

November 20, 2008

VIA HAND DELIVERY & ELECTRONIC MAIL

Ms. Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429



Re: Docket No. DE 08- ; Granite State Electric Company d/b/a National Grid January 2009 Retail Rate Adjustment Filing

Dear Ms. Howland:

On behalf of Granite State Electric Company d/b/a National Grid (“Granite State” or “Company”) I have enclosed for filing seven (7) copies of the testimony and schedules of Scott M. McCabe and Pamela A. Viapiano in support of Granite State’s annual retail rate adjustments pursuant to the Company’s Amended Restructuring Settlement Agreement (“Settlement Agreement”), as approved by the Commission in Order No. 23,041 in Docket DR 98-012 (October 7, 1998). The rate adjustments are all intended to become effective for usage on and after January 1, 2009. These adjustments relate to Granite State’s Stranded Cost and Transmission Service charges. As summarized below, the testimony and schedules of Scott M. McCabe addresses in detail the proposed rate adjustments and the testimony and schedules of Pamela A. Viapiano supports the transmission service expenses.

Stranded Cost Charge

Under the Company’s Stranded Cost Adjustment Provision, contained on Original Page 80 of the Company’s currently effective tariff, Granite State’s Stranded Cost Charge is intended to collect the Contract Termination Charge (“CTC”) billed to Granite State by New England Power Company (“NEP”). The charge shall also include rate class specific adjustment factors representing the refund or recovery of any excess or deficiency in stranded costs recovery attributable to that rate class for the prior period.

NEP will adjust its CTC to Granite State effective January 1, 2009. This adjustment will decrease the CTC to Granite State from its 2008 value of 0.050¢ per kWh to (0.010)¢ per kWh for 2009. This decrease will be reflected in Granite State’s 2009 Stranded Cost Charge. Granite State’s 2009 Stranded Cost Charge will also include class-specific adjustment factors, where necessary, to reflect the class-specific reconciliation.

Support for NEP’s 2009 CTC to Granite State will be provided to the Commission in a separate report on the reconciliation of the CTC to Granite State to be filed no later than December 1, 2008. NEP’s Reconciliation Report is subject to Section 3.5 of the Wholesale Restructuring

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Settlement, approved by the Federal Energy Regulatory Commission in Docket DR 98-2023-000, as amended in Docket DR 98-3925-000. That Settlement provides that the CTC from NEP to Granite State be reconciled annually to reflect actual balances and be reported to the Commission 30 days prior to implementation. Under the procedures set forth in Section 3.5 of the Wholesale Settlement, NEP will implement the proposed charges on January 1, 2009, subject to the right of parties to dispute any reconciliations or adjustments included in the Reconciliation Report. In the event an adjustment to the 2009 Reconciliation Report is required, NEP will reflect the adjustment and reconciliation account together with a return and that adjustment will then be incorporated into NEP's CTC to Granite State.

Transmission Service

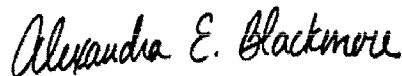
Under the Company's Transmission Service Cost Adjustment Provision contained on Original Page 79 of the Company's tariff, Granite State collects from customers taking transmission service through the Company any transmission costs that Granite State incurs in providing such transmission service. Transmission service rates are implemented through separate transmission factors for each rate class. The transmission factors are designed to recover estimated transmission expenses during the upcoming calendar year, together with an adjustment for over or under recoveries that occurred in the prior period. This year, the Company is proposing to include a forecasted under recovery for the months October 2008 through December 2008 in the adjustment. During 2009, transmission expenses and the adjustment are forecasted to produce an average transmission rate of approximately 1.573¢ per kWh, as compared with the currently effective average transmission rate of 0.979¢ per kWh.

Rate Impact

A bill comparison for a typical residential 500 kWh customer receiving Default Service has been included in this filing as Schedule SMM-11. The aggregate impact of the rates proposed and the distribution rates approved for January 1, 2009 on a total bill basis, as compared to rates in effect today, is a bill increase of \$2.83 per month, or 3.64%, from \$77.75 to \$80.58.

Thank you for your time and attention to this filing. Please contact me at (781) 907-1849 with any questions.

Very truly yours,



Alexandra E. Blackmore

Enclosures

cc: Meredith A. Hatfield, Esq.