

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

DOCKET NO. DE 09-225

**GRANITE STATE ELECTRIC COMPANY D/B/A NATIONAL GRID
PETITION FOR APPROVAL OF “GREENUP” PROPOSAL**

SETTLEMENT AGREEMENT

This settlement agreement (the “Settlement Agreement”) is entered into this 31st day of March, 2010 by and among Granite State Electric Company d/b/a National Grid (“National Grid”), the Office of Consumer Advocate (“OCA”), and the Staff of the New Hampshire Public Utilities Commission (Staff) (all collectively referred to as “the Settling Parties and Staff”). This Settlement Agreement resolves all issues between the Settling Parties and Staff regarding National Grid’s request for approval of a renewable energy source option except for the issue presented in Section II(D).

I. INTRODUCTION

On November 13, 2009, National Grid filed with the Commission the testimony and attachments of Edward H. White, Jr. and Juliana C. Griffiths describing the Company’s proposed renewable energy source option (the “GreenUp” program) consistent with the legislative mandate contained in RSA 374-F:3, V(f). As described in the Company’s prefiled testimony, GreenUp is an optional tariff-based offering that allows residential and small commercial and industrial customers receiving default service from the Company to select among participating GreenUp suppliers who will in turn purchase renewable energy certificates from sources of electricity as defined in RSA 362-F:2, XV that would qualify to receive renewable energy certificates under RSA 362-F. These RECs would be purchased on the customers’ behalf for an

agreed-upon price above the existing default service rate. RECs purchased by GreenUp suppliers will be tracked and validated in accordance with the NEPOOL-GIS. The Company submitted a proposed tariff for the GreenUp program, along with terms and conditions for GreenUp suppliers' participation in the program that detail initiation and termination of GreenUp service, among other issues. The Company already offers GreenUp Service in the form proposed by the Company in Massachusetts and Rhode Island.

OCA filed a letter of participation in the proceeding on November 30, 2009. On January 15, 2010, the Commission issued Order No 25,067, suspending the proposed tariff and scheduling a prehearing conference and technical session. At that technical session, the Settling Parties and Staff agreed upon a procedural schedule, which provided for discovery and a technical session. The Company responded to discovery from Staff and the OCA on February 19, 2010, and met on March 11, 2010 at a technical session to discuss those responses, the Company's GreenUp proposal, and a potential settlement of this matter. The Company issued supplemental responses to Staff's data requests and a response to a technical session data request on March 22, 2010 in follow up to issues raised at the technical session. This Settlement Agreement is a result of discussions that took place during that session.

II. SETTLEMENT TERMS

The Settling Parties and Staff recommend that the Commission approve the GreenUp proposal as described in the pre-filed direct testimony and attachments of Edward H. White, Jr. and Juliana C. Griffiths as amended by this Settlement Agreement and described below:

A. Eligible Customers: Subject to the Commission's determination of the issue set forth in Section II(D) of this Agreement, customers on the following rate schedules who receive default service pursuant to the Company's tariff would be eligible to participate in the

Company's Green-Up program: Domestic Service D; Domestic-Optional Peak Load Pricing D-10; General Service G-3, and; Limited Total Electric Living T. Customers receiving service on the following tariffs would not be eligible for participation in the Green-Up program: General Service Time-Of-Use G-1; General-Long Hour Service G-2; Outdoor Lighting Service Rate M; Limited Commercial Space Heating V, and residential customers receiving service on Rates D, D-10 and T that are receiving discounts pursuant to the Energy Assistance Program.

B. Administrative, Marketing and Promotional Costs: The Company shall be entitled to recover its incremental administrative, marketing and promotional costs associated with the GreenUp program. For the first twelve months of the program, these costs shall consist of costs to change the Company's billing system to allow billing for GreenUp services in New Hampshire, administrative costs currently estimated at \$11,550 (defined as responding to supplier inquiries, providing bill inserts twice a year, producing monthly reports, and responding to requests regarding the GreenUp program) and no more than \$35,800 in customer outreach and education costs. In subsequent years, these costs shall consist of administrative costs. These costs would be recovered from all of the Company's customers through a uniform per kWh factor, which would be included in the Company's annual retail reconciliation filing, consistent with RSA 374-F:3, V(f)(2). Any other costs for administering and advertising the program shall be borne by GreenUp suppliers.

C. Reporting and Program Review: The Company shall provide the Commission and parties with information on the pricing of GreenUp services once the prices have been established by GreenUp suppliers as well as any marketing materials associated with the GreenUp program. After GreenUp has been in effect for twelve months, sixty days thereafter the Company shall file a report with the Commission detailing program participation by customer

class, whether any REC's purchased by GreenUp suppliers were ineligible under RSA 362-F:6,III and all incremental administrative, marketing and promotional costs associated with GreenUp. Following receipt of the report, the Company, Staff and Office of Consumer Advocate shall confer regarding whether any changes to GreenUp are appropriate.

D. Issue Presented for Resolution by the Commission: The Settling Parties and Staff request that the Commission resolve whether large Commercial and Industrial customers taking default service are eligible to participate in GreenUp. The Company has proposed that such customers should not be eligible because they are able to procure renewable energy options from competitive suppliers. The Staff and OCA assert that RSA 374-F:3,V is not clear on whether all default service customers must be eligible to participate in GreenUp and thus seek a ruling by the Commission on this limited issue.

III. MISCELLANEOUS PROVISIONS

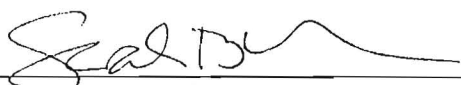
This Settlement Agreement shall not be deemed in any respect to constitute an admission by any party that any allegation or contention in these proceedings is true or valid. This Settlement Agreement is expressly conditioned upon the Commission's acceptance of all of its provisions without change or condition. If such acceptance is not granted, the Settlement Agreement shall be deemed to be null and void and without effect, and shall not constitute any part of the record in this proceeding nor be used for any other purpose. The Settling Parties and Staff agree to support approval of this Settlement Agreement before the Commission and the Settling Parties and Staff shall not oppose this Settlement Agreement before any regulatory agencies or courts before which this matter is brought.

The Commission's acceptance of this Settlement Agreement does not constitute continuing approval of or precedent regarding any particular issue in this proceeding, but such

acceptance does constitute a determination that, as the Settling Parties and Staff believe, the provisions set forth herein are just and reasonable. The discussions which have produced this Settlement Agreement have been conducted on the understanding that all offers of settlement and discussion relating thereto are and shall be privileged, and shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in any manner in connection with this proceeding, any further proceeding or otherwise.


IN WITNESS WHEREOF, the Settling Parties and Staff have caused this Settlement Agreement to be duly executed in their respective names by their agents, each being fully authorized to do so on behalf of their principal.

**GRANITE STATE ELECTRIC COMPANY
D/B/A NATIONAL GRID**

By: 
McLane, Graf, Raulerson & Middleton, P.A.
Sarah B. Knowlton, Esq.


Date: 3/31/10

**STAFF OF THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

By: 
Suzanne Amidon, Esq.

Date: 3/31/10

OFFICE OF THE CONSUMER ADVOCATE

By: 
Meredith A. Hatfield, Esq.
Consumer Advocate

Date: 3/31/10