



16 December 2011

### National Grid plc

## New York regulatory commission approves deferral account recovery of \$240 million

National Grid plc ("National Grid") is today announcing that the New York Public Service Commission (NYPSC) has approved National Grid's request to recover certain deferred costs, and some of the recent storm costs. The numbers presented are based on the verbal decision from the NYPSC and subject to verification pending the issuance of a written order.

In July 2011, the Company filed for recovery of \$236 million of deferred costs in Niagara Mohawk Electric, in line with the timetable set out in the rate case approved in January 2011. These recoveries relate to costs that have been incurred by the business over a number of years in relation to pensions, environmental costs, capital expenditure and other activities. These costs have not yet been charged to customers. The NYPSC has approved approximately \$211 million out of the filed \$236 million.

In addition, the Commission is also allowing the company immediate recovery of approximately \$25 million of storm costs associated with Hurricane Irene which affected our service territory in August. This allows early recovery of a portion of the total estimated costs of that storm. Further, the approved amount includes a net \$4 million associated with carrying charges and other adjustments on the deferral balance over the 15 month recovery period.

The hurricane cost recovery is subject to review by the NYPSC and the Company will be making a separate filing for the remainder of the outstanding hurricane costs at a future date.

The benefit to Company revenues in relation to this deferral filing will be \$240 million over the 15 months from 1 Jan 2012. (See footnote 1 for complete calculation)

At the same time, the NYPSC has approved the removal of \$573 million of competitive transition charges (CTC) from rates. The CTC was a surcharge allowed by the NYPSC in 2001 to collect expenses over a ten year period related to historical costs associated with the company's transition to competitive deregulated supply markets. The 10 year period ends on 31 December 2011. In the past, National Grid has not included the revenue associated with the CTC surcharge in its business performance results.

The removal of the CTC combined with the collection of deferred expenses will mean that customers will benefit from lower delivery bills from 1 January 2012.

"National Grid is very pleased with the outcome of the deferral filing", said Ken Daly, President National Grid New York. "It will allow us to pass significant bill reductions onto our Upstate New York electric customers, while at the same time recovering expenses previously incurred in operating our electric system and investing in infrastructure to provide safe and reliable service for our customers. Along with the recent completion of our five-year \$1.5 billion investment in the Upstate electric infrastructure, this bill reduction and our enhanced focus on economic development will help support the growth of the Upstate New York economy and demonstrates our commitment to the New York business."

## National Grid

### 16 December 2011 Niagara Mohawk Deferral Outcome

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Footnote 1 – Calculation of deferral amount awarded by NYSPSC.

Category	Original Filing (millions \$)	NYPSC Decision
Deferral	\$236	\$211
Carrying Charge *	\$ 0	\$ 11
Hurricane Irene Storm	\$ 0	\$ 25
Street Lights **	\$ 0	\$ (7)
Total	\$236	\$240

Notes:

\* Carrying charges on the deferral balance over the 15 month recovery period.

\*\* The NYPSC has postponed recovery on \$7m of the deferral amount to mitigate the impact associated with our streetlighting customers.

# National Grid

## 16 December 2011 Niagara Mohawk Deferral Outcome

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### CAUTIONARY STATEMENT

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