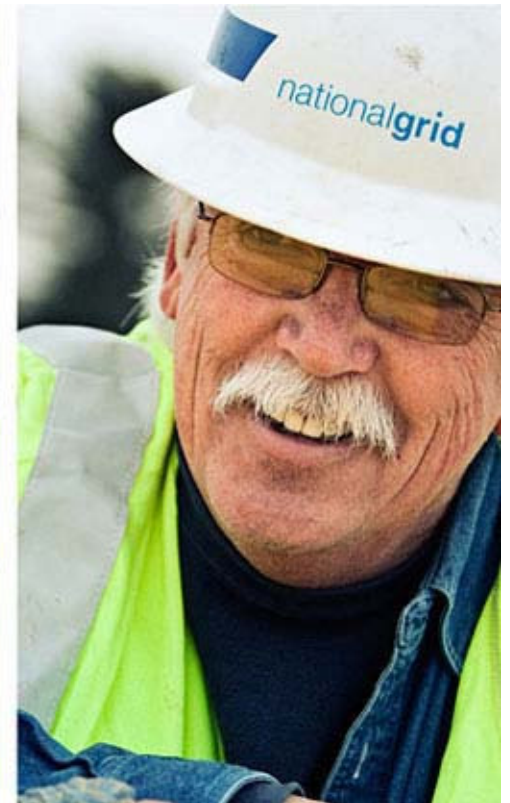


# US Distribution Regulatory Features Information Pack: April 2010



**nationalgrid**

The power of action.™

# Electricity and Gas Distribution: Regulatory Features

Line of Business	Rate Plan	Size of Rate Base* (\$M)	Allowed ROE's	Revenue Decoupling	Capital Tracker	Pension / OPEB True-ups	Commodity pass through	Environmental Clean-up Recovery	Bad Debt Commodity Element True Up	Storm cost deferral account
Gas Distribution	KEDNY	2,294	9.8%	✓	✓	✓	✓	✓	✓	N/A
	KEDLI	1,795	9.8%	✓	✓	✓	✓	✓	✓	N/A
	NMPC Gas	1,067	10.2%	✓	✗	✓	✓	✓	✓	N/A
	Massachs'ts Gas	2,425**	10.60%	✗	✗	✓	✓	✓	✓	N/A
	New Hampshire	191	9.54%	✗	✓	✗	✓	✓	✓	N/A
	Rhode Island Gas	337	10.50%	✗	✓	✓	✓	✓	✓	N/A
Electricity Distribution	NMPC Electric	3,550	10.60%	✗	✗	✓	✓	✓	✗	✓
	Mass. Electric	1,495	10.35%	✓	✓	✓	✓	✓	✓	✓
	Rhode Island Electric	564	9.80%	✗	✗	✗	✓	✓	✓	✓
	New Hampshire	62	9.67%	✗	✓	✗	✓	✗	✓	✓

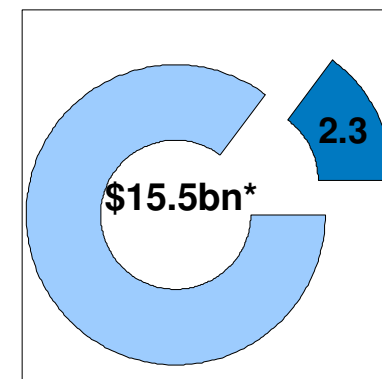
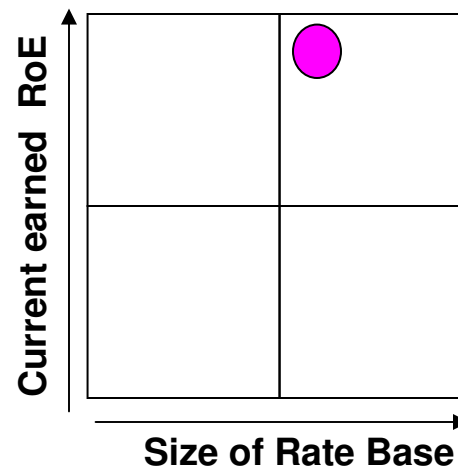
Summary only: To be read in conjunction with the subsequent detailed pages

\* National Grid's estimate of rate base: using filed regulatory returns or an alternative US GAAP invested capital measure where either recent rate base filings are not available or where the actual filed rate base currently excludes certain regulatory asset balances

\*\* Includes \$937m of goodwill not included in April 2010 rate case filing

# KEDNY Gas Distribution: (Brooklyn Union, Downstate New York)

Rate plan		
Date of Rate Plan Commencement	1 Jan 2008	
Allowed ROE	9.80%	
Common Equity Cap Structure	45.0%	
Allowed RoR	7.55%	
Historic/Projected	Projected	
Earnings Sharing (Customer Share)	✓	0% up to 10.5% 50% next 200bp 65% next 100bp 100% above that
Storm fund with true up	N/A	
Debt cost variation true up	✗	
Environmental true up	✓	Deferral Account
Pension & OPEB true up	✓	Deferral Account
Revenue Decoupling	✓	Starting 1 Jan 2010 residential heating only
Capex Tracker	✓	Limited to city/state construction
Commodity pass through	✓	
Commodity Bad Debt True up	✓	Annual true up on approved write off rate

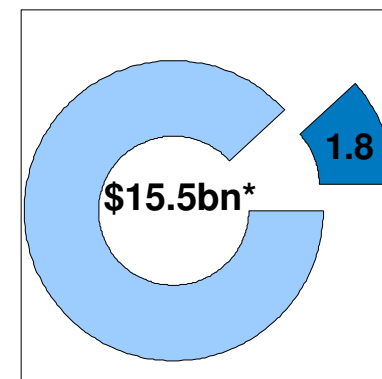
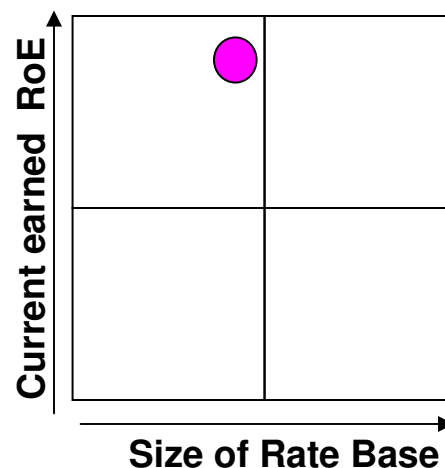


Financials: Most recent rate year	y/e 31 Dec 2008
Rate Base	\$2,294m
Achieved RoE	11.9%

\*Total estimated NG US Regulated Rate Base 31 Dec 2008 excluding stranded costs. \$937m of goodwill for Massachusetts Gas was included at 31 Dec 2008 but has not been included in the subsequent rate case filing.

# KEDLI Gas Distribution: (KeySpan Gas East, Long Island)

Rate plan		
Date of Rate Plan Commencement	1 Jan 2008	
Allowed ROE	9.80%	
Common Equity Cap Structure	45.0%	
Allowed RoR	8.44%	
Historic/Projected	Projected	
Earnings Sharing (Customer Share)	✓	0% up to 10.5% 50% next 200bp 65% next 100bp 100% above that
Storm fund with true up	N/A	
Debt cost variation true up	✗	
Environmental true up	✓	Deferral Account
Pension & OPEB true up	✓	Deferral Account
Revenue Decoupling	✓	Starting 1 Jan 2010 residential heating only
Capex Tracker	✓	Limited to city/state construction
Commodity pass through	✓	
Commodity Bad Debt True up	✓	Annual true up on approved write off rate

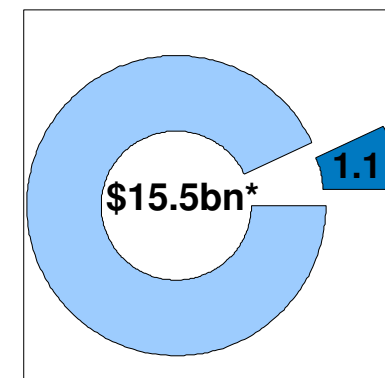
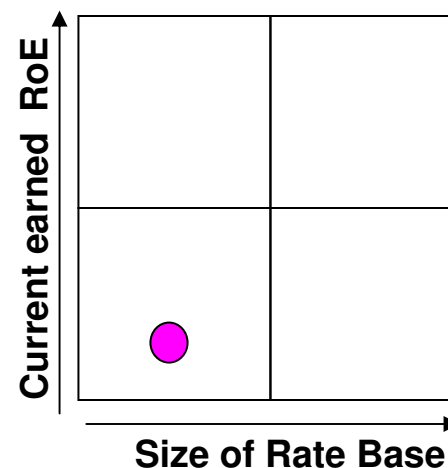


Financials: Most recent rate year	y/e 31 Dec 2008
Rate Base	\$1,795m
Achieved RoE	11.1%

\*Total estimated NG US Regulated Rate Base 31 Dec 2008 excluding stranded costs. \$937m of goodwill for Massachusetts Gas was included at 31 Dec 2008 but has not been included in the subsequent rate case filing.

# NMPC Gas Distribution: (Niagara Mohawk, upstate NY)

Rate plan		
Date of Rate Plan Commencement	20 May 2009	
Allowed ROE	10.2%	
Common Equity Cap Structure	43.7%	
Allowed RoR	7.7% subject to debt cost true up	
Historic/Projected	Projected	
Earnings Sharing (Customer Share)	✓	0% up to 11.35% 50% next 225bp 75% next 200bp 90% above that
Storm fund with true up	N/A	
Debt cost variation true up	✓	
Environmental true up	✓	Deferral Account
Pension & OPEB true up	✓	Deferral Account
Revenue Decoupling	✓	Residential and small and medium commercial & industrial customers
Capex Tracker	✗	
Commodity pass through	✓	
Commodity Bad Debt True up	✓	Annual true up on approved write off rate

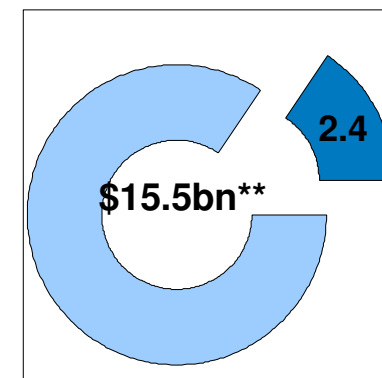
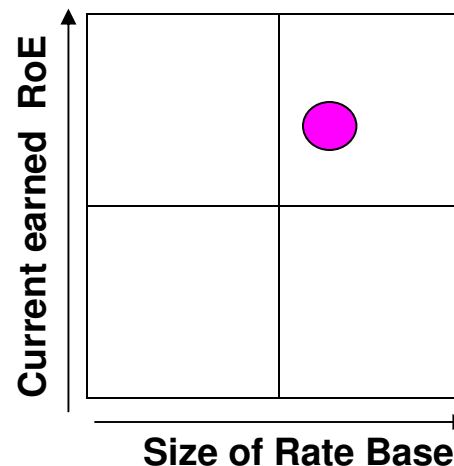


Financials: Most recent rate year	y/e 31 Dec 2008
Rate Base	\$1,067m
Achieved RoE	4.8%

\*Total estimated NG US Regulated Rate Base 31 Dec 2008 excluding stranded costs. \$937m of goodwill for Massachusetts Gas was included at 31 Dec 2008 but has not been included in the subsequent rate case filing.

# Mass. Gas Distribution: (Boston Gas, Essex Gas and Colonial Gas )

Rate plan*		
Date of Rate Plan Commencement		
Allowed ROE	10.60%	
Common Equity Cap Structure		
Allowed RoR		
Historic/Projected		Historic
Earnings Sharing (Customer Share)	✓	Boston gas only 0% up to 14.2% 25% above that
Storm fund with true up	N/A	
Debt cost variation true up	✗	
Environmental true up	✓	Amortised over 7 years
Pension & OPEB true up	✓	Boston Gas only
Revenue Decoupling	✗	
Capex Tracker	✗	
Commodity pass through	✓	
Commodity Bad Debt True up	✓	Boston (full) and Colonial (partial)



Financials: Most recent rate year	y/e 31 Dec 2008
Rate Base	\$2,425m (including \$937m of goodwill) ***
Achieved RoE	8.2%

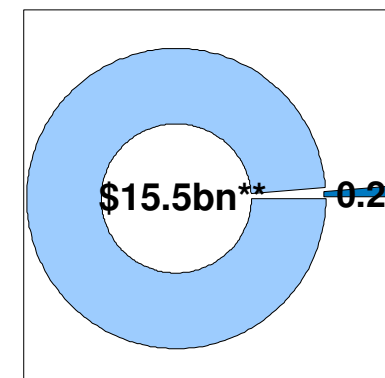
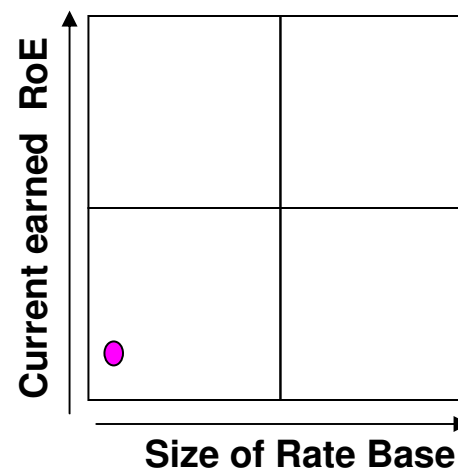
\*\*Total estimated NG US Regulated Rate Base 31 Dec 2008 excluding stranded costs. \$937m of goodwill for Massachusetts Gas was included at 31 Dec 2008 but has not been included in the subsequent rate case filing.

\*\*\* Goodwill of \$937m not included in April 2010 rate filing

\*Current rate plan details. Filing for new rates made April 2010

# New Hampshire Gas Distribution: (EnergyNorth)

Rate plan*		
Date of Rate Plan Commencement	24 Aug 2008	
Allowed ROE	9.54%	
Common Equity Cap Structure	50.0%	
Allowed RoR	8.28%	
Historic/Projected	Historic	
Earnings Sharing	x	
Storm fund with true up	N/A	
Debt cost variation true up	x	
Environmental true up	✓	7-year amortization
Pension & OPEB true up	x	
Revenue Decoupling	x	
Capex Tracker	✓	Limited to cast iron & bare steel pipeline replacement
Commodity pass through	✓	
Commodity Bad Debt True up	✓	Annual true up on approved write-off rate



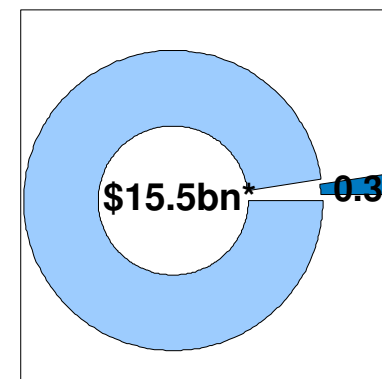
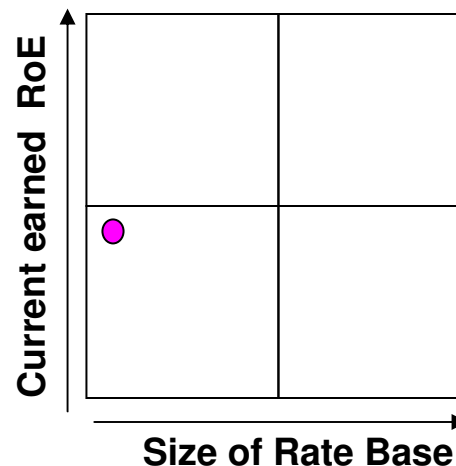
Financials: Most recent rate year	y/e 31 Dec 2008
Rate Base	\$191m
Achieved RoE	4.4%

\*\*Total estimated NG US Regulated Rate Base 31 Dec 2008 excluding stranded costs. \$937m of goodwill for Massachusetts Gas was included at 31 Dec 2008 but has not been included in the subsequent rate case filing.

\*Current rate plan details. Filing for new rates made Feb 2010

# Rhode Island Gas Distribution: (Narragansett Electric)

Rate plan		
Date of Rate Plan Commencement	1 Dec 2008	
Allowed ROE	10.5%	
Common Equity Cap Structure	47.7%	
Allowed RoR	9.27%	
Historic/Projected	Projected	
Earnings Sharing (Customer Share)	✓	0% up to 10.5% 50% next 100bp 75% above that
Storm fund with true up	N/A	
Debt cost variation true up	✗	
Environmental true up	✓	10-year amortization
Pension & OPEB true up	✓	Annual true up
Revenue Decoupling	✗	Weather normalisation
Capex Tracker	✓	Limited to accelerated pipeline replacement
Commodity pass through	✓	
Commodity Bad Debt True up	✓	Annual true up on approved write-off rate

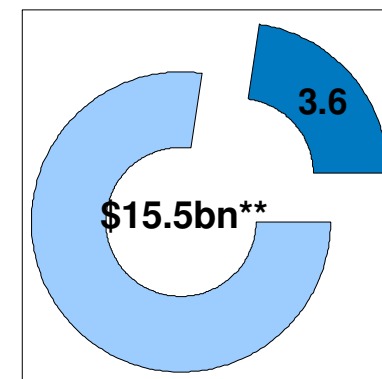
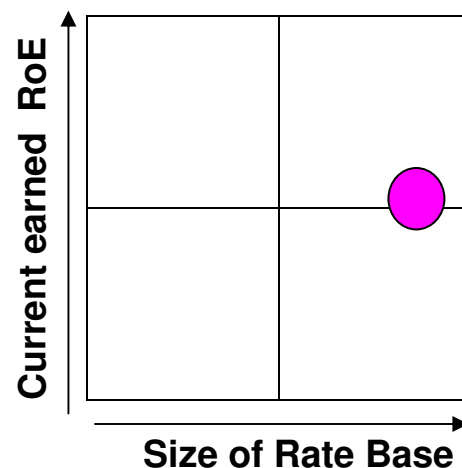


Financials: Most recent rate year	y/e 31 Dec 2008
Rate Base	\$337m
Achieved RoE	7.6%

\*Total estimated NG US Regulated Rate Base 31 Dec 2008 excluding stranded costs. \$937m of goodwill for Massachusetts Gas was included at 31 Dec 2008 but has not been included in the subsequent rate case filing.

# NMPC Electric: (Niagara Mohawk (NiMo), upstate NY)

Rate plan*		
Date of Rate Plan Commencement	2002	
Allowed ROE	10.6%	
Common Equity Cap Structure	Varied annually	
Allowed RoR		
Historic/Projected	Projected	
Earnings Sharing (Customer Share)	✓	0% up to 11.75% 50% next 225bp 75% next 200bp 90% above that
Storm fund with true up	✓	100% of incremental storm costs in excess of \$6m p.a. and \$2m per storm deferred for future recovery
Debt cost variation true up	✗	
Environmental true up	✓	Deferral account
Pension & OPEB true up	✓	Deferral account
Revenue Decoupling	✗	
Capex Tracker	✗	
Commodity pass through	✓	
Commodity Bad Debt True up	✗	



Financials: Most recent rate year	y/e 31 Dec 2008
Rate Base	\$3,550m <small>(excluding \$1,059m of stranded assets rate base)</small>
Achieved RoE	6.7%

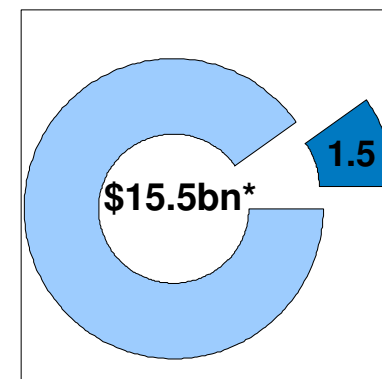
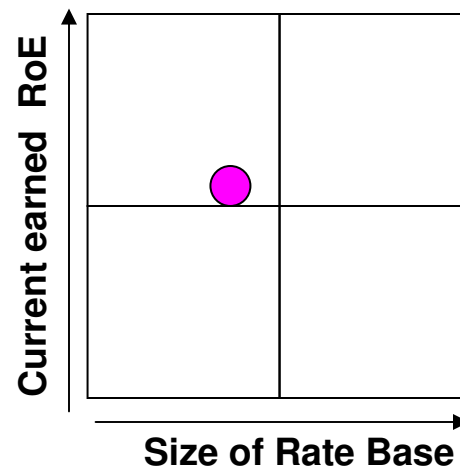
\*Total estimated NG US Regulated Rate Base 31 Dec 2008 excluding stranded costs. \$937m of goodwill for Massachusetts Gas was included at 31 Dec 2008 but has not been included in the subsequent rate case filing.

\*Current rate plan details. Filing for new rates made Jan 2010 **nationalgrid**

The power of action.™

# Massachusetts Electric Distribution: (MECo)

Rate plan		
Date of Rate Plan Commencement	1 Jan 2010	
Allowed ROE	10.35%	
Common Equity Cap Structure	50.0% subject to final clarification	
Allowed RoR	8.15% subject to final clarification	
Historic/Projected	Historic	
Earnings Sharing (Customer Share)	✓	50% above 10.35%
Storm fund with true up	✓	Deferral account up to \$20m
Debt cost variation true up	✗	
Environmental true up	✓	Deferral account
Pension & OPEB true up	✓	3 year true up
Revenue Decoupling	✓	
Capex Tracker	✓	Incremental measured based on total of \$170m p.a.
Commodity pass through	✓	
Commodity Bad Debt True up	✓	Annual true up



Financials: Most recent rate year	y/e 31 Dec 2008
Rate Base	\$1,495m (including \$29m relating to transmission assets)  Nantucket Electric has its own Rate Base of \$69m which is not included in the MeCo number
Achieved RoE	7.0%

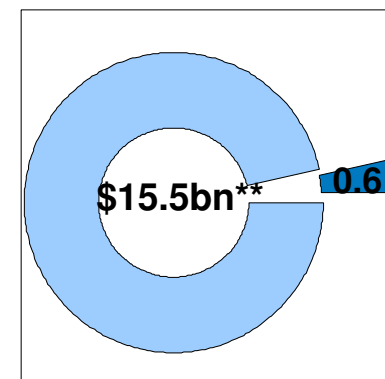
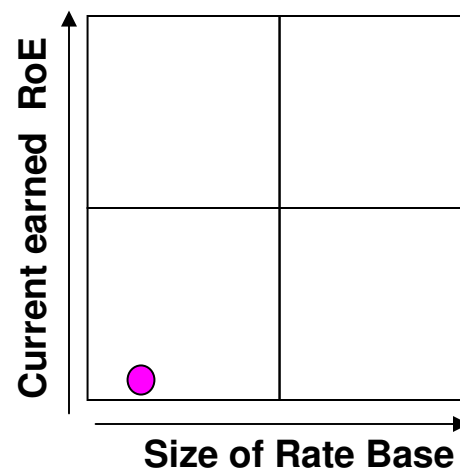
\*Total estimated NG US Regulated Rate Base 31 Dec 2008 excluding stranded costs. \$937m of goodwill for Massachusetts Gas was included at 31 Dec 2008 but has not been included in the subsequent rate case filing.

**nationalgrid**

The power of action.™

# Rhode Island Electric Distribution: (Narragansett Electric)

Rate plan		
Date of Rate Plan Commencement	1 Jan 2010	
Allowed ROE	9.80%	
Common Equity Cap Structure	42.75%	
Allowed RoR	7.2% subject to debt cost true up	
Historic/Projected	Projected	
Earnings Sharing (Customer Share)	✓	50% up to 100bp over allowed ROE 75% thereafter; to be decided in 2010 whether it continues and at what ROE threshold
Storm fund with true up	✓	Deferral account
Debt cost variation true up	✓	On \$550m of new long term debt
Environmental true up	✓	Deferral account
Pension & OPEB true up	✗	
Revenue Decoupling	✗	
Capex Tracker	✗	
Commodity pass through	✓	
Commodity Bad Debt True up	✓	partial

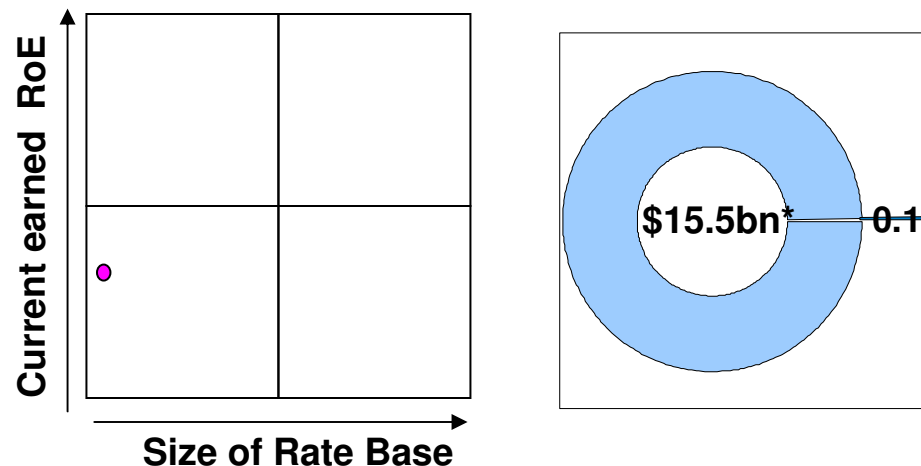


Financials: Most recent rate year	y/e 31 Dec 2008
Rate Base	\$564m
Achieved RoE	2.3%

\*\*Total estimated NG US Regulated Rate Base 31 Dec 2008 excluding stranded costs. \$937m of goodwill for Massachusetts Gas was included at 31 Dec 2008 but has not been included in the subsequent rate case filing.

# New Hampshire Electric Distribution: (Granite State Electric)

Rate plan		
Date of Rate Plan Commencement	1 Jan 2008	
Allowed ROE	9.67%	
Common Equity Cap Structure	50%	
Allowed RoR	8.61%	
Historic/Projected	Historic	
Earnings Sharing (Customer Share)	✓	50% over 11% RoE
Storm fund with true up	✓	Deferral account
Debt cost variation true up	✗	
Environmental true up	✗	
Pension & OPEB true up	✗	
Revenue Decoupling	✗	
Capex Tracker	✓	Partial, program- specific
Commodity pass through	✓	
Commodity Bad Debt True up	✓	



Financials: Most recent rate year	y/e 31 Dec 2008
Rate Base	\$62m
Achieved RoE	6.3%

\*Total estimated NG US Regulated Rate Base 31 Dec 2008 excluding stranded costs. \$937m of goodwill for Massachusetts Gas was included at 31 Dec 2008 but has not been included in the subsequent rate case filing.