

Niagara Mohawk Power Corporation
d/b/a National Grid
Calculation of Net Investment per Bare Pole and Pole Attachment Carrying Charges Pursuant to FCC Formula
Based Upon Year Ended December 31, 2020 Financial Information

	<u>Net Investment per Pole</u>	Actual FERC	Source
(1)	Total Gross Investment in Pole Plant	\$1,288,716,040	Page 3, Line (1)
(2)	Accumulated Depreciation (Pole)	\$431,507,326	Page 2, Line (9)
(3)	Accumulated Deferred Taxes (Poles)	<u>\$185,450,851</u>	Page 2, Line (11)
(4)	Net Investment in Pole Plant	\$671,757,863	Line (1) - Line (2) - Line (3)
(5)	Net Investment in Appurtenance	<u>\$100,763,679</u>	Line (4) x 15% (FCC presumption)
(6)	Net Investment in Bare Pole	\$570,994,184	Line (4) - Line (5)
(7)	Number of Pole Equivalents	982,217	Page 4, Line (7)
(8)	Net Investment per Bare Pole	\$581.33	Line (6) ÷ Line (7), rounded to 2 decimal places
<u>Carrying Charges</u>			
<u>Administrative</u>			
(9)	Administrative Expense	\$305,839,001	Page 3, Line (8)
(10)	Electric Plant in Service	\$10,840,088,105	Page 3, Line (18)
(11)	Depreciation Reserve for Electric Plant in Service	\$3,212,326,292	Page 3, Line (19)
(12)	Accumulated Deferred Income Taxes	\$1,535,920,208	Page 3, Sum of Lines (27) thru (29)
(13)	Net Electric Plant in Service	\$6,091,841,605	Line (10) - Line (11) - Line (12)
(14)	Administrative Carrying Charge	5.02%	Line (9) ÷ Line (13)
<u>Tax</u>			
(15)	Normalized Tax Expense	\$511,309,186	Page 3, Sum of Lines (10) thru (15)
(16)	Total Plant in Service	\$13,871,954,557	Page 3, Line (16)
(17)	Depreciation Reserve for Total Plant in Service	\$4,264,249,342	Page 3, Line (17)
(18)	Accumulated Deferred Income Taxes	\$1,935,564,064	Page 3, Sum of Lines (24) thru (26)
(19)	Net Plant in Service	\$7,672,141,151	Line (16) - Line (17) - Line (18)
(20)	Tax Carrying Charge	6.66%	Line (15) ÷ Line (19)
<u>Maintenance</u>			
(21)	Maintenance of Overhead Lines Expense	\$273,566,652	Page 3, Line (9)
(22)	Net Investment in Overhead Structures	\$1,707,446,120	Page 2, Line (6)
(23)	Maintenance Carrying Charge	16.02%	Line (21) ÷ Line (22)
<u>Depreciation</u>			
(24)	Annual Depreciation for Poles	1.85%	Page 3, Line (6)
(25)	Gross Investment in Pole Plant	\$1,288,716,040	Line (1)
(26)	Net Investment in Pole Plant	\$671,757,863	Page 2, Line (12)
(27)	Gross / Net Adjustment	191.84%	Line (25) ÷ Line (26)
(28)	Depreciation Carrying Charge	3.55%	Line (24) x Line (27)
<u>Return</u>			
(29)	Rate of Return	11.25%	FCC Cable Formula
(30)	Total Carrying Charge	42.51%	Line (14) + Line (20) + Line (23) + Line (28) + Line (29)
<u>Allocation of Usable Space</u>			
(31)	Assumed Cable Attachment Space (in feet)	1	47 CFR Ch. I, Subpart J, §1.1418
(32)	Usable Space (in feet)	13.5	47 CFR Ch. I, Subpart J, §1.1404(g)(1)(xi) & §1.1418
(33)	Usage Factor	7.41%	Line (31) ÷ Line (32)
(34)	Net Investment per Bare Pole	\$581.33	Line (8)
(35)	Total Carrying Charge	42.51%	Line (30)
(36)	Usage Factor	7.41%	Line (33)

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Net Investment in Overhead Structures

(1) Gross Investment in FERC Accounts 364, 365, 369 Page 3, Line (4) \$3,275,604,683

Depreciation Reserve Associated with Overhead Structures:

Percent of Distribution Plant Associated with Overhead Structures:

(2)
$$\frac{\text{FERC Accounts 364, 365, 369}}{\text{Total Electric Distribution Plant (Excl Land \& Land Rights)}} = \frac{\text{Page 3, Line (4)}}{\text{Page 3, Lines (21) - (22)}} = \frac{\$3,275,604,683}{\$6,836,838,387} = 48\%$$

Amount of Accumulated Depreciation Associated with Overhead Structures:

(3)
$$\begin{array}{ccccccc} \text{Percent of Distribution Plant Assoc with Overhead Structures} & \times & \begin{array}{c} \text{Depreciation Reserve -} \\ \text{Distribution} \end{array} & = & \begin{array}{c} 48\% \\ \text{Line (2)} \end{array} & \times & \begin{array}{c} \$2,289,213,261 \\ \text{Page 3, Line (20)} \end{array} = \$1,096,787,324 \end{array}$$

Accumulated Deferred Income Taxes Associated with Overhead Structures:

Percent of Electric Plant Associated with Overhead Structures:

(4)
$$\frac{\text{FERC Accounts 364, 365, 369}}{\text{Total Electric Plant (Excl Land \& Land Rights)}} = \frac{\text{Page 3, Line (4)}}{\text{Page 3, Lines (18) - (22) - (23)}} = \frac{\$3,275,604,683}{\$10,673,259,220} = 31\%$$

Amount of Accumulated Deferred Income Taxes Associated with Overhead Structures:

(5)
$$\begin{array}{ccccccc} \text{Percent of Electric Plant Assoc with Overhead Structures} & \times & \begin{array}{c} \text{Accumulated Deferred Income} \\ \text{Taxes (excl FAS 109)} \end{array} & = & \begin{array}{c} 31\% \\ \text{Line (4)} \end{array} & \times & \begin{array}{c} \$1,535,920,208 \\ \text{Page 3, Sum of Lines (27) thru (29)} \end{array} = \$471,371,239 \end{array}$$

(6) Net Investment in Overhead Structures Line (1) - Line (3) - Line (5) \$1,707,446,120

Net Investment in Pole Plant:

(7) Gross Investment in FERC Account 364 Page 3, Line (1) \$1,288,716,040

Depreciation Reserve Associated with Pole Plant:

Percent of Distribution Plant Associated with Pole Plant:

(8)
$$\frac{\text{FERC Account 364}}{\text{Total Distribution Plant (Excl Land \& Land Rights)}} = \frac{\text{Page 3, Line (1)}}{\text{Page 3, Lines (21) - (22)}} = \frac{\$1,288,716,040}{\$6,836,838,387} = 19\%$$

Amount of Accumulated Depreciation Associated with Pole Plant:

(9)
$$\begin{array}{ccccccc} \text{Percent of Distribution Plant Assoc with Poles} & \times & \begin{array}{c} \text{Depreciation Reserve -} \\ \text{Distribution} \end{array} & = & \begin{array}{c} 19\% \\ \text{Line (8)} \end{array} & \times & \begin{array}{c} \$2,289,213,261 \\ \text{Page 3, Line (20)} \end{array} = \$431,507,326 \end{array}$$

Accumulated Deferred Income Taxes Associated with Pole Plant:

Percent of Overhead Structures Associated with Pole Plant:

(10)
$$\frac{\text{FERC Account 364}}{\text{FERC Accounts 364, 365, 369}} = \frac{\text{Page 3, Line (1)}}{\text{Page 3, Line (4)}} = \frac{\$1,288,716,040}{\$3,275,604,683} = 39\%$$

Amount of Overhead Structures Deferred Income Taxes Associated with Pole Plant:

(11)
$$\begin{array}{ccccccc} \text{Percent of Overhead Structures Assoc with Pole Plant} & \times & \begin{array}{c} \text{Accumulated Deferred Income} \\ \text{Taxes (excl FAS 109)} \\ \text{Allocated to Overhead} \\ \text{Structures} \end{array} & = & \begin{array}{c} 39\% \\ \text{Line (10)} \end{array} & \times & \begin{array}{c} \$471,371,239 \\ \text{Line (5)} \end{array} = \$185,450,851 \end{array}$$

(12) Net Investment in Pole Plant Line (7) - Line (9) - Line (11) \$671,757,863

Niagara Mohawk Power Corporation
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2020 Data

	Components of Overhead Structures		Source
(1)	Account 364 - Poles Towers and Fixtures	\$1,288,716,040	Form 1, Page 207, Line 66, Column (g)
(2)	Account 365 - Overhead Conductors and Devices	\$1,454,537,636	Form 1, Page 207, Line 67, Column (g)
(3)	Account 369 - Services	<u>\$532,351,007</u>	Form 1, Page 207, Line 71, Column (g)
(4)	Sum	\$3,275,604,683	
(5)	Number of Poles	982,217	Page 4, Line (7)
(6)	Depreciation Rate (Acct. 364)	1.85%	Case 20-E-0380 -Depreciation Rate effective 2/1/2021.
(7)	Rate of Return	7.66%	Pre-Tax WACC found in NMPC Rate Case Joint Propo
(8)	Total Administrative & General Expense	\$305,839,001	Form 1, Page 323, Line 205, Column (b)
(9)	Account 593 - Maintenance of OH Lines	\$273,566,652	Form 1, Page 322, Line 156, Column (b)
(10)	Account 408.1 - Taxes other than income taxes, utility operating income	\$308,138,101	Form 1, Page 114, Line 14, Column (c)
(11)	Account 409.1 - Federal	\$43,142,922	Form 1, Page 114, Line 15, Column (c)
(12)	Account 409.1 - Other	\$10,254,408	Form 1, Page 114, Line 16, Column (c)
(13)	Account 410.1 - Provisions for deferred income taxes, utility opating income	\$81,640,825	Form 1, Page 114, Line 17, Column (c)
(14)	Account 411.1 - Provision for deferred income taxes - Credit, utility operating income	\$68,132,930	Form 1, Page 114, Line 18, Column (c)
(15)	Account 411.4 - Investment tax credit adjustments, utility operations	\$0	Form 1, Page 114, Line 19, Column (c)
(16)	Gross Utility Plant	\$13,871,954,557	Form 1, Page 200, Line 8, Column (b)
(17)	Depreciation Reserve	(\$4,264,249,342)	Form 1, Page 200, Line 33, Column (b)
(18)	Gross Electric Plant	\$10,840,088,105	Form 1, Page 200, Line 8, Column (c)
(19)	Depreciation Reserve for Electric Plant	(\$3,212,326,292)	Form 1, Page 200, Line 33, Column (c)
(20)	Depreciation Reserve - Distribution	(\$2,289,213,261)	Form 1, Page 219, Line 26, Column (c)
(21)	Total Distribution Plant	\$6,897,023,847	Form 1, Page 207, Line 77, Column (g)
(22)	Distribution Land & Land Rights	\$60,185,460	Form 1, Page 207, Line 62, Column (g)
(23)	Transmission Land & Land Rights	\$106,643,425	Form 1, Page 207, Line 49, Column (g)
(24)	Accum Deferred Income Taxes - 190	\$864,994,015	Form 1, Page 111, Line 72, Column (d)
(25)	Accum Deferred Income Taxes - 281/282/283	(\$1,990,830,655)	Page 275, Line 9, Column (k), less Page 277, Line 19, Column (k)
(26)	FAS 109	(\$809,727,424)	Form 1, Page 278, Line 1, Column (f) plus Page 278, Line 29, Column (f)
(27)	Accum Deferred Income Taxes - 190 E	\$711,404,467	Form 1, Page 234, Line 8, Column (c)
(28)	Accum Deferred Income Taxes - 281/282/283 E	(\$1,602,700,673)	Form 1, Page 275, Line 2, Column (k) plus Page 277, Lines 3 through 7
(29)	FAS 109 E	(\$644,624,002)	Form 1, Page 278, Line 1, Column (f) plus Page 278, Line 29, Column (f) multiplied by 79.61% which is the electric portion of the total FAS 109E

Niagara Mohawk
2020 Pole Counts (Poles)

	<u>Description</u>	Jointly <u>Owned</u> (a)	Solely <u>Owned</u> (b)	Total NMPC <u>Number</u> (c)
(1)	Up to 30 ft.	46,621	62,736	109,357
(2)	31-40 ft.	533,286	368,431	901,716
(3)	41-50 ft.	178,803	105,419	284,222
(4)	51-60 ft.	3,429	5,296	8,725
(5)	Above 60 ft.	383	9,511	9,894
(6)	Total	762,522	551,392	1,313,914
(7)	Equivalent Number of Poles			982,217

Notes:

- (7) Column (a), Line (6) x 56.5% pole ownership + Column (b), Line (6)
56.5% from July 10, 1975 General Joint Use Pole Agreement between NMPC and NY Telephone Company
and 1986 General Joint Use Agreement between NMPC and Independent Telephone Companies

Source: Plant Accounting

Attachment to Distribution Pole
Calculation of Pole Attachment Fee consistent with PSC Order issued March 14, 2019 CASE 16-M-0330
Based Upon Year Ended December 31, 2020 Financial Information

(A) - Licensor annual carrying charge rate	38.92%	Page 1, (Line (14) + Line(20) + Line(23) + Line (28) + Page 3, Line (7))
(B) - Licensor net pole investment	\$671,757,863	Page 1, Line (4)
(C) - Licensor total number of equivalent poles	982,217	Page 4, Line (7)
(D) - Licensor net cost of bare pole [D = B/C]	\$683.92	
(E) - Licensor net cost of bare pole adjusted for appurtenances not usable [E = (.85)D]	\$581.33	Page 1, Line (8)
(F) - Pole Attachment Fee for Attachments, per foot	\$16.75	(E) * (A) * Page 1, Line 36