

**STATE OF NEW HAMPSHIRE  
BEFORE THE  
PUBLIC UTILITIES COMMISSION**

**NEW ENGLAND POWER COMPANY  
DE 16-**

**PETITION FOR AUTHORITY TO ISSUE LONG TERM DEBT SECURITIES**

New England Power Company d/b/a National Grid (the “Company” or “NEP”) hereby requests approval under RSA 369:1 to issue new long-term debt securities not to exceed an aggregate principal amount of \$800 million. The Company seeks to issue such debt securities from time to time, during the period extending three years from the date of approval, with an option for a two-year extension (the “Financing Period”), provided that it continues to maintain a sufficient balance of total capitalizable plant against which to issue the debt securities, and the purpose of the issuances continues to serve a legitimate utility purpose. In support of its request, the Company states as follows:

1. NEP is a Massachusetts corporation and it is a subsidiary of National Grid USA, a Delaware corporation, and a wholly-owned indirect subsidiary of National Grid plc, with a principal office at 40 Sylvan Road, Waltham, Massachusetts. NEP is authorized to conduct business in the State of New Hampshire as a public utility, as that term is defined in RSA 362:2, and it is subject to the jurisdiction of the New Hampshire Public Utilities Commission (the “Commission”). NEP is also regulated as a public utility by the Federal Energy Regulatory Commission (“FERC”).

2. NEP owns and/or operates approximately 2,700 miles of transmission lines in Massachusetts, New Hampshire, Vermont, and Rhode Island. In New Hampshire, NEP owns and operates about 400 miles of transmission line.

3. The capitalization of the Company at March 31, 2016, was as follows:

|                                    |            |         |
|------------------------------------|------------|---------|
| Common equity                      | \$1,038.27 | million |
| Preferred stock                    | \$1.11     | million |
| Long-term debt                     | \$371.85   | million |
| Long-term debt due within one year | \$0        | million |
| Short-term debt to affiliates      | \$568.81   | million |
| Other short-term debt              | \$0        | million |
| Total capitalization               | \$1,411.23 | million |

All of the common stock is owned by National Grid USA, a Delaware corporation, and a wholly owned indirect subsidiary of National Grid plc.

4. As of the date of this petition, the Company has the following outstanding long-term debt ("Existing Long-Term Debt"):

| Amount           | Maturity         | Interest Rate | Original Issue Date |
|------------------|------------------|---------------|---------------------|
| \$79.25 million  | March 1, 2018    | .85%          | September 14, 1993  |
| \$135.85 million | November 1, 2020 | .90%          | December 4, 1990    |
| \$50.60 million  | November 1, 2020 | .85%          | October 4, 1990     |
| \$106.15 million | October 1, 2022  | .85%          | October 20, 1992    |

5. NEP's outstanding senior unsecured long-term debt is rated A3 by Moody's and A- by Standard and Poor's.

6. NEP requests authority to issue up to an aggregate principal amount of \$800 million of long-term debt during the Financing Period. The exact amount of long-term debt issued will depend on Company expenditures, cash generation, cost and availability of short term debt and current and anticipated market conditions. NEP will use the proceeds from the issuance of long-term debt for one or more of the following purposes: (i) refinancing short-term debt with

long-term debt; (ii) financing NEP's capital needs; (iii) construction of utility plant and properties; (iv) reimbursement of the treasury; (v) fund maturing debt; and (vi) other general corporate purposes, including but not limited to the restructuring of NEP's capitalization in connection therewith and consisting of taxable bonds, medium or long-term notes, debentures, revolving credit loans, and term or bank loans and similar securities.

7. NEP also seeks Commission authorization to enter into evidences of indebtedness and related instruments in connection with the new debt, including, but not limited to, loan agreements, indentures, supplemental indentures, promissory notes, debentures, credit agreements, participation agreements, underwriting or similar agreements, bond purchase agreements, remarketing agreements, and security agreements (the "Instrument"). The terms of each Instrument will be substantially similar to the terms for comparable transactions available in the credit market, at the time of new debt issuance, to companies having a credit rating substantially equivalent to NEP's credit rating.

8. To ensure adequate flexibility in meeting market conditions at the time of issuance, the Company is requesting authorization to issue new debt as unsecured debt, taxable or tax-exempt debt, bonds, medium- or long-term notes, debentures, revolving credit loans or bank loans, or similar securities or some combination thereof. The new debt will have a term exceeding one year and maturity dates will not exceed 30 years from the date of issuance with either an adjustable interest rate or a fixed interest rate. Further, the new debt may be issued internally to an affiliate or through third parties, in either public offerings, private placements, or 144(a), and with or without investment bankers.

9. The interest rate payable on the new debt will vary depending on market conditions at the time of issuance. Based on a review of historical rates over the past few years,

as well as future market expectations, it can be reasonably assumed that the maximum interest rate will be 7 percent for a 30-year bond. See Exhibit CVD-3.

10. In accordance with Puc 308.12(b)(2), Exhibit CVD-5 and CVD-6 contain, respectively, the Company's current estimates of the expenses and costs of issuing new debt. However, these are estimates only, and the actual expenses and costs may differ from the estimates. The Company requests that the actual expenses and costs of issuing new debt be deferred and amortized over the life of the new debt.

11. In accordance with Puc 308.12(b)(3), included as Exhibit CVD-8 is the Company's balance sheet as of March 31, 2016. In addition, Exhibit CVD-2 shows the Company's total net utility plant excluding construction work in progress at March 31, 2016 was \$1.9 billion. The Company's net utility plant excluding construction work in progress exceeded its adjusted total capitalization by over \$987 million, excluding goodwill impacts.

12. In accordance with Puc 308.12(b)(4), included as Exhibit CVD-9 is NEP's Pro Forma Consolidated Statement of Income for the twelve months ending March 31, 2016. The Company notes that it has taken a conservative approach in preparing the pro forma statements required for Form F-4. Specifically, while it intends to stagger issuances in tranches over the approved financing period in order to minimize short-term borrowing, it has nonetheless assumed the full impact of borrowing \$800 million at the beginning of the term for purposes of the pro formas. The pro forma statements, therefore, should not be viewed as a forecast but simply as an illustration of the potential impact of the financing.

13. In accordance with Puc 308.12(b)(5), included as Exhibit CVD-7 is NEP's Sources and Application of Funds and Capitalization. Also, please see Exhibit CVD-10, which

shows the Company's statement of capitalization ratios, and Exhibit CVD-11, which provides the current and pro forma weighted average cost of debt.

14. In accordance with Puc 308.12(b)(6), included as Exhibit CVD-4 is the Company's Board of Directors' written consent authorizing this Petition.

15. The Company respectfully requests that the Commission act on this petition as expeditiously as possible to enable the Company to plan the issuance of new debt in accordance with its current schedule.

16. Included as Exhibit CVD-1 in support of the Petition is the testimony of Charles V. DeRosa, Vice President and Treasurer of New England Power Company, which was submitted to the Massachusetts Department of Public Utilities in Docket No. D.P.U. 16-171.

17. Included as Exhibit CVD-12 is Mr. DeRosa's affidavit, by which he adopts his testimony in Massachusetts for purposes of this proceeding, and certifies, pursuant to Puc 308.12 (d), that the proposed financing is consistent with the public good and that the Company is entitled to issue such long-term debt securities.

18. Finally, NEP asks that the Commission treat this petition as a routine financing and that it issue a final order approving the issuance of securities. As the Commission concluded in Docket No. DE 09-033, *Public Service Company of New Hampshire*, Petition for Issuance of Long Term Debt, Order No. 25,050 (December 8, 2009), when discussing the spectrum of financing requests that come before it, RSA 369:4 affords the Commission flexibility in terms of the level of investigation or hearing it deems proper for a particular financing request, see p. 12. Limited review is proper, for example, when there is no discernible impact on rates or deleterious effect on capitalization, see p. 13, and where rates are set by FERC, see p. 16. Inasmuch as NEP is a FERC-regulated entity and the financing will not impact retail rates for

customers subject to the Commission's jurisdiction, limited review and process are proper under the statute.

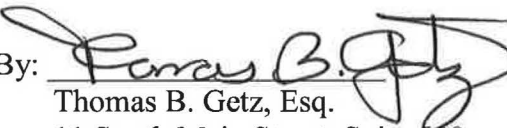
WHEREFORE, New England Power Company respectfully requests that the Commission:

- A. Take such procedural steps as would enable the Commission to issue a final order in this matter on or before March 31, 2017.
- B. Find that the proposed issuance of long term debt for the purposes set forth herein are consistent with the public good and are authorized and approved under the provisions of RSA Chapter 369; and
- C. Take such further actions and make such further findings and orders as in its judgment may be necessary and consistent with the public good.

Respectfully submitted,  
NEW ENGLAND POWER COMPANY  
By Its Attorneys,

MCLANE MIDDLETON,  
PROFESSIONAL ASSOCIATION

Date: November 3, 2016

By:   
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NEW ENGLAND POWER COMPANY

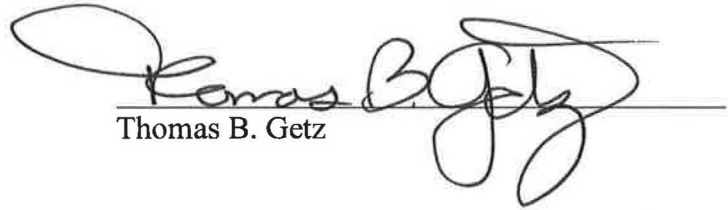
Date: November 3, 2016

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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of this Petition for Authority to Issue Long Term Debt, including prefiled testimony referred to in the Petition, has been forward to the Office of Consumer Advocate via electronic mail.

Date: November 3, 2016

  
Thomas B. Getz