

September 20, 2013

Honorable Kathleen Burgess, Secretary  
New York State Department of Public  
Service  
3 Empire State Plaza  
Albany, New York 12223

**Re: Case 12-00314 Comprehensive Management and Operations Audit of  
Long Island Power Authority**

Dear Secretary Burgess:

National Grid welcomes this opportunity to submit the following comments in connection with the September 13, 2013 "Comprehensive Management and Operations Audit of Long Island Power Authority ("the Audit Report") Final Report prepared by NorthStar Consulting Group ("NorthStar") and submitted to the Public Service Commission ("Commission").

National Grid appreciates the hard work of those at NorthStar Consulting Group and the New York State Department of Public Service who worked diligently to gather and interpret the volumes of information associated with this Comprehensive Management and Operations Audit of the Long Island Power Authority. We openly recognize the challenge of collecting and analyzing this information, and the complexity of offering recommendations for improvement, especially during this period of change and transition of responsibility from National Grid to Public Service Electric and Gas - Long Island, llc.

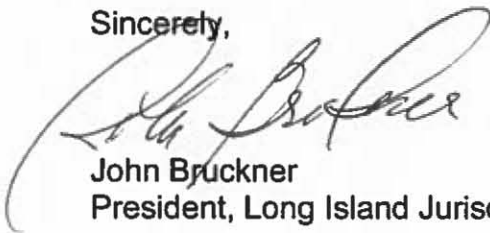
National Grid is also proud of the service it has and continues to provide to LIPA and the customers that we serve on their behalf and are especially thankful for the efforts of our employees who not only supported this audit, but who have selflessly served the customers of Long Island for the past 15+ years. We remain committed to providing this same level of focused attention through the term of our contract which expires at year's end and to supporting ongoing efforts to enable a smooth and successful transition.

While the audit report is comprehensive, there are however, several areas where National Grid believes additional information would help to further clarify the audit findings and offers the following statements:

1. Throughout the term of the MSA Contract, National Grid has provided a high level of management attention to LIPA, having a dedicated staff and management team on Long Island solely devoted to LIPA's business. In executing this contract, this management team and its employees were greatly focused on continuous improvement of the business. Nevertheless, National Grid's Long Island operations did not always benefit from the implementation of tools and processes utilized in other parts of National Grid's NYS electric operations. In many cases, LIPA's desire to remain independent from National Grid operations often precluded our adoption of or participation in such initiatives on Long Island.
2. As a means to further enhance the quality of service, National Grid has and continues to welcome the auditing of its functions and processes engaged in the delivery of its contracted services to LIPA. In fact, National Grid not only fully cooperated in the current Department of Public Service Management Audit, but at LIPA's request engaged its own Internal Audit team to perform approximately 20 independent audits on various aspects of its business for them since January 2010. Results from such audits were openly shared with LIPA and provided the basis for many National Grid service enhancement initiatives.

Overall, National Grid found this audit process to be a collaborative and constructive, identifying performance areas of strength as well as opportunities for improvement that should benefit LIPA's customers in the future. While not inclusive of all clarifications, we trust that our above comments will provide additional value in interpreting information contained in the Audit Report.

Sincerely,



John Bruckner  
President, Long Island Jurisdiction