRP-4);
- 11 • Taxes Other Than Income Taxes supported by Exhibit \_\_\_\_ (RRP-5);
- 12 • Total Income Taxes supported by Exhibit \_\_\_\_ (RRP-6); and
- 13 • Rate Base supported by Exhibit \_\_\_\_ (RRP-7).

14  
15 The electric and gas Summary Pages contain eight columns that show by  
16 component: (i) the Historic Test Year actual operating income at present rates;  
17 (ii) adjustments to normalize the Historic Test Year; (iii) adjustments to  
18 reflect conditions in the Rate Year; (iv) the Rate Year operating income at  
19 present rates; (v) the base revenue increase required by the Company; (vi) the  
20 Rate Year operating income with the base revenue increase; (vii) deferral



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1 credits; and (viii) the Rate Year operating income with the base revenue  
2 increase and the deferral credits.

### 3 4 **III. O&M Expenses**

#### 5 **Q. Please explain the methodology for developing the forecast of O&M** 6 **expenses in the Rate Year and Data Years.**

7 A. To develop the forecasts, the Company began by determining the costs  
8 incurred in the Historic Test Year for the various expense types. Next, the  
9 Company reviewed Historic Test Year charges to determine whether specific  
10 costs should be normalized, for example, as out-of-period, misallocated, or  
11 onetime charges. The inflation factors set forth in Exhibit \_\_\_\_ (RRP-8) were  
12 then applied to the majority of expense types to forecast the Rate Year and  
13 Data Years. Forecasts of certain expenses were developed using a more  
14 comprehensive methodology than simply adjusting for inflation. For  
15 example, labor expense was developed by annualizing the monthly and  
16 weekly employees on payroll as of December 31, 2011, adjusting for known  
17 changes to the employee headcount, and applying contractual and projected  
18 wage increases to forecast the Rate Year and Data Years. Additionally, the  
19 Company adjusted forecast O&M expenses to reflect, for example, Niagara  
20 Mohawk's allocable share of US Restructuring Program savings not otherwise  
21 reflected in the Historic Test Year, as shown in Exhibit \_\_\_\_ (RRP-3),

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1 Schedule 48, and the change in costs as a result of implementing the revised  
2 general allocator and other cost allocators, both of which are discussed later in  
3 this testimony.

4  
5 **Q. Please describe the process the Company undertook to review Historic**  
6 **Test Year costs.**

7 A. As described in the testimony of the Service Company Panel, the Company  
8 conducted an extensive review of Historic Test Year O&M charges. The  
9 review was divided between (i) costs charged to Niagara Mohawk and its  
10 affiliates (direct or allocated) from the Service Company, and (ii) costs  
11 charged to Niagara Mohawk from Niagara Mohawk or its affiliates. Ernst &  
12 Young, LLP (“EY”) was hired to assist with the review of Service Company  
13 charges. The Company separately reviewed charges originating from Niagara  
14 Mohawk and its affiliates. As a further measure of review, the Company  
15 organized O&M charges originating from the Service Company and from  
16 Niagara Mohawk and its affiliates by project title, and scrutinized the projects  
17 to identify additional onetime and misallocated charges that should be  
18 normalized from the Historic Test Year.

19  
20 **Q. How did the Company normalize the Historic Test Year for the**  
21 **adjustments recommended by EY?**

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1     A.     Based on its review of \$1.023 billion out of a total population of \$1.621  
2           billion in Service Company transactions, EY recommended adjustments that  
3           resulted in an increase to Niagara Mohawk's Historic Test Year electric and  
4           gas O&M expenses of \$1.627 million and \$0.049 million, respectively. EY's  
5           recommended adjustments for the electric and gas businesses are set forth in  
6           its report (Exhibit \_\_\_\_ (SCP-5)), which includes detailed appendices for each  
7           of the four sources of charges reviewed (accounts payable, payroll expense,  
8           employee expense, and general ledger journal charges), identifying, for  
9           example, each vendor, the number of line items of accounting reviewed for  
10          each, and the proposed adjustments. Niagara Mohawk reviewed and accepted  
11          EY's adjustments. Thereafter, the Company reflected them as overall  
12          normalizing adjustments to Historic Test Year electric and gas O&M expense,  
13          as shown in Exhibit \_\_\_\_ (RRP-3), Schedule 49, with one modification. EY  
14          recommended a reclassification of \$0.694 million between the electric and gas  
15          businesses associated with Thrift Plan expense. However, the Company had  
16          already corrected for this adjustment in allocating Thrift Plan expense 83/17  
17          percent to the electric and gas businesses, as shown in Exhibit \_\_\_\_ (RRP-3),  
18          Schedule 25. Therefore, the Company removed this amount from EY's  
19          recommended adjustments, as shown on Page 5 of Schedule 49. The  
20          remaining adjustments were increased by inflation to derive the forecasts for  
21          the Rate Year and the Data Years.

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1   **Q.   How did the Company reflect the adjustments from its review of charges**  
2       **originating from Niagara Mohawk and its affiliates?**

3   A.   The adjustments associated with the Company's review of charges originating  
4       from Niagara Mohawk and its affiliates are presented in Exhibit \_\_\_\_ (RRP-2).  
5       Exhibit \_\_\_\_ (RRP-2) consists of a Summary and five Schedules. The  
6       Summary shows normalizing adjustments that decrease Niagara Mohawk's  
7       Historic Test Year electric and gas O&M expenses by \$26.741 million and  
8       \$2.312 million, respectively. The Summary is organized by expense type and  
9       categorized by the type of review the Company performed. The Service  
10      Company Panel describes the reviews the Company conducted. Schedule 1  
11      lists the normalizing adjustments made to accounts payable charges. Schedule  
12      2 lists the normalizing adjustments made to employee expenses. Schedule 3  
13      shows the normalizing adjustments made by projects, which includes  
14      adjustments for onetime Service Company charges. Schedule 4 lists the  
15      normalizing adjustments by vendor name. Schedule 5 shows the normalizing  
16      adjustments made to general ledger charges.

17  
18   **Q.   What assumptions did the Company make regarding non-labor inflation?**

19   A.   Except where specifically identified otherwise, the Company applied the non-  
20      labor inflation factor of 4.2785 percent to all non-labor expenses in the  
21      Historic Test Year to forecast the Rate Year. This factor is equivalent to a

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1 1.8794 percent average annual increase between the Historic Test Year and  
2 the Rate Year. The Company applied the non-labor inflation factor of 2.1252  
3 percent to forecast Data Year 1 and 2.2000 percent to forecast Data Year 2.  
4 These factors represent the forecast change in the GDP Chained Price Index  
5 obtained from the Blue Chip Economic Indicators, as provided in Exhibit \_\_\_\_  
6 (RRP-8). The testimony of Company Witness Joseph F. Gredder supports the  
7 calculation of the non-labor inflation factor.

8

9 **Q. What is the basis for the Rate Year and Data Years allocations between**  
10 **expense and capital?**

11 A. Except as otherwise indicated, costs in the Rate Year and Data Years are  
12 allocated between expense and capital consistent with their Historic Test Year  
13 allocation.

14

15 **Q. How were costs that relate to both the electric and gas businesses**  
16 **allocated?**

17 A. Niagara Mohawk allocated costs common to both the electric and gas  
18 businesses 83 percent and 17 percent, respectively, based on a study the  
19 Company performed for this rate filing. The study can be found in Exhibit  
20 \_\_\_\_ (SCP-7), and is discussed in the testimony of the Service Company Panel.

21

## Testimony of the Revenue Requirements Panel

1   **Q.    Please explain Exhibit \_\_\_\_ (RRP-3).**

2    A.    Exhibit \_\_\_\_ (RRP-3) includes 52 Schedules and a Summary that shows total  
3           departmental O&M expense for the Historic Test Year of \$1.053 billion for  
4           the electric business and \$201.506 million for the gas business, and a forecast  
5           for the Rate Year of \$1.007 billion for the electric business and \$180.959  
6           million for the gas business. The Summary also shows forecasts of total  
7           departmental O&M expense for Data Years 1 and 2 of \$980.319 million and  
8           \$939.641 million, respectively, for the electric business and \$164.389 million  
9           and \$149.342 million, respectively, for the gas business.

10

11       Each Schedule pertains to a specific expense type and contains a minimum of  
12       five pages of detail. Page 1 of each Schedule consists of three sections that  
13       show for each expense type: (i) the Historic Test Year actual electric and gas  
14       expense per books by Provider Company; (ii) the adjustments to normalize the  
15       Historic Test Year electric and gas expense by Provider Company; and (iii)  
16       the adjusted Historic Test Year electric and gas expense by Provider  
17       Company. A Provider Company (also referred to as an originating company)  
18       is any company that charged Niagara Mohawk for services. For purposes of  
19       the Schedules, Provider Company National Grid USA Service Company  
20       refers to both National Grid Service Company and the KeySpan Service  
21       Companies. Page 2 of each Schedule also consists of three sections that show

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1 for each expense type: (i) the adjusted Historic Test Year information from  
2 Page 1; (ii) the adjustments made to the electric and gas expenses in the  
3 Historic Test Year to reflect conditions in the Rate Year (*e.g.*, inflation) by  
4 Provider Company; and (iii) the adjusted Rate Year electric and gas expense  
5 by Provider Company. Page 3 pertains to the electric business only and  
6 consists of the adjusted Rate Year electric expense information from Page 2;  
7 the adjustments made to electric expenses in the Rate Year to reflect  
8 conditions in Data Years 1 and 2 (*e.g.*, inflation); and the adjusted Data Years  
9 1 and 2 electric expense by Provider Company. Page 4 contains the same  
10 information as Page 3 for the gas business. Page 5 consists of an explanation  
11 of the adjustments presented on Pages 1, 2, 3, and 4.

12  
13 The normalizing adjustments associated with the review of Historic Test Year  
14 O&M expenses are contained in two places. Adjustments associated with the  
15 Company's review of charges originating from Niagara Mohawk and its  
16 affiliates (which include the project review of Service Company and non-  
17 Service Company charges) are included as a separate line item on Page 5 of  
18 each Schedule, where applicable, labeled "Test Year Analysis Adjustments,"  
19 and relate back to Exhibit \_\_\_\_ (RRP-2). Adjustments related to EY's review  
20 of Service Company charges are not reflected in Page 5, but presented as a

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1 separate adjustment to Historic Test Year electric and gas O&M expense, as  
2 shown in Exhibit \_\_\_\_ (RRP-3), Schedule 49.

3

4 Certain Schedules contain additional information.

5

6 **Q. Please explain the derivation of the Provider Company O&M expense on**  
7 **Pages 1 through 4 of each Schedule of Exhibit \_\_\_\_ (RRP-3).**

8 A. As explained in the testimony of the Service Company Panel, there are several  
9 National Grid entities that provide services directly and indirectly to Niagara  
10 Mohawk. The charges associated with those services are either directly  
11 charged to Niagara Mohawk, or aggregated into bill pools and allocated  
12 among the various National Grid affiliates (including Niagara Mohawk) that  
13 receive the services. For example, when National Grid Service Company  
14 performs a service for the benefit of a single company, that company is  
15 directly charged for that service. If the service is for the benefit of multiple  
16 companies, however, the charge is allocated to those companies using an  
17 appropriate bill pool. Pages 1 through 4 detail charges to Niagara Mohawk  
18 from the Provider Companies, including the Service Company, and from all  
19 other affiliated companies providing the Company with services.

20



## Testimony of the Revenue Requirements Panel

1   **Q.    How did the Company normalize the Historic Test Year to reflect the**  
2       **change in the general and cost causation allocators?**

3    A.    As described by the Service Company Panel, the Company is making  
4       revisions to the general and other cost allocators that will have an impact on  
5       the Rate Year and Data Years. The Service Company Panel discusses the  
6       analysis the Company performed to derive the change in Historic Test Year  
7       costs as a result of these revisions. Use of the revised allocators results in a  
8       significant decrease in costs in the Historic Test Year for the electric business  
9       and a modest increase in costs for the gas business, as shown in Exhibit \_\_\_\_  
10      (SCP-7). Adjustments to normalize the Historic Year and forecast the Rate  
11      Year and Data Years are reflected in Exhibit \_\_\_\_ (RRP-3), Schedule 51, and  
12      discussed later in this testimony.

13

14   **Q.    Please explain the expense specific Schedules in Exhibit \_\_\_\_ (RRP-3).**

15    A.    The expense specific schedules are as follows.

16

17       **Schedule 1 – Consultants**

18       Schedule 1 consists of five pages and shows the electric and gas costs  
19       associated with external consultants performing services for the Company.

20       Page 5 details adjustments to normalize the Historic Test Year, including

21       adjustments to reclassify accounting, legal, energy efficiency, and vegetation

## Testimony of the Revenue Requirements Panel

1 management costs. The Company reclassified these costs and reflected them  
2 in individual schedules (discussed later in the Panel’s testimony) to provide  
3 greater transparency of these costs. The Company also made an inflation  
4 adjustment to the remaining Historic Test Year costs.

### 5 6 **Schedule 2 – Contractors**

7 Schedule 2 consists of five pages and shows the electric and gas costs  
8 associated with external contractors performing services for the Company.  
9 Page 5 details adjustments to normalize the Historic Test Year, including an  
10 adjustment to reflect the write off of certain Regional Delivery Venture  
11 (“RDV”) costs (discussed later in this testimony) and adjustments to reclassify  
12 accounting, legal, energy efficiency, and vegetation management costs for the  
13 reason discussed above. The Company also made an adjustment to remove  
14 incremental costs associated with major storms. This adjustment and the  
15 similar ones that follow are related to the Company’s proposal for the  
16 recovery of major storm costs and are explained later in this testimony. The  
17 Company made a further adjustment to increase the remaining Historic Test  
18 Year costs by inflation.

19

## Testimony of the Revenue Requirements Panel

### **Schedule 3 – Donations**

Schedule 3 consists of five pages and shows the electric and gas costs of charitable donations by the Company. Page 5 shows the removal of these costs from the Historic Test Year.

### **Schedule 4 – Employee Expenses**

Schedule 4 consists of five pages and shows the electric and gas costs associated with employee expenses. Page 5 details adjustments to normalize the Historic Test Year, including the removal of employee expenses associated with major storms. The Company applied the inflation factor to the remaining Historic Test Year employee expenses. Exhibit \_\_\_\_ (RRP-2), Schedule 2, shows the removal of the employee expenses of senior officers from the cost of service.

### **Schedule 5 – Computer Hardware**

Schedule 5 consists of five pages and shows the electric and gas costs of computer hardware used by the Company. Page 5 details adjustments to normalize the Historic Test Year and an inflation adjustment.

## Testimony of the Revenue Requirements Panel

### **Schedule 6 – Computer Software**

Schedule 6 consists of five pages and shows the electric and gas costs of computer software used by the Company. Page 5 details adjustments to normalize the Historic Test Year and an adjustment to increase the remaining Historic Test Year costs by inflation.

### **Schedule 7 – Other**

Schedule 7 consists of five pages and shows costs incurred by the Company for electric and gas utility purposes that are not otherwise identified in specific expense types. Page 5 details several adjustments to normalize the Historic Test Year, including the removal of incremental costs associated with major storms, the reclassification of accounting, legal, energy efficiency, and vegetation management costs, and an adjustment to transfer \$2.693 million to Schedule 8 (Rent Expense) to more accurately reflect the costs in the appropriate expense type. The Company applied the inflation adjustment to the remaining Historic Test Year costs.

### **Schedule 8 – Rent Expense**

Schedule 8 consists of 17 pages and shows the electric and gas rent expense incurred by the Company. The first five pages are the same as the other Schedules, with Pages 5 through 6 detailing several adjustments to normalize

## Testimony of the Revenue Requirements Panel

1 the Historic Test Year and adjustments to reflect conditions in the Rate Year  
2 and Data Years. Pages 8 through 17 provide greater detail on the elements of  
3 cost by sub-function, as discussed below.

4  
5 **Q. What are the major components of rent expense?**

6 A. The major components of rent expense include facilities leases, information  
7 systems (“IS”) leases, transmission related leases (*e.g.*, right-of-way  
8 payments), and all other rent expense, such as data center, printing, and  
9 copying leases. Page 7 shows costs in the Historic Test Year and forecast  
10 Rate Year and Data Years organized by these four sub-functions. Subsequent  
11 pages provide greater detail on each cost component.

### 12 13 Facilities Leases

14 **Q. How did the Company develop the forecast for facilities leases?**

15 A. The forecast is based on the expected lease payments for Niagara Mohawk’s  
16 lease obligations and the Company’s allocated share of Service Company  
17 lease obligations. Pages 8 through 10 detail facilities lease expense by leased  
18 property, segregated by facilities that are owned by Niagara Mohawk (“direct  
19 costs”) and facility costs that are allocated to Niagara Mohawk (“indirect  
20 costs”).

## Testimony of the Revenue Requirements Panel

1   **Q.    What rate of return did the Company apply to assets owned by or**  
2       **financed through the Service Company?**

3    A.    The Company applied a weighted average pre-tax cost of capital (“pre-tax  
4       WACC”) of 9.76 percent to calculate capital charges from the Service  
5       Company to Niagara Mohawk. However, in the event of a three year  
6       settlement in this case, the Company proposes that a pre-tax WACC of 10.03  
7       percent be applied to calculate Service Company capital charges to Niagara  
8       Mohawk. The testimony of the Service Company Panel addresses the  
9       calculation of the pre-tax WACC for capital charges from the Service  
10      Company.

11

### 12       IS Leases

13   **Q.    How did the Company develop the forecast for IS leases?**

14    A.    The forecast is based on the amortization and return on existing and forecast  
15       IS projects. The return on IS capital projects is based on the pre-tax WACC  
16       of 9.76 percent, as noted above. This return is applied to the unamortized  
17       asset balance less accumulated deferred income taxes, where appropriate, for  
18       IS projects. Pages 11 through 12 detail IS leases from the Service Company,  
19       segregated by projects placed into service prior to or during the Historic Test  
20       Year, and by projects to be placed into service in the Rate Year and Data

## Testimony of the Revenue Requirements Panel

1        Years. Rent expense for the US Foundation Program is included in the  
2        forecast.

3

4        **Q.    How did the Company calculate rent expense for the US Foundation**  
5        **Program?**

6        A.    The Company calculated rent expense for the US Foundation Program similar  
7        to all other IS projects. The costs of the project were amortized over ten  
8        years, beginning October 2012, and allocated to Niagara Mohawk based on its  
9        allocable share of the costs.

10

11        Transmission Leases

12        **Q.    Please explain how transmission leases were calculated.**

13        A.    Pages 13 through 14 detail transmission-related lease costs, consisting mainly  
14        of right-of-way payments. The forecast amounts are based on the existing  
15        contract for the Volney Marcy Right-of-Way plus the Historic Test Year  
16        amounts for other transmission related leases inflated to the Rate Year and  
17        Data Years using the inflation rate in Exhibit \_\_\_\_ (RRP-8).

18

19        Other Rent Expense

20        **Q.    Please explain how other rent expense was calculated.**

## Testimony of the Revenue Requirements Panel

1     A.     Pages 15 through 17 detail all other rent expense, such as data center, printing,  
2           and copying equipment leases, both directly and indirectly incurred. The  
3           forecast amounts are based on the Historic Test Year values inflated to the  
4           Rate Year and Data Years using the inflation rate in Exhibit \_\_\_\_ (RRP-8).

5

### 6           **Schedule 9 – Allowance for Funds Used During Construction (“AFUDC”)**

#### 7           **Debt**

8           Schedule 9 consists of five pages and shows the reversal of AFUDC in the  
9           Historic Test Year. The forecast expense for AFUDC debt in the Rate Year  
10          and Data Years is zero.

11

### 12          **Schedule 10 – Service Company Equity Credits**

13          Schedule 10 consists of five pages and shows the Service Company equity  
14          credits accrued by the Company relating to Service Company benefits (such  
15          as tax benefits) allocated to affiliated companies. Page 5 details the  
16          reallocation of a portion of this item from electric to gas to normalize the  
17          Historic Test Year. The remaining Historic Test Year costs are adjusted by  
18          inflation.

19



## Testimony of the Revenue Requirements Panel

### Schedules 11 through 17 – Other Costs and Credits

Schedules 11 through 17 each consist of five pages and show other electric and gas costs incurred by the Company and reimbursements by customers to the Company. Page 5 of each Schedule details adjustments to normalize the Historic Test Year and an inflation adjustment.

The Schedules consist of the following:

Schedule 11 – Conservation Load Management

Schedule 12 – Construction Reimbursement

Schedule 13 – Company Contributions/Credits to Jobs

Schedule 14 – Bill Interface Expense Type

Schedule 15 – Capital Overheads

Schedule 16 – Supervision and Administration

Schedule 17 – Service Company Operating Costs

### Schedule 18 – Sales Tax

Schedule 18 consists of five pages and shows miscellaneous sales taxes incurred by the Company. Page 5 details adjustments to normalize the Historic Test Year, including an adjustment to remove major storm incremental costs and an adjustment to increase the remaining Historic Test Year costs by inflation.

## Testimony of the Revenue Requirements Panel

### **Schedules 19 and 24 – Other Post Employment Benefits and Pension**

### **Expenses**

Schedules 19 and 24 each consist of seven pages that detail the estimated costs and assumptions associated with other post employment benefits (“OPEB”) and pension expenses.

**Q. How were OPEB and pension expenses addressed in the 2010 Electric Rate Case and the 2008 Gas Rate Case?**

A. In the 2010 Electric Rate Case, the Commission set rate allowances for OPEB and pension expenses of \$102.801 million and \$46.954 million, respectively. In the 2008 Gas Rate Case, the Company stipulated to allowed levels of OPEB and pension expenses, which were subsequently adjusted to \$22.9 million and \$10.3 million, respectively, pursuant to the Gas Joint Proposal’s second year limited re-opener provisions. The Company reconciles the rate allowances with the actual electric and gas OPEB and pension expenses it books for GAAP purposes, and defers under or over recoveries pursuant to the Commission’s *Statement of Policy on Pensions and Other Post Employment Benefits*.

**Q. How did the Company develop the forecasts of OPEB and pension expenses for the Rate Year and Data Years?**

## Testimony of the Revenue Requirements Panel

1     A.     The forecasts of electric and gas OPEB and pension expenses were based on  
2           projections prepared by the Company's actuaries, AonHewitt. Based on  
3           AonHewitt's projections of the anticipated expenses, as shown in Schedules  
4           19 and 24, Niagara Mohawk is proposing to decrease the allowances included  
5           in electric rates in the Rate Year and Data Years 1 and 2 to \$36.586 million,  
6           \$35.078 million, and \$26.124 million, respectively, for OPEB expense, and  
7           increase the allowance in electric rates to \$47.477 million in the Rate Year for  
8           pension expense, but decrease the allowances to \$30.582 and \$23.317 for Data  
9           Years 1 and 2. Similarly, based on AonHewitt's projections, the Company is  
10          proposing to decrease the allowances included in gas rates in the Rate Year  
11          and Data Years 1 and 2 to \$7.494 million, \$7.185 million, and \$5.351 million,  
12          respectively, for OPEB expense and \$9.724 million, \$6.264 million, and  
13          \$4.776 million, respectively, for pension expense, as illustrated in Schedules  
14          19 and 24. The Company proposes to continue the reconciliation procedures  
15          set forth in the Commission's *Statement of Policy on Pensions and Other Post*  
16          *Employment Benefits* and the Rate Plan Provisions filed for approval with the  
17          Commission in Case 10-E-0050 on January 31, 2012 ("Rate Plan  
18          Provisions"). The rate allowances for purposes of the reconciliation are set  
19          forth in Exhibit \_\_\_\_ (RRP-9), Schedule 2. The Company's efforts to control  
20          pension and OPEB expenses, along with a discussion of the investment

## Testimony of the Revenue Requirements Panel

1 strategy for pension plan assets, are discussed in the testimony of the Human  
2 Resources Panel.

### 3 4 **Schedules 20, 21, 22, 23, 25, and 26 – Fringe Benefits**

5 Schedules 20, 21, 22, 23, 25, and 26 represent employee fringe benefits,  
6 exclusive of OPEB and pension costs, as follows:

7 Schedule 20 – FAS 112 Long-Term Disability Retirement

8 Schedule 21 – Healthcare

9 Schedule 22 – Group Life Insurance

10 Schedule 23 – Other Benefits (primarily aid to education)

11 Schedule 25 – Thrift Plan (401k matching)

12 Schedule 26 – Worker’s Compensation

13  
14 Each Schedule consists of six pages. Pages 1 through 4 present the electric  
15 and gas costs associated with fringe benefits in the Historic Test Year and the  
16 forecast Rate Year and Data Years. Page 5 details adjustments to normalize  
17 the Historic Test Year and inflation adjustments, where necessary, to forecast  
18 the Rate Year and Data Years. Page 6 presents the fully normalized Historic  
19 Test Year balances allocated to the electric and gas businesses.  
20

## Testimony of the Revenue Requirements Panel

1   **Q.   How were the adjustments to normalize the Historic Test Year**  
2       **developed?**

3   A.   Page 6 sets forth the standard process utilized to normalize costs incurred in  
4       the Historic Test Year. For charges made directly to Niagara Mohawk, the  
5       Company started with the Historic Test Year's total expenses (gross expenses  
6       prior to any adjustment for capitalization, but net of charges or credits that  
7       apply to another time period). Next, except for Expense Type B05 (Other  
8       Benefits), the Company applied a uniform Historic Test Year capitalization  
9       rate of 38.66 percent, which is based on the ratio in the Historic Test Year of  
10      capitalized labor to total labor for Niagara Mohawk, to arrive at the total  
11      (electric and gas) fringe benefit expense, 83 percent of which was allocated to  
12      the electric business and 17 percent to the gas business.

13

14   **Q.   How did the Company treat Expense Type B05 – Other Benefits, which is**  
15       **detailed in Schedule 23?**

16   A.   Expense Type B05 (Other Benefits) is not capitalized. This is largely because  
17       of the relatively small dollars associated with this expense.

18

19   **Q.   Please explain the methodology for allocating fringe benefits to capital.**

## Testimony of the Revenue Requirements Panel

1 A. The portion of total fringe benefit expense allocated to capital was the same as  
2 the portion of total labor allocated to capital, which was based on historic  
3 percentages.

4  
5 **Q. Is the Company proposing any changes to the way it applies labor**  
6 **burdens?**

7 A. Yes. Currently, the Company's two accounting systems, Oracle and  
8 PeopleSoft, treat labor burdens differently. The Oracle system applies labor  
9 burdens to base labor and total overtime labor (*i.e.*, base overtime plus  
10 incremental overtime). In contrast, the PeopleSoft system applies labor  
11 burdens to base labor and base overtime, but not incremental overtime. With  
12 the conversion to SAP, the Company proposes to utilize the Oracle  
13 methodology for labor burdens to provide a uniform treatment that better  
14 allocates benefit costs. The proposed change has a minimal impact on the  
15 overall benefit costs that are charged to Niagara Mohawk.

16  
17 **Q. Please explain the electric and gas allocation percentage adjustments on**  
18 **Page 5 of the Schedules.**

19 A. These adjustments correct for those occasions when fringe benefit charges in  
20 the Historic Test Year were not allocated 83 percent/17 percent between the  
21 electric and gas businesses.

## Testimony of the Revenue Requirements Panel

1   **Q.   Please describe the method for normalizing the fringe benefits of Service**  
2       **Company employees charged to Niagara Mohawk.**

3   A.   Similar to the fringe benefits charged to Niagara Mohawk, the Company  
4       started with the total Service Company charges to Niagara Mohawk for fringe  
5       benefit expense (gross expenses prior to any adjustment for capitalization) and  
6       removed any out-of-period charges or credits. The Company then allocated  
7       the total fringe benefit expense on the same basis that Service Company  
8       historic labor is allocated to Niagara Mohawk, or 26.14 percent. As discussed  
9       above, the fringe benefits were allocated 83 percent to the electric business  
10      and 17 percent to the gas business. This is shown on Page 6 of the Schedules.

### 11 12   **Schedule 27 – Payroll Taxes**

13      Schedule 27 consists of five pages and pertains to payroll taxes incurred by  
14      the Company. Because payroll taxes are more properly presented in taxes  
15      other than income taxes, Page 5 shows the reclassification of payroll taxes  
16      from O&M expense to taxes other than income taxes.

### 17 18   **Schedules 28 through 30 – Materials**

19      Schedules 28 through 30 each consist of five pages and show costs related to  
20      materials purchased from outside vendors, materials released from inventory,  
21      and material stores handling costs incurred by the Company. Page 5 details

## Testimony of the Revenue Requirements Panel

1 adjustments to normalize the Historic Test Year, including an adjustment to  
2 remove incremental costs associated with major storms. In addition, as shown  
3 on Schedule 28, the Company made an adjustment to reflect the Company's  
4 proposed paperless billing program and an adjustment to reflect a known  
5 increase in postage occurring in the Rate Year. The Company also made an  
6 adjustment to increase the remaining Historic Test Year costs by inflation.

7

8 The Schedules consist of the following:

9 Schedule 28 – Materials from Outside Vendors

10 Schedule 29 – Materials from Inventory

11 Schedule 30 – Materials Stores Handling

12

13 **Q. Please explain the Company's paperless billing program.**

14 A. As described in more detail in the testimony of the Shared Services and  
15 Customer Panel, the Company proposes to offer a bill credit in the Rate Year  
16 to customers who elect to receive their bills electronically instead of a paper  
17 bill. The credit reflects the costs the Company would avoid by issuing an  
18 electronic bill instead of a paper bill (*e.g.*, paper, postage, envelope costs).

19

20 **Q. Is an adjustment to the Historic Test Year required to implement the**  
21 **proposed credit?**



## Testimony of the Revenue Requirements Panel

1 A. Yes. Under the Company's proposal, customers who elect electronic billing  
2 in the Rate Year, along with customers who already elected electronic billing  
3 in the Historic Test Year, would receive a bill credit in the Rate Year. To  
4 provide the credit to the existing electronically billed customers, an  
5 adjustment to the Historic Test Year is required to add back the avoided cost  
6 of issuing a paper bill to these customers so that the cost can be passed back to  
7 them in the Rate Year through an equal and offsetting credit.

8  
9 **Q. Are other adjustments to the Historic Test Year required for the**  
10 **paperless billing program?**

11 A. No. However, it should be noted that the paperless billing program is one of  
12 the US Restructuring Program non-labor savings initiatives, as reflected in  
13 Exhibit \_\_\_\_ (RRP-11), the Workpaper to Exhibit \_\_\_\_ (RRP-3), Schedule 48,  
14 Workpaper 2, Page 6. In lieu of including the savings from this program in  
15 the overall US Restructuring savings adjustment, the Company is proposing to  
16 pass back the savings to customers opting for paperless bills through the  
17 proposed bill credit.

18

### 19 **Schedule 31 – Labor**

20 Schedule 31 contains all O&M labor expense. The Schedule consists of 36  
21 pages and presents the electric and gas labor expense forecasts for the Rate

## Testimony of the Revenue Requirements Panel

1 Year and Data Years. Schedule 31 also presents the adjustments the  
2 Company made to normalize the Historic Test Year and forecast labor  
3 expense for the Rate Year and Data Years. The Schedule provides this  
4 information by Provider Company.

5  
6 **Q. Please explain the components of Schedule 31.**

7 A. The first five pages of Schedule 31 depict the total electric and gas labor  
8 charges that were expensed for the Historic Test Year and Rate Year. Pages 6  
9 and 7 contain the calculation of adjusted Historic Test Year and forecast Rate  
10 Year labor expense for the electric business. Pages 8 and 9 contain the  
11 calculation of adjusted Historic Test Year and forecast Rate Year labor  
12 expense for the gas business. Pages 10 through 15 present the allocation of  
13 total annualized adjusted base labor expense and adjusted variable  
14 compensation labor expense by Provider Companies to Niagara Mohawk.  
15 Pages 16 through 19 present labor expense charged by Provider Company by  
16 electric and gas, capital, expense, and other for the Historic Test Year. Pages  
17 20 through 23 present the same information for the adjusted Historic Test  
18 Year. Pages 24 through 27 present the same information for the Rate Year.  
19 Pages 28 through 31 present this information for Data Year 1. Pages 32  
20 through 35 present this information for Data Year 2. Page 36 depicts the

## Testimony of the Revenue Requirements Panel

1 number of forecast full-time equivalent employees (“FTEs”) by Provider  
2 Company for the Historic Test Year and the Rate Year.

3

4 **Q. Please explain the general methodology used to forecast labor expense for**  
5 **the Company.**

6 A. The Company incurs labor charges from Niagara Mohawk employees and  
7 from employees of National Grid Service Company and the KeySpan Service  
8 Companies. The Company also incurs labor charges from employees of other  
9 affiliated companies (“All Other Companies”) allocated to Niagara Mohawk.  
10 The forecast in Schedule 31 begins with the Historic Test Year aggregate  
11 operating expense labor costs for Niagara Mohawk, which are shown  
12 segregated by Provider Company. Additionally, Pages 16 through 19 show  
13 the Historic Test Year allocations of total labor charged by Niagara Mohawk  
14 (to itself), National Grid Service Company, and the KeySpan Service  
15 Companies. The Company forecast both components of labor costs: the costs  
16 Niagara Mohawk incurred and charged to itself and other companies and the  
17 labor costs incurred by National Grid Service Company, the KeySpan Service  
18 Companies, and All Other Companies that are charged to Niagara Mohawk.  
19 The forecast of total labor costs charged by Niagara Mohawk and the forecast  
20 of total labor costs charged by National Grid Service Company and the  
21 KeySpan Service Companies were developed utilizing adjusted FTEs as of

## Testimony of the Revenue Requirements Panel

1 December 31, 2011, which was the basis for the forecast Rate Year and Data  
2 Years. The results were prorated back by the accounting allocations for each  
3 Provider Company based on the Historic Test Year. Electric and gas labor  
4 expense incurred by and for Niagara Mohawk was the basis for the forecast of  
5 O&M expense, as set forth in the Summary Schedule of Exhibit \_\_\_\_ (RRP-3).  
6

7 **Q. How did the Company determine the appropriate labor headcount for the**  
8 **Rate Year?**

9 A. The Company began with the labor headcount at the end of the Historic Test  
10 Year for Niagara Mohawk, National Grid Service Company, and the KeySpan  
11 Service Companies. The count of management FTEs as of December 31,  
12 2011, as presented on Exhibit \_\_\_\_ (RRP-3), Schedule 31, Page 36, was 513  
13 for Niagara Mohawk, 2,062 for National Grid Service Company, and 1,743  
14 for the KeySpan Service Companies, for a total of 4,318 FTEs. The collective  
15 bargaining unit FTEs as of December 31, 2011 were 3,083 for Niagara  
16 Mohawk, 508 for National Grid Service Company, and 1,802 for the KeySpan  
17 Service Companies, for a total of 5,393 FTEs. The Company then adjusted  
18 the total management FTEs to 4,143 and the total collective bargaining unit  
19 FTEs to 5,371 to establish the base for the forecast.  
20

## Testimony of the Revenue Requirements Panel

1   **Q.    Please explain the adjustments the Company made to the labor**  
2       **headcounts.**

3    A.    The Company made the following six adjustments to the December 31, 2011  
4       labor headcount to reflect conditions in the Rate Year:

5       (i)    Removed 137 employees from the management headcount whose  
6       positions are non-enduring and will be eliminated prior to the Rate Year.

7       (ii)   Removed 100 employees from the management headcount and 211  
8       employees from the collective bargaining unit headcount for employees on  
9       long-term leave who are not expected to return.

10      (iii)   Removed 55 employees from the management headcount and 113  
11      employees from the collective bargaining unit headcount to reflect the  
12      divestiture of National Grid's New Hampshire distribution companies. .

13      (iv)   Added six employees to the collective bargaining unit headcount,  
14      which represents an annualized number of seasonal employees who work  
15      from April through October and, therefore, were not on payroll as of  
16      December 31, 2011.

17      (v)    Added 32 employees to the collective bargaining unit headcount to  
18      reflect minimum staffing levels established in the collective bargaining  
19      contract.

20      (vi)   Added 118 positions to the management headcount and 29 to the  
21      collective bargaining unit headcount to reflect vacancies that have been filled

## Testimony of the Revenue Requirements Panel

1 since the end of the Historic Test Year or are in the process of being filled.  
2 Exhibit \_\_\_\_ (RRP-11), the Workpaper to Exhibit \_\_\_\_ (RRP-3), Schedule 31,  
3 Workpaper 12, provides a breakout of the vacant positions by Provider  
4 Company.

5  
6 **Q. Please explain why employees who may not allocate time to Niagara**  
7 **Mohawk need to be reflected in the labor headcount of each Provider**  
8 **Company.**

9 A. As discussed above, the Company forecasts labor by first calculating total  
10 labor costs by Provider Company Niagara Mohawk, National Grid Service  
11 Company, and the KeySpan Service Companies. The Company next applies  
12 an allocation factor based on how labor was charged to Niagara Mohawk from  
13 these companies in the Historic Test Year. Therefore, all employees,  
14 regardless of how they charge their time, must be reflected in the calculation  
15 of total labor cost for each Provider Company to derive the correct total labor  
16 cost that will then be allocated to Niagara Mohawk based on Historic Test  
17 Year allocations.

18  
19 **Q. Please explain the adjustment to add vacancies to the headcount.**

20 A. As more fully described by the Human Resources Panel, the vacant positions  
21 following the new organizational design require individual skill sets that in

## Testimony of the Revenue Requirements Panel

1 many cases require National Grid to look for qualified employees outside the  
2 organization. To date, 129 positions have been filled, and the remaining 56  
3 positions are in the process of being filled. The support for the need to fill  
4 these vacancies is discussed in the testimony of the Electric and Gas  
5 Infrastructure and Operations Panels, the Human Resources Panel, and the  
6 Shared Services and Customer Panel.

7  
8 **Q. Please describe the process used to convert full time employees and part**  
9 **time employees into FTEs.**

10 A. Full time equivalent status, shown on Page 36 of Schedule 31, was computed  
11 by the following method:

12 (i) All full time employees were considered FTEs.

13 (ii) Part time employees were converted to FTEs using the following  
14 formula: Average Part Time Employee Salary divided by Average Full Time  
15 Employee Salary times Part Time Employee Count. For Niagara Mohawk,  
16 National Grid Service Company, and the KeySpan Service Companies, there  
17 were 3, 27, and 21 part time management employees, respectively, which  
18 equated to 1, 17, and 6 full time equivalents. The same procedure was used  
19 for represented employees. The companies had 28, 12, and 82 part time  
20 employees included in the represented labor base, which equated to 11, 6, and  
21 24 FTEs, respectively.

## Testimony of the Revenue Requirements Panel

1     **Q.   How was management labor expense calculated for the Rate Year and**  
2     **Data Years?**

3     A.   Management labor expense for the Rate Year and Data Years was calculated  
4         using average salaries in effect at December 31, 2011, including base and  
5         variable compensation. The average base salaries were adjusted for salary  
6         increases, applying a 3.37 percent salary increase to management labor in July  
7         2012, and a 3.0 percent increase to management labor in July 2013 through  
8         July 2015, as shown on Pages 10 through 15 of Schedule 31. This salary  
9         increase and an explanation of the base and variable compensation structure  
10        are addressed in the testimony of the Human Resources Panel.

11

12    **Q.   How was management variable compensation calculated for the Rate**  
13    **Year and Data Years?**

14    A.   The revenue requirement includes the portion of management variable  
15         compensation tied to the attainment of individual goals as well as metrics  
16         based on safety, reliability, customer responsiveness, stewardship, and  
17         optimization of cost of service measures (\$18.028 million for the electric  
18         business and \$3.077 million for the gas business). The Company is not  
19         seeking recovery of that portion of variable compensation tied to targets such  
20         as cash flow, earnings, and operating profits. To calculate management  
21         variable compensation for the Rate Year and Data Years, the Company first



## Testimony of the Revenue Requirements Panel

1 applied maximum plan payout ratios to average base salaries adjusted for  
2 salary increases. A target payout rate of 45 percent was then applied to the  
3 maximum variable compensation plan payout to calculate the forecast. The  
4 Human Resources Panel addresses the Company's compensation plan.

5

6 **Q. Has the Company reflected senior leadership variable compensation in**  
7 **the forecast?**

8 A. No. Senior leadership variable compensation is reflected on the books of the  
9 Company under the other income and deduction section of the income  
10 statement. As such, these costs are not included in O&M expense.

11

12 **Q. How was represented employees' labor expense calculated for the Rate**  
13 **Year and Data Years?**

14 A. The Company first normalized represented labor expense in the Historic Test  
15 Year for items such as double time and shift premiums to create an adjusted  
16 Historic Test Year. Next, the Company adjusted average base wages by  
17 applying a wage increase of 2.5 percent (based on the current collective  
18 bargaining agreement) annually in April 2012 through April 2015.

19

20 **Q. How was represented employees' variable compensation calculated for**  
21 **the Rate Year and Data Years?**

## Testimony of the Revenue Requirements Panel

1 A. The revenue requirement includes 100 percent of represented employees'  
2 variable compensation, which provides direct incentives for such employees  
3 to meet or exceed metrics tied to safe, reliable, and efficient performance, and  
4 is included in the current collective bargaining agreement with the union. The  
5 forecast for the Rate Year and Data Years was calculated by applying the  
6 target payout rate of 3.5 percent to average base wages adjusted for wage  
7 increases, double time, and shift premiums and overtime.

8

9 **Q. Please describe how overtime was calculated for the adjusted Historic**  
10 **Test Year total labor amounts.**

11 A. The ratio of overtime pay to base salary and wages was calculated for the  
12 Historic Test Year. These overtime rates were applied to the adjusted forecast  
13 management salaries and represented employees' wages for the Rate Year and  
14 Data Years. Overtime rates were calculated by expense, capital, and other  
15 charge categories and by electric and gas accounts. Thereafter, the Company  
16 made an adjustment to remove from the Historic Test Year \$8.790 million of  
17 overtime pay associated with major storms. This adjustment is discussed in  
18 the section of the testimony dealing with the Company's proposal to recover  
19 major storm costs.

20

21 **Q. Please describe the adjustments to miscellaneous pay for the Rate Year.**

## Testimony of the Revenue Requirements Panel

1 A. Miscellaneous pay was prorated based on the ratio of miscellaneous pay to  
2 base pay in the Historic Test Year. In addition, as shown in Schedule 31,  
3 Page 5, adjustments were made to remove miscellaneous pay expenses  
4 associated with senior management employees and all miscellaneous pay  
5 expenses associated with severance payments.  
6

7 **Q. Were any other adjustments made to the base Historic Test Year labor?**

8 A. Yes. As shown in Schedule 31, Page 5, the Company removed the portion of  
9 labor expense associated with its energy efficiency programs that is recovered  
10 through the System Benefits Charge (“SBC”), a reconciling surcharge  
11 mechanism.  
12

13 **Q. What percentage of labor costs did the Company forecast would be**  
14 **capitalized in the Rate Year?**

15 A. The Company forecast 38.66 percent of total labor costs would be capitalized  
16 in the Rate Year. The forecast is based on the Historic Test Year percentage  
17 of labor costs capitalized.  
18

19 **Q. Please describe 53<sup>rd</sup> week labor costs.**

20 A. Every five years there is an additional, or 53<sup>rd</sup>, pay week. Therefore, an  
21 amount equal to one-fifth of the weekly cost (*i.e.*, one day) is added to the

## Testimony of the Revenue Requirements Panel

1 labor cost to reflect the normalized cost of the 53<sup>rd</sup> week. Fifty-third week  
2 labor costs are associated with any employee who is paid weekly. Typically,  
3 these are represented employees. The 53<sup>rd</sup> week labor costs are added to the  
4 total Rate Year represented labor costs found on Pages 10 through 15 of  
5 Schedule 31.

6  
7 **Q. How were 53<sup>rd</sup> week labor costs calculated?**

8 A. 53<sup>rd</sup> week labor costs were calculated by taking the estimated annual Rate  
9 Year labor costs for weekly paid employees divided by 2,080 hours and  
10 multiplied by eight hours. The 2,080 hours represents the total number of  
11 hours worked in a normal calendar year and the eight hours represents the  
12 normal work hours in a day (*i.e.*, one-fifth of the week). The calculation was  
13 performed by salary band for full time represented employees and part time  
14 represented employees.

15  
16 **Schedule 32 – Transportation**

17 Schedule 32 consists of 17 pages and shows transportation costs incurred by  
18 the Company for its electric and gas businesses. The first five pages are the  
19 same as all other schedules, with Page 5 detailing adjustments to normalize  
20 the Historic Test Year and inflation adjustments to reflect conditions in the  
21 Rate Year and Data Years. Pages 6 through 17 provide greater detail on the

## Testimony of the Revenue Requirements Panel

1 elements of transportation costs, such as registration, fees and taxes, lease  
2 expense, and fuel costs.

3

4 **Q. What are the major cost drivers of transportation expense?**

5 A. The majority of costs associated with transportation expense pertain to (1)  
6 lease expense, (2) motor fuel, and (3) other expenses (*e.g.*, vehicle parts and  
7 maintenance costs). Pages 6 through 8 detail the cost components in the  
8 Historic Test Year, Rate Year, and Data Years. Pages 9 through 17 provide a  
9 further breakdown of the components in developing the forecast.

10

11 Transportation Lease Expense

12 **Q. Please describe the components of transportation lease expense.**

13 A. Transportation lease expense consists of vehicles on lease in the Historic Test  
14 Year that will remain on lease through the Rate Year, and vehicles on lease in  
15 the Historic Test Year that will be replaced before or during the Rate Year.

16

17 **Q. How did the Company develop the forecast for transportation lease  
18 expense?**

19 A. The Company began with the vehicle inventory as of December 31, 2011.  
20 From that, the Company first forecast the lease expense for existing leases as  
21 of December 31, 2011 through the term of the leases. Second, the Company

## Testimony of the Revenue Requirements Panel

1 added the forecast of lease expense associated with replacement vehicles  
2 scheduled to be acquired prior to or in the Rate Year and Data Years. In  
3 general, vehicles become eligible for replacement when fully amortized.  
4 Finally, the Company reduced the forecast by estimated gains to be received  
5 from sales of replaced vehicles at auction.

6  
7 **Q. Please explain how transportation lease expense is calculated.**

8 A. Estimated delivery dates are established for the replacement vehicles along  
9 with projected acquisition costs. Lease expenses are then calculated using the  
10 acquisition cost, term of the lease, and projected interest rate provided by  
11 Peterson, Howell & Heather (“PHH”), the leasing company.

12  
13 **Q. Why did the Company not simply adjust the Historic Test Year for**  
14 **inflation to forecast the Rate Year and Data Years?**

15 A. The Company does not believe that adjusting for inflation provides an  
16 accurate projection of activity in the Rate Year and Data Years.  
17 Transportation lease expense is impacted by changes in the Company’s fleet.  
18 Specifically, increases or decreases in lease expense result from vehicles  
19 being removed, replaced, or added to the Company’s fleet. In addition, the  
20 Company’s fleet is comprised of many different types of vehicles and  
21 equipment. These vehicles vary in costs and lease terms. The Company’s

## Testimony of the Revenue Requirements Panel

1 forecast takes into account these known and measurable changes and,  
2 therefore, provides a more accurate and reasonable forecast than simply  
3 adjusting for inflation.

4

5 **Q. Please explain the increase in fleet expense between the Historic Test**  
6 **Year and Rate Year.**

7 A. The forecast of fleet expense is based on the scheduled lifecycle replacement  
8 of vehicles. The increase is offset in part by savings associated with the  
9 Company's US Restructuring Program, which includes several transportation-  
10 related non-labor savings initiatives. (See Exhibit \_\_\_\_ (RRP-11), the  
11 Workpaper to Exhibit \_\_\_\_ (RRP-3), Schedule 48, Workpaper 2, Page 2). The  
12 savings associated with these initiatives are separately reflected in the overall  
13 savings adjustment to Niagara Mohawk's electric and gas businesses, as  
14 shown in Exhibit \_\_\_\_ (RPP-3), Schedule 48.

15

16 Transportation Motor Fuel Expense

17 **Q. How did the Company develop the forecast for motor fuel expense?**

18 A. Motor fuel expense was calculated by multiplying the forecast prices from the  
19 New York Mercantile Exchange by the level of fuel consumption in the  
20 Historic Test Year.

21

## Testimony of the Revenue Requirements Panel

1        Other Transportation Expense

2        **Q.     Please describe the components of other transportation expense.**

3        A.     Other transportation expense includes items such as vehicle part costs and  
4           maintenance costs. Vehicle part costs are the actual costs paid to vendors for  
5           procured parts. Vehicle maintenance costs consist of actual costs paid to  
6           vendors when work is performed on Company vehicles by outside vendors.

7  
8        **Q.     Please explain how other transportation expense was calculated.**

9        A.     The Company adjusted Historic Test Year costs for inflation to calculate the  
10          forecast for the Rate Year and Data Years.

11

12       **Q.     Please explain the allocation of transportation expense between the**  
13       **electric and gas businesses.**

14       A.     Transportation expense is allocated between the electric and gas businesses  
15       based on actual transportation costs incurred in the Historic Test Year. This  
16       allocation reflects actual usage hours of vehicles as included in the  
17       Company's time entry system or STORMS.

18

19       **Schedule 33 – Energy Efficiency Programs**

20       Schedule 33 consists of five pages. The Company's energy efficiency  
21       programs are funded by the SBC, which is assessed outside of base rates.



## Testimony of the Revenue Requirements Panel

1 Therefore, the Company has removed the costs of these programs from its  
2 income statement for purposes of determining the revenue requirements.

### 3 4 **Schedule 34 – Injuries and Damages**

5 Schedule 34 consists of eight pages and shows the electric and gas costs  
6 associated with claims expense and insurance premiums. Claims expense  
7 includes the amounts paid to third parties to resolve claims for property  
8 damage and bodily injury within the Company's self-insured retention levels.  
9 Insurance premiums are amounts paid to third party insurers to obtain  
10 insurance coverage. Page 5 details adjustments to normalize the Historic Test  
11 Year by utilizing a three year average of claims, adjustments to normalize  
12 insurance premiums, and an adjustment to increase the adjusted Historic Test  
13 Year costs by inflation.

14  
15 **Q. Why did the Company utilize a three year average of claims to forecast**  
16 **claims expense?**

17 A. The Company believes that its claim experiences in the last three years are  
18 representative of expected claims expense in the Rate Year and Data Years.  
19 Use of a three year average to forecast claims expense is also consistent with  
20 the treatment of this expense in the 2008 Gas Rate Case and the 2010 Electric  
21 Rate Case.

## Testimony of the Revenue Requirements Panel

### Schedule 35 – Other Initiatives

Schedule 35 consists of five pages and shows the costs of other electric and gas initiatives to be implemented by the Company. These costs represent the following:

- Electric and Gas O&M Expense Related to Increased Capital Expenditures;
- Research and Development;
- Transmission Tower Painting;
- Transmission Footer Inspections and Other Maintenance;
- Sub-Transmission Maintenance;
- Inspection and Maintenance Program;
- Gas Inspections and Service Inspections; and
- Gas Damage Prevention;

The Company's Electric and Gas Infrastructure and Operations Panels provide support for these costs. As discussed later in the testimony, the Company proposes to reconcile for refund to customers any difference between the rate allowance for transmission tower painting and the actual expense.

Schedule 35 also includes adjustments for costs relating to the Company's Economic Development Fund, Customer Education, Natural Gas Vehicles,

## Testimony of the Revenue Requirements Panel

1 Electric Vehicles, and the Distributed Generation Staff initiatives, as  
2 discussed in the testimony of the Shared Services and Customer Panel, and for  
3 costs relating to the US Foundation Program Support Staff, as discussed in the  
4 testimony of the Information Services Panel. There is also an adjustment  
5 relating to an accounting change for the gas business that is discussed later in  
6 the testimony.

### 7 8 **Schedule 36 – Productivity**

9 Schedule 36 consists of five pages and shows the credits relating to the  
10 estimated productivity adjustment of a cumulative annual one percent of labor  
11 costs and payroll taxes consistent with Commission precedent. The  
12 adjustment represents a credit (*i.e.*, reduction in the revenue requirements) of  
13 \$5.516 million for the electric business and \$0.987 million for the gas  
14 business in the Rate Year and is discussed in more detail later in the  
15 Efficiency and Productivity Cost Reductions section of this testimony.

### 16 17 **Schedule 37 – Rate Case Expense**

18 Schedule 37 consists of five pages and shows the forecast costs of preparing  
19 this combined electric and gas rate filing. These costs are not reflected in the  
20 Historic Test Year and represent the prudently incurred costs necessary to

## Testimony of the Revenue Requirements Panel

1 submit this filing. The Company requests authority to amortize these costs  
2 over three years.

### 3 4 **Schedule 38 – Regulatory Assessment Fees**

5 Schedule 38 consists of 20 pages and shows the electric and gas costs  
6 associated with the annual Commission assessment paid by the Company.  
7 The assessment consists of two components – the General and Energy  
8 Research and Development Authority (“ERDA”) Assessments and the  
9 Temporary State Energy and Utility Service Conservation Assessment (“18-A  
10 Assessment”). Page 5 details adjustments to normalize the Historic Test Year  
11 and is supported by Pages 16 and 17 of this Schedule. Costs related to the 18-  
12 A Assessment have been eliminated from the Data Years based on the  
13 Company’s understanding that this assessment is set to expire in March 2014.

### 14 15 **Schedule 39 – Renewable Portfolio Standard**

16 Schedule 39 consists of five pages. The costs associated with the Renewable  
17 Portfolio Standard are not included in base rates because they are recovered  
18 through a reconciling surcharge mechanism.

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### **Schedule 40 – Site Investigation and Remediation**

Schedule 40 consists of five pages and shows the electric and gas costs associated with Site Investigation and Remediation (“SIR”). Page 5 details adjustments to normalize the Historic Test Year.

#### **Q. How was SIR expense addressed in the 2010 Electric Rate Case?**

A. In the 2010 Electric Rate Case, the Commission set a rate allowance of \$29.75 million, which represented an allocation to the electric business of 85 percent of the Company’s \$35 million total annual allowance for SIR expense, and imposed an 80/20 sharing mechanism for costs in excess of the rate allowance. Under the sharing mechanism, if actual costs exceed the rate allowance, the Company may include 80 percent of the difference in the SIR deferral, but would not be allowed recovery of the remaining 20 percent of costs.

#### **Q. How was SIR expense addressed in the 2008 Gas Rate Case?**

A. The Joint Proposal in the 2008 Gas Rate Case provided an annual gas SIR expense of \$4.5 million, which represented an allocation of 15 percent to the gas business, and authorized the Company to defer and reconcile its actual SIR expense to the rate allowance. No sharing mechanism was adopted for gas SIR expense.

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1     **Q.     Please explain the Company's forecast of electric and gas SIR expense.**

2     A.     Given the anticipated levels of SIR spending, the Company is proposing to  
3           increase the amount in electric and gas base rates for SIR expense from the  
4           current annual level of \$29.75 million for the electric business, and \$4.5  
5           million for the gas business, to \$35.70 million and \$6.30 million, respectively.  
6           This is based on an annual projected total electric and gas SIR expense of  
7           approximately \$42 million and continues the 85 percent allocation to the  
8           electric business and 15 percent allocation to the gas business.

9  
10          As discussed in more detail in the testimony of Company Witness Charles F.  
11          Willard, although SIR spending in the Historic Test Year was below the  
12          current rate allowance, spending is expected to increase significantly through  
13          the Rate Year and Data Years as site remediation work ramps up in  
14          accordance with the work plans approved by the New York State Department  
15          of Environmental Conservation, which the Company projects will result in  
16          spending of \$42 million per year.

17  
18     **Q.     What is the Company's proposal regarding a sharing mechanism for SIR**  
19     **expense?**

20     A.     As discussed in Mr. Willard's testimony, the Company does not believe that a  
21           sharing mechanism is appropriate.

## Testimony of the Revenue Requirements Panel

### **Schedule 41 – Storm Restoration**

Schedule 41 consists of five pages and shows the \$29 million base rate allowance the Company is proposing for major storm expense. The allowance was derived based on a ten year average of the Company's incremental costs associated with major storms. The Company's proposal is discussed later in the Proposed Treatment of Existing Regulatory Deferral Accounts and New Reconciliation Mechanisms section of this testimony. As reflected in numerous schedules, the Company removed all incremental major storm costs from the Historic Test Year.

### **Schedule 42 – KeySpan Synergy Savings**

Schedule 42 consists of four pages and shows the credits associated with the synergy savings relating to the KeySpan merger that accrued to the Company in the Historic Test Year. The adjustment represents a credit (*i.e.*, reduction in the revenue requirements) of \$0.652 million for the electric business and \$0.161 million for the gas business in the Rate Year and is discussed in more detail later in the Efficiency and Productivity Cost Reductions section of this testimony.

## Testimony of the Revenue Requirements Panel

### **Schedule 43 – System Benefits Charge**

Schedule 43 consists of five pages and shows the electric and gas SBC. As noted, the costs associated with the SBC are assessed outside of base rates.

### **Schedule 44 – Uncollectible Accounts**

Schedule 44 consists of five pages and shows the uncollectible expense associated with the electric and gas businesses. These costs, including how they were calculated, are discussed in the testimony of the Shared Services and Customer Panel.

### **Schedule 45 – Legal (Expense Type 100, 110, and 400)**

Schedule 45 consists of five pages and shows contractor, consultant, and other costs associated with legal expenses. These costs have been reclassified from other schedules and separately reflected in this schedule to provide greater transparency of legal expense to Staff. Page 5 details adjustments to normalize the Historic Test Year and an adjustment to increase the remaining Historic Test Year costs by inflation.

**Q. Did the Company reflect any adjustments to legal expense for the US Restructuring Program?**



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1 A. The US Restructuring Program includes costs reductions associated with legal  
2 expense. (See Exhibit \_\_\_\_ (RRP-11), the Workpaper to Exhibit \_\_\_\_ (RRP-3),  
3 Schedule 48, Workpaper 2, Page 2). These cost reductions are separately  
4 reflected in the overall savings adjustment to Niagara Mohawk's electric and  
5 gas businesses, as shown in Exhibit \_\_\_\_ (RPP-3), Schedule 48.

### 6 7 **Schedule 46 – Accounting (Expense Type 100, 110, and 400)**

8 Schedule 46 consists of five pages and shows contractor, consultant, and other  
9 costs associated with accounting expenses. These costs have been reclassified  
10 from other schedules and separately reflected in this schedule to provide  
11 greater transparency of accounting expense to Staff. Page five details  
12 adjustments to normalize the Historic Test Year and an adjustment to increase  
13 the remaining Historic Test Year costs by inflation.

### 14 15 **Schedule 47 – Vegetation (Expense Type 100, 110, and 400)**

16 Schedule 47 consists of five pages and shows contractor, consultant, and other  
17 costs associated with vegetation management expense. These costs have been  
18 reclassified from other schedules and separately reflected in this schedule to  
19 provide greater transparency of vegetation management expense to Staff.  
20 Page five details adjustments to normalize the Historic Test Year and an  
21 adjustment to increase the remaining Historic Test Year costs by inflation.

## Testimony of the Revenue Requirements Panel

### **Schedule 48 – US Restructuring Savings**

Schedule 48 consists of five pages and shows Niagara Mohawk's allocable share of US Restructuring Program savings not otherwise reflected in the Historic Test Year. The adjustment represents a credit (*i.e.*, reduction in the revenue requirements) of \$11.958 million for the electric business and \$2.360 million for the gas business in the Rate Year and is discussed in more detail later in the Efficiency and Productivity Cost Reductions section of the testimony, including an explanation of how the savings were allocated to Niagara Mohawk. Exhibit \_\_\_\_ (RRP-11), the Workpaper to Exhibit \_\_\_\_ (RRP-3), Schedule 48, Workpaper 2, contains a list of the non-labor savings initiatives and the allocation of savings by company.

### **Schedule 49 – EY Service Company Adjustment**

Schedule 49 consists of five pages and presents the electric and gas adjustments to reflect EY's review of Historic Test Year Service Company charges. As discussed earlier in the testimony, the Company accepted EY's recommended adjustments with one modification to remove a reclassification of \$0.694 million in Thrift Plan expense between the electric and gas businesses that the Company had already reflected. Therefore, Page 5 of Schedule 49 shows the removal of this adjustment. The Company also made an adjustment to increase the remaining Historic Test Year costs by inflation.

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### **Schedule 50 – Expatriate Proxy**

Schedule 50 consists of five pages and shows the adjustment made to expatriate compensation costs included in the revenue requirement. The adjustment on Page 5 represents the difference between Historic Test Year expatriate employees' cash compensation and the lesser of (i) each expatriate employee's actual cash compensation, including the cost of benefits, or (ii) compensation equal to a market-determined level for a US-based employee in the expatriate's position, as adjusted for the cost of benefits. Page 5 also shows an inflation adjustment. The derivation of the market reference point is discussed by the Human Resources Panel.

### **Schedule 51 – Allocation Reclassification**

Schedule 51 consists of five pages and shows the adjustment to the Historic Test Year based on the Company's analysis to derive the change in Historic Test Year costs as a result of the revisions to the general allocator and other cost allocators. The analysis is described by the Service Company Panel and is set forth in Exhibit \_\_\_\_ (SCP-7). Page 5 of Schedule 51 reflects a normalizing adjustment that was necessary to remove labor expense reductions and the cost to achieve the US Restructuring Program efficiency savings from the total change in cost resulting from applying the new allocators to the Historic Test Year. Labor expense reductions were removed

## Testimony of the Revenue Requirements Panel

1 because the Historic Test Year labor expense included salaries of employees  
2 whose positions were eliminated as a result of the US Restructuring Program  
3 and the labor expense associated with those positions was removed from the  
4 Rate Year revenue requirement. Similarly, the Company is not reflecting the  
5 cost to achieve the efficiency savings in its revenue requirement.

6 Accordingly, the Company applied the percent change in costs using the new  
7 allocators to the labor expense reductions and US Restructuring cost to  
8 achieve efficiency savings, and subtracted the product from the change in  
9 costs. The net change in costs from use of the new allocators results in a  
10 decrease of \$12.898 million to the electric business and an increase of \$0.403  
11 million for the gas business. The Company adjusted these amounts by  
12 inflation to arrive at the Rate Year forecast of \$13.450 million for the electric  
13 business and \$0.421 million for the gas business, as shown in Schedule 51.

### 14 **Schedule 52 – O&M Summary**

15 Schedule 52 provides a summary checklist of the O&M adjustments to the  
16 Historic Test Year. These adjustments are described throughout the Panel's  
17 testimony or by other Company witnesses as identified.  
18

### 19 **IV. Efficiency and Productivity Cost Reductions**

20 **Q. Please describe the Company's efforts to reduce its costs.**  
21

## Testimony of the Revenue Requirements Panel

1 A. National Grid has made exhaustive efforts to identify and achieve optimum  
2 efficiency and productivity in its business. From its merger with KeySpan  
3 Corporation in 2007, National Grid strove to achieve targeted merger savings.  
4 As detailed in its May 31, 2011 filing in Case 06-M-0878, National Grid  
5 honored its commitment to deliver \$200 million of merger synergy and  
6 efficiency savings and achieved \$201.2 million of cost reductions on a run  
7 rate basis, of which \$56.2 million was allocated for the benefit of Niagara  
8 Mohawk customers.

9  
10 In January 2011, National Grid announced a major organizational  
11 restructuring and efficiency initiative, referred to as the US Restructuring  
12 Program. The US Restructuring Program was designed to implement a new  
13 organizational structure with greater jurisdictional and local focus and to  
14 significantly reduce US operating costs through productivity and efficiency  
15 efforts. Company Witness Kenneth Daly discusses the US Restructuring  
16 Program.

17  
18 **Q. Please explain the efficiency and productivity efforts of the US**  
19 **Restructuring Program.**

20 A. In connection with the US Restructuring Program, National Grid announced a  
21 target to reduce its US operating costs by \$200 million, measured from a

## Testimony of the Revenue Requirements Panel

1 baseline of fiscal year 2010 financial performance, adjusted for inflation.  
2 National Grid's goal was to achieve these savings, on a run rate basis, by  
3 March 31, 2012, without compromising the safety or reliability of its US  
4 operations. To achieve such significant reductions, National Grid made deep  
5 cuts in its work force. Those labor reductions alone, however, were not  
6 sufficient to reach the target. National Grid therefore undertook a thorough  
7 review of its US businesses to identify non-labor efficiency and productivity  
8 savings opportunities.

9  
10 **Q. Please explain what it means to achieve the savings on a "run rate" basis.**

11 A. A run rate is the result of extrapolating data from a period of less than one  
12 year to a full year. For example, if a savings initiative is implemented on  
13 March 31, 2012 and is estimated to result in \$3 million of savings annually,  
14 the run rate for that initiative on March 31, 2012 is \$3 million even though the  
15 total actual savings will not be realized for a full year.

16  
17 **Q. Why did National Grid undertake this efficiency and productivity**  
18 **program?**

19 A. The key purpose of the US Restructuring Program's efficiency and  
20 productivity efforts was to bring operating costs more in line with revenues

## Testimony of the Revenue Requirements Panel

1 while maintaining the ability of the National Grid companies to provide safe  
2 and reliable service to customers.

3  
4 **Q. Please describe how the savings target for the US Restructuring Program**  
5 **was established.**

6 A. Senior management identified the \$200 million target measured from a  
7 baseline of fiscal year 2010 actual performance as a challenging but  
8 reasonable target to better align operating costs with revenues without  
9 compromising the ability to provide safe and reliable service.  
10  
11 To ensure that the fiscal year 2010 target was achieved, functional savings  
12 objectives were set measuring the \$200 million as a reduction from the fiscal  
13 year 2011 budget, which was lower than fiscal year 2010 actual performance.  
14 Each function was assigned an efficiency and productivity savings target  
15 based on its budget. The expectation of senior management was that labor  
16 reductions achieved through the organizational redesign would constitute  
17 approximately 80 percent of the targeted savings and that non-labor initiatives  
18 would be identified to achieve the remaining 20 percent. Teams were created  
19 to identify non-labor initiatives to achieve the objectives on a run rate basis by  
20 March 31, 2012. As the organizational redesign progressed, however, it

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1 became apparent that labor reductions would achieve only approximately 50  
2 percent of the targeted savings.

3  
4 Initially, the aspiration was that the US Restructuring Program savings target  
5 would be met through initiatives that were exclusive of initiatives already  
6 underway. It was quickly realized that the US Restructuring Program savings  
7 would have to include the savings associated with pre-existing initiatives that  
8 were underway but not implemented, including, for example, IS  
9 Transformation and Global Procurement Transformation, for the target to be  
10 achievable. Therefore, the savings associated with all preexisting and new  
11 initiatives were reported and tracked for purposes of determining National  
12 Grid's progress toward its \$200 million target. In addition, the US  
13 Restructuring Program included initiatives estimated to be implemented by  
14 March 31, 2013, as well as those expected to be implemented by March 31,  
15 2012.

16  
17 As the teams continued to brainstorm and identify potential initiatives,  
18 management decided to challenge the business further by establishing an even  
19 more ambitious, internal target of \$200 million measured from the lower  
20 baseline of fiscal year 2011 financial performance, adjusted for inflation. The  
21 functional targets were not adjusted; rather, the teams were instructed to



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1       measure estimated savings from fiscal year 2011 performance instead of the  
2       fiscal year 2011 budget. This baseline change meant that the teams had to  
3       identify additional savings as compared to the target measured from fiscal  
4       year 2010 performance because any cost reductions achieved on a run rate  
5       basis during fiscal year 2011 were embedded in actual performance and thus  
6       would not contribute to the target. When compared to the initial, external  
7       target measured from fiscal year 2010 performance, this baseline change to  
8       fiscal year 2011 performance meant that the teams were being challenged to  
9       identify approximately \$61 million of additional cost reductions.

10  
11       The process of identifying potential savings initiatives was dynamic. At first,  
12       teams brainstormed new ideas and generated rough savings estimates. Over  
13       time, initiatives and estimates were reviewed and challenged as National Grid  
14       balanced competing priorities (such as maintaining safe and reliable service  
15       and promoting customer satisfaction) and considered potential risks and  
16       hurdles to achieving the savings. Initiatives were removed that: (i) were not  
17       viable or sustainable; (ii) were duplicative; (iii) did not address O&M  
18       expense; or (iv) assumed savings based on speculative future costs.

19  
20       Approximately nine months into the US Restructuring Program, a significant  
21       gap emerged between savings associated with initiatives identified to date and

## Testimony of the Revenue Requirements Panel

1 the savings targets for labor and non-labor initiatives that called into question  
2 not only National Grid's ability to meet its ambitious internal target, but also  
3 its external target.

4  
5 In response, management created a cross functional team to re-energize the  
6 business and drive the teams to close the gap by looking across the US  
7 businesses, instead of just by function, to identify additional initiatives. This  
8 effort was tagged the "Bullet Train" or "Challenge the Limits Now," which  
9 resulted in the identification of new initiatives that enabled the Company to  
10 achieve its external target to reduce costs \$200 million measured from fiscal  
11 year 2010 performance, as discussed below.

12  
13 **Q. Please explain how National Grid is tracking US Restructuring Program**  
14 **savings.**

15 A. The US Restructuring Program is comprised of labor and non-labor savings.  
16 Labor savings are tracked by position and employee. The Company is  
17 tracking non-labor US Restructuring Program savings similarly to how it  
18 tracked KeySpan merger savings. A database has been created that lists each  
19 initiative, the savings target and when the target is expected to be achieved on  
20 a run rate basis. This enables calculation of future annual savings and actual  
21 savings to date. A tracking team requests savings data and other information,

## Testimony of the Revenue Requirements Panel

1 including a synopsis of the drivers behind the savings from each business  
2 area. Functional coordinators verify the data, which may involve a review by  
3 a project or finance manager. This process enables the Company to identify  
4 when savings have been achieved and initiatives completed and is the basis  
5 for the calculation of savings in the Historic Test Year.

6

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

9 A. No. The Company is not proposing to recover the costs to achieve the US  
10 Restructuring Program savings.

11

12 **Q. Please quantify the costs to achieve the US Restructuring Program**  
13 **savings.**

14 A. National Grid incurred approximately \$130 million of costs to achieve the  
15 savings associated with the US Restructuring Program. Those costs were  
16 mostly comprised of employee severances and were primarily accounted for at  
17 National Grid USA.

18

19 **Q. Please describe the status of the US Restructuring Program and quantify**  
20 **the productivity and efficiency savings achieved.**

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1     A.     National Grid has successfully completed the US Restructuring Program and  
2            achieved its external target. That is, measured from the baseline of fiscal year  
3            2010 performance, adjusted for inflation, National Grid has reduced its  
4            operating costs on a run rate basis as of March 31, 2012 by approximately  
5            \$203.8 million. As for the more aggressive internal target measured from a  
6            baseline of fiscal year 2011 performance, National Grid estimates it will  
7            reduce its costs on a run rate basis by approximately \$171.7 million as of  
8            March 31, 2013, or approximately \$32.7 million more than its external target  
9            of \$200 million measured from a baseline of fiscal year 2010 performance.  
10           (See Exhibit \_\_\_\_ (RRP-11), Workpapers to Exhibit \_\_\_\_ (RRP-3), Schedule  
11           48, Workpaper 1 and the table below).

12

	Achieved Run Rate <u>March -11</u>	Achieved Run Rate <u>Dec-11</u>	Incremental Run Rate Achieved as of <u>March-12</u>	Est Incremental Run Rate to be Achieved as of <u>March-13</u>
Other Planned Savings	\$61.0			
US Restructuring				
Labor (including non-enduring roles)		\$48.2	\$47.0	\$7.2
Non-Labor		\$22.3	\$25.3	\$21.7
Total	\$61.0	\$70.5	\$72.3	\$28.9
Savings from FY10 actual performance	\$61.0	\$131.5	\$203.8	\$232.7
Savings from FY11 actual performance		\$70.5	\$142.8	\$171.7

14

## Testimony of the Revenue Requirements Panel

1        Labor Savings Achieved

2        **Q.     How many full-time equivalent positions were eliminated as a result of**  
3        **the US Restructuring Program?**

4        A.     Through restructuring, National Grid eliminated approximately 1,400  
5        positions. (See Exhibit \_\_\_\_ (RRP-11), Workpapers to RRP-3, Schedule 48,  
6        Workpaper 4.)

7  
8        **Q.     Does the Rate Year labor forecast reflect these reductions?**

9        A.     Yes. The Company's labor forecast is based on the number of employees as  
10       of December 2011. By December 31, 2011, nearly all separated employees  
11       had left National Grid and those reductions are reflected in the Company's  
12       Historic Test Year headcount. Approximately 137 employees who held an  
13       eliminated position had not left the workforce by December 31, 2011, as they  
14       remained in non-enduring roles (*i.e.*, interim roles that are expected to  
15       terminate following completion of currently active work assignments). An  
16       adjustment was made to the Historic Test Year to remove these employees  
17       from the labor complement. Therefore, 100 percent of the labor cost  
18       reductions are reflected in the Rate Year. (See Exhibit \_\_\_\_ (RRP-3), Schedule  
19       31).

20

## Testimony of the Revenue Requirements Panel

1        Non-Labor Savings

2        **Q.     Please explain the US Restructuring Program non-labor savings.**

3        A.     The Company estimates that it will achieve approximately \$69.3 million of  
4               non-labor savings on a run rate basis by March 31, 2013, measured from fiscal  
5               year 2011 performance. Niagara Mohawk's allocable share of those savings  
6               is approximately \$21.3 million. (See Exhibit \_\_\_\_ (RRP-11), Workpapers to  
7               Exhibit \_\_\_\_ (RRP-3), Schedule 48, Workpaper 2).

8  
9               Of the \$69.3 million of non-labor savings, approximately \$22.3 million was  
10              achieved in the Historic Test Year. The Historic Test Year costs have thus  
11              been reduced by Niagara Mohawk's share of approximately \$7.5 million of  
12              those savings. National Grid estimates that it will achieve the remaining  
13              approximately \$47.0 million of non-labor savings on a run rate basis by  
14              March 31, 2013. Niagara Mohawk's share of those estimated savings with  
15              inflation is \$14.3 million, which has been fully reflected in the Rate Year.  
16              (See Exhibit \_\_\_\_ (RRP-3), Schedule 48).

17  
18              The Company calculated the credit for non-labor savings achieved in the  
19              Historic Test Year using a run rate analysis. For example, if an initiative was  
20              implemented on August 31, 2011 and had total annual estimated savings of  
21              \$12 million, then only \$4 million of savings would actually have been

## Testimony of the Revenue Requirements Panel

1 achieved in the Historic Test Year (\$1 million per month in September  
2 through December 2011). To adjust the Historic Test Year to reflect these  
3 savings on a run rate basis, the Company would add the additional \$8 million  
4 to the Historic Test Year so that it included the full \$12 million of annual  
5 savings. One hundred percent of the annual savings associated with initiatives  
6 implemented between January 1, 2012 and March 31, 2013 are reflected in the  
7 Rate Year.

8  
9 The non-labor savings are comprised of more than one hundred individual  
10 initiatives. Those initiatives, and whether they were implemented in the  
11 Historic Test Year or will be implemented by March 31, 2013 and savings  
12 estimates, are set forth in Exhibit \_\_\_\_ (RRP-11), Workpapers to Exhibit \_\_\_\_  
13 (RRP-3), Schedule 48, Workpaper 2.

14  
15 **Q. Please explain how the US Restructuring Program non-labor efficiency**  
16 **and productivity savings were allocated.**

17 A. As discussed earlier, total Historic Test Year costs have been adjusted to  
18 reflect the revised cost allocators. As shown in Exhibit \_\_\_\_ (RRP-11),  
19 Workpapers to Exhibit \_\_\_\_ (RRP-3), Schedule 48, Workpaper 2, for each  
20 savings initiative, a revised allocation code was assigned to allocate the  
21 savings to the operating companies. The Company then applied the general

## Testimony of the Revenue Requirements Panel

1 inflation factor to arrive at the Rate Year savings allocable to Niagara

2 Mohawk. (See Exhibit \_\_\_\_ (RRP-3), Schedule 48, Page 5).

3

4 **Q. Is National Grid attempting to achieve the internal savings target set for**  
5 **the US Restructuring Program?**

6 A. No. National Grid has made every effort to achieve its ambitious target to  
7 reduce operating costs by \$200 million from fiscal year 2011 performance.  
8 Although National Grid did not meet its internal target, the objective of the  
9 internal target succeeded in that it motivated the business to meet and then  
10 exceed the external target. As discussed in Company Witness Kenneth Daly's  
11 testimony, National Grid has successfully completed the US Restructuring  
12 Program and is now focused on implementing the remaining initiatives and  
13 achieving and sustaining the savings, which will present a significant  
14 challenge for the US businesses.

15

16 Productivity Adjustment

17 **Q. Has the Company reduced the Rate Year revenue requirement to reflect**  
18 **a productivity adjustment?**

19 A. Yes. As reflected in Exhibit \_\_\_\_ (RRP-3), Schedule 36, the Company is  
20 reducing the Rate Year electric and gas revenue requirements by \$5.516  
21 million and \$0.987 million, respectively, which is equal to one percent of



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1 Niagara Mohawk's total electric and gas labor costs and payroll taxes. The  
2 Company has not identified initiatives to achieve these savings and does not  
3 know if it can achieve this level of savings. The Company does, however,  
4 recognize the Commission's precedent and Staff's position with respect to  
5 such adjustments. The Company has therefore reduced the Rate Year revenue  
6 requirement to reflect a one percent productivity adjustment consistent with  
7 Commission precedent.

8  
9 **Q. In addition to US Restructuring savings, will the Company achieve**  
10 **additional KeySpan merger synergy and efficiency savings during the**  
11 **Rate Year?**

12 A. No. The Company exceeded its commitment to reduce its operating costs by  
13 \$200 million on a run rate basis by March 31, 2011 and all KeySpan  
14 initiatives have been closed.

15  
16 **Q. Were any other adjustments to the Historic Test Year made to reflect**  
17 **savings?**

18 A. Yes. Certain KeySpan merger initiatives were implemented between January  
19 1, 2011 and March 31, 2011. The Company has made an adjustment to  
20 reduce the Historic Test Year by \$0.652 million for the electric business and

## Testimony of the Revenue Requirements Panel

1           \$0.161 million for the gas business in the Rate Year to reflect a full year's  
2           impact of those cost reductions. (See Exhibit \_\_\_\_ (RRP-3), Schedule 42).

3

4   **V.    Depreciation Expense**

5   **Q.    Please describe Exhibit \_\_\_\_ (RRP-4).**

6   A.    Exhibit \_\_\_\_ (RRP-4) consists of two Summary Pages. Summary Page 1  
7           presents the Company's actual Historic Test Year electric depreciation  
8           expense and electric allocation of common depreciation expense, along with  
9           the forecasts based on depreciable plant in service in the Rate Year and Data  
10          Years. Summary Page 2 presents the same information for the gas business.

11

12   **Q.    Please describe how the Company developed depreciation expense for the**  
13          **Rate Year and Data Years.**

14   A.    Depreciation expense for the Rate Year and Data Years was developed by  
15          multiplying the monthly depreciable base for each electric, gas, and common  
16          plant grouping by applicable composite depreciation rates. The monthly  
17          depreciable base for each plant account is the monthly forecast beginning  
18          balance, which includes the prior month's estimated additions to plant in  
19          service, less the prior month's estimated retirements from plant in service.  
20          The composite depreciation rates were developed based on depreciable plant

## Testimony of the Revenue Requirements Panel

1 balances as of December 31, 2011 for each electric, gas, and common plant  
2 grouping.

3

4 **Q. What depreciation rates is the Company utilizing for electric and**  
5 **common plant?**

6 A. The Company is utilizing the depreciation rates that were adopted by the  
7 Commission in the 2010 Electric Rate Case, which became effective January  
8 1, 2011, to compute Rate Year and Data Years depreciation and amortization  
9 expense for electric and common plant.

10

11 **Q. Did the Company perform a depreciation study of gas plant?**

12 A. Yes. Pursuant to the Joint Proposal in the 2008 Gas Rate Case, the Company  
13 performed a new depreciation study in 2011 to determine the appropriate  
14 depreciation and amortization amounts based on the Company's gas plant in  
15 service as of December 31, 2010. The depreciation rates from the study are  
16 included in the testimony of Company Witness Dr. Ronald White and are used  
17 in computing gas depreciation and amortization expense for the Rate Year and  
18 Data Years.

19

20 **Q. What is the forecast depreciation expense for the Rate Year and Data**  
21 **Years?**

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1 A. The annual provision for depreciation and amortization expense for electric  
2 plant is \$179.362 million for the Rate Year and \$187.304 million and  
3 \$195.827 million for Data Years 1 and 2, respectively, as shown on Summary  
4 Page 1. The annual provision for depreciation and amortization expense for  
5 gas plant is \$50.272 million for the Rate Year and \$51.989 million and  
6 \$53.760 million for Data Years 1 and 2, respectively, as shown on Summary  
7 Page 2.

8

9 **Q. What was the effect of the proposed depreciation rates on gas**  
10 **depreciation expense in the Rate Year?**

11 A. The annual provision for depreciation and amortization for gas plant would  
12 increase (compared to existing rates) by approximately \$2.781 million in the  
13 Rate Year and increase by approximately \$2.913 million and \$3.047 million  
14 for Data Years 1 and 2, respectively, as a result of using the proposed  
15 depreciation rates.

16

17 **Q. How was common depreciation expense allocated between the electric**  
18 **and gas businesses?**

19 A. Common depreciation expense was allocated 83 percent to the electric  
20 business and 17 percent to the gas business consistent with the study the

## Testimony of the Revenue Requirements Panel

1 Company prepared for this rate filing (Exhibit \_\_\_\_ (SCP-7)), which is  
2 addressed in the Service Company Panel's testimony.  
3

### 4 **VI. Taxes Other Than Income Taxes**

#### 5 **Q. Please describe Exhibit \_\_\_\_ (RRP-5).**

6 A. Exhibit \_\_\_\_ (RRP-5) consists of a Summary and five Schedules showing real  
7 estate taxes, payroll taxes, sales and use taxes, other taxes, and gross revenue  
8 taxes for the Historic Test Year, Rate Year, and Data Years to present the total  
9 electric and gas taxes other than income taxes booked to FERC Account  
10 408.1. Schedule 1 presents electric and gas real estate taxes for the Historic  
11 Test Year, Rate Year, and Data Years. Schedule 2 contains the computation  
12 of electric and gas payroll taxes for the Rate Year and Data Years based on  
13 tax rates currently in effect relative to labor costs forecast in Exhibit \_\_\_\_  
14 (RRP-3), Schedule 31, and allocated among expense, capital, and other  
15 accounts. Schedule 3 presents electric and gas sales and use taxes, which  
16 were based on the amounts recorded in the Historic Test Year, escalated using  
17 the inflation rates provided in Exhibit \_\_\_\_ (RRP-8). Schedule 4 presents  
18 electric and gas other taxes. Schedule 5 provides a calculation of electric and  
19 gas gross revenue taxes for the Historic Test Year, Rate Year, and Data Years  
20 and is based on the electric and gas operating revenues shown on Exhibit \_\_\_\_  
21 (E-RDP-4) and Exhibit \_\_\_\_ (G-RDP-2).

## Testimony of the Revenue Requirements Panel

1    **Q.    How did the Company forecast real estate taxes?**

2    A.    The forecast of real estate taxes is based on Niagara Mohawk's actual fiscal  
3           year ended March 31, 2012 taxes paid plus a baseline growth factor of 3.2  
4           percent to account for anticipated increases. Additionally, the Company  
5           anticipates an increase in real estate taxes as a result of new additions to plant  
6           and has included the anticipated increases in the forecast, which is consistent  
7           with the 2010 Electric Rate Case. Over fiscal years 2013 through 2016,  
8           property taxes are projected to increase by approximately 5.2 percent per year  
9           on average. The forecast is more fully discussed in the testimony of the  
10          Shared Services and Customer Panel.

11

### 12    **VII.    Federal and State Income Tax**

13    **Q.    Please describe Exhibit \_\_\_\_ (RRP-6).**

14    A.    Exhibit \_\_\_\_ (RRP-6) consists of seven pages. Pages 1 and 2 show the  
15          computation of electric and gas federal income tax expense ("FIT") and state  
16          income tax expense ("SIT") for the Rate Year. Pages 3 and 4 show the  
17          computation of electric and gas FIT and SIT for Data Year 1. Pages 5 and 6  
18          show the computation of electric and gas FIT and SIT for Data Year 2. Page  
19          7 shows the computation of the deductions for interest expense for the Rate  
20          Year and Data Years for the electric and gas businesses. If changes in the tax

## Testimony of the Revenue Requirements Panel

1 law become known during this proceeding, the Company will provide  
2 appropriate adjustments to the income tax expense rates.

3  
4 **Q. Please describe the method used to calculate the provision for FIT and**  
5 **SIT in the Rate Year and Data Years.**

6 A. Beginning with operating income before income taxes, the Company made  
7 adjustments for those items that are treated differently for book and income  
8 tax purposes and that have a net effective tax rate impact. For example, book  
9 depreciation is computed on a straight-line basis and tax depreciation is  
10 computed using a variety of methods in accordance with the provisions of the  
11 Internal Revenue Code. Specifically, Pages 1 through 6 of Exhibit \_\_\_\_ (RRP-  
12 6) detail the FIT and SIT calculation beginning with net income before tax  
13 multiplied by the statutory federal or state tax rate presently effective for the  
14 Rate Year. Tax additions and deductions that are permanent in nature or flow  
15 through to customers are separately listed to arrive at net current federal and  
16 state tax expense. The federal portion includes the benefit of the state tax  
17 deduction. New York State instituted state income taxes for utilities effective  
18 January 1, 2000.

### 19 20 **VIII. Rate Base**

21 **Q. Please describe Exhibit \_\_\_\_ (RRP-7).**

## Testimony of the Revenue Requirements Panel

1     A.     Exhibit \_\_\_\_ (RRP-7) consists of a Summary and six Schedules. The  
2             Summary presents the electric and gas rate bases for the Historic Test Year,  
3             Rate Year, and Data Years. Schedule 1 presents the monthly average balances  
4             of electric and gas net utility plant for the Rate Year and Data Years.  
5             Schedule 2 presents forecast monthly average balances of electric and gas  
6             regulatory assets and liabilities for the Rate Year and Data Years by account.  
7             Schedule 3 presents electric and gas federal and state Accumulated Deferred  
8             Income Taxes (“ADIT”) for the Rate Year and Data Years. Schedule 4  
9             presents the electric and gas O&M cash allowance included in working capital  
10            for the Historic Test Year, Rate Year, and Data Years. Schedule 5 presents  
11            the lead lag study reflecting the working capital requirements associated with  
12            electric and gas commodity purchases. Schedule 6 presents the comparison of  
13            electric and gas Average Historic Rate Bases and Historic Capitalization. The  
14            difference between these components represents the adjustment for electric  
15            and gas Excess Earning Base included on Page 4 of Schedule 6. Schedule 6  
16            also sets forth materials and supplies and prepayments, which are components  
17            of working capital.

18

19       **A.     Forecast of Net Utility Plant In Service**

20     **Q     Please explain Schedule 1 of Exhibit \_\_\_\_ (RRP-7).**



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1 A. Schedule 1 consists of eight pages and presents the monthly average balances  
2 of electric and gas net utility plant with allocated common plant for the Rate  
3 Year and Data Years. Pages 1, 2, and 3 present the monthly average balances  
4 of electric and common net utility plant with 83 percent of common plant  
5 allocated to the Rate Year and Data Years based on the study the Company  
6 prepared for this filing. (See Exhibit \_\_\_\_ (SCP-7)). Pages 4, 5, and 6 present  
7 the monthly average balances of gas and common net utility plant with 17  
8 percent of common plant allocated to the Rate Year and Data Years. Pages 7  
9 and 8 present the forecast of capital expenditures and cost of removal.

10

11 **Q. Please generally describe the methodology utilized to determine the**  
12 **forecast of average net utility electric and gas plant.**

13 A. Estimates of monthly plant in service, depreciation reserve, and non-interest  
14 bearing construction work in progress (“CWIP”) balances are required to  
15 forecast the average net utility electric and gas plant for the Rate Year and  
16 Data Years and are included in rate base pursuant to Commission precedent.  
17 The Company’s projection of these monthly balances incorporates the  
18 following data: (1) historic plant in service; (2) historic depreciation reserve;  
19 (3) historic CWIP; (4) historic retirement work in progress (“RWIP”); (5)  
20 forecast capital expenditures; (6) forecast cost of removal; (7) forecast

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1 closings to plant in service; (8) forecast retirements; and (9) forecast  
2 depreciation.

3  
4 Schedule 1, Page 7, of Exhibit \_\_\_\_ (RRP-7) shows the forecast of capital  
5 expenditures grouped by various categories along with plant closing rules  
6 and/or in-service dates for several projects for electric, gas, and common  
7 plant. The categories were determined by grouping capital expenditures  
8 together that have similar construction periods for purposes of closing capital  
9 expenditures to plant in service and for applying similar composite  
10 depreciation rates. Page 7 shows a three month capital forecast for the fiscal  
11 year ended March 31, 2012 and a five year capital forecast for the fiscal years  
12 ending March 31, 2013 through March 31, 2017. The capital forecasts  
13 provided by the Company's Electric and Gas Infrastructure and Operations  
14 Panels included all capital related overheads, for example, Capital Addition  
15 Distributables ("CAD") and AFUDC. For electric and gas transmission and  
16 distribution capital forecasts, the Company allocated fiscal year total  
17 construction expenditures into monthly cash flows based on their respective  
18 electric and gas two year average percentage for calendar years 2010 and  
19 2011. For Shared Services and Information Services capital forecasts, the  
20 Company utilized the monthly cash flows provided by each department.  
21 Those estimated monthly expenditures were added to the CWIP balances at

## Testimony of the Revenue Requirements Panel

December 31, 2011. Closing rules were developed to forecast additions to plant in service by analyzing and adjusting the Historic Test Year's plant closing for each electric, gas, and common plant grouping level being forecast. Consistent with the analysis, the following closing rules were developed:

Electric Transmission Substations	12 months
Electric Transmission Lines	6 months
Electric Distribution Substations	9 months
Electric Distribution Lines	3 months
Electric Meters, Line Transformers, Land and Land Rights and Outdoor Lighting	1 month
Gas Mains and Services	2 months
Gas Meters and House Regulators	1 month
Gas Measuring and Regulating Station	9 months
Electric, Gas, and Common General Plant	1 month

The monthly expenditures were closed to plant in service the month after the applicable closing rule. For major projects with in-service dates provided, the expenditures were closed to plant in service in the month of the estimated in-service date.

## Testimony of the Revenue Requirements Panel

1       The outstanding CWIP balances were allocated each month between interest  
2       and non-interest bearing CWIP based on an average historic percentage. The  
3       average historic percentage was developed by analyzing and adjusting the  
4       Historic Test Year's non-interest bearing CWIP and total CWIP by electric,  
5       gas, and common plant. Forecast plant in service was developed by adding  
6       the monthly closings from CWIP for the period January 2012 through the Rate  
7       Year ending March 31, 2014 to the December 31, 2011 plant in service  
8       balance, and forecast retirements for the same period were subtracted.  
9       Electric transmission and distribution retirements were developed by  
10      analyzing and adjusting the Historic Test Year retirements as a percentage of  
11      adjusted Historic Test Year additions for electric transmission and distribution  
12      in aggregate. The same analysis was performed for gas transmission and  
13      distribution retirements. The historic retirement percentages were applied to  
14      forecast electric and gas transmission and distribution plant additions. For  
15      electric, gas, and common general equipment, retirements were estimated  
16      based on retirements in the Historic Test Year. Additionally, the Company's  
17      Electric and Gas Infrastructure and Operations Panels provided specific major  
18      retirements related to certain facilities (*e.g.*, EMS Information System).  
19      Estimated retirements were included in both the plant in service and  
20      depreciation reserve ending balances each month. The depreciation reserve  
21      was developed starting with the Historic Test Year ending reserve balance,

## Testimony of the Revenue Requirements Panel

1 including RWIP at December 31, 2011, and adding forecast depreciation  
2 expense and subtracting forecast retirements and net cost of removal each  
3 month for the period January 2012 through March 31, 2014. Schedule 1, Page  
4 8, of Exhibit \_\_\_\_ (RRP-7) shows the estimated forecast cost of removal,  
5 which was based on information provided by the Electric and Gas  
6 Infrastructure and Operations Panels, grouped by the same categories used for  
7 capital expenditures in Schedule 1, Page 7. Schedule 1, Page 8, shows a three  
8 month forecast for the fiscal year ended March 31, 2012 and a five year  
9 forecast for the fiscal years ended March 31, 2013 through March 31, 2017.  
10 Cost of removal was allocated pro rata to the various categories based on the  
11 capital forecast, and cash flowed consistent with the methodology utilized to  
12 cash flow the associated capital forecast.

13  
14 **Q. Does the Company's forecast of net utility plant reflect any changes in**  
15 **capitalization policy?**

16 A. Yes. The Company is proposing a change to its current capitalization policy  
17 for gas general equipment to make it consistent with the current policy for  
18 electric and common general equipment. Specifically, the Company is  
19 requesting authority to increase the current capitalization threshold for gas  
20 general equipment from \$200 to \$2,500.

21

## Testimony of the Revenue Requirements Panel

1   **Q.    What is general equipment?**

2    A.    General equipment includes personal computers and other computer  
3           peripheral equipment, small tools, office furniture, shop and garage  
4           equipment, communications equipment and other miscellaneous items.

5  
6   **Q.    Please summarize the Company's current accounting treatment of**  
7           **general equipment.**

8    A.    The Company's electric and gas businesses have different capitalization  
9           thresholds for general equipment. Currently, the Company capitalizes gas  
10          general equipment purchases of \$200 or more. In contrast, the capitalization  
11          threshold for electric and common general equipment is \$2,500. The  
12          Commission authorized the Company to increase the capitalization threshold  
13          for electric and common general equipment from \$200 to \$2,500 in the 2010  
14          Electric Rate Case.

15  
16   **Q.    What is the Company's proposal with respect to gas general equipment?**

17    A.    The Company proposes to increase the capitalization threshold for gas general  
18          equipment to \$2,500. This will allow consistent accounting treatment of  
19          general equipment across the electric and gas businesses.

20  
21   **Q.    What is the impact to the revenue requirement?**

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1 A. The Company forecasts that \$0.639 million will shift from capital  
2 expenditures to pre-tax expense in the Rate Year, as shown in Exhibit \_\_\_\_  
3 (RRP-7), Schedule 1, Page 7. The increase to gas operating expense is  
4 included in the revenue requirement in Exhibit \_\_\_\_ (RRP-3), Schedule 35,  
5 Page 5. The derivation of the \$0.639 million is reflected in Exhibit \_\_\_\_ (RRP-  
6 11), Workpapers to Exhibit \_\_\_\_ (RRP-7), Schedule 1, Workpaper 12. No  
7 other capitalization changes are being proposed.

8  
9 **Q. Please summarize the accounting treatment in the revenue requirement**  
10 **for the Hydro One Project described in the testimony of the Electric**  
11 **Infrastructure and Operations Panel.**

12 A. In the 2010 Electric Rate Case, the *Stipulation and Agreement of Certain*  
13 *Matters Relating to Capital Investment and Operating & Maintenance*  
14 *Spending* (“Cap Ex/Op Ex Stipulation”), which the Commission adopted,  
15 authorized the Company to recover its share of the costs of the Hydro One  
16 Project by creating a deferred debit and amortizing the costs over three years.  
17 The Commission’s Order, however, delayed the amortization of regulatory  
18 assets, providing that they be addressed in the Company’s July 2011 deferral  
19 filing. Because of a delay in negotiating the terms of a Memorandum of  
20 Understanding with Hydro One, the Company had not made any payments for  
21 the project as of July 2011 and, therefore, did not address the costs in its

## Testimony of the Revenue Requirements Panel

1        deferral filing. The need for the project still exists and the Company has  
2        entered a Memorandum of Understanding with Hydro One that establishes a  
3        payment schedule. The first payment will take place on the delivery of the  
4        transformer, which is expected to take place in August 2012, followed by a  
5        second payment when the transformer is energized, which is expected to occur  
6        in December 2012, followed by a final payment at the end of the project. The  
7        Company, therefore, is proposing the same revenue requirement treatment that  
8        the Commission previously adopted. The Company has included the \$6.4  
9        million estimated project cost in a deferred debit, as reflected in Exhibit \_\_\_\_  
10       (RRP-7), Schedule 2, as of March 31, 2013, and will amortize this amount  
11       over three years, beginning April 2013 through March 2016. Both the  
12       declining debit balance and the associated amortization are included in the  
13       revenue requirement for the Rate Year and Data Years.

14  
15    **Q.    Please summarize the accounting treatment in the revenue requirement**  
16       **for the costs associated with the RDV that the Company agreed to write**  
17       **off in the 2010 Electric Rate Case.**

18    A.    In the Cap Ex/Op Ex Stipulation, the Company agreed to write off certain  
19       costs related to the RDV. The Company wrote off to expense approximately  
20       \$11.230 million associated with these costs. Approximately \$10.943 million  
21       of the write off was booked in December 2010 with the balance of \$0.287



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1 million recorded in the Historic Test Year. The Company has normalized  
2 \$0.287 million from the Historic Test Year and reflected this adjustment on  
3 Exhibit \_\_\_\_ (RRP-3), Schedule 2, Page 5. A summary of the write offs  
4 associated with the RDV is presented in Exhibit \_\_\_\_ (RRP-11), Workpapers  
5 supporting Exhibit \_\_\_\_ (RRP-3), Schedule 2, Workpaper 6.  
6

7 **Q. Was an adjustment to the revenue requirement necessary based on the**  
8 **results of the Capital Expenditure Reconciliation Mechanism set forth in**  
9 **the Cap Ex/Op Ex Stipulation?**

10 A. No. Niagara Mohawk's combined actual net utility plant and depreciation  
11 expense revenue requirement in calendar 2011 exceeded target levels.  
12 Therefore, no adjustments were required. Details reflecting the target and  
13 actual net utility plant balance and depreciation expense amounts are shown in  
14 Exhibit \_\_\_\_ (RRP-9), Schedule 1.  
15

### 16 **B. Deferred Taxes**

17 **Q. Please explain Schedule 3 of Exhibit \_\_\_\_ (RRP-7).**

18 A. Schedule 3 shows the average electric and gas federal and state ADIT for the  
19 Rate Year and Data Years, which reduce rate base.  
20

21 **Q. How did the Company develop the forecast of ADIT?**

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1 A. The Company began with the actual electric and gas ADIT balances as of  
2 December 31, 2011 and calculated the forecast based on plant movements and  
3 changes in regulatory assets and liabilities. The Company then made onetime  
4 adjustments to arrive at the forecast for the Rate Year and Data Years.

5  
6 **Q. Please explain the change in ADIT related to plant movements.**

7 A. All movements in ADIT related to plant are a direct result of forecast plant  
8 additions. The Company classified the plant additions into three categories.  
9 The first classification was the new plant additions eligible for the repair  
10 deduction. The repair rate was calculated as a percentage of total capital  
11 expenditures based on the actual results of the fiscal year 2011 tax return  
12 study for gas plant and the three year average for fiscal years 2010, 2011, and  
13 2012 for electric plant. The second classification was the new plant additions  
14 eligible for bonus depreciation. The bonus rate was taken at 50 percent for  
15 assets forecast to be placed in-service from January 1, 2012 to December 31,  
16 2012. Bonus depreciation is only available for federal tax purposes as New  
17 York has decoupled from the bonus depreciation provisions. The remaining  
18 classification was new plant additions subject to accelerated depreciation  
19 deductions under a 20 year Modified Accelerated Cost Recovery System  
20 ("MACRS") life. All tax plant deductions were compared to book  
21 depreciation and a deferred tax liability was calculated on the difference.

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1   **Q.   How did the Company reflect changes in regulatory assets and liabilities**  
2       **in the forecast?**

3   A.   Because the movement in most regulatory assets and liabilities results in a  
4       book-tax timing difference, the existing deferred tax balances on the  
5       regulatory accounts included in rate base were adjusted by any forecast  
6       movement in those accounts in the Rate Year and Data Years.

7  
8   **Q.   Please explain the onetime adjustments the Company made to ADIT.**

9   A.   The Company made two adjustments. The first adjustment was forecast for  
10       March 2012 and includes a decrease in the deferred tax liability for plant  
11       based on the Company's adoption of Revenue Procedure 2011-43. The IRS  
12       issued guidance for taxpayers on the calculation to expense certain  
13       expenditures related to electric transmission and distribution assets. The  
14       adoption of this safe harbor method provides for a 481(a) adjustment into  
15       income in the year of the change. The IRS has not issued guidance for gas  
16       network assets at this time. The second adjustment is for a reduction in the  
17       repair deduction taken by the Company in fiscal year 2009, which is being  
18       proposed as an audit adjustment to the IRS. The repair deduction on the tax  
19       return for fiscal year 2009 was based on an estimated study. When the study  
20       was finalized, the actual deduction was lower than the estimate.

21

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1           **C.     Working Capital**

2       **Q.     Has the Company recognized a working capital allowance associated with**  
3           **electric power and gas purchases?**

4       A.     Yes. Schedule 5 of Exhibit \_\_\_\_ (RRP-7) presents the calculation of the  
5           carrying charge applicable to the working capital requirements associated with  
6           electric power and gas purchases based on the lead-lag studies contained in  
7           this schedule. The Company used the same methodology as was approved by  
8           the Commission in the 2010 Electric Rate Case for the electric and gas  
9           studies.

10

11       **Q.     What are the lead-lag studies used to measure?**

12       A.     The lead-lag studies are used to measure the working capital needed by the  
13           Company to support its electric power and gas purchases. The Company is  
14           required to provide working capital for the time between when the Company  
15           pays its suppliers for electric power and gas purchases and the time the  
16           Company receives payments for these purchases from its customers. The  
17           results of the studies are used to determine the working capital necessary for  
18           purchased electric power and gas expense.

19

20       **IX.    Regulatory Assets and Liabilities**

21       **Q.     Please explain Schedule 2 of Exhibit \_\_\_\_ (RRP-7).**

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1 A. Schedule 2 of Exhibit \_\_\_\_ (RRP-7) sets forth Niagara Mohawk's electric and  
2 gas regulatory assets and liabilities. The schedule lists the Historic Test Year  
3 and forecast balances by account.

4

5 **A. Assets and Liabilities**

6 **Q. Please describe each deferral account.**

7 A. Appendix A describes the basis for each of the electric and gas regulatory  
8 deferral accounts that have forecast balances through March 31, 2013. Table  
9 1 below lists each of the electric deferral accounts described in Appendix A  
10 and summarizes the actual deferral balance at the end of the Historic Test  
11 Year and the forecast of the deferral balance through March 31, 2013. Table 2  
12 lists the same information for each of the gas deferral accounts described in  
13 Appendix A.

14 **Table 1 – Electric Deferral Accounts**

<b>Deferral Account</b>	<b>Actual Deferral Balance at 12/31/11</b>	<b>Forecast Deferral Balance at 3/31/13</b>
Curtailment	(\$0.411 million)	(\$0.411 million)
Pension Expense Deferred – Electric	(\$1.071 million)	\$11.569 million
OPEB Expense Deferred – Electric	(\$30.780 million)	(\$94.055 million)
Storm Restoration Costs	\$11.999 million	\$6.364 million
Auction Debt True Up - Electric	\$0.424 million	\$2.098 million

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<b>Deferral Account</b>	<b>Actual Deferral Balance at 12/31/11</b>	<b>Forecast Deferral Balance at 3/31/13</b>
Deferral Summary Case 10-E-0050	\$236.146 million	\$6.845 million
Generation Stranded Cost Adjustment	\$0.793 million	\$0.793 million
Consumer Service Advocate	(\$0.117 million)	(\$0.127 million)
Deferral Carrying Charge Case 10-E-0050	\$0.805 million	(\$0.581 million)
Proceeds on Sale of Allow – Albany	(\$1.985 million)	(\$2.027 million)
Clean Air Act Auction Proceed – Roseton	(\$0.186 million)	(\$0.191 million)
Electric Customer Service Penalties	(\$1.999 million)	(\$1.999 million)
Diana – Dolgeville Settlement	(\$4.922 million)	(\$4.922 million)
Economic Development Fund	(\$6.648 million)	(\$33.475 million)
Low Income Allowance Discount Program – Electric	(\$0.396 million)	(\$0.028 million)
AffordAbility Program	(\$0.510 million)	(\$1.233 million)
SIR Expenditures Deferred - Electric	(\$13.182 million)	(\$16.969 million)
<b>Total</b>	<b>\$187.959 million</b>	<b>(\$128.349 million)</b>

1

2

**Table 2 – Gas Deferral Accounts**

<b>Deferral Account</b>	<b>Actual Deferral Balance at 12/31/11</b>	<b>Forecast Deferral Balance at 3/31/13</b>
Pension Expense Deferred – Gas	\$5.538 million	\$7.244 million
OPEB Expense Deferred – Gas	(\$5.579 million)	(\$20.804 million)
Curtailment	(\$0.084 million)	(\$0.084 million)
Medicare Act Tax Benefit Deferral	\$11.469 million	\$11.469 million

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<b>Deferral Account</b>	<b>Actual Deferral Balance at 12/31/11</b>	<b>Forecast Deferral Balance at 3/31/13</b>
Joint Proposal Amortization	\$8.105 million	(\$10.279 million)
Incentive Return on Retirement Funding	\$0.122 million	\$0.122 million
Gas Millennium Fund Deferral	\$0.172 million	\$0.172 million
Low Income Program	\$2.602 million	\$4.538 million
CSS Conversion Savings – Gas	(\$0.245 million)	(\$0.245 million)
Gas Contingency Reserve	(\$1.435 million)	(\$1.447 million)
Gas Customer Service Penalties	(\$0.084 million)	(\$0.084 million)
Loss on Sale of Building	(\$0.002 million)	(\$0.002 million)
SIR Expenditures Deferred - Gas	(\$1.506 million)	(\$2.701 million)
GRT Customer Refund 2000	(\$0.054 million)	(\$0.054 million)
Bonus Depreciation Adjustment	(\$0.078 million)	(\$0.078 million)
KeySpan Merger Savings – Gas	(\$0.221 million)	(\$0.221 million)
Long Term Debt True-Up	(\$18.837 million)	(\$18.837 million)
Federal Tax Refund 1991-1995	(\$9.329 million)	(\$9.329 million)
<b>Total Gas Deferral</b>	<b>(\$9.447 million)</b>	<b>(\$40.620 million)</b>

1

2     **Q.     How does the Company propose to treat the deferral account balances**  
3             **identified above as of March 31, 2013?**

4     A.     Because the electric base rate increase being requested in this case will be  
5             more than offset by the rate reduction that will occur at the beginning of the  
6             Rate Year because of the expiration of the current approximately \$190 million  
7             annual deferral recovery surcharge, the Company proposes to take no action

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1 on the current electric deferral account balances at this time, and will continue  
2 to apply carrying charges to the balances, with the exception of non-cash  
3 pension and OPEB items. This proposal is intended to mitigate rate increases  
4 and provide rate stability in the future. The Company's gas customers, in  
5 contrast, will experience a net increase in base rates despite the expiration of  
6 the current \$15.324 million recovery of prior period gas deferrals at the  
7 beginning of the Rate Year. Therefore, to partially offset the rate increase to  
8 gas customers, the Company proposes to amortize the net gas deferral balance  
9 over three years, outside of base rates (similar to the current electric deferral  
10 surcharge), resulting in a \$14.104 million credit to customers in each of those  
11 years. The Company will apply carrying charges to these balances as well,  
12 with the exception of non-cash pension and OPEB items.

### 13 14 **B. Other Assets and Liabilities**

15 **Q. Please describe the other existing accounts shown in Schedule 2 of Exhibit**  
16 **\_\_\_\_ (RRP-7).**

17 A. Appendix A also provides a description of each of these electric and gas  
18 accounts (with the exception of Hydro One and Rate Case Expense, which are  
19 described earlier in this testimony). Table 3 below summarizes the actual  
20 balance for the electric accounts at December 31, 2011, the forecast balance at



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March 31, 2013, and the proposed treatment for that balance. Table 4 lists the same information for each of the gas accounts.

**Table 3 – Electric Other Assets**

<b>Account</b>	<b>Actual Account Balance at 12/31/11</b>	<b>Forecast Account Balance at 3/31/13</b>	<b>Proposed Treatment of 3/31/13 Account Balance</b>
Excessive AFUDC Electric Plant In Service	\$0.196 million	\$0.175 million	Continue current amortization
AFUDC Electric Plant in-Service (91-96)	\$0.518 million	\$0.493 million	Continue current amortization
Gain on Redemption – 8.35% Bonds	(\$0.240 million)	(\$0.165 million)	Continue current amortization
Voltage Migration Fee Deferred	(\$0.016 million)	(\$0.014 million)	Continue current amortization
Hydro One Transformer Project	\$0	\$6.4 million	36 month amortization period
Rate Case Expense	\$0	\$2.008 million	36 month amortization period
Unbilled Revenue - Electric	\$128.088 million	\$140.170 million	No request for amortization
Unamortized Debt Expense	\$21.494 million	\$18.448 million	Continue current amortization
Unamortized Loss Reacquired Debt	\$12.979 million	\$9.911 million	Continue current amortization

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<b>Account</b>	<b>Actual Account Balance at 12/31/11</b>	<b>Forecast Account Balance at 3/31/13</b>	<b>Proposed Treatment of 3/31/13 Account Balance</b>
TCC Auction Revenue	(\$36.456 million)	(\$17.691 million)	The amortization of the TCC Auction Revenues flow through transmission revenue and are part of the revenue included in the Transmission Revenue Adjustment Clause ("TRAC").
Nuclear Fuel Disposal Costs	(\$167.587 million)	(\$167.618 million)	The Company is not proposing to amortize this balance
New York Power Authority ("NYPA") Residential Hydropower Benefit Mechanism	(\$2.3 million)	(\$2.3 million)	12 month amortization
SIR Non-Utility Plant	\$2.248 million	\$2.248 million	No request for amortization
<b>Total Electric Other Assets</b>	<b>(\$41.076 million)</b>	<b>(\$7.935 million)</b>	

1

2

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1

**Table 4 – Gas Other Assets**

<b>Account</b>	<b>Actual Account Balance at 12/31/11</b>	<b>Forecast Account Balance at 3/31/13</b>	<b>Proposed Treatment of 3/31/13 Account Balance</b>
Rate Case Expense	\$0	\$0.411 million	36 month amortization period
Environmental Insurance Recovery	(\$4.741 million)	(\$4.741 million)	36 month amortization period
Unbilled Revenue - Gas	\$18.741 million	\$16.720 million	No request for amortization
Unamortized Loss Reacquired Debt	\$11.149 million	\$10.528 million	Continue current amortization
Accrued Unbilled Revenue	(\$18.093 million)	(\$18.093 million)	No request for amortization
<b>Total Gas Other Assets</b>	<b>\$7.056 million</b>	<b>\$4.825 million</b>	

2

3     **Q.     How does the Company propose to treat the balances of the other existing**  
4           **accounts?**

5     A.     The Company proposes to recover these balances in base rates over various  
6           amortization periods to mitigate rate impacts. The unamortized balances,  
7           except for non-cash pension and OPEB items, are included in rate base.

8

9     **X.     Inflation Factors**

10    **Q.     Please explain Exhibit \_\_\_\_ (RRP-8).**

11    A.     Exhibit \_\_\_\_ (RRP-8) sets forth the table of inflation factors used to escalate  
12       expense and capital expenditures for the electric and gas businesses from the

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1 Historic Test Year to the Rate Year and Data Years. The exhibit consists of a  
2 Summary Page detailing the escalation rates. The cost adjustment factors  
3 reflecting changes in price levels used to escalate various elements of the costs  
4 of service are discussed in the testimony of Company Witness Joseph F.  
5 Gredder.

6  
7 **XI. Proposed Treatment of Existing Regulatory Deferral Accounts and New**  
8 **Reconciliation Mechanisms**

9 **Q. Please describe the use and nature of regulatory deferral accounts.**

10 A. Regulatory deferral accounts are used to track and reconcile expenses and  
11 associated revenue recoveries to ensure that the proper amount of costs is  
12 recovered from or returned to customers. As discussed above, Niagara  
13 Mohawk has a number of deferral accounts previously adopted pursuant to  
14 various Commission orders. This section of the testimony will discuss the  
15 following:

- 16 (i) the Company's proposal to maintain or discontinue existing electric  
17 and gas deferral accounts;  
18 (ii) the Company's proposal to revise certain existing electric and gas  
19 deferral accounts;  
20 (iii) the Company's proposal to implement new regulatory reconciliation  
21 mechanisms that address discrete issues;

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- 1 (iv) the Company's proposal to include a return on any balances in the  
2 deferral accounts using the weighted average cost of capital for Niagara  
3 Mohawk established in this proceeding; and  
4 (v) the Company's proposed recovery mechanism for these accounts.  
5

6 **Q. Is the Company proposing to continue existing electric and gas deferral**  
7 **mechanisms?**

8 A. Yes. The Company proposes to continue the following existing deferral  
9 mechanisms for the electric business:

- 10 (i) Pension and OPEB;  
11 (ii) Low Income Discount Program;  
12 (iii) Economic Development Fund;  
13 (iv) Interest on Pollution Control Auction Debt;  
14 (v) Service Quality Penalty; and  
15 (vi) Legislative or Regulatory Changes.  
16

17 For the gas business, the Company proposes to continue the following  
18 mechanisms:

- 19 (i) Pension and OPEB;  
20 (ii) SIR deferral;  
21 (iii) Low Income Discount Program;

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- 1 (iv) Interest on Pollution Control Auction Debt;  
2 (v) Service Quality Penalty; and  
3 (vi) Regulatory, Legislative, and Accounting Changes (with one  
4 modification, which is discussed below).

5

6 The Company also proposes to maintain the current ratemaking treatment of  
7 the following accounts:

8 Electric

- 9 • RPS Program Costs;  
10 • SBC Program Costs;  
11 • Aggregation Fee;  
12 • Voltage Migration Fee;  
13 • Temporary State Assessment 18-A;  
14 • Electric Supply Reconciliation Mechanism, New Hedge Adjustment,  
15 and Legacy Transition Charge (f/k/a Commodity Adjustment Clause);  
16 • Transmission Revenue Adjustment Clause;  
17 • NYPA Residential Hydropower Benefit Reconciliation;  
18 • NYISO Tariff Schedule Costs – Schedules 1 and 2 for any NYISO  
19 Rebills; and  
20 • Generation Stranded Cost Adjustments.

21

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1        Gas

- 2            • SBC Program Costs;
- 3            • Temporary State Assessment 18-A;
- 4            • GAC Surcharge/Refund Adjustment Deferral;
- 5            • Non-Core Revenue Sharing; and
- 6            • Accrued Unbilled Revenue Deferral.

7

8        **Q.    What is the Company's proposal with respect to the other existing**  
9        **electric and gas accounts?**

10       A.    The Company proposes to discontinue the Consumer Service Advocate  
11       electric account because the Company has hired the advocate. Therefore, this  
12       deferral will no longer apply as of the Rate Year (*i.e.*, no additional balance is  
13       forecast beyond March 31, 2013).

14

15       The Company also proposes to discontinue the following gas accounts  
16       because no additional balances are forecast beyond March 31, 2013:

- 17            • Pension Settlement Loss FY 2003;
- 18            • Medicare Act Tax Benefit Deferral;
- 19            • Gas Joint Proposal Amortization;
- 20            • Incentive Return on Retirement Funding;
- 21            • CSS Conversion Savings;

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- 1           • Loss on Sale of Building;
- 2           • NYS Sales Tax Refund 92-98;
- 3           • GRT Customer Refund 2000;
- 4           • Bonus Depreciation Adjustment;
- 5           • KeySpan Merger Savings;
- 6           • Long Term Debt True-Up; and
- 7           • Federal Tax Refund 1991-1995.

8

9   **Q.   Is the Company proposing any new or revised deferral mechanisms in**  
10 **this filing?**

11   A.   Yes. The Company is proposing to revise the recovery mechanism for major  
12 storm costs and the SIR deferral mechanism for the electric business, and to  
13 modify the Regulatory, Legislative, and Accounting Changes deferral for the  
14 gas business.

15

16       The Company also proposes certain limited deferral mechanisms that address  
17 discrete issues related to material incremental costs the Company expects to  
18 incur in the Rate Year, but cannot estimate with reasonable certainty. These  
19 issues include, for the electric business, proposed North American Electric  
20 Reliability Corporation (“NERC”) compliance rules relating to the bulk  
21 electric system and necessary work to maintain reliability in the event of the



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1 closure of four generating units at the Dunkirk plant or the (currently  
2 unanticipated) closure of other generating plants that impact the Company's  
3 system and require capital and related O&M expenditures to maintain system  
4 reliability. For the gas business, the Company proposes a deferral of costs to  
5 comply with pending pipeline safety regulations to be promulgated under the  
6 Pipeline Safety Act of 2011 in response to two recent high-profile incidents  
7 involving gas pipelines.

8  
9 Further, the Company proposes to establish or revise certain economic  
10 development related deferrals. These include a fully reconcilable economic  
11 development grant program for the gas business, revisions to the economic  
12 development grant program deferral for the electric business and the Empire  
13 Zone Rider ("EZR") program deferral for the gas business, as well as a fully  
14 reconcilable deferral mechanism to track the level of NYPA discounts.

15  
16 The Company also proposes certain gas commodity-related reconciliation  
17 accounts, as discussed in the testimony of the Gas Rate Design Panel.

18  
19 Finally, the Company proposes to defer any variable compensation reflected  
20 in rates that is not paid to employees and to refund to customers any amount

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1 set in rates for transmission tower painting that is not spent by the Company  
2 for that purpose.

3

4 **Q. Please explain Exhibit \_\_\_\_ (RRP-9).**

5 A. Exhibit \_\_\_\_ (RRP-9) consists of four Schedules. Schedule 1 compares actual  
6 electric net utility plant and depreciation expense for calendar year 2011 with  
7 the forecast of net utility plant and depreciation expense used to set rates in  
8 the 2010 Electric Rate Case for purposes of the Capital Expenditure  
9 Reconciliation Mechanism. Schedule 2 shows the annual thresholds for the  
10 Transmission Tower Painting, Pension and OPEB, Variable Pay, SIR, Low  
11 Income Discount Programs, Economic Development Grant Programs, EZR  
12 Discounts, SC-12 Discounts, NYPA Discounts, NERC, Dunkirk or Other  
13 Plant Closures, and Pipeline Safety Act deferral accounts. Schedule 3 shows  
14 the proposed Major Storm Annual Reconciliation Mechanism. Schedule 4  
15 presents an example of the electric and gas Auction Rate Debt deferral.

16

17 **Q. Please explain the Company's proposal to revise the recovery mechanism**  
18 **for major storm expense.**

19 A. The Company proposes to reset the base rate allowance for major storm  
20 expense to \$29 million based on a ten year average of Niagara Mohawk's  
21 incremental major storm costs, and to simplify the deferral mechanism. The

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1 Company also proposes to modify the per storm deductible and certain other  
2 exclusions to ensure recovery of all prudently incurred storm costs not  
3 recovered elsewhere in rates.

4

5 **Q. How does the Company recover the costs associated with responding to**  
6 **major storms currently?**

7 A. The Company recovers the costs of major storms through a base rate  
8 allowance of \$22.959 million that is subject to reserve accounting. Of that  
9 amount, \$18.189 million is reconciling and \$4.770 million is non-reconciling.  
10 The non-reconciling portion relates to major storms that do not qualify for  
11 deferral treatment (as explained below). The reconciling portion consists of  
12 two components: (i) \$11.895 million is a base rate allowance for incremental  
13 major storm costs; and (ii) \$6.294 million represents the minimum amount of  
14 per storm deductibles for major storms that must be applied in a calendar year.

15

16 **Q. How does the reconciliation work?**

17 A. For purposes of reconciling to actual costs, the \$11.895 million base rate  
18 allowance is credited to the deferral account. To determine if costs can be  
19 charged to the deferral account (i) the storm event must qualify as a major  
20 storm, and (ii) the costs must be incremental. The Company also reconciles  
21 the \$6.294 million in per storm deductibles that is in base rates. However, the

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1 reconciliation is downward only, with any shortfall credited back to customers  
2 through the deferral.

3

4 **Q. What is the definition of a “major storm?”**

5 A. The Commission’s regulations (16 NYCRR Part 97) define a “major storm”  
6 for reliability purposes as:

7 [A] period of adverse weather during which service interruptions  
8 affect at least 10 percent of the customers in an operating area and/or  
9 result in customers being without electric service for durations of at  
10 least 24 hours.

11

12 However, for purposes of the deferral, the definition is more narrowly  
13 prescribed. Section 1.2.3.1 of the Rate Plan Provisions proposes to continue  
14 the definition of major storm for deferral purposes that was set forth in the  
15 2007 Stipulation of the Parties in Case 01-M-0075 (“2007 Stipulation”).

16 Under this definition, a major storm for deferral purposes is limited to a period  
17 of adverse weather that results in electric service interruptions to at least ten  
18 percent of customers in an operating region, or *at least one percent* of  
19 customers *within an operating area* being interrupted for 24 hours or more. If  
20 an event is not a “major storm” as defined by Section 1.2.3.1 of the Rate Plan  
21 Provisions, its costs are not subject to deferral and are considered to be

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1 recovered in base rates. This includes major storms that did not meet the  
2 definition for deferral purposes but met the definition for reliability purposes  
3 (recovered through the \$4.770 million non-reconciling allowance) and minor  
4 storms (recovered through base rates embedded in various O&M expense  
5 types).

6  
7 **Q. What type of costs are considered “incremental”?**

8 A. Incremental costs include overtime and associated overheads, outside vendor  
9 costs, lodging and meal expense, materials and other costs that would not have  
10 been incurred but for the storm. Sections 1.2.3.3 and 1.2.3.5 of the Rate Plan  
11 Provisions propose to exclude certain costs items from the definition (*e.g.*,  
12 storm-related claims costs, transportation costs originating from Niagara  
13 Mohawk, pension and OPEB costs). If the costs are not considered  
14 incremental as defined by Sections 1.2.3.3 and 1.2.3.5, they cannot be  
15 included in the deferral. The proposed treatment is generally consistent with  
16 the definition of “incremental” found in the Merger Rate Plan and the 2007  
17 Stipulation.

18  
19 **Q. Once it is determined that a major storm has occurred and it has**  
20 **incurred incremental costs, does the Company defer all those costs?**

## Testimony of the Revenue Requirements Panel

1 A. No. Certain incremental storm costs would be excluded pursuant to the  
2 proposed “five day post storm exclusion” and “contractor disallowance” rules  
3 set forth in the Rate Plan Provisions. Under the five day post storm exclusion  
4 rule, the Company would only be permitted to defer incremental costs that are  
5 incurred within five days of restoration of service to the last customer, unless  
6 the Company petitions the Commission to defer post-restoration costs beyond  
7 five days. The contractor disallowance rule provides that straight-time costs  
8 for contractors replacing employees with certain job titles who performed  
9 storm restoration work and who have left the Company cannot be considered  
10 incremental where the headcount in those job titles are below the level  
11 assumed in base rates. These exclusions, as currently written, limit the  
12 Company’s ability to recover its costs to restore service to customers. The  
13 Electric Infrastructure and Operations Panel discusses the Company’s  
14 proposal to modify the Rate Plan Provisions containing these exclusions.

15  
16 **Q. Are there other limitations that restrict the Company from recovering its**  
17 **incremental major storm response costs?**

18 A. Yes. The Company’s ability to recover its costs is also limited by the per  
19 storm deductible mechanism.

20  
21 **Q. How does the per storm deductible operate?**

## Testimony of the Revenue Requirements Panel

1 A. The first \$5.260 million of qualifying incremental costs are charged to the  
2 deferral account. Once incremental costs exceed the \$5.260 million threshold,  
3 the Company must apply a per storm deductible of \$2.205 million to every  
4 major storm thereafter.

5  
6 At the end of the calendar year, the Company reconciles the deferral account  
7 for the \$11.895 million base rate allowance for incremental costs, and  
8 reconciles the \$6.294 million threshold of minimum per storm deductibles that  
9 must be applied. If incremental costs are more than the allowance, the  
10 balance is held in the deferral account for future recovery from customers. If  
11 incremental costs are less than the allowance, or if the Company applied less  
12 than \$6.294 million in deductibles, the amount not spent is credited to the  
13 deferral account for future refund to customers. If, however, the Company  
14 applied more than \$6.294 million in deductibles (as it did in the Historic Test  
15 Year), the Company absorbs those costs.

16

17 **Q. What level of incremental costs for major storms did Niagara Mohawk**  
18 **incur in the Historic Test Year?**

19 A. Niagara Mohawk experienced nine storm events that qualified as major storms  
20 in the Historic Test Year, and incurred \$54.606 million in incremental costs  
21 associated with those events. Of that amount, \$2.858 million was excluded

## Testimony of the Revenue Requirements Panel

1 from the definition of incremental pursuant to the contractor disallowance,  
2 and \$8.280 million was associated with per storm deductibles. This results in  
3 a balance of \$43.467 million that was charged to the deferral account.  
4 Niagara Mohawk recovered \$11.895 million of the balance through the base  
5 rate allowance, leaving a balance of \$31.572 million in deferred costs. In its  
6 December 16, 2011 Order in Case 10-E-0050, the Commission authorized the  
7 Company to include \$25.208 million of this balance in the deferral recovery  
8 surcharge, leaving a net deferral balance of \$6.364 million to recover from  
9 customers in the future.

10  
11 In addition, because of the per storm deductible, the Company absorbed the  
12 difference between the \$8.280 million in per storm deductibles applied in the  
13 Historic Test Year and the \$6.294 authorized in rates, or \$1.986 million in  
14 unrecovered incremental major storm costs. The table below summarizes the  
15 incremental costs incurred in the Historic Test Year.

### **2011 Major Storm Costs**

18	Incremental storm costs	\$54,606,247
19	Less:	
20	Per storm deductible	\$8,280,481
21	Contractor disallowance	\$2,858,365
22	Base rate allowance: storm costs	\$11,895,449
23	Amount collected in deferral surcharge	\$25,208,020
24	<b>Deferral account balance of CY11 storm costs</b>	<b>\$6,363,932</b>



## Testimony of the Revenue Requirements Panel

Per storm deductible	\$8,280,481
Less: Base rate allowance: per storm deductible	\$6,294,000
<b>Unrecovered incremental storm costs</b>	<b>\$1,986,481</b>

**Q. Please describe the Company's proposal to simplify the recovery of incremental major storm costs.**

A. The Company proposes to reset the current base rate allowance to more accurately reflect the Company's historic level of major storm expense. To do so, the Company removed the \$54.460 million (\$54.606 million less \$0.146 million related to adjustments made after December 2011) of incremental major storm costs from the Historic Test Year and replaced this amount with a \$29 million base rate allowance. This allowance is based on a ten year annual average of Niagara Mohawk's total incremental major storm expense. Exhibit \_\_\_\_ (RRP-11), the Workpaper to Exhibit \_\_\_\_ (RRP-3), Schedule 31, Workpaper 14, shows the components of the normalizing adjustment made to each respective expense type to remove incremental costs from the Historic Test Year.

The Company proposes to apply reserve accounting to the base rate allowance for incremental major storm costs. Specifically, an amount equal to one-twelfth of the \$29 million allowance would be reserved to the deferral account

## Testimony of the Revenue Requirements Panel

1 on a monthly basis, as shown in Exhibit \_\_\_\_ (RRP-9), Schedule 3. At the end  
2 of the calendar year, the difference between the base rate allowance and actual  
3 incremental major storm costs charged to the deferral account would be  
4 reconciled and deferred for future refund to or recovery from customers. The  
5 Company proposes to eliminate the thresholds and modify the per storm  
6 deductible, the five day post storm exclusion rule, and the contractor  
7 disallowance rule to make the mechanism more straightforward, fair, and  
8 simple to follow. The Electric Infrastructure and Operations Panel's  
9 testimony discusses the Company's proposal to modify the deductible and  
10 exclusions.

11  
12 **Q. Is the Company proposing to modify the proposed definitions of major**  
13 **storms or incremental costs found in the Rate Plan Provisions?**

14 A. No. The Company is not proposing any changes to these definitions.  
15

16 **Q. Why is the Company proposing to modify the current mechanism?**

17 A. The thresholds and exclusions create an unnecessarily complex mechanism  
18 and result in the Company not recovering its prudently incurred incremental  
19 major storm costs. In the 2010 Electric Rate Case, the Commission  
20 recognized that the Company's major storm costs were significant and  
21 unpredictable in authorizing reserve accounting treatment. Niagara Mohawk

## Testimony of the Revenue Requirements Panel

1 is proposing to reset the base rate allowance and simplify the mechanism so  
2 that it can be easily applied by both the Company and Staff. The proposed  
3 base rate allowance is supported by the Company's historic level of costs,  
4 provides the Company with timely recovery of significant costs, and assures  
5 the availability of adequate financial resources to respond to major storm  
6 events. Further, the proposal assures that any amounts not spent for major  
7 storm costs would be credited back to customers. The Company's proposal  
8 represents an equitable and balanced approach and greatly simplifies the  
9 mechanism.

10

11 **Q. How is the Company proposing to treat the \$4.770 million of non-**  
12 **reconciling major storm costs in the Rate Year?**

13 A. To simplify the mechanism, the Company proposes to treat these costs as  
14 minor storm costs, which are recovered in base rates in various O&M expense  
15 types.

16

17 **Q. Please explain the Company's proposal to revise the SIR deferral**  
18 **mechanism for the electric business.**

19 A. As discussed in the testimony of Charles F. Willard, the Company proposes to  
20 revise the current SIR deferral mechanism for the electric business to comport  
21 with the current SIR reconciliation mechanism for the gas business, whereby

## Testimony of the Revenue Requirements Panel

1 any difference between the actual SIR expense and the level reflected in rates  
2 is deferred and recovered or credited to customers. The Company proposes to  
3 follow the “General Principles of the SIR Deferral Mechanism” set forth in  
4 Attachment 4 of the Rate Plan Provisions for its electric and gas businesses.

5  
6 **Q. Please explain the modification the Company proposes to make to the**  
7 **Regulatory, Legislative, and Accounting Changes deferral for the gas**  
8 **business.**

9 A. The Company proposes to replace the term “accounting change” with “court  
10 change” to make the deferral for the gas business similar to the proposed  
11 deferral for the electric business, as set forth in the Rate Plan Provisions. The  
12 Company will address any accounting changes outside the operation of this  
13 provision.

14  
15 **Q. Please explain the Company’s proposal to defer costs associated with the**  
16 **proposed NERC compliance rules.**

17 A. As discussed in the testimony of the Electric Infrastructure and Operations  
18 Panel, NERC has proposed to redefine the bulk electric system to include all  
19 facilities above 100kV. If this change is approved, the Company expects that  
20 it would have to incur significant costs in the next few years to comply with  
21 the new rules and standards promulgated by NERC. Because the timing and

## Testimony of the Revenue Requirements Panel

1 scope of the final regulations is uncertain, it is difficult to estimate the cost of  
2 compliance aside from that the costs will likely be material. Therefore, rather  
3 than include an estimate of the costs in the revenue requirement, the Company  
4 proposes to create a deferral whereby the costs specifically incurred to comply  
5 with the new NERC rules and standards would be deferred for future  
6 collection from customers.

7  
8 **Q. Please explain the Company's proposal to defer costs associated with the**  
9 **closure of the generating units at the Dunkirk plant or the closure of**  
10 **other generating plants that impact the Company's system.**

11 A. As discussed in the testimony of the Electric Infrastructure and Operations  
12 Panel, the Company anticipates capital investments and related O&M expense  
13 as a result of the noticed closure of four units of the Dunkirk generating plant  
14 by September 10, 2012. The Company has not yet completed the studies  
15 necessary to identify the capital investments that will be needed to maintain  
16 system reliability on either an interim or long term basis in the wake of the  
17 plant's closure. The Company proposes to defer for future recovery the  
18 revenue requirement impact associated with additional capital investment and  
19 operating expenses incurred to address the closure of these units, as well as  
20 the revenue requirement impacts associated with the closure of other  
21 generating plants that may impact the Company's system.

## Testimony of the Revenue Requirements Panel

1   **Q.    Please explain the Company’s proposal to defer costs associated with the**  
2       **Pipeline Safety Act of 2011.**

3    A.    The Gas Infrastructure and Operations Panel discusses the new pipeline safety  
4       regulations that will be promulgated in response to two recent gas pipeline  
5       incidents. The Company’s gas capital plan (and its gas revenue requirement)  
6       includes work that is expected to comply with some portion of the final  
7       regulations and that the Company believes are prudent expenditures in any  
8       case. However, there is significant risk that the final regulations will  
9       necessitate compliance costs that materially exceed the costs reflected in the  
10      Company’s gas revenue requirement. Accordingly, the Company proposes to  
11      defer for future recovery the revenue requirement impact associated with any  
12      incremental capital investments and associated operating expenses necessary  
13      to comply with these new pipeline safety regulations.

14  
15   **Q.    How does the Company propose to track the costs associated with the**  
16       **NERC, Dunkirk or Other Plant Closures, and Pipeline Safety Act**  
17       **deferrals?**

18   A.    The Company proposes to submit the projects that ultimately result from the  
19       new regulations or plant closures to Staff for review before deferring any  
20       costs. The Company will then establish specific capital and/or expense work  
21       orders to track and record the costs associated with these deferrals.

## Testimony of the Revenue Requirements Panel

1   **Q.    Why is Niagara Mohawk’s existing deferral for legislative or regulatory**  
2       **changes not the appropriate mechanism to address the three deferral**  
3       **mechanisms discussed above?**

4    A.   The Company does not believe that the legislative or regulatory changes  
5       deferral is the appropriate mechanism to capture these costs. This deferral is  
6       intended to apply to legislative or regulatory changes unknown at the time  
7       rates are set. The regulations promulgated by NERC and pursuant to the  
8       Pipeline Safety Act of 2011, as well as the investment necessary to address the  
9       closure of the generating units at the Dunkirk plant, however, are all known  
10      changes expected to occur in the Rate Year. The unanticipated closure of  
11      other generating plants is neither a regulatory nor legislative change.  
12      Therefore, these costs should be appropriately reflected in separate deferral  
13      mechanisms, as proposed by the Company.

14

15   **Q.    Please explain the Company’s proposal to establish an economic**  
16       **development grant program for the gas business and revise the deferral**  
17       **mechanism for the electric economic development grant program.**

18   A.   As discussed in the testimony of the Shared Services and Customer Panel, the  
19       Company proposes to establish a new natural gas economic development  
20       grant program with a fully reconcilable deferral mechanism. Under the  
21       proposed mechanism, the Company would defer and recover or refund the

## Testimony of the Revenue Requirements Panel

1 difference between actual program costs and the rate allowance of \$1 million.  
2 Niagara Mohawk proposes to apply the same type of mechanism to its  
3 existing electric economic development grant program. Under the current  
4 mechanism, Niagara Mohawk must petition for spending in excess of the rate  
5 allowance. The Company proposes to increase the rate allowance for the  
6 electric program from \$9.1 million to \$11 million and defer for future use or  
7 recovery any under or over expenditures.

8

9 **Q. Please explain the Company's proposal to revise the existing EZR**  
10 **program deferral for the gas business.**

11 A. Currently, EZR program discounts for the electric business are reconciled to  
12 the allowance in base rates and the difference is debited or credited to the  
13 economic development deferral. However, EZR program discounts for the  
14 gas business are not reconciled. The Company proposes that the same type of  
15 reconciliation mechanism for EZR program discounts for the electric business  
16 be adopted for the gas business.

17

18 **Q. Please describe the Company's proposal to reconcile and defer variable**  
19 **compensation expense.**

20 A. As discussed in the testimony of the Human Resources Panel, the Company  
21 proposes to defer and credit to customers any unpaid variable compensation



## Testimony of the Revenue Requirements Panel

1 amounts reflected in rates, plus the appropriate carrying charges, that are not  
2 paid to employees for any reason.

3

4 **Q. Please describe the Company's proposal to reconcile and defer**  
5 **transmission tower painting expense.**

6 A. As discussed in the testimony of the Electric Infrastructure and Operations  
7 Panel, the Company proposes to reconcile for refund to customers any  
8 difference between the rate allowance for transmission tower painting and the  
9 actual expense.

10

11 **Q. Please explain the Company's proposal to reconcile and defer costs**  
12 **associated with NYPA discounts.**

13 A. Beginning January 1, 2012, the Company started transitioning customers  
14 receiving NYPA Replacement Power ("RP") and Expansion Power ("EP")  
15 discounted delivery service to full standard tariff delivery rates. In addition,  
16 the Company intends to begin transitioning NYPA High Load Factor Power  
17 ("HLF") customers to full standard tariff delivery rates once an agreement is  
18 reached with NYPA and adopted by the Commission. As discussed in the  
19 Electric Rate Design Panel's testimony, the Company has forecast what it  
20 believes will be the revenues received from EP, RP, and HLF customers  
21 during the Rate Year along with the associated discounts, which are collected

## Testimony of the Revenue Requirements Panel

1 from all customers in base rates. Given the complexity of the billing  
2 methodology, the transition to full standard tariff delivery rates has resulted in  
3 some uncertainty as to the actual level of discounts that will be extended to  
4 customers. Accordingly, the Company proposes that the amount of NYPA  
5 EP, RP, and HLF discounts be fully reconciled. Any difference between the  
6 actual discounts and the level reflected in rates will be deferred and recovered  
7 from or credited to customers. This proposal is similar to the current  
8 treatment of SC-12 discounts and EZR discounts for the electric business.

9  
10 **Q. What does the Company propose with respect to these new reconciliation**  
11 **mechanisms for the years following the Rate Year?**

12 A. The reconciliation mechanisms would continue to operate in the years after  
13 the Rate Year. The Company will maintain the authorized revenue  
14 requirement established in this case as the baseline cost for each deferral.

15  
16 **Q. Does the Company propose that carrying charges be applied to the new**  
17 **deferral accounts?**

18 A. Yes. Except for non-cash pension and OPEB items, carrying charges  
19 calculated at the weighted average cost of capital used to set rates in this case  
20 should be applied to these deferral accounts, consistent with the  
21 Commission's Order in the 2010 Electric Rate Case.

## Testimony of the Revenue Requirements Panel

1   **Q.    Why are pension and OPEB assets and liabilities exempt from carrying**  
2       **charges?**

3    A.    Pursuant to the Commission's *Statement of Policy on Pensions and Other*  
4       *Post Employment Benefits*, utilities need only fund the respective trusts when  
5       the amounts deferred are collected from customers. Because the Company  
6       does not advance cash to fund the deferred amount, no carrying charge is  
7       warranted. When the Company recovers the deferral, it places the funds into  
8       the pension or OPEB trusts.

9  
10   **XII.   Miscellaneous**

11   **Q.    Please describe Exhibit \_\_\_\_ (RRP-10).**

12    A.    Exhibit \_\_\_\_ (RRP-10) consists of 13 Schedules that set forth various historic  
13       electric and gas financial data in accordance with Commission regulations.

14  
15   **Q.    Please describe Exhibit \_\_\_\_ (RRP-11).**

16    A.    Exhibit \_\_\_\_ (RRP-11) contains the workpapers supporting the exhibits  
17       sponsored by this Panel.

18  
19   **Q.    Does the Company propose to update information on the regulatory**  
20       **deferral accounts throughout this proceeding?**

## Testimony of the Revenue Requirements Panel

1 A. Yes. The Company proposes to update the regulatory deferral accounts, if  
2 necessary. This is consistent with updates made in prior Company rate cases.  
3 If necessary, additional updates will be provided as appropriate.

4

5 **Q. What is the Company's proposal with respect to the Rate Plan**  
6 **Provisions?**

7 A. To the extent the Rate Plan Provisions are adopted by the Commission as  
8 filed, the Company proposes to continue the provisions and incorporate them  
9 into the electric and gas rate plans established in this proceeding, except as  
10 modified by this filing.

11

12 **Q. Does this conclude the Panel's direct testimony?**

13 A. Yes, it does.

Appendix A  
Revenue Requirements Panel

**Description and Basis for  
Electric and Gas Regulatory Assets and Liabilities**

**Electric Deferral Accounts**

**Curtailment**

**Basis for the Deferral**

The Company defers curtailment gains or losses related to pension or OPEB benefits pursuant to the Commission's Statement of Policy.<sup>1</sup>

**Actual Deferral through December 31, 2011**

The actual deferral balance as of December 31, 2011 was a credit of \$0.411 million related to a 2011 OPEB curtailment gain.

**Forecast of Deferrals through March 31, 2013**

Niagara Mohawk has not forecast any additional curtailment gains or losses for the period from January 1, 2012 through March 31, 2013.

**Pension and OPEB Expense Deferred - Electric**

**Basis for the Deferral**

In the 2010 Electric Rate Case, the Commission set rate allowances for electric pension and OPEB expense of \$46.954 million and \$102.801 million, respectively. The Company reconciles the rate allowances with the actual pension and OPEB expense it books for GAAP purposes, and defers under or over recoveries pursuant to the Commission's Statement of Policy.

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<sup>1</sup> Case 91-M-0890, In the Matter of the Accounting and Ratemaking Treatment for Pensions and Post-Retirement Benefits Other than Pensions, *Statement of Policy and Order Concerning the Accounting and Ratemaking Treatment for Pensions and Post-Retirement Benefits Other than Pensions* (issued and effective September 7, 1993 ("Statement of Policy")).

Actual Deferral through December 31, 2011

Actual electric pension and OPEB expenses were significantly lower than the rate allowances, resulting in deferred credits of \$1.071 million and \$30.780 million for pension and OPEB expenses, respectively, as of December 31, 2011.

Forecast of Deferrals through March 31, 2013

Based on the projections of the Company's actuaries, AonHewitt, the Company is forecasting a deferral balance of \$11.569 million for pension expense and a deferred credit of \$94.055 million for OPEB expense for the period ending March 31, 2013.

**Storm Restoration Costs**

Basis for the Deferral

In the 2010 Electric Rate Case, the Commission set a base rate allowance of \$22.959 million for major storm expense that is subject to reserve accounting. Of that amount, \$18.189 million is reconciling and consists of two components: (i) \$11.895 million is a base rate allowance for incremental major storm costs and (ii) \$6.294 million represents the minimum amount of per storm deductibles that must be applied in a calendar year. For purposes of reconciling to actual costs, the \$11.895 million base rate allowance is credited to the deferral account. To determine if costs can be charged to the deferral account, (i) the storm event must qualify as a major storm and (ii) the costs must be incremental. At the end of the calendar year, the Company reconciles the deferral account for the \$11.895 million base rate allowance, and reconciles the \$6.294 million minimum amount of per storm deductibles that must be applied in a calendar year. If incremental costs are more than the allowance, the balance is held in the deferral account for future recovery from customers. If incremental costs are less than the

allowance, or if the Company applied less than \$6.294 million in deductibles, the shortfall is credited to the deferral account for future refund to customers.

The major storm section of this testimony discusses the components of the deferral in more detail.

#### Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was \$11.999 million.

#### Forecast of Deferrals through March 31, 2013

As discussed more fully in the major storms section of this testimony, Niagara Mohawk incurred \$54.606 million in incremental costs associated with major storm events in calendar year 2011. Of that amount, \$43.467 million was charged to the deferral account. Niagara Mohawk recovered \$11.895 million of the balance through the base rate allowance, leaving a balance of \$31.572 million in deferred costs. In the Electric Deferral Order,<sup>2</sup> the Commission authorized the Company to include \$25.208 million of this balance in the deferral recovery surcharge, leaving a net deferral balance of \$6.364 million through March 31, 2013.

#### **Auction Debt True Up - Electric**

##### Basis for the Deferral

Niagara Mohawk's capital structure includes variable rate pollution control revenue bonds. The interest rate for these bonds is periodically reset using an auction process that provides for a default rate if the auctions fail, which has been the case since the beginning of the current financial turmoil. In the 2010 Electric Rate Case, the Commission authorized the Company to reconcile the actual interest expense with the amount reflected in rates and to defer the difference.

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<sup>2</sup> Case 10-E-0050, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation for Electric Service, *Order Approving Compliance Filing with Modifications and Adopting Joint Proposal* (issued and effective December 16, 2011) ("Electric Deferral Order"), at 27.



Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was \$0.424 million.

Forecast of Deferrals through March 31, 2013

The forecast balance through March 31, 2013 is \$2.098 million, which reflects forecast interest costs.

**Deferral Summary Case 10-E-0050**

Basis for the Deferral

On July 29, 2011, Niagara Mohawk submitted a compliance filing in the 2010 Electric Rate Case to remove Competitive Transition Charges (“CTC”) from rates and to recover certain outstanding deferral account balances. The Commission authorized recovery of the outstanding deferral balances over a 15 month amortization period, but extended the amortization period for the Company’s PSC No. 214 service classes beyond 15 months to reduce the bill impact for these customers, and ordered that the unrecovered balance be recovered from these classes over a period to be determined in the Company’s next rate filing.<sup>3</sup>

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was \$236.146 million.

Forecast of Deferrals through March 31, 2013

The forecast balance through March 31, 2013 is \$6.845 million. This balance represents the forecast of the unrecovered balance to be collected from the Company’s PSC No. 214 service classes.

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<sup>3</sup> *Id.* at 28.

### **Generation Stranded Cost Adjustment**

#### **Basis for the Deferral**

On October 26, 2001, the Commission approved Niagara Mohawk's request to transfer its interests in the Nine Mile Point Nuclear Generating Station to Constellation.<sup>4</sup> As a result, Section 1.2.4.11 of the Merger Rate Plan authorized the Company to include in the deferral account "any reductions or additions to stranded costs associated with the implementation of the Niagara Mohawk Joint Proposal for Nine Mile Point (Case 01-E-0011), and the implementation of any of Niagara Mohawk's other agreements for the sale of fossil and hydro generating assets to the extent allowed by the orders in those cases." (footnote omitted).

#### **Actual Deferral through December 31, 2011**

The actual deferral balance as of December 31, 2011 was \$0.793 million and included an accrual and other changes that have occurred since the Company's compliance filing on July 29, 2011 in the 2010 Electric Rate Case.

#### **Forecast of Deferrals through March 31, 2013**

Niagara Mohawk has not forecast any additional deferral balance for the period from January 1, 2012 through March 31, 2013.

### **Consumer Service Advocate**

#### **Basis for the Deferral**

Pursuant to the Low Income and Economic Development Stipulation ("LI and ED Stipulation") adopted by the Commission in the 2010 Electric Rate Case, the Company was

---

<sup>4</sup> Case 01-E-0011, Joint Petition of Niagara Mohawk Power Corporation, et al. for Authority Under Public Service Law Section 70 to Transfer Certain Generating and Related Assets and for Related Approvals, *Order Authorizing Asset Transfers* (issued and effective October 26, 2001).

authorized to hire a consumer advocate at an annual cost of \$0.117 million. If the Company did not hire the advocate, it was required to defer the rate allowance for credit to customers.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was a credit of \$0.117 million.

Forecast of Deferrals through March 31, 2013

The forecast through March 31, 2013 is a credit of \$0.127 million. Niagara Mohawk hired the consumer service advocate in February 2012. Accordingly, no further deferral after January 2012 is forecast and the account should be closed.

**Deferral Carrying Charge Case 10-E-0050**

Basis for the Deferral

In the 2010 Electric Rate Case, the Commission authorized Niagara Mohawk to apply carrying charges to new and existing deferrals recorded after December 31, 2010. The carrying charges are calculated using the pre-tax weighted average cost of capital (9.4527 percent) based on the allowed return on equity of 9.30 percent.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was \$0.805 million.

Forecast of Deferrals through March 31, 2013

The forecast through March 31, 2013 is a credit of \$0.581 million.

**Proceeds on Sale of Allow – Albany**

Basis for the Deferral

This deferral relates to a pre-merger liability.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was a credit of \$1.985 million.

Forecast of Deferrals through March 31, 2013

The forecast through March 31, 2013 is a credit of \$2.027 million. The increase is due to carrying charges applied to the balance.

**Clean Air Act Auction Proceed – Roseton**

Basis for the Deferral

This deferral also relates to a pre-merger liability.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was a credit of \$0.186 million.

Forecast of Deferrals through March 31, 2013

The forecast through March 31, 2013 is a credit of \$0.191 million. The increase is due to carrying charges applied to the balance.

**Electric Customer Service Penalties**

Basis for the Deferral

In the 2010 Electric Rate Case, the Commission established a Service Quality Assurance Program (“Program”) for Niagara Mohawk. The Program consists of service quality and electric reliability standards and prescribes a comprehensive schedule of negative revenue adjustments in the event Niagara Mohawk fails to meet those standards. Under most circumstances, the negative revenue adjustments are included as an offset to the deferral account. Section 1.2.6 of the proposed Rate Plan Provisions provides: “Niagara Mohawk shall include in the deferral account any negative revenue adjustments associated with failure to meet the Service Quality standards set forth in Attachment 1, not otherwise credited to customers under Section 1.1.”

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was a credit of \$1.999 million, which relates to the Company's failure to meet the estimating electric reliability performance measure in calendar year 2011.

Forecast of Deferrals through March 31, 2013

As performance is measured each calendar year, Niagara Mohawk has not forecast future performance relative to Service Quality penalties through March 31, 2013.

**Diana – Dolgeville Settlement**

Basis for the Deferral

This deferral relates to a pre-merger liability.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was a credit of \$4.922 million.

Forecast of Deferrals through March 31, 2013

This deferral account is closed and no additional deferrals are forecast.

**Economic Development Fund**

Basis for the Deferral

The LI and ED Stipulation continued the deferral mechanism for economic development discounts. Under this mechanism, the Company reconciles the amount set in rates with actual economic development discounts and includes any under or over recoveries in the deferral account. The reconciliation includes Empire Zone Rider discounts for new and expanding customers and discounts associated with flex rate contracts signed under SC-11 or SC-12.

The Company's economic development grant programs are also included in the Economic Development Fund deferral. The LI and ED Stipulation set funding for the grant

program at \$9.1 million per year. Any amount not spent is deferred for future use. In the event of any anticipated over expenditures, the Company must petition the Commission for deferral treatment. In an Order issued September 23, 2011, the Commission approved the Company's petition to defer up to \$6 million of additional funding for emergency programs through December 31, 2012 to provide assistance to customers impacted by Hurricane Irene and Tropical Storm Lee.<sup>5</sup>

Forecasting of Economic Development Fund costs (and deferrals) is difficult because several categories of costs, such as customer discounts, may fluctuate substantially as a result of actions by a few large customers or as a result of economic conditions. Changes that affect New York State economic development policy, such as amendments to Empire Zone boundaries or changes in NYPA discount programs may also have a considerable effect on Economic Development Fund costs. Accordingly, actual costs may differ materially from the forecast.

Actual Deferral through December 31, 2011

Through December 31, 2011, Niagara Mohawk has accrued a credit to the Economic Development Fund deferral account of \$6.648 million.

Forecast of Deferrals through March 31, 2013

Niagara Mohawk forecasts a deferred credit of \$33.475 million for the period ending March 31, 2013, primarily due to the expiration of many SC-11 and SC-12 discount contracts, as of December 31, 2011.

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<sup>5</sup> Case 10-E-0050, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation for Electric Service, *Order Approving Emergency Economic Development Programs with Modifications* (issued and effective September 23, 2011).

### **Low Income Allowance Discount Program – Electric**

#### **Basis for the Deferral**

The LI and ED Stipulation authorized Niagara Mohawk to provide (i) a \$5.00 per month bill credit for HEAP recipients at an estimated annual cost of \$7.296 million and (ii) a \$15.00 per month bill credit for electric-heating customers receiving HEAP assistance at an estimated annual cost of \$3.24 million. The Company reconciles the amount set in rates for the two credits with actual expenditures and defers the difference either for future use or for recovery from customers.

#### **Actual Deferral through December 31, 2011**

The actual deferral balance as of December 31, 2011 was a credit of \$0.396 million.

#### **Forecast of Deferrals through March 31, 2013**

The forecast through March 31, 2013 is a credit of \$0.028 million, reflecting an increase in discounts above the rate allowance.

### **AffordAbility Program**

#### **Basis for the Deferral**

The LI and ED Stipulation increased the arrears forgiveness component of the AffordAbility Program for electric-only customers from \$20 to \$30 per month. The annual budget for the program is \$1.296 million. Niagara Mohawk defers any amounts not spent for future use in the AffordAbility Program.

#### **Actual Deferral through December 31, 2011**

The actual deferral balance as of December 31, 2011 was a credit of \$0.510 million.

Forecast of Deferrals through March 31, 2013

Actual arrears forgiveness credits were lower than the allowance included in rates resulting in a forecast credit through March 31, 2013 of \$1.233 million.

**SIR Expenditures Deferred – Electric**

Basis for the Deferral

In the 2010 Electric Rate Case, the Commission set a rate allowance of \$29.75 million for electric SIR expense. The Company reconciles actual SIR expense to the amount set in rates and defers for refund to customers costs less than the rate allowance. If actual expense is higher than the rate allowance, the Company is subject to an 80/20 sharing mechanism. Under the sharing mechanism, if actual costs exceed the rate allowance, the Company may include 80 percent of the difference in the SIR deferral, but would not be allowed recovery of the remaining 20 percent of costs.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was a credit of \$13.182 million.

Forecast of Deferrals through March 31, 2013

The forecast for the period through March 31, 2013 is a credit of \$16.969 million.

**Gas Deferral Accounts**

**Pension and OPEB Expense Deferred - Gas**

Basis for the Deferral

In the 2008 Gas Rate Case, the Company stipulated to allowed levels of pension and OPEB expense, which were subsequently adjusted to \$10.3 million and \$22.8 million, respectively, pursuant to the Gas Joint Proposal's second year limited re-opener provisions. The Company reconciles the rate allowances with the actual OPEB and pension expense it books for



GAAP purposes, and defers under or over recoveries pursuant to the Commission's Statement of Policy. Under Section 4.1.1 of the Gas Joint Proposal, the Company excludes from the reconciliation the gas operations portion of actual pension and OPEB expenses associated with four additional consumer advocates that are reflected in gas operation expense and any separation and early retirement costs. Appendix L-1 to the Gas Joint Proposal details the methodology to be used to determine pension and OPEB expense deferrals.

Actual Deferral through December 31, 2011

Actual gas pension expense exceeded the rate allowance, resulting in a deferral balance of \$5.538 million as of December 31, 2011. In contrast, actual gas OPEB expense was lower than the rate allowance, resulting in a deferred credit of \$5.579 million as of December 31, 2011.

Forecast of Deferrals through March 31, 2013

Based on AonHewitt's projections of the anticipated expenses, the Company is forecasting a deferral balance of \$7.244 million for pension expense and a deferred credit of \$20.804 million for OPEB expense for the period ending March 31, 2013.

**Curtailment**

Basis for the Deferral

The Company defers curtailment gains or losses related to pension or OPEB benefits pursuant to the Commission's Statement of Policy.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was a credit of \$0.084 million related to a 2011 OPEB curtailment gain.

### Forecast of Deferrals through March 31, 2013

Niagara Mohawk has not forecast any additional curtailment gains or losses for the period from January 1, 2012 through March 31, 2013.

### **Medicare Act Tax Benefit Deferral**

#### Basis for the Deferral

This deferral account relates to the tax reduction the Company obtained from the Prescription Drug and Medicare Improvement Act of 2003. A deferred credit of \$14.106 million was included in the deferral amortization, as reflected in Appendix B to the Gas Joint Proposal. This was a forecast amount based on the projections at the time from AonHewitt. Under Section 4.5.6 of the Gas Joint Proposal, the difference between the forecast deferral balance reflected in the revenue requirement and the actual deferral balance as of May 19, 2009 is deferred until the next gas rate case.

### Actual Deferral through December 31, 2011

The actual tax reduction to the Company was significantly lower than the amount credited to customers, resulting in a net deferral balance of \$11.469 million as of December 31, 2011.

### Forecast of Deferrals through March 31, 2013

Niagara Mohawk has not forecast any additional deferral balance for the period from January 1, 2012 through March 31, 2013.

### **Joint Proposal Amortization**

#### Basis for the Deferral

Section 4.5.6 of the Gas Joint Proposal provides that the Company will continue amortizing net regulatory assets at a monthly rate of \$1.226 million and will continue crediting

the deferral account for the same amount until gas base delivery rates are reset. Any difference resulting from the continued amortization of net regulatory assets is reflected in the deferral account.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was \$8.105 million.

Forecast of Deferrals through March 31, 2013

The forecast for the period through March 31, 2013 is a credit of \$10.279 million, reflecting the continued amortization of the Company's net regulatory assets.

**Incentive Return on Retirement Funding**

Basis for the Deferral

As set forth in Appendix B to the Gas Joint Proposal, a forecast of \$13.383 million was included in the deferral amortization in the 2008 Gas Rate Case. Under the Gas Joint Proposal, the difference between the forecast deferral balance reflected in the revenue requirement and the actual balance as of May 19, 2009 is deferred until the next gas rate case.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was \$0.122 million, which is the difference between the forecast deferred balance and the actual balance as of May 19, 2009.

Forecast of Deferrals through March 31, 2013

Niagara Mohawk has not forecast any additional deferral balance for the period from January 1, 2012 through March 31, 2013.

### **Gas Millennium Deferral**

#### **Basis for the Deferral**

Section 4.1.5 of the Gas Joint Proposal authorizes Niagara Mohawk to recover and reconcile research and development Millennium Fund costs in accordance with Rule 30 of its Gas Tariff and the Commission's Order in Case 99-G-1369.<sup>6</sup>

#### **Actual Deferral through December 31, 2011**

The actual deferral balance as of December 31, 2011 was \$0.172 million.

#### **Forecast of Deferrals through March 31, 2013**

Niagara Mohawk has not forecast any additional deferral balance for the period from January 1, 2012 through March 31, 2013.

### **Low Income Program**

#### **Basis for the Deferral**

Niagara Mohawk is provided an annual rate allowance of \$4.5 million for its low income program for gas customers. Under Section 4.4.4 of the Gas Joint Proposal, the Company reconciles the rate allowance to the actual cost of the low income program in that year. If the actual annual program costs exceed the amount recovered in rates, the Company is authorized to establish a deferred debit, but only if its actual earnings in the corresponding year result in a return on equity that does not exceed 10.2 percent. If the actual annual program costs are less than the amount recovered in rates, the difference is deferred and credited to customers.

#### **Actual Deferral through December 31, 2011**

The actual deferral balance as of December 31, 2011 was \$2.602 million.

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<sup>6</sup> Case 99-G-1369, Petition of New York Gas Group for Permission to Establish a Voluntary State Funding Mechanism to Support Medium and Long Term Gas Research and Development Programs, *Order Approved as Recommended* (issued and effective February 14, 2000).

Forecast of Deferrals through March 31, 2013

The forecast through March 31, 2013 is based on a continuation of the participation through that date at a higher level of discount, leading to a forecast deferral balance of \$4.538 million. Niagara Mohawk's has never earned its allowed return on equity during the term of the Gas Joint Proposal.

**CSS Conversion Savings - Gas**

Basis for the Deferral

The Customer Service System ("CSS") was developed by Niagara Mohawk pre-merger and was originally paid for by its customers. Since the merger, CSS has been implemented for other National Grid companies. This deferral is a result of allocating costs to the National Grid companies utilizing CSS. The allocation method was agreed to with Staff to appropriately allocate CSS costs among the National Grid companies. The result is a credit to Niagara Mohawk customers.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was a credit of \$0.245 million.

Forecast of Deferrals through March 31, 2013

Niagara Mohawk has not forecast any additional deferral balance for the period from January 1, 2012 through March 31, 2013.

**Gas Contingency Reserve**

Basis for the Deferral

This deferral account was established in the 1996 gas rate settlement in Case 96-G-1095 to accumulate gas pipeline refunds and other credits. Over time, various debits and credits have reduced the deferral balance.

A forecast deferred credit of \$25.998 million was included in the deferral amortization in the 2008 Gas Rate Case, as reflected in Appendix B to the Gas Joint Proposal. Under the Gas Joint Proposal, the difference between the forecast deferral balance reflected in the revenue requirement and the actual balance as of May 19, 2009 is deferred until the next gas rate case.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was a credit of \$1.435 million, which is the difference between the forecast deferred credit included in the deferral amortization and the actual balance as of May 19, 2009.

Forecast of Deferrals through March 31, 2013

The forecast credit balance through March 31, 2013 is \$1.447 million.

**Gas Customer Service Penalties**

Basis for the Deferral

Section 5 of the Gas Joint Proposal prescribes a comprehensive list of Service Quality standards and a schedule of negative revenue adjustments in the event Niagara Mohawk fails to meet those standards. Under most circumstances, the negative revenue adjustments are included as an offset to the deferral account.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was a credit of \$0.084 million, which represents the difference between what was included in the deferral amortization in the 2008 Gas Rate Case and the actual balance as of May 19, 2009.

Forecast of Deferrals through March 31, 2013

As performance is measured each calendar year, Niagara Mohawk has not forecast future performance relative to Service Quality penalties through March 31, 2013.

## **Loss on Sale of Building**

### **Basis for the Deferral**

Following the Niagara Mohawk/National Grid merger, Niagara Mohawk undertook a program to consolidate offices and work locations. As part of that effort, the Company sold several facilities that it had used for offices. Specifically, Niagara Mohawk sold the Electric Building in Buffalo, the O'Neill Building in Syracuse, and Towpath properties. The Commission approved the sale of both buildings; however, it conditioned its approval on Niagara Mohawk's agreement to share the savings associated with the sale.<sup>7</sup> Under the O'Neill and Buffalo Electric Orders, Niagara Mohawk was required to write-off 50 percent of the loss associated with the sale of the assets and land. In addition, Niagara Mohawk was required to credit the deferral account 50 percent of (i) the annual avoided depreciation savings associated with the sale and equipment that was retired, and (ii) the annual carrying charges associated with sale proceeds received and the tax losses realized.<sup>8</sup> Niagara Mohawk followed this same procedure for the Towpath properties.

A forecast deferred credit of \$0.195 million associated with this deferral account was included in the deferral amortization in the 2008 Gas Rate Case, as reflected in Appendix B to the Gas Joint Proposal.

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<sup>7</sup> Case 03-M-1374, Petition of Niagara Mohawk Power Corporation for Approval of the Transfer of the James A. O'Neill Office Building, *Order Approving Property Transfer Upon Conditions* (issued and effective January 29, 2004) ("O'Neill Order"); Case 03-M-1572, Joint Petition of Niagara Mohawk Power Corporation and Iskalo Development Corporation for Approval to Transfer and Lease Back Certain Building Facilities and Associated Realty, *Order Approving Property Transfer Upon Conditions* (issued and effective June 1, 2004) ("Buffalo Electric Order").

<sup>8</sup> O'Neill Order at 9-10; Buffalo Electric Order at 9-10.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was a credit of \$0.002 million, which is the difference between the forecast deferred credit included in the deferral amortization and the actual balance as of May 19, 2009.

Forecast of Deferrals through March 31, 2013

Niagara Mohawk has not forecast any additional deferral balance for the period from January 1, 2012 through March 31, 2013.

**SIR Expenditures Deferred - Gas**

Basis for the Deferral

Section 4.2.2 of the Gas Joint Proposal allows Niagara Mohawk to include SIR costs either paid in excess of or below \$4.5 million per year in its deferral account. Per Section 4.2.2, SIR costs and potential offsets are defined in Attachment 14 of the Merger Rate Plan. These include the remediation costs associated with Niagara Mohawk's manufactured gas plant sites, industrial waste sites, corrective action sites, and other sites where Niagara Mohawk is named as a potentially responsible party. Niagara Mohawk generally recognizes its SIR responsibilities as a liability on its balance sheet as the sites are identified and costs are assessed. The liabilities are reduced as expenditures are made to clean up or remediate sites. The SIR deferral follows the cash expenditures.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was a credit of \$1.506 million.

Forecast of Deferrals through March 31, 2013

The forecast for the period through March 31, 2013 is a credit of \$2.701 million.



## **GRT Customer Refund 2000**

### **Basis for the Deferral**

In 2000, the Gross Receipts Tax (“GRT”) was replaced by a New York State income tax. The Commission adopted a transition mechanism, requiring utilities to compare the amount of GRT being collected from customers after the change, to the amount of state income tax recorded by each utility until base rates were reset. The difference was deferred with carrying charges. The transition mechanism continued until September 1, 2003, when the tax change was reflected in gas rates for Niagara Mohawk.

Pursuant to Appendix B of the Gas Joint Proposal, a forecast deferred credit of \$7.733 million was included in the deferral amortization in the 2008 Gas Rate Case.

### **Actual Deferral through December 31, 2011**

The actual deferral balance as of December 31, 2011 was a credit of \$0.054 million, which is the difference between the forecast deferred credit reflected in the deferral amortization and the actual balance as of May 19, 2009.

### **Forecast of Deferrals through March 31, 2013**

Niagara Mohawk has not forecast any additional deferral balance for the period from January 1, 2012 through March 31, 2013.

## **Bonus Depreciation Adjustment**

### **Basis for the Deferral**

The Bonus Depreciation adjustment is the result of 2002 and 2003 amendments to Section 168 of the Internal Revenue Code, authorizing additional first year tax depreciation for qualified property. Such accelerated depreciation reduces Niagara Mohawk’s revenue

requirement by increasing deferred income taxes, which in turn results in a reduction to rate base.

A forecast deferred credit of \$8.770 million was included in the deferral amortization in the 2008 Gas Rate Case, as reflected in Appendix B to the Gas Joint Proposal.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was a credit of \$0.078 million, which is the difference between the forecast deferred credit reflected in the deferral amortization and the actual balance as of May 19, 2009.

Forecast of Deferrals through March 31, 2013

Niagara Mohawk has not forecast any additional deferral balance for the period from January 1, 2012 through March 31, 2013.

**KeySpan Energy Merger Savings – Gas**

Basis for the Deferral

The Merger Rate Plan provided that in the event National Grid closes any additional mergers or acquisitions within the United States, Niagara Mohawk will implement a follow-on merger credit calculated pursuant to the methodology set forth in Attachment 10.

On October 22, 2007, the Company submitted a filing in accordance with Case 01-M-0075, proposing the implementation of the follow-on merger credit associated with savings estimated to be achieved from the National Grid-KeySpan merger. By its Order of May 29, 2008, the Commission determined Niagara Mohawk's share of synergy savings for the period August 2007 through December 2011.<sup>9</sup>

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<sup>9</sup> Case 06-M-0878, Niagara Mohawk Power Corporation - *Order Relating to the Follow-On Merger Credit of the KeySpan Corporation* (issued and effective May 29, 2008).

On June 25, 2008, the Commission issued a Notice for Comment on two outstanding issues relating to the allocation of follow-on merger savings to Niagara Mohawk customers. Pursuant to the Joint Proposal adopted by the Commission on July 16, 2010, the Company allocated an additional \$4.00 million of savings to Niagara Mohawk customers, \$0.273 million of which relates to gas customers.<sup>10</sup> The follow-on merger credit attributable to the period beginning May 20, 2009 was built into Niagara Mohawk's gas base rates effective on May 20, 2009, in accordance with the Commission's Order in the 2008 Gas Rate Case. Under the Joint Proposal, the \$0.273 million additional follow-on merger credit to be credited to gas customers represents credits attributable to the period August 24, 2007 through May 19, 2009. The Company defers the 0.273 million credit, with carrying charges, until base rates are reset.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was a credit of \$0.221 million, which is the difference between the forecast deferred credit of \$0.038 million reflected in the deferral amortization in the 2008 Gas Rate Case and the actual balance as of May 19, 2009.

Forecast of Deferrals through March 31, 2013

Niagara Mohawk has not forecast any additional deferral balance for the period from January 1, 2012 through March 31, 2013.

**Long Term Debt True-Up**

Basis for the Deferral

This deferral account includes the reconciliation of NYSERDA auction rate bad debt and new long-term debt issuances.

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<sup>10</sup> Case 01-M-0075, Joint Petition of Niagara Mohawk Holdings, Inc., Niagara Mohawk Power Corporation, National Grid plc and National Grid USA for Approval of Merger Stock Acquisition, *Order Allocating Follow-On Merger Credits* (issued and effective July 16, 2010).

Under Section 4.4.6 of the Gas Joint Proposal, beginning on May 20, 2009, Niagara Mohawk reconciles the actual interest costs, insurance premiums, and remarketing fees associated with NYSERDA auction rate debt with the amounts set forth in Appendix L-10, and is authorized to defer cost increases, provided that its actual earnings in the corresponding year result in a return on equity that does not exceed 10.2 percent. There is no earnings test for cost decreases.

Under Section 4.4.7 of the Gas Joint Proposal, Niagara Mohawk is required to establish two true-up mechanisms for the period May 20, 2009 through May 19, 2011 for the portion of two long-term debt issuances in the amount of \$1.250 billion that is allocated to gas operations. The true-ups include: (i) a true-up of the actual interest rate to the baseline interest rate of 6.9 percent assumed in establishing rates and deferral of any cost increases, provided that the Company's actual earnings in the corresponding year result in a return on equity that does not exceed 10.2 percent; and (ii) a true-up of the amount, cost, and timing of the debt actually issued under the Commission's Order in Case 10-M-1352. If Niagara Mohawk issues less new debt than was projected in Appendix L-10 of the Gas Joint Proposal, a deferred credit is calculated under this second true-up mechanism. Illustrative calculations of both deferrals are contained in Appendix L-11.

#### Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was a credit of \$18.837 million.

#### Forecast of Deferrals through March 31, 2013

The deferrals expired on May 19, 2011 and no further changes to the balance are forecast.

## **Federal Tax Refund 1991-1995**

### **Basis for the Deferral**

On January 22, 2010, the Company entered a Joint Proposal in Case 09-M-0554 with Staff and Multiple Intervenors regarding the disposition of a federal income tax refund the Company received in 2003 and 2004. The refund represented the cumulative effect of IRS agent audit adjustments and IRA Appeals Office settlement adjustments for the period 1991 to 1995. Under Section 3 of the Joint Proposal, the parties agreed that the amount of the tax refund to be credited to gas customers by the Company is \$4.92 million plus carrying charges. The carrying charges for gas customers are computed using the respective carrying charge rates established in Attachment 1, page 5 of 14, of the Merger Joint Proposal for years 2003 and 2004 and thereafter, as established in Appendix M of the Gas Joint Proposal for the remaining years and months in question. In an Order issued on April 16, 2010, the Commission adopted the terms of the Joint Proposal.<sup>11</sup>

### **Actual Deferral through December 31, 2011**

The actual deferral balance as of December 31, 2011 was a credit of \$9.329 million.

### **Forecast of Deferrals through March 31, 2013**

Niagara Mohawk has not forecast any additional deferral balance for the period from January 1, 2012 through March 31, 2013.

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<sup>11</sup> Case 09-M-0554, Niagara Mohawk Power Corporation d/b/a National Grid, Notice of a Federal Income Tax Refund Under 16 NYCRR Section 89.3 and Request for Commission Law, *Order Adopting Joint Proposal* (issued and effective April 16, 2010).

**Electric Other Assets**

**Excessive AFUDC Electric Plant in-Service**

Basis for the Deferral

This account relates to a pre-merger AFUDC calculation.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was \$0.196 million.

Forecast of Deferrals through March 31, 2013

The forecast balance through March 31, 2013 is \$0.175 million to reflect the forecast of interest costs.

**AFUDC Electric Plant In Service (91-96)**

Basis for the Deferral

This account similarly relates to a pre-merger AFUDC calculation.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was \$0.518 million.

Forecast of Deferrals through March 31, 2013

The forecast balance through March 31, 2013 is \$0.493 million to reflect the forecast of interest costs.

**Gain on Redemption – 8.35% Bonds**

Basis for the Deferral

This account relates to pre-merger gain on redemption of an 8.35 percent series bond.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was a credit of \$0.240 million.

Forecast of Deferrals through March 31, 2013

The forecast credit balance through March 31, 2013 is \$0.165 million. The Company will continue to amortize the gain at the current level of \$0.060 million per year.

### **Voltage Migration Fee Deferred**

#### **Basis for the Deferral**

Pursuant to Rule 44.2 of the Company's Electric Tariff, in the event of any increase in a customer's delivery voltage, the customer is required to pay a fee equal to the book value less accumulated depreciation of any Company lines, poles, and/or other facilities retired from service at that location as a result of the customers aggregation of delivery service.

#### **Actual Deferral through December 31, 2011**

The actual deferral balance as of December 31, 2011 was a credit of \$0.016 million.

#### **Forecast of Deferrals through March 31, 2013**

The forecast credit balance through March 31, 2013 is \$0.014 million. The Company will continue to amortize at the current level of \$1,368 annually. Amortization will continue beyond the Data Years.

### **Unbilled Revenue – Electric**

#### **Basis for the Deferral**

Unbilled revenue represents the unbilled portion of the current months' revenues. This is a result of cycle billing and the fact that customers are not billed for current month usage but for their last 30 days of use. Customers are billed over 20 cycles during each calendar month.

#### **Actual Deferral through December 31, 2011**

The actual deferral balance as of December 31, 2011 was \$128.088 million.

Forecast of Deferrals through March 31, 2013

The forecast balance through March 31, 2013 is \$140.170 million, which reflects the twelve month average in the Historic Test Year.

**Unamortized Debt Expense**

Basis for the Deferral

This account relates to costs associated with the issuance of debt. These costs are capitalized and amortized.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was \$21.494 million.

Forecast of Deferrals through March 31, 2013

The forecast balance through March 31, 2013 is \$18.448 million.

**Unamortized Loss Reacquired Debt**

Basis for the Deferral

This account relates to costs associated with reacquired debt. These costs are capitalized and amortized.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was \$12.979 million.

Forecast of Deferrals through March 31, 2013

The forecast balance through March 31, 2013 is \$9.911 million.

**TCC Auction Revenue**

Basis for the Deferral

TCC Auction Revenues reflect the Company's wholesale transmission revenue stream, including the effect of full funding of Transmission Congestion Contracts ("TCC") administered



by the New York Independent System Operator (“NYISO”) under the current retail rate agreement. Under the current retail rate agreement, adjustments to wholesale transmission revenue flow through the Transmission Revenue Adjustment Clause (“TRAC”).

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was a credit of \$36.456 million.

Forecast of Deferrals through March 31, 2013

The forecast balance through March 31, 2013 is a credit of \$17.691 million. The amortization of the TCC Auction Revenues flow through transmission revenue and are part of the revenue included in the TRAC.

**NY – Nuclear Fuel Disposal Costs**

Basis for the Deferral

Per Case 98-E-0405, the federal government requires utility companies that operate nuclear plants to pay a 0.1 cent/kWh fee to cover the cost of removing and permanently disposing of spent nuclear fuel. This charge is avoided when a plant is permanently shutdown and ceases to produce energy. Thus, the spent nuclear fuel disposal fee is a “to go” cost. It is recognized, however, that the federal government keeps track of the amounts contributed by each utility toward the disposal of spent nuclear fuel for each nuclear plant.

Actual Deferral through December 31, 2011

The deferred credit balance as of December 31, 2011 was \$167.587 million.

Forecast of Deferrals through March 31, 2013

The forecast balance through March 31, 2013 is a credit of \$167.618 million. This is the result of additional interest being accrued to the liability.

**NYPA Residential Hydropower Benefit Mechanism**

**Basis for the Deferral**

Pursuant to Rule 46.2.6 of the Company's Electric Tariff, the Company passes the benefits associated with the net market value of NYPA Rural & Domestic power to residential customers.

**Actual Deferral through December 31, 2011**

The deferred credit balance as of December 31, 2011 was \$2.3 million.

**Forecast of Deferrals through March 31, 2013**

Niagara Mohawk has not forecast any additional deferral balance for the period from January 1, 2012 through March 31, 2013.

**SIR Non-Utility Plant**

**Basis for the Deferral**

In the 2010 Electric Rate Case, the Company was authorized to include the costs of certain non-utility properties, which the Company acquired to mitigate SIR costs, in rate base.

**Actual Deferral through December 31, 2011**

The balance as of December 31, 2011 was \$2.248 million.

**Forecast of Deferrals through March 31, 2013**

The Company will continue to include the \$2.248 million in costs associated with these properties in rate base.

## **Gas Other Accounts**

### **Environmental Insurance Recovery**

#### **Basis for the Deferral**

This deferral relates to an insurance proceeds Niagara Mohawk received prior to 2001. Under Attachment 14 of the Merger Rate Plan, allowable SIR costs are offset by net insurance proceeds. The deferral amount represents the portion allocated to gas operations.

#### **Actual Deferral through December 31, 2011**

The deferred credit balance as of December 31, 2011 was \$4.741 million.

#### **Forecast of Deferrals through March 31, 2013**

Niagara Mohawk has not forecast any additional deferral balance for the period from January 1, 2012 through March 31, 2013.

### **Unbilled Revenue – Gas**

#### **Basis for the Deferral**

Unbilled revenue represents the unbilled portion of the current months' revenues. This is a result of cycle billing and the fact that customers are not billed for current month usage but for their last 30 days of use. Customers are billed over 20 cycles during each calendar month.

#### **Actual Deferral through December 31, 2011**

The actual deferral balance as of December 31, 2011 was \$18.741 million

#### **Forecast of Deferrals through March 31, 2013**

The forecast balance through March 31, 2013 is \$16.720 million, which reflects the twelve month average in the Historic Test Year.

**Unamortized Loss Reacquired Debt**

Basis for the Deferral

This account relates to costs associated with reacquired debt. These costs are capitalized and amortized.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 was \$11.149 million.

Forecast of Deferrals through March 31, 2013

The forecast balance through March 31, 2013 is \$10.528 million.

**Accrued Unbilled Revenue**

Basis for the Deferral

This account relates to accrued unbilled revenue for the gas business.

Actual Deferral through December 31, 2011

The actual deferral balance as of December 31, 2011 is a credit of \$18.093 million.

Forecast of Deferrals through March 31, 2013

Niagara Mohawk has not forecast any additional deferral balance for the period from January 1, 2012 through March 31, 2013.



Testimony of Revenue Requirements Panel

Exhibit\_\_\_\_\_ (RRP-1)

Statement of Operating Income, By Component, for the  
Historic Test Year Ended December 31, 2011 and  
Rate Year Ending March 31, 2014 Summary

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Statement of Electric Operating Income  
Historic: Year Ended December 31, 2011 - Rate Year Ending March 31, 2014  
(\$000's)

Exhibit Reference	Historic Year Ended December 31, 2011	Historic Test Year Normalizing Adj	Adjustment Reflect Conditions in the Rate Year	Rate Year Ending March 31, 2014	Base Revenue Increase Required	Rate Year Ending March 31, 2014 with Base Revenue Requirement	Deferral Credit	Rate Year Ending March 31, 2014 with Base Revenue Req & Deferral
<u>Operating Revenues</u>	\$ 3,103,828	\$ -	\$ (673,537)	\$ 2,430,291	\$ 130,682	\$ 2,560,973	\$ -	\$ 2,560,973
<u>Deductions</u>								
Purchased Power Costs	906,138	-	(183,540)	722,598		722,598	-	722,598
Revenue Taxes	38,114	-	(8,862)	29,252	2,222	31,474	-	31,474
Total Deductions	944,252	-	(192,402)	751,850	2,222	754,072	-	754,072
Gross Margin	2,159,576	-	(481,135)	1,678,441	128,460	1,806,901	-	1,806,901
Total Operation & Maintenance Expenses	1,053,390	(102,395)	56,260	1,007,254	1,660	1,008,914	-	1,008,914
Amortization of Regulatory Deferrals	563,622	-	(560,047)	3,575		3,575	-	3,575
Depreciation, Amort. & Loss on Disposition	167,767	-	11,595	179,362		179,362	-	179,362
Taxes Other Than Revenue & Income Taxes	154,090	-	22,205	176,295		176,295	-	176,295
Total Operating Revenue Deductions	1,938,869	(102,395)	(469,987)	1,366,486	1,660	1,368,146	-	1,368,146
Operating Income Before Income Taxes	220,708	102,395	(11,148)	311,955	126,800	438,755	-	438,755
<u>Income Taxes</u>								
Federal Income Taxes	49,077	33,294	(2,959)	79,412	41,229	120,641	-	120,641
State Income Taxes	10,084	7,270	(645)	16,709	9,003	25,712	-	25,712
Total Income Taxes	59,161	40,564	(3,604)	96,121	50,232	146,353	-	146,353
Operating Income After Income Taxes	161,547	61,831	(7,544)	215,834	76,568	292,402	-	292,402
Rate Base	\$ 3,849,560	\$ -	\$ 112,522	\$ 3,962,082		\$ 3,962,082		\$ 3,962,082
Rate of Return	4.20%			5.45%		7.38%		7.38%
Return On Equity	4.35%			6.79%		10.55%		10.55%

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Statement of Gas Operating Income  
Historic Year Ended December 31, 2011 - Rate Year Ending March 31, 2014  
(\$'000's)

Exhibit Reference	Historic Year Ended December 31, 2011	Historic Test Year Normalizing Adj	Adjustment Reflect Conditions in the Rate Year	Rate Year Ending March 31, 2014	Base Revenue Increase Required	Rate Year Ending March 31, 2014 with Base Revenue Requirement	Deferral Credit	Rate Year Ending March 31, 2014 with Base Rev Req & Deferral
Operating Revenues	\$ 730,832	\$ -	\$ (138,632)	\$ 592,200	\$ 39,840	\$ 632,039	\$ (14,104)	\$ 617,935
<u>Deductions</u>								
Purchased Gas Costs	353,675	-	(125,581)	228,094		228,094	-	228,094
Revenue Taxes	8,484	-	(374)	8,110	677	8,787	(240)	8,547
Total Deductions	362,160	-	(125,955)	236,205	677	236,881	(240)	236,641
Gross Margin	368,672	-	(12,677)	355,995	39,163	395,158	(13,864)	381,294
Total Operation & Maintenance Expenses	201,507	(11,395)	(9,152)	180,959	915	181,874	(324)	181,551
Amortization of Regulatory Deferrals	14,707	-	(15,791)	(1,084)		(1,084)	(13,540)	(14,624)
Depreciation, Amort. & Loss on Disposition	44,140	-	6,132	50,272		50,272	-	50,272
Taxes Other Than Revenue & Income Taxes	43,482	-	1,560	45,042		45,042	-	45,042
Total Operating Revenue Deductions	303,836	(11,395)	(17,252)	275,190	915	276,105	(13,864)	262,241
Operating Income Before Income Taxes	64,836	11,395	4,574	80,805	38,248	119,053	-	119,053
<u>Income Taxes</u>								
Federal Income Taxes	15,250	3,707	1,384	20,341	12,436	32,777	-	32,777
State Income Taxes	3,149	804	308	4,261	2,716	6,977	-	6,977
Total Income Taxes	18,399	4,511	1,692	24,602	15,152	39,754	-	39,754
Operating Income After Income Taxes	\$ 46,437	\$ 6,884	\$ 2,882	\$ 56,203	\$ 23,096	\$ 79,299	\$ -	\$ 79,299
Rate Base	\$ 1,001,752	\$ -	\$ 72,754	\$ 1,074,506		\$ 1,074,506		\$ 1,074,506
Rate of Return	4.64%		5.23%			7.38%		7.38%
Return On Equity	5.15%		6.30%			10.55%		10.55%



NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Capital Structure  
For the Rate Year Ending March 31, 2014

1						
2						
3	<b>Electric Rate Case Capital Structure</b>					
4	<b>last update:</b>					
5		Total NM	Weighting		Weighted	
6		Annual Avg	Percent	Cost	Cost	
7	Long Term Debt	\$ 1,836,428	46.35%	4.14%	1.92%	1.92%
8	Notes Payable	39,967	1.01%	0.84%	0.01%	0.01%
9	Gas Supplier Refunds	-	0.00%	0.00%	0.00%	0.00%
10	Customer Deposits	28,648	0.72%	1.65%	0.01%	0.01%
11	Preferred Stock	22,108	0.56%	3.66%	0.02%	0.03%
12	Common Equity	2,034,932	51.36%	10.55%	5.42%	8.98%
13						
14	Total	\$3,962,082	100.00%		7.3800%	10.95%
15						

Revenue Requirement of \$130,684

16 **OTHER REVENUE REQUIREMENT INPUTS**

17	Fcast Bad Debts exp RYE 3/31/10	\$ 65,629				
18	Forecast Rate Year Rates to apply to Rev Req		Gas			
19	Bad Debt % for Rev Req	1.271%	Electr	2.297%	Gas	
20	GRT rate for Rev Req	1.700%				
21	Federal Income Tax rate	35.0%				
22	NYS Income Tax rate	7.1%		60.3850%		
23	Historic Year EBCAP	\$ (10,977)				
24	General Inflation (from 12/31/08 to 12/31/11)	5.3267%				

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
For the Data Year Ending March 31, 2015

1						
2						
3	<b>Electric Rate Case Capital Structure</b>					
4	<b>last update:</b>					
5		Total NM	Weighting		Weighted	
6		Annual Avg	Percent	Cost	Cost	
7	Long Term Debt	\$ 1,948,234	46.04%	4.57%	2.11%	2.11%
8	Notes Payable	34,996	0.83%	1.22%	0.01%	0.01%
9	Gas Supplier Refunds	-	0.00%	0.00%	0.00%	0.00%
10	Customer Deposits	29,099	0.69%	1.65%	0.01%	0.01%
11	Preferred Stock	22,456	0.53%	3.66%	0.02%	0.03%
12	Common Equity	2,196,907	51.92%	10.90%	5.66%	9.37%
13						
14	Total	\$4,231,692	100.00%		7.81%	11.54%
15						

Revenue Requirement of -\$672,829

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
For the Data Year Ending March 31, 2016

1						
2						
3	<b>Electric Rate Case Capital Structure</b>					
4	<b>last update:</b>					
5		Total NM	Weighting		Weighted	
6		Annual Avg	Percent	Cost	Cost	
7	Long Term Debt	\$ 2,047,110	45.37%	5.35%	2.43%	2.43%
8	Notes Payable	97,296	2.16%	2.40%	0.05%	0.05%
9	Gas Supplier Refunds	-	0.00%	0.00%	0.00%	0.00%
10	Customer Deposits	28,832	0.64%	1.65%	0.01%	0.01%
11	Preferred Stock	22,250	0.49%	3.66%	0.02%	0.03%
12	Common Equity	2,316,619	51.34%	10.90%	5.60%	9.27%
13						
14	Total	\$4,512,107	100.00%		8.11%	11.80%
15						

Revenue Requirement of -\$573,220



## Testimony of Revenue Requirements Panel

Exhibit\_\_\_\_\_(RRP-2)

Summary of Normalization Adjustments by Expense Type  
for the Historic Test Year Ended December 31, 2011,  
Rate Year Ending March 31, 2014  
and Data Years Ending March 31, 2015 and March 31, 2016

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Summary of Test Year Adjustments  
Originating Niagara Mohawk Power Corporation by Expense Type  
(Dollars)

Expense Type	Scrub Test	Electric	Gas	Total
100 A/P Summary	\$	-	\$	-
100 Project Summary		(9,744,694.0)	(1,404,129.6)	(11,148,823.6)
100 Vendor Summary		(91,855.8)	(18,701.2)	(110,557.0)
100 JE Summary		351,865.0	-	351,865.0
100 Total		(9,484,684.8)	(1,422,830.8)	(10,907,515.7)
110 A/P Summary		24,900.0	5,100.0	30,000.0
110 Project Summary		(2,691,091.2)	(423,812.9)	(3,114,904.1)
110 Vendor Summary		(6,975.2)	(6.0)	(6,981.1)
110 JE Summary		106,687.6	322.0	107,009.6
110 Total		(2,566,478.8)	(418,396.8)	(2,984,875.6)
200 A/P Summary		-	-	-
200 EE Summary		(244,298.6)	(54,329.7)	(298,628.3)
200 Project Summary		(202,537.7)	(26,027.9)	(228,565.6)
200 Vendor Summary		(1,450.0)	-	(1,450.0)
200 JE Summary		7,602.6	290.2	7,892.8
200 Total		(440,683.6)	(80,067.4)	(520,751.0)
300 A/P Summary		(933.5)	(159.5)	(1,093.1)
300 Project Summary		(140,488.1)	(20,430.2)	(160,918.3)
300 Vendor Summary		-	-	-
300 JE Summary		0.1	-	0.1
300 Total		(141,421.6)	(20,589.7)	(162,011.2)
350 A/P Summary		-	-	-
350 Project Summary		(185,847.7)	(29,510.4)	(215,358.1)
350 Vendor Summary		-	-	-
350 JE Summary		-	-	-
350 Total		(185,847.7)	(29,510.4)	(215,358.1)
400 A/P Summary		2,467,009.7	505,291.1	2,972,300.8
400 Project Summary		(5,909,000.6)	(768,145.1)	(6,677,145.6)
400 Vendor Summary		(285,635.7)	(6,696.5)	(292,332.2)
400 JE Summary		(11,666,592.5)	7,110.2	(11,659,482.2)
400 Total		(15,394,219.0)	(262,440.2)	(15,656,659.2)
500 A/P Summary		-	-	-
500 Project Summary		(250,561.0)	(42,704.6)	(293,265.6)
500 Vendor Summary		(1,360.0)	-	(1,360.0)
500 JE Summary		2,172,405.7	-	2,172,405.7
500 Total		1,920,484.7	(42,704.6)	1,877,780.2
M10 A/P Summary		(270,942.9)	(15,538.4)	(286,481.3)
M10 Project Summary		(70,950.3)	(3,904.6)	(74,854.9)
M10 Vendor Summary		(9,488.5)	(30.6)	(9,519.1)
M10 JE Summary		833.3	170.7	1,004.0
M10 Total		(350,548.4)	(19,303.0)	(369,851.3)
A50 JE Summary		26,632.9	-	26,632.9
A50 Total		26,632.9	-	26,632.9
A60 Project Summary		(0.0)	-	(0.0)
A60 Total		(0.0)	-	(0.0)
A65 Project Summary		9,524.6	1,498.8	11,023.5
A65 JE Summary		(299.2)	-	(299.2)
A65 Total		9,524.6	1,498.8	11,023.5
A70 AP Summary		(15,121.3)	-	(15,121.3)
A70 Project Summary		(113,240.3)	(17,982.8)	(131,223.1)
A70 Vendor Summary		(4,915.6)	(4.4)	(4,920.0)
A70 Total		(133,277.2)	(17,987.2)	(151,264.4)
Legal AP Summary		7,623.8	(7,623.8)	-
Legal Total		7,623.8	(7,623.8)	-
Total A/P Summary	\$	2,204,911.9	\$ 494,693.2	\$ 2,699,605.1
Total EE Summary	\$	(244,298.6)	\$ (54,329.7)	\$ (298,628.3)
Total Project Summary	\$	(19,298,886.2)	\$ (2,735,149.2)	\$ (22,034,035.4)
Total Vendor Summary	\$	(401,680.7)	\$ (25,438.7)	\$ (427,119.4)
Total JE Summary	\$	(9,000,864.5)	\$ 7,893.2	\$ (8,992,971.3)
Total Total	\$	(26,740,818.1)	\$ (2,312,331.2)	\$ (29,053,149.3)

## **SCHEDULE 1**

A/P Adjustments

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Summary of Test Year A/P Adjustments  
Originating Niagara Mohawk Power Corporation by Expense Type  
(Dollars)

Vendor	Expense Type	Segment	Amount
ALSTON & BIRD LLP	Legal	ELECTRIC	\$ 7,623.8
ALSTON & BIRD LLP	Legal	GAS	(7,623.8)
WILLIAM M LARNED & SONS INC	M10	ELECTRIC	(189,016.5)
WILLIAM M LARNED & SONS INC	A70	ELECTRIC	(15,121.3)
VERIZON	400	ELECTRIC	2,467,009.7
VERIZON	400	GAS	505,291.1
VAN SLYKE TRUCKING INC	110	ELECTRIC	24,900.0
VAN SLYKE TRUCKING INC	110	GAS	5,100.0
HSBC Corporate Card - potential fraud	300	ELECTRIC	(933.5)
HSBC Corporate Card - potential fraud	300	GAS	(159.5)
HSBC Corporate Card - potential fraud	M10	ELECTRIC	(81,926.4)
HSBC Corporate Card - potential fraud	M10	GAS	(15,538.4)
Total			<u>\$ 2,699,605.1</u>

## **SCHEDULE 2**

### Employee Expense Adjustments

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)

Summary of Test Year Employee Expense Adjustments  
Originating Niagara Mohawk Power Corporation by Expense Type  
(Dollars)

Report Number	Description	Keyword	Expense Type	Segment	Amount
0000255195	Flight for Chairman's Award	Award	200	ELECTRIC	\$ (287.3)
0000254936	Trip to NYC for Gas Award	Award	200	ELECTRIC	(224.4)
0000257032	Hotel for Chairman's Award	Award	200	ELECTRIC	(211.2)
0000260231	Vest awards for safety	Award	200	ELECTRIC	(186.1)
0000273465	NEDA marketing awards	Award	200	ELECTRIC	(119.8)
0000273465	NEDA meeting for marketing awards. From: Syracuse To: Albany	Award	200	ELECTRIC	(101.4)
0000257032	Chairman's Award Travel	Award	200	ELECTRIC	(89.3)
0000274702	Refreshments for Award Presentation of the 2011 M.A. Nelson Scholarship	Award	200	ELECTRIC	(53.5)
0000256715	Agency Awards Luncheon(HUB) & Networking	Award	200	ELECTRIC	(25.0)
0000280812	PRSA Empire Awards Event	Award	200	ELECTRIC	(24.9)
0000276509	Niagara Beautification Award Luncheon - office to Niagara Falls	Award	200	ELECTRIC	(24.4)
0000257032	Chairman's Award Travel, Return to Airport	Award	200	ELECTRIC	(22.8)
0000257032	Transportation from Airport, Chairman's Award	Award	200	ELECTRIC	(20.9)
0000276589	Eart Day supplies, Awards picture frames for vendors	Award	200	ELECTRIC	(20.7)
0000276509	Niagara Beautification Awards luncheon entrance fee	Award	200	ELECTRIC	(20.0)
0000279486	Go Art Awards Gala	Award	200	ELECTRIC	(20.0)
0000252030	New York League of Conservation Voters Award - transportation from hotel to event	Award	200	ELECTRIC	(16.6)
0000257032	Trans to Chairman's Award Dinner (split with Alicia Dicks)	Award	200	ELECTRIC	(13.9)
0000264238	Amhesrt Chamber - Small Business Awards - Unites States Postal Service - Lou Deleo, 725 H	Award	200	ELECTRIC	(13.2)
0000265556	Bflo/Amhrst: ACC - Awards Bflo/Amhrst; AYF - Relay	Award	200	ELECTRIC	(12.8)
0000252030	Conservation Voters Award - transportation from event back to hotel	Award	200	ELECTRIC	(12.5)
0000257032	Chairman's Award Travel - Due to Diverted Flight on the Way	Award	200	ELECTRIC	(11.5)
0000257647	Erie Blvd to Beacon North facility & return for Chairman's Award video taping	Award	200	ELECTRIC	(10.2)
0000257032	Travel to Airport for Chairman's Award Travel	Award	200	ELECTRIC	(10.2)
0000268559	UWGN Awards breakfast in Niagara Falls	Award	200	ELECTRIC	(8.2)
0000265867	FROM: Beacon North to Watertown - Rices Rd. B. Badalato P4G Meeting (award ltr.) + oth	Award	200	ELECTRIC	(7.0)
0000265867	RETURN FROM: Beacon North to Watertown - Rices Rd. B. Badalato P4G Meeting (award	Award	200	ELECTRIC	(7.0)
0000265867	FROM: Beacon North to Utica - Campion Rd. A Partyka P4G Meeting (award ltr.) + other E	Award	200	ELECTRIC	(5.4)
0000265867	RETURN FROM: Beacon North to Utica - Campion Rd. A Partyka P4G Meeting (award ltr.)	Award	200	ELECTRIC	(5.4)
0000257032	Concierge Tip at Hotel for Chairman's Award	Award	200	ELECTRIC	(4.2)
0000257032	Hotel Maid Tip for Chairman's Award	Award	200	ELECTRIC	(4.2)
0000282583	Van Rensselaer Awards Dinner, Troy, NY	Award	200	ELECTRIC	(3.9)
0000281814	Community Event - Canisius 43 Annual Business Awards - Buffalo to Depew	Award	200	ELECTRIC	(3.4)
0000256715	Agency Awards Luncheon at Convention Center	Award	200	ELECTRIC	(2.5)
0000257032	Chairman's Award Travel, Tip for Taxi	Award	200	ELECTRIC	(2.1)
0000257032	Parking at Airport for Chairman's Award Travel	Award	200	ELECTRIC	(1.9)
0000267633	DISTINGUISHED COMMUNITY LEADER AWARDS Honoring Melanie Littlejohn - Syr	Award	200	ELECTRIC	(1.7)
0000271876	MV EDGE Awards Luncheon	Award	200	ELECTRIC	(1.7)
0000275824	Rensselaer Chamber Awards Dinner - Albany to Troy & return	Award	200	ELECTRIC	(0.8)
0000255195	Flight for Chairman's Award	Award	200	GAS	(58.9)
0000257032	Hotel for Chairman's Award	Award	200	GAS	(43.3)
0000273465	NEDA marketing awards	Award	200	GAS	(24.5)
0000273465	NEDA meeting for marketing awards. From: Syracuse To: Albany	Award	200	GAS	(20.8)
0000257032	Chairman's Award Travel	Award	200	GAS	(18.3)
0000274702	Refreshments for Award Presentation of the 2011 M.A. Nelson Scholarship	Award	200	GAS	(11.0)
0000280812	PRSA Empire Awards Event	Award	200	GAS	(5.1)
0000257032	Chairman's Award Travel, Return to Airport	Award	200	GAS	(4.7)
0000257032	Transportation from Airport, Chairman's Award	Award	200	GAS	(4.3)
0000252030	New York League of Conservation Voters Award - transportation from hotel to event	Award	200	GAS	(3.4)
0000257032	Trans to Chairman's Award Dinner (split with Alicia Dicks)	Award	200	GAS	(2.9)
0000252030	Conservation Voters Award - transportation from event back to hotel	Award	200	GAS	(2.6)
0000257032	Chairman's Award Travel - Due to Diverted Flight on the Way	Award	200	GAS	(2.4)
0000257032	Travel to Airport for Chairman's Award Travel	Award	200	GAS	(2.1)
0000257032	Concierge Tip at Hotel for Chairman's Award	Award	200	GAS	(0.9)
0000257032	Hotel Maid Tip for Chairman's Award	Award	200	GAS	(0.9)
0000282583	Van Rensselaer Awards Dinner, Troy, NY	Award	200	GAS	(0.8)
0000265867	FROM: Beacon North to Watertown - Rices Rd. B. Badalato P4G Meeting (award ltr.) + oth	Award	200	GAS	(0.5)
0000265867	RETURN FROM: Beacon North to Watertown - Rices Rd. B. Badalato P4G Meeting (award	Award	200	GAS	(0.5)
0000257032	Chairman's Award Travel, Tip for Taxi	Award	200	GAS	(0.4)
0000265867	FROM: Beacon North to Utica - Campion Rd. A Partyka P4G Meeting (award ltr.) + other E	Award	200	GAS	(0.4)
0000265867	RETURN FROM: Beacon North to Utica - Campion Rd. A Partyka P4G Meeting (award ltr.)	Award	200	GAS	(0.4)
0000257032	Parking at Airport for Chairman's Award Travel	Award	200	GAS	(0.4)
0000271876	MV EDGE Awards Luncheon	Award	200	GAS	(0.3)
0000267633	DISTINGUISHED COMMUNITY LEADER AWARDS Honoring Melanie Littlejohn - Syr	Award	200	GAS	(0.3)
0000285304	Buffalo Bills Suite	Bills	200	ELECTRIC	(658.6)
0000285304	Buffalo Bills Suite	Bills	200	GAS	(134.9)
0000283377	From: Ellicottville To: Stratford, NY - UMMC charity event w/ Carl Forster	Charity	200	ELECTRIC	(78.3)



NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Summary of Test Year Employee Expense Adjustments  
Originating Niagara Mohawk Power Corporation by Expense Type  
(Dollars)

Report Number	Description	Keyword	Expense Type	Segment	Amount
0000261834	Business Meeting/Christmas	Christmas	200	ELECTRIC	(302.7)
0000254784	Christmas Lunch for Oakwood Barn	Christmas	200	ELECTRIC	(282.5)
0000251816	Safety/Christmas Lunch	Christmas	200	ELECTRIC	(145.8)
0000251385	Christmas Cards and Pastries from J. Spink	Christmas	200	ELECTRIC	(85.1)
0000252615	Christmas Safety Meeting for line crews out of Oakwood Ave, Troy.	Christmas	200	ELECTRIC	(23.4)
0000263106	U. S. Post Office mail J A donations	Donation	200	ELECTRIC	(13.3)
0000274100	Annual Rotary Dues	Dues	200	ELECTRIC	(175.0)
0000274892	Rotary Dues	Dues	200	ELECTRIC	(160.0)
0000259416	Rotary Club Dues 2010-2011	Dues	200	ELECTRIC	(140.0)
0000276134	Glens Falls Rotary Annual Dues	Dues	200	ELECTRIC	(132.8)
0000278770	Dues for board position Rosamond Gifford	Dues	200	ELECTRIC	(125.0)
0000259807	March 2011 Dues - Fort Orange Club, Albany, NY	Dues	200	ELECTRIC	(86.1)
0000250708	Monthly Dues - Fort Orange Club	Dues	200	ELECTRIC	(76.2)
0000252030	Fort Orange Club Monthly Dues	Dues	200	ELECTRIC	(76.2)
0000254769	Monthly Dues - Fort Orange Club, Albany NY - 12/2010	Dues	200	ELECTRIC	(76.2)
0000257255	Monthly Dues - Fort Orange Club, Albany, NY	Dues	200	ELECTRIC	(76.2)
0000259332	Monthly Dues - Fort Orange Club, Albany NY	Dues	200	ELECTRIC	(76.2)
0000279486	Gen Co Farm Bureau annual dues	Dues	200	ELECTRIC	(75.0)
0000258713	Lions Club dues to April 2011	Dues	200	ELECTRIC	(74.7)
0000272090	2011-2012 dues- Potsdam Lions Club	Dues	200	ELECTRIC	(70.0)
0000245412	Leadership Genesee Dues	Dues	200	ELECTRIC	(50.0)
0000262803	GO Art Annual Dues	Dues	200	ELECTRIC	(40.0)
0000273871	Annual dues for Orleans County Human Service Council	Dues	200	ELECTRIC	(16.6)
0000266144	Dues paid for the year to the Human Service Coalition of the Tonawandas	Dues	200	ELECTRIC	(11.6)
0000276134	Glens Falls Rotary Annual Dues	Dues	200	GAS	(27.2)
0000259807	March 2011 Dues - Fort Orange Club, Albany, NY	Dues	200	GAS	(17.6)
0000259332	Monthly Dues - Fort Orange Club, Albany NY	Dues	200	GAS	(15.6)
0000257255	Monthly Dues - Fort Orange Club, Albany, NY	Dues	200	GAS	(15.6)
0000254769	Monthly Dues - Fort Orange Club, Albany NY - 12/2010	Dues	200	GAS	(15.6)
0000252030	Fort Orange Club Monthly Dues	Dues	200	GAS	(15.6)
0000250708	Monthly Dues - Fort Orange Club	Dues	200	GAS	(15.6)
0000258713	Lions Club dues to April 2011	Dues	200	GAS	(15.3)
0000273871	Annual dues for Orleans County Human Service Council	Dues	200	GAS	(3.4)
0000266144	Dues paid for the year to the Human Service Coalition of the Tonawandas	Dues	200	GAS	(2.4)
0000276509	United Way Event at Hickory Stick entry fee	Event	200	ELECTRIC	(165.0)
0000281053	Mtr Inv's - Oneida, Whitesboro, Utica. Ngrid Event - Utica Army	Event	200	ELECTRIC	(103.2)
0000256026	Fredonia to Batavia (genesee comm college) to complete outreach event with girl scouts	Event	200	ELECTRIC	(91.8)
0000279486	Annual Batavia Rotary Event	Event	200	ELECTRIC	(80.0)
0000283367	From: Ellicottville To: Getzville, NY - Amherst Youth Foundation event w/ k McQuiggan	Event	200	ELECTRIC	(48.5)
0000252244	Yellow Ribbon Event Utica	Event	200	ELECTRIC	(47.0)
0000278831	Nedrow Mtg for NAI / VERG Event	Event	200	ELECTRIC	(41.6)
0000259559	Habitat for humanity Wall Raising Event	Event	200	ELECTRIC	(37.2)
0000273568	United Memorial Medical Center - Community Event - Buffalo to Stafford	Event	200	ELECTRIC	(37.1)
0000281053	Syr D'town drop off P/W, NGrid/SU Vet Event	Event	200	ELECTRIC	(36.1)
0000266917	Syr D'town Mtgs, Beacon North, VERG Flag Day events	Event	200	ELECTRIC	(34.2)
0000271972	Community Service Event - Hudson	Event	200	ELECTRIC	(33.2)
0000259559	Syr - NGrid / Excelsior College Event	Event	200	ELECTRIC	(30.1)
0000268559	Earth Day event in Niagara Falls. Picking up supplies and equipment.	Event	200	ELECTRIC	(26.5)
0000277727	Comm Hosp Event - Verona	Event	200	ELECTRIC	(26.2)
0000266144	Table fee registration for Senior Walk in the Park event	Event	200	ELECTRIC	(24.9)
0000276509	Leadership Niagara event at Hickory Stick - office to Lewiston	Event	200	ELECTRIC	(23.3)
0000273500	Lower Niagara River Chamber Classic - Community event - Buffalo to Lewiston	Event	200	ELECTRIC	(22.5)
0000253390	r/t from fredonia to mayville for outreach at chautauqua county elder abuse prevention mtg.	Event	200	ELECTRIC	(22.4)
0000277958	BUF TO LEWISTON/COMPASS HOUSE/COMMUNITY EVENT	Event	200	ELECTRIC	(20.3)
0000273568	BOMA Golf Outing - Community Event - Buffalo to Akron	Event	200	ELECTRIC	(19.4)
0000268559	Preparation for Earth Day event at Gill Creek Park in Niagara Falls	Event	200	ELECTRIC	(18.4)
0000273502	FANA Golf Classic - Community Event - Buffalo to Wanaka	Event	200	ELECTRIC	(16.9)
0000283802	From: Beacon North to Oswego / Fulton Chamber (donation for upcoming community event)	Event	200	ELECTRIC	(16.6)
0000271309	united way Montgomery County Chamber event-gloversville to amsterdam	Event	200	ELECTRIC	(15.7)
0000282071	From: Beacon North to United Way Community Event (Stone Soup) @ St Josephs Parish Ctr	Event	200	ELECTRIC	(15.7)
0000282071	RETURN From: Beacon North to United Way Community Event (Stone Soup) @ St Josephs	Event	200	ELECTRIC	(15.7)
0000270496	Travel from OP to Buffalo and Return to attend Camp Good Days Event.	Event	200	ELECTRIC	(15.5)
0000270496	Travel from OP to Bufflao and return to attend Black Tie Event.	Event	200	ELECTRIC	(15.5)
0000284268	Customer Event SU Football(Parking at VA Garage).	Event	200	ELECTRIC	(15.0)
0000262733	Travel from National Grid to Gill Creek Park in Niagara Falls, NY (Packard Rd.) to participat	Event	200	ELECTRIC	(14.7)
0000284268	Beacon North to Syracuse - SU Football Customer Event.	Event	200	ELECTRIC	(14.3)
0000277958	LANCASTER TO BUF/OLMSTEAD PARKS/COMMUNITY EVENT	Event	200	ELECTRIC	(12.7)
0000277958	LANCASTER TO BUF/SHAKESPEARE IN DELAWARE PARK/COMMUNITY EVENT	Event	200	ELECTRIC	(11.8)
0000267753	Local travel for refrigerator recycling press event	Event	200	ELECTRIC	(11.2)
0000277958	LANCASTER TO BUF/KALEIDA COMMUNITY EVENT/ KALEIDA AE	Event	200	ELECTRIC	(10.1)
0000272398	From Beacon North to Upstate Community Golf / Cancer Center Event - Village Green B'Vill Event	Event	200	ELECTRIC	(9.7)
0000272398	RETURN From Beacon North to Upstate Community Golf / Cancer Center Event - Village G Event	Event	200	ELECTRIC	(9.7)

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Summary of Test Year Employee Expense Adjustments  
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Report Number	Description	Keyword	Expense Type	Segment	Amount
0000277958	LANCASTER TO BUF/BUFFALO ZOO /COMMUNITY EVENT	Event	200	ELECTRIC	(9.3)
0000281873	RSVP Council Members asked to donate item for event> Mums from Ballston Spa Agway/ \$1	Event	200	ELECTRIC	(8.9)
0000277958	LANCASTER TO BUF/CAMP GOOD DAYS/COMMUNITY EVENT	Event	200	ELECTRIC	(8.5)
0000272398	Upstate Community Event Exps for Community Cancer Bldg	Event	200	ELECTRIC	(8.3)
0000280848	PRSA Edicational Event	Event	200	ELECTRIC	(8.3)
0000282071	United Way Comm. Event - Donation (Bus) Oswego \$5.00+5.00 add'l U Way Oswego	Event	200	ELECTRIC	(8.3)
0000283802	Oswego / Fulton Chamber Social Event @ Oasis Fulton NY (Registration) AMEX	Event	200	ELECTRIC	(8.3)
0000280999	From: Beacon North -Community Event Boys & Girls Club - Drumlins	Event	200	ELECTRIC	(7.4)
0000280999	RETURN From: Beacon North -Community Event Boys & Girls Club - Drumlins	Event	200	ELECTRIC	(7.4)
0000271876	Martin Luther King School Event w/Melanie Littlejohn	Event	200	ELECTRIC	(6.3)
0000283802	From: Beacon North to Community Event @ Rosemont Gifford Zoo	Event	200	ELECTRIC	(6.0)
0000283802	RETURN From: Beacon North to Community Event @ Rosemont Gifford Zoo	Event	200	ELECTRIC	(6.0)
0000281433	From: Beacon North to United Way Rally Dntown Syr Community Event	Event	200	ELECTRIC	(5.1)
0000281433	RETURN From: Beacon North to United Way Rally Dntown Syr Community Event	Event	200	ELECTRIC	(5.1)
0000259332	Communitywide Dialog Event Parking	Event	200	ELECTRIC	(5.0)
0000273568	United Way Day of Caring - Community Event - Buffalo to Kenmore	Event	200	ELECTRIC	(4.6)
0000279074	Ray of Hope organization community event Niagara Falls	Event	200	ELECTRIC	(4.6)
0000282071	Oswego / Fulton Bus After Hours Event - \$5.00 fee by Oswego / Fulton Chamber	Event	200	ELECTRIC	(4.2)
0000270496	Parking cost at Camp Good Days Event.	Event	200	ELECTRIC	(3.8)
0000283950	Community Event - Police Athletic League of Buffao - Buffalo to Cheektowaga	Event	200	ELECTRIC	(3.8)
0000281814	Community Event - Advance Energy Conf AERTC - Buffalo to Buffalo	Event	200	ELECTRIC	(3.4)
0000252244	YellowRibbon Event Utica	Event	200	ELECTRIC	(3.3)
0000282071	From: Beacon North to Oswego / Fulton Chamber Event @ Holiday Inn Express Cicero	Event	200	ELECTRIC	(2.3)
0000282071	RETURN From: Beacon North to Oswego / Fulton Chamber Event @ Holiday Inn Express C	Event	200	ELECTRIC	(2.3)
0000273568	NYS Thurway EZPass - United Memorial Medical Center - Community Event - Buffalo to St	Event	200	ELECTRIC	(1.9)
0000262733	Tolls paid via EZ-Pass to travel to Earth Day event.	Event	200	ELECTRIC	(1.4)
0000263557	FROM: Beacon North SOC - Community Event - M. Littlejohn (Duck Race Kickoff - to end	Event	200	ELECTRIC	(1.3)
0000263557	RETURN FROM: Beacon North SOC - Community Event - M. Littlejohn (Duck Race Kicko	Event	200	ELECTRIC	(1.3)
0000283348	Olean Rotary Club - (NOTE: Error made on Exp. Rpt 0000259416; March 8th should've been	Event	200	ELECTRIC	(0.8)
0000278675	OnCenter (front on street) Best of Syracuse ... Community Event 5-9 PM	Event	200	ELECTRIC	(0.6)
0000252244	Yellow Ribbon Event Utica	Event	200	GAS	(9.6)
0000271972	Community Service Event - Hudson	Event	200	GAS	(6.8)
0000277727	Comm Hosp Event - Verona	Event	200	GAS	(5.4)
0000266144	Table fee registration for Senior Walk in the Park event	Event	200	GAS	(5.1)
0000283802	From: Beacon North to Oswego / Fulton Chamber (donation for upcoming community event)	Event	200	GAS	(3.4)
0000271309	united way Montgomery County Chamber event-gloversville to amsterdam	Event	200	GAS	(3.2)
0000282071	From: Beacon North to United Way Community Event (Stone Soup) @ St Josephs Parish Ctr	Event	200	GAS	(3.2)
0000282071	RETURN From: Beacon North to United Way Community Event (Stone Soup) @ St Josephs	Event	200	GAS	(3.2)
0000284268	Beacon North to Syracuse - SU Football Customer Event.	Event	200	GAS	(2.9)
0000272398	From Beacon North to Upstate Community Golf / Cancer Center Event - Village Green B'Vill	Event	200	GAS	(2.0)
0000272398	RETURN From Beacon North to Upstate Community Golf / Cancer Center Event - Village G	Event	200	GAS	(2.0)
0000281873	RSVP Council Members asked to donate item for event> Mums from Ballston Spa Agway/ \$1	Event	200	GAS	(1.8)
0000283802	Oswego / Fulton Chamber Social Event @ Oasis Fulton NY (Registration) AMEX	Event	200	GAS	(1.7)
0000282071	United Way Comm. Event - Donation (Bus) Oswego \$5.00+5.00 add'l U Way Oswego	Event	200	GAS	(1.7)
0000280848	PRSA Edicational Event	Event	200	GAS	(1.7)
0000272398	Upstate Community Event Exps for Community Cancer Bldg	Event	200	GAS	(1.7)
0000280999	From: Beacon North -Community Event Boys & Girls Club - Drumlins	Event	200	GAS	(1.5)
0000280999	RETURN From: Beacon North -Community Event Boys & Girls Club - Drumlins	Event	200	GAS	(1.5)
0000271876	Martin Luther King School Event w/Melanie Littlejohn	Event	200	GAS	(1.3)
0000283802	From: Beacon North to Community Event @ Rosemont Gifford Zoo	Event	200	GAS	(1.2)
0000283802	RETURN From: Beacon North to Community Event @ Rosemont Gifford Zoo	Event	200	GAS	(1.2)
0000281433	From: Beacon North to United Way Rally Dntown Syr Community Event	Event	200	GAS	(1.0)
0000281433	RETURN From: Beacon North to United Way Rally Dntown Syr Community Event	Event	200	GAS	(1.0)
0000259332	Communitywide Dialog Event Parking	Event	200	GAS	(1.0)
0000279074	Ray of Hope organization community event Niagara Falls	Event	200	GAS	(0.9)
0000282071	Oswego / Fulton Bus After Hours Event - \$5.00 fee by Oswego / Fulton Chamber	Event	200	GAS	(0.9)
0000252244	YellowRibbon Event Utica	Event	200	GAS	(0.7)
0000282071	From: Beacon North to Oswego / Fulton Chamber Event @ Holiday Inn Express Cicero	Event	200	GAS	(0.5)
0000282071	RETURN From: Beacon North to Oswego / Fulton Chamber Event @ Holiday Inn Express C	Event	200	GAS	(0.5)
0000278675	OnCenter (front on street) Best of Syracuse ... Community Event 5-9 PM	Event	200	GAS	(0.1)
0000263557	FROM: Beacon North SOC - Community Event - M. Littlejohn (Duck Race Kickoff - to end	Event	200	GAS	(0.1)
0000263557	RETURN FROM: Beacon North SOC - Community Event - M. Littlejohn (Duck Race Kicko	Event	200	GAS	(0.1)
0000282668	Buffalo Bills suite for the Bills vs NY Jets. Multiple ed partenrs and businesses were in attent	Game	200	ELECTRIC	(1,229.9)
0000282668	Limo bus to take 11 people from CNY to Buffalo Bills game. Buffalo Bills suite for the Bills	Game	200	ELECTRIC	(1,057.1)
0000279396	Costs associated with entertaining customers in Buffalo Bills suite versus Philadelphia Eagles	Game	200	ELECTRIC	(970.1)
0000282286	Take customers to Patriots game at stadium.	Game	200	ELECTRIC	(817.3)
0000261665	Sabres Game	Game	200	ELECTRIC	(620.3)
0000253385	Sabres Game	Game	200	ELECTRIC	(589.0)
0000284294	Sabres Game w/ BNMC Guests	Game	200	ELECTRIC	(557.8)
0000283090	Costs incurred to host customers in National Grid suite at Buffalo Sabres hockey game on No	Game	200	ELECTRIC	(537.8)
0000257337	Sabres Game w/ United Way	Game	200	ELECTRIC	(450.2)
0000258831	Hostess at Sabres game with National Grid Customers.	Game	200	ELECTRIC	(363.1)

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)

Summary of Test Year Employee Expense Adjustments  
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Report Number	Description	Keyword	Expense Type	Segment	Amount
0000256660	Cost incurred for food and beverage to entertain customers in NG suite at Buffalo Sabres hock	Game	200	ELECTRIC	(348.9)
0000257028	Sabres Games Customer Invitation	Game	200	ELECTRIC	(330.8)
0000279571	Meeting with ECIDA and OCIDA to discuss marketing and projects at the Buffalo Sabres g	Game	200	ELECTRIC	(164.8)
0000258250	Energy Efficiency Initiative Trade Ally/Customer meeting @ Buffalo Bills Game	Game	200	ELECTRIC	(80.7)
0000257984	Energy Efficiency Initiative Trade Ally Meeting @ Buffalo Sabres Game	Game	200	ELECTRIC	(78.4)
0000257608	Entertaining customers at Sabres Game.	Game	200	ELECTRIC	(52.8)
0000258250	Energy Efficiency Initiative Trade Ally/Customer meeting @ Buffalo Sabres Game	Game	200	ELECTRIC	(39.2)
0000254851	Buffalo Sabres game. Meeting to discuss projects in WNY.	Game	200	ELECTRIC	(39.0)
0000257608	Travel from OP to Buffalo and return to attend Sabres Game with Customers.	Game	200	ELECTRIC	(30.4)
0000258831	Travel from OP to Buffalo and return to attend Sabres Game with Customers.	Game	200	ELECTRIC	(15.5)
0000257028	Buf To Buf- Sabres Game-customer invitations	Game	200	ELECTRIC	(4.3)
0000282668	Buffalo Bills suite for the Bills vs NY Jets. Multiple ed partenrs and businesses were in attent	Game	200	GAS	(251.9)
0000282668	Limo bus to take 11 people from CNY to Buffalo Bills game. Buffalo Bills suite for the Bills	Game	200	GAS	(216.5)
0000279571	Meeting with ECIDA and OCIDA to discuss marketing and projects at the Buffalo Sabres g	Game	200	GAS	(33.7)
0000254851	Buffalo Sabres game. Meeting to discuss projects in WNY.	Game	200	GAS	(8.0)
0000251130	Incentives for United Way Campaign - Gift Cards	Gift	200	ELECTRIC	(886.4)
0000245409	United Way Prizes - gift cards various	Gift	200	ELECTRIC	(750.0)
0000285827	Gift Card for crews working x-mas	Gift	200	ELECTRIC	(100.0)
0000280812	Gift Card 'Thank you' for Winter Heat Season Event	Gift	200	ELECTRIC	(83.0)
0000251367	Gift cards for employees working on Christmas day	Gift	200	ELECTRIC	(70.0)
0000267064	Items for 4 Gift baskets & CFL for light demo kit	Gift	200	ELECTRIC	(65.3)
0000268888	Energy Efficiency Gift Basket @ Rensselaer Chamber Dinner	Gift	200	ELECTRIC	(42.1)
0000263987	Gift basket items ~for 6 baskets	Gift	200	ELECTRIC	(36.6)
0000245409	Batavia to Various United way gift certificates	Gift	200	ELECTRIC	(31.2)
0000254989	for gift certificates	Gift	200	ELECTRIC	(20.8)
0000266039	gift certificate for employee 25th anniversary	Gift	200	ELECTRIC	(20.8)
0000278693	Gift Basket Items for TRIAD conference	Gift	200	ELECTRIC	(15.6)
0000280812	Gift Card 'Thank you' for Winter Heat Season Event	Gift	200	GAS	(17.0)
0000267064	Items for 4 Gift baskets & CFL for light demo kit	Gift	200	GAS	(13.4)
0000268888	Energy Efficiency Gift Basket @ Rensselaer Chamber Dinner	Gift	200	GAS	(8.6)
0000263987	Gift basket items ~for 6 baskets	Gift	200	GAS	(7.5)
0000266039	gift certificate for employee 25th anniversary	Gift	200	GAS	(4.3)
0000254989	for gift certificates	Gift	200	GAS	(4.3)
0000278693	Gift Basket Items for TRIAD conference	Gift	200	GAS	(3.2)
0000254657	Holiday Celebration Dinner	Holiday	200	ELECTRIC	(335.2)
0000253688	holiday coffee cards for shift workers	Holiday	200	ELECTRIC	(200.0)
0000252133	Reimbursement for refreshments for December Holiday Gathering	Holiday	200	ELECTRIC	(152.9)
0000284191	Thanksgiving holiday meal for control room shift workers	Holiday	200	ELECTRIC	(146.3)
0000277664	GF Design Meeting/Holiday Party	Holiday	200	ELECTRIC	(100.0)
0000285294	Holiday Lunch	Holiday	200	ELECTRIC	(100.0)
0000258948	Holiday Meal for control room shift workers - working Christmas	Holiday	200	ELECTRIC	(83.4)
0000284647	From: Beacon North to Oswego - Fulton Chamber of Commerce Holiday Social Event - Fult	Holiday	200	ELECTRIC	(11.1)
0000284647	RETURN From: Beacon North to Oswego - Fulton Chamber of Commerce Holiday Social E	Holiday	200	ELECTRIC	(11.1)
0000252133	Reimbursement for refreshments for December Holiday Gathering	Holiday	200	GAS	(31.3)
0000284647	From: Beacon North to Oswego - Fulton Chamber of Commerce Holiday Social Event - Fult	Holiday	200	GAS	(2.3)
0000284647	RETURN From: Beacon North to Oswego - Fulton Chamber of Commerce Holiday Social E	Holiday	200	GAS	(2.3)
0000272041	Regional Food Bank of Northeastern NY Golf Tournament- Played with Norman Stebbins, Prt Island		200	ELECTRIC	(16.5)
0000267633	Liverpool Scoll district Science Day - Energy and Environment - sponsored Pizza Party for 5tl	Party	200	ELECTRIC	(65.4)
0000250462	Syr - C&C Xmas party, Mtg AP, HCB - Mtr Lab	Party	200	ELECTRIC	(32.5)
0000267633	Liverpool Scoll district Science Day - Energy and Environment - sponsored Pizza Party for 5tl	Party	200	GAS	(13.4)
0000256343	US Airways #4479 LaGuardia-Providence, RI on Fri. 1/21 from LIPA meeting	Providence	200	ELECTRIC	(189.0)
0000256343	Driver to P-U @ LIPA Ofc/Drop-off at LaGuardia for flight to Providence, RI	Providence	200	ELECTRIC	(99.9)
0000285730	refreshment - breakfest pizza & OJ & paper plates for hoilday	Refreshment	200	ELECTRIC	(10.1)
0000276253	Parade of Homes - Refreshments / Gratiuties	Refreshment	200	ELECTRIC	(5.0)
0000280999	Comm. Event - refreshments @ Drumlins Boys & Girls Club	Refreshment	200	ELECTRIC	(5.0)
0000280999	Comm. Event - refreshments @ Drumlins Boys & Girls Club	Refreshment	200	GAS	(1.0)
0000276253	Parade of Homes - Refreshments / Gratiuties	Refreshment	200	GAS	(1.0)
0000260157	Overnight - Syracuse - Panebianco retirement	Retirement	200	ELECTRIC	(140.9)
0000265908	Olean round-trip J Ruggles retirement	Retirement	200	ELECTRIC	(77.5)
0000279289	Tuxbury retirement luncheon.	Retirement	200	ELECTRIC	(59.9)
0000281955	Grace retirement meeting	Retirement	200	ELECTRIC	(43.5)
0000271640	Capital District YMCA - Retirement	Retirement	200	ELECTRIC	(20.0)
0000254851	Food and beverage for guests at Buffalo Sabres suite.	Sabres	200	ELECTRIC	(644.6)
0000250540	Food and beverage at the Buffalo Sabres suite vs the Anaheim Mighty Ducks.	Sabres	200	ELECTRIC	(582.3)
0000257779	HSBC Arena , Sabres Suite	Sabres	200	ELECTRIC	(500.2)
0000283437	Hosting Buffalo Sabres Suite with members of the Unites Way of Greater Niagara and their g	Sabres	200	ELECTRIC	(439.0)
0000285304	Buffal Sabres Suite	Sabres	200	ELECTRIC	(348.8)
0000257608	Entertaining customers at Sabres	Sabres	200	ELECTRIC	(42.4)
0000254851	Hosting Buffalo Sabres suite.	Sabres	200	ELECTRIC	(31.0)
0000254851	Food and beverage for guests at Buffalo Sabres suite.	Sabres	200	GAS	(132.0)
0000250540	Food and beverage at the Buffalo Sabres suite vs the Anaheim Mighty Ducks.	Sabres	200	GAS	(119.3)
0000285304	Buffal Sabres Suite	Sabres	200	GAS	(71.4)

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
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Report Number	Description	Keyword	Expense Type	Segment	Amount
0000254851	Hosting Buffalo Sabres suite.	Sabres	200	GAS	(6.4)
0000265001	Round trip from Syracuse to Watertown, NY for NGRID community sponsored event (Victim Sponsor	Sponsor	200	ELECTRIC	(76.5)
0000265001	Round trip from Syracuse to Watertown, NY for NGRID sponsored event (WPBS-TV Auction Sponsor	Sponsor	200	ELECTRIC	(76.5)
0000257779	Bflo to Amherst & City of Tonawanda , delivery of sponsorship tickets	Sponsor	200	ELECTRIC	(18.5)
0000252466	coffee cards from Chris Root for Thanksgiving coverage/OPC's MV	Thanks	200	ELECTRIC	(50.0)
0000259003	Pick-up food and soda for I&D Thanksgiving luncheon @ Beacon No. (Beacon-P&C-Spinnin	Thanks	200	ELECTRIC	(4.0)
0000271294	Sponsor Recognition Dinner for Duck Race to End Racism Volunteers	Volunteer	200	ELECTRIC	(476.3)
0000278275	Williamsville to Fredonia - UW Volunteer Prep - Tree Trimming	Volunteer	200	ELECTRIC	(138.8)
0000278275	Williamsville to Fredonia (& back)- UW Volunteer Day stump grinding & misc.	Volunteer	200	ELECTRIC	(119.9)
0000285506	Food for Employee Volunteer Day - Schoharie Flood Victims	Volunteer	200	ELECTRIC	(104.8)
0000264570	Refreshments for Press Conference volunteers - Duck Race to End Racism	Volunteer	200	ELECTRIC	(99.4)
0000276509	Preparation for UW Day of Caring volunteer effort at vrious Buffalo sites	Volunteer	200	ELECTRIC	(73.3)
0000257898	Amherst to Fredonia (& back) - UW Volunteering Project.	Volunteer	200	ELECTRIC	(65.0)
0000281873	RSVP Advisory Council Mtg (Volunteer Recognition Event) Mileage> Glens Falls to Ballstor	Volunteer	200	ELECTRIC	(28.6)
0000263970	Earth Day Exp Water for Volunteers	Volunteer	200	ELECTRIC	(18.9)
0000264992	Volney to Oswego Literacy Volunteers	Volunteer	200	ELECTRIC	(12.7)
0000271294	Sponsor Recognition Dinner for Duck Race to End Racism Volunteers	Volunteer	200	GAS	(97.5)
0000285506	Food for Employee Volunteer Day - Schoharie Flood Victims	Volunteer	200	GAS	(21.5)
0000264570	Refreshments for Press Conference volunteers - Duck Race to End Racism	Volunteer	200	GAS	(20.4)
0000281873	RSVP Advisory Council Mtg (Volunteer Recognition Event) Mileage> Glens Falls to Ballstor	Volunteer	200	GAS	(5.8)
0000263970	Earth Day Exp Water for Volunteers	Volunteer	200	GAS	(3.9)
0000264992	Volney to Oswego Literacy Volunteers	Volunteer	200	GAS	(2.6)
N/A	Band A Related Expenses	Band A	200	ELECTRIC	(206,651.0)
N/A	Band A Related Expenses	Band A	200	GAS	(50,026.8)
N/A	Remove potential fraud Related Expenses	Fraud	200	ELECTRIC	(15,196.0)
N/A	Remove potential fraud Related Expenses	Fraud	200	GAS	(2,644.8)
				Total	<u>\$ (298,628.3)</u>

### **SCHEDULE 3**

Project Adjustments

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Summary of Test Year Project Adjustments  
Originating Niagara Mohawk Power Corporation by Expense Type  
(Dollars)

Project	Project Description	Expense Type	Segment	Amount	
X15585	Procurement USFP Costs Proj	110	ELECTRIC	\$	(26,854.4)
X15585	Procurement USFP Costs Proj	110	GAS		(4,588.3)
X15406	Sale of 4729 Anglia Street, Ma	A70	ELECTRIC		(10.8)
X15406	Sale of 4729 Anglia Street, Ma	A70	GAS		-
X15406	Sale of 4729 Anglia Street, Ma	400	ELECTRIC		(135.0)
X15406	Sale of 4729 Anglia Street, Ma	400	GAS		-
X15386	Detroit Edison Energy Smart Gr	A65	ELECTRIC		17.9
X15386	Detroit Edison Energy Smart Gr	A65	GAS		-
X15386	Detroit Edison Energy Smart Gr	200	ELECTRIC		(740.0)
X15386	Detroit Edison Energy Smart Gr	200	GAS		-
X15305	USFP Partner Resources	A65	ELECTRIC		2.9
X15305	USFP Partner Resources	A65	GAS		0.5
X15305	USFP Partner Resources	200	ELECTRIC		(904.2)
X15305	USFP Partner Resources	200	GAS		(154.5)
X15305	USFP Partner Resources	100	ELECTRIC		(41,328.7)
X15305	USFP Partner Resources	100	GAS		(7,061.3)
X15265	Dig Sec Transformation costs	A65	ELECTRIC		167.9
X15265	Dig Sec Transformation costs	A65	GAS		28.7
X14886	INVP 2859 NERC CIP Port Jeffer	110	ELECTRIC		(76.7)
X14886	INVP 2859 NERC CIP Port Jeffer	110	GAS		(13.1)
X14885	INVP 2858 NERC CIP EF Barrett	110	ELECTRIC		(76.7)
X14885	INVP 2858 NERC CIP EF Barrett	110	GAS		(13.1)
X14625	IN 2948 - NH Companies Divesti	200	ELECTRIC		(866.4)
X14625	IN 2948 - NH Companies Divesti	200	GAS		(148.0)
X14625	IN 2948 - NH Companies Divesti	100	ELECTRIC		(9,000.0)
X14625	IN 2948 - NH Companies Divesti	100	GAS		-
X14526	IN 2178G - Northboro Dispatch	A70	ELECTRIC		(51.9)
X14526	IN 2178G - Northboro Dispatch	A70	GAS		(10.6)
X14526	IN 2178G - Northboro Dispatch	300	ELECTRIC		(648.7)
X14526	IN 2178G - Northboro Dispatch	300	GAS		(132.9)
X14485	Procurement SAP / Buying Expei	M10	ELECTRIC		(54.7)
X14485	Procurement SAP / Buying Expei	M10	GAS		(9.3)
X14485	Procurement SAP / Buying Expei	A70	ELECTRIC		(3.4)
X14485	Procurement SAP / Buying Expei	A70	GAS		(0.6)
X14485	Procurement SAP / Buying Expei	A65	ELECTRIC		367.8
X14485	Procurement SAP / Buying Expei	A65	GAS		62.9
X14485	Procurement SAP / Buying Expei	200	ELECTRIC		(3,480.1)
X14485	Procurement SAP / Buying Expei	200	GAS		(594.6)
X14485	Procurement SAP / Buying Expei	110	ELECTRIC		(112,014.5)
X14485	Procurement SAP / Buying Expei	110	GAS		(19,138.6)
X14485	Procurement SAP / Buying Expei	100	ELECTRIC		(389,116.3)
X14485	Procurement SAP / Buying Expei	100	GAS		(66,483.6)
X14306	IN 2506 USFP - Administration	100	ELECTRIC		(37,853.3)
X14306	IN 2506 USFP - Administration	100	GAS		47,235.0
X14305	USFP Non Project SME Labor	A70	ELECTRIC		(190.2)
X14305	USFP Non Project SME Labor	A70	GAS		(32.5)
X14305	USFP Non Project SME Labor	A65	ELECTRIC		1,626.5
X14305	USFP Non Project SME Labor	A65	GAS		205.8
X14305	USFP Non Project SME Labor	A60	ELECTRIC		0.0
X14305	USFP Non Project SME Labor	A60	GAS		-
X14305	USFP Non Project SME Labor	300	ELECTRIC		(37.6)
X14305	USFP Non Project SME Labor	300	GAS		(6.4)
X14305	USFP Non Project SME Labor	200	ELECTRIC		(5,198.2)
X14305	USFP Non Project SME Labor	200	GAS		(869.1)
X14305	USFP Non Project SME Labor	110	ELECTRIC		(82,188.4)
X14305	USFP Non Project SME Labor	110	GAS		(14,042.5)
X14085	INVP 2587 - RI Gas Migration t	200	GAS		(66.0)
X13987	LIPA MSA Analysis	100	ELECTRIC		(30,709.4)
X13987	LIPA MSA Analysis	100	GAS		(5,247.0)
X13805	Serv Co Allocation Investigati	M10	ELECTRIC		(246.4)
X13805	Serv Co Allocation Investigati	M10	GAS		(42.1)
X13805	Serv Co Allocation Investigati	M10	ELECTRIC		(8,524.1)
X13805	Serv Co Allocation Investigati	M10	GAS		(1,505.5)
X13805	Serv Co Allocation Investigati	A70	ELECTRIC		(110.4)
X13805	Serv Co Allocation Investigati	A70	GAS		(19.5)
X13805	Serv Co Allocation Investigati	A65	ELECTRIC		374.6
X13805	Serv Co Allocation Investigati	A65	GAS		71.8
X13805	Serv Co Allocation Investigati	500	ELECTRIC		(226,010.8)
X13805	Serv Co Allocation Investigati	500	GAS		(42,683.8)

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Summary of Test Year Project Adjustments  
Originating Niagara Mohawk Power Corporation by Expense Type  
(Dollars)

Project	Project Description	Expense Type	Segment	Amount
X13805	Serv Co Allocation Investigati	400	ELECTRIC	(53.3)
X13805	Serv Co Allocation Investigati	400	GAS	(13.0)
X13805	Serv Co Allocation Investigati	400	ELECTRIC	(1,310.5)
X13805	Serv Co Allocation Investigati	400	GAS	(238.6)
X13805	Serv Co Allocation Investigati	200	ELECTRIC	(14,574.0)
X13805	Serv Co Allocation Investigati	200	GAS	(2,284.3)
X13805	Serv Co Allocation Investigati	110	ELECTRIC	(190,953.9)
X13805	Serv Co Allocation Investigati	110	GAS	(33,725.8)
X13805	Serv Co Allocation Investigati	100	ELECTRIC	(578,106.8)
X13805	Serv Co Allocation Investigati	100	GAS	(101,605.6)
X13245	NMPC: General Gas Rate Case	200	GAS	(546.0)
X13245	NMPC: General Gas Rate Case	110	GAS	411.0
X13245	NMPC: General Gas Rate Case	100	ELECTRIC	(35,477.4)
X13245	NMPC: General Gas Rate Case	100	GAS	-
X12705	EDOG Transformation Wave 2	A65	ELECTRIC	647.4
X12705	EDOG Transformation Wave 2	A65	GAS	1.4
X12705	EDOG Transformation Wave 2	200	ELECTRIC	(17,447.1)
X12705	EDOG Transformation Wave 2	200	GAS	(21.0)
X12705	EDOG Transformation Wave 2	110	ELECTRIC	(3,191.4)
X12705	EDOG Transformation Wave 2	110	GAS	-
X12290	IN 2559L Trans Strat And Archi	A70	ELECTRIC	2,606.1
X12290	IN 2559L Trans Strat And Archi	A70	GAS	469.1
X12290	IN 2559L Trans Strat And Archi	350	ELECTRIC	56,521.6
X12290	IN 2559L Trans Strat And Archi	350	GAS	10,038.4
X12290	IN 2559L Trans Strat And Archi	100	ELECTRIC	(28,377.1)
X12290	IN 2559L Trans Strat And Archi	100	GAS	(6,487.0)
X12289	IN 2559N Trans Relat Managemen	100	ELECTRIC	(74,584.2)
X12289	IN 2559N Trans Relat Managemen	100	GAS	(11,217.0)
X12288	IN 2559K Transformation CNI	A65	ELECTRIC	(0.2)
X12288	IN 2559K Transformation CNI	A65	GAS	(0.0)
X12288	IN 2559K Transformation CNI	200	ELECTRIC	954.9
X12288	IN 2559K Transformation CNI	200	GAS	244.2
X12288	IN 2559K Transformation CNI	110	ELECTRIC	(15,686.9)
X12288	IN 2559K Transformation CNI	110	GAS	(1,294.5)
X12288	IN 2559K Transformation CNI	100	ELECTRIC	14,581.7
X12288	IN 2559K Transformation CNI	100	GAS	1,058.6
X12287	IN 2559J Trans Applicat Ration	100	ELECTRIC	(92,034.8)
X12287	IN 2559J Trans Applicat Ration	100	GAS	(15,102.3)
X12286	IN 2559I Trans Networks Transi	A70	ELECTRIC	(30,025.8)
X12286	IN 2559I Trans Networks Transi	A70	GAS	(5,130.2)
X12286	IN 2559I Trans Networks Transi	A65	ELECTRIC	369.4
X12286	IN 2559I Trans Networks Transi	A65	GAS	71.9
X12286	IN 2559I Trans Networks Transi	200	ELECTRIC	(1,444.0)
X12286	IN 2559I Trans Networks Transi	200	GAS	(202.2)
X12286	IN 2559I Trans Networks Transi	110	ELECTRIC	(6,022.4)
X12286	IN 2559I Trans Networks Transi	110	GAS	(832.2)
X12286	IN 2559I Trans Networks Transi	100	ELECTRIC	(1,800,257.6)
X12286	IN 2559I Trans Networks Transi	100	GAS	(309,301.3)
X12285	IN 2559H Trans Netwrk Cont Neg	100	ELECTRIC	(249,266.9)
X12285	IN 2559H Trans Netwrk Cont Neg	100	GAS	(38,781.2)
X12186	INVP 2559 IS Transformation	A70	ELECTRIC	13.7
X12186	INVP 2559 IS Transformation	A70	GAS	3.5
X12186	INVP 2559 IS Transformation	A65	ELECTRIC	5.4
X12186	INVP 2559 IS Transformation	A65	GAS	1.3
X12186	INVP 2559 IS Transformation	300	ELECTRIC	154.6
X12186	INVP 2559 IS Transformation	300	GAS	39.5
X12186	INVP 2559 IS Transformation	200	ELECTRIC	(20.2)
X12186	INVP 2559 IS Transformation	200	GAS	(3.5)
X12186	INVP 2559 IS Transformation	110	ELECTRIC	14,642.7
X12186	INVP 2559 IS Transformation	110	GAS	(673.8)
X12186	INVP 2559 IS Transformation	100	ELECTRIC	(231,401.3)
X12186	INVP 2559 IS Transformation	100	GAS	(29,356.0)
X12185	INVP 2560 Solution Delivery Tr	A70	ELECTRIC	(9.4)
X12185	INVP 2560 Solution Delivery Tr	A70	GAS	(1.6)
X12185	INVP 2560 Solution Delivery Tr	A65	ELECTRIC	(1,764.8)
X12185	INVP 2560 Solution Delivery Tr	A65	GAS	(301.6)
X12185	INVP 2560 Solution Delivery Tr	300	ELECTRIC	(117.7)
X12185	INVP 2560 Solution Delivery Tr	300	GAS	(20.1)
X12185	INVP 2560 Solution Delivery Tr	200	ELECTRIC	(633.4)
X12185	INVP 2560 Solution Delivery Tr	200	GAS	(68.9)
X12185	INVP 2560 Solution Delivery Tr	100	ELECTRIC	(548,111.9)

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)

Summary of Test Year Project Adjustments

Originating Niagara Mohawk Power Corporation by Expense Type

(Dollars)

Project	Project Description	Expense Type	Segment	Amount
X12185	INVP 2560 Solution Delivery Tr	100	GAS	(88,221.8)
X11806	Sourcing - Enterprise Services	A65	ELECTRIC	1,150.1
X11806	Sourcing - Enterprise Services	A65	GAS	264.5
X11806	Sourcing - Enterprise Services	400	ELECTRIC	(12,826.5)
X11806	Sourcing - Enterprise Services	400	GAS	(2,176.9)
X11806	Sourcing - Enterprise Services	200	ELECTRIC	(7,422.0)
X11806	Sourcing - Enterprise Services	200	GAS	(1,276.8)
X11806	Sourcing - Enterprise Services	110	ELECTRIC	(33,993.9)
X11806	Sourcing - Enterprise Services	110	GAS	(5,808.1)
X11806	Sourcing - Enterprise Services	100	ELECTRIC	(315,365.3)
X11806	Sourcing - Enterprise Services	100	GAS	(57,583.5)
X11805	Sourcing - Managed Print	A70	ELECTRIC	(638.7)
X11805	Sourcing - Managed Print	A70	GAS	(124.4)
X11805	Sourcing - Managed Print	A65	ELECTRIC	25.2
X11805	Sourcing - Managed Print	A65	GAS	5.9
X11805	Sourcing - Managed Print	400	ELECTRIC	(1,038.0)
X11805	Sourcing - Managed Print	400	GAS	(145.8)
X11805	Sourcing - Managed Print	300	ELECTRIC	(2,609.5)
X11805	Sourcing - Managed Print	300	GAS	(453.9)
X11805	Sourcing - Managed Print	200	ELECTRIC	35.8
X11805	Sourcing - Managed Print	200	GAS	9.2
X11805	Sourcing - Managed Print	100	ELECTRIC	(99,424.9)
X11805	Sourcing - Managed Print	100	GAS	(16,753.9)
X11568	Solar Project-Revere	200	GAS	(6.7)
X11545	Solar Project- Dorchester	200	ELECTRIC	(1.7)
X11545	Solar Project- Dorchester	200	GAS	-
X11505	Reservior Woods Gym Membership	A70	ELECTRIC	0.8
X11505	Reservior Woods Gym Membership	A70	GAS	0.1
X11505	Reservior Woods Gym Membership	110	ELECTRIC	1,213.5
X11505	Reservior Woods Gym Membership	110	GAS	827.1
X11407	INVP N/A IS End State Vision	100	ELECTRIC	45,124.0
X11407	INVP N/A IS End State Vision	100	GAS	7,983.8
X11367	Sourcing Programme	A70	ELECTRIC	(19.3)
X11367	Sourcing Programme	A70	GAS	(3.4)
X11367	Sourcing Programme	A65	ELECTRIC	1,772.6
X11367	Sourcing Programme	A65	GAS	428.2
X11367	Sourcing Programme	400	ELECTRIC	960.8
X11367	Sourcing Programme	400	GAS	245.7
X11367	Sourcing Programme	300	ELECTRIC	(308.9)
X11367	Sourcing Programme	300	GAS	(53.7)
X11367	Sourcing Programme	200	ELECTRIC	(7,647.9)
X11367	Sourcing Programme	200	GAS	(580.4)
X11367	Sourcing Programme	110	ELECTRIC	(1,134.3)
X11367	Sourcing Programme	110	GAS	(290.1)
X11367	Sourcing Programme	100	ELECTRIC	(651,862.2)
X11367	Sourcing Programme	100	GAS	(107,941.7)
X11366	Sourcing - Email And Collabora	A70	ELECTRIC	(1,318.7)
X11366	Sourcing - Email And Collabora	A70	GAS	(225.3)
X11366	Sourcing - Email And Collabora	A65	ELECTRIC	550.5
X11366	Sourcing - Email And Collabora	A65	GAS	136.5
X11366	Sourcing - Email And Collabora	500	ELECTRIC	(134.6)
X11366	Sourcing - Email And Collabora	500	GAS	(17.0)
X11366	Sourcing - Email And Collabora	400	ELECTRIC	1,343.0
X11366	Sourcing - Email And Collabora	400	GAS	343.4
X11366	Sourcing - Email And Collabora	350	ELECTRIC	(16,483.2)
X11366	Sourcing - Email And Collabora	350	GAS	(2,816.3)
X11366	Sourcing - Email And Collabora	200	ELECTRIC	1,064.3
X11366	Sourcing - Email And Collabora	200	GAS	272.2
X11366	Sourcing - Email And Collabora	110	ELECTRIC	(62,789.1)
X11366	Sourcing - Email And Collabora	110	GAS	(9,916.9)
X11366	Sourcing - Email And Collabora	100	ELECTRIC	(175,941.4)
X11366	Sourcing - Email And Collabora	100	GAS	(34,424.1)
X11365	Sourcing - Networks RFP	A65	ELECTRIC	458.7
X11365	Sourcing - Networks RFP	A65	GAS	134.5
X11365	Sourcing - Networks RFP	200	ELECTRIC	3,951.7
X11365	Sourcing - Networks RFP	200	GAS	1,010.6
X11365	Sourcing - Networks RFP	100	ELECTRIC	117,422.0
X11365	Sourcing - Networks RFP	100	GAS	22,613.8
X09545	NM Management Audit 2008	A65	ELECTRIC	167.8
X09545	NM Management Audit 2008	A65	GAS	-
X09545	NM Management Audit 2008	200	ELECTRIC	(386.3)



NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)

Summary of Test Year Project Adjustments

Originating Niagara Mohawk Power Corporation by Expense Type  
(Dollars)

Project	Project Description	Expense Type	Segment	Amount
X09545	NM Management Audit 2008	200	GAS	-
X09545	NM Management Audit 2008	100	ELECTRIC	32,204.5
X09545	NM Management Audit 2008	100	GAS	-
X09085	Millenium Pipeline Project	A70	GAS	3.2
X09085	Millenium Pipeline Project	400	GAS	-
X09085	Millenium Pipeline Project	200	ELECTRIC	(32.0)
X09085	Millenium Pipeline Project	200	GAS	(31.8)
X07644	Finance Integration	A65	ELECTRIC	41.2
X07644	Finance Integration	A65	GAS	7.0
X07644	Finance Integration	200	ELECTRIC	(2,686.1)
X07644	Finance Integration	200	GAS	(463.1)
X07644	Finance Integration	110	ELECTRIC	(15,535.2)
X07644	Finance Integration	110	GAS	(2,654.9)
X07264	Non CTA Exceptional	M10	ELECTRIC	(2,789.7)
X07264	Non CTA Exceptional	M10	GAS	(364.0)
X07264	Non CTA Exceptional	A65	ELECTRIC	(1,365.9)
X07264	Non CTA Exceptional	A65	GAS	(355.5)
X07264	Non CTA Exceptional	400	ELECTRIC	(77.4)
X07264	Non CTA Exceptional	400	GAS	(14.8)
X07264	Non CTA Exceptional	400	ELECTRIC	(3,451,515.7)
X07264	Non CTA Exceptional	400	GAS	(600,277.7)
X07264	Non CTA Exceptional	350	ELECTRIC	43,720.5
X07264	Non CTA Exceptional	350	GAS	7,603.9
X07264	Non CTA Exceptional	200	ELECTRIC	(47,705.9)
X07264	Non CTA Exceptional	200	GAS	(7,205.0)
X07264	Non CTA Exceptional	110	ELECTRIC	(72,948.8)
X07264	Non CTA Exceptional	110	GAS	(11,911.3)
X07264	Non CTA Exceptional	100	ELECTRIC	(3,827,892.3)
X07264	Non CTA Exceptional	100	GAS	(286,044.6)
X06704	Transformation	M10	ELECTRIC	(73.5)
X06704	Transformation	M10	GAS	(12.6)
X06704	Transformation	M10	ELECTRIC	(42,198.6)
X06704	Transformation	M10	GAS	(66.2)
X06704	Transformation	A70	ELECTRIC	(79,429.8)
X06704	Transformation	A70	GAS	(12,824.2)
X06704	Transformation	A65	ELECTRIC	3,769.3
X06704	Transformation	A65	GAS	661.2
X06704	Transformation	A60	ELECTRIC	(0.0)
X06704	Transformation	A60	GAS	-
X06704	Transformation	500	ELECTRIC	(24,397.3)
X06704	Transformation	500	GAS	-
X06704	Transformation	400	ELECTRIC	(41,013.4)
X06704	Transformation	400	GAS	(4,518.9)
X06704	Transformation	350	ELECTRIC	(269,576.6)
X06704	Transformation	350	GAS	(44,331.3)
X06704	Transformation	300	ELECTRIC	(126,364.8)
X06704	Transformation	300	GAS	(18,768.7)
X06704	Transformation	200	ELECTRIC	(39,766.1)
X06704	Transformation	200	GAS	(4,149.7)
X06704	Transformation	110	ELECTRIC	(656,952.2)
X06704	Transformation	110	GAS	(80,759.2)
X06704	Transformation	100	ELECTRIC	(3,559,543.7)
X06704	Transformation	100	GAS	(577,758.8)
X05684	Keyspan Integration	M10	ELECTRIC	(12,682.3)
X05684	Keyspan Integration	M10	GAS	(928.7)
X05684	Keyspan Integration	A70	ELECTRIC	(1,012.1)
X05684	Keyspan Integration	A70	GAS	(74.2)
X05684	Keyspan Integration	A65	ELECTRIC	23.4
X05684	Keyspan Integration	A65	GAS	4.0
X05684	Keyspan Integration	400	ELECTRIC	(404,384.5)
X05684	Keyspan Integration	400	GAS	(160,452.2)
X05684	Keyspan Integration	300	ELECTRIC	(10,283.5)
X05684	Keyspan Integration	300	GAS	(1,034.0)
X05684	Keyspan Integration	200	ELECTRIC	(14,186.0)
X05684	Keyspan Integration	200	GAS	(2,048.0)
X05684	Keyspan Integration	110	ELECTRIC	(94,422.1)
X05684	Keyspan Integration	110	GAS	(16,751.6)
X05684	Keyspan Integration	100	ELECTRIC	(4,757.1)
X05684	Keyspan Integration	100	GAS	-
X00136	FAC Worcester MA Southbridge	A60	ELECTRIC	-
X00136	FAC Worcester MA Southbridge	A60	GAS	-

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)

Summary of Test Year Project Adjustments

Originating Niagara Mohawk Power Corporation by Expense Type

(Dollars)

Project	Project Description	Expense Type	Segment	Amount
X00135	FAC Weymouth, MA, 186 Main St	110	ELECTRIC	(0.9)
X00135	FAC Weymouth, MA, 186 Main St	110	GAS	(0.2)
X00123	FAC - Monson, MA, Palmer St	110	ELECTRIC	(55.4)
X00123	FAC - Monson, MA, Palmer St	110	GAS	(11.3)
X00116	FAC - Leominster, MA Viscoloid	A70	ELECTRIC	(1.2)
X00116	FAC - Leominster, MA Viscoloid	A70	GAS	(0.2)
X00116	FAC - Leominster, MA Viscoloid	500	ELECTRIC	(18.3)
X00116	FAC - Leominster, MA Viscoloid	500	GAS	(3.8)
X00111	FAC Hanover MA 19 Philips Land	110	ELECTRIC	(32.0)
X00111	FAC Hanover MA 19 Philips Land	110	GAS	(6.6)
X00106	FAC - Brockton MA 161 Mulberry	110	ELECTRIC	(28.7)
X00106	FAC - Brockton MA 161 Mulberry	110	GAS	(5.9)
E09030	Co 36 ELECTRIC RATE CASE 2009	A70	ELECTRIC	(2,981.8)
E09030	Co 36 ELECTRIC RATE CASE 2009	A65	ELECTRIC	1,101.4
E09030	Co 36 ELECTRIC RATE CASE 2009	A65	GAS	70.2
E09030	Co 36 ELECTRIC RATE CASE 2009	400	ELECTRIC	34,787.5
E09030	Co 36 ELECTRIC RATE CASE 2009	400	ELECTRIC	(2,119,000.0)
E09030	Co 36 ELECTRIC RATE CASE 2009	400	ELECTRIC	89,587.0
E09030	Co 36 ELECTRIC RATE CASE 2009	300	ELECTRIC	(272.0)
E09030	Co 36 ELECTRIC RATE CASE 2009	200	ELECTRIC	(7,194.4)
E09030	Co 36 ELECTRIC RATE CASE 2009	200	GAS	(118.3)
E09030	Co 36 ELECTRIC RATE CASE 2009	110	ELECTRIC	(41,587.2)
E09030	Co 36 ELECTRIC RATE CASE 2009	100	ELECTRIC	1,712,839.6
E07348	CO 00036 RATE CASE 2008	A65	ELECTRIC	15.5
E07348	CO 00036 RATE CASE 2008	100	GAS	(5,015.0)
K04627	IN2559N-IS Trans Relat Mgnt	100	ELECTRIC	(8,653.8)
K04977	IS TRANS SOL DEL PROG TRANSIT	100	ELECTRIC	(83,755.8)
K04978	IS TRANS SOL DEL PROG TRANSFOR	100	ELECTRIC	(48,900.5)
K04601	IN 2559-IS TRANSFORMATION-OPEX	100	ELECTRIC	329,293.5
K04621	IN2559H-IS Tran Netwk Cont Neg	100	ELECTRIC	153,432.6
K04622	IN2559I-IS Tran Netwk Transitm	100	ELECTRIC	6,455.5
K04623	IN2559J-IS Trans Applic Ration	100	ELECTRIC	51,025.2
K04624	IN2559K-IS Trans CNI	100	ELECTRIC	(9,590.8)
K04625	IN2559L-IS Trans Strat & Arch	100	ELECTRIC	(14,623.7)
K04627	IN2559N-IS Trans Relat Mgnt	100	ELECTRIC	64,412.8
K04685	IN2559C-IS Trans SD Programme	100	ELECTRIC	449,534.9
K04686	IN2559D-IS Trans SD Netwk RFP	100	ELECTRIC	23,991.1
K04687	IN2559E-IS Trans SD mail/colab	100	ELECTRIC	39,576.8
K04688	IN2559F-IS Trans SD Mngd Print	100	ELECTRIC	13,446.6
K04689	IN2559G-IS Trans SD Ent Serv	100	ELECTRIC	(48,855.9)
K04918	IS TRANS SEC AND RISK CNTRCT	100	ELECTRIC	4,467.0
K04919	IS TRANS CSC TRANSIT CNTRACT	100	ELECTRIC	(0.0)
K04920	IS TR SERV MGMT INTEG CNTRCT	100	ELECTRIC	44,523.3
K04921	IS TRANS SERV CATALOG CNTRCT	100	ELECTRIC	5,808.0
K04922	IS TR COST TRNSPRNCY CNTRCT	100	ELECTRIC	4,686.0
K04923	IS TR INTERNET DESIGN CNTRCT	100	ELECTRIC	540.5
K04977	IS TRANS SOL DEL PROG TRANSIT	100	ELECTRIC	83,171.8
K04978	IS TRANS SOL DEL PROG TRANSFOR	100	ELECTRIC	41,254.4
K04987	IS TRANS SERV DEL PROG TRNSIT	100	ELECTRIC	8,900.6
K05478	IS TRANS OVERALL PROG TRANSIT	100	ELECTRIC	3,406.8
K04601	IN 2559-IS TRANSFORMATION-OPEX	110	ELECTRIC	(29,844.5)
K04689	IN2559G-IS Trans SD Ent Serv	110	ELECTRIC	(377.2)
K04977	IS TRANS SOL DEL PROG TRANSIT	110	ELECTRIC	(1,225,394.9)
K04978	IS TRANS SOL DEL PROG TRANSFOR	110	ELECTRIC	(18,495.1)
K07018	IS TRANS SOL DEL - P2 KT	110	ELECTRIC	(16,290.7)
K04622	IN2559I-IS Tran Netwk Transitm	200	ELECTRIC	(761.0)
K04625	IN2559L-IS Trans Strat & Arch	200	ELECTRIC	(766.8)
K04627	IN2559N-IS Trans Relat Mgnt	200	ELECTRIC	(576.9)
K04685	IN2559C-IS Trans SD Programme	200	ELECTRIC	(2,353.8)
K04686	IN2559D-IS Trans SD Netwk RFP	200	ELECTRIC	(1,616.7)
K04689	IN2559G-IS Trans SD Ent Serv	200	ELECTRIC	(17,724.6)
K04741	IS TRANSFORMATION - SD	200	ELECTRIC	189.9
K04817	SOL DEL - TRANS 4 - TCH SVC	200	ELECTRIC	(255.0)
K04923	IS TR INTERNET DESIGN CNTRCT	200	ELECTRIC	(916.0)
K04977	IS TRANS SOL DEL PROG TRANSIT	200	ELECTRIC	(7,572.6)
K04978	IS TRANS SOL DEL PROG TRANSFOR	200	ELECTRIC	(1,046.4)
K04981	IS TRANS CNI TRANSITION	200	ELECTRIC	(1,467.9)
K04989	IS TRANS SD NETWRKS RD TRNSFO	200	ELECTRIC	(20.8)
K05297	IS TRANS SERV MGMT INT TRNSIT	200	ELECTRIC	(106.9)
K05476	IS TRANS INTRNET DESIGN TRNSIT	200	ELECTRIC	(8.1)
K05478	IS TRANS OVERALL PROG TRANSIT	200	ELECTRIC	(1,204.8)

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Summary of Test Year Project Adjustments  
Originating Niagara Mohawk Power Corporation by Expense Type  
(Dollars)

Project	Project Description	Expense Type	Segment	Amount
K04977	IS TRANS SOL DEL PROG TRANSIT	350	ELECTRIC	(29.9)
K04626	IN2559M-IS Trans Sec & Risk	400	ELECTRIC	210.5
K04741	IS TRANSFORMATION - SD	400	ELECTRIC	(502.3)
K04814	SOL DEL - TRANS 4 - ICOE	400	ELECTRIC	(48.5)
K04817	SOL DEL - TRANS 4 - TCH SVC	400	ELECTRIC	(1,609.9)
K04818	SOLD-TRANS 4 - TCH SVC DEV	400	ELECTRIC	(3.6)
K04977	IS TRANS SOL DEL PROG TRANSIT	400	ELECTRIC	(2,160.2)
K05478	IS TRANS OVERALL PROG TRANSIT	400	ELECTRIC	(210.5)
K04549	IS/TELECOMS PROCUREMENT KS	A70	ELECTRIC	(0.8)
K04685	IN2559C-IS Trans SD Programme	A70	ELECTRIC	0.0
K04689	IN2559G-IS Trans SD Ent Serv	A70	ELECTRIC	(32.5)
K04977	IS TRANS SOL DEL PROG TRANSIT	A70	ELECTRIC	(24.2)
K04549	IS/TELECOMS PROCUREMENT KS	M10	ELECTRIC	(8.8)
K04685	IN2559C-IS Trans SD Programme	M10	ELECTRIC	0.0
K04689	IN2559G-IS Trans SD Ent Serv	M10	ELECTRIC	(4,212.2)
K04977	IS TRANS SOL DEL PROG TRANSIT	M10	ELECTRIC	(102.4)
K04989	IS TRANS SD NETWORKS RD TRNSFO	M10	ELECTRIC	(57.8)
K04977	IS TRANS SOL DEL PROG TRANSIT	M12	ELECTRIC	(8.2)
K04627	IN2559N-IS Trans Relat Mgnt	100	GAS	(1,902.9)
K04977	IS TRANS SOL DEL PROG TRANSIT	100	GAS	(14,320.2)
K04978	IS TRANS SOL DEL PROG TRANSFOR	100	GAS	(8,360.8)
K04601	IN 2559-IS TRANSFORMATION-OPEX	100	GAS	80,285.7
K04621	IN2559H-IS Tran Netwk Cont Neg	100	GAS	37,408.7
K04622	IN2559I-IS Tran Netwk Transiti	100	GAS	1,573.9
K04623	IN2559J-IS Trans Applic Ration	100	GAS	12,440.5
K04624	IN2559K-IS Trans CNI	100	GAS	(2,338.3)
K04625	IN2559L-IS Trans Strat & Arch	100	GAS	(3,565.4)
K04627	IN2559N-IS Trans Relat Mgnt	100	GAS	15,704.6
K04685	IN2559C-IS Trans SD Programme	100	GAS	109,601.9
K04686	IN2559D-IS Trans SD Netwk RFP	100	GAS	5,849.3
K04687	IN2559E-IS Trans SD mail/colab	100	GAS	9,649.3
K04688	IN2559F-IS Trans SD Mngd Print	100	GAS	3,278.4
K04689	IN2559G-IS Trans SD Ent Serv	100	GAS	(11,911.7)
K04918	IS TRANS SEC AND RISK CNTRCT	100	GAS	1,089.1
K04920	IS TR SERV MGMT INTEG CNTRCT	100	GAS	10,855.3
K04921	IS TRANS SERV CATALOG CNTRCT	100	GAS	1,416.1
K04922	IS TR COST TRNSPRNCY CNTRCT	100	GAS	1,142.5
K04923	IS TR INTERNET DESIGN CNTRCT	100	GAS	131.8
K04977	IS TRANS SOL DEL PROG TRANSIT	100	GAS	20,278.3
K04978	IS TRANS SOL DEL PROG TRANSFOR	100	GAS	10,058.3
K04987	IS TRANS SERV DEL PROG TRANSIT	100	GAS	2,170.1
K05478	IS TRANS OVERALL PROG TRANSIT	100	GAS	830.6
K04601	IN 2559-IS TRANSFORMATION-OPEX	110	GAS	(7,060.0)
K04689	IN2559G-IS Trans SD Ent Serv	110	GAS	(92.0)
K04977	IS TRANS SOL DEL PROG TRANSIT	110	GAS	(209,513.7)
K04978	IS TRANS SOL DEL PROG TRANSFOR	110	GAS	(3,162.2)
K07018	IS TRANS SOL DEL - P2 KT	110	GAS	(2,785.3)
K04622	IN2559I-IS Tran Netwk Transiti	200	GAS	(157.0)
K04625	IN2559L-IS Trans Strat & Arch	200	GAS	(187.0)
K04627	IN2559N-IS Trans Relat Mgnt	200	GAS	(139.8)
K04685	IN2559C-IS Trans SD Programme	200	GAS	(402.4)
K04686	IN2559D-IS Trans SD Netwk RFP	200	GAS	(276.4)
K04689	IN2559G-IS Trans SD Ent Serv	200	GAS	(3,379.8)
K04741	IS TRANSFORMATION - SD	200	GAS	46.3
K04817	SOL DEL - TRANS 4 - TCH SVC	200	GAS	(52.2)
K04923	IS TR INTERNET DESIGN CNTRCT	200	GAS	(223.3)
K04977	IS TRANS SOL DEL PROG TRANSIT	200	GAS	(1,295.1)
K04978	IS TRANS SOL DEL PROG TRANSFOR	200	GAS	(178.9)
K04981	IS TRANS CNI TRANSITION	200	GAS	(251.0)
K04989	IS TRANS SD NETWORKS RD TRNSFO	200	GAS	(3.5)
K05297	IS TRANS SERV MGMT INT TRNSIT	200	GAS	(18.3)
K05476	IS TRANS INTRNET DESIGN TRNSIT	200	GAS	(2.0)
K05478	IS TRANS OVERALL PROG TRANSIT	200	GAS	(206.0)
K04977	IS TRANS SOL DEL PROG TRANSIT	350	GAS	(5.1)
K04626	IN2559M-IS Trans Sec & Risk	400	GAS	51.3
K04741	IS TRANSFORMATION - SD	400	GAS	(122.3)
K04814	SOL DEL - TRANS 4 - ICOE	400	GAS	(14.9)
K04817	SOL DEL - TRANS 4 - TCH SVC	400	GAS	(388.9)
K04818	SOLD-TRANS 4 - TCH SVC DEV	400	GAS	(1.1)
K04977	IS TRANS SOL DEL PROG TRANSIT	400	GAS	(369.4)
K05478	IS TRANS OVERALL PROG TRANSIT	400	GAS	(51.3)

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Summary of Test Year Project Adjustments  
Originating Niagara Mohawk Power Corporation by Expense Type  
(Dollars)

Project	Project Description	Expense Type	Segment	Amount
K04549	IS/TELECOMS PROCUREMENT KS	A70	GAS	(0.1)
K04689	IN2559G-IS Trans SD Ent Serv	A70	GAS	(7.9)
K04977	IS TRANS SOL DEL PROG TRANSIT	A70	GAS	(4.2)
K04549	IS/TELECOMS PROCUREMENT KS	M10	GAS	(1.5)
K04689	IN2559G-IS Trans SD Ent Serv	M10	GAS	(945.9)
K04977	IS TRANS SOL DEL PROG TRANSIT	M10	GAS	(17.5)
K04989	IS TRANS SD NETWRKS RD TRNSFO	M10	GAS	(9.9)
K04977	IS TRANS SOL DEL PROG TRANSIT	M10	GAS	(1.4)
Total				<u>\$ (22,034,043.7)</u>

## **SCHEDULE 4**

Vendor Adjustments

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Summary of Test Year Vendor Adjustments  
Originating Niagara Mohawk Power Corporation by Expense Type  
(Dollars)

Vendor	Expense Type	Segment	Amount
ADIRONDACK AUDIOLOGY ASSOCIATES PC	110	ELECTRIC	\$ (29.1)
ADIRONDACK AUDIOLOGY ASSOCIATES PC	110	GAS	(6.0)
ADIRONDACK BALLOON FESTIVAL	400	ELECTRIC	(400.0)
ADIRONDACK BOAT MARINE INC	500	ELECTRIC	(1,070.0)
ADIRONDACK BOAT MARINE INC	A70	ELECTRIC	(100.9)
ADIRONDACK BOAT MARINE INC	M10	ELECTRIC	(180.0)
ADIRONDACK THEATRE FESTIVAL INC	400	ELECTRIC	(1,500.0)
ALLEGANY COUNTY BOARD OF LEGISLATO	M10	ELECTRIC	(30.0)
ALLSTAR	500	ELECTRIC	(190.0)
ALLSTAR	A70	ELECTRIC	(14.3)
AMERICAN HEART ASSOCIATION	400	ELECTRIC	(400.0)
AMERICAN HOTLINE LLC	A70	ELECTRIC	(730.3)
AMERICAN HOTLINE LLC	M10	ELECTRIC	(9,129.1)
AMERICAN RED CROSS	400	ELECTRIC	(58,466.6)
AMERICAN RED CROSS	A70	ELECTRIC	(3,977.3)
AMERICAN RED CROSS OF NORTHEASTERN	400	ELECTRIC	(2,500.0)
ASSOCIATION OF THE UNITED STATES ARM	400	ELECTRIC	(124.5)
ASSOCIATION OF THE UNITED STATES ARM	400	GAS	(25.5)
BETHANY CAMP	400	ELECTRIC	(1,980.0)
BOYS & GIRLS CLUB OF SYRACUSE	400	ELECTRIC	(166.0)
BOYS & GIRLS CLUB OF SYRACUSE	400	GAS	(34.0)
BUFFALO BILLS INC	400	ELECTRIC	(69,950.0)
BUFFALO SABRES	400	ELECTRIC	(63,570.0)
COHOES COMMUNITY CENTER INC	400	ELECTRIC	(2,000.0)
COLLEGE OF SAINT ROSE	400	ELECTRIC	(1,500.0)
COLUMBIA 677 LLC	400	ELECTRIC	(5,400.0)
COLUMBIA BASEBALL	400	ELECTRIC	(100.0)
CORNELL UNIVERSITY	400	ELECTRIC	(419.6)
DISABLED PERSONS ACTION ORGANIZATIO	400	ELECTRIC	(1,245.0)
DISABLED PERSONS ACTION ORGANIZATIO	400	GAS	(255.0)
FRIENDS OF JIM BROWN	400	ELECTRIC	(249.0)
FRIENDS OF JIM BROWN	400	GAS	(51.0)
FULTON MEMORIAL DAY SALUTE	400	ELECTRIC	(1,000.0)
GLENS FALLS HOSPITAL	M10	ELECTRIC	(149.4)
GLENS FALLS HOSPITAL	M10	GAS	(30.6)
GLENS FALLS HOSPITAL FOUNDATION	400	ELECTRIC	(2,500.0)
GOLF4PETS	400	ELECTRIC	(100.0)
GREATER GLENS FALLS AMATEUR ATHLETI	400	ELECTRIC	(396.0)
HARRIS BEACH PLLC	100	ELECTRIC	(91,305.8)
HARRIS BEACH PLLC	100	GAS	(18,701.2)
JOHN WAY/JOHN COSTELLO MEMORIAL	100	ELECTRIC	(550.0)
LARAC (LOWER ADIRONDACK REGIONAL A	400	ELECTRIC	(650.0)
LITERACY COALITION OF ONONDAGA COUN	400	ELECTRIC	(3,320.0)
LITERACY COALITION OF ONONDAGA COUN	400	GAS	(680.0)
LIVERPOOL HIGH SCHOOL VARSITY HOCKE	400	ELECTRIC	(125.0)
LIVERPOOL INDEPENDENT FOUNDATION	400	ELECTRIC	(650.0)
MOST FOUNDATION	400	ELECTRIC	(269.2)
MOST FOUNDATION	400	GAS	(55.1)
MOST FOUNDATION	A70	ELECTRIC	(21.5)
MOST FOUNDATION	A70	GAS	(4.4)
NATIONAL ARBOR DAY FOUNDATION	400	ELECTRIC	(75.0)
NEIGHBOR HELPING NEIGHBOR FUND INC	400	ELECTRIC	(12,091.0)
NEW YORK BLOOD PRESSURE INC	110	ELECTRIC	(300.0)
NIAGARA AQUARIUM FOUNDATION	400	ELECTRIC	(450.0)
NIAGARA FRONTIER TRANSIT METRO SYSTE	500	ELECTRIC	(100.0)
NORTHEAST PARENT & CHILD SOCIETY	400	ELECTRIC	(125.0)
ROCHESTER INSTITUTE OF TECHNOLOGY	200	ELECTRIC	(1,450.0)

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Summary of Test Year Vendor Adjustments  
Originating Niagara Mohawk Power Corporation by Expense Type  
(Dollars)

Vendor	Expense Type	Segment	Amount
ROCHESTER-GENESEE REGIONAL	400	ELECTRIC	(500.0)
SCHENECTADY COUNTY COMMUNITY COLI	400	ELECTRIC	(1,500.0)
SKATING CLUB OF UTICA-WHITESTOWN	400	ELECTRIC	(112.1)
SKATING CLUB OF UTICA-WHITESTOWN	400	GAS	(23.0)
ST JUDE THE APOSTLE SCHOOL	400	ELECTRIC	(100.0)
ST MARY'S HOSPITAL FOUNDATION	400	ELECTRIC	(125.0)
ST PATRICK'S PARADE	400	ELECTRIC	(415.0)
ST PATRICK'S PARADE	400	GAS	(85.0)
SYRACUSE JAZZ FEST PRODUCTIONS INC	400	ELECTRIC	(4,150.0)
SYRACUSE JAZZ FEST PRODUCTIONS INC	400	GAS	(850.0)
SYRACUSE UNIVERSITY	400	ELECTRIC	(4,357.5)
SYRACUSE UNIVERSITY	400	GAS	(892.5)
TRI-CITY VALLEY CATS	400	ELECTRIC	(22,000.0)
UNITED WAY OF BUFFALO & ERIE CO	400	ELECTRIC	(274.0)
UNITED WAY OF NIAGARA	400	ELECTRIC	(100.0)
UNITED WAY OF THE GREATER CAPITAL RE	400	ELECTRIC	(90.0)
WAER JAZZ 88	400	ELECTRIC	(4,150.0)
WAER JAZZ 88	400	GAS	(850.0)
WASTE MANAGEMENT OF RHODE ISLAND	110	ELECTRIC	(2,549.0)
WHITESBORO HOCKEY BOOSTER CLUB	400	ELECTRIC	(166.0)
WHITESBORO HOCKEY BOOSTER CLUB	400	GAS	(34.0)
WPBS-TV	400	ELECTRIC	(1,245.0)
WPBS-TV	400	GAS	(255.0)
ELECTRIC DRIVE TRANSPORTATION ASSOC	450	ELECTRIC	(5,532.5)
INTERSTATE NATURAL GAS	450	GAS	(2,606.4)
ARC OF ONONDAGA	110	ELECTRIC	(4,097.1)
ARC OF ONONDAGA	400	ELECTRIC	(2,996.9)
ARC OF ONONDAGA	A70	ELECTRIC	(71.3)
HOME HEADQUARTERS INC	400	ELECTRIC	(800.0)
JUNIOR ACHIEVEMENT OF CNY INC	400	ELECTRIC	(300.0)
OSWEGO HARBOR FESTIVALS INC	400	ELECTRIC	(5,000.0)
Total			<u>\$ (427,119.4)</u>

## **SCHEDULE 5**

J/E Adjustments



NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Summary of Test Year JE Adjustments  
Originating Niagara Mohawk Power Corporation by Expense Type  
(Dollars)

Journal Entry	Description	Expense Type	Segment	Amount
6285	Elevated Voltage Deferral	400	ELECTRIC	\$ (207,188.4)
PSA3_53	4th Branch Accrual Reversal	400	ELECTRIC	1,175,000.0
PSA3_53	Erie Hydro Reserve	400	ELECTRIC	(500,000.0)
CTL_00036	FFA from amort to other expense	400	ELECTRIC	(2,172,405.7)
CTL_00036	FFA from amort to other expense	500	ELECTRIC	2,172,405.7
6032_RC_11	Adjustments as a result of the Dan DeMauro allocation review- March 2011	400	ELECTRIC	(8,909.8)
6032_RC_11	Adjustments as a result of the Dan DeMauro allocation review- March 2011	400	GAS	(1,506.2)
36617CW5	Donation/Sponsorship reclass	400	ELECTRIC	(76,256.3)
36617CW5	Donation/Sponsorship reclass	400	GAS	(15,618.8)
6032_JM_4	Global Connect; Innerworking reclass	110	ELECTRIC	1,572.3
6032_JM_4	Global Connect; Innerworking reclass	200	ELECTRIC	1,417.0
6032_JM_4	Global Connect; Innerworking reclass	M10	ELECTRIC	833.3
6032_JM_4	Global Connect; Innerworking reclass	110	GAS	322.0
6032_JM_4	Global Connect; Innerworking reclass	200	GAS	290.2
6032_JM_4	Global Connect; Innerworking reclass	M10	GAS	170.7
6032_JM_5	To Reverse Occidental Chemical - North Yard Breaker Project Accrual	400	ELECTRIC	26,875.0
01617	CTA reallocation adjustment	400	GAS	24,235.2
6032_VY_2	Reclass Asbestos related matters	400	ELECTRIC	(46,717.7)
8032_VY_1	Deferred Credit Adjustment	400	ELECTRIC	(544,968.4)
7032_JM_1	To eliminate a accrual reversal related to a Sept 2009 accrual	110	ELECTRIC	46,499.0
7032_JW_2	To book NM Storm True-up per PSC Order (P. Pensabene). December 2011	400	ELECTRIC	(640,017.6)
8032_JM_2	Storm - To Record Contractor Disallowances Reserve as per NYPSC FY2011 Audit	400	ELECTRIC	(5,500,000.0)
PSA_10	To Record Storm Deferral Adjustments per Audit. March 2011	400	ELECTRIC	(3,500,000.0)
	To defer incremental costs only associated with the Millennium Explorer II Wall Loss			
6032_JW_9	Sensing Robot (P. Pensabene). March 2011	110	ELECTRIC	55,522.0
6211	NY Storm Deferral Audit Final Adjustment - September, 2011	400	ELECTRIC	81,835.9
PA36617	To reclassify 2010 charges from expense to capital - March 25, 2011	100	ELECTRIC	8,819.0
PA36617	To reclassify 2010 charges from expense to capital - March 25, 2011	A50	ELECTRIC	10,737.4
PA36617	To reclassify 2010 charges from expense to capital - March 25, 2011	400	ELECTRIC	240,471.3
PA36617	To reclassify 2010 charges from expense to capital - March 25, 2011	200	ELECTRIC	238.0
PA36617	To reclassify 2010 charges from expense to capital - March 25, 2011	400	ELECTRIC	7,575.0
	To reclassify prior year charges transferred from project C18253 to project C31418			
PA36617	from expense to capital - March 28, 2011	100	ELECTRIC	343,046.0
	To reclassify prior year charges transferred from project C18253 to project C31418			
PA36617	from expense to capital - March 28, 2011	110	ELECTRIC	3,094.3
	To reclassify prior year charges transferred from project C18253 to project C31418			
PA36617	from expense to capital - March 28, 2011	200	ELECTRIC	5,947.6
	To reclassify prior year charges transferred from project C18253 to project C31418			
PA36617	from expense to capital - March 28, 2011	300	ELECTRIC	0.1
	To reclassify prior year charges transferred from project C18253 to project C31418			
PA36617	from expense to capital - March 28, 2011	400	ELECTRIC	(1,885.8)
	To reclassify prior year charges transferred from project C18253 to project C31418			
PA36617	from expense to capital - March 28, 2011	A50	ELECTRIC	15,895.5
	To reclassify prior year charges transferred from project C18253 to project C31418			
PA36617	from expense to capital - March 28, 2011	A65	ELECTRIC	(299.2)
Total				<u>\$ (8,992,971.3)</u>



Testimony of Revenue Requirements Panel

Exhibit\_\_\_\_\_(RRP-3)

Operation and Maintenance Expenses by Expense Type

for the Historic Test Year Ended December 31, 2011,

Rate Year Ending March 31, 2014,

and Data Years Ending March 31, 2015 and March 31, 2016

NIAGARA MOHAWK POWER CORPORATION dba NATIONAL GRID (COMPANY 36)

Operating Expenses by Component

Summary  
(\$000's)

Expense Type	Schedule Reference	Historic Year Ended December 31, 2011 (Per Books)				Adjustments to Normalize Historic Test Year				Historic Year Ended December 31, 2011 (as Adjusted)			
		Electric		Gas		Total		Electric		Total		Electric	
		Total	Gas	Total	Gas	Total	Gas	Total	Gas	Total	Gas	Total	Gas
<u>Provider Company:</u> Niagara Mohawk Power Corp. National Grid USA Service Co. All Other Companies TOTAL		\$ 2,130,906.3	\$ 1,630,900.5	\$ 500,005.9	\$ 446.6	\$ (121.1)	\$ (567.7)	\$ (61,575.5)	\$ (4,540.5)	\$ 2,130,785.2	\$ 1,630,332.7	\$ 500,452.4	\$ 42,240.6
		345,022.8	298,241.8	46,781.1	(7,300.5)	(6,538.7)	(7,300.5)	(26,424.4)	(7,300.5)	283,447.3	241,206.7	42,240.6	1,094.3
		38,779.5	30,384.7	8,394.8	(11,394.4)	(3,014.6)	(11,394.4)	(84,027.1)	(11,394.4)	5,054.7	3,960.4	1,094.3	543,787.3
		\$ 2,514,706.7	\$ 1,959,526.9	\$ 555,181.7	\$ (84,027.1)	\$ (95,421.5)	\$ (84,027.1)	\$ (26,424.4)	\$ (7,300.5)	\$ 2,419,287.2	\$ 1,875,499.8	\$ 543,787.3	\$ 543,787.3
<u>Operation &amp; Maintenance Expenses:</u> <u>Departmental Items:</u> Consultants Contractors Donations Employee Expenses Hardware Software Other Rents AFUDC - Debt Service Co. Equity Conservation Load Management Construction Reimbursement Co Contributions/Cr to Jobs Bill Interface Expense Type Capital Overheads Supervision & Admin Service Co Operating Costs Sales Tax FAS 106 FAS 112 Health Care Group Life Insurance Other Benefits Pension Thrift Plan Workers Comp Payroll Taxes Materials Outside Vendor Materials From Inventory Materials Stores Handling Total Labor All P's Transportation Energy Efficiency Program Injuries & Damages Other Initiatives Productivity Adjustment Rate Case Expense Regulatory Assessment Fees Renewable Portfolio Standard Site Investigation & Remediation Expenses Storm Fund Energy Savings System Benefits Charge Uncollectible Accounts Legal (Exp 100, 110 or 400) Accounting (Exp 100, 110 or 400) Vegetation (Exp 100, 110, or 400) US Restructuring (Savings) E&Y Analysis Ex Pat Proxy Allocation Reclaim Sub Total - Departmental		\$ 29,381.4	\$ 26,026.2	\$ 3,355.2	\$ (18,803.7)	\$ (16,673.9)	\$ (2,129.8)	\$ (121.1)	\$ (567.7)	\$ 10,577.7	\$ 9,352.3	\$ 1,225.4	\$ 11,290.3
		19,915.7	178,066.8	13,848.9	(121,817.6)	(119,259.0)	(2,558.6)	(119,259.0)	(2,558.6)	70,098.1	58,807.8	-	-
		8,626.4	7,513.0	1,113.4	(1,147.1)	(1,044.5)	(102.6)	(1,044.5)	(102.6)	7,479.3	6,468.6	1,010.7	1,010.7
		3,796.5	3,326.8	469.7	(163.6)	(143.0)	(29.5)	(143.0)	(29.5)	3,632.9	3,183.8	449.1	449.1
		7,438.9	6,184.0	1,254.9	(215.4)	(185.8)	(17,174.0)	(185.8)	(17,174.0)	7,223.5	5,998.1	1,225.4	1,225.4
<u>Non-Departmental Items:</u> Purchased Power Purchased Gas Sub Total - Non-Departmental TOTAL		\$ 2,514,706.7	\$ 1,959,526.9	\$ 555,181.7	\$ (113,289.8)	\$ (102,392.3)	\$ (11,394.5)	\$ (12,898.4)	\$ (403.5)	\$ 2,409,189.9	\$ 1,857,131.7	\$ 543,787.5	\$ 543,787.5

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)

Operating Expenses by Component  
Summary  
(\$000's)

Provider/Company:	Expense Type	Schedule Reference	Historic Year Ended December 31, 2011 (as Adjusted)			Adjustments to Reflect Conditions in Rate Year 2014			Rate Year Ending March 31, 2014		
			Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
			\$	\$	\$	\$	\$	\$	\$	\$	\$
Niagara Mohawk Power Corp.			2,130,785.2	1,630,332.7	500,452.4	(309,158.5)	(170,138.0)	(139,020.5)	1,821,626.7	1,460,194.7	361,432.0
National Grid USA Service Co.			283,447.7	241,206.7	42,240.6	33,694.4	28,235.0	5,459.5	317,141.7	269,441.7	47,700.1
All Other Companies			5,054.7	3,960.4	1,094.3	(4,917.3)	(3,744.9)	(1,172.4)	137.4	215.5	(78.0)
TOTAL			2,419,287.2	1,875,499.8	543,787.3	(280,381.3)	(145,647.9)	(134,733.4)	2,138,905.9	1,729,851.9	409,054.0
Operation & Maintenance Expenses:											
Departmental Items:											
Construction		100	10,577.7	9,352.3	1,225.4	452.6	400.1	52.4	11,030.3	9,752.4	1,277.9
Contractors		110	70,988.1	58,807.8	11,200.3	2,999.2	2,516.1	483.1	73,097.3	61,325.9	11,771.4
Donations		150									
Employee Expenses		200	7,479.3	6,468.6	1,010.7	320.0	276.8	43.2	7,799.3	6,745.3	1,053.9
Hardware		300	3,432.9	3,183.8	449.1	155.4	146.2	19.2	3,788.3	3,320.0	468.3
Software		350	7,225.5	5,998.1	1,225.4	309.1	256.6	52.4	7,532.6	6,254.8	1,277.8
Other		400	28,908.5	23,120.6	5,687.9	1,232.6	889.2	343.4	30,041.0	24,109.7	5,931.3
ATUDC - Debt		500	28,602.3	26,604.3	1,998.0	27,177.0	22,838.2	4,338.7	55,779.3	49,442.5	6,336.7
Service Co. Equity		A10	(1,285.1)	(1,066.7)	(218.5)	(55.0)	(45.6)	(9.3)	(1,340.1)	(1,112.3)	(227.8)
Conservation Load Management		A20	1.0	0.5	0.5	0.1	0.0	0.1	1.0	0.5	0.5
Construction Reimbursement		A40	(589.3)	(582.2)	(31.1)	(25.2)	(23.9)	(1.3)	(614.5)	(589.1)	(25.6)
Contributions CI to Jobs		A41	53.3	53.3		2.3	2.3		55.6	55.6	
Bill Interface Expense Type		A42	(2,434.9)	(2,424.2)	(19.6)	(104.6)	(103.7)	(0.8)	(2,548.4)	(2,528.0)	(20.4)
Capital Overheads		A50	256.0	256.0		11.0	11.0		267.0	267.0	
Supervision & Admin		A60	410.1	406.6	3.5	17.5	17.4	0.1	427.6	424.0	3.6
Service Co-Operating Costs		A65	(357.9)	(317.7)	(40.2)	(15.3)	(13.6)	(1.7)	(373.2)	(331.3)	(42.0)
Software		A70	5,613.5	4,975.2	638.3	240.2	212.9	27.3	5,853.6	5,188.0	665.6
FAS 110		B01	125,664.0	102,801.0	22,863.0	(81,584.1)	(66,214.6)	15,369.4	44,079.9	36,586.4	7,493.6
Health Care		B02	30,565.4	25,669.2	5,096.2	22.5	18.4	39.1	31,873.1	26,458.6	5,414.4
Group Life Insurance		B03	2,182.2	1,788.1	394.1	1,307.7	1,085.4	222.3	3,187.1	2,645.6	541.4
Other Benefits		B04	171.2	1,075.9	(368.7)	90.6	75.2	15.4	2,208.8	1,833.3	375.5
Pension		B05	57,381.5	46,954.0	10,427.5	(89.1)	523.1	(603.3)	57,201.4	47,477.1	9,724.2
Thrift Plan		B07	7,421.7	6,161.8	1,259.5	317.6	262.6	54.0	7,741.3	6,425.4	1,315.9
World P Comp		B09	4,796.2	3,980.9	815.4	205.2	170.3	34.9	5,001.4	4,151.2	850.3
Materials Outside Vendor		M10	21,417.5	17,989.0	3,428.5	733.7	618.1	115.6	22,151.2	18,607.1	3,544.1
Materials From Inventory		M20	6,171.8	5,076.6	1,095.2	287.4	218.5	68.9	7,005.3	5,326.2	1,679.1
Materials Stores Handling		M50	1,248.7	975.2	273.5	53.4	41.7	11.7	1,302.3	1,016.9	285.2
All P's		T10	275,599.2	231,483.3	44,060.9	10,887.7	8,997.8	1,179.9	285,586.9	240,358.1	45,208.8
Transportation		31	24,483.1	20,097.0	4,586.1	1,257.0	1,434.6	320.5	25,640.1	21,535.6	4,096.6
Energy Efficiency Program		32	71,650.2	64,016.3	7,633.8	25,585.6	16,599.5	9,079.5	97,238.8	80,535.4	16,713.3
Injuries & Damages		34	10,773.1	9,032.0	1,741.1	46.0	38.4	7.6	11,234.4	9,418.4	1,815.7
Other Initiatives		35	-	-	-	29,561.2	23,256.9	6,304.3	29,561.2	23,256.9	6,304.3
Productivity Adjustment		36	-	-	-	(6,501.0)	(5,516.1)	(886.9)	(6,501.0)	(5,516.1)	(886.9)
Rate Case Expense		37	-	-	-	806.5	669.4	137.1	806.5	669.4	137.1
Regulatory Assessment Fees		38	100,071.7	78,250.3	21,821.4	23,221.6	16,152.0	7,069.6	123,293.5	94,402.3	28,891.0
Renewable Portfolio Standard		39	51,983.7	51,983.7		23,414.4	23,414.4		75,398.1	75,398.1	
Site Investigation & Remediation Expenses		40	19,491.1	16,121.8	3,378.3	29,508.9	19,887.2	3,021.7	42,000.0	35,700.0	6,300.0
Storm Fund		41	-	-	-	29,000.0	29,000.0		29,000.0	29,000.0	
System Savings		42	(79.6)	(625.5)	(154.1)	(33.4)	(243.8)	(6.6)	(812.9)	(652.3)	(160.7)
System Benefits Charge		43	56,388.0	39,724.5	16,663.5	(36,967.6)	(20,054.1)	(16,913.5)	19,320.4	19,320.4	0.0
Precident Accounts		44	61,731.1	42,558.0	19,173.5	(20,434.8)	(14,882.0)	(5,952.8)	41,038.3	28,076.0	12,962.4
Legal (Exp 100, 110, 400)		45	3,927.6	3,927.6	634.0	199.0	170.9	27.1	4,095.6	4,095.6	
Accounting (Exp 100, 110, 400)		46	4,058.3	3,377.4	680.9	173.6	144.5	29.1	4,231.6	3,521.9	710.0
Valuation (Exp 100, 110, or 400)		47	51,400.3	50,974.5	425.7	4,771.2	4,752.9	18.2	56,171.4	55,727.5	443.9
US Restructuring (Savings)		48	-	-	-	(14,318.1)	(11,957.7)	(2,360.4)	(14,318.1)	(11,957.7)	(2,360.4)
ES&Y Analysis		49	2,321.2	1,675.9	(645.4)	71.7	99.3	(27.6)	1,747.6	1,249.5	(498.1)
ES&Y Proxy		50	(583.2)	(488.5)	(94.7)	(524.6)	(351.9)	(17.3)	(1,029.5)	(769.4)	(260.1)
Allocation Reclues		51	(12,404.9)	(12,404.9)	403.5				(13,480.2)	(13,480.2)	
Sub Total - Departmental			1,441,055.3	950,993.5	190,111.7	47,105.3	56,260.6	(9,152.2)	1,485,213.6	1,007,254.1	477,959.5
Non-Departmental Items:											
Purchased Power											
Purchased Gas											
Sub Total - Non-Departmental			1,259,813.6	906,138.1	353,675.5	(309,121.6)	(183,540.6)	\$	950,692.1	\$	722,597.6
TOTAL			2,400,818.9	1,857,131.7	543,787.3	(282,012.2)	(127,280.0)	\$	2,138,905.9	\$	1,729,851.9

NIAGARA MOHAWK POWER CORPORATION dba NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Summary  
(\$000's)

Expense Type	Schedule Reference	Rate Year Ending March 31, 2014	Adjustments to Reflect Conditions in Data Year	Data Year Ending March 31, 2015	Adjustments to Reflect Conditions in Data Year	Data Year Ending March 31, 2016
		Electric	Electric	Electric	Electric	Electric
<b>Provider Company:</b>						
Niagara Mohawk Power Corp.	100	\$ 9,752.4	\$ 207.3	\$ 9,959.7	\$ 219.1	\$ 10,178.8
National Grid USA Service Co.	110	61,323.9	1,303.3	62,627.2	1,377.8	64,005.0
All Other Companies	130	-	-	-	-	-
<b>TOTAL</b>		<b>\$ 1,460,194.7</b>	<b>\$ (8,796.9)</b>	<b>\$ 1,451,397.8</b>	<b>\$ (3,375.2)</b>	<b>\$ 1,448,022.6</b>
		<b>\$ 289,441.7</b>	<b>\$ 5,599.8</b>	<b>\$ 275,041.5</b>	<b>\$ 1,635.5</b>	<b>\$ 276,677.1</b>
		<b>\$ 1,170,752.9</b>	<b>\$ (1,796.6)</b>	<b>\$ 1,176,356.3</b>	<b>\$ (4,010.7)</b>	<b>\$ 1,171,345.5</b>
		<b>\$ 1,729,851.9</b>	<b>\$ (3,376.7)</b>	<b>\$ 1,726,415.2</b>	<b>\$ (2,165.4)</b>	<b>\$ 1,724,309.8</b>
<b>Operation &amp; Maintenance Expenses:</b>						
<b>Departmental Items:</b>						
Consultants	1	\$ 9,752.4	\$ 207.3	\$ 9,959.7	\$ 219.1	\$ 10,178.8
Contractors	2	61,323.9	1,303.3	62,627.2	1,377.8	64,005.0
Donations	3	-	-	-	-	-
Employee Expenses	4	6,745.3	143.4	6,888.7	151.6	7,040.3
Hardware	5	3,320.0	70.6	3,390.6	74.6	3,465.2
Software	6	6,254.8	132.9	6,387.7	140.5	6,528.2
Other	7	24,109.7	512.4	24,622.1	541.7	25,163.8
Rents	8	49,442.5	4,201.2	53,643.7	148.2	53,792.0
AFUDC - Debt	9	-	-	-	-	-
Service Co. Equity	10	(1,112.3)	(23.6)	(1,135.9)	(25.0)	(1,160.9)
Conservation Load Management	11	0.5	-	0.5	-	0.5
Construction Reimbursement	12	(582.1)	(12.4)	(594.5)	(13.1)	(607.6)
Co Contributions Gr to Jobs	13	55.6	1.2	56.8	1.2	58.1
Bill Interface Expense Type	14	(2,528.0)	(53.7)	(2,581.7)	(56.8)	(2,638.5)
Capital Overheads	15	267.0	5.7	272.7	5.9	278.6
Supervision & Admin	16	424.0	9.0	433.0	9.5	442.5
Service Co Operating Costs	17	(331.3)	(7.0)	(338.3)	(7.4)	(345.8)
Sales Tax	18	5,188.0	110.3	5,298.3	116.6	5,414.9
FAS 106	19	36,386.4	(1,508.3)	35,078.1	(8,954.2)	26,124.0
FAS 112	20	4,518.7	96.0	4,614.7	101.5	4,716.2
Health Care	21	26,454.6	562.2	27,016.9	594.4	27,611.2
Group Life Insurance	22	1,833.3	39.0	1,872.2	41.2	1,913.4
Other Benefits	23	1,121.9	23.8	1,145.7	25.2	1,170.9
Pension	24	47,477.1	(16,895.3)	30,581.8	(7,265.0)	23,316.8
Thrift Plan	25	6,425.4	136.6	6,562.0	144.4	6,706.3
Workers Comp	26	4,151.2	88.2	4,239.4	93.3	4,332.7
Payroll Taxes	27	-	-	-	-	-
Materials Outside Vendor	28	18,607.1	395.4	19,002.6	418.1	19,420.6
Materials From Inventory	29	5,326.2	113.2	5,439.4	119.7	5,559.0
Materials Stores Handling	30	1,016.9	21.6	1,038.5	22.8	1,061.3
Total Labor	31	240,356.1	6,642.8	246,998.8	6,822.5	253,821.3
Transportation	32	21,533.6	64.7	21,598.3	(1,071.0)	20,527.3
Energy Efficiency Program	33	80,525.4	31,947.3	112,472.7	(13,882.2)	98,590.5
Injuries & Damages	34	9,418.4	200.2	9,618.6	211.6	9,830.2
Other Initiatives	35	23,256.9	982.9	24,239.8	2,839.8	27,079.6
Productivity Adjustment	36	(5,516.1)	(2,933.7)	(8,449.8)	(3,051.2)	(11,501.0)
Rate Case Expense	37	669.4	-	669.4	-	669.4
Regulatory Assessment Fees	38	94,402.3	(63,491.6)	30,910.7	(19,661.2)	11,249.5
Renewable Portfolio Standard	39	75,398.1	11,078.8	86,476.9	(7,644.9)	78,832.0
Site Investigation & Remediation Expenses	40	35,700.0	-	35,700.0	-	35,700.0
Storm Fund	41	29,000.0	-	29,000.0	-	29,000.0
Synergy Savings	42	(652.3)	(13.9)	(666.1)	(14.7)	(680.8)
System Benefits Charge	43	19,320.4	(2,630.2)	16,690.2	5,509.8	22,200.0
Uncollectible Accounts	44	28,076.0	850.8	28,926.8	399.1	29,325.9
Legal (Exp 100, 110 or 400)	45	4,164.5	88.5	4,253.0	93.6	4,346.6
Accounting (Exp 100, 110 or 400)	46	3,521.9	74.8	3,596.7	79.1	3,675.8
Vegetation (Exp 100, 110, or 400)	47	55,727.5	1,029.7	56,757.1	1,194.3	57,951.4
US Restructuring (Savings)	48	(11,957.7)	(254.1)	(12,211.8)	(268.7)	(12,480.5)
E&Y Analysis	49	2,420.5	51.4	2,471.9	54.4	2,526.3
Ex Pat Proxy	50	(909.4)	(10.8)	(920.2)	(11.4)	(931.6)
Allocation Reclaim	51	(13,450.2)	(285.8)	(13,736.1)	(302.2)	(14,038.3)
<b>Sub Total - Departmental</b>		<b>\$ 1,007,254.1</b>	<b>\$ (26,935.3)</b>	<b>\$ 980,318.8</b>	<b>\$ (40,677.5)</b>	<b>\$ 939,641.3</b>
<b>Non-Departmental Items:</b>						
Purchased Power		\$ 722,597.6	\$ 23,558.5	\$ 746,156.1	\$ 38,511.9	\$ 784,668.0
Purchased Gas		722,597.6	23,558.5	746,156.1	38,511.9	784,668.0
<b>Sub Total - Non-Departmental</b>		<b>\$ 722,597.6</b>	<b>\$ 23,558.5</b>	<b>\$ 746,156.1</b>	<b>\$ 38,511.9</b>	<b>\$ 784,668.0</b>
<b>TOTAL</b>		<b>\$ 1,729,851.7</b>	<b>\$ (3,376.7)</b>	<b>\$ 1,726,415.2</b>	<b>\$ (2,165.4)</b>	<b>\$ 1,724,309.8</b>

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)

Operating Expenses by Component

Summary

(\$000's)

Expense Type	Schedule Reference	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
		Gas		Gas		Gas		Gas		Gas	
<b>Provider Company:</b>		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Niagara Mohawk Power Corp.		361,432.0	1,277.9	(7,928.0)	27.2	353,504.0	1,305.1	(3,754.2)	349,749.8		
National Grid USA Service Co.		47,700.1	11,773.4	2,879.1	250.2	50,579.2	12,023.6	(716.6)	49,862.6		
All Other Companies		(78.0)	-	46.8	-	(23.5)	-	(123.5)	(152.7)		
<b>TOTAL</b>		<b>409,054.0</b>	<b>18,051.3</b>	<b>(5,000.0)</b>	<b>27.2</b>	<b>404,054.2</b>	<b>18,328.7</b>	<b>(4,594.2)</b>	<b>399,459.7</b>		
<b>Operation &amp; Maintenance Expenses:</b>											
<b>Departmental Items:</b>											
100 Consultants	1	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
110 Contractors	2	1,277.9	1,277.9	27.2	27.2	1,305.1	1,305.1	28.7	1,333.8		
130 Donations	3	-	-	-	-	-	-	-	-		
200 Employee Expenses	4	1,063.9	1,063.9	22.4	22.4	1,076.3	1,076.3	23.7	1,100.0		
300 Hardware	5	468.3	468.3	10.0	10.0	478.3	478.3	10.3	488.6		
350 Software	6	1,277.8	1,277.8	27.2	27.2	1,305.0	1,305.0	28.7	1,333.7		
400 Other	7	5,931.3	5,931.3	126.1	126.1	6,057.4	6,057.4	133.3	6,190.7		
500 Rents	8	6,336.7	6,336.7	3,219.7	3,219.7	9,556.4	9,556.4	(256.1)	9,300.3		
A10 AFUDC - Debt	9	-	-	-	-	-	-	-	-		
A20 Service Co. Equity	10	(227.8)	(227.8)	(4.8)	(4.8)	(232.6)	(232.6)	(5.1)	(237.7)		
A30 Conservation Load Management	11	0.5	0.5	0.0	0.0	0.6	0.6	0.0	0.6		
A40 Construction Reimbursement	12	(32.4)	(32.4)	(0.7)	(0.7)	(33.1)	(33.1)	(0.7)	(33.8)		
A41 Co Contributions Gr to Jobs	13	-	-	-	-	-	-	-	-		
A42 Bill Interface Expense Type	14	(20.4)	(20.4)	(0.4)	(0.4)	(20.9)	(20.9)	(0.5)	(21.3)		
A50 Capital Overheads	15	-	-	-	-	-	-	-	-		
A60 Supervision & Admin	16	3.6	3.6	0.1	0.1	3.7	3.7	0.1	3.8		
A65 Service Co Operating Costs	17	(42.0)	(42.0)	(0.9)	(0.9)	(42.9)	(42.9)	(0.9)	(43.8)		
A70 Sales Tax	18	665.6	665.6	14.1	14.1	679.8	679.8	15.0	694.7		
B01 FAS 106	19	7,493.6	7,493.6	(308.9)	(308.9)	7,184.7	7,184.7	(1,834.0)	5,350.7		
B02 FAS 112	20	953.4	953.4	20.3	20.3	973.7	973.7	21.4	995.2		
B03 Health Care	21	5,418.4	5,418.4	115.2	115.2	5,533.6	5,533.6	121.7	5,655.3		
B04 Group Life Insurance	22	375.5	375.5	8.0	8.0	383.5	383.5	8.4	391.9		
B05 Other Benefits	23	(374.0)	(374.0)	(7.9)	(7.9)	(382.0)	(382.0)	(8.4)	(390.4)		
B06 Pension	24	9,724.2	9,724.2	(3,460.5)	(3,460.5)	6,263.7	6,263.7	(1,488.0)	4,775.7		
B07 Thrift Plan	25	1,315.9	1,315.9	28.0	28.0	1,343.9	1,343.9	29.6	1,373.5		
B08 Workers Comp	26	850.3	850.3	18.1	18.1	868.3	868.3	19.1	887.4		
B09 Payroll Taxes	27	-	-	-	-	-	-	-	-		
B10 Materials Outside Vendor	28	3,544.1	3,544.1	75.3	75.3	3,619.4	3,619.4	79.6	3,699.1		
B20 Materials From Inventory	29	1,679.1	1,679.1	35.7	35.7	1,714.8	1,714.8	37.7	1,752.5		
B30 Materials Stores Handling	30	285.2	285.2	6.0	6.0	291.2	291.2	6.4	297.6		
AI1P's Total Labor	31	45,240.8	45,240.8	1,228.8	1,228.8	46,469.6	46,469.6	1,262.0	47,731.6		
T10 Transportation	32	4,906.6	4,906.6	14.6	14.6	4,921.1	4,921.1	(244.1)	4,677.0		
Energy Efficiency Program	33	16,713.3	16,713.3	4,000.3	4,000.3	20,713.7	20,713.7	(5,622.8)	15,090.9		
Injuries & Damages	34	1,815.7	1,815.7	38.6	38.6	1,854.3	1,854.3	40.8	1,895.1		
Other Initiatives	35	6,304.3	6,304.3	726.2	726.2	7,030.6	7,030.6	224.1	7,254.6		
Productivity Adjustment	36	(986.9)	(986.9)	(2,953.7)	(2,953.7)	(3,940.6)	(3,940.6)	(3,051.2)	(6,991.7)		
Rate Case Expense	37	137.1	137.1	-	-	137.1	137.1	-	137.1		
Regulatory Assessment Fees	38	28,891.0	28,891.0	(20,573.4)	(20,573.4)	8,317.6	8,317.6	(4,985.0)	3,332.6		
Renewable Portfolio Standard	39	-	-	-	-	-	-	-	-		
Site Investigation & Remediation Expenses	40	6,300.0	6,300.0	-	-	6,300.0	6,300.0	-	6,300.0		
Storm Fund	41	-	-	-	-	-	-	-	-		
Synergy Savings	42	(160.7)	(160.7)	(3.4)	(3.4)	(164.1)	(164.1)	(3.6)	(167.7)		
System Benefits Charge	43	0.0	0.0	-	-	0.0	0.0	-	0.0		
Uncollectible Accounts	44	12,962.4	12,962.4	731.1	731.1	13,693.5	13,693.5	117.9	13,811.4		
Legal (Exp 100, 110 or 400)	45	661.1	661.1	14.0	14.0	675.1	675.1	14.9	690.0		
Accounting (Exp 100, 110 or 400)	46	710.0	710.0	15.1	15.1	725.1	725.1	16.0	741.1		
Vegetation (Exp 100, 110, or 400)	47	443.9	443.9	9.4	9.4	453.4	453.4	10.0	463.4		
US Restructuring (Savings)	48	(2,360.4)	(2,360.4)	(50.2)	(50.2)	(2,410.6)	(2,410.6)	(53.0)	(2,463.6)		
E&Y Analysis	49	(673.0)	(673.0)	(14.3)	(14.3)	(687.3)	(687.3)	(15.1)	(702.4)		
Ex Pat Proxy	50	(98.8)	(98.8)	(2.1)	(2.1)	(100.9)	(100.9)	(2.2)	(103.1)		
Allocation Reclaim	51	420.7	420.7	8.9	8.9	429.7	429.7	9.5	439.1		
<b>Sub Total - Departmental</b>		<b>180,959.5</b>	<b>180,959.5</b>	<b>(16,570.8)</b>	<b>(16,570.8)</b>	<b>164,388.7</b>	<b>164,388.7</b>	<b>(15,047.2)</b>	<b>149,341.5</b>		
<b>Non-Departmental Items:</b>											
Purchased Power		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Purchased Gas		228,094.5	228,094.5	11,570.7	11,570.7	239,665.2	239,665.2	10,453.1	250,118.3		
<b>Sub Total - Non-Departmental</b>		<b>228,094.5</b>	<b>228,094.5</b>	<b>11,570.7</b>	<b>11,570.7</b>	<b>239,665.2</b>	<b>239,665.2</b>	<b>10,453.1</b>	<b>250,118.3</b>		
<b>TOTAL</b>		<b>409,054.0</b>	<b>409,054.0</b>	<b>(5,000.0)</b>	<b>(5,000.0)</b>	<b>404,054.2</b>	<b>404,054.2</b>	<b>(4,594.2)</b>	<b>399,459.7</b>		

## **SCHEDULE 1**

Expense Type 100 - Consultants



NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Consultants - Expense Type 100  
(\$000's)

	Historic Year Ended December 31, 2011			Adjustments to Normalize Historic Test Year			Historic Year Ended December 31, 2011		
	(Per Books)						(as Adjusted)		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ 1,992.3	\$ 1,728.4	\$ 263.9	\$ (2,315.8)	\$ (2,136.0)	\$ (179.8)	\$ (323.5)	\$ (407.6)	\$ 84.1
National Grid USA Service Co.	27,318.1	24,212.1	3,106.0	(16,608.1)	(14,643.6)	(1,964.6)	10,709.9	9,568.5	1,141.4
All Other Companies	71.0	85.6	(14.6)	120.2	105.7	14.6	191.3	191.3	(0.0)
Total	<u>\$ 29,381.4</u>	<u>\$ 26,026.2</u>	<u>\$ 3,355.2</u>	<u>\$ (18,803.7)</u>	<u>\$ (16,673.9)</u>	<u>\$ (2,129.8)</u>	<u>\$ 10,577.7</u>	<u>\$ 9,352.3</u>	<u>\$ 1,225.5</u>
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	190.4	190.4	-	(122.0)	(122.0)	-	68.4	68.4	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	449.4	447.1	2.3	(287.9)	(286.4)	(1.5)	161.5	160.7	0.8
Customer Service and Informational Expenses	310.3	735.6	(425.3)	(201.3)	(471.3)	270.0	109.0	264.3	(155.3)
Sales Expenses	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	28,637.8	24,841.2	3,796.6	(18,324.7)	(15,914.7)	(2,410.0)	10,313.1	8,926.5	1,386.6
Sub Total	<u>\$ 29,234.3</u>	<u>\$ 25,919.7</u>	<u>\$ 3,314.5</u>	<u>\$ (18,709.7)</u>	<u>\$ (16,605.7)</u>	<u>\$ (2,104.0)</u>	<u>\$ 10,524.6</u>	<u>\$ 9,314.0</u>	<u>\$ 1,210.5</u>
<u>Maintenance:</u>									
Transmission Expenses	\$ 100.4	\$ 100.4	\$ -	\$ (64.3)	\$ (64.3)	\$ -	\$ 36.1	\$ 36.1	\$ -
Distribution Expenses	46.7	6.0	40.7	(29.7)	(3.9)	(25.8)	17.0	2.1	14.9
Administrative & General Expenses	-	-	-	-	-	-	-	-	-
TOTAL	<u>\$ 29,381.4</u>	<u>\$ 26,026.2</u>	<u>\$ 3,355.2</u>	<u>\$ (18,803.7)</u>	<u>\$ (16,673.9)</u>	<u>\$ (2,129.8)</u>	<u>\$ 10,577.7</u>	<u>\$ 9,352.3</u>	<u>\$ 1,225.5</u>

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Consultants - Expense Type 100  
(\$000's)

Provider Company:	Historic Year Ended December 31, 2011 (as Adjusted)				Adjustments to Reflect Conditions in Rate Year				Rate Year Ending March 31, 2014			
	Electric		Gas		Electric		Gas		Electric		Gas	
	Total		Total		Total		Total		Total		Total	
Niagara Mohawk Power Corp.	\$ (323.5)	\$ (407.6)	\$ 84.1	\$	\$ (13.8)	\$ (17.4)	\$ 3.6	\$	\$ (337.3)	\$ (425.0)	\$ 87.7	\$
National Grid USA Service Co.	10,709.9	9,568.5	1,141.4		458.2	409.4	48.8		11,168.2	9,977.9	1,190.2	
All Other Companies	191.3	191.3	(0.0)		8.2	8.2	(0.0)		199.4	199.5	(0.0)	
Total	\$ 10,577.7	\$ 9,352.3	\$ 1,225.5		\$ 452.6	\$ 400.1	\$ 52.4		\$ 11,030.3	\$ 9,752.4	\$ 1,277.9	
Operation:												
Production Expenses	\$ -	\$ -	\$ -	\$	\$ -	\$ -	\$ -	\$	\$ -	\$ -	\$ -	\$
Power Production Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-	-	-	-
Transmission Expenses	68.4	68.4	-	-	2.9	2.9	-	-	71.3	71.3	-	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Distribution Expenses	161.5	160.7	0.8	-	6.9	6.9	0.0	-	168.4	167.6	0.9	-
Customer Service and Informational Expenses	109.0	264.3	(155.3)	-	4.7	11.3	(6.6)	-	113.7	275.6	(161.9)	-
Sales Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	10,313.1	8,926.5	1,386.6	-	441.2	381.9	59.3	-	10,754.3	9,308.4	1,445.9	-
Sub Total	\$ 10,524.6	\$ 9,314.0	\$ 1,210.5	\$	\$ 450.3	\$ 398.5	\$ 51.8	\$	\$ 10,974.9	\$ 9,712.5	\$ 1,262.3	\$
Maintenance:												
Transmission Expenses	\$ 36.1	\$ 36.1	\$ -	\$	\$ 1.5	\$ 1.5	\$ -	\$	\$ 37.6	\$ 37.6	\$ -	\$
Distribution Expenses	17.0	2.1	14.9	-	0.7	0.1	0.6	-	17.8	2.2	15.5	-
Administrative & General Expenses	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ 10,577.7	\$ 9,352.3	\$ 1,225.5	\$	\$ 452.6	\$ 400.1	\$ 52.4	\$	\$ 11,030.3	\$ 9,752.4	\$ 1,277.9	\$

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Consultants – Expense Type 100  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Electric		Electric		Electric		Electric		Electric	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	(425.0)	\$	(9.0)	\$	(434.0)	\$	(9.5)	\$	(443.5)
National Grid USA Service Co.		9,977.9		212.2		10,190.1		224.2		10,414.3
All Other Companies		199.5		4.2		203.7		4.5		208.2
Total	\$	9,752.4	\$	207.4	\$	9,959.8	\$	219.2	\$	10,179.0
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		71.3		1.5		72.8		1.6		74.4
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		167.6		3.6		171.2		3.8		175.0
Customer Service and Informational Expenses		275.6		5.9		281.5		6.2		287.7
Sales Expenses		-		-		-		-		-
Administrative & General Expenses		9,308.4		197.8		9,506.2		209.2		9,715.4
Sub Total	\$	9,712.5	\$	206.5	\$	9,919.0	\$	218.3	\$	10,137.3
<u>Maintenance:</u>										
Transmission Expenses	\$	37.6	\$	0.8	\$	38.4	\$	0.8	\$	39.2
Distribution Expenses		2.2		-		2.2		-		2.2
Administrative & General Expenses		-		-		-		-		-
TOTAL	\$	9,752.4	\$	207.3	\$	9,959.7	\$	219.1	\$	10,178.8

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Consultants – Expense Type 100  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Gas		Gas		Gas		Gas		Gas	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	87.7	\$	1.9	\$	89.6	\$	2.0	\$	91.6
National Grid USA Service Co.		1,190.2		25.4		1,215.6		26.7		1,242.3
All Other Companies		(0.0)		-		(0.0)		-		(0.0)
Total	\$	1,277.9	\$	27.3	\$	1,305.2	\$	28.7	\$	1,333.9
<u>Operation:</u>										
Production Expenses	\$	-		-	\$	-		-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		-		-		-		-		-
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		0.9		-		0.9		-		0.9
Customer Service and Informational Expenses		(161.9)		(3.4)		(165.3)		(3.6)		(168.9)
Sales Expenses		-		-		-		-		-
Administrative & General Expenses		1,445.9		30.8		1,476.7		32.5		1,509.2
Sub Total	\$	1,262.3	\$	26.9	\$	1,289.2	\$	28.4	\$	1,317.6
<u>Maintenance:</u>										
Transmission Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Distribution Expenses		15.5		0.3		15.8		0.3		16.1
Administrative & General Expenses		-		-		-		-		-
TOTAL	\$	1,277.9	\$	27.2	\$	1,305.1	\$	28.7	\$	1,333.8

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Consultants - Expense Type 100  
(\$000's)

Provider Company	Total	Electric	Gas
Niagara Mohawk Power Corp.	\$ -	\$ -	\$ -
National Grid USA Service Co.	(3,540.1)	(2,964.9)	(575.3)
All Other Companies	-	-	-
Niagara Mohawk Power Corp.	(1,779.4)	(1,612.5)	(166.8)
National Grid USA Service Co.	(2,420.5)	(2,015.8)	(404.7)
All Other Companies	120.2	105.7	14.6
Niagara Mohawk Power Corp.	(522.6)	(509.7)	(13.0)
National Grid USA Service Co.	290.0	(148.3)	438.2
Niagara Mohawk Power Corp.	(13.7)	(13.7)	-
National Grid USA Service Co.	(30.0)	(30.0)	-
National Grid USA Service Co.	(10,907.5)	(9,484.7)	(1,422.8)
Exhibit RRP-2, Summary			
	\$ (18,803.7)	\$ (16,673.9)	\$ (2,129.8)

Explanation of Adjustments:

Page 1 Adjustments: (to normalize Historic Year)

To reclass accounting expenses  
To reclass accounting expenses  
To reclass accounting expenses  
to reclass legal expenses  
to reclass legal expenses  
to reclass legal expenses  
Reclass to Energy Efficiency  
Reclass to Energy Efficiency  
Reclass to Vegetation Management  
Reclass to Vegetation Management  
Test Year Analysis Adjustments

Page 2 Adjustments: (to reflect conditions in the Rate Year)

General inflation %  
4.2785%

TOTAL

\$	(13.8)	\$	(17.4)	\$	3.6
	458.2		409.4		48.8
	8.2		8.2		(0.0)
\$	452.6	\$	400.1	\$	52.4

Page 3/4 Adjustments: (to reflect conditions in the Data Year 2015)

General inflation %  
2.1252%

TOTAL

\$	207.3	\$	207.3	\$	27.2
\$	207.3	\$	207.3	\$	27.2

Page 3/4 Adjustments: (to reflect conditions in the Data Year 2016)

General inflation %  
2.2000%

TOTAL

\$	219.1	\$	219.1	\$	28.7
\$	219.1	\$	219.1	\$	28.7

## **SCHEDULE 2**

Expense Type 110 - Contractors

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Contractors - Expense Type 110  
(\$000's)

	Historic Year Ended December 31, 2011			Adjustments to Normalize Historic Test Year			Historic Year Ended December 31, 2011 (as Adjusted)		
	(Per Books)								
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ 117,364.3	\$ 110,287.6	\$ 7,076.7	\$ (99,808.3)	\$ (97,821.2)	\$ (1,987.0)	\$ 17,556.1	\$ 12,466.4	\$ 5,089.7
National Grid USA Service Co.	74,526.4	67,757.3	6,769.1	(21,984.4)	(21,415.6)	(568.8)	52,542.0	46,341.7	6,200.3
All Other Companies	24.9	21.9	3.0	(24.9)	(22.2)	(2.8)	0.0	(0.2)	0.2
Total	<u>\$ 191,915.7</u>	<u>\$ 178,066.8</u>	<u>\$ 13,848.9</u>	<u>\$ (121,817.6)</u>	<u>\$ (119,259.0)</u>	<u>\$ (2,558.6)</u>	<u>\$ 70,098.1</u>	<u>\$ 58,807.8</u>	<u>\$ 11,290.3</u>
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminaling and Processing Exp.	183.5	-	183.5	(33.9)	-	(33.9)	149.6	-	149.6
Transmission Expenses	4,226.6	4,226.6	-	(2,830.8)	(2,830.8)	-	1,395.8	1,395.8	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	9,428.7	9,124.6	304.1	(6,167.3)	(6,111.1)	(56.2)	3,261.4	3,013.5	247.9
Customer Accounts Expenses	14,816.0	12,531.3	2,284.7	(8,814.8)	(8,392.7)	(422.1)	6,001.2	4,138.6	1,862.6
Customer Service and Informational Expenses	28,231.3	26,647.2	1,584.1	(18,139.5)	(17,846.8)	(292.7)	10,091.8	8,800.4	1,291.4
Sales Expenses	269.9	109.7	160.2	(103.1)	(73.5)	(29.6)	166.8	36.2	130.6
Administrative & General Expenses	20,810.3	17,856.1	2,954.2	(12,504.8)	(11,959.0)	(545.8)	8,305.5	5,897.1	2,408.4
Sub Total	<u>\$ 77,966.4</u>	<u>\$ 70,495.6</u>	<u>\$ 7,470.9</u>	<u>\$ (48,594.2)</u>	<u>\$ (47,213.9)</u>	<u>\$ (1,380.3)</u>	<u>\$ 29,372.2</u>	<u>\$ 23,281.7</u>	<u>\$ 6,090.6</u>
<u>Maintenance:</u>									
Transmission Expenses	\$ 17,226.1	\$ 17,211.7	\$ 14.4	\$ (11,530.1)	\$ (11,527.4)	\$ (2.7)	\$ 5,696.0	\$ 5,684.3	\$ 11.7
Distribution Expenses	96,673.0	90,314.0	6,359.0	(61,661.9)	(60,487.2)	(1,174.7)	35,011.1	29,826.8	5,184.3
Administrative & General Expenses	50.1	45.5	4.6	(31.4)	(30.5)	(0.9)	18.7	15.0	3.7
Sub Total	<u>\$ 113,949.2</u>	<u>\$ 107,571.2</u>	<u>\$ 6,378.0</u>	<u>\$ (73,223.4)</u>	<u>\$ (72,045.1)</u>	<u>\$ (1,178.3)</u>	<u>\$ 40,725.8</u>	<u>\$ 35,526.1</u>	<u>\$ 5,199.7</u>
TOTAL	<u>\$ 191,915.7</u>	<u>\$ 178,066.8</u>	<u>\$ 13,848.9</u>	<u>\$ (121,817.6)</u>	<u>\$ (119,259.0)</u>	<u>\$ (2,558.6)</u>	<u>\$ 70,098.1</u>	<u>\$ 58,807.8</u>	<u>\$ 11,290.3</u>

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Contractors - Expense Type 110  
(\$000's)

	Historic Year Ended December 31, 2011 (as Adjusted)			Adjustments to Reflect Conditions in Rate Year			Rate Year Ending March 31, 2014		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ 17,556.1	\$ 12,466.4	\$ 5,089.7	\$ 751.2	\$ 533.4	\$ 217.8	\$ 18,307.3	\$ 12,999.8	\$ 5,307.5
National Grid USA Service Co.	52,542.0	46,341.7	6,200.3	2,248.0	1,982.7	265.3	54,790.0	48,324.4	6,465.6
All Other Companies	0.0	(0.2)	0.2	-	-	-	0.0	(0.2)	0.2
Total	<u>\$ 70,098.1</u>	<u>\$ 58,807.8</u>	<u>\$ 11,290.3</u>	<u>\$ 2,999.2</u>	<u>\$ 2,516.1</u>	<u>\$ 483.1</u>	<u>\$ 73,097.3</u>	<u>\$ 61,323.9</u>	<u>\$ 11,773.4</u>
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storag. Terminals	149.6	-	149.6	6.4	-	6.4	156.0	-	156.0
and Processing Exp.									
Transmission Expenses	1,395.8	1,395.8	-	59.7	59.7	-	1,455.5	1,455.5	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	3,261.4	3,013.5	247.9	139.5	128.9	10.6	3,400.9	3,142.4	258.5
Customer Accounts Expenses	6,001.2	4,138.6	1,862.6	256.8	177.1	79.7	6,258.0	4,315.7	1,942.3
Customer Service and	10,091.8	8,800.4	1,291.4	431.8	376.5	55.3	10,523.6	9,176.9	1,346.7
Informational Expenses									
Sales Expenses	166.8	36.2	130.6	7.1	1.5	5.6	173.9	37.7	136.2
Administrative & General Expenses	8,305.5	5,897.1	2,408.4	355.5	252.5	103.0	8,661.0	6,149.6	2,511.4
Sub Total	<u>\$ 29,372.2</u>	<u>\$ 23,281.7</u>	<u>\$ 6,090.6</u>	<u>\$ 1,256.8</u>	<u>\$ 996.2</u>	<u>\$ 260.6</u>	<u>\$ 30,629.0</u>	<u>\$ 24,277.9</u>	<u>\$ 6,351.2</u>
<u>Maintenance:</u>									
Transmission Expenses	\$ 5,696.0	\$ 5,684.3	\$ 11.7	\$ 243.7	\$ 243.2	\$ 0.5	\$ 5,939.7	\$ 5,927.5	\$ 12.2
Distribution Expenses	35,011.1	29,826.8	5,184.3	1,497.9	1,276.1	221.8	36,509.0	31,102.9	5,406.1
Administrative & General Expenses	18.7	15.0	3.7	0.8	0.6	0.2	19.5	15.6	3.9
Sub Total	<u>\$ 40,725.8</u>	<u>\$ 35,526.1</u>	<u>\$ 5,199.7</u>	<u>\$ 1,742.4</u>	<u>\$ 1,519.9</u>	<u>\$ 222.5</u>	<u>\$ 42,468.2</u>	<u>\$ 37,046.0</u>	<u>\$ 5,422.2</u>
TOTAL	<u>\$ 70,098.1</u>	<u>\$ 58,807.8</u>	<u>\$ 11,290.3</u>	<u>\$ 2,999.2</u>	<u>\$ 2,516.1</u>	<u>\$ 483.1</u>	<u>\$ 73,097.3</u>	<u>\$ 61,323.9</u>	<u>\$ 11,773.4</u>



NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Contractors - Expense Type 110  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Electric		Electric		Electric		Electric		Electric	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	12,999.8	\$	276.3	\$	13,276.1	\$	292.1	\$	13,568.2
National Grid USA Service Co.		48,324.4		1,027.0		49,351.4		1,085.7		50,437.1
All Other Companies		(0.2)		-		(0.2)		-		(0.2)
Total	\$	61,323.9	\$	1,303.3	\$	62,627.2	\$	1,377.8	\$	64,005.0
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminaling and Processing Exp.		-		-		-		-		-
Transmission Expenses		1,455.5		30.9		1,486.4		32.7		1,519.1
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		3,142.4		66.8		3,209.2		70.6		3,279.8
Customer Accounts Expenses		4,315.7		91.7		4,407.4		97.0		4,504.4
Customer Service and Informational Expenses		9,176.9		195.0		9,371.9		206.2		9,578.1
Sales Expenses		37.7		0.8		38.5		0.8		39.3
Administrative & General Expenses		6,149.6		130.8		6,280.4		138.2		6,418.6
Sub Total	\$	24,277.9	\$	516.0	\$	24,793.9	\$	545.5	\$	25,339.4
<u>Maintenance:</u>										
Transmission Expenses	\$	5,927.5	\$	126.0	\$	6,053.5	\$	133.2	\$	6,186.7
Distribution Expenses		31,102.9		661.0		31,763.9		698.7		32,462.6
Administrative & General Expenses		15.6		0.3		15.9		0.4		16.3
Sub Total	\$	37,046.0	\$	787.3	\$	37,833.3	\$	832.3	\$	38,665.6
TOTAL	\$	61,323.9	\$	1,303.3	\$	62,627.2	\$	1,377.8	\$	64,005.0

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Contractors - Expense Type 110  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016		
	Gas		Gas		Gas		Gas		Gas		
Provider Company:											
Niagara Mohawk Power Corp.	\$	5,307.5	\$	112.8	\$	5,420.3	#	\$	119.2	\$	5,539.5
National Grid USA Service Co.		6,465.6		137.4		6,603.0	#		145.3		6,748.3
All Other Companies		0.2		-		0.2	#		-		0.2
Total	\$	11,773.4	\$	250.2	\$	12,023.6		\$	264.5	\$	12,288.1
Operation:											
Production Expenses	\$	-	\$	-	\$	-	#	\$	-	\$	-
Power Production Expenses		-		-		-	#		-		-
Natural Gas Storage, Terminaling and Processing Exp.		156.0		3.3		159.3	#		3.5		162.8
Transmission Expenses		-		-		-	#		-		-
Regional Market Expenses		-		-		-	#		-		-
Distribution Expenses		258.5		5.5		264.0	#		5.8		269.8
Customer Accounts Expenses		1,942.3		41.3		1,983.6	#		43.6		2,027.2
Customer Service and Informational Expenses		1,346.7		28.6		1,375.3	#		30.3		1,405.6
Sales Expenses		136.2		2.9		139.1	#		3.1		142.2
Administrative & General Expenses		2,511.4		53.4		2,564.8	#		56.4		2,621.2
Sub Total	\$	6,351.2	\$	135.0	\$	6,486.2		\$	142.7	\$	6,628.9
Maintenance:											
Transmission Expenses	\$	12.2	\$	0.3	\$	12.5	#	\$	0.3	\$	12.8
Distribution Expenses		5,406.1		114.8		5,520.9	#		121.4		5,642.3
Administrative & General Expenses		3.9		0.1		4.0	#		0.1		4.1
Sub Total	\$	5,422.2	\$	115.2	\$	5,537.4		\$	121.8	\$	5,659.2
TOTAL	\$	11,773.4	\$	250.2	\$	12,023.6		\$	264.5	\$	12,288.1

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Contractors - Expense Type 110  
(\$000's)

		Provider Company	Total	Electric	Gas
<u>Explanation of Adjustments:</u>					
Page 1	Adjustments: (to normalize Historic Year)				
	Reclass to Energy Efficiency	Workpaper 4	\$ (27,356.9)	\$ (25,913.3)	\$ (1,443.6)
	Reclass to Energy Efficiency	National Grid USA Service Co.	(484.3)	(386.0)	(98.3)
	Reclass to Energy Efficiency	All Other Companies	(24.9)	(22.2)	(2.8)
	RDV Write-off	Niagara Mohawk Power Corp.	(287.4)	(287.4)	-
	Electric Major Storm Incremental Costs	Niagara Mohawk Power Corp.	(22,450.5)	(22,450.5)	-
	Electric Major Storm Incremental Costs	National Grid USA Service Co.	(16,087.1)	(16,087.1)	-
	To reclass accounting expense	National Grid USA Service Co.	(498.5)	(397.0)	(101.5)
	To reclass legal expense	Niagara Mohawk Power Corp.	(35.7)	(29.6)	(6.1)
	To reclass legal expense	National Grid USA Service Co.	(362.2)	(297.7)	(64.5)
	To reclass Vegetation Management expense	Niagara Mohawk Power Corp.	(46,692.9)	(46,573.9)	(119.0)
	To reclass Vegetation Management expense	National Grid USA Service Co.	(4,552.3)	(4,247.8)	(304.5)
	Test Year Analysis Adjustments	Niagara Mohawk Power Corp.	(2,984.9)	(2,566.5)	(418.4)
	TOTAL		<u>\$ (121,817.6)</u>	<u>\$ (119,259.0)</u>	<u>\$ (2,558.6)</u>
Page 2	Adjustments: (to reflect conditions in the Rate Year)				
	General inflation %		\$ 2,999.1	\$ 2,516.1	\$ 483.1
	4.2785%		<u>\$ 2,999.1</u>	<u>\$ 2,516.1</u>	<u>\$ 483.1</u>
Page 3 & 4	Adjustments: (to reflect conditions in the Data Year 2015)				
	General inflation %		\$ 1,553.5	\$ 1,303.3	\$ 250.2
	2.1252%		<u>\$ 1,553.5</u>	<u>\$ 1,303.3</u>	<u>\$ 250.2</u>
Page 3 & 4	Adjustments: (to reflect conditions in the Data Year 2016)				
	General inflation %		\$ 1,642.3	\$ 1,377.8	\$ 264.5
	2.2000%		<u>\$ 1,642.3</u>	<u>\$ 1,377.8</u>	<u>\$ 264.5</u>

### **SCHEDULE 3**

Expense Type 150 – Donations

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Donations - Expense Type 150  
(\$000's)

	Historic Year Ended December 31, 2011 (Per Books)			Adjustments to Normalize Historic Test Year			Historic Year Ended December 31, 2011 (as Adjusted)		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ 10.2	\$ 10.2	\$ -	\$ (10.2)	\$ (10.2)	\$ -	\$ -	\$ -	\$ -
National Grid USA Service Co.	750.5	615.1	135.4	(750.5)	(615.1)	(135.4)	-	-	-
All Other Companies	-	-	-	-	-	-	-	-	-
Total	<u>\$ 760.7</u>	<u>\$ 625.3</u>	<u>\$ 135.4</u>	<u>\$ (760.7)</u>	<u>\$ (625.3)</u>	<u>\$ (135.4)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	-	-	-	-	-	-	-	-	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	0.1	0.1	-	(0.1)	(0.1)	-	-	-	-
Customer Accounts Expenses	10.2	10.2	-	(10.2)	(10.2)	-	-	-	-
Customer Service and Informational Expenses	3.1	2.7	0.5	(3.1)	(2.7)	(0.5)	-	-	-
Sales Expenses	(1.5)	(2.5)	1.0	1.5	2.5	(1.0)	-	-	-
Administrative & General Expenses	748.7	614.8	133.9	(748.7)	(614.8)	(133.9)	-	-	-
Sub Total	<u>\$ 760.7</u>	<u>\$ 625.3</u>	<u>\$ 135.4</u>	<u>\$ (760.7)</u>	<u>\$ (625.3)</u>	<u>\$ (135.4)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Maintenance:</u>									
Transmission Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Distribution Expenses	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	-	-	-	-	-	-	-	-	-
Sub Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL	<u>\$ 760.7</u>	<u>\$ 625.3</u>	<u>\$ 135.4</u>	<u>\$ (760.7)</u>	<u>\$ (625.3)</u>	<u>\$ (135.4)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Donations - Expense Type 150  
(\$000's)

	Historic Year Ended December 31, 2011 (as Adjusted)			Adjustments to Reflect Conditions in Rate Year			Rate Year Ending March 31, 2014		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
National Grid USA Service Co.	-	-	-	-	-	-	-	-	-
All Other Companies	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	-	-	-	-	-	-	-	-	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	-	-	-	-	-	-	-	-	-
Customer Accounts Expenses	-	-	-	-	-	-	-	-	-
Customer Service and Informational Expenses	-	-	-	-	-	-	-	-	-
Sales Expenses	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	-	-	-	-	-	-	-	-	-
Sub Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Maintenance:</u>									
Transmission Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Distribution Expenses	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	-	-	-	-	-	-	-	-	-
Sub Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Donations - Expense Type 150  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Electric		Electric		Electric		Electric		Electric	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	-	\$	-	\$	-	\$	-	\$	-
National Grid USA Service Co.		-		-		-		-		-
All Other Companies		-		-		-		-		-
Total	\$	-	\$	-	\$	-	\$	-	\$	-
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-		-	\$	-
Power Production Expenses		-		-		-	\$	-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		-		-		-		-		-
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		-		-		-		-		-
Customer Accounts Expenses		-		-		-		-		-
Customer Service and Informational Expenses		-		-		-		-		-
Sales Expenses		-		-		-		-		-
Administrative & General Expenses		-		-		-		-		-
Sub Total	\$	-	\$	-	\$	-	\$	-	\$	-
<u>Maintenance:</u>										
Transmission Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Distribution Expenses		-		-		-		-		-
Administrative & General Expenses		-		-		-		-		-
Sub Total	\$	-	\$	-	\$	-	\$	-	\$	-
TOTAL	\$	-	\$	-	\$	-	\$	-	\$	-

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Donations - Expense Type 150  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Gas		Gas		Gas		Gas		Gas	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$ -	\$	-	-	\$ -	-	-	-	\$ -	-
National Grid USA Service Co.	-	-	-	-	-	-	-	-	-	-
All Other Companies	-	-	-	-	-	-	-	-	-	-
Total	\$ -	\$	-	-	\$ -	-	-	-	\$ -	-
<u>Operation:</u>										
Production Expenses	\$ -	\$	-	-	\$ -	-	-	-	\$ -	-
Power Production Expenses	-	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-	-
Transmission Expenses	-	-	-	-	-	-	-	-	-	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-	-
Distribution Expenses	-	-	-	-	-	-	-	-	-	-
Customer Accounts Expenses	-	-	-	-	-	-	-	-	-	-
Customer Service and Informational Expenses	-	-	-	-	-	-	-	-	-	-
Sales Expenses	-	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	-	-	-	-	-	-	-	-	-	-
Sub Total	\$ -	\$	-	-	\$ -	-	-	-	\$ -	-
<u>Maintenance:</u>										
Transmission Expenses	\$ -	\$	-	-	\$ -	-	-	-	\$ -	-
Distribution Expenses	-	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	-	-	-	-	-	-	-	-	-	-
Sub Total	\$ -	\$	-	-	\$ -	-	-	-	\$ -	-
TOTAL	\$ -	\$	-	-	\$ -	-	-	-	\$ -	-



NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Donations - Expense Type 150  
(\$000's)

Provider Company	Total	Electric	Gas
Niagara Mohawk Power Corp.	\$ (10.2)	\$ (10.2)	\$ -
National Grid USA Service Co.	(750.5)	(615.1)	(135.4)
All Other Companies	-	-	-
	<u>\$ (760.7)</u>	<u>\$ (625.3)</u>	<u>\$ (135.4)</u>

Explanation of Adjustments:

Page 1 Adjustments: (to normalize Historic Year)

Reclass to Below the Line  
Reclass to Below the Line  
Reclass to Below the Line

Page 2 Adjustments: (to reflect conditions in the Rate Year)

General inflation %  
4.2785%

Niagara Mohawk Power Corp.	\$ -	\$ -	\$ -
National Grid USA Service Co.	-	-	-
All Other Companies	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOTAL

## **SCHEDULE 4**

Expense Type 200 – Employee Expenses

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Employee Expenses -- Expense Type 200  
(\$000's)

Provider Company:	Historic Year Ended December 31, 2011			Adjustments to Normalize Historic Test Year			Historic Year Ended December 31, 2011		
	(Per Books)						(as Adjusted)		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
Niagara Mohawk Power Corp.	\$ 4,349.6	\$ 3,863.3	\$ 486.3	\$ (1,010.4)	\$ (920.5)	\$ (89.8)	\$ 3,339.2	\$ 2,942.7	\$ 396.5
National Grid USA Service Co.	4,273.6	3,646.6	627.0	(135.7)	(122.9)	(12.8)	4,137.9	3,523.7	614.2
All Other Companies	3.2	3.2	(0.0)	(1.1)	(1.1)	-	2.2	2.2	(0.0)
Total	\$ 8,626.4	\$ 7,513.0	\$ 1,113.4	\$ (1,147.1)	\$ (1,044.5)	\$ (102.6)	\$ 7,479.3	\$ 6,468.6	\$ 1,010.7
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	0.0	-	0.0	-	-	-	0.0	-	0.0
Natural Gas Storag, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	604.9	604.9	-	-	-	-	604.9	604.9	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	1,821.6	1,710.9	110.7	-	-	-	1,821.6	1,710.9	110.7
Customer Accounts Expenses	192.4	162.4	30.0	(1,147.1)	(1,044.5)	(102.6)	(954.7)	(882.1)	(72.6)
Customer Service and Informational Expenses	410.0	361.7	48.3	-	-	-	410.0	361.7	48.3
Sales Expenses	29.5	21.2	8.3	-	-	-	29.5	21.2	8.3
Administrative & General Expenses	3,280.8	2,758.5	522.3	-	-	-	3,280.8	2,758.5	522.3
Sub Total	\$ 6,339.2	\$ 5,619.6	\$ 719.6	\$ (1,147.1)	\$ (1,044.5)	\$ (102.6)	\$ 5,192.1	\$ 4,575.1	\$ 617.0
<u>Maintenance:</u>									
Transmission Expenses	\$ 506.6	\$ 506.6	\$ -	\$ -	\$ -	\$ -	\$ 506.6	\$ 506.6	\$ -
Distribution Expenses	1,771.0	1,377.4	393.7	-	-	-	1,771.0	1,377.4	393.7
Administrative & General Expenses	9.6	9.5	0.1	-	-	-	9.6	9.5	0.1
Sub Total	\$ 2,287.2	\$ 1,893.5	\$ 393.7	\$ -	\$ -	\$ -	\$ 2,287.2	\$ 1,893.5	\$ 393.7
TOTAL	\$ 8,626.4	\$ 7,513.0	\$ 1,113.4	\$ (1,147.1)	\$ (1,044.5)	\$ (102.6)	\$ 7,479.3	\$ 6,468.6	\$ 1,010.7

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Employee Expenses - Expense Type 200  
(\$000's)

Provider Company:	Historic Year Ended December 31, 2011 (as Adjusted)			Adjustments to Reflect Conditions in Rate Year			Rate Year Ending March 31, 2014		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
Niagara Mohawk Power Corp.	\$ 3,339.2	\$ 2,942.7	\$ 396.5	\$ 142.9	\$ 125.9	\$ 17.0	\$ 3,482.1	\$ 3,068.6	\$ 413.5
National Grid USA Service Co.	4,137.9	3,523.7	614.2	177.0	150.8	26.3	4,314.9	3,674.4	640.5
All Other Companies	2.2	2.2	(0.0)	0.1	0.1	(0.0)	2.2	2.3	(0.0)
Total	\$ 7,479.3	\$ 6,468.6	\$ 1,010.7	\$ 320.0	\$ 276.8	\$ 43.2	\$ 7,799.3	\$ 6,745.3	\$ 1,053.9
Operation:									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	0.0	-	0.0	0.0	-	0.0	0.0	-	0.0
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	604.9	604.9	-	25.9	25.9	-	630.8	630.8	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	1,821.6	1,710.9	110.7	77.9	73.2	4.7	1,899.5	1,784.1	115.4
Customer Accounts Expenses	(954.7)	(882.1)	(72.6)	(40.8)	(37.7)	(3.1)	(995.5)	(919.8)	(75.7)
Customer Service and Informational Expenses	410.0	361.7	48.3	17.5	15.5	2.1	427.5	377.2	50.3
Sales Expenses	29.5	21.2	8.3	1.3	0.9	0.4	30.8	22.1	8.7
Administrative & General Expenses	3,280.8	2,758.5	522.3	140.4	118.0	22.3	3,421.2	2,876.5	544.7
Sub Total	\$ 5,192.1	\$ 4,575.1	\$ 617.0	\$ 222.1	\$ 195.7	\$ 26.4	\$ 5,414.2	\$ 4,770.9	\$ 643.4
Maintenance:									
Transmission Expenses	\$ 506.6	\$ 506.6	\$ -	\$ 21.7	\$ 21.7	\$ -	\$ 528.3	\$ 528.3	\$ -
Distribution Expenses	1,771.0	1,377.4	393.7	75.8	58.9	16.8	1,846.8	1,436.3	410.5
Administrative & General Expenses	9.6	9.5	0.1	0.4	0.4	0.0	10.0	9.9	0.1
Sub Total	\$ 2,287.2	\$ 1,893.5	\$ 393.7	\$ 97.9	\$ 81.0	\$ 16.8	\$ 2,385.0	\$ 1,974.5	\$ 410.6
TOTAL	\$ 7,479.3	\$ 6,468.6	\$ 1,010.7	\$ 320.0	\$ 276.8	\$ 43.2	\$ 7,799.3	\$ 6,745.3	\$ 1,053.9

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Employee Expenses – Expense Type 200  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Electric		Electric		Electric		Electric		Electric	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	3,068.6	\$	65.2	\$	3,133.8	\$	68.9	\$	3,202.8
National Grid USA Service Co.		3,674.4		78.1		3,752.5		82.6		3,835.1
All Other Companies		2.3		0.0		2.3		0.1		2.3
Total	\$	6,745.3	\$	143.4	\$	6,888.7	\$	151.6	\$	7,040.3
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		630.8		13.4		644.2		14.2		658.4
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		1,784.1		37.9		1,822.0		40.1		1,862.1
Customer Accounts Expenses		(919.8)		(19.5)		(939.4)		(20.7)		(960.0)
Customer Service and Informational Expenses		377.2		8.0		385.2		8.5		393.6
Sales Expenses		22.1		0.5		22.6		0.5		23.1
Administrative & General Expenses		2,876.5		61.2		2,937.8		64.6		3,002.4
Sub Total	\$	4,770.9	\$	101.5	\$	4,872.3	\$	107.2	\$	4,979.5
<u>Maintenance:</u>										
Transmission Expenses	\$	528.3	\$	11.2	\$	539.5	\$	11.9	\$	551.4
Distribution Expenses		1,436.3		30.5		1,466.8		32.3		1,499.1
Administrative & General Expenses		9.9		0.2		10.1		0.2		10.3
Sub Total	\$	1,974.5	\$	41.9	\$	2,016.4	\$	44.4	\$	2,060.8
TOTAL	\$	6,745.3	\$	143.4	\$	6,888.7	\$	151.6	\$	7,040.3

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Employee Expenses – Expense Type 200  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Gas		Gas		Gas		Gas		Gas	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	413.5	\$	8.8	\$	422.3	\$	9.3	\$	431.6
National Grid USA Service Co.		640.5		13.6		654.1		14.4		668.5
All Other Companies		(0.0)		(0.0)		(0.0)		(0.0)		(0.0)
Total	\$	1,053.9	\$	22.4	\$	1,076.3	\$	23.7	\$	1,100.0
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		0.0		-		0.0		-		0.0
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		-		-		-		-		-
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		115.4		2.5		117.9		2.6		120.5
Customer Accounts Expenses		(75.7)		(1.6)		(77.3)		(1.7)		(79.0)
Customer Service and Informational Expenses		50.3		1.1		51.4		1.1		52.5
Sales Expenses		8.7		0.2		8.8		0.2		9.0
Administrative & General Expenses		544.7		11.6		556.2		12.2		568.5
Sub Total	\$	643.4	\$	13.7	\$	657.0	\$	14.5	\$	671.5
<u>Maintenance:</u>										
Transmission Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Distribution Expenses		410.5		8.7		419.2		9.2		428.4
Administrative & General Expenses		0.1		-		0.1		-		0.1
Sub Total	\$	410.6	\$	8.7	\$	419.3	\$	9.2	\$	428.5
TOTAL	\$	1,053.9	\$	22.4	\$	1,076.3	\$	23.7	\$	1,100.0

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Employee Expenses -- Expense Type 200  
(\$000's)

Explanation of Adjustments:	Provider Company	Ref	Total	Electric	Gas
<u>Page 1</u>					
Adjustments: (to normalize Historic Year)					
Reclass to Energy Efficiency	Niagara Mohawk Power Corp.	Workpaper 1	\$ (65.0)	\$ (55.2)	\$ (9.7)
Reclass to Energy Efficiency	National Grid USA Service Co.	Workpaper 1	(83.4)	(70.5)	(12.8)
Reclass to Energy Efficiency	All Other Companies	Workpaper 1	(1.0)	(1.0)	-
Test Year Analysis Adjustments	Niagara Mohawk Power Corp.	Exhibit RRP-2, Summary	(520.8)	(440.7)	(80.1)
Electric Major Storm Incremental Costs	Niagara Mohawk Power Corp.	Workpaper 2	(424.6)	(424.6)	-
Electric Major Storm Incremental Costs	National Grid USA Service Co.	Workpaper 2	(52.3)	(52.3)	-
Electric Major Storm Incremental Costs	All Other Companies	Workpaper 2	(0.0)	(0.0)	-
			<u>\$ (1,147.1)</u>	<u>\$ (1,044.5)</u>	<u>\$ (102.6)</u>
<u>Page 2</u>					
Adjustments: (to reflect conditions in the Rate Year)					
General inflation %					
4.2785%	Niagara Mohawk Power Corp.		\$ 142.9	\$ 125.9	\$ 17.0
	National Grid USA Service Co.		177.0	150.8	26.3
	All Other Companies		0.1	0.1	(0.0)
			<u>\$ 320.0</u>	<u>\$ 276.8</u>	<u>\$ 43.2</u>
TOTAL					
<u>Page 3 &amp; 4</u>					
Adjustments: (to reflect conditions in the Data Year 2015)					
General inflation %					
2.1252%	Niagara Mohawk Power Corp.		\$ 74.2	\$ 65.2	\$ 9.0
	National Grid USA Service Co.		92.0	78.1	13.9
	All Other Companies		0.0	0.0	(0.0)
			<u>\$ 166.2</u>	<u>\$ 143.4</u>	<u>\$ 22.9</u>
TOTAL					
<u>Page 3 &amp; 4</u>					
Adjustments: (to reflect conditions in the Data Year 2016)					
General inflation %					
2.2000%	Niagara Mohawk Power Corp.		\$ 92.6	\$ 68.9	\$ 23.7
	National Grid USA Service Co.		82.6	82.6	
	All Other Companies		0.1	0.1	
			<u>\$ 175.2</u>	<u>\$ 151.6</u>	<u>\$ 23.7</u>
TOTAL					

## **SCHEDULE 5**

Expense Type 300 – Hardware



NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Hardware Expenses - Expense Type 300  
(\$000's)

	Historic Year Ended December 31, 2011 (Per Books)			Adjustments to Normalize Historic Test Year			Historic Year Ended December 31, 2011 (as Adjusted)		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ 119.2	\$ 110.6	\$ 8.6	\$ (161.3)	\$ (140.8)	\$ (20.5)	\$ (42.1)	\$ (30.2)	\$ (11.8)
National Grid USA Service Co.	3,677.1	3,216.0	461.1	(2.3)	(2.2)	(0.1)	3,674.8	3,213.8	460.9
All Other Companies	0.2	0.2	-	-	-	-	0.2	0.2	-
Total	<u>\$ 3,796.5</u>	<u>\$ 3,326.8</u>	<u>\$ 469.7</u>	<u>\$ (163.6)</u>	<u>\$ (143.0)</u>	<u>\$ (20.6)</u>	<u>\$ 3,632.9</u>	<u>\$ 3,183.8</u>	<u>\$ 449.1</u>
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	21.5	21.5	-	-	-	-	21.5	21.5	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	273.6	266.3	7.3	-	-	-	273.6	266.3	7.3
Customer Accounts Expenses	22.3	18.4	3.9	(2.3)	(2.2)	(0.1)	20.0	16.2	3.8
Customer Service and Informational Expenses	560.2	460.1	100.1	-	-	-	560.2	460.1	100.1
Sales Expenses	0.3	0.2	0.1	-	-	-	0.3	0.2	0.1
Administrative & General Expenses	2,324.6	1,972.3	352.3	(161.3)	(140.8)	(20.5)	2,163.3	1,831.4	331.9
Sub Total	<u>\$ 3,202.4</u>	<u>\$ 2,738.7</u>	<u>\$ 463.7</u>	<u>\$ (163.6)</u>	<u>\$ (143.0)</u>	<u>\$ (20.6)</u>	<u>\$ 3,038.9</u>	<u>\$ 2,595.8</u>	<u>\$ 443.1</u>
<u>Maintenance:</u>									
Transmission Expenses	\$ 578.0	\$ 578.0	\$ -	\$ -	\$ -	\$ -	\$ 578.0	\$ 578.0	\$ -
Distribution Expenses	8.4	3.5	5.0	-	-	-	8.4	3.5	5.0
Administrative & General Expenses	7.6	6.6	1.0	-	-	-	7.6	6.6	1.0
Sub Total	<u>\$ 594.0</u>	<u>\$ 588.0</u>	<u>\$ 6.0</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 594.0</u>	<u>\$ 588.0</u>	<u>\$ 6.0</u>
TOTAL	<u>\$ 3,796.5</u>	<u>\$ 3,326.8</u>	<u>\$ 469.7</u>	<u>\$ (163.6)</u>	<u>\$ (143.0)</u>	<u>\$ (20.6)</u>	<u>\$ 3,632.9</u>	<u>\$ 3,183.8</u>	<u>\$ 449.1</u>

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Hardware Expenses - Expense Type 300  
(\$000's)

	Historic Year Ended December 31, 2011			Adjustments to Reflect Conditions in Rate Year			Rate Year Ending March 31, 2014		
	(as Adjusted)								
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ (42.1)	\$ (30.2)	\$ (11.8)	\$ (1.8)	\$ (1.3)	\$ (0.5)	\$ (43.9)	\$ (31.5)	\$ (12.4)
National Grid USA Service Co.	3,674.8	3,213.8	460.9	157.2	137.5	19.7	3,832.0	3,351.4	480.7
All Other Companies	0.2	0.2	-	0.0	0.0	-	0.2	0.2	-
Total	\$ 3,632.9	\$ 3,183.8	\$ 449.1	\$ 155.4	\$ 136.2	\$ 19.2	\$ 3,788.3	\$ 3,320.0	\$ 468.3
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	21.5	21.5	-	0.9	0.9	-	22.4	22.4	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	273.6	266.3	7.3	11.7	11.4	0.3	285.3	277.7	7.6
Customer Accounts Expenses	20.0	16.2	3.8	0.9	0.7	0.2	20.9	16.9	4.0
Customer Service and Informational Expenses	560.2	460.1	100.1	24.0	19.7	4.3	584.1	479.8	104.4
Sales Expenses	0.3	0.2	0.1	0.0	0.0	0.0	0.3	0.2	0.1
Administrative & General Expenses	2,163.3	1,831.4	331.9	92.6	78.4	14.2	2,255.8	1,909.8	346.1
Sub Total	\$ 3,038.9	\$ 2,595.8	\$ 443.1	\$ 130.0	\$ 111.1	\$ 19.0	\$ 3,168.9	\$ 2,706.8	\$ 462.0
<u>Maintenance:</u>									
Transmission Expenses	\$ 578.0	\$ 578.0	\$ -	\$ 24.7	\$ 24.7	\$ -	\$ 602.7	\$ 602.7	\$ -
Distribution Expenses	8.4	3.5	5.0	0.4	0.1	0.2	8.8	3.6	5.2
Administrative & General Expenses	7.6	6.6	1.0	0.3	0.3	0.0	7.9	6.9	1.1
Sub Total	\$ 594.0	\$ 588.0	\$ 6.0	\$ 25.4	\$ 25.2	\$ 0.3	\$ 619.5	\$ 613.2	\$ 6.3
TOTAL	\$ 3,632.9	\$ 3,183.8	\$ 449.1	\$ 155.4	\$ 136.2	\$ 19.2	\$ 3,788.3	\$ 3,320.0	\$ 468.3

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Hardware Expenses – Expense Type 300  
(\$000's)

Provider Company:	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Electric		Electric		Electric		Electric		Electric	
Niagara Mohawk Power Corp.	\$	(31.5)	\$	(0.7)	\$	(32.2)	\$	(0.7)	\$	(32.9)
National Grid USA Service Co.		3,351.4		71.2		3,422.6		75.3		3,497.9
All Other Companies		0.2		0.0		0.2		0.0		0.2
Total	\$	3,320.0	\$	70.6	\$	3,390.6	\$	74.6	\$	3,465.2
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-		-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		22.4		0.5		22.9		0.5		23.4
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		277.7		5.9		283.6		6.2		289.8
Customer Accounts Expenses		16.9		0.4		17.3		0.4		17.7
Customer Service and Informational Expenses		479.8		10.2		490.0		10.8		500.8
Sales Expenses		0.2		0.0		0.2		-		0.2
Administrative & General Expenses		1,909.8		40.6		1,950.4		42.9		1,993.3
Sub Total	\$	2,706.8	\$	57.5	\$	2,764.3	\$	60.8	\$	2,825.1
<u>Maintenance:</u>										
Transmission Expenses	\$	602.7	\$	12.8	\$	615.5	\$	13.5	\$	629.0
Distribution Expenses		3.6		0.1		3.7		0.1		3.8
Administrative & General Expenses		6.9		0.1		7.0		0.2		7.2
Sub Total	\$	613.2	\$	13.0	\$	626.2	\$	13.8	\$	640.0
TOTAL	\$	3,320.0	\$	70.6	\$	3,390.6	\$	74.6	\$	3,465.2

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Hardware Expenses - Expense Type 300  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Gas		Gas		Gas		Gas		Gas	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	(12.4)	\$	(0.3)	\$	(12.6)	\$	(0.3)	\$	(12.9)
National Grid USA Service Co.		480.7		10.2		490.9		10.6		501.5
All Other Companies		-		-		-		-		-
Total	\$	468.3	\$	10.0	\$	478.3	\$	10.3	\$	488.6
<u>Operation:</u>										
Production Expenses	\$	-		-	\$	-		-		-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		-		-		-		-		-
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		7.6		0.2		7.8		0.2		7.9
Customer Accounts Expenses		4.0		0.1		4.0		0.1		4.1
Customer Service and Informational Expenses		104.4		2.2		106.6		2.3		108.9
Sales Expenses		0.1		0.0		0.1		-		0.1
Administrative & General Expenses		346.1		7.4		353.4		7.6		361.0
Sub Total	\$	462.0	\$	9.8	\$	471.9	\$	10.2	\$	482.0
<u>Maintenance:</u>										
Transmission Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Distribution Expenses		5.2		0.1		5.3		0.1		5.4
Administrative & General Expenses		1.1		0.0		1.1		0.0		1.1
Sub Total	\$	6.3	\$	0.1	\$	6.4	\$	0.1	\$	6.5
TOTAL	\$	468.3	\$	10.0	\$	478.3	\$	10.3	\$	488.6

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Hardware Expenses - Expense Type 300  
(\$000's)

Explanation of Adjustments:	Provider Company	Total	Electric	Gas
<u>Page 1</u>				
Adjustments: (to normalize Historic Year)				
Reclass to Energy Efficiency	Workpaper 1	\$ 0.7	\$ 0.6	\$ 0.1
Reclass to Energy Efficiency	Workpaper 1	(2.3)	(2.2)	(0.1)
Reclass to Energy Efficiency	All Other Companies	-	-	-
Test Year Analysis Adjustments	Exhibit RRP-2, Summary	(162.0)	(141.4)	(20.6)
		<u>\$ (163.6)</u>	<u>\$ (143.0)</u>	<u>\$ (20.6)</u>
<u>Page 2</u>				
Adjustments: (to reflect conditions in the Rate Year)				
General Inflation %				
4.2785%	Niagara Mohawk Power Corp.	\$ (1.8)	\$ (1.3)	\$ (0.5)
	National Grid USA Service Co.	157.2	137.5	19.7
	All Other Companies	0.0	0.0	-
TOTAL		<u>\$ 155.4</u>	<u>\$ 136.2</u>	<u>\$ 19.2</u>
<u>Page 3 &amp; 4</u>				
Adjustments: (to reflect conditions in the Data Year 2015)				
General Inflation %				
2.1252%	Niagara Mohawk Power Corp.	\$ (0.9)	\$ (0.7)	\$ (0.3)
	National Grid USA Service Co.	81.4	71.2	10.2
	All Other Companies	0.0	0.0	-
TOTAL		<u>\$ 80.5</u>	<u>\$ 70.6</u>	<u>\$ 10.0</u>
<u>Page 3 &amp; 4</u>				
Adjustments: (to reflect conditions in the Data Year 2016)				
General Inflation %				
2.2000%	Niagara Mohawk Power Corp.	\$ (1.0)	\$ (0.7)	\$ (0.3)
	National Grid USA Service Co.	85.9	75.3	10.6
	All Other Companies	0.0	0.0	-
TOTAL		<u>\$ 84.9</u>	<u>\$ 74.6</u>	<u>\$ 10.3</u>

## **SCHEDULE 6**

Expense Type 350 – Software

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Software Expenses - Expense Type 350  
(\$000's)

	Historic Year Ended December 31, 2011			Historic Year Ended December 31, 2011		
	(Per Books)			(as Adjusted)		
	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>						
Niagara Mohawk Power Corp.	\$ 45.2	\$ 5.7	\$ 39.5	\$ 45.2	\$ 5.7	\$ 39.5
National Grid USA Service Co.	7,393.7	6,178.2	1,215.4	7,393.7	6,178.2	1,215.4
All Other Companies	-	-	-	(215.4)	(185.8)	(29.5)
Total	<u>\$ 7,438.9</u>	<u>\$ 6,184.0</u>	<u>\$ 1,254.9</u>	<u>\$ 7,223.5</u>	<u>\$ 5,998.1</u>	<u>\$ 1,225.4</u>
<u>Operation:</u>						
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-
Transmission Expenses	(44.6)	(44.6)	-	(44.6)	(44.6)	-
Regional Market Expenses	-	-	-	-	-	-
Distribution Expenses	108.9	108.7	0.2	108.9	108.7	0.2
Customer Accounts Expenses	12.9	10.7	2.2	12.9	10.7	2.2
Customer Service and Informational Expenses	1,066.3	804.0	262.3	1,066.3	804.0	262.3
Sales Expenses	-	-	-	-	-	-
Administrative & General Expenses	5,241.1	4,334.0	907.1	5,025.7	4,148.1	877.6
Sub Total	<u>\$ 6,384.5</u>	<u>\$ 5,212.7</u>	<u>\$ 1,171.7</u>	<u>\$ 6,169.1</u>	<u>\$ 5,026.9</u>	<u>\$ 1,142.2</u>
<u>Maintenance:</u>						
Transmission Expenses	\$ 927.0	\$ 927.0	\$ -	\$ 927.0	\$ 927.0	\$ -
Distribution Expenses	127.4	44.2	83.2	127.4	44.2	83.2
Administrative & General Expenses	-	-	-	-	-	-
Sub Total	<u>\$ 1,054.4</u>	<u>\$ 971.2</u>	<u>\$ 83.2</u>	<u>\$ 1,054.4</u>	<u>\$ 971.2</u>	<u>\$ 83.2</u>
TOTAL	<u>\$ 7,438.9</u>	<u>\$ 6,184.0</u>	<u>\$ 1,254.9</u>	<u>\$ 7,223.5</u>	<u>\$ 5,998.1</u>	<u>\$ 1,225.4</u>

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Software Expenses - Expense Type 350  
(\$000's)

	Historic Year Ended December 31, 2011			Adjustments to Reflect Conditions in Rate Year			Rate Year Ending March 31, 2014		
	(as Adjusted)								
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ 45.2	\$ 5.7	\$ 39.5	\$ 1.9	\$ 0.2	\$ 1.7	\$ 47.2	\$ 6.0	\$ 41.2
National Grid USA Service Co.	7,393.7	6,178.2	1,215.4	316.3	264.3	52.0	7,710.0	6,442.6	1,267.4
All Other Companies	(215.4)	(185.8)	(29.5)	(9.2)	(8.0)	(1.3)	(224.6)	(193.8)	(30.8)
Total	<u>\$ 7,223.5</u>	<u>\$ 5,998.1</u>	<u>\$ 1,225.4</u>	<u>\$ 309.1</u>	<u>\$ 256.6</u>	<u>\$ 52.4</u>	<u>\$ 7,532.6</u>	<u>\$ 6,254.8</u>	<u>\$ 1,277.8</u>
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storag. Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	(44.6)	(44.6)	-	(1.9)	(1.9)	-	(46.6)	(46.6)	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	108.9	108.7	0.2	4.7	4.7	0.0	113.5	113.4	0.2
Customer Accounts Expenses	12.9	10.7	2.2	0.6	0.5	0.1	13.4	11.2	2.3
Customer Service and Informational Expenses	1,066.3	804.0	262.3	45.6	34.4	11.2	1,111.9	838.4	273.5
Sales Expenses	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	5,025.7	4,148.1	877.6	215.0	177.5	37.5	5,240.8	4,325.6	915.2
Sub Total	<u>\$ 6,169.1</u>	<u>\$ 5,026.9</u>	<u>\$ 1,142.2</u>	<u>\$ 263.9</u>	<u>\$ 215.1</u>	<u>\$ 48.9</u>	<u>\$ 6,433.1</u>	<u>\$ 5,242.0</u>	<u>\$ 1,191.1</u>
<u>Maintenance:</u>									
Transmission Expenses	\$ 927.0	\$ 927.0	\$ -	\$ 39.7	\$ 39.7	\$ -	\$ 966.7	\$ 966.7	\$ -
Distribution Expenses	127.4	44.2	83.2	5.5	1.9	3.6	132.8	46.1	86.7
Administrative & General Expenses	-	-	-	-	-	-	-	-	-
Sub Total	<u>\$ 1,054.4</u>	<u>\$ 971.2</u>	<u>\$ 83.2</u>	<u>\$ 45.1</u>	<u>\$ 41.6</u>	<u>\$ 3.6</u>	<u>\$ 1,099.5</u>	<u>\$ 1,012.8</u>	<u>\$ 86.7</u>
TOTAL	<u>\$ 7,223.5</u>	<u>\$ 5,998.1</u>	<u>\$ 1,225.4</u>	<u>\$ 309.1</u>	<u>\$ 256.6</u>	<u>\$ 52.4</u>	<u>\$ 7,532.6</u>	<u>\$ 6,254.8</u>	<u>\$ 1,277.8</u>



NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Software Expenses - Expense Type 350  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Electric		Electric		Electric		Electric		Electric	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	6.0	\$	0.1	\$	6.1	\$	0.1	\$	6.2
National Grid USA Service Co.		6,442.6		136.9		6,579.5		144.7		6,724.3
All Other Companies		(193.8)		(4.1)		(197.9)		(4.4)		(202.3)
Total	\$	6,254.8	\$	132.9	\$	6,387.7	\$	140.5	\$	6,528.2
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		(46.6)		(1.0)		(47.5)		(1.0)		(48.6)
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		113.4		2.4		115.8		2.5		118.3
Customer Accounts Expenses		11.2		0.2		11.4		0.3		11.7
Customer Service and Informational Expenses		838.4		17.8		856.2		18.8		875.1
Sales Expenses		-		-		-		-		-
Administrative & General Expenses		4,325.6		91.9		4,417.5		97.2		4,514.7
Sub Total	\$	5,242.0	\$	111.4	\$	5,353.4	\$	117.8	\$	5,471.2
<u>Maintenance:</u>										
Transmission Expenses	\$	966.7		20.5	\$	987.2	\$	21.7	\$	1,008.9
Distribution Expenses		46.1		1.0		47.1		1.0		48.1
Administrative & General Expenses		-		-		-		-		-
Sub Total	\$	1,012.8	\$	21.5	\$	1,034.3	\$	22.8	\$	1,057.1
TOTAL	\$	6,254.8	\$	132.9	\$	6,387.7	\$	140.5	\$	6,528.2

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Software Expenses - Expense Type 350  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Gas		Gas		Gas		Gas		Gas	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	41.2	\$	0.9	\$	42.0	\$	0.9	\$	43.0
National Grid USA Service Co.		1,267.4		26.9		1,294.3		28.5		1,322.8
All Other Companies		(30.8)		(0.7)		(31.4)		(0.7)		(32.1)
Total	\$	1,277.8	\$	27.2	\$	1,305.0	\$	28.7	\$	1,333.7
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		-		-		-		-		-
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		0.2		0.0		0.2		0.0		0.2
Customer Accounts Expenses		2.3		0.0		2.3		0.1		2.4
Customer Service and Informational Expenses		273.5		5.8		279.3		6.1		285.4
Sales Expenses		-		-		-		-		-
Administrative & General Expenses		915.2		19.5		934.7		20.6		955.3
Sub Total	\$	1,191.1	\$	25.4	\$	1,216.5	\$	26.8	\$	1,243.3
<u>Maintenance:</u>										
Transmission Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Distribution Expenses		86.7		1.8		88.5		1.9		90.4
Administrative & General Expenses		-		-		-		-		-
Sub Total	\$	86.7	\$	1.8	\$	88.5	\$	1.9	\$	90.4
TOTAL	\$	1,277.8	\$	27.2	\$	1,305.0	\$	28.7	\$	1,333.7

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Software Expenses - Expense Type 350  
(\$000's)

Provider Company	Total	Electric	Gas
Niagara Mohawk Power Corp. Exhibit RRP-2, Summary	\$ - (215.4)	\$ - (185.8)	\$ - (29.5)
	\$ - (215.4)	\$ - (185.8)	\$ - (29.5)

Explanation of Adjustments:

Page 1 Adjustments: (to normalize Historic Year)

Test Year Analysis Adjustments

Page 2 Adjustments: (to reflect conditions in the Rate Year)

General inflation %  
4.2785%

TOTAL

Niagara Mohawk Power Corp.	\$ 1.9	\$ 0.2	\$ 1.7
National Grid USA Service Co.	316.3	264.3	52.0
All Other Companies	(9.2)	(8.0)	(1.3)
	\$ 309.1	\$ 256.6	\$ 52.4

Page 3 & 4 Adjustments: (to reflect conditions in the Data Year 2015)

General inflation %  
2.1252%

TOTAL

Niagara Mohawk Power Corp.	\$ 1.0	\$ 0.1	\$ 0.9
National Grid USA Service Co.	163.85	136.9	26.9
All Other Companies	(4.77)	(4.1)	(0.7)
	\$ 160.1	\$ 132.9	\$ 27.2

Page 3 & 4 Adjustments: (to reflect conditions in the Data Year 2016)

General inflation %  
2.2000%

TOTAL

Niagara Mohawk Power Corp.	\$ 1.1	\$ 0.1	\$ 0.9
National Grid USA Service Co.	173.2	144.7	28.5
All Other Companies	(5.0)	(4.4)	(0.7)
	\$ 169.2	\$ 140.5	\$ 28.7

## **SCHEDULE 7**

Expense Type 400, 401 and 410 – Other

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Other - Expense Type 400, 401 and 410  
(\$000's)

	Historic Year Ended December 31, 2011 (Per Books)			Adjustments to Normalize Historic Test Year			Historic Year Ended December 31, 2011 (as Adjusted)		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ (7,959.7)	\$ (27,735.3)	\$ 19,775.7	\$ 20,302.4	\$ 37,512.3	\$ (17,209.9)	\$ 12,342.7	\$ 9,776.9	\$ 2,565.8
National Grid USA Service Co.	15,728.2	12,900.9	2,827.3	(1,185.6)	(1,230.9)	45.3	14,542.5	11,670.0	2,872.6
All Other Companies	1,988.1	1,729.1	259.0	(64.8)	(55.4)	(9.4)	1,923.3	1,673.7	249.6
Total	<u>\$ 9,756.6</u>	<u>\$ (13,105.3)</u>	<u>\$ 22,861.9</u>	<u>\$ 19,052.0</u>	<u>\$ 36,225.9</u>	<u>\$ (17,174.0)</u>	<u>\$ 28,808.5</u>	<u>\$ 23,120.6</u>	<u>\$ 5,687.9</u>
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	353,675.5	-	353,675.5	(265,682.7)	-	(265,682.7)	87,992.8	-	87,992.8
Natural Gas Storage, Terminaling and Processing Exp.	(353,675.5)	-	(353,675.5)	265,682.7	-	265,682.7	(87,992.8)	-	(87,992.8)
Transmission Expenses	5,744.3	5,674.4	69.9	(15,737.8)	(15,685.3)	(52.5)	(9,993.5)	(10,010.9)	17.4
Regional Market Expenses	(4,994.0)	(4,994.0)	-	13,804.5	13,804.5	-	8,810.5	8,810.5	-
Distribution Expenses	4,588.9	4,202.6	386.3	(11,907.2)	(11,617.0)	(290.2)	(7,318.3)	(7,414.4)	96.1
Customer Accounts Expenses	(93,505.6)	(93,980.6)	475.0	259,425.4	259,782.3	(356.9)	165,919.8	165,801.7	118.1
Customer Service and Informational Expenses	98,282.0	81,109.7	17,172.3	(237,104.1)	(224,204.2)	(12,899.9)	(138,822.1)	(143,094.5)	4,272.4
Sales Expenses	792.1	210.8	581.3	(1,019.4)	(582.8)	(436.6)	(227.3)	(372.0)	144.7
Administrative & General Expenses	23,246.0	19,920.5	3,325.5	(57,562.7)	(55,064.6)	(2,498.1)	(34,316.7)	(35,144.1)	827.4
Sub Total	<u>\$ 34,153.7</u>	<u>\$ 12,143.5</u>	<u>\$ 22,010.3</u>	<u>\$ (50,101.3)</u>	<u>\$ (33,567.1)</u>	<u>\$ (16,534.2)</u>	<u>\$ (15,947.6)</u>	<u>\$ (21,423.6)</u>	<u>\$ 5,476.1</u>
<u>Maintenance:</u>									
Transmission Expenses	\$ 167.6	\$ 167.6	\$ -	\$ (463.3)	\$ (463.3)	\$ -	\$ (295.7)	\$ (295.7)	\$ -
Distribution Expenses	(24,572.4)	(25,333.9)	761.5	69,456.2	70,028.3	(572.1)	44,883.8	44,694.4	189.4
Administrative & General Expenses	7.6	(82.5)	90.1	160.3	228.0	(67.7)	167.9	145.5	22.4
Sub Total	<u>\$ (24,397.2)</u>	<u>\$ (25,248.8)</u>	<u>\$ 851.6</u>	<u>\$ 69,153.2</u>	<u>\$ 69,793.0</u>	<u>\$ (639.8)</u>	<u>\$ 44,756.0</u>	<u>\$ 44,544.2</u>	<u>\$ 211.8</u>
TOTAL	<u>\$ 9,756.6</u>	<u>\$ (13,105.3)</u>	<u>\$ 22,861.9</u>	<u>\$ 19,051.9</u>	<u>\$ 36,225.9</u>	<u>\$ (17,174.0)</u>	<u>\$ 28,808.5</u>	<u>\$ 23,120.6</u>	<u>\$ 5,687.9</u>

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Other - Expense Type 400, 401 and 410  
(\$000's)

	Historic Year Ended December 31, 2011 (as Adjusted)			Adjustments to Reflect Conditions in Rate Year			Rate Year Ending March 31, 2014		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ 12,342.7	\$ 9,776.9	\$ 2,565.8	\$ 528.1	\$ 418.3	\$ 109.8	\$ 12,870.8	\$ 10,195.2	\$ 2,675.6
National Grid USA Service Co.	14,542.5	11,670.0	2,872.6	622.2	499.3	122.9	15,164.7	12,169.3	2,995.5
All Other Companies	1,923.3	1,673.7	249.6	82.3	71.6	10.7	2,005.6	1,745.3	260.3
Total	\$ 28,808.5	\$ 23,120.6	\$ 5,687.9	\$ 1,232.6	\$ 989.2	\$ 243.4	\$ 30,041.1	\$ 24,109.8	\$ 5,931.3
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	87,992.8	-	87,992.8	3,765.4	-	3,765.4	91,758.2	-	91,758.2
Natural Gas Storage, Terminaling and Processing Exp.	(87,992.8)	-	(87,992.8)	(3,765.4)	-	(3,765.4)	(91,758.2)	-	(91,758.2)
Transmission Expenses	(9,993.5)	(10,010.9)	17.4	(427.6)	(428.3)	0.7	(10,421.1)	(10,439.2)	18.1
Regional Market Expenses	8,810.5	8,810.5	-	377.0	377.0	-	9,187.5	9,187.5	-
Distribution Expenses	(7,318.3)	(7,414.4)	96.1	(313.1)	(317.2)	4.1	(7,631.4)	(7,731.6)	100.2
Customer Accounts Expenses	165,919.8	165,801.7	118.1	7,098.8	7,093.7	5.1	173,018.6	172,895.4	123.2
Customer Service and Informational Expenses	(138,822.1)	(143,094.5)	4,272.4	(5,939.4)	(6,122.2)	182.8	(144,761.5)	(149,216.7)	4,455.2
Sales Expenses	(227.3)	(372.0)	144.7	(9.7)	(15.9)	6.2	(237.0)	(387.9)	150.9
Administrative & General Expenses	(34,316.7)	(35,144.1)	827.4	(1,468.2)	(1,503.6)	35.4	(35,784.9)	(36,647.7)	862.8
Sub Total	\$ (15,947.6)	\$ (21,423.6)	\$ 5,476.1	\$ (682.2)	\$ (916.5)	\$ 234.3	\$ (16,629.8)	\$ (22,340.1)	\$ 5,710.4
<u>Maintenance:</u>									
Transmission Expenses	\$ (295.7)	\$ (295.7)	\$ -	\$ (12.7)	\$ (12.7)	\$ -	\$ (308.4)	\$ (308.4)	\$ -
Distribution Expenses	44,883.8	44,694.4	189.4	1,920.3	1,912.2	8.1	46,804.1	46,606.6	197.5
Administrative & General Expenses	167.9	145.5	22.4	7.2	6.2	1.0	175.1	151.7	23.4
Sub Total	\$ 44,756.0	\$ 44,544.2	\$ 211.8	\$ 1,914.8	\$ 1,905.7	\$ 9.1	\$ 46,670.8	\$ 46,449.8	\$ 220.9
TOTAL	\$ 28,808.5	\$ 23,120.6	\$ 5,687.9	\$ 1,232.6	\$ 989.2	\$ 243.4	\$ 30,041.0	\$ 24,109.8	\$ 5,931.3

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Other - Expense Type 400, 401 and 410  
(\$000's)

Provider Company:	Rate Year Ending March 31, 2014	Adjustments to Reflect Conditions in Data Year	Data Year Ending March 31, 2015	Adjustments to Reflect Conditions in Data Year	Data Year Ending March 31, 2016
	Electric	Electric	Electric	Electric	Electric
Niagara Mohawk Power Corp.	\$ 10,195.2	\$ 216.7	\$ 10,411.9	\$ 229.1	\$ 10,641.0
National Grid USA Service Co.	12,169.3	258.6	12,427.9	273.4	12,701.3
All Other Companies	1,745.3	37.1	1,782.4	39.2	1,821.6
Total	\$ 24,109.8	\$ 512.4	\$ 24,622.2	\$ 541.7	\$ 25,163.9
<u>Operation:</u>					
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-
Transmission Expenses	(10,439.2)	(221.9)	(10,661.1)	(234.5)	(10,895.6)
Regional Market Expenses	9,187.5	195.3	9,382.8	206.4	9,589.2
Distribution Expenses	(7,731.6)	(164.3)	(7,895.9)	(173.7)	(8,069.6)
Customer Accounts Expenses	172,895.4	3,674.6	176,570.0	3,884.5	180,454.5
Customer Service and Informational Expenses	(149,216.7)	(3,171.3)	(152,388.0)	(3,352.6)	(155,740.6)
Sales Expenses	(387.9)	(8.2)	(396.1)	(8.7)	(404.8)
Administrative & General Expenses	(36,647.7)	(778.9)	(37,426.6)	(823.4)	(38,250.0)
Sub Total	\$ (22,340.1)	\$ (474.7)	\$ (22,814.8)	\$ (502.0)	\$ (23,316.8)
<u>Maintenance:</u>					
Transmission Expenses	\$ (308.4)	\$ (6.6)	\$ (315.0)	\$ (6.9)	\$ (321.9)
Distribution Expenses	46,606.6	990.5	47,597.1	1,047.2	48,644.3
Administrative & General Expenses	151.7	3.2	154.9	3.4	158.3
Sub Total	\$ 46,449.8	\$ 987.1	\$ 47,436.9	\$ 1,043.7	\$ 48,480.6
TOTAL	\$ 24,109.8	\$ 512.4	\$ 24,622.2	\$ 541.7	\$ 25,163.9

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Other - Expense Type 400, 401 and 410  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Gas		Gas		Gas		Gas		Gas	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	2,675.6	\$	56.9	\$	2,732.5	\$	60.1	\$	2,792.6
National Grid USA Service Co.		2,995.5		63.7		3,059.2		67.4		3,126.6
All Other Companies		260.3		5.5		265.8		5.8		271.6
Total	\$	5,931.3	\$	126.1	\$	6,057.4	\$	133.3	\$	6,190.7
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		91,758.2		1,950.8		93,709.0		2,062.2		95,771.2
Natural Gas Storage, Terminaling and Processing Exp.		(91,758.2)		(1,950.8)		(93,709.0)		(2,062.2)		(95,771.2)
Transmission Expenses		18.1		0.4		18.5		0.4		18.9
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		100.2		2.1		102.3		2.3		104.6
Customer Accounts Expenses		123.2		2.6		125.8		2.8		128.6
Customer Service and Informational Expenses		4,455.2		94.8		4,550.0		100.1		4,650.1
Sales Expenses		150.9		3.2		154.1		3.4		157.5
Administrative & General Expenses		862.8		18.3		881.1		19.4		900.5
Sub Total	\$	5,710.4	\$	121.4	\$	5,831.8	\$	128.4	\$	5,960.2
<u>Maintenance:</u>										
Transmission Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Distribution Expenses		197.5		4.2		201.7		4.4		206.1
Administrative & General Expenses		23.4		0.5		23.9		0.5		24.4
Sub Total	\$	220.9	\$	4.7	\$	225.6	\$	4.9	\$	230.5
TOTAL	\$	5,931.3	\$	126.1	\$	6,057.4	\$	133.3	\$	6,190.7



NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Other - Expense Type 400, 401 and 410  
(\$000's)

Explanation of Adjustments:	Provider Company	Total	Electric		Gas	
Page 1						
Adjustments: (to normalize Historic Year)						
Test Year Analysis Adjustments						
To reclass Rent Expense to Proper Expense Type						
To Remove Service Company AFUDC						
Reclass to Energy Efficiency						
Reclass to Energy Efficiency						
Reclass to Energy Efficiency						
Reclass to Energy Efficiency						
Reclass to Energy Efficiency						
Reclass to Energy Efficiency -SBC						
Electric Major Storm Incremental Costs						
Electric Major Storm Incremental Costs						
to reclass accounting expense						
to reclass accounting expense						
to reclass legal expense						
to reclass legal expense						
to reclass stranded costs						
to reclass vegetation management costs						
to reclass vegetation management costs						
Reversal of Storm Deferral						
TOTAL						
Page 2						
Adjustments: (to reflect conditions in the Rate Year)						
General inflation %						
4.2785%						
TOTAL						
Page 3 & 4						
Adjustments: (to reflect conditions in the Data Year 2015)						
General inflation %						
2.1252%						
TOTAL						
Page 3 & 4						
Adjustments: (to reflect conditions in the Data Year 2016)						
General inflation %						
2.2000%						
TOTAL						

## **SCHEDULE 8**

Expense Type 500 – Rents

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Rents - Expense Type 500, 505 and 510  
(\$000's)

	Historic Year Ended December 31, 2011 (Per Books)			Adjustments to Normalize Historic Test Year			Historic Year Ended December 31, 2011 (as Adjusted)		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ 15,749.7	\$ 15,126.5	\$ 623.2	\$ 1,815.0	\$ 1,846.9	\$ (31.9)	\$ 17,564.8	\$ 16,973.5	\$ 591.3
National Grid USA Service Co.	7,945.8	6,776.5	1,169.3	3,087.0	2,849.6	237.5	11,032.8	9,626.1	1,406.8
All Other Companies	4.7	4.7	-	-	-	-	4.7	4.7	-
Total	<u>\$ 23,700.3</u>	<u>\$ 21,907.8</u>	<u>\$ 1,792.5</u>	<u>\$ 4,902.1</u>	<u>\$ 4,696.5</u>	<u>\$ 205.6</u>	<u>\$ 28,602.3</u>	<u>\$ 26,604.3</u>	<u>\$ 1,998.0</u>
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	(0.00)	-	(0.00)	-	-	-	(0.00)	-	(0.00)
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	10,844.1	10,810.6	33.6	-	-	-	10,844.1	10,810.6	33.6
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	568.5	509.2	59.3	-	-	-	568.5	509.2	59.3
Customer Accounts Expenses	112.5	63.8	48.7	-	-	-	112.5	63.8	48.7
Customer Service and Informational Expenses	2.4	2.0	0.4	-	-	-	2.4	2.0	0.4
Sales Expenses	0.0	-	0.0	-	-	-	0.0	-	0.0
Administrative & General Expenses	11,113.0	9,559.7	1,553.3	-	-	-	16,015.0	14,256.2	1,758.9
Sub Total	<u>\$ 22,640.6</u>	<u>\$ 20,945.2</u>	<u>\$ 1,695.3</u>	<u>\$ 4,902.1</u>	<u>\$ 4,696.5</u>	<u>\$ 205.6</u>	<u>\$ 27,542.6</u>	<u>\$ 25,641.7</u>	<u>\$ 1,900.9</u>
<u>Maintenance:</u>									
Transmission Expenses	\$ 356.3	\$ 356.3	\$ -	\$ -	\$ -	\$ -	\$ 356.3	\$ 356.3	\$ -
Distribution Expenses	626.8	538.6	88.2	-	-	-	626.8	538.6	88.2
Administrative & General Expenses	76.6	67.6	8.9	-	-	-	76.6	67.6	8.9
Sub Total	<u>\$ 1,059.7</u>	<u>\$ 962.6</u>	<u>\$ 97.1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,059.7</u>	<u>\$ 962.6</u>	<u>\$ 97.1</u>
TOTAL	<u>\$ 23,700.3</u>	<u>\$ 21,907.8</u>	<u>\$ 1,792.5</u>	<u>\$ 4,902.1</u>	<u>\$ 4,696.5</u>	<u>\$ 205.6</u>	<u>\$ 28,602.3</u>	<u>\$ 26,604.3</u>	<u>\$ 1,998.0</u>

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Rents - Expense Type 500, 505 and 510  
(8000's)

	Historic Year Ended December 31, 2011 (as Adjusted)			Adjustments to Reflect Conditions in Rate Year			Rate Year Ending March 31, 2014		
	(as Adjusted)		Gas	Adjustments to Reflect Conditions in Rate Year		Gas	Rate Year Ending March 31, 2014		Gas
	Total	Electric		Total	Electric		Total	Electric	
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ 17,564.8	\$ 16,973.5	\$ 591.3	\$ 155.7	\$ 194.6	\$ (38.9)	\$ 17,720.5	\$ 17,168.1	\$ 552.4
National Grid USA Service Co.	11,032.8	9,626.1	1,406.8	27,021.3	22,643.6	4,377.6	38,054.1	32,269.7	5,784.4
All Other Companies	4.7	4.7	-	-	-	-	4.7	4.7	-
Total	\$ 28,602.3	\$ 26,604.3	\$ 1,998.0	\$ 27,177.0	\$ 22,838.2	\$ 4,338.7	\$ 55,779.3	\$ 49,442.5	\$ 6,336.7
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	(0.0)	-	(0.0)	-	-	-	(0.0)	-	(0.0)
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	10,844.1	10,810.6	33.6	592.3	592.3	-	11,436.4	11,402.8	33.6
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	568.5	509.2	59.3	-	-	-	568.5	509.2	59.3
Customer Accounts Expenses	112.5	63.8	48.7	-	-	-	112.5	63.8	48.7
Customer Service and Informational Expenses	2.4	2.0	0.4	-	-	-	2.4	2.0	0.4
Sales Expenses	0.0	-	0.0	-	-	-	0.0	-	0.0
Administrative & General Expenses	16,015.0	14,256.2	1,758.9	26,584.7	22,246.0	4,338.7	42,599.7	36,502.2	6,097.6
Sub Total	\$ 27,542.6	\$ 25,641.7	\$ 1,900.9	\$ 27,177.0	\$ 22,838.2	\$ 4,338.7	\$ 54,719.6	\$ 48,480.0	\$ 6,239.6
<u>Maintenance:</u>									
Transmission Expenses	\$ 356.3	\$ 356.3	\$ -	\$ -	\$ -	\$ -	\$ 356.3	\$ 356.3	\$ -
Distribution Expenses	626.8	538.6	88.2	-	-	-	626.8	538.6	88.2
Administrative & General Expenses	76.6	67.6	8.9	-	-	-	76.6	67.6	8.9
Sub Total	\$ 1,059.7	\$ 962.6	\$ 97.1	\$ -	\$ -	\$ -	\$ 1,059.7	\$ 962.6	\$ 97.1
TOTAL	\$ 28,602.3	\$ 26,604.3	\$ 1,998.0	\$ 27,177.0	\$ 22,838.2	\$ 4,338.7	\$ 55,779.3	\$ 49,442.5	\$ 6,336.7

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Rents - Expense Type 500, 505 and 510  
(\$000's)

	Rate Year Ending March		Adjustments to Reflect		Data Year Ending March		Adjustments to Reflect		Data Year Ending March	
	31, 2014		Conditions in Data Year		31, 2015		Conditions in Data Year		31, 2016	
	Electric		Electric		Electric		Electric		Electric	
<b>Provider Company:</b>										
Niagara Mohawk Power Corp.	\$	17,168.1	\$	319.8	\$	17,487.8	\$	347.3	\$	17,835.1
National Grid USA Service Co.		32,269.7		4,333.5		36,603.2		(239.2)		36,364.0
All Other Companies		4.7		-		4.7		-		4.7
<b>Total</b>	\$	49,442.5	\$	4,653.2	\$	54,095.8	\$	108.1	\$	54,203.9
<b>Operation:</b>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminaling and Processing Exp.		-		-		-		-		-
Transmission Expenses		11,402.8		304.6		11,707.5		331.3		12,038.7
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		509.2		-		509.2		-		509.2
Customer Accounts Expenses		63.8		-		63.8		-		63.8
Customer Service and Informational Expenses		2.0		-		2.0		-		2.0
Sales Expenses		-		-		-		-		-
Administrative & General Expenses		36,502.2		4,348.6		40,850.8		(223.2)		40,627.6
<b>Sub Total</b>	\$	48,480.0	\$	4,653.2	\$	53,133.2	\$	108.1	\$	53,241.3
<b>Maintenance:</b>										
Transmission Expenses	\$	356.3	\$	-	\$	356.3	\$	-	\$	356.3
Distribution Expenses		538.6		-		538.6		-		538.6
Administrative & General Expenses		67.6		-		67.6		-		67.6
<b>Sub Total</b>	\$	962.6	\$	-	\$	962.6	\$	-	\$	962.6
<b>TOTAL</b>	\$	49,442.5	\$	4,653.2	\$	54,095.8	\$	108.1	\$	54,203.9

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Rents - Expense Type 500, 505 and 510  
(\$000's)

	Rate Year Ending March		Adjustments to Reflect		Data Year Ending March		Adjustments to Reflect		Data Year Ending March	
	31, 2014		Conditions in Data Year		31, 2015		Conditions in Data Year		31, 2016	
	Gas		Gas		Gas		Gas		Gas	
<b>Provider Company:</b>										
Niagara Mohawk Power Corp.	\$ 552.4	\$	2.9	\$ 555.3	\$	3.1	\$ 558.3	\$	558.3	
National Grid USA Service Co.	5,784.4		3,028.9	8,813.3		(242.5)	8,570.8		8,570.8	
All Other Companies	-		-	-		-	-		-	
<b>Total</b>	<u>\$ 6,336.7</u>		<u>\$ 3,031.8</u>	<u>\$ 9,368.5</u>		<u>(239.4)</u>	<u>\$ 9,129.1</u>		<u>\$ 9,129.1</u>	
<b>Operation:</b>										
Production Expenses	\$ -	\$	-	\$ -	\$	-	\$ -	\$	-	
Power Production Expenses	(0.0)		-	(0.0)		-	(0.0)		(0.0)	
Natural Gas Storage, Terminaling and Processing Exp.	-		-	-		-	-		-	
Transmission Expenses	33.6		304.6	338.2		331.3	669.5		669.5	
Regional Market Expenses	-		-	-		-	-		-	
Distribution Expenses	59.3		-	59.3		-	59.3		59.3	
Customer Accounts Expenses	48.7		-	48.7		-	48.7		48.7	
Customer Service and Informational Expenses	0.4		-	0.4		-	0.4		0.4	
Sales Expenses	0.0		-	0.0		-	0.0		0.0	
Administrative & General Expenses	6,097.6		2,727.2	8,824.7		(570.7)	8,254.0		8,254.0	
<b>Sub Total</b>	<u>\$ 6,239.6</u>		<u>\$ 3,031.8</u>	<u>\$ 9,271.4</u>		<u>(239.4)</u>	<u>\$ 9,032.0</u>		<u>\$ 9,032.0</u>	
<b>Maintenance:</b>										
Transmission Expenses	\$ -	\$	-	\$ -	\$	-	\$ -	\$	-	
Distribution Expenses	88.2		-	88.2		-	88.2		88.2	
Administrative & General Expenses	8.9		-	8.9		-	8.9		8.9	
<b>Sub Total</b>	<u>\$ 97.1</u>		<u>\$ -</u>	<u>\$ 97.1</u>		<u>\$ -</u>	<u>\$ 97.1</u>		<u>\$ 97.1</u>	
<b>TOTAL</b>	<u>\$ 6,336.7</u>		<u>\$ 3,031.8</u>	<u>\$ 9,368.5</u>		<u>(239.4)</u>	<u>\$ 9,129.1</u>		<u>\$ 9,129.1</u>	

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Rents - Expense Type 500, 505 and 510  
(\$000's)

Explanation of Adjustments:	Provider Company	Source Workpaper	Total	Electric	Gas
<b>Page 1</b>					
<u>Adjustments: (to normalize Historic Year)</u>					
FACILITIES To reclass Other rent expense from Exp Type 400	National Grid USA Service Cos.	Workpaper 5	\$ 0.2	\$ 0.2	\$ 0.0
FACILITIES To remove Westboro expense	National Grid USA Service Cos.	Page 8	(124.2)	(103.1)	(21.1)
FACILITIES To normalize historic test year rent	Niagara Mohawk Power Corp.	Page 8	(62.7)	(73.5)	10.8
FACILITIES To reclass Res Woods rent expense from Exp Type 400	National Grid USA Service Cos.	Workpaper 5	901.7	801.7	100.0
IS Test Year Analysis Adjustments	Niagara Mohawk Power Corp.	Exhibit (RRP-2), Summary	2,172.4	2,172.4	-
IS To reclass Service Company IS rent expense from Exp Type 400	National Grid USA Service Cos.	Workpaper 5	1,790.7	1,632.2	158.5
OTHER Test Year Analysis Adjustments	Niagara Mohawk Power Corp.	Exhibit (RRP-2), Summary	(294.6)	(251.9)	(42.7)
FACILITIES To normalize historic test year rent	National Grid USA Service Cos.	Page 8	518.6	518.6	0.0
<b>TOTAL</b>			<u>\$ 4,902.1</u>	<u>\$ 4,696.5</u>	<u>\$ 205.6</u>
<b>Page 2</b>					
<u>Adjustments: (to reflect conditions in the Rate Year 2014)</u>					
<b>FACILITIES</b>					
<u>General inflation %</u>					
4.2785%	Niagara Mohawk Power Corp.	Page 9	\$ 8.8	\$ 7.4	\$ 1.5
4.2785%	National Grid USA Service Cos.	Page 9	78.2	58.1	20.2
<u>Forecast specific initiatives - amount above/below general inflation</u>					
To adjust facility rents to RY14 forecasted amounts	Niagara Mohawk Power Corp.	Page 9	(459.0)	(414.4)	(44.5)
To adjust facility rents to RY14 forecasted amounts	National Grid USA Service Cos.	Page 9	1,093.0	971.8	121.2
<b>TOTAL FACILITIES</b>			<u>\$ 721.1</u>	<u>\$ 622.8</u>	<u>\$ 98.4</u>
<b>CAPITAL SOFTWARE AND OTHER IS</b>					
<u>General inflation %</u>					
4.2785%	Niagara Mohawk Power Corp.	Page 11	\$ -	\$ -	\$ -
4.2785%	National Grid USA Service Cos.	Page 11			
<u>Forecast specific initiatives - amount above/below general inflation</u>					
To adjust for new IS projects forecast	National Grid USA Service Cos.	Page 11	25,853.6	21,624.9	4,228.7
<b>TOTAL CAPITAL SOFTWARE AND OTHER IS</b>			<u>\$ 25,853.6</u>	<u>\$ 21,624.9</u>	<u>\$ 4,228.7</u>
<b>TRANSMISSION</b>					
<u>General inflation %</u>					
4.2785%	Niagara Mohawk Power Corp.	Page 13	\$ 42.8	\$ 42.8	\$ -
4.2785%	National Grid USA Service Cos.	Page 13	7.7	7.7	-
<u>Forecast specific initiatives - amount above/below general inflation</u>					
To adjust for Volney Marcy forecast	Niagara Mohawk Power Corp.	Page 13	541.8	541.8	-
<b>TOTAL TRANSMISSION</b>			<u>\$ 592.3</u>	<u>\$ 592.3</u>	<u>\$ -</u>
<b>OTHER</b>					
<u>General inflation %</u>					
4.2785%	Niagara Mohawk Power Corp.	Page 16	\$ 21.2	\$ 17.1	\$ 4.1
4.2785%	National Grid USA Service Cos.	Page 16	(11.3)	(18.8)	7.5
<b>TOTAL OTHER</b>			<u>\$ 9.9</u>	<u>\$ (1.7)</u>	<u>\$ 11.6</u>
<b>TOTAL RENTS RATE YEAR 2014</b>			<u>\$ 27,177.0</u>	<u>\$ 22,838.2</u>	<u>\$ 4,338.7</u>
<b>Page 3</b>					
<u>Adjustments: (to reflect conditions in the Data Year 2015)</u>					
<b>FACILITIES</b>					
<u>General inflation %</u>					
2.1252%	Niagara Mohawk Power Corp.	Page 10	\$ 4.6	\$ 3.8	\$ 0.8
2.1252%	National Grid USA Service Cos.	Page 10	46.7	36.0	10.7
<u>Forecast specific initiatives - amount above/below general inflation</u>					
To adjust facility rents to DY 15 forecasted amounts	Niagara Mohawk Power Corp.	Page 10	-	-	-
To adjust facility rents to DY 15 forecasted amounts	National Grid USA Service Cos.	Page 10	(62.7)	(56)	(7)
<b>TOTAL FACILITIES</b>			<u>\$ (11)</u>	<u>\$ (16)</u>	<u>\$ 5</u>
<b>CAPITAL SOFTWARE AND OTHER IS</b>					
<u>General inflation %</u>					
2.1252%	Niagara Mohawk Power Corp.	Page 12	\$ -	\$ -	\$ -
2.1252%	National Grid USA Service Cos.	Page 12	-	-	-
<u>Forecast specific initiatives - amount above/below general inflation</u>					
To adjust for new IS projects forecast	National Grid USA Service Cos.	Page 12	7,351.3	4,330.1	3,021.3
<b>TOTAL CAPITAL SOFTWARE AND OTHER IS</b>			<u>\$ 7,351.3</u>	<u>\$ 4,330.1</u>	<u>\$ 3,021.3</u>

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Rents - Expense Type 500, 505 and 510  
(\$000's)

	Provider Company	Source Workpaper	Total	Electric	Gas
<b>TRANSMISSION</b>					
<u>General inflation %</u>					
2.1252%	Niagara Mohawk Power Corp.	Page 14	\$ 22.2	\$ 22.2	\$ -
2.1252%	National Grid USA Service Cos.	Page 14	4.0	4.0	-
<u>Forecast specific initiatives - amount above/below general inflation</u>					
To adjust for Volney Marcy forecast	Niagara Mohawk Power Corp.	Page 14	278.5	278.5	-
TOTAL TRANSMISSION			<u>\$ 304.6</u>	<u>\$ 304.6</u>	<u>\$ -</u>
<b>OTHER</b>					
<u>General inflation %</u>					
2.1252%	Niagara Mohawk Power Corp.	Page 17	\$ 17.4	\$ 15.3	\$ 2.1
2.1252%	National Grid USA Service Cos.	Page 17	23.1	19.2	3.9
<u>Forecast specific initiatives - amount above/below general inflation</u>					
			-	-	-
TOTAL OTHER			<u>\$ 40.5</u>	<u>\$ 34.5</u>	<u>\$ 6.0</u>
TOTAL RENTS DATA YEAR 2015			<u>\$ 7,685.0</u>	<u>\$ 4,653.2</u>	<u>\$ 3,031.8</u>
				\$4,653,242.5	
				\$ 4,653.2	
				\$ 0.0	
<u>Adjustments: (to reflect conditions in the Data Year 2016)</u>					
<b>FACILITIES</b>					
<u>General inflation %</u>					
2.2000%	Niagara Mohawk Power Corp.	Page 10	\$ 4.8	\$ 4.0	\$ 0.8
2.2000%	National Grid USA Service Cos.	Page 10	49.4	38.0	11.3
<u>Forecast specific initiatives - amount above/below general inflation</u>					
To adjust facility rents to DY 16 forecasted amounts	Niagara Mohawk Power Corp.	Page 10	-	-	-
To adjust facility rents to DY 16 forecasted amounts	National Grid USA Service Cos.	Page 10	(61.2)	(54.4)	(6.8)
TOTAL FACILITIES			<u>\$ (7.0)</u>	<u>\$ (12.4)</u>	<u>\$ 5.3</u>
<b>CAPITAL SOFTWARE AND OTHER IS</b>					
<u>General inflation %</u>					
2.2000%	Niagara Mohawk Power Corp.	Page 12	\$ -	\$ -	0
2.2000%	National Grid USA Service Cos.	Page 12	-	-	-
<u>Forecast specific initiatives - amount above/below general inflation</u>					
To adjust for new IS projects forecast	National Grid USA Service Cos.	Page 12	(498.4)	(247.3)	(251.1)
TOTAL CAPITAL SOFTWARE AND OTHER IS			<u>\$ (498.4)</u>	<u>\$ (247.3)</u>	<u>\$ (251.1)</u>
<b>TRANSMISSION</b>					
<u>General inflation %</u>					
2.2000%	Niagara Mohawk Power Corp.	Page 14	\$ 23.4	\$ 23.4	\$ -
2.2000%	National Grid USA Service Cos.	Page 14	4.2	4.2	-
<u>Forecast specific initiatives - amount above/below general inflation</u>					
To adjust for Volney Marcy forecast	Niagara Mohawk Power Corp.	Page 14	303.7	303.7	-
TOTAL TRANSMISSION			<u>\$ 331.3</u>	<u>\$ 331.3</u>	<u>\$ -</u>
<b>OTHER</b>					
<u>General inflation %</u>					
2.2000%	Niagara Mohawk Power Corp.	Page 17	\$ 18.4	\$ 16.2	\$ 2.3
2.2000%	National Grid USA Service Cos.	Page 17	24.4	20.3	4.1
<u>Forecast specific initiatives - amount above/below general inflation</u>					
			-	-	-
TOTAL OTHER			<u>\$ 42.8</u>	<u>\$ 36.4</u>	<u>\$ 6.4</u>
TOTAL RENTS DATA YEAR 2016			<u>\$ (131.3)</u>	<u>\$ 108.1</u>	<u>\$ (239.4)</u>



NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Rent Expenses - Expense Types 500, 505 and 510  
For the Historic Test Year ended December 31, 2011, Rate Year ended March 31, 2014 and Data Years Ended March 31, 2015 and 2016

Line	Rent Type	Adjusted Test Year Rent Expense			Rate Year 2014 Rent Expense			Rate Year 2015 Rent Expense			Rate Year 2016 Rent Expense		
		TOTAL	Electric	Gas	TOTAL	Electric	Gas	TOTAL	Electric	Gas	TOTAL	Electric	Gas
1	Direct costs												
2	Facilities	\$ 4,153,769	\$ 3,658,166	\$ 495,603	\$ 3,703,637	\$ 3,251,086	\$ 452,551	\$ 3,708,212	\$ 3,254,902	\$ 453,310	\$ 3,713,049	\$ 3,258,937	\$ 454,112
3	Information Systems	10,987,736			11,572,325	11,572,325	-	11,872,980	11,872,980	-	12,200,074	12,200,074	-
4	Transmission	-	-	-	820,315	719,382	100,933	837,748	734,670	103,078	856,179	750,833	105,346
5	Other	799,071	702,280	96,792	-	-	-	-	-	-	-	-	-
6	Subtotal - Direct rent expense	\$ 15,940,576	\$ 15,348,181	\$ 592,395	\$ 16,096,277	\$ 15,542,793	\$ 553,484	\$ 16,418,940	\$ 15,860,552	\$ 556,388	\$ 16,769,302	\$ 16,209,844	\$ 559,458
7													
8	Indirect costs												
9	Facilities	\$ 7,420,539	\$ 6,348,583	\$ 1,071,956	\$ 8,591,797	\$ 7,378,418	\$ 1,213,379	\$ 8,575,795	\$ 7,358,651	\$ 1,217,144	\$ 8,563,939	\$ 7,342,254	\$ 1,221,685
10	Information Systems	3,965,882	3,806,900	158,982	29,819,507	25,431,804	4,387,703	37,170,855	29,761,899	7,408,956	36,672,452	29,514,615	7,157,837
11	Transmission	179,139	179,139	-	186,804	186,804	-	190,773	190,773	-	194,970	194,970	-
12	Other	1,096,150	921,496	174,654	1,084,854	902,727	182,127	1,017,910	921,912	185,997	1,132,284	942,194	190,089
13	Subtotal - Indirect rent expense	\$ 12,661,711	\$ 11,256,118	\$ 1,405,593	\$ 39,682,962	\$ 33,899,753	\$ 5,783,209	\$ 47,045,333	\$ 38,233,236	\$ 8,812,097	\$ 46,563,646	\$ 37,994,034	\$ 8,569,611
14													
15	TOTAL Rent expense	\$ 28,602,286	\$ 26,604,299	\$ 1,997,987	\$ 55,779,239	\$ 49,442,546	\$ 6,336,693	\$ 63,464,274	\$ 54,095,788	\$ 9,368,485	\$ 63,332,947	\$ 54,203,878	\$ 9,129,069

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Facilities Rent Expense - Expense Types 500, 505 and 510  
For the Historic Test Year ended December 31, 2011

Line	Facility Name	Work Order	Bill Pool	Test Year Facilities Expense		Adjustments to Normalize Historic Test Year		Adjusted Test Year Facilities Expense	
				TOTAL	Electric	TOTAL	Electric	TOTAL	Electric
1	<b>Direct facilities costs</b>								
2	Aircraft Hangar - Hancock	9000027393	00100	\$ 26,677	\$ 22,292	\$ (883)	\$ (883)	\$ 25,794	\$ 21,409
3	Beacon North	9000027401	00100	794,178	686,898	-	-	794,178	686,898
4	Cobleskill Service Ctr	9000027446	00101	92,950	92,950	(7,150)	(7,150)	85,800	85,800
5	Glens Falls - Quaker Rd SUBLEASE	9000027281	00100	1,220,006	1,016,984	(25,759)	(25,759)	1,194,247	991,225
6	Gouverneur Service Ctr	9000027412	00101	29,062	29,062	(2,236)	(2,236)	26,826	26,826
7	Henry Clay Boulevard - EMS	9000028887	00101	820,000	820,000	-	-	820,000	820,000
8	Herkimer Service Ctr	9000027410	00100	173,832	146,815	(14,907)	(14,907)	158,925	131,908
9	Lowville Srvc Ctr	9000027419	00100	136,392	113,608	(2,370)	(2,370)	134,022	111,238
10	Middle Falls Service Ctr	9000027465	00101	32,500	32,500	(2,500)	(2,500)	30,000	30,000
11	Northville Service Ctr	9000027467	00100	14,400	11,952	-	-	14,400	11,952
12	Oswego Service Ctr	9000027396	00100	48,191	40,629	(3,707)	(3,707)	44,484	36,922
13	Saratoga Weibel Srvc Ctr	9000027469	00100	(43,919)	(44,137)	108,719	97,921	64,800	53,784
14	SOC Bldg E Parking	9000027471	00100	215,241	192,475	(81,321)	(81,321)	133,920	111,154
15	SOC Bldg E Sky Bridge	9000027472	00100	32,520	26,992	-	-	32,520	26,992
16	SOC Building E	9000027361	00100	177,963	147,709	-	-	177,963	147,709
17	Ticonderoga Srvc Ctr	9000027470	00101	143,572	143,572	(12,568)	(12,568)	131,004	131,004
18	Washington Ave - Albany	9000027442	00100	69,152	57,463	(23,717)	(23,717)	45,435	33,746
19	Wellsville Service Ctr	9000027127	00100	28,137	22,526	4,866	4,866	33,003	27,392
20	Other facilities rent expense	Various		205,652	171,411	796	796	206,448	172,207
21	Subtotal - direct facilities costs			\$ 4,216,505	\$ 3,731,701	\$ (62,737)	\$ (73,535)	\$ 4,153,769	\$ 3,658,166
22	<b>Indirect facilities costs</b>								
23	FAC-Washington DC Office Lease	9000041856	00382	\$ 62,640	50,209	-	-	62,640	50,209
24	Intercompany Rent - Northboro	9000027534	Various	227,117	227,117	-	-	227,117	227,117
25	Intercompany Rent - Westboro	9000027535	00604	124,171	103,062	(124,171)	(103,062)	-	-
26	Reservoir Woods	9000089604	00603	3,881,973	3,394,003	1,420,252	1,320,263	5,302,225	4,714,267
27	MerroTech	none		1,291,873	919,417	-	-	1,291,873	919,417
28	Melville-25 Hub Drive	none		122,083	98,256	-	-	122,083	98,256
29	Melville-CAC	none		9,753	8,129	-	-	9,753	8,129
30	Hicksville	none		196,907	152,252	-	-	196,907	152,252
31	Nassau Buildings	none		407	-	-	-	407	-
32	Second Ave. - Waltham	none		-	-	-	-	-	-
33	Other New York buildings	none		19,386	12,273	-	-	19,386	12,273
34	Other facilities rent expense	Various		187,943	166,493	205	170	188,148	166,663
35	Subtotal - Indirect facilities costs			\$ 6,124,253	\$ 5,131,211	\$ 1,296,286	\$ 1,217,371	\$ 7,420,539	\$ 6,348,583
36	<b>TOTAL Facilities rent expense</b>			\$ 10,340,758	\$ 8,862,912	\$ 1,233,550	\$ 1,143,836	\$ 11,574,307	\$ 10,006,748
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NIAGARA MOHAWK POWER CORPORATION db/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Facilities Rent Expense - Expense Types 500, 505 and 510  
For the Historic Test Year ended December 31, 2011 and Rate Year ended March 31, 2014

Line	Facility Name	Work Order	Bill Pool	Adjusted Test Year Facilities Expense			Rate Year 2014 Facilities Rent Expense			Rate Year 2014 Adjustment for Facilities Rent		
				TOTAL	Electric	Gas	TOTAL	Electric	Gas	TOTAL	Expense	Gas
1	Direct facilities costs											
2	Aircraft Hangar - Hancock	9000027393	00100	\$ 25,794	\$ 21,409	\$ 4,385	\$ 25,876	\$ 21,477	\$ 4,399	\$ 82	\$ 68	\$ 14
3	Beacon North	9000027401	00100	794,178	686,898	107,280	866,360	719,079	147,281	72,182	32,181	40,001
4	Cobleskill Service Ctr	9000027446	00101	85,800	85,800	-	85,800	85,800	-	-	-	-
5	Glens Falls - Quaker Rd SUBLEASE	9000027281	00100	1,194,247	991,225	203,022	837,500	695,125	142,375	(356,747)	(296,100)	(60,647)
6	Gouverneur Service Ctr	9000027412	00101	26,826	26,826	-	26,808	26,808	-	(18)	(18)	-
7	Henry Clay Boulevard - EMS	9000028887	00101	820,000	820,000	-	820,000	820,000	-	-	-	-
8	Herkimer Service Ctr	9000027410	00100	158,925	131,908	27,017	161,254	128,653	32,601	2,329	(3,254)	5,584
9	Lowville Service Ctr	9000027419	00100	134,022	111,238	22,784	157,947	124,540	33,407	23,925	13,301	10,623
10	Middle Falls Service Ctr	9000027465	00101	30,000	30,000	-	42,000	42,000	-	12,000	12,000	-
11	Northville Service Ctr	9000027467	00100	14,400	11,952	2,448	14,400	11,952	2,448	-	-	-
12	Oswego Service Ctr	9000027396	00100	44,484	36,922	7,562	44,484	36,922	7,562	-	-	-
13	Saratoga Weibel Srvc Ctr	9000027469	00100	64,800	53,784	11,016	64,800	53,784	11,016	-	-	-
14	SOC Bldg E Parking	9000027471	00100	133,920	111,154	22,766	133,920	111,154	22,766	-	-	-
15	SOC Bldg E Sky Bridge	9000027472	00100	32,520	26,992	5,528	-	-	-	(32,520)	(26,992)	(5,528)
16	SOC Building E	9000027361	00100	177,963	147,709	30,254	-	-	-	(177,963)	(147,709)	(30,254)
17	Ticonderoga Srvc Ctr	9000027470	00101	131,004	131,004	-	130,800	130,800	-	(204)	(204)	-
18	Washington Ave - Albany	9000027442	00100	45,435	33,746	11,689	45,435	37,711	7,724	(0)	3,965	(3,965)
19	Wellsville Service Ctr	9000027127	00100	33,003	27,392	5,611	30,972	25,707	5,265	(2,031)	(1,686)	(345)
20	Other facilities rent expense	Various		206,448	172,207	34,241	215,281	179,575	35,706	8,833	7,368	1,465
21	Subtotal - direct facilities costs			\$ 4,153,769	\$ 3,658,166	\$ 495,603	\$ 3,703,637	\$ 3,251,086	\$ 452,551	\$ (450,131)	\$ (407,080)	\$ (43,052)
22												
23	Indirect facilities costs											
24	FAC-Washington DC Office Lease	9000041856	00382	\$ 62,640	\$ 50,209	\$ 12,431	\$ 63,848	\$ 51,241	\$ 12,607	\$ 1,208	\$ 1,031	\$ 176
25	Intercompany Rent - Northboro	9000027534	Various	227,117	227,117	-	227,117	227,117	-	-	-	-
26	Intercompany Rent - Westboro	9000027535	00604	-	-	-	-	-	-	-	-	-
27	Reservoir Woods	9000089604	00603	5,302,225	4,714,267	587,958	6,394,040	5,685,012	709,028	1,091,816	970,745	121,070
28	Metro Tech	none		1,291,873	919,417	372,456	1,347,145	958,754	388,391	55,273	39,337	15,936
29	Melville-25 Hub Drive	none		122,083	98,256	23,827	127,306	102,460	24,846	5,223	4,204	1,019
30	Melville CAC	none		9,753	8,129	1,624	10,170	8,477	1,693	417	348	69
31	Hicksville	none		196,907	152,252	44,656	205,332	158,766	46,566	8,425	6,514	1,911
32	Nassau Buildings	none		407	-	407	-	-	425	17	-	17
33	Second Ave. - Waltham	none		19,386	12,273	7,113	20,216	12,798	7,417	-	525	304
34	Other New York Buildings	none		188,148	166,663	21,485	196,198	173,793	22,404	8,050	7,131	919
35	Other facilities rent expense	Various		7,420,539	6,348,583	1,071,956	8,591,797	7,378,418	1,213,379	\$ 1,171,258	\$ 1,029,835	\$ 141,423
36	Subtotal - Indirect facilities costs			\$ 11,574,507	\$ 10,006,748	\$ 1,567,559	\$ 12,295,434	\$ 10,629,504	\$ 1,665,930	\$ 721,127	\$ 622,756	\$ 98,371
37	TOTAL Facilities rent expense											

NIAGARA MOHAWK POWER CORPORATION db/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Facilities Rent Expense - Expense Types 500, 505 and 510  
For the Data Years ending March 31, 2015 and 2016

Line	Facility Name	Data Year 2015 Facilities Rent Expense			Data Year 2015 Adjustment for Facilities			Data Year 2016 Facilities Rent Expense			Data Year 2016 Adjustment for Facilities		
		TOTAL	Electric	Gas	TOTAL	Electric	Gas	TOTAL	Electric	Gas	TOTAL	Electric	Gas
1	<b>Direct facilities costs</b>												
2	Aircraft Hangar - Hancock	\$ 25,876	\$ 21,477	\$ 4,399	\$ -	\$ -	\$ -	\$ 25,876	\$ 21,477	\$ 4,399	\$ -	\$ -	\$ -
3	Beacon North	-	719,079	147,281	-	-	-	-	719,079	147,281	-	-	-
4	Cobleskill Service Ctr	85,800	85,800	-	-	-	-	85,800	85,800	-	-	-	-
5	Glens Falls - Quaker Rd SUBLEASE	837,500	695,125	142,375	-	-	-	837,500	695,125	142,375	-	-	-
6	Gouverneur Service Ctr	26,808	26,808	-	-	-	-	26,808	26,808	-	-	-	-
7	Henry Clay Boulevard - EMS	820,000	820,000	-	-	-	-	820,000	820,000	-	-	-	-
8	Herkimer Service Ctr	161,254	128,653	32,601	-	-	-	161,254	128,653	32,601	-	-	-
9	Lowville Svc Ctr	157,947	124,540	33,407	-	-	-	157,947	124,540	33,407	-	-	-
10	Middle Falls Service Ctr	42,000	42,000	-	-	-	-	42,000	42,000	-	-	-	-
11	Northville Service Ctr	14,400	11,952	2,448	-	-	-	14,400	11,952	2,448	-	-	-
12	Oswego Service Ctr	44,484	36,922	7,562	-	-	-	44,484	36,922	7,562	-	-	-
13	Saratoga Weibel Svc Ctr	64,800	53,784	11,016	-	-	-	64,800	53,784	11,016	-	-	-
14	SOC Bldg E Parking	133,920	111,154	22,766	-	-	-	133,920	111,154	22,766	-	-	-
15	SOC Bldg E Sky Bridge	-	-	-	-	-	-	-	-	-	-	-	-
16	SOC Building E	-	-	-	-	-	-	-	-	-	-	-	-
17	Ticonderoga Svc Ctr	130,800	130,800	-	-	-	-	130,800	130,800	-	-	-	-
18	Washington Ave - Albany	45,435	37,711	7,724	-	-	-	45,435	37,711	7,724	-	-	-
19	Wellsville Service Ctr	30,972	25,707	5,265	-	-	-	30,972	25,707	5,265	-	-	-
20	Other facilities rent expense	219,856	183,391	36,465	4,575	3,816	-	224,693	187,426	37,267	4,837	4,035	802
21	Subtotal - direct facilities costs	\$ 2,841,852	\$ 3,254,902	\$ 453,310	\$ 4,575	\$ 3,816	-	\$ 2,846,689	\$ 3,258,937	\$ 454,112	\$ 4,837	\$ 4,035	\$ 802
22													
23	<b>Indirect facilities costs</b>												
24	FAC-Washington DC Office Lease	\$ 65,205	\$ 52,330	\$ 12,875	\$ 1,357	\$ 1,089	\$ 268	\$ 66,639	\$ 53,481	\$ 13,158	\$ 1,435	\$ 1,151	\$ 283
25	Intercompany Rent - Northboro	231,944	231,944	-	4,827	4,827	-	237,046	237,046	-	5,103	5,103	-
26	Intercompany Rent - Westboro	-	-	-	-	-	-	-	-	-	-	-	-
27	Reservoir Woods	6,331,332	5,629,257	702,075	(62,709)	(55,755)	(6,954)	6,270,098	5,574,813	695,285	(61,234)	(54,444)	(6,790)
28	Merro Tech	1,375,775	979,129	396,646	28,630	20,375	8,254	1,406,042	1,000,670	405,372	30,267	21,541	8,726
29	Melville-25 Hub Drive	130,012	104,637	25,374	2,706	2,177	528	132,872	106,940	25,933	2,860	2,302	558
30	Melville CAC	10,386	8,657	1,729	216	180	36	10,615	8,847	1,767	228	190	38
31	Hicksville	209,696	162,140	47,556	4,364	3,374	990	214,309	165,707	48,602	4,613	3,567	1,046
32	Nassau Buildings	434	-	434	9	-	9	443	-	443	10	-	10
33	Second Ave. - Waltham	-	-	-	-	-	-	-	-	-	-	-	-
34	Other New York buildings	20,645	13,070	7,575	430	272	158	21,099	13,358	7,741	454	288	167
35	Other facilities rent expense	200,367	177,487	22,881	4,170	3,693	476	204,776	181,392	23,384	4,408	3,905	503
36	Subtotal - indirect facilities costs	\$ 8,575,795	\$ 7,358,651	\$ 1,217,144	\$ (16,002)	\$ (19,767)	\$ 3,765	\$ 8,563,939	\$ 7,342,254	\$ 1,221,685	\$ (11,856)	\$ (16,397)	\$ 4,541
37	<b>TOTAL Facilities rent expense</b>	<b>\$ 11,417,647</b>	<b>\$ 10,613,554</b>	<b>\$ 1,670,454</b>	<b>\$ (11,427)</b>	<b>\$ (15,950)</b>	<b>\$ 4,524</b>	<b>\$ 11,410,628</b>	<b>\$ 10,601,191</b>	<b>\$ 1,675,797</b>	<b>\$ (7,019)</b>	<b>\$ (12,362)</b>	<b>\$ 5,344</b>

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY '36')  
Operating Expenses by Component  
Capital Software and Other Information Systems Rent Expense - Expense Types 500, 505 and 510  
For the Historic Test Year ended December 31, 2011 and Rate Year ended March 31, 2014

Line	Project Name	Work Order	Test Year IS Rent Expense			Rate Year 2014 IS Rent Expense			Rate Year 2014 Adjustment for IS Rent Expense		
			TOTAL	Electric	Gas	TOTAL	Electric	Gas	TOTAL	Electric	Gas
1	Existing projects										
2	9000040222		\$ 291,084.0	\$ 291,084	\$ -	\$ -	\$ -	\$ -	\$ (291,084)	\$ (291,084)	\$ -
3	9000040218		\$ 118,010	\$ 97,949	\$ -	\$ -	\$ -	\$ -	\$ (118,010)	\$ (97,949)	\$ (20,062)
4	9000041860		\$ 3,638,498	\$ 3,019,953	\$ 618,545	\$ -	\$ -	\$ -	\$ (3,638,498)	\$ (3,019,953)	\$ (618,545)
5	9000040220		\$ 99,588	\$ 99,588	\$ -	\$ -	\$ -	\$ -	\$ (99,588)	\$ (99,588)	\$ -
6	Other		\$ (181,298)	\$ 298,327	\$ (479,625)	\$ -	\$ -	\$ -	\$ 181,298	\$ (298,327)	\$ 479,625
7	Subtotal - Existing projects		\$ 3,965,882	\$ 3,806,900	\$ 158,982	\$ -	\$ -	\$ -	\$ (3,965,882)	\$ (3,806,900)	\$ (158,982)
8											
9	New projects										
10	INVP 1642	Investment Plan No.	\$ -	\$ -	\$ -	\$ 14,449,428	\$ 11,876,982	\$ 2,572,446	\$ 14,449,428	\$ 11,876,982	\$ 2,572,446
11	INVP 1855	US State Back Office	-	-	-	3,681,519	3,681,519	-	3,681,519	3,681,519	-
12	INVP 1366A	US Retail Web	-	-	-	660,356	529,927	130,429	660,356	529,927	130,429
13	INVP 2559B	Server Transformation	-	-	-	881,062	724,206	156,856	881,062	724,206	156,856
14	INVP 2559B	Virtual Desktop Deployment and Physical Refresh	-	-	-	706,740	580,919	125,822	706,740	580,919	125,822
15	INVP 2559B	SAN Deployment, Disk Storage Consolidation	-	-	-	436,522	358,808	87,715	436,522	358,808	87,715
16	INVP 2559B	Mainframe Migrations	-	-	-	355,021	291,816	63,205	355,021	291,816	63,205
17	INVP TBA	Global Web Implementation	-	-	-	430,702	345,633	85,069	430,702	345,633	85,069
18	INVP 3312	Archiving Toolset - USFP	-	-	-	373,185	306,746	66,438	373,185	306,746	66,438
19	INVP 3300	Nucleus 2010 upgrade (Energy Trading System)	-	-	-	294,027	235,953	58,074	294,027	235,953	58,074
20	INVP 0953	Smallworld GIS Upgrade	-	-	-	246,886	203,923	42,963	246,886	203,923	42,963
21	INVP 1642	Equip Computers - Work Order Addition	-	-	-	290,753	243,502	47,251	290,753	243,502	47,251
22	INVP 3226	Radio Console Standardization	-	-	-	210,065	172,667	37,398	210,065	172,667	37,398
23	INVP 3225	Mobil Time Entry & Related Field Data Capture	-	-	-	184,211	184,211	-	184,211	184,211	-
24	INVP 3124	Customer Order Fulfillment & Customer Web Capabilities	-	-	-	191,968	149,567	42,395	191,968	149,567	42,395
25	INVP 2982	Implementation of HR Software as Service (SaaS)	-	-	-	164,660	135,345	29,315	164,660	135,345	29,315
26	INVP 2210	Identity Management (AA)	-	-	-	130,491	130,491	-	130,491	130,491	-
27	INVP 1389	Intranet Design	-	-	-	158,754	158,754	-	158,754	158,754	-
28	INVP 1389	Equip Computers - INVP 1389	-	-	-	169,185	141,691	27,495	169,185	141,691	27,495
29	INVP 2580	US Electric GIS (Geographic Information System) consolidation to strategic	-	-	-	-	-	-	-	-	-
30	INVP 2509	US Gas & Electric CNI (Critical National Infrastructure) Data Cent	-	-	-	-	-	-	-	-	-
31	Other projects less than \$150k		\$ -	\$ -	\$ -	\$ 5,306,947	\$ 4,534,003	\$ 772,944	\$ 5,306,947	\$ 4,534,003	\$ 772,944
32	Subtotal - New projects		\$ -	\$ -	\$ -	\$ 29,819,507	\$ 25,431,804	\$ 4,387,703	\$ 29,819,507	\$ 25,431,804	\$ 4,387,703
33	TOTAL IS rent expense		\$ 3,965,882	\$ 3,806,900	\$ 158,982	\$ 29,819,507	\$ 25,431,804	\$ 4,387,703	\$ 25,885,625	\$ 21,624,903	\$ 4,228,721

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Capital Software and Other Information Systems Rent Expense - Expense Types 500, 505 and 510  
For the Data Years Ended March 31, 2015 and 2016

Line	Project Name	Data Year 2015 IS Rent Expense			Data Year 2015 Adjustment for IS Rent Expense			Data Year 2016 IS Rent Expense			Data Year 2016 Adjustment for IS Rent Expense		
		TOTAL	Electric	Gas	TOTAL	Electric	Gas	TOTAL	Electric	Gas	TOTAL	Electric	Gas
1	Existing projects												
2	Asset Information & Maintenance Management System	\$	-	-	\$	-	\$	-	-	\$	-	-	\$
3	Automated Contracting Pricing System	-	-	-	-	-	-	-	-	-	-	-	-
4	Field Force Automation/MW/OT	-	-	-	-	-	-	-	-	-	-	-	-
5	Outage Management System NY	-	-	-	-	-	-	-	-	-	-	-	-
6	Other	-	-	-	-	-	-	-	-	-	-	-	-
7	Subtotal - Existing projects	\$	-	-	\$	-	\$	-	-	\$	-	-	-
8													
9	New projects												
10	US SAP ERP Back Office	\$	10,706,386	\$	2,318,906	\$	(1,170,895)	\$	9,723,731	\$	(1,195,400)	\$	(982,656)
11	US Retail Web	4,926,035	4,926,035	118,307	1,244,516	1,244,516	(12,122)	4,453,613	4,453,613	(472,422)	4,453,613	(472,422)	(212,834)
12	Server Transformation	667,449	667,449	140,553	(94,382)	(94,382)	(16,803)	724,566	724,566	(61,924)	724,566	(61,924)	(8,495)
13	Virtual Desktop Deployment and Physical Refill	414,339	414,339	118,827	(39,291)	(39,291)	(6,995)	621,590	621,590	(51,927)	621,590	(51,927)	(11,024)
14	SAN Deployment, Disk Storage Consolidation	315,090	315,090	73,665	(22,183)	(22,183)	(3,949)	387,930	387,930	(24,173)	387,930	(24,173)	(8,164)
15	Mainframe Migration	391,400	391,400	56,096	(39,931)	(39,931)	(7,109)	290,917	290,917	(23,125)	290,917	(23,125)	(4,304)
16	Global Web Implementation	340,044	340,044	77,307	(39,302)	(39,302)	(7,763)	362,624	362,624	(28,776)	362,624	(28,776)	(4,304)
17	Archiving Toolset - USFI	207,524	207,524	60,238	(26,904)	(26,904)	(5,900)	306,905	306,905	(25,266)	306,905	(25,266)	(5,900)
18	Nucleus 2010 upgrade (Energy Trading System)	207,524	207,524	52,839	(21,269)	(21,269)	(5,255)	242,250	242,250	(19,402)	242,250	(19,402)	(4,992)
19	Smallworld GIS Upgrade	402,127	402,127	-	(43,424)	(43,424)	-	370,793	370,793	(31,334)	370,793	(31,334)	-
20	Openworld Computers - Work Order Addition	212,585	212,585	38,985	(24,349)	(24,349)	(6,107)	205,912	205,912	(17,152)	205,912	(17,152)	(2,053)
21	Openworld Computers - Work Order Addition	212,585	212,585	38,985	(24,349)	(24,349)	(6,107)	205,912	205,912	(17,152)	205,912	(17,152)	(2,053)
22	Openworld Computers - Work Order Addition	212,585	212,585	38,985	(24,349)	(24,349)	(6,107)	205,912	205,912	(17,152)	205,912	(17,152)	(2,053)
23	Openworld Computers - Work Order Addition	212,585	212,585	38,985	(24,349)	(24,349)	(6,107)	205,912	205,912	(17,152)	205,912	(17,152)	(2,053)
24	Openworld Computers - Work Order Addition	212,585	212,585	38,985	(24,349)	(24,349)	(6,107)	205,912	205,912	(17,152)	205,912	(17,152)	(2,053)
25	Customer Order Fulfillment & Customer Web Capabilities	165,682	165,682	136,186	(16,280)	(16,280)	(2,898)	266,666	266,666	(15,900)	266,666	(15,900)	(2,831)
26	Implementation of HR Software as Service (SaaS)	174,920	174,920	145,184	(14,150)	(14,150)	(2,898)	157,782	157,782	(13,370)	157,782	(13,370)	(2,898)
27	Identity Management (AA)	150,037	150,037	123,326	(14,623)	(14,623)	(2,603)	214,088	214,088	(14,623)	214,088	(14,623)	(2,603)
28	Intranet Design	144,141	144,141	25,662	(14,613)	(14,613)	(2,001)	129,528	129,528	(11,157)	129,528	(11,157)	(1,986)
29	Equip Computers - INVP 1389	138,949	138,949	116,368	(30,236)	(30,236)	(25,322)	131,469	131,469	(7,481)	131,469	(7,481)	(1,216)
30	US Electric GIS (Geographic Information System) consolidation to strategic	1,495,054	1,495,054	-	1,495,054	1,495,054	-	1,362,284	1,362,284	(132,770)	1,362,284	(132,770)	-
31	US Gas & Electric CSM (Critical National Infrastructure) Data Center	1,319,714	1,319,714	41,475	1,319,714	1,319,714	-	1,202,516	1,202,516	(117,198)	1,202,516	(117,198)	-
32	US Gas & Electric CSM (Critical National Infrastructure) Data Center	1,319,714	1,319,714	41,475	1,319,714	1,319,714	-	1,202,516	1,202,516	(117,198)	1,202,516	(117,198)	-
33	Subtotal - New projects	\$	29,761,899	\$	7,408,956	\$	(4,330,095)	\$	29,514,615	\$	(4,095,403)	\$	(247,284)
34	TOTAL IS rent expense	\$	37,170,855	\$	29,761,899	\$	7,408,956	\$	36,672,452	\$	(4,095,403)	\$	(247,284)
35	TOTAL IS rent expense	\$	37,170,855	\$	29,761,899	\$	7,408,956	\$	36,672,452	\$	(4,095,403)	\$	(247,284)

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Transmission Rent Expense - Expense Types 500, 505 and 510  
For the Historic Test Year ended December 31, 2011 and Rate Year ended March 31, 2014

Line	Description	Work Order	Activity	Test Year Transmission Rent Expense			Rate Year 2014 Transmission Rent Expense			Rate Year 2014 Adjustment for Transmission Rent Expense		
				TOTAL	Electric	Gas	TOTAL	Electric	Gas	TOTAL	Electric	Gas
1	<b>Direct costs</b>											
2	Volney Marcy Line	9000026862		\$ 9,987,755	\$ 9,987,755	\$ -	\$ 10,529,560	\$ 10,529,560	\$ -	\$ 541,805	\$ 541,805	\$ -
3	Other Transmission Right of Way		TO9180	741,625	741,625	-	773,355	773,355	-	31,730	31,730	-
4	Other Transmission rent expense	Various	Various	258,356	258,356	-	269,409	269,409	-	11,054	11,054	-
5	Subtotal - direct Transmission rent expense			\$ 10,987,736	\$ 10,987,736	\$ -	\$ 11,572,325	\$ 11,572,325	\$ -	\$ 584,589	\$ 584,589	\$ -
6												
7	<b>Indirect costs</b>											
8	Other Transmission rent expense	Various	Various	179,139	179,139	-	186,804	186,804	-	7,664	7,664	-
9												
10	<b>TOTAL Transmission rent expense</b>			\$ 11,166,875	\$ 11,166,875	\$ -	\$ 11,759,129	\$ 11,759,129	\$ -	\$ 592,254	\$ 592,254	\$ -

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Transmission Rent Expense  
For the Data Years ending March 31, 2015 and 2016

Line	Description	Data Year 2015 Transmission Rent Expense			Data Year 2015 Adjustment for Transmission Rent Expense			Data Year 2016 Transmission Rent Expense			Data Year 2016 Adjustment for Transmission Rent Expense		
		TOTAL	Electric	Gas	TOTAL	Electric	Gas	TOTAL	Electric	Gas	TOTAL	Electric	Gas
1	<b>Direct costs</b>												
2	Volney Marcy Line	\$ 10,808,054	\$ 10,808,054	\$ -	\$ 278,494	\$ 278,494	\$ -	\$ 11,111,720	\$ 11,111,720	\$ -	\$ 303,666	\$ 303,666	\$ -
3	Transmission Right of Way	789,791	789,791	-	16,435	16,435	-	807,166	807,166	-	17,375	17,375	-
4	Other Transmission rent expense	275,135	275,135	-	5,725	5,725	-	281,188	281,188	-	6,053	6,053	-
5	Subtotal - direct Transmission rent expense	\$ 11,872,980	\$ 11,872,980	\$ -	\$ 300,655	\$ 300,655	\$ -	\$ 12,200,074	\$ 12,200,074	\$ -	\$ 327,094	\$ 327,094	\$ -
6													
7	<b>Indirect costs</b>												
8	Other Transmission rent expense	190,773	190,773	-	3,970	3,970	-	194,970	194,970	-	4,197	4,197	-
9													
10	<b>TOTAL Transmission rent expense</b>	<b>\$ 12,063,753</b>	<b>\$ 12,063,753</b>	<b>\$ -</b>	<b>\$ 304,625</b>	<b>\$ 304,625</b>	<b>\$ -</b>	<b>\$ 12,395,045</b>	<b>\$ 12,395,045</b>	<b>\$ -</b>	<b>\$ 331,291</b>	<b>\$ 331,291</b>	<b>\$ -</b>



NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Other Rent Expense - Expense Types 500, 505 and 510  
For the Historic Test Year ended December 31, 2011

Activity Name	Test Year Other Rent Expense			Adjustments to Normalize Historic Test Year			Adjusted Test Year Other Rent Expense		
	TOTAL	Electric	Gas	TOTAL	Electric	Gas	TOTAL	Electric	Gas
Line Direct costs									
1 Rents - Right of Way - Distrib	\$ 325,670	\$ 325,670	\$ -	\$ -	\$ -	\$ -	\$ 325,670	\$ 325,670	\$ -
2 Printing & Duplicating	217,211	180,495	36,716	-	-	-	217,211	180,495	36,716
3 Maintain Fully Dressed Distrib	127,947	127,947	-	-	-	-	127,947	127,947	-
4 Copier Equipment	-	-	-	-	-	-	-	-	-
5 Sacandaga Reservoir	-	-	-	-	-	-	-	-	-
6 Storm costs	12,414	12,414	-	-	-	-	12,414	12,414	-
7 CTA/Exceptional costs	-	-	-	-	-	-	-	-	-
8 Other	410,456	307,675	102,781	(294,626)	(251,921)	(42,705)	115,830	55,754	60,076
9 Subtotal - direct other rent expense	\$ 1,093,697	\$ 954,201	\$ 139,497	\$ (294,626)	\$ (251,921)	\$ (42,705)	\$ 799,071	\$ 702,280	\$ 96,792
Indirect costs									
11 Data Center Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13 A&G-Office Supplies	31,641	24,174	7,466	-	-	-	31,641	24,174	7,466
14 Copier Equipment	369,079	308,859	60,220	-	-	-	369,079	308,859	60,220
15 Facility Leasing & Financing	-	-	-	-	-	-	-	-	-
16 Printing & Duplicating	-	-	-	-	-	-	-	-	-
17 Apparatus Inspect Test-Schedule	-	-	-	-	-	-	-	-	-
18 Perform Apparatus Inspect Test	110,084	110,084	-	-	-	-	110,084	110,084	-
19 Storm costs	55,807	55,807	-	-	-	-	55,807	55,807	-
20 CTA/Exceptional costs	-	-	-	-	-	-	-	-	-
21 Other	529,540	422,572	106,968	-	-	-	529,540	422,572	106,968
22 Subtotal -indirect other rent expense	\$ 1,096,150	\$ 921,496	\$ 174,654	\$ -	\$ -	\$ -	\$ 1,096,150	\$ 921,496	\$ 174,654
TOTAL Other rent expense									
23	\$ 2,189,848	\$ 1,875,697	\$ 314,151	\$ (294,626)	\$ (251,921)	\$ (42,705)	\$ 1,895,222	\$ 1,623,776	\$ 271,446

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Other Rent Expense - Expense Types 500, 505 and 510  
For the Historic Test Year ended December 31, 2011 and Rate Year ended March 31, 2014

Activity Name	Adjusted Test Year Other Rent Expense			Rate Year 2014 Other Rent Expense			Rate Year 2014 Adjustment for Other Rent Expense		
	TOTAL	Electric	Gas	TOTAL	Electric	Gas	TOTAL	Electric	Gas
<b>Direct costs</b>									
1 Rents - Right of Way - Distrib	\$ 325,670	\$ 325,670	\$ -	\$ 339,604	\$ 339,604	\$ -	\$ 13,934	\$ 13,934	\$ -
2 Printing & Duplicating	217,211	180,495	36,716	226,504	188,218	38,286	9,293	7,722	1,571
3 Perform Transmission Right of	127,947	127,947	-	133,421	133,421	-	5,474	5,474	-
4 Copier Equipment	-	-	-	-	-	-	-	-	-
5 Sacandaga Reservoir	-	-	-	-	-	-	-	-	-
6 Storm costs	12,414	12,414	-	-	-	-	(12,414)	(12,414)	-
7 CTA/Exceptional costs	-	-	-	-	-	-	-	-	-
8 Other	115,830	55,754	60,076	120,786	58,139	62,647	4,956	2,385	2,570
9 Subtotal - direct other rent expense	\$ 799,071	\$ 702,280	\$ 96,792	\$ 820,315	\$ 719,382	\$ 100,933	\$ 21,243	\$ 17,102	\$ 4,141
<b>Indirect costs</b>									
11 Data Center Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12 A&G-Office Supplies	31,641	24,174	7,466	32,994	25,209	7,786	1,354	1,034	319
13 Copier Equipment	369,079	308,859	60,220	384,870	322,074	62,796	15,791	13,215	2,576
14 Facility Leasing & Financing	-	-	-	-	-	-	-	-	-
15 Printing & Duplicating	-	-	-	-	-	-	-	-	-
16 Apparatus Inspect Test-Schedule	-	-	-	-	-	-	-	-	-
17 Apparatus Inspect Test-Schedule	110,084	110,084	-	114,794	114,794	-	4,710	4,710	-
18 Perform Apparatus Inspect Test	55,807	55,807	-	-	-	-	(55,807)	(55,807)	-
19 Storm costs	-	-	-	-	-	-	-	-	-
20 CTA/Exceptional costs	-	-	-	-	-	-	-	-	-
21 Other	529,540	422,572	106,968	552,196	440,651	111,545	22,656	18,080	4,577
22 Subtotal - indirect other rent expense	\$ 1,096,150	\$ 921,496	\$ 174,654	\$ 1,084,854	\$ 902,727	\$ 182,127	\$ (11,296)	\$ (18,768)	\$ 7,473
23 <b>TOTAL Other rent expense</b>	<b>\$ 1,895,222</b>	<b>\$ 1,623,776</b>	<b>\$ 271,446</b>	<b>\$ 1,905,169</b>	<b>\$ 1,622,109</b>	<b>\$ 283,060</b>	<b>\$ 9,947</b>	<b>\$ (1,666)</b>	<b>\$ 11,614</b>
24									

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Other Rent Expense - Expense Types 500, 505 and 510  
For the Data Years Ended March 31, 2015 and 2016

Line	Activity Name	Data Year 2015 Other Rent Expense			Data Year 2015 Adjustment for Other Rent Expense			Data Year 2016 Other Rent Expense			Data Year 2016 Adjustment for Other Rent Expense		
		TOTAL		Gas	TOTAL		Gas	TOTAL		Gas	TOTAL		Gas
		Electric	Gas		Electric	Gas		Electric	Gas		Electric	Gas	
Direct costs													
1	Rents - Right of Way - Distrib	\$ 346,821	\$ 346,821	\$ -	\$ 7,217	\$ 7,217	\$ -	\$ 354,451	\$ 354,451	\$ -	\$ 7,630	\$ 7,630	\$ -
2	Printing & Duplicating	231,318	192,218	39,100	4,814	4,000	814	236,407	196,447	39,960	5,089	4,229	860
3	Perform Transmission Right of	136,256	136,256	-	2,835	2,835	-	139,254	139,254	-	2,998	2,998	-
4	Copier Equipment	-	-	-	-	-	-	-	-	-	-	-	-
5	Sacandaga Reservoir	-	-	-	-	-	-	-	-	-	-	-	-
6	Storm costs	-	-	-	-	-	-	-	-	-	-	-	-
7	CTA/Exceptional costs	-	-	-	-	-	-	-	-	-	-	-	-
8	Other	123,353	59,375	63,978	2,567	1,236	1,331	126,066	60,681	65,385	2,714	1,306	1,408
9	Subtotal - direct other rent expense	\$ 837,748	\$ 734,670	\$ 103,078	\$ 17,433	\$ 15,288	\$ 2,145	\$ 856,179	\$ 750,833	\$ 105,346	\$ 18,430	\$ 16,163	\$ 2,268
Indirect costs													
11	Data Center Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	A&G-Office Supplies	33,696	25,744	7,951	701	536	165	34,437	26,311	8,126	741	566	175
13	Copier Equipment	393,049	328,918	64,131	8,179	6,845	1,335	401,696	336,155	65,542	8,647	7,236	1,411
14	Facility Leasing & Financing	-	-	-	-	-	-	-	-	-	-	-	-
15	Printing & Duplicating	-	-	-	-	-	-	-	-	-	-	-	-
16	Apparatus Inspect Test-Schedul	-	-	-	-	-	-	-	-	-	-	-	-
17	Perform Apparatus Inspect Test	117,233	117,233	-	2,440	2,440	-	119,813	119,813	-	2,579	2,579	-
18	Storm costs	-	-	-	-	-	-	-	-	-	-	-	-
19	CTA/Exceptional costs	-	-	-	-	-	-	-	-	-	-	-	-
20	Other	563,932	450,016	113,915	11,735	9,365	2,371	576,338	459,916	116,422	12,406	9,900	2,506
21	Subtotal -indirect other rent expense	\$ 1,107,910	\$ 921,912	\$ 185,997	\$ 23,055	\$ 19,185	\$ 3,871	\$ 1,132,284	\$ 942,194	\$ 190,089	\$ 24,374	\$ 20,282	\$ 4,092
22													
23													
24	TOTAL Other rent expense	\$ 1,945,658	\$ 1,656,582	\$ 289,076	\$ 40,489	\$ 34,473	\$ 6,016	\$ 1,988,462	\$ 1,693,027	\$ 295,435	\$ 42,804	\$ 36,445	\$ 6,360

## **SCHEDULE 9**

Expense Type A10 & A11 – AFUDC - Debt

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
AFUDC - Expense Type A10 & A11  
(\$000's)

	Historic Year Ended December 31, 2011 (Per Books)			Adjustments to Normalize Historic Test Year			Historic Year Ended December 31, 2011 (as Adjusted)		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ 5.4	\$ 5.4	\$ -	\$ (5.4)	\$ (5.4)	\$ -	\$ -	\$ -	\$ -
National Grid USA Service Co.	-	-	-	-	-	-	-	-	-
All Other Companies	-	-	-	-	-	-	-	-	-
Total	\$ 5.4	\$ 5.4	\$ -	\$ (5.4)	\$ (5.4)	\$ -	\$ -	\$ -	\$ -
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	0.3	0.3	-	(0.3)	(0.3)	-	-	-	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	0.5	0.5	-	(0.5)	(0.5)	-	-	-	-
Customer Accounts Expenses	-	-	-	-	-	-	-	-	-
Customer Service and Informational Expenses	-	-	-	-	-	-	-	-	-
Sales Expenses	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	0.0	0.0	-	(0.0)	(0.0)	-	-	-	-
Sub Total	\$ 0.8	\$ 0.8	\$ -	\$ (0.8)	\$ (0.8)	\$ -	\$ -	\$ -	\$ -
<u>Maintenance:</u>									
Transmission Expenses	\$ 1.4	\$ 1.4	\$ -	\$ (1.4)	\$ (1.4)	\$ -	\$ -	\$ -	\$ -
Distribution Expenses	3.2	3.2	-	(3.2)	(3.2)	-	-	-	-
Administrative & General Expenses	-	-	-	-	-	-	-	-	-
Sub Total	\$ 4.6	\$ 4.6	\$ -	\$ (4.6)	\$ (4.6)	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 5.4	\$ 5.4	\$ -	\$ (5.4)	\$ (5.4)	\$ -	\$ -	\$ -	\$ -

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
AFUDC - Expense Type A10 & A11  
(\$000's)

	Historic Year Ended December 31, 2011			Adjustments to Reflect Conditions in Rate Year			Rate Year Ending March 31, 2014		
	(as Adjusted)								
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
National Grid USA Service Co.	-	-	-	-	-	-	-	-	-
All Other Companies	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	-	-	-	-	-	-	-	-	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	-	-	-	-	-	-	-	-	-
Customer Accounts Expenses	-	-	-	-	-	-	-	-	-
Customer Service and Informational Expenses	-	-	-	-	-	-	-	-	-
Sales Expenses	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	-	-	-	-	-	-	-	-	-
Sub Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Maintenance:</u>									
Transmission Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Distribution Expenses	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	-	-	-	-	-	-	-	-	-
Sub Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
AFUDC - Expense Type A10 & A11  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Electric		Electric		Electric		Electric		Electric	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	-	\$	-	\$	-	\$	-	\$	-
National Grid USA Service Co.		-		-		-		-		-
All Other Companies		-		-		-		-		-
Total	\$	-	\$	-	\$	-	\$	-	\$	-
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		-		-		-		-		-
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		-		-		-		-		-
Customer Accounts Expenses		-		-		-		-		-
Customer Service and Informational Expenses		-		-		-		-		-
Sales Expenses		-		-		-		-		-
Administrative & General Expenses		-		-		-		-		-
Sub Total	\$	-	\$	-	\$	-	\$	-	\$	-
<u>Maintenance:</u>										
Transmission Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Distribution Expenses		-		-		-		-		-
Administrative & General Expenses		-		-		-		-		-
Sub Total	\$	-	\$	-	\$	-	\$	-	\$	-
TOTAL	\$	-	\$	-	\$	-	\$	-	\$	-

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
AFUDC - Expense Type A10 & A11  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Gas		Gas		Gas		Gas		Gas	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	-	\$	-	\$	-	\$	-	\$	-
National Grid USA Service Co.		-		-		-		-		-
All Other Companies		-		-		-		-		-
Total	\$	-	\$	-	\$	-	\$	-	\$	-
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		-		-		-		-		-
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		-		-		-		-		-
Customer Accounts Expenses		-		-		-		-		-
Customer Service and Informational Expenses		-		-		-		-		-
Sales Expenses		-		-		-		-		-
Administrative & General Expenses		-		-		-		-		-
Sub Total	\$	-	\$	-	\$	-	\$	-	\$	-
<u>Maintenance:</u>										
Transmission Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Distribution Expenses		-		-		-		-		-
Administrative & General Expenses		-		-		-		-		-
Sub Total	\$	-	\$	-	\$	-	\$	-	\$	-
TOTAL	\$	-	\$	-	\$	-	\$	-	\$	-



NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
AFUDC - Expense Type A10 & A11  
(\$000's)

Explanation of Adjustments:	Provider Company	Total	Electric	Gas
Page 1				
Adjustments: (to normalize Historic Year)				
Reclass to Below the Line	Niagara Mohawk Power Corp.	\$ (5.4)	\$ (5.4)	\$ -
		-	-	-
		-	-	-
		-	-	-
		-	-	-
		<u>\$ (5.4)</u>	<u>\$ (5.4)</u>	<u>\$ -</u>
Adjustments: (to reflect conditions in the Rate Year)				
General inflation %		\$ -	\$ -	\$ -
4.2785%				
TOTAL		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Adjustments: (to reflect conditions in the Data Year 2015)				
General inflation %		\$ -	\$ -	\$ -
2.1252%				
TOTAL		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Adjustments: (to reflect conditions in the Data Year 2016)				
General inflation %		\$ -	\$ -	\$ -
2.2000%				
TOTAL		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **SCHEDULE 10**

Expense Type A20 – Service Co. Equity

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Service Co. Equity - Expense Type A20  
(\$000's)

	Historic Year Ended December 31, 2011 (Per Books)			Adjustments to Normalize Historic Test Year			Historic Year Ended December 31, 2011 (as Adjusted)		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
National Grid USA Service Co.	(1,285.1)	(1,285.1)	-	-	218.5	(218.5)	(1,285.1)	(1,066.7)	(218.5)
All Other Companies	-	-	-	-	-	-	-	-	-
Total	<u>\$ (1,285.1)</u>	<u>\$ (1,285.1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218.5</u>	<u>\$ (218.5)</u>	<u>\$ (1,285.1)</u>	<u>\$ (1,066.7)</u>	<u>\$ (218.5)</u>
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	-	-	-	-	-	-	-	-	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	-	-	-	-	-	-	-	-	-
Customer Accounts Expenses	-	-	-	-	-	-	-	-	-
Customer Service and Informational Expenses	-	-	-	-	-	-	-	-	-
Sales Expenses	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	(1,285.1)	(1,285.1)	-	-	218.5	(218.5)	(1,285.1)	(1,066.7)	(218.5)
Sub Total	<u>\$ (1,285.1)</u>	<u>\$ (1,285.1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218.5</u>	<u>\$ (218.5)</u>	<u>\$ (1,285.1)</u>	<u>\$ (1,066.7)</u>	<u>\$ (218.5)</u>
<u>Maintenance:</u>									
Transmission Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Distribution Expenses	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	-	-	-	-	-	-	-	-	-
Sub Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL	<u>\$ (1,285.1)</u>	<u>\$ (1,285.1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218.5</u>	<u>\$ (218.5)</u>	<u>\$ (1,285.1)</u>	<u>\$ (1,066.7)</u>	<u>\$ (218.5)</u>

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Service Co. Equity - Expense Type A20  
(\$000's)

	Historic Year Ended December 31, 2011 (as Adjusted)			Adjustments to Reflect Conditions in Rate Year			Rate Year Ending March 31, 2014		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
National Grid USA Service Co.	(1,285.1)	(1,066.7)	(218.5)	(55.0)	(45.6)	(9.3)	(1,340.1)	(1,112.3)	(227.8)
All Other Companies	-	-	-	-	-	-	-	-	-
Total	<u>\$ (1,285.1)</u>	<u>\$ (1,066.7)</u>	<u>\$ (218.5)</u>	<u>\$ (55.0)</u>	<u>\$ (45.6)</u>	<u>\$ (9.3)</u>	<u>\$ (1,340.1)</u>	<u>\$ (1,112.3)</u>	<u>\$ (227.8)</u>
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	-	-	-	-	-	-	-	-	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	-	-	-	-	-	-	-	-	-
Customer Accounts Expenses	-	-	-	-	-	-	-	-	-
Customer Service and Informational Expenses	-	-	-	-	-	-	-	-	-
Sales Expenses	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	(1,285.1)	(1,066.7)	(218.5)	(55.0)	(45.6)	(9.3)	(1,340.1)	(1,112.3)	(227.8)
Sub Total	<u>\$ (1,285.1)</u>	<u>\$ (1,066.7)</u>	<u>\$ (218.5)</u>	<u>\$ (55.0)</u>	<u>\$ (45.6)</u>	<u>\$ (9.3)</u>	<u>\$ (1,340.1)</u>	<u>\$ (1,112.3)</u>	<u>\$ (227.8)</u>
<u>Maintenance:</u>									
Transmission Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Distribution Expenses	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	-	-	-	-	-	-	-	-	-
Sub Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL	<u>\$ (1,285.1)</u>	<u>\$ (1,066.7)</u>	<u>\$ (218.5)</u>	<u>\$ (55.0)</u>	<u>\$ (45.6)</u>	<u>\$ (9.3)</u>	<u>\$ (1,340.1)</u>	<u>\$ (1,112.3)</u>	<u>\$ (227.8)</u>

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Service Co. Equity - Expense Type A20  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Electric		Electric		Electric		Electric		Electric	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	-	\$	-	\$	-	\$	-	\$	-
National Grid USA Service Co.		(1,112.3)		(23.6)		(1,135.9)		(25.0)		(1,160.9)
All Other Companies										
Total	\$	(1,112.3)	\$	(23.6)	\$	(1,135.9)	\$	(25.0)	\$	(1,160.9)
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		-		-		-		-		-
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		-		-		-		-		-
Customer Accounts Expenses		-		-		-		-		-
Customer Service and Informational Expenses		-		-		-		-		-
Sales Expenses		-		-		-		-		-
Administrative & General Expenses		(1,112.3)		(23.6)		(1,135.9)		(25.0)		(1,160.9)
Sub Total	\$	(1,112.3)	\$	(23.6)	\$	(1,135.9)	\$	(25.0)	\$	(1,160.9)
<u>Maintenance:</u>										
Transmission Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Distribution Expenses		-		-		-		-		-
Administrative & General Expenses		-		-		-		-		-
Sub Total	\$	-	\$	-	\$	-	\$	-	\$	-
TOTAL	\$	(1,112.3)	\$	(23.6)	\$	(1,135.9)	\$	(25.0)	\$	(1,160.9)

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Service Co. Equity - Expense Type A20  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Gas		Gas		Gas		Gas		Gas	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	-	\$	-	\$	-	\$	-	\$	-
National Grid USA Service Co.		(227.8)		(4.8)		(232.6)		(5.1)		(237.7)
All Other Companies										
Total	\$	(227.8)	\$	(4.8)	\$	(232.6)	\$	(5.1)	\$	(237.7)
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		-		-		-		-		-
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		-		-		-		-		-
Customer Accounts Expenses		-		-		-		-		-
Customer Service and Informational Expenses		-		-		-		-		-
Sales Expenses		-		-		-		-		-
Administrative & General Expenses		(227.8)		(4.8)		(232.6)		(5.1)		(237.7)
Sub Total	\$	(227.8)	\$	(4.8)	\$	(232.6)	\$	(5.1)	\$	(237.7)
<u>Maintenance:</u>										
Transmission Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Distribution Expenses		-		-		-		-		-
Administrative & General Expenses		-		-		-		-		-
Sub Total	\$	-	\$	-	\$	-	\$	-	\$	-
TOTAL	\$	(227.8)	\$	(4.8)	\$	(232.6)	\$	(5.1)	\$	(237.7)

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Service Co. Equity - Expense Type A20  
(\$000's)

Explanation of Adjustments:	Provider Company	Total	Electric	Gas
Page 1 Adjustments: (to normalize Historic Year) Reclass 17% to Gas Segment	Workpaper 1	\$ -	\$ 218.5	\$ (218.5)
		-	-	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
		\$ -	\$ 218.5	\$ (218.5)
Page 2 Adjustments: (to reflect conditions in the Rate Year 1) General inflation % 4.2785%	National Grid USA Service Co.	\$ (55.0)	\$ (45.6)	\$ (9.3)
		\$ (55.0)	\$ (45.6)	\$ (9.3)
TOTAL				
Page 3 & 4 Adjustments: (to reflect conditions in the Data Year 2015) General inflation % 2.1252%	National Grid USA Service Co.	\$ (23.6)	\$ (23.6)	\$ (4.8)
		\$ (23.6)	\$ (23.6)	\$ (4.8)
TOTAL				
Page 3 & 4 Adjustments: (to reflect conditions in the Data Year 2016) General inflation % 2.2000%	National Grid USA Service Co.	\$ (25.0)	\$ (25.0)	\$ (5.1)
		\$ (25.0)	\$ (25.0)	\$ (5.1)
TOTAL				

## **SCHEDULE 11**

Expense Type A30 – Conservation Load Management &

Expense Type A31 – Incentive Programs - Other



NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Conservation Load Management - Expense Type A30 & Incentive Programs - Other - Expense Type A31  
(\$000's)

	Historic Year Ended December 31, 2011 (Per Books)			Adjustments to Normalize Historic Test Year			Historic Year Ended December 31, 2011 (as Adjusted)		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ 21,152.3	\$ 15,812.5	\$ 5,339.8	\$ (21,152.3)	\$ (15,812.5)	\$ (5,339.8)	\$ -	\$ -	\$ -
National Grid USA Service Co.	0.2	0.5	(0.3)	0.8	-	0.8	1.0	0.5	0.5
All Other Companies	-	-	-	-	-	-	-	-	-
Total	\$ 21,152.4	\$ 15,813.0	\$ 5,339.5	\$ (21,151.4)	\$ (15,812.5)	\$ (5,338.9)	\$ 1.0	\$ 0.5	\$ 0.5
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	-	-	-	-	-	-	-	-	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	-	-	-	-	-	-	-	-	-
Customer Accounts Expenses	-	-	-	-	-	-	-	-	-
Customer Service and Informational Expenses	21,151.4	15,812.5	5,338.9	(21,151.4)	(15,812.5)	(5,338.9)	-	-	-
Sales Expenses	0.4	-	0.4	-	-	-	0.4	-	0.4
Administrative & General Expenses	0.6	0.5	0.1	-	-	-	0.6	0.5	0.1
Sub Total	\$ 21,152.4	\$ 15,813.0	\$ 5,339.5	\$ (21,151.4)	\$ (15,812.5)	\$ (5,338.9)	\$ 1.0	\$ 0.5	\$ 0.5
<u>Maintenance:</u>									
Transmission Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Distribution Expenses	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	-	-	-	-	-	-	-	-	-
Sub Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 21,152.4	\$ 15,813.0	\$ 5,339.5	\$ (21,151.4)	\$ (15,812.5)	\$ (5,338.9)	\$ 1.0	\$ 0.5	\$ 0.5

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Conservation Load Management - Expense Type A30 & Incentive Programs - Other - Expense Type A31  
(\$000's)

	Historic Year Ended December 31, 2011			Adjustments to Reflect Conditions in Rate Year			Rate Year Ending March 31, 2014		
	(as Adjusted)								
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
National Grid USA Service Co.	1.0	0.5	0.5	0.0	0.0	0.0	1.0	0.5	0.5
All Other Companies	-	-	-	-	-	-	-	-	-
Total	\$ 1.0	\$ 0.5	\$ 0.5	\$ 0.0	\$ 0.0	\$ 0.0	\$ 1.0	\$ 0.5	\$ 0.5
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	-	-	-	-	-	-	-	-	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	-	-	-	-	-	-	-	-	-
Customer Accounts Expenses	-	-	-	-	-	-	-	-	-
Customer Service and Informational Expenses	-	-	-	-	-	-	-	-	-
Sales Expenses	0.4	-	0.4	0.0	-	0.0	0.4	-	0.4
Administrative & General Expenses	0.6	0.5	0.1	0.0	0.0	0.0	0.6	0.5	0.1
Sub Total	\$ 1.0	\$ 0.5	\$ 0.5	\$ 0.1	\$ 0.0	\$ 0.0	\$ 1.0	\$ 0.5	\$ 0.5
<u>Maintenance:</u>									
Transmission Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Distribution Expenses	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	-	-	-	-	-	-	-	-	-
Sub Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 1.0	\$ 0.5	\$ 0.5	\$ 0.1	\$ 0.0	\$ 0.0	\$ 1.0	\$ 0.5	\$ 0.5

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID COMPANY 36)  
Operating Expenses by Component  
Conservation Load Management - Expense Type A30 & Incentive Programs - Other - Expense Type A31  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Electric		Electric		Electric		Electric		Electric	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	-	\$	-	\$	-	\$	-	\$	-
National Grid USA Service Co.		0.5		0.0		0.5		0.0		0.5
All Other Companies		-		-		-		-		-
Total	\$	0.5	\$	0.0	\$	0.5	\$	0.0	\$	0.5
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		-		-		-		-		-
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		-		-		-		-		-
Customer Accounts Expenses		-		-		-		-		-
Customer Service and Informational Expenses		-		-		-		-		-
Sales Expenses		-		-		-		-		-
Administrative & General Expenses		0.5		-		0.5		-		0.5
Sub Total	\$	0.5	\$	-	\$	0.5	\$	-	\$	0.5
<u>Maintenance:</u>										
Transmission Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Distribution Expenses		-		-		-		-		-
Administrative & General Expenses		-		-		-		-		-
Sub Total	\$	-	\$	-	\$	-	\$	-	\$	-
TOTAL	\$	0.5	\$	-	\$	0.5	\$	-	\$	0.5

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID COMPANY 36)  
Operating Expenses by Component  
Conservation Load Management - Expense Type A30 & Incentive Programs - Other - Expense Type A31  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Gas		Gas		Gas		Gas		Gas	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	-	\$	-	\$	-	\$	-	\$	-
National Grid USA Service Co.		0.5		0.0		0.5		0.0		0.6
All Other Companies		-		-		-		-		-
Total	\$	0.5	\$	0.0	\$	0.5	\$	0.0	\$	0.6
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		-		-		-		-		-
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		-		-		-		-		-
Customer Accounts Expenses		-		-		-		-		-
Customer Service and Informational Expenses		-		-		-		-		-
Sales Expenses		0.4		0.0		0.4		0.0		0.4
Administrative & General Expenses		0.1		0.0		0.1		0.0		0.1
Sub Total	\$	0.5	\$	0.0	\$	0.6	\$	0.0	\$	0.6
<u>Maintenance:</u>										
Transmission Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Distribution Expenses		-		-		-		-		-
Administrative & General Expenses		-		-		-		-		-
Sub Total	\$	-	\$	-	\$	-	\$	-	\$	-
TOTAL	\$	0.5	\$	0.0	\$	0.6	\$	0.0	\$	0.6

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Conservation Load Management - Expense Type A30 & Incentive Programs - Other - Expense Type A31  
(\$000's)

Explanation of Adjustments:	Provider Company	Total	Electric	Gas
<u>Page 1</u>				
Adjustments: (to normalize Historic Year)				
Reclass to Energy Efficiency	Niagara Mohawk Power Corp.	\$ (21,152.3)	\$ (15,812.5)	\$ (5,339.8)
Reclass to Energy Efficiency	National Grid USA Service Co.	0.8	-	0.8
Reclass to Energy Efficiency	All Other Companies	-	-	-
		<u>\$ (21,151.4)</u>	<u>\$ (15,812.5)</u>	<u>\$ (5,338.9)</u>
<u>Page 2</u>				
Adjustments: (to reflect conditions in the Rate Year)				
General inflation %	Niagara Mohawk Power Corp.	\$ -	\$ -	\$ -
4.2785%	National Grid USA Service Co.	0.0	0.0	0.0
	All Other Companies	-	-	-
TOTAL		<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>
<u>Page 3 &amp; 4</u>				
Adjustments: (to reflect conditions in the Data Year 2015)				
General inflation %	National Grid USA Service Co.	\$ 0.0	\$ 0.0	\$ 0.0
2.1252%		<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>
TOTAL		<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>
<u>Page 3 &amp; 4</u>				
Adjustments: (to reflect conditions in the Data Year 2016)				
General inflation %	National Grid USA Service Co.	\$ 0.0	\$ 0.0	\$ 0.0
2.2000%		<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>
TOTAL		<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>

## **SCHEDULE 12**

Expense Type A40 – Construction Reimbursement

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Construction Reimbursement - Expense Type A40  
(\$000's)

	Historic Year Ended December 31, 2011 (Per Books)			Adjustments to Normalize Historic Test Year			Historic Year Ended December 31, 2011 (as Adjusted)		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ (589.3)	\$ (558.2)	\$ (31.1)	\$ -	\$ -	\$ -	\$ (589.3)	\$ (558.2)	\$ (31.1)
National Grid USA Service Co.	-	-	-	-	-	-	-	-	-
All Other Companies	-	-	-	-	-	-	-	-	-
Total	<u>\$ (589.3)</u>	<u>\$ (558.2)</u>	<u>\$ (31.1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (589.3)</u>	<u>\$ (558.2)</u>	<u>\$ (31.1)</u>
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	(66.6)	(66.6)	-	-	-	-	(66.6)	(66.6)	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	(103.8)	(102.8)	(1.0)	-	-	-	(103.8)	(102.8)	(1.0)
Customer Accounts Expenses	-	-	-	-	-	-	-	-	-
Customer Service and Informational Expenses	-	-	-	-	-	-	-	-	-
Sales Expenses	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	-	-	-	-	-	-	-	-	-
Sub Total	<u>\$ (170.4)</u>	<u>\$ (169.3)</u>	<u>\$ (1.0)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (170.4)</u>	<u>\$ (169.3)</u>	<u>\$ (1.0)</u>
<u>Maintenance:</u>									
Transmission Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Distribution Expenses	(418.9)	(388.8)	(30.1)	-	-	-	(418.9)	(388.8)	(30.1)
Administrative & General Expenses	-	-	-	-	-	-	-	-	-
Sub Total	<u>\$ (418.9)</u>	<u>\$ (388.8)</u>	<u>\$ (30.1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (418.9)</u>	<u>\$ (388.8)</u>	<u>\$ (30.1)</u>
TOTAL	<u>\$ (589.3)</u>	<u>\$ (558.2)</u>	<u>\$ (31.1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (589.3)</u>	<u>\$ (558.2)</u>	<u>\$ (31.1)</u>

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Construction Reimbursement - Expense Type A40  
(\$000's)

	Historic Year Ended December 31, 2011			Adjustments to Reflect Conditions in Rate Year			Rate Year Ending March 31, 2014		
	(as Adjusted)								
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ (589.3)	\$ (558.2)	\$ (31.1)	\$ (25.2)	\$ (23.9)	\$ (1.3)	\$ (614.5)	\$ (582.1)	\$ (32.4)
National Grid USA Service Co.	-	-	-	-	-	-	-	-	-
All Other Companies	-	-	-	-	-	-	-	-	-
Total	<u>\$ (589.3)</u>	<u>\$ (558.2)</u>	<u>\$ (31.1)</u>	<u>\$ (25.2)</u>	<u>\$ (23.9)</u>	<u>\$ (1.3)</u>	<u>\$ (614.5)</u>	<u>\$ (582.1)</u>	<u>\$ (32.4)</u>
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	(66.6)	(66.6)	-	(2.8)	(2.8)	-	(69.4)	(69.4)	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	(103.8)	(102.8)	(1.0)	(4.4)	(4.4)	(0.0)	(108.3)	(107.2)	(1.1)
Customer Accounts Expenses	-	-	-	-	-	-	-	-	-
Customer Service and Informational Expenses	-	-	-	-	-	-	-	-	-
Sales Expenses	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	-	-	-	-	-	-	-	-	-
Sub Total	<u>\$ (170.4)</u>	<u>\$ (169.3)</u>	<u>\$ (1.0)</u>	<u>\$ (7.3)</u>	<u>\$ (7.2)</u>	<u>\$ (0.0)</u>	<u>\$ (177.7)</u>	<u>\$ (176.6)</u>	<u>\$ (1.1)</u>
<u>Maintenance:</u>									
Transmission Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Distribution Expenses	(418.9)	(388.8)	(30.1)	(17.9)	(16.6)	(1.3)	(436.8)	(405.5)	(31.4)
Administrative & General Expenses	-	-	-	-	-	-	-	-	-
Sub Total	<u>\$ (418.9)</u>	<u>\$ (388.8)</u>	<u>\$ (30.1)</u>	<u>\$ (17.9)</u>	<u>\$ (16.6)</u>	<u>\$ (1.3)</u>	<u>\$ (436.8)</u>	<u>\$ (405.5)</u>	<u>\$ (31.4)</u>
TOTAL	<u>\$ (589.3)</u>	<u>\$ (558.2)</u>	<u>\$ (31.1)</u>	<u>\$ (25.2)</u>	<u>\$ (23.9)</u>	<u>\$ (1.3)</u>	<u>\$ (614.5)</u>	<u>\$ (582.1)</u>	<u>\$ (32.4)</u>



NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Construction Reimbursement - Expense Type A40  
(\$000's)

Provider Company:	Rate Year Ending March 31, 2014	Adjustments to Reflect Conditions in Data Year	Data Year Ending March 31, 2015	Adjustments to Reflect Conditions in Data Year	Data Year Ending March 31, 2016
	Electric	Electric	Electric	Electric	Electric
Niagara Mohawk Power Corp.	\$ (582.1)	\$ (12.4)	\$ (594.4)	\$ (13.1)	\$ (607.5)
National Grid USA Service Co.	-	-	-	-	-
All Other Companies	-	-	-	-	-
Total	<u>\$ (582.1)</u>	<u>\$ (12.4)</u>	<u>\$ (594.4)</u>	<u>\$ (13.1)</u>	<u>\$ (607.5)</u>
Operation:					
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-
Transmission Expenses	(69.4)	(1.5)	(70.9)	(1.6)	(72.5)
Regional Market Expenses	-	-	-	-	-
Distribution Expenses	(107.2)	(2.3)	(109.5)	(2.4)	(111.9)
Customer Accounts Expenses	-	-	-	-	-
Customer Service and Informational Expenses	-	-	-	-	-
Sales Expenses	-	-	-	-	-
Administrative & General Expenses	-	-	-	-	-
Sub Total	<u>\$ (176.6)</u>	<u>\$ (3.8)</u>	<u>\$ (180.4)</u>	<u>\$ (4.0)</u>	<u>\$ (184.4)</u>
Maintenance:					
Transmission Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Distribution Expenses	(405.5)	(8.6)	(414.1)	(9.1)	(423.2)
Administrative & General Expenses	-	-	-	-	-
Sub Total	<u>\$ (405.5)</u>	<u>\$ (8.6)</u>	<u>\$ (414.1)</u>	<u>\$ (9.1)</u>	<u>\$ (423.2)</u>
TOTAL	<u>\$ (582.1)</u>	<u>\$ (12.4)</u>	<u>\$ (594.4)</u>	<u>\$ (13.1)</u>	<u>\$ (607.6)</u>

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Construction Reimbursement - Expense Type A40  
(\$000's)

Provider Company:	Rate Year Ending March 31, 2014	Adjustments to Reflect Conditions in Data Year	Data Year Ending March 31, 2015	Adjustments to Reflect Conditions in Data Year	Data Year Ending March 31, 2016
	Gas	Gas	Gas	Gas	Gas
Niagara Mohawk Power Corp.	\$ (32.4)	\$ (0.7)	\$ (33.1)	\$ (0.7)	\$ (33.8)
National Grid USA Service Co.	-	-	-	-	-
All Other Companies	-	-	-	-	-
Total	\$ (32.4)	\$ (0.7)	\$ (33.1)	\$ (0.7)	\$ (33.8)
Operation:					
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-
Transmission Expenses	-	-	-	-	-
Regional Market Expenses	-	-	-	-	-
Distribution Expenses	(1.1)	-	(1.1)	-	(1.1)
Customer Accounts Expenses	-	-	-	-	-
Customer Service and Informational Expenses	-	-	-	-	-
Sales Expenses	-	-	-	-	-
Administrative & General Expenses	-	-	-	-	-
Sub Total	\$ (1.1)	\$ -	\$ (1.1)	\$ -	\$ (1.1)
Maintenance:					
Transmission Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Distribution Expenses	(31.4)	(0.7)	(32.1)	(0.7)	(32.8)
Administrative & General Expenses	-	-	-	-	-
Sub Total	\$ (31.4)	\$ (0.7)	\$ (32.1)	\$ (0.7)	\$ (32.8)
TOTAL	\$ (32.4)	\$ (0.7)	\$ (33.1)	\$ (0.7)	\$ (33.8)

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Construction Reimbursement - Expense Type A40  
(\$000's)

Provider Company	Total	Electric	Gas
\$	-	\$	\$
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
\$	-	\$	\$

Explanation of Adjustments:

Page 1 Adjustments: (to normalize Historic Year)

Page 2 Adjustments: (to reflect conditions in the Rate Year)

General inflation %  
4.2785%

TOTAL

Niagara Mohawk Power Corporation	(25.2)	\$	(23.9)	\$	(1.3)
National Grid USA Service Co.	-	-	-	-	-
All Other Companies	-	-	-	-	-
\$	(25.2)	\$	(23.9)	\$	(1.3)

Page 3 & 4 Adjustments: (to reflect conditions in the Data Year 2015)

General inflation %  
2.1252%

TOTAL

Niagara Mohawk Power Corporation	(12.4)	\$	(12.4)	\$	(0.7)
National Grid USA Service Co.	-	-	-	-	-
All Other Companies	-	-	-	-	-
\$	(12.4)	\$	(12.4)	\$	(0.7)

Page 3 & 4 Adjustments: (to reflect conditions in the Data Year 2016)

General inflation %  
2.2000%

TOTAL

Niagara Mohawk Power Corporation	(13.1)	\$	(13.1)	\$	(0.7)
National Grid USA Service Co.	-	-	-	-	-
All Other Companies	-	-	-	-	-
\$	(13.1)	\$	(13.1)	\$	(0.7)

## **SCHEDULE 13**

Expense Type A41 – Co Contributions/Cr to Jobs

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Co Contributions/Cr to Jobs - Expense Type A41  
(\$000's)

	Historic Year Ended December 31, 2011 (Per Books)			Adjustments to Normalize Historic Test Year			Historic Year Ended December 31, 2011 (as Adjusted)		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ 53.3	\$ 53.3	\$ -	\$ -	\$ -	\$ -	\$ 53.3	\$ 53.3	\$ -
National Grid USA Service Co.	-	-	-	-	-	-	-	-	-
All Other Companies	-	-	-	-	-	-	-	-	-
Total	\$ 53.3	\$ 53.3	\$ -	\$ -	\$ -	\$ -	\$ 53.3	\$ 53.3	\$ -
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	0.6	0.6	-	-	-	-	0.6	0.6	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	0.0	0.0	-	-	-	-	0.0	0.0	-
Customer Accounts Expenses	-	-	-	-	-	-	-	-	-
Customer Service and Informational Expenses	-	-	-	-	-	-	-	-	-
Sales Expenses	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	1.5	1.5	-	-	-	-	1.5	1.5	-
Sub Total	\$ 2.2	\$ 2.2	\$ -	\$ -	\$ -	\$ -	\$ 2.2	\$ 2.2	\$ -
<u>Maintenance:</u>									
Transmission Expenses	\$ 26.6	\$ 26.6	\$ -	\$ -	\$ -	\$ -	\$ 26.6	\$ 26.6	\$ -
Distribution Expenses	24.6	24.6	-	-	-	-	24.6	24.6	-
Administrative & General Expenses	-	-	-	-	-	-	-	-	-
Sub Total	\$ 51.2	\$ 51.2	\$ -	\$ -	\$ -	\$ -	\$ 51.2	\$ 51.2	\$ -
TOTAL	\$ 53.3	\$ 53.3	\$ -	\$ -	\$ -	\$ -	\$ 53.3	\$ 53.3	\$ -

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Co Contributions/Cr to Jobs - Expense Type A41  
(\$000's)

Historic Year Ended December 31, 2011  
(as Adjusted)

	Historic Year Ended December 31, 2011 (as Adjusted)		Adjustments to Reflect Conditions in Rate Year		Rate Year Ending March 31, 2014	
	Total	Electric	Gas	Total	Electric	Gas
\$	53.3	\$ 53.3	\$ -	\$ 2.3	\$ 2.3	\$ -
Niagara Mohawk Power Corp.	-	-	-	-	-	-
National Grid USA Service Co.	-	-	-	-	-	-
All Other Companies	-	-	-	-	-	-
Total	\$ 53.3	\$ 53.3	\$ -	\$ 2.3	\$ 2.3	\$ -

Provider Company:

Niagara Mohawk Power Corp.  
National Grid USA Service Co.  
All Other Companies  
Total

Operation:

Production Expenses  
Power Production Expenses  
Natural Gas Storage, Terminating  
and Processing Exp.  
Transmission Expenses  
Regional Market Expenses  
Distribution Expenses  
Customer Accounts Expenses  
Customer Service and  
Informational Expenses  
Sales Expenses  
Administrative & General Expenses  
Sub Total

\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
0.6	0.6	0.0	0.0	0.7	0.7	-
-	-	-	-	-	-	-
0.0	0.0	0.0	0.0	0.0	0.0	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1.5	1.5	0.1	0.1	1.6	1.6	-
\$ 2.2	\$ 2.2	\$ 0.1	\$ 0.1	\$ 2.3	\$ 2.3	\$ -

Maintenance:

Transmission Expenses  
Distribution Expenses  
Administrative & General Expenses  
Sub Total  
TOTAL

\$	26.6	\$ 26.6	\$ -	\$ 1.1	\$ 1.1	\$ -
24.6	24.6	1.1	1.1	25.6	25.6	-
-	-	-	-	-	-	-
\$ 51.2	\$ 51.2	\$ 2.2	\$ 2.2	\$ 53.4	\$ 53.4	\$ -
\$ 53.3	\$ 53.3	\$ 2.3	\$ 2.3	\$ 55.6	\$ 55.6	\$ -

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Co Contributions/Cr to Jobs - Expense Type A41  
(\$000's)

Provider Company:	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Electric		Electric		Electric		Electric		Electric	
Niagara Mohawk Power Corp.	\$	55.6	\$	1.2	\$	56.8	\$	1.2	\$	58.1
National Grid USA Service Co.		-		-		-		-		-
All Other Companies		-		-		-		-		-
Total	\$	55.6	\$	1.2	\$	56.8	\$	1.2	\$	58.1
<u>Operation:</u>	\$	-	\$	-	\$	-	\$	-	\$	-
Production Expenses		-		-		-		-		-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		0.7		0.0		0.7		0.0		0.7
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		0.0		0.0		0.0		0.0		0.0
Customer Accounts Expenses		-		-		-		-		-
Customer Service and Informational Expenses		-		-		-		-		-
Sales Expenses		-		-		-		-		-
Administrative & General Expenses		1.6		0.0		1.6		0.0		1.6
Sub Total	\$	2.3	\$	0.0	\$	2.3	\$	0.1	\$	2.4
<u>Maintenance:</u>	\$	27.8	\$	0.6	\$	28.3	\$	0.6	\$	29.0
Transmission Expenses		25.6		0.5		26.2		0.6		26.7
Distribution Expenses		-		-		-		-		-
Administrative & General Expenses		53.4		1.1		54.5		1.2		55.7
Sub Total	\$	53.4	\$	1.1	\$	54.5	\$	1.2	\$	55.7
TOTAL	\$	55.6	\$	1.2	\$	56.8	\$	1.2	\$	58.1

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Co Contributions/Cr to Jobs - Expense Type A41  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Gas		Gas		Gas		Gas		Gas	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	-	\$	-	\$	-	\$	-	\$	-
National Grid USA Service Co.		-		-		-		-		-
All Other Companies		-		-		-		-		-
Total	\$	-	\$	-	\$	-	\$	-	\$	-
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		-		-		-		-		-
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		-		-		-		-		-
Customer Accounts Expenses		-		-		-		-		-
Customer Service and Informational Expenses		-		-		-		-		-
Sales Expenses		-		-		-		-		-
Administrative & General Expenses		-		-		-		-		-
Sub Total	\$	-	\$	-	\$	-	\$	-	\$	-
<u>Maintenance:</u>										
Transmission Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Distribution Expenses		-		-		-		-		-
Administrative & General Expenses		-		-		-		-		-
Sub Total	\$	-	\$	-	\$	-	\$	-	\$	-
TOTAL	\$	-	\$	-	\$	-	\$	-	\$	-



NIAGARA MOHAWK POWER CORPORATION db/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Co Contributions/Cr to Jobs - Expense Type A41  
(\$000's)

Explanation of Adjustments:	Provider Company	Total	Electric	Gas
Page 1				
Adjustments: (to normalize Historic Year)				
		\$ -	\$ -	\$ -
		-	-	-
		-	-	-
		-	-	-
		\$ -	\$ -	\$ -
Page 2				
Adjustments: (to reflect conditions in the Rate Year)				
General inflation %				
4.2785%	Niagara Mohawk Power Corp.	\$ 2.3	\$ 2.3	\$ -
	National Grid USA Service Co.	-	-	-
	All Other Companies	-	-	-
		\$ 2.3	\$ 2.3	\$ -
Page 3 & 4				
Adjustments: (to reflect conditions in the Data 2015)				
General inflation %				
2.1252%	Niagara Mohawk Power Corp.	\$ 1.2	\$ 1.2	\$ -
	National Grid USA Service Co.	-	-	-
	All Other Companies	-	-	-
		\$ 1.2	\$ 1.2	\$ -
Page 3 & 4				
Adjustments: (to reflect conditions in the Data Year 2016)				
General inflation %				
2.2000%	Niagara Mohawk Power Corp.	\$ 1.2	\$ 1.2	\$ -
	National Grid USA Service Co.	-	-	-
	All Other Companies	-	-	-
		\$ 1.2	\$ 1.2	\$ -

## **SCHEDULE 14**

Expense Type A42 – Bill Interface Expense Type

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Bill Interface Expense Type - Expense Type A42  
(\$000's)

	Historic Year Ended December 31, 2011 (Per Books)			Adjustments to Normalize Historic Test Year			Historic Year Ended December 31, 2011 (as Adjusted)		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ (2,443.9)	\$ (2,424.2)	\$ (19.6)	\$ -	\$ -	\$ -	\$ (2,443.9)	\$ (2,424.2)	\$ (19.6)
National Grid USA Service Co.	-	-	-	-	-	-	-	-	-
All Other Companies	-	-	-	-	-	-	-	-	-
Total	<u>\$ (2,443.9)</u>	<u>\$ (2,424.2)</u>	<u>\$ (19.6)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,443.9)</u>	<u>\$ (2,424.2)</u>	<u>\$ (19.6)</u>
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	(83.7)	(83.7)	-	-	-	-	(83.7)	(83.7)	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	(179.2)	(177.7)	(1.5)	-	-	-	(179.2)	(177.7)	(1.5)
Customer Accounts Expenses	-	-	-	-	-	-	-	-	-
Customer Service and Informational Expenses	-	-	-	-	-	-	-	-	-
Sales Expenses	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	(234.8)	(223.7)	(11.1)	-	-	-	(234.8)	(223.7)	(11.1)
Sub Total	<u>\$ (497.7)</u>	<u>\$ (485.0)</u>	<u>\$ (12.6)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (497.7)</u>	<u>\$ (485.0)</u>	<u>\$ (12.6)</u>
<u>Maintenance:</u>									
Transmission Expenses	\$ (225.2)	\$ (225.2)	\$ -	\$ -	\$ -	\$ -	\$ (225.2)	\$ (225.2)	\$ -
Distribution Expenses	(1,720.8)	(1,713.9)	(7.0)	-	-	-	(1,720.8)	(1,713.9)	(7.0)
Administrative & General Expenses	(0.1)	(0.1)	-	-	-	-	(0.1)	(0.1)	-
Sub Total	<u>\$ (1,946.2)</u>	<u>\$ (1,939.2)</u>	<u>\$ (7.0)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,946.2)</u>	<u>\$ (1,939.2)</u>	<u>\$ (7.0)</u>
TOTAL	<u>\$ (2,443.9)</u>	<u>\$ (2,424.2)</u>	<u>\$ (19.6)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,443.9)</u>	<u>\$ (2,424.2)</u>	<u>\$ (19.6)</u>

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Bill Interface Expense Type - Expense Type A42  
(\$000's)

	Historic Year Ended December 31, 2011			Adjustments to Reflect Conditions in Rate Year			Rate Year Ending March 31, 2014		
	(as Adjusted)								
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ (2,443.9)	\$ (2,424.2)	\$ (19.6)	\$ (104.6)	\$ (103.7)	\$ (0.8)	\$ (2,548.4)	\$ (2,528.0)	\$ (20.4)
National Grid USA Service Co.	-	-	-	-	-	-	-	-	-
All Other Companies	-	-	-	-	-	-	-	-	-
Total	\$ (2,443.9)	\$ (2,424.2)	\$ (19.6)	\$ (104.6)	\$ (103.7)	\$ (0.8)	\$ (2,548.4)	\$ (2,528.0)	\$ (20.4)
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	(83.7)	(83.7)	-	(3.6)	(3.6)	-	(87.3)	(87.3)	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	(179.2)	(177.7)	(1.5)	(7.7)	(7.6)	(0.1)	(186.8)	(185.3)	(1.6)
Customer Accounts Expenses	-	-	-	-	-	-	-	-	-
Customer Service and Informational Expenses	-	-	-	-	-	-	-	-	-
Sales Expenses	(234.8)	(223.7)	(11.1)	(10.0)	(9.6)	(0.5)	(244.9)	(233.2)	(11.6)
Administrative & General Expenses	\$ (497.7)	\$ (485.0)	\$ (12.6)	\$ (21.3)	\$ (20.8)	\$ (0.5)	\$ (519.0)	\$ (505.8)	\$ (13.2)
Sub Total	\$ (225.2)	\$ (225.2)	\$ -	\$ (9.6)	\$ (9.6)	\$ -	\$ (234.9)	\$ (234.9)	\$ -
<u>Maintenance:</u>									
Transmission Expenses	(1,720.8)	(1,713.9)	(7.0)	(73.6)	(73.3)	(0.3)	(1,794.4)	(1,787.2)	(7.3)
Distribution Expenses	(0.1)	(0.1)	-	(0.0)	(0.0)	-	(0.1)	(0.1)	-
Administrative & General Expenses	\$ (1,946.2)	\$ (1,939.2)	\$ (7.0)	\$ (83.3)	\$ (83.0)	\$ (0.3)	\$ (2,029.4)	\$ (2,022.2)	\$ (7.3)
Sub Total	\$ (2,443.9)	\$ (2,424.2)	\$ (19.6)	\$ (104.6)	\$ (103.7)	\$ (0.8)	\$ (2,548.4)	\$ (2,528.0)	\$ (20.4)
TOTAL	\$ (2,443.9)	\$ (2,424.2)	\$ (19.6)	\$ (104.6)	\$ (103.7)	\$ (0.8)	\$ (2,548.4)	\$ (2,528.0)	\$ (20.4)

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Bill Interface Expense Type - Expense Type A42  
(\$000's)

Provider Company:	Rate Year Ending March 31, 2014	Adjustments to Reflect Conditions in Data Year	Data Year Ending March 31, 2015	Adjustments to Reflect Conditions in Data Year	Data Year Ending March 31, 2016
	Electric	Electric	Electric	Electric	Electric
Niagara Mohawk Power Corp.	\$ (2,528.0)	\$ (53.7)	\$ (2,581.7)	\$ (56.8)	\$ (2,638.5)
National Grid USA Service Co.	-	-	-	-	-
All Other Companies	-	-	-	-	-
Total	\$ (2,528.0)	\$ (53.7)	\$ (2,581.7)	\$ (56.8)	\$ (2,638.5)
Operation:					
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-
Transmission Expenses	(87.3)	(1.9)	(89.1)	(2.0)	(91.1)
Regional Market Expenses	-	-	-	-	-
Distribution Expenses	(185.3)	(3.9)	(189.2)	(4.2)	(193.4)
Customer Accounts Expenses	-	-	-	-	-
Customer Service and Informational Expenses	-	-	-	-	-
Sales Expenses	-	-	-	-	-
Administrative & General Expenses	(233.2)	(5.0)	(238.2)	(5.2)	(243.4)
Sub Total	\$ (505.8)	\$ (10.7)	\$ (516.5)	\$ (11.4)	\$ (527.9)
Maintenance:					
Transmission Expenses	\$ (234.9)	\$ (5.0)	\$ (239.9)	\$ (5.3)	\$ (245.2)
Distribution Expenses	(1,787.2)	(38.0)	(1,825.2)	(40.2)	(1,865.3)
Administrative & General Expenses	(0.1)	-	(0.1)	-	(0.1)
Sub Total	\$ (2,022.2)	\$ (43.0)	\$ (2,065.2)	\$ (45.4)	\$ (2,110.6)
TOTAL	\$ (2,528.0)	\$ (53.7)	\$ (2,581.7)	\$ (56.8)	\$ (2,638.5)

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Bill Interface Expense Type - Expense Type A42  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Gas		Gas		Gas		Gas		Gas	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	(20.4)	\$	(0.4)	\$	(20.9)	\$	(0.4)	\$	(21.3)
National Grid USA Service Co.		-		-		-		-		-
All Other Companies		-		-		-		-		-
Total	\$	(20.4)	\$	(0.4)	\$	(20.9)	\$	(0.4)	\$	(21.3)
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		-		-		-		-		-
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		(1.6)		(0.0)		(1.6)		(0.0)		(1.6)
Customer Accounts Expenses		-		-		-		-		-
Customer Service and Informational Expenses		-		-		-		-		-
Sales Expenses		-		-		-		-		-
Administrative & General Expenses		(11.6)		(0.2)		(11.9)		(0.3)		(12.1)
Sub Total	\$	(13.2)	\$	(0.3)	\$	(13.5)	\$	(0.3)	\$	(13.8)
<u>Maintenance:</u>										
Transmission Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Distribution Expenses		(7.3)		(0.2)		(7.4)		(0.2)		(7.6)
Administrative & General Expenses		-		-		-		-		-
Sub Total	\$	(7.3)	\$	(0.2)	\$	(7.4)	\$	(0.2)	\$	(7.6)
TOTAL	\$	(20.4)	\$	(0.4)	\$	(20.9)	\$	(0.5)	\$	(21.3)

**Explanation of Adjustments:**

Page 2

TOTAL

General inflation %  
2.1252%

TOTAL

General inflation %  
2.2000%

TOTAL

Provider Company	Total	Electric	Gas
	\$ -	\$ -	\$ -
	\$ -	-	-
	\$ -	-	-
	\$ -	\$ -	\$ -
Niagara Mohawk Power Corp.	(104.6)	(103.7)	\$ (0.8)
National Grid USA Service Co.	-	-	-
All Other Companies	-	-	-
	<u>(104.6)</u>	<u>(103.7)</u>	<u>\$ (0.8)</u>
Niagara Mohawk Power Corp.	(54.2)	(53.7)	\$ (0.4)
National Grid USA Service Co.	-	-	-
All Other Companies	-	-	-
	<u>(54.2)</u>	<u>(53.7)</u>	<u>\$ (0.4)</u>
Niagara Mohawk Power Corp.	(57.2)	(56.8)	\$ (0.4)
National Grid USA Service Co.	-	-	-
All Other Companies	-	-	-
	<u>(57.2)</u>	<u>(56.8)</u>	<u>\$ (0.4)</u>

## **SCHEDULE 15**

Expense Type A50 – Capital Overheads &

Expense Type A90 – RDV Work Delivery



NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Capital Overheads - Expense Type A50 & RDV Work Delivery - Expense Type A90  
(\$000's)

	Historic Year Ended December 31, 2011			Adjustments to Normalize Historic Test Year			Historic Year Ended December 31, 2011		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ 229.4	\$ 229.4	\$ -	\$ 26.6	\$ 26.6	\$ -	\$ 256.0	\$ 256.0	\$ -
National Grid USA Service Co.	-	-	-	-	-	-	-	-	-
All Other Companies	-	-	-	-	-	-	-	-	-
Total	<u>\$ 229.4</u>	<u>\$ 229.4</u>	<u>\$ -</u>	<u>\$ 26.6</u>	<u>\$ 26.6</u>	<u>\$ -</u>	<u>\$ 256.0</u>	<u>\$ 256.0</u>	<u>\$ -</u>
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	90.7	90.7	-	-	-	-	90.7	90.7	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	9.6	9.6	-	-	-	-	9.6	9.6	-
Customer Accounts Expenses	-	-	-	-	-	-	-	-	-
Customer Service and Informational Expenses	-	-	-	-	-	-	-	-	-
Sales Expenses	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	8.9	8.9	-	26.6	26.6	-	35.5	35.5	-
Sub Total	<u>\$ 109.2</u>	<u>\$ 109.2</u>	<u>\$ -</u>	<u>\$ 26.6</u>	<u>\$ 26.6</u>	<u>\$ -</u>	<u>\$ 135.8</u>	<u>\$ 135.8</u>	<u>\$ -</u>
<u>Maintenance:</u>									
Transmission Expenses	\$ 72.1	\$ 72.1	\$ -	\$ -	\$ -	\$ -	\$ 72.1	\$ 72.1	\$ -
Distribution Expenses	48.1	48.1	-	-	-	-	48.1	48.1	-
Administrative & General Expenses	-	-	-	-	-	-	-	-	-
Sub Total	<u>\$ 120.2</u>	<u>\$ 120.2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120.2</u>	<u>\$ 120.2</u>	<u>\$ -</u>
TOTAL	<u>\$ 229.4</u>	<u>\$ 229.4</u>	<u>\$ -</u>	<u>\$ 26.6</u>	<u>\$ 26.6</u>	<u>\$ -</u>	<u>\$ 256.0</u>	<u>\$ 256.0</u>	<u>\$ -</u>

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Capital Overheads - Expense Type A50 & RDV Work Delivery - Expense Type A90  
(\$000's)

Historic Year Ended December 31, 2011  
(as Adjusted)

	Historic Year Ended December 31, 2011 (as Adjusted)		Adjustments to Reflect Conditions in Rate Year		Rate Year Ending March 31, 2014	
	Total	Electric	Gas	Total	Electric	Gas
\$	256.0	\$ 256.0	\$ -	\$ 11.0	\$ 267.0	\$ -
Niagara Mohawk Power Corp.	-	-	-	-	-	-
National Grid USA Service Co.	-	-	-	-	-	-
All Other Companies	-	-	-	-	-	-
Total	\$ 256.0	\$ 256.0	\$ -	\$ 11.0	\$ 267.0	\$ -

Provider Company:

Niagara Mohawk Power Corp.  
National Grid USA Service Co.  
All Other Companies  
Total

Operation:

Production Expenses  
Power Production Expenses  
Natural Gas Storage, Terminating  
and Processing Exp.  
Transmission Expenses  
Regional Market Expenses  
Distribution Expenses  
Customer Accounts Expenses  
Customer Service and  
Informational Expenses  
Sales Expenses  
Administrative & General Expenses  
Sub Total

\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
90.7	90.7	3.9	3.9	94.6	94.6	-
-	-	-	-	-	-	-
9.6	9.6	0.4	0.4	10.0	10.0	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
35.5	35.5	1.5	1.5	37.1	37.1	-
\$ 135.8	\$ 135.8	\$ 5.8	\$ 5.8	\$ 141.6	\$ 141.6	\$ -

Maintenance:

Transmission Expenses  
Distribution Expenses  
Administrative & General Expenses  
Sub Total  
TOTAL

\$	72.1	\$ 72.1	\$ -	\$ 3.1	\$ 75.2	\$ -
48.1	48.1	2.1	2.1	50.1	50.1	-
-	-	-	-	-	-	-
\$ 120.2	\$ 120.2	\$ 5.1	\$ 5.1	\$ 125.4	\$ 125.4	\$ -
\$ 256.0	\$ 256.0	\$ 11.0	\$ 11.0	\$ 267.0	\$ 267.0	\$ -

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Capital Overheads - Expense Type A50 & RDV Work Delivery - Expense Type A90  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Electric		Electric		Electric		Electric		Electric	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	267.0	\$	5.7	\$	272.7	\$	6.0	\$	278.6
National Grid USA Service Co.		-		-		-		-		-
All Other Companies		-		-		-		-		-
Total	\$	267.0	\$	5.7	\$	272.7	\$	6.0	\$	278.6
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		94.6		2.0		96.6		2.1		98.7
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		10.0		0.2		10.2		0.2		10.4
Customer Accounts Expenses		-		-		-		-		-
Customer Service and Informational Expenses		-		-		-		-		-
Sales Expenses		-		-		-		-		-
Administrative & General Expenses		37.1		0.8		37.9		0.8		38.7
Sub Total	\$	141.6	\$	3.0	\$	144.6	\$	3.1	\$	147.7
<u>Maintenance:</u>										
Transmission Expenses	\$	75.2	\$	1.6	\$	76.8	\$	1.7	\$	78.5
Distribution Expenses		50.1		1.1		51.2		1.1		52.3
Administrative & General Expenses		-		-		-		-		-
Sub Total	\$	125.4	\$	2.7	\$	128.1	\$	2.8	\$	130.9
TOTAL	\$	267.0	\$	5.7	\$	272.7	\$	5.9	\$	278.6

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Capital Overheads - Expense Type A50 & RDV Work Delivery - Expense Type A90  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Gas		Gas		Gas		Gas		Gas	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	-	\$	-	\$	-	\$	-	\$	-
National Grid USA Service Co.		-		-		-		-		-
All Other Companies		-		-		-		-		-
Total	\$	-	\$	-	\$	-	\$	-	\$	-
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		-		-		-		-		-
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		-		-		-		-		-
Customer Accounts Expenses		-		-		-		-		-
Customer Service and Informational Expenses		-		-		-		-		-
Sales Expenses		-		-		-		-		-
Administrative & General Expenses		-		-		-		-		-
Sub Total	\$	-	\$	-	\$	-	\$	-	\$	-
<u>Maintenance:</u>										
Transmission Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Distribution Expenses		-		-		-		-		-
Administrative & General Expenses		-		-		-		-		-
Sub Total	\$	-	\$	-	\$	-	\$	-	\$	-
TOTAL	\$	-	\$	-	\$	-	\$	-	\$	-

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Capital Overheads - Expense Type A50 & RDV Work Delivery - Expense Type A90  
(\$000's)

Explanation of Adjustments:	Provider Company	Total	Electric	Gas
<u>Page 1</u>				
<u>Adjustments: (to normalize Historic Year)</u>				
Test Year Analysis Adjustments	Niagara Mohawk Power Corp.	\$ -	\$ -	\$ -
	Exhibit RRP-2, Summary	26.6	26.6	-
		\$ 26.6	\$ 26.6	\$ -
<u>Page 2</u>				
<u>Adjustments: (to reflect conditions in the Rate Year)</u>				
General inflation %	Niagara Mohawk Power Corp.	\$ 11.0	\$ 11.0	\$ -
4.2785%	National Grid USA Service Co.	-	-	-
	All Other Companies	-	-	-
		\$ 11.0	\$ 11.0	\$ -
<u>Page 3 &amp; 4</u>				
<u>Adjustments: (to reflect conditions in the Data Year 2015)</u>				
General inflation %	Niagara Mohawk Power Corp.	\$ 5.7	\$ 5.7	\$ -
2.1252%	National Grid USA Service Co.	-	-	-
	All Other Companies	-	-	-
		\$ 5.7	\$ 5.7	\$ -
<u>Page 3 &amp; 4</u>				
<u>Adjustments: (to reflect conditions in the Data Year 2016)</u>				
General inflation %	Niagara Mohawk Power Corp.	\$ 6.0	\$ 6.0	\$ -
2.2000%	National Grid USA Service Co.	-	-	-
	All Other Companies	-	-	-
		\$ 6.0	\$ 6.0	\$ -

## **SCHEDULE 16**

Expense Type A60 – Supervision & Admin

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Supervision & Admin - Expense Type A60  
(\$000's)

	Historic Year Ended December 31, 2011 (Per Books)			Adjustments to Normalize Historic Test Year			Historic Year Ended December 31, 2011 (as Adjusted)		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ (436.1)	\$ (328.3)	\$ (107.8)	\$ -	\$ -	\$ -	\$ (436.1)	\$ (328.3)	\$ (107.8)
National Grid USA Service Co.	837.0	725.8	111.2	-	-	-	837.0	725.8	111.2
All Other Companies	9.2	9.1	0.1	-	-	-	9.2	9.1	0.1
Total	\$ 410.1	\$ 406.6	\$ 3.5	\$ -	\$ -	\$ -	\$ 410.1	\$ 406.6	\$ 3.5
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	10.4	10.4	-	-	-	-	10.4	10.4	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	22.1	21.9	0.1	-	-	-	22.1	21.9	0.1
Customer Accounts Expenses	0.0	0.0	-	-	-	-	0.0	0.0	-
Customer Service and Informational Expenses	-	-	-	-	-	-	-	-	-
Sales Expenses	-	-	-	-	-	-	-	-	-
Administrative & General Expenses	135.6	133.5	2.1	-	-	-	135.6	133.5	2.1
Sub Total	\$ 168.0	\$ 165.8	\$ 2.2	\$ -	\$ -	\$ -	\$ 168.0	\$ 165.8	\$ 2.2
<u>Maintenance:</u>									
Transmission Expenses	\$ 4.9	\$ 4.9	\$ -	\$ -	\$ -	\$ -	\$ 4.9	\$ 4.9	\$ -
Distribution Expenses	237.2	235.9	1.3	-	-	-	237.2	235.9	1.3
Administrative & General Expenses	-	-	-	-	-	-	-	-	-
Sub Total	\$ 242.1	\$ 240.8	\$ 1.3	\$ -	\$ -	\$ -	\$ 242.1	\$ 240.8	\$ 1.3
TOTAL	\$ 410.1	\$ 406.6	\$ 3.5	\$ -	\$ -	\$ -	\$ 410.1	\$ 406.6	\$ 3.5

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Supervision & Admin - Expense Type A60  
(\$000's)

Historic Year Ended December 31, 2011  
(as Adjusted)

	Historic Year Ended December 31, 2011 (as Adjusted)		Adjustments to Reflect Conditions in Rate Year		Rate Year Ending March 31, 2014	
	Total	Electric	Gas	Total	Electric	Gas
Niagara Mohawk Power Corp.	\$ (436.1)	\$ (328.3)	\$ (107.8)	\$ (18.7)	\$ (454.7)	\$ (342.4)
National Grid USA Service Co.	837.0	725.8	111.2	35.8	872.8	756.9
All Other Companies	9.2	9.1	0.1	0.4	9.6	9.5
Total	\$ 410.1	\$ 406.6	\$ 3.5	\$ 17.5	\$ 427.6	\$ 424.0

Provider Company:

Operation:

Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-
Transmission Expenses	10.4	10.4	-	0.4	10.8	-
Regional Market Expenses	-	-	-	-	-	-
Distribution Expenses	22.1	21.9	0.1	0.9	22.9	0.1
Customer Accounts Expenses	0.0	0.0	-	0.0	0.0	-
Customer Service and Informational Expenses	-	-	-	-	-	-
Sales Expenses	-	-	-	-	-	-
Administrative & General Expenses	135.6	133.5	2.1	5.8	141.4	2.1
Sub Total	\$ 168.0	\$ 165.8	\$ 2.2	\$ 7.2	\$ 175.2	\$ 2.3

Maintenance:

Transmission Expenses	\$ 4.9	\$ 4.9	\$ -	\$ 0.2	\$ 5.1	\$ -
Distribution Expenses	237.2	235.9	1.3	10.2	246.0	1.4
Administrative & General Expenses	-	-	-	-	-	-
Sub Total	\$ 242.1	\$ 240.8	\$ 1.3	\$ 10.4	\$ 251.1	\$ 1.4
TOTAL	\$ 410.1	\$ 406.6	\$ 3.5	\$ 17.5	\$ 427.6	\$ 424.0



NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Supervision & Admin - Expense Type A60  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Electric		Electric		Electric		Electric		Electric	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	(342.4)	\$	(7.3)	\$	(349.6)	\$	(7.7)	\$	(357.3)
National Grid USA Service Co.		756.9		16.1		773.0		17.0		790.0
All Other Companies		9.5		0.2		9.7		0.2		9.9
Total	\$	424.0	\$	9.0	\$	433.0	\$	9.5	\$	442.5
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		10.8		0.2		11.0		0.2		11.2
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		22.9		0.5		23.4		0.5		23.9
Customer Accounts Expenses		0.0		-		0.0		-		0.0
Customer Service and Informational Expenses		-		-		-		-		-
Sales Expenses		-		-		-		-		-
Administrative & General Expenses		139.2		3.0		142.2		3.2		145.4
Sub Total	\$	172.9	\$	3.7	\$	176.6	\$	3.9	\$	180.5
<u>Maintenance:</u>										
Transmission Expenses	\$	5.1	\$	0.1	\$	5.2	\$	0.1	\$	5.3
Distribution Expenses		246.0		5.2		251.2		5.5		256.7
Administrative & General Expenses		-		-		-		-		-
Sub Total	\$	251.1	\$	5.3	\$	256.4	\$	5.6	\$	262.0
TOTAL	\$	424.0	\$	9.0	\$	433.0	\$	9.5	\$	442.5

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Supervision & Admin - Expense Type A60  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Gas		Gas		Gas		Gas		Gas	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	(112.4)	\$	(2.4)	\$	(114.8)	\$	(2.5)	\$	(117.3)
National Grid USA Service Co.		115.9		2.5		118.4		2.6		121.0
All Other Companies		0.1		0.0		0.1		0.0		0.1
Total	\$	3.6	\$	0.1	\$	3.7	\$	0.1	\$	3.8
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		-		-		-		-		-
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		0.1		0.0		0.1		-		0.1
Customer Accounts Expenses		-		-		-		-		-
Customer Service and Informational Expenses		-		-		-		-		-
Sales Expenses		-		-		-		-		-
Administrative & General Expenses		2.1		0.0		2.2		0.1		2.3
Sub Total	\$	2.3	\$	0.0	\$	2.3	\$	0.1	\$	2.4
<u>Maintenance:</u>										
Transmission Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Distribution Expenses		1.4		0.0		1.4		-		1.4
Administrative & General Expenses		-		-		-		-		-
Sub Total	\$	1.4	\$	0.0	\$	1.4	\$	-	\$	1.4
TOTAL	\$	3.6	\$	0.1	\$	3.7	\$	0.1	\$	3.8

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Supervision & Admin - Expense Type A60  
(S000's)

Explanation of Adjustments:	Provider Company	Total	Electric	Gas
Page 1 Adjustments: (to normalize Historic Year)				
Test Year Analysis Adjustments	Niagara Mohawk Power Corp.	\$ -	\$ -	\$ -
	Exhibit RRP-2, Summary	(0.0)	(0.0)	-
		\$ -	\$ (0.0)	\$ -
Page 2 Adjustments: (to reflect conditions in the Rate Year)				
General inflation %	Niagara Mohawk Power Corp.	\$ (18.7)	\$ (14.0)	\$ (4.6)
4.2785%	National Grid USA Service Co.	35.8	31.1	4.8
	All Other Companies	0.4	0.4	0.0
TOTAL		\$ 17.5	\$ 17.4	\$ 0.1
Page 3 & 4 Adjustments: (to reflect conditions in the Data Year 2015)				
General inflation %	Niagara Mohawk Power Corp.	\$ (9.7)	\$ (7.3)	\$ (2.4)
2.1252%	National Grid USA Service Co.	18.5	16.1	2.5
	All Other Companies	0.2	0.2	0.0
TOTAL		\$ 9.1	\$ 9.0	\$ 0.1
Page 3 & 4 Adjustments: (to reflect conditions in the Data Year 2016)				
General inflation %	Niagara Mohawk Power Corp.	\$ (10.2)	\$ (7.7)	\$ (2.5)
2.2000%	National Grid USA Service Co.	19.6	17.0	2.6
	All Other Companies	0.2	0.2	0.0
TOTAL		\$ 9.6	\$ 9.5	\$ 0.1

## **SCHEDULE 17**

Expense Type A65 – Service Co Operating Costs

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Service Co Operating Costs - Expense Type A65  
(\$000's)

	Historic Year Ended December 31, 2011 (Per Books)			Adjustments to Normalize Historic Test Year			Historic Year Ended December 31, 2011 (as Adjusted)		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	0.3	0.3	(0.0)	11.0	9.5	1.5	11.3	9.8	1.5
National Grid USA Service Co.	(394.0)	(348.5)	(45.6)	24.8	21.0	3.8	(369.2)	(327.5)	(41.7)
All Other Companies	-	-	-	-	-	-	-	-	-
Total	<u>\$ (393.7)</u>	<u>\$ (348.1)</u>	<u>\$ (45.6)</u>	<u>\$ 35.8</u>	<u>\$ 30.4</u>	<u>\$ 5.4</u>	<u>\$ (357.9)</u>	<u>\$ (317.7)</u>	<u>\$ (40.2)</u>
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	(38.0)	(38.0)	-	-	-	-	(38.0)	(38.0)	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	(54.9)	(54.1)	(0.7)	-	-	-	(54.9)	(54.1)	(0.7)
Customer Accounts Expenses	(20.9)	(17.5)	(3.4)	24.8	20.9	3.9	3.9	3.4	0.4
Customer Service and Informational Expenses	(20.3)	(16.0)	(4.3)	-	-	-	(20.3)	(16.0)	(4.3)
Sales Expenses	(0.3)	(0.1)	(0.1)	-	-	-	(0.3)	(0.1)	(0.1)
Administrative & General Expenses	(227.3)	(197.9)	(29.5)	11.0	9.5	1.5	(216.3)	(188.3)	(28.0)
Sub Total	<u>\$ (361.7)</u>	<u>\$ (323.6)</u>	<u>\$ (38.1)</u>	<u>\$ 35.8</u>	<u>\$ 30.4</u>	<u>\$ 5.4</u>	<u>\$ (325.9)</u>	<u>\$ (293.1)</u>	<u>\$ (32.8)</u>
<u>Maintenance:</u>									
Transmission Expenses	\$ (6.4)	\$ (6.4)	\$ -	\$ -	\$ -	\$ -	(6.4)	(6.4)	\$ -
Distribution Expenses	(25.6)	(18.1)	(7.5)	-	-	-	(25.6)	(18.1)	(7.5)
Administrative & General Expenses	(0.1)	(0.1)	(0.0)	-	-	-	(0.1)	(0.1)	(0.0)
Sub Total	<u>\$ (32.0)</u>	<u>\$ (24.5)</u>	<u>\$ (7.5)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32.0)</u>	<u>\$ (24.5)</u>	<u>\$ (7.5)</u>
TOTAL	<u>\$ (393.7)</u>	<u>\$ (348.1)</u>	<u>\$ (45.6)</u>	<u>\$ 35.8</u>	<u>\$ 30.4</u>	<u>\$ 5.4</u>	<u>\$ (357.9)</u>	<u>\$ (317.7)</u>	<u>\$ (40.2)</u>

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Service Co Operating Costs - Expense Type A65  
(\$000's)

	Historic Year Ended December 31, 2011			Adjustments to Reflect Conditions in Rate Year			Rate Year Ending March 31, 2014		
	(as Adjusted)								
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
<u>Provider Company:</u>									
Niagara Mohawk Power Corp.	\$ 11.3	\$ 9.8	\$ 1.5	\$ -	\$ -	\$ -	\$ 11.8	\$ 10.2	\$ 1.6
National Grid USA Service Co.	(369.2)	(327.5)	(41.7)	(15.8)	(14.0)	(1.8)	(385.0)	(341.5)	(43.5)
All Other Companies	-	-	-	-	-	-	-	-	-
Total	<u>\$ (357.9)</u>	<u>\$ (317.7)</u>	<u>\$ (40.2)</u>	<u>\$ (15.3)</u>	<u>\$ (13.6)</u>	<u>\$ (1.7)</u>	<u>\$ (373.2)</u>	<u>\$ (331.3)</u>	<u>\$ (42.0)</u>
<u>Operation:</u>									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	(38.0)	(38.0)	-	(1.6)	(1.6)	-	(39.6)	(39.6)	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	(54.9)	(54.1)	(0.7)	(2.3)	(2.3)	(0.0)	(57.2)	(56.4)	(0.8)
Customer Accounts Expenses	3.9	3.4	0.4	0.2	0.1	0.0	4.0	3.6	0.5
Customer Service and Informational Expenses	(20.3)	(16.0)	(4.3)	(0.9)	(0.7)	(0.2)	(21.2)	(16.7)	(4.5)
Sales Expenses	(0.3)	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)	(0.3)	(0.1)	(0.1)
Administrative & General Expenses	(216.3)	(188.3)	(28.0)	(9.3)	(8.1)	(1.2)	(225.6)	(196.4)	(29.2)
Sub Total	<u>\$ (325.9)</u>	<u>\$ (293.1)</u>	<u>\$ (32.8)</u>	<u>\$ (13.9)</u>	<u>\$ (12.5)</u>	<u>\$ (1.4)</u>	<u>\$ (339.8)</u>	<u>\$ (305.7)</u>	<u>\$ (34.2)</u>
<u>Maintenance:</u>									
Transmission Expenses	\$ (6.4)	\$ (6.4)	\$ -	\$ (0.3)	\$ (0.3)	\$ -	\$ (6.7)	\$ (6.7)	\$ -
Distribution Expenses	(25.6)	(18.1)	(7.5)	(1.1)	(0.8)	(0.3)	(26.7)	(18.9)	(7.8)
Administrative & General Expenses	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.0)
Sub Total	<u>\$ (32.0)</u>	<u>\$ (24.5)</u>	<u>\$ (7.5)</u>	<u>\$ (1.4)</u>	<u>\$ (1.1)</u>	<u>\$ (0.3)</u>	<u>\$ (33.4)</u>	<u>\$ (25.6)</u>	<u>\$ (7.8)</u>
TOTAL	<u>\$ (357.9)</u>	<u>\$ (317.7)</u>	<u>\$ (40.2)</u>	<u>\$ (15.3)</u>	<u>\$ (13.6)</u>	<u>\$ (1.7)</u>	<u>\$ (373.2)</u>	<u>\$ (331.3)</u>	<u>\$ (42.0)</u>

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Service Co Operating Costs - Expense Type A65  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Electric		Electric		Electric		Electric		Electric	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	10.2	\$	0.2	\$	10.5	\$	0.2	\$	10.7
National Grid USA Service Co.		(341.5)		(7.3)		(348.8)		(7.7)		(356.4)
All Other Companies		-		-		-		-		-
Total	\$	(331.3)	\$	(7.0)	\$	(338.3)	\$	(7.4)	\$	(345.8)
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		(39.6)		(0.8)		(40.5)		(0.9)		(41.4)
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		(56.4)		(1.2)		(57.6)		(1.3)		(58.9)
Customer Accounts Expenses		3.6		0.1		3.6		0.1		3.7
Customer Service and Informational Expenses		(16.7)		(0.4)		(17.0)		(0.4)		(17.4)
Sales Expenses		(0.1)		(0.0)		(0.1)		(0.0)		(0.1)
Administrative & General Expenses		(196.4)		(4.2)		(200.6)		(4.4)		(205.0)
Sub Total	\$	(305.7)	\$	(6.5)	\$	(312.2)	\$	(6.9)	\$	(319.0)
<u>Maintenance:</u>										
Transmission Expenses	\$	(6.7)	\$	(0.1)	\$	(6.8)	\$	(0.1)	\$	(6.9)
Distribution Expenses		(18.9)		(0.4)		(19.3)		(0.4)		(19.7)
Administrative & General Expenses		(0.1)		(0.0)		(0.1)		(0.0)		(0.1)
Sub Total	\$	(25.6)	\$	(0.5)	\$	(26.1)	\$	(0.6)	\$	(26.7)
TOTAL	\$	(331.3)	\$	(7.0)	\$	(338.3)	\$	(7.4)	\$	(345.8)

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Service Co Operating Costs - Expense Type A65  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Gas		Gas		Gas		Gas		Gas	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	1.6	\$	0.0	\$	1.6	\$	0.0	\$	1.6
National Grid USA Service Co.		(43.5)		(0.9)		(44.5)		(1.0)		(45.4)
All Other Companies		-		-		-		-		-
Total	\$	(42.0)	\$	(0.9)	\$	(42.9)	\$	(0.9)	\$	(43.8)
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storing, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		-		-		-		-		-
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		(0.8)		(0.0)		(0.8)		-		(0.8)
Customer Accounts Expenses		0.5		0.0		0.5		-		0.5
Customer Service and Informational Expenses		(4.5)		(0.1)		(4.6)		(0.1)		(4.7)
Sales Expenses		(0.1)		(0.0)		(0.1)		-		(0.1)
Administrative & General Expenses		(29.2)		(0.6)		(29.8)		(0.6)		(30.4)
Sub Total	\$	(34.2)	\$	(0.7)	\$	(34.9)	\$	(0.7)	\$	(35.6)
<u>Maintenance:</u>										
Transmission Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Distribution Expenses		(7.8)		(0.2)		(8.0)		(0.2)		(8.2)
Administrative & General Expenses		(0.0)		(0.0)		(0.0)		-		(0.0)
Sub Total	\$	(7.8)	\$	(0.2)	\$	(8.0)	\$	(0.2)	\$	(8.2)
TOTAL	\$	(42.0)	\$	(0.9)	\$	(42.9)	\$	(0.9)	\$	(43.8)



NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Service Co Operating Costs - Expense Type A65  
(\$000's)

Explanation of Adjustments:	Provider Company	Total	Electric	Gas
<u>Page 1</u>				
Adjustments: (to normalize Historic Year)				
Test Year Analysis Adjustments	Exhibit RRP-2, Summary	11.0	9.5	1.5
Reclass to Energy Efficiency	Workpaper 1	-	(0.0)	0.0
Reclass to Energy Efficiency	Workpaper 1	14.5	10.7	3.8
Reclass to Energy Efficiency	Workpaper 1	-	-	-
Electric Major Storm Incremental Costs	Workpaper 2	10.3	10.3	-
		<u>\$ 35.8</u>	<u>\$ 30.4</u>	<u>\$ 5.4</u>
<u>Page 2</u>				
Adjustments: (to reflect conditions in the Rate Year)				
General inflation %	Niagara Mohawk Power Corp.	0.5	0.4	0.1
4.2785%	National Grid USA Service Co.	(15.8)	(14.0)	(1.8)
	All Other Companies	-	-	-
		<u>\$ (15.3)</u>	<u>\$ (13.6)</u>	<u>\$ (1.7)</u>
TOTAL				
<u>Page 3 &amp; 4</u>				
Adjustments: (to reflect conditions in the Data Year 2015)				
General inflation %	Niagara Mohawk Power Corp.	0.3	0.2	0.0
2.1252%	National Grid USA Service Co.	(8.2)	(7.3)	(0.9)
	All Other Companies	-	-	-
		<u>\$ (7.9)</u>	<u>\$ (7.0)</u>	<u>\$ (0.9)</u>
TOTAL				
<u>Page 3 &amp; 4</u>				
Adjustments: (to reflect conditions in the Data Year 2016)				
General inflation %	Niagara Mohawk Power Corp.	0.3	0.2	0.0
2.2000%	National Grid USA Service Co.	(8.7)	(7.7)	(1.0)
	All Other Companies	-	-	-
		<u>\$ (8.4)</u>	<u>\$ (7.4)</u>	<u>\$ (0.9)</u>
TOTAL				

## **SCHEDULE 18**

Expense Type A70 – Sales Tax

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Sales Tax - Expense Type A70  
(\$000's)

Provider Company:	Historic Year Ended December 31, 2011 (Per Books)			Adjustments to Normalize Historic Test Year			Historic Year Ended December 31, 2011 (as Adjusted)		
	Total	Electric	Gas	Total	Electric	Gas	Total	Electric	Gas
Niagara Mohawk Power Corp.	\$ 2,816.2	\$ 2,532.1	\$ 284.0	\$ (634.6)	\$ (634.4)	\$ (0.2)	\$ 2,181.6	\$ 1,897.7	\$ 283.9
National Grid USA Service Co.	4,369.5	3,997.0	372.5	(949.5)	(930.5)	(18.9)	3,420.0	3,066.5	353.6
All Other Companies	11.8	11.0	0.9	-	-	-	11.8	11.0	0.9
Total	\$ 7,197.5	\$ 6,540.1	\$ 657.4	\$ (1,584.0)	\$ (1,564.9)	\$ (19.1)	\$ 5,613.5	\$ 4,975.2	\$ 638.3
Operation:									
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-	-	-	-
Transmission Expenses	253.3	253.3	-	-	-	-	253.3	253.3	-
Regional Market Expenses	-	-	-	-	-	-	-	-	-
Distribution Expenses	842.6	800.6	42.0	(133.3)	(133.3)	-	709.3	667.3	42.0
Customer Accounts Expenses	67.0	57.2	9.7	(1,450.8)	(1,431.7)	(19.1)	(1,383.8)	(1,374.4)	(9.3)
Customer Service and Informational Expenses	73.7	61.7	12.1	-	-	-	73.7	61.7	12.1
Sales Expenses	3.1	1.0	2.2	-	-	-	3.1	1.0	2.2
Administrative & General Expenses	1,596.9	1,374.5	222.3	-	-	-	1,596.9	1,374.5	222.3
Sub Total	\$ 2,836.5	\$ 2,548.2	\$ 288.3	\$ (1,584.0)	\$ (1,564.9)	\$ (19.1)	\$ 1,252.5	\$ 983.3	\$ 269.2
Maintenance:									
Transmission Expenses	\$ 1,249.5	\$ 1,248.3	\$ 1.2	\$ -	\$ -	\$ -	\$ 1,249.5	\$ 1,248.3	\$ 1.2
Distribution Expenses	3,087.3	2,721.3	366.0	-	-	-	3,087.3	2,721.3	366.0
Administrative & General Expenses	24.2	22.3	1.9	-	-	-	24.2	22.3	1.9
Sub Total	\$ 4,361.0	\$ 3,991.9	\$ 369.1	\$ -	\$ -	\$ -	\$ 4,361.0	\$ 3,991.9	\$ 369.1
TOTAL	\$ 7,197.5	\$ 6,540.1	\$ 657.4	\$ (1,584.0)	\$ (1,564.9)	\$ (19.1)	\$ 5,613.5	\$ 4,975.2	\$ 638.3

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Sales Tax - Expense Type A70  
(\$000's)

Historic Year Ended December 31, 2011  
(as Adjusted)

	Historic Year Ended December 31, 2011 (as Adjusted)		Adjustments to Reflect Conditions in Rate Year		Rate Year Ending March 31, 2014	
	Total	Electric	Gas	Total	Electric	Gas
Niagara Mohawk Power Corp.	\$ 2,181.6	\$ 1,897.7	\$ 283.9	\$ 93.3	\$ 2,274.9	\$ 1,978.9
National Grid USA Service Co.	3,420.0	3,066.5	353.6	146.3	3,566.3	3,197.7
All Other Companies	11.8	11.0	0.9	0.5	12.4	11.5
Total	\$ 5,613.5	\$ 4,975.2	\$ 638.3	\$ 240.2	\$ 5,853.6	\$ 665.6

Provider Company:

Operation:

Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-	-
Natural Gas Storage, Terminating and Processing Exp.	-	-	-	-	-	-
Transmission Expenses	253.3	253.3	-	10.8	264.1	-
Regional Market Expenses	-	-	-	-	-	-
Distribution Expenses	709.3	667.3	42.0	30.3	739.6	43.8
Customer Accounts Expenses	(1,383.8)	(1,374.4)	(9.3)	(59.2)	(1,433.2)	(9.7)
Customer Service and Informational Expenses	73.7	61.7	12.1	3.2	76.9	12.6
Sales Expenses	3.1	1.0	2.2	0.1	3.3	2.2
Administrative & General Expenses	1,596.9	1,374.5	222.3	68.3	1,665.2	231.9
Sub Total	\$ 1,252.5	\$ 983.3	\$ 269.2	\$ 53.6	\$ 1,306.1	\$ 280.7

Maintenance:

Transmission Expenses	\$ 1,249.5	\$ 1,248.3	\$ 1.2	\$ 53.5	\$ 1,302.9	\$ 1,301.7
Distribution Expenses	3,087.3	2,721.3	366.0	132.1	3,219.4	2,837.7
Administrative & General Expenses	24.2	22.3	1.9	1.0	25.2	2.0
Sub Total	\$ 4,361.0	\$ 3,991.9	\$ 369.1	\$ 186.6	\$ 4,547.5	\$ 384.9
TOTAL	\$ 5,613.5	\$ 4,975.2	\$ 638.3	\$ 240.2	\$ 5,853.6	\$ 665.6

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Sales Tax - Expense Type A70  
(\$000's)

	Rate Year Ending March 31, 2014	Adjustments to Reflect Conditions in Data Year	Data Year Ending March 31, 2015	Adjustments to Reflect Conditions in Data Year	Data Year Ending March 31, 2016
	Electric	Electric	Electric	Electric	Electric
<u>Provider Company:</u>					
Niagara Mohawk Power Corp.	\$ 1,978.9	\$ 42.1	\$ 2,021.0	\$ 44.5	\$ 2,065.4
National Grid USA Service Co.	3,197.7	68.0	3,265.6	71.8	3,337.5
All Other Companies	11.5	0.2	11.7	0.3	12.0
Total	\$ 5,188.0	\$ 110.3	\$ 5,298.3	\$ 116.6	\$ 5,414.9
<u>Operation:</u>					
Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Power Production Expenses	-	-	-	-	-
Natural Gas Storage, Terminaling and Processing Exp.	-	-	-	-	-
Transmission Expenses	264.1	5.6	269.7	5.9	275.6
Regional Market Expenses	-	-	-	-	-
Distribution Expenses	695.9	14.8	710.7	15.6	726.3
Customer Accounts Expenses	(1,433.2)	(30.5)	(1,463.7)	(32.2)	(1,495.9)
Customer Service and Informational Expenses	64.3	1.4	65.7	1.4	67.1
Sales Expenses	1.0	0.0	1.0	-	1.0
Administrative & General Expenses	1,433.3	30.5	1,463.8	32.3	1,496.1
Sub Total	\$ 1,025.4	\$ 21.8	\$ 1,047.2	\$ 23.1	\$ 1,070.3
<u>Maintenance:</u>					
Transmission Expenses	\$ 1,301.7	\$ 27.7	\$ 1,329.4	\$ 29.2	\$ 1,358.6
Distribution Expenses	2,837.7	60.3	2,898.1	63.8	2,961.8
Administrative & General Expenses	23.2	0.5	23.7	0.5	24.2
Sub Total	\$ 4,162.7	\$ 88.5	\$ 4,251.1	\$ 93.5	\$ 4,344.7
TOTAL	\$ 5,188.0	\$ 110.3	\$ 5,298.3	\$ 116.6	\$ 5,414.9

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Sales Tax - Expense Type A70  
(\$000's)

	Rate Year Ending March 31, 2014		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2015		Adjustments to Reflect Conditions in Data Year		Data Year Ending March 31, 2016	
	Gas		Gas		Gas		Gas		Gas	
<u>Provider Company:</u>										
Niagara Mohawk Power Corp.	\$	296.0	\$	6.3	\$	302.3	\$	6.7	\$	309.0
National Grid USA Service Co.		368.7		7.8		376.5		8.3		384.8
All Other Companies		0.9		0.0		0.9		0.0		0.9
Total	\$	665.6	\$	14.1	\$	679.8	\$	15.0	\$	694.7
<u>Operation:</u>										
Production Expenses	\$	-	\$	-	\$	-	\$	-	\$	-
Power Production Expenses		-		-		-		-		-
Natural Gas Storage, Terminating and Processing Exp.		-		-		-		-		-
Transmission Expenses		-		-		-		-		-
Regional Market Expenses		-		-		-		-		-
Distribution Expenses		43.8		0.9		44.7		1.0		45.7
Customer Accounts Expenses		(9.7)		(0.2)		(10.0)		(0.2)		(10.2)
Customer Service and Informational Expenses		12.6		0.3		12.9		0.3		13.2
Sales Expenses		2.2		0.0		2.3		0.1		2.3
Administrative & General Expenses		231.9		4.9		236.8		5.2		242.0
Sub Total	\$	280.7	\$	6.0	\$	286.7	\$	6.3	\$	293.0
<u>Maintenance:</u>										
Transmission Expenses	\$	1.2	\$	0.0	\$	1.3	\$	0.0	\$	1.3
Distribution Expenses		381.7		8.1		389.8		8.6		398.3
Administrative & General Expenses		2.0		0.0		2.0		0.0		2.1
Sub Total	\$	384.9	\$	8.2	\$	393.1	\$	8.6	\$	401.7
TOTAL	\$	665.6	\$	14.1	\$	679.8	\$	15.0	\$	694.7

NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID (COMPANY 36)  
Operating Expenses by Component  
Sales Tax - Expense Type A70  
(\$000's)

Explanation of Adjustments:		Provider Company	Total	Electric	Gas
Page 1	Adjustments: (to normalize Historic Year)				
	Reclass to Energy Efficiency	Niagara Mohawk Power Corp.	\$ (7.7)	\$ (7.6)	\$ (0.2)
	Reclass to Energy Efficiency	National Grid USA Service Co.	(4.68)	(3.73)	(0.94)
	Test Year Analysis Adjustments	Niagara Mohawk Power Corp.	(151.3)	(133.3)	(18.0)
	Electric Major Storm Incremental Costs	Niagara Mohawk Power Corp.	(493.5)	(493.5)	-
	Electric Major Storm Incremental Costs	National Grid USA Service Co.	(926.8)	(926.8)	-
			<u>\$ (1,584.0)</u>	<u>\$ (1,564.9)</u>	<u>\$ (19.1)</u>
Page 2	Adjustments: (to reflect conditions in the Rate Year)				
	General inflation %	Niagara Mohawk Power Corp.	\$ 93.3	\$ 81.2	\$ 12.1
	4.2785%	National Grid USA Service Co.	146.3	131.2	15.1
		All Other Companies	0.5	0.5	0.0
			<u>\$ 240.2</u>	<u>\$ 212.9</u>	<u>\$ 27.3</u>
Page 3 & 4	Adjustments: (to reflect conditions in the Data Year 2015)				
	General inflation %	Niagara Mohawk Power Corp.	\$ 48.3	\$ 42.1	\$ 6.3
	2.1252%	National Grid USA Service Co.	75.8	68.0	7.8
		All Other Companies	0.3	0.2	0.0
			<u>\$ 124.4</u>	<u>\$ 110.3</u>	<u>\$ 14.1</u>
Page 3 & 4	Adjustments: (to reflect conditions in the Data Year 2016)				
	General inflation %	Niagara Mohawk Power Corp.	\$ 51.1	\$ 44.5	\$ 6.7
	2.2000%	National Grid USA Service Co.	80.1	71.8	8.3
		All Other Companies	0.3	0.3	0.0
			<u>\$ 131.5</u>	<u>\$ 116.6</u>	<u>\$ 15.0</u>