

Granite State Electric Company
d/b/a National Grid

Default Service

For the Period Beginning
August 1, 2010

Testimony and Schedules
of
Margaret M. Janzen

June 14, 2010

Submitted to:
New Hampshire Public Utilities Commission
Docket No. 10-020

Submitted by:

nationalgrid

Testimony of
Margaret M. Janzen

DIRECT TESTIMONY
OF
MARGARET M. JANZEN

Table of Contents

| | | |
|-------|--------------------------------------------------------|-----------|
| I. | Introduction..... | 1 |
| II. | Purpose of Testimony | 2 |
| III. | Bidding Process | 3 |
| IV. | Results of Bidding | 5 |
| V. | Renewable Portfolio Standard | 7 |
| VI. | Default Service Commodity Costs and Retail Rates | 10 |
| VII. | Tewksbury Meter Update | 12 |
| VIII. | Conclusion | 13 |

1 **I. Introduction**

2 Q. Please state your name and business address.

3 A. My name is Margaret M. Janzen, and my business address is 100 East Old Country Road,
4 Hicksville, NY 11801.

5
6 Q. Please state your position.

7 A. I am the Director of Electric Supply and Distributed Generation for National Grid USA
8 Service Company, Inc. I oversee the procurement of energy, capacity and ancillary
9 services, portfolio hedging strategies and other energy supply related activities, as well as
10 the interconnections of unaffiliated generating units to the electric distribution systems,
11 for National Grid's operating companies, including Granite State Electric Company d/b/a
12 National Grid ("Granite State" or "Company"). For Granite State, these activities include
13 the procurement of power for Default Service as well as the procurement of renewable
14 energy certificates ("RECs").

15
16 Q. Will you describe your educational background and training?

17 A. I graduated from The Cooper Union in 1993 with a Bachelor of Engineering in Civil
18 Engineering. I received a Masters in Business Administration in Finance from Baruch
19 College in 2000.

20
21 Q. What is your professional background?

22 A. In July 1993 I joined the Brooklyn Union Gas Company as a Management Trainee and
23 Associate Engineer in the Project Engineering Department. In September 1997 I

1 accepted a position as an analyst in the Strategic Planning Department, and the name of
2 the company was changed to KeySpan Corporation. In August 1999 I became Manager
3 of the Capital Markets group in the Treasury Department and was responsible for
4 hedging of the corporate bond portfolio as well as new equity and debt issuances for
5 KeySpan. In August 2003 I moved to the Investor Relations Department, providing
6 financial and strategic information regarding the company to the investment community.
7 In March 2006 I joined the Regulatory Department and became Manager of the Gas
8 Pricing group, working on gas rate cases, regulatory mechanisms, implementation and
9 compliance. In March 2008 I accepted my current position of Director of Electric Supply
10 and Distributed Generation.

11
12 Q. Have you previously testified before the New Hampshire Public Utilities Commission
13 (“Commission”)?

14 A. Yes. I have testified in this docket regarding the Company’s March 2010 default service
15 filing.

16
17 Q. Have you testified before any other state regulatory agencies?

18 A. Yes. I have testified before the Rhode Island Public Utilities Commission regarding
19 electric supply procurement activities.

20
21 **II. Purpose of Testimony**

22 Q. What is the purpose of your testimony?

1 A. The purpose of my testimony is to request approval of the Default Service rates for the
2 Large and Medium Commercial and Industrial Customer Group (“Large Customer
3 Group”¹) resulting from Granite State’s recent procurement of Default Service power
4 supply. To support this request, I will describe the process used by Granite State to
5 procure Default Service for the Large Customer Group for the three-month period August
6 1, 2010 through October 31, 2010. My testimony presents Granite State’s proposed
7 Default Service rates, including rate adjustments, for usage on and after August 1, 2010,
8 in accordance with the Default Service Adjustment Provision and Default Service Cost
9 Reclassification Adjustment Provision of the Company’s tariff, and the Settlement
10 Agreement in Docket No. DE 05-126, approved by Order No. 24,577 (January 13, 2006)
11 (“Settlement Agreement”). My testimony will also describe how the Company proposes
12 to meet the Renewable Portfolio Standard obligation.

13
14 **III. Bidding Process**

15 Q. Why does Granite State need to procure Default Service for the Large Customer Group
16 for the period beginning August 1, 2010?

17 A. Granite State’s currently effective Default Service supply contract for the Large
18 Customer Group expires on July 31, 2010. Therefore, to assure that Default Service will
19 continue to be available to these customers, Granite State requires a new Default Service
20 supply arrangement beginning August 1, 2010.

21
22 Q. Please describe the process Granite State used to procure its Default Service supply.

¹ Customers taking service under General Long-Hour Service Rate G-2 or General Service Time-Of-Use Rate G-1 of

1 A. Granite State conducted the procurement of Default Service supply in accordance with
2 applicable New Hampshire rules and regulations including Granite State Electric
3 Company's Second Amended Restructuring Settlement Agreement ("Restructuring
4 Settlement"), RSA 374-F (the "New Hampshire Act"), and the terms of the Settlement
5 Agreement approved by the Commission pursuant to Order No. 24,577 issued on January
6 13, 2006 in Docket No. DE 05-126² (the "Order"). Granite State and its retail
7 distribution affiliates in Massachusetts, Massachusetts Electric Company and Nantucket
8 Electric Company (together "Mass. Electric") (all three companies together "National
9 Grid"), issued a joint request for proposals ("RFP") for certain power supply services
10 (including Granite State's Default Service) from suppliers. The RFP sought a supply for
11 Granite State's Default Service and a portion of Mass. Electric's Basic Service supply.
12 This is consistent with the process approved by the Commission in the Order. This
13 process is also consistent with past procurements.³

14
15 Q. Could you describe the nature of the RFP that National Grid issued?

16 A. On May 7, 2010, National Grid issued an RFP to over twenty-five potential suppliers
17 soliciting power supplies for the period August 1, 2010 through October 31, 2010.
18 National Grid also distributed the RFP to all members of the NEPOOL Markets

the Company's Retail Delivery Tariff.

² The Order granted Granite State's August 1, 2005 Petition for Post-Transition Service Default Service Proposal as amended by the Post-Transition Service Default Service Proposal Settlement Agreement filed with the Commission on November 18, 2005 ("Settlement Agreement"). Granite State's original proposal filed August 1, 2005 and the subsequent Settlement Agreement will together be referred to as the "Settlement Agreement" throughout my testimony.

³ See e.g., Order No. 24,736 at 10 (March 26, 2007), Order No. 24,764 at 9 (June 22, 2007), Order No. 24,787 at 11 (September 21, 2007), Order No. 24,810 at 10-11 (December 17, 2007), Order No. 24,836 at 11-12 (March 21, 2008), Order No. 24,862 at 9-10 (June 20, 2008), Order No. 24,902 at 12-13 (September 29, 2008), Order No. 24,922 at 13-14 (December 19, 2008), Order No. 24,953 at 12-13 (March 23, 2009), Order No. 24,981 at 11 (June 19, 2009), Order No. 25,013 at 11-12 (September 21, 2009), Order No. 25,055 at 10-11 (December 21, 2009) and Order No. 25,083 at 15 (March 22, 2010),

1 Committee and posted the RFP on its energy supply website. As a result, the RFP had
2 wide distribution throughout the New England energy supply marketplace. The RFP
3 requested fixed pricing for each month of service on an as-delivered energy basis. Prices
4 could vary by month and by service – that is, the prices did not have to be uniform across
5 the entire service period or between Granite State and Mass. Electric. A copy of the RFP
6 is provided as Schedule MMJ-1.

7
8 Q. Are the Company's default service rates consistent with least cost resource planning?

9 A. Yes. While the Company has received a waiver from the Commission regarding its
10 compliance with an Integrated Least Cost Resource Plan for generation issues, the
11 Company has conducted its default service RFP process in a manner that is consistent
12 with least cost planning principles. The Company's proposed default service rates are the
13 result of a competitive bidding process used to procure the Company's power
14 obligations. This is consistent with least cost planning goals, which are to minimize costs
15 in the procurement of energy.

16
17 **IV. Results of Bidding**

18 Q. Did Granite State receive responses to the RFP?

19 A. Yes. Indicative proposals were received on June 2, 2010. Final proposals were received
20 on June 9, 2010. None of the bidders made their provision of Granite State's Default
21 Service contingent upon the provision of any other service. A summary of the RFP
22 process and bid evaluation is included in Schedule MMJ-2.

1 Q. How do the current futures prices for electricity and natural gas compare to the futures
2 prices at the time of the December 9, 2009 and March 10, 2010 RFPs?

3 A. The futures market prices for electricity and natural gas at the time of the December 9,
4 2009 and March 10, 2010 procurements as well as current futures market prices are
5 shown in Schedule MMJ-3.
6

7 Q. Did Granite State select any of those proposals?

8 A. Yes. Granite State evaluated the bids received and selected the supplier that (i) provided
9 a bid that was conforming to the RFP, (ii) had the lowest price, (iii) met the credit
10 requirements described in the RFP, and (iv) passed our qualitative evaluation. On June 9,
11 2010, Granite State entered into a wholesale Transaction Confirmation with Hess
12 Corporation ("Hess"), the winning bidder for the Large Customer Group block, to
13 provide Default Service to the Large Customer Group for the three-month period August
14 1, 2010 through October 31, 2010. Together, a Transaction Confirmation and a Master
15 Power Agreement provide the terms for the purchase of Default Service from a supplier.
16 A copy of the Hess Master Power Agreement was filed with the Commission on March
17 19, 2007 in Docket No. DE 07-012. A copy of the Hess First Amendment to the Master
18 Power Agreement was filed with the Commission on June 15, 2009 in Docket No. DE
19 09-010. The Transaction Confirmation between Granite State and Hess, with certain
20 confidential sections redacted, is attached hereto as Schedule MMJ-4. Granite State is
21 filing the Transaction Confirmation with the Commission pursuant to a Motion for
22 Confidential Treatment. Although the Transaction Confirmation and Master Power
23 Agreement have differences from the sample power supply agreement in the Settlement

1 Agreement approved by the Commission, the executed documents do not shift any of the
2 risks or obligations described in the sample power supply agreement provided in the
3 Settlement Agreement.
4

5 **V. Renewable Portfolio Standard**

6 Q. What is the Renewable Portfolio Standard (“RPS”) obligation for 2010?

7 A. As specified in the RPS law⁴, the RPS obligation for calendar year 2010 is a minimum of
8 seven and fifty-four one hundredths percent (7.54%) of Granite State’s Default Service
9 load, of which at least one percent (1.0%) can come from Class I New Renewable Energy
10 Resources, at least four hundredths percent (0.04%) can come from Class II Solar Energy
11 Resources, at least five and one-half percent (5.5%) can come from Class III Existing
12 Renewable Energy Resources and at least one percent (1.0%) can come from Class IV
13 Existing Renewable Energy Resources.
14

15 Q. How does Granite State expect to satisfy its RPS obligations consistent with the RPS
16 rules as promulgated by the Commission?

17 A. On February 18, 2009, Granite State entered into an amended settlement agreement with
18 Commission Staff and the Office of Consumer Advocate, intended to resolve all issues
19 associated with the process by which Granite State shall comply with the requirements of
20 the RPS law and PUC 2500 rules (“Amended RPS Settlement”). The Amended RPS
21 Settlement was approved by the Commission on March 23, 2009 in Order No. 24,953.
22 As specified in the Amended RPS Settlement, Granite State requested bidders to provide

⁴ RSA 362-F.

1 a separate RPS compliance adder with their bids. This RPS compliance adder is the
2 incremental charge by a bidder for agreeing to take on the RPS obligation with the
3 Default Service obligation.
4

5 Q. What were the criteria Granite State used to evaluate the RPS compliance adders
6 provided by the bidders?

7 A. Granite State evaluated the RPS compliance adders by comparing them to the results of
8 Granite State's most recent solicitation for New Hampshire RECs and to estimated
9 market prices for NH RECs. The RPS compliance adder from the winning bidder for the
10 Large Customer Group was above Granite State's RPS compliance adder estimate. As a
11 result, Granite State did not accept the winning bidder's RPS compliance adder. Granite
12 State plans to issue an RFP in the future for the acquisition of RECs. If Granite State is
13 unable to purchase sufficient RECs to meet its NH RPS obligations, it will then,
14 consistent with the RPS rules, make an Alternative Compliance Payment ("ACP") to the
15 Renewable Energy Fund.
16

17 Q. Is Granite State proposing any changes to the RPS compliance adder at this time?

18 A. Yes. Granite State is proposing to change the Commission approved RPS compliance
19 adder in order to reflect the changes in estimated market costs to meet RPS obligations
20 required in the RPS regulations as described previously. The Company is proposing a
21 new RPS adder for the Large Customer Group.
22

23 Q. How has the RPS adder for the Large Customer Group changed from the current adder?

1 A. The RPS adder for the Large Customer Group has decreased from \$0.00226 to \$0.00203.

2
3 Q. How did Granite State calculate the RPS Adders for 2010?

4 A. As shown in Schedule MMJ-5, Granite State calculated the wholesale RPS costs on a per
5 MWh basis. The Company then converted the wholesale RPS costs to a retail cost by
6 multiplying the calculated costs by the average Granite State loss factor and then dividing
7 by ten in order to convert from a \$ per MWh wholesale cost to a ¢ per kWh rate for retail
8 use.

9
10 Q. What costs did Granite State use to develop its RPS compliance adders?

11 A. As a proxy for actual RPS costs, the RPS compliance adders are based on the recent
12 Company purchases of Class I, Class II, and Class III REC Classes and the estimated
13 market rate for the Class IV obligation.

14
15 Q. What happens if Granite State's actual RPS compliance costs are different from that used
16 in calculating the RPS compliance adders?

17 A. Granite State will reconcile its costs to comply with the RPS with the revenue received
18 from customers from the RPS compliance adders.

19
20 Q. Has Granite State been able to contract for RECs?

21 A. Yes. In March of this year Granite State issued a RFP to procure RECs to approved New
22 Hampshire renewable generators, generators in the process of applying for approval to
23 generate New Hampshire RECs, as well as other REC suppliers, for its 2009 and 2010

1 RPS obligations. The Company received bids for RECs and contracted for Class I, Class
2 II, and Class III obligations. Granite State shared the results of its RFP with Staff prior to
3 executing a contract for the purchase of RECs. Granite State used the cost of the RECs
4 recently purchased in developing its RPS compliance adder.

5
6 **VI. Default Service Commodity Costs and Retail Rates**

7 Q. Please summarize the commodity cost at the retail meter based on Granite State's
8 expected procurement cost used to develop the proposed retail rates.

9 A.. Granite State estimates the procurement costs for Default Service at the retail customer
10 meter for each month to be as set forth in Schedule MMJ-6.

11 The load-weighted average of the commodity costs for the Large Customer Group is
12 7.098¢ per kWh compared to the load-weighted average of 6.737¢ per kWh for the period
13 May 2010 through July 2010. The commodity costs at the retail customer meter (¢ per
14 kWh) were calculated by multiplying the commodity costs at the wholesale level (\$ per
15 MWh) by the applicable loss factor and then dividing the results by ten. The applicable
16 loss factors can be found in the RFP summary in Schedule MMJ-2.

17
18 Q. What are the Default Service rates that the Company is proposing for the Large Customer
19 Group?

20 A. As presented in Schedule MMJ-6, the Company is proposing monthly Default Service
21 rates for the Large Customer Group based on the three monthly contract prices contained
22 in the supply agreement with the winning Default Service supplier for the Large
23 Customer Group. These base rates are adjusted by the currently effective Default Service

1 Cost Reclassification Adjustment Factor to recover administrative costs associated with
2 Default Service in accordance with the Fourth Revised Page 93 of Granite State's tariff.
3 On line (3) these rates are further adjusted by the currently effective Default Service
4 Adjustment Factor in accordance with the Second Revised Page 87 of Granite State's
5 tariff. Finally, on line (4) these rates are adjusted by the proposed RPS adder discussed
6 above. As displayed on line (9), the proposed base Default Service rates for the Large
7 Customer Group are 7.784¢ per kilowatt-hour, 7.229¢ per kilowatt-hour, and 7.338¢ per
8 kilowatt-hour for the months of August 2010 through October 2010.
9

10 Q. How will Granite State reconcile any difference in costs associated with Default Service?

11 A. To the extent that the actual cost of procuring Default Service varies from the amounts
12 billed to customers for the service, Granite State will continue to reconcile the difference
13 through a reconciliation mechanism pursuant to Granite State's Default Service
14 Adjustment Provision contained in its currently effective tariff on Second Revised Page
15 87.
16

17 Q. How and when is the Company proposing that these rate changes be implemented?

18 A. Consistent with the Commission's rules on the implementation of rate changes, the
19 Company is proposing that these Default Service rates become effective for service on
20 and after August 1, 2010.
21

22 Q. Has the Company determined the impact of these proposed rate changes on customer
23 bills?

1 A. Yes. The Company has provided typical bill impacts for illustrative load-weighted rates
2 in Schedule MMJ-7. The Large Customer Group has bill impacts for the three-month
3 period ending October 2010 of 2.8% to 3.3% increase as compared to the three-month
4 period ending July 2010 (see Schedule MMJ-7).

5
6 Q. Has the Company prepared a revised Summary of Rates tariff page reflecting the
7 proposed rates?

8 A. No. The Company has already submitted a revised Summary of Rates tariff page
9 reflecting proposed rates for July 1, 2010 in Docket No. DE 10-140 and also has rates
10 pending in Docket No. DE 09-225. Upon receiving orders in Docket Nos. DE 10-140
11 and DE 09-225 and in this proceeding, the Company will file a revised Summary of
12 Rates tariff page, reflecting the appropriate approved rates.

13
14 Q. Has Granite State included the most recent quarterly report of migration information
15 based on monthly migration by customer class and load, as required by the Commission's
16 Order No. 24,715 in Docket No. DE 06-115?

17 A. The quarterly report of customer migration information for the 1st quarter of calendar
18 year 2010 is included as Schedule MMJ-8.

19
20 **VII. Tewksbury Meter Update**

21 Q. In Order No. 25, 083, the Commission required the Company to provide a report by
22 March 31, 2010 on any re-settlements related to the Tewksbury meter and to provide
23 quarterly reports thereafter until the meter has been replaced. Has the Company

1 complied with this directive?

2 A. Yes. On March 29, 2010, the Company provided the Commission with a report on re-
3 settlements. The meter has not yet been replaced and thus the Company will be
4 providing the Commission with its next report on the Tewksbury meter on June 30, 2010.

5
6 **VIII. Conclusion**

7 Q. When will Granite State issue the next RFP for Default Service?

8 A. The Large Customer Group rates proposed in this filing end on October 31, 2010. Per
9 the terms of the Settlement Agreement, Granite State will issue an RFP for the Large
10 Customer Group and the Small Customer Group in August 2010. For purposes of notice
11 to the Commission, the following table illustrates National Grid's proposed timeline for
12 the next two RFPs:

| RFP | Aug 2010 RFP | Nov 2010 RFP |
|--------------------------------------|--------------------|-------------------|
| RFP Issued | August 6, 2010 | November 3, 2010 |
| Indicative Bids Due | September 8, 2010 | December 1, 2010 |
| Final Bids Due | September 15, 2010 | December 8, 2010 |
| Contract Execution | September 16, 2010 | December 9, 2010 |
| Default Service Filing to Commission | September 20, 2010 | December 13, 2010 |
| Commission Order Needed | September 27, 2010 | December 20, 2010 |
| Service Begins | November 1, 2010 | February 1, 2010 |

13
14 Q. Does this conclude your testimony?

15 A. Yes. It does.

Schedules
Table of Contents

| | |
|----------------|-----------------------------------------------------------------------------------------------|
| Schedule MMJ-1 | Default Service RFP August 1, 2010 through October 31, 2010 |
| Schedule MMJ-2 | Default Service Procurement Summary |
| Schedule MMJ-3 | Comparison of Change in Futures Prices to Change in Procurement Costs |
| Schedule MMJ-4 | Default Service Contract for the Large Customer Group August 1, 2010 through October 31, 2010 |
| Schedule MMJ-5 | Renewable Portfolio Standard Compliance Adders |
| Schedule MMJ-6 | Summary of Large Customer Group Default Service Rates |
| Schedule MMJ-7 | Typical Bill Impacts |
| Schedule MMJ-8 | Quarterly Customer Migration Report |

SCHEDULE MMJ – 1

Default Service RFP

August 1, 2010 through October 31, 2010

Request for Power Supply Proposals to Provide the Following Services:

Default Service in:
Massachusetts
New Hampshire

For the Period:

August 1, 2010 –
October 31, 2010

May 7, 2010

nationalgrid

REQUEST FOR POWER SUPPLY PROPOSALS

1. Overview

1.1 Background

Legislation and restructuring settlement agreements in Massachusetts¹ and New Hampshire² provide for competition in the electric utility industry by extending competition in the wholesale power supply markets to retail customers through the provision of retail access to all customers.

The Massachusetts Act provides access to the competitive retail electricity market for all retail customers of National Grid in Massachusetts (Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid) as of March 1, 1998. The Massachusetts Act requires each distribution company to provide default service (“MA Default Service”) to those customers that are not receiving generation service from a competitive supplier.

In New Hampshire, the Restructuring Settlement provides access to the competitive retail electricity market for all retail electric customers of National Grid in New Hampshire (Granite State Electric Company d/b/a National Grid) as of July 1, 1998 pursuant to the provisions of the New Hampshire Act. The Restructuring Settlement and the New Hampshire Act require National Grid to provide default service (“NH Default Service”) to those customers that are not receiving generation service from a competitive supplier³.

MA Default Service and NH Default Service together will be referred to as “Default Service”.

1.2 MA Default Service

The Massachusetts Act requires MA Default Service to be competitively procured. The Massachusetts Department of Telecommunications and Energy (“MDTE”) initiated a generic proceeding on rules and procedures for the provision and pricing of MA Default

¹ Act Relative to Restructuring the Electric Utility Industry in the Commonwealth, Regulating the Provision of Electricity and Other Services, and Promoting Enhanced Consumer Protections Therein, Chapter 164 of The Massachusetts Acts of 1997 (“Massachusetts Act”).

² Granite State Electric Company’s Second Amended Restructuring Settlement Agreement (“Restructuring Settlement”) and RSA 374-F (“New Hampshire Act”).

³ The New Hampshire Act specifies that Transition Service ends at midnight on April 30, 2006. All Transition Service customers who did not choose a competitive supplier by April 30, 2006 began receiving NH Default Service on May 1, 2006. A settlement agreement approved by the New Hampshire Public Utilities Commission on January 13, 2006 in Order No. 24,577 provides for the procurement of NH Default Service commencing May 1, 2006 (“DS Settlement Agreement”).

Service⁴. The MDTE ordered all electric companies in Massachusetts to procure MA Default Service through competitive solicitations by customer group (residential, commercial and industrial) and to procure such power at fixed monthly prices⁵. The MDTE also ordered electric companies to procure power for each customer group on a zone-specific basis based on the three Standard Market Design (“SMD”) Load Zones in Massachusetts⁶. Retail pricing for MA Default Service is to be provided on a zone-specific basis for the industrial customer group while retail MA Default Service prices for the residential and commercial customer groups are to be averaged across the zones served by the utility.

The MDTE also ordered electric companies to procure power for the industrial customer group (i.e., larger customers) on a quarterly basis⁷.

National Grid is hereby seeking proposals from qualified power suppliers to supply firm, load-following power to meet its MA Default Service requirements.

National Grid, at its sole discretion, reserves the right to issue additional instructions or requests for additional information, to extend the due date, to modify any provision in this RFP or any appendix thereto and to withdraw this RFP.

1.3 Massachusetts Customer Groups

For the purposes of this solicitation, the Massachusetts customer groups are defined as:

| Customer Group | Rate Class |
|-----------------------|-----------------------|
| Residential | R-1, R-2, R-4 and R-E |
| Commercial | G-1 and street lights |
| Industrial | G-2 and G-3 |

1.4 NH Default Service

The DS Settlement Agreement in New Hampshire and the New Hampshire Act require National Grid to provide NH Default Service to those customers that are not receiving generation service from a competitive energy supplier. In compliance with the DS Settlement Agreement, National Grid will procure NH Default Service by customer group (small customer group and large customer group). For the large customer group, National Grid will procure 100% of their NH Default Service supply for a three-month period.

⁴ Docket D.T.E. 99-60.

⁵ See Dockets D.T.E. 99-60-A and D.T.E. 99-60-B.

⁶ See Docket D.T.E. 02-40-A.

⁷ See Docket D.T.E. 02-40-C.



Request for Power Supply Proposals
May 7, 2010
Page 3

National Grid is hereby seeking proposals from qualified power suppliers to supply firm, load-following power to meet its NH Default Service requirements.

National Grid, at its sole discretion, reserves the right to issue additional instructions or requests for additional information, to extend the due date, to modify any provision in this RFP or any appendix thereto and to withdraw this RFP.

1.5 New Hampshire Customer Groups

For the purposes of this solicitation, the New Hampshire customer groups are defined as:

| Customer Group | Rate Class |
|----------------------|--------------------------|
| Small Customer Group | D, D-10, G-3, M, T and V |
| Large Customer Group | G-1 and G-2 |

2. Description of Services

2.1 Description

Appendix A contains an overview of the services covered by this Request for Proposal ("RFP"). The Appendix provides:

- A brief description of MA Default Service;
- A brief description of NH Default Service;
- The eligibility requirements for a customer to obtain or leave Default Service.

2.2 Expected Loads

National Grid is unable to predict the amount of load that will be required to meet the needs of each customer group, if any. National Grid's customers are free to leave Default Service at any time to take service from competitive suppliers. The ability of customers to enroll or return to Default Service is described in Appendix A.

To assist Respondents in determining the potential load requirements, National Grid is able to provide the following information on its Power Procurement Website:

For MA Default Service:

- Aggregate historical wholesale hourly load information for MA Default Service (since March 1, 1998);
- Aggregate historical wholesale hourly loads for MA Default Service by customer group (since November 1, 2000);



Request for Power Supply Proposals
May 7, 2010
Page 4

- Historic hourly loads by SMD Load Zone and customer group for MA Default Service (since March 1, 2003);
- Reports showing the number of customers enrolled in various electric services and energy consumption at retail by rate class can be found at the Division of Energy Resource's ("DOER") Electric Deregulation page;
- Marlborough Aggregation customer count and historical wholesale load information (since January 2006).

For NH Default Service:

- Aggregate historical wholesale hourly load information for NH Default Service (from December 1, 2002 to April 30, 2006);
- Aggregated historical hourly load information for NH Default Service (since May 1, 2006)

For All Services:

- Class average load shapes at the retail meter point;
- Historical customer counts, as of the last billing day in each month, by each National Grid company, SMD Load Zone (since March 1, 2003) and rate class. These counts represent the number of active accounts in each rate class as of the last billing day in each month;
- Historical customer counts for customers taking service from a competitive supplier, as of the last billing day in each month, by rate class.
- ICAP tags as of the last day of the month for each load asset.

Please use the following link to access the site:

<http://www.nationalgridus.com/energysupply/>

Click on "Data" at the upper right of the screen to access Load data, Customer Count data, Class Average Load Shapes and ICAP Tags. This site is open to anyone with the above link. No user id or password is required to access the data on the site.

2.3 Load Blocks

National Grid's total Default Service requirements covered by this RFP are broken down into the following four load blocks:

| Load Block | Customer Group | SMD Load Zone | Load Share | Type of Service | Period |
|------------|----------------|---------------|------------|--------------------|---------------------|
| A | Industrial | SEMA | 100% | MA Default Service | 08/01/10 – 10/31/10 |
| B | Industrial | WCMA | 100% | MA Default Service | 08/01/10 – 10/31/10 |
| C | Industrial | NEMA | 100% | MA Default Service | 08/01/10 – 10/31/10 |
| D | Large | NH | 100% | NH Default Service | 08/01/10 – 10/31/10 |

The load blocks in the SEMA Load Zone include National Grid's customers on the Island of Nantucket.

A Respondent may bid on any number of load blocks that it wishes to serve. A Respondent wishing to serve the entire load for a particular customer group should submit a bid for each load block of that customer group. Respondents may not limit the amount of service that may be purchased for a given load block. Proposals that contain limits on the amount of service provided will be rejected⁸.

The amount of load for each load block to be supplied by the winning Supplier(s) will be determined in accordance with the procedure contained in Article 6 of the applicable Master Power Agreement, a copy of which is provided in Appendices B and C.

2.4 Massachusetts Retail Customer Rates

During the term of service covered by this RFP, National Grid intends, in accordance with MDPU orders, to establish retail rates for generation service for MA Default Service customers ("Basic Service Rates"). Such Basic Service Rates will reflect National Grid's purchase costs for such service due to commitments made as a result of this and previous RFPs and those costs associated with arranging MA Default Service (see below).

The retail rates for the industrial customer group will vary by SMD Load Zone based on the winning bids. National Grid will file proposed Basic Service Rates with the MDPU following execution of an agreement(s) with a winning supplier(s). The Basic Service Rates charged to retail customers during the term of service covered by this RFP will be as ultimately approved by the MDPU.

In Docket D.T.E. 02-40-B, the MDTE determined that it is appropriate to include other costs an electric company incurs in providing MA Default Service in its Basic Service Rates. In Docket D.T.E. 03-88-E, the MDTE ordered National Grid to include those costs associated with arranging MA Default Service in its Basic Service Rates. National Grid implemented this change with the Default Service Cost Reclassification Adjustment Provision (MDPU No. 1162) to include such charges with the provision of MA Default Service to its customers.

2.5 New Hampshire Retail Customer Rates

During the term of service covered by this RFP, National Grid intends, in accordance with the DS Settlement Agreement, to establish retail rates for generation service for NH Default Service customers ("Energy Service Rates"). The Energy Service Rates will reflect National Grid's purchase costs for such service due to commitments made as a

⁸ For example, a Respondent offering to supply Block A load must agree to supply 100% of the needs of that load block during every month of the Period (for example, 100% of the total load of the Industrial customer group in the SEMA Load Zone). The Respondent may not offer to serve Block A provided that the amount of service purchased does not exceed [specified value] MW in any hour.

result of this RFP. The DS Settlement Agreement also requires National Grid to include in its Energy Service Rates a surcharge to account for the administrative costs associated with NH Default Service. The Energy Service Rates will be as ultimately approved by the New Hampshire Public Utilities Commission (“NHPUC”).

2.6 Effectiveness of Contracts

Any agreement(s) entered into for the delivery of MA Default Service pursuant to this solicitation will be subject to the MDPU’s favorable review of the results of National Grid’s solicitation for Default Service. Section 1 of the Massachusetts Master Power Agreement Form of Confirmation addresses the possibility that the MDPU does not favorably review the results of National Grid’s solicitation for Default Service.

Any agreement(s) entered into for the delivery of NH Default Service pursuant to this solicitation will be subject to the approval by the NHPUC of the retail rates prior to the agreement(s) becoming effective. Section 1 of the New Hampshire Master Power Agreement Form of Confirmation addresses the possibility that the NHPUC may not approve the retail rates.

3. General Provisions

3.1 Terms and Conditions

The winning Supplier(s) will be selected to provide Default Service to the applicable customer groups/load blocks during the term covered by this RFP. Up to four (4) separate Suppliers may be selected – one for each load block. Default Service will be provided by such Supplier(s) to National Grid in accordance with the terms and conditions of the Master Power Agreements. A copy of the Master Power Agreement for Massachusetts is provided in Appendix B, a copy of the Master Power Agreement for New Hampshire is provided in Appendix C.

All Respondents must have an updated executed Master Power Agreement(s) prior to the indicative bid date.

The winning Supplier(s) will be required to execute the applicable confirmation(s) within three (3) business days of being notified that it has been selected as the winning Supplier. Under Article 7 of the Master Power Agreement, failure of the winning supplier to deliver Requirements would constitute an event of default under the agreement, allowing National Grid to terminate and recover liquidated damages from the supplier.

3.2 Proposal Process and Submission Dates

The following table outlines the key dates associated with this procurement process.



Request for Power Supply Proposals
May 7, 2010
Page 7

| Process Step | Date |
|--------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Issue Request for Proposal | May 7, 2010 |
| Submit Respondent Proposal Information | May 21, 2010 – 5pm EPT |
| Submit Indicative Pricing | June 2, 2010 – 10am EPT |
| Submit Final Pricing | June 9, 2010 – 10am EPT |
| Execute Agreements and Submit solicitation process summary, Agreements and retail rates to MDPU and NHPUC, as applicable | No later than three business days after receipt of all executed agreements. |
| MDPU Reviews and Approves both Agreements and Basic Service Rates | No later than five business days after filing of Basic Service Rates |
| NHPUC Reviews and Approves Default Service Rates | No later than five business days after filing of Default Service Rates |
| Service Begins | August 1, 2010 |

One (1) copy of a Respondent's Proposal Information must be submitted by e-mail or facsimile or mailed to the following address:

James Ruebenacker
Electric Supply & Distributed Generation
National Grid
100 East Old Country Road
Hicksville, NY 11801
(516) 545-3227
(516) 545-2464 (fax)
e-mail: electric.electricsupply@us.ngrid.com

National Grid is conducting the procurement process in three steps. The first step is for Respondents to provide National Grid with their background and financial information by 5:00 p.m. EPT on Friday, May 21, 2010. Upon receipt, National Grid will evaluate each Respondent's qualifications and will notify any Respondent that does not qualify by at least one business day before indicative pricing is due.

National Grid will not evaluate any indicative or final pricing if the Respondent does not have an executed Master Power Agreement. The Master Power Agreement must be executed prior to submitting indicative pricing.

The second step in this process is for Respondents to provide indicative pricing information by 10:00 a.m. EPT on Wednesday, June 2, 2010 at the above address. National Grid will evaluate the indicative pricing as described above, and if required, National Grid may seek clarifications from Respondents.

The third step is as follows: Respondents to provide final pricing information by 10:00 a.m. EPT on Wednesday, June 9, 2010 at the above address. National Grid requests final pricing be valid until 1:00 p.m. National Grid intends to evaluate the final pricing and select a Supplier(s) that day by that time. Final pricing shall be binding until execution of



Request for Power Supply Proposals
May 7, 2010
Page 8

a confirmation. Respondents should specify the manner in which they will accept a binding acceptance of their offer by National Grid prior to receipt of an executed agreement (letter of intent or e-mail) or they will be deemed to be bound by National Grid's acceptance communicated in any of the preceding manners.

Within three business days of receipt of all executed agreements, National Grid will file with the MDPU and the NHPUC a confidential summary of the solicitation process, the executed agreement(s) and proposed Basic Service Rates or Energy Service Rates, respectively.

Consistent with its rules, the MDPU will have five business days to review the results of National Grid's solicitation for Default Service. If the MDPU takes no action, National Grid's proposed Default Service price will go into effect. If the Department issues an order disapproving or rejecting the results of National Grid's solicitation for Default Service, the agreement between National Grid and Supplier(s) shall become null and void.

Consistent with its rules, the NHPUC will have five business days to either approve the proposed Energy Service Rates or reject them. If the NHPUC denies National Grid's request for approval of the retail rates, the agreement(s) will be void and the parties will have no further obligation under the agreements(s).

At any time, National Grid, at its sole discretion, reserves the right to issue additional instructions or requests for additional information, to extend the due date, to modify any provision in this RFP or any appendix thereto and to withdraw this RFP.

3.3 Contact Person/Questions

All questions regarding this Request for Proposal should be directed to James Ruebenacker at the address provided above.

3.4 Right to Select Supplier

National Grid shall have the exclusive right to select or reject any and/or all of the proposals submitted at any time, for any reason.

4. Service Features

4.1 Commencement Date of Supply

Service from the winning Supplier(s) to National Grid shall begin as of HE 0100 EPT on the date specified in the table found in Section 2.3 – Load Blocks.

Service from National Grid to individual customers, who are taking Default Service in each customer group as of the Commencement Date, if any, will continue with the



winning Supplier(s) providing such service to National Grid as of the Commencement Date.

Service from National Grid to individual customers taking Default Service as of the Commencement Date shall begin on the customer's meter reading date following notification/determination that a customer will be commencing Default Service or such other date designated by National Grid consistent with National Grid's Tariff for Off Cycle Meter Read For Switch of Supplier Provision, M.D.P.U. No. 1172 in Massachusetts, or the Off Cycle Meter Read for Switch of Supplier Provision, First Revised Page 92, of National Grid's *Tariff for Retail Delivery Service for the Period after New England Power Company Divests Substantially All of Its Non-Nuclear Generation, N.H.P.U.C. No. 17* in New Hampshire.

National Grid's procedures provide for customers to be switched from one service option to another (e.g., from Default Service to a competitive supplier, from one competitive supplier to another competitive supplier, from a competitive supplier to Default Service) on their normal cycle meter reading dates. However, there may be circumstances (e.g., default of a competitive supplier) that might require a customer to be switched to Default Service "off-cycle". In such case, the customer will be switched to Default Service on a date designated by National Grid consistent with National Grid's Off Cycle Meter Read For Switch of Supplier Provision, M.D.P.U. No. 1172 in Massachusetts, or the Off Cycle Meter Read for Switch of Supplier Provision, First Revised Page 92, of National Grid's *Tariff for Retail Delivery Service for the Period after New England Power Company Divests Substantially All of Its Non-Nuclear Generation, N.H.P.U.C. No. 17* in New Hampshire.

4.2 Termination Date of Supply

Service from the winning Supplier(s) to National Grid shall terminate at HE 2400 EPT on the dates specified in the table found in Section 2.3 – Load Blocks.

Individual customers taking Default Service from National Grid may terminate the service at any time. Terminations may include, but not be limited to, (i) a customer's taking competitive service from a competitive supplier, (ii) disconnection of service by National Grid in accordance with regulations and procedures approved by the MDPU or the NHPUC, or (iii) closing of a customer's account. National Grid's procedures provide for customers electing to terminate such service to be switched to their successor service on their normal cycle meter reading date following the date that National Grid receives notification of such switch. However, there may be circumstances which might require a customer to be terminated "off-cycle". In such a case, the customer will be terminated from Default Service on a date to be determined by National Grid.

4.3 Delivery Points

The Supplier(s) of Default Service will be responsible for delivering power to the nodes/zones representing the actual locations of the Default Service loads. The



Request for Power Supply Proposals
May 7, 2010
Page 10

Supplier(s) of each of the services will be responsible for any PTF losses allocated by the ISO related to the services. The locations of the Default Service load assets are as follows:

| Company | SMD Load Zone | Load Asset | Load Asset Name | Load Block |
|----------------|----------------------|-------------------|-----------------------------|-------------------|
| Nantucket | SEMA | 10021 | NANT-DEF SVC-ICG LOAD | A |
| MECo | SEMA | 7605 | DEF SVC-MECO-ICG LOAD 4006 | A |
| MECo | WCMA | 7707 | DEF SVC-MECO-ICG LOAD 4007 | B |
| MECo | NEMA | 7807 | DEF SVC-MECO-ICG LOAD 4008 | C |
| GSECo | NH | 11437 | GSECO-DEF SVC LARGE CG LOAD | D |

4.4 Form of Service

The Supplier(s) of each Load Block shall be responsible for meeting the specified service requirements for all of National Grid's customers in a specific Load Block. These service requirements include the generation and/or market procurement and delivery to the delivery point(s) of the portion of the electric capacity, energy and ancillary services required to meet the needs of National Grid's ultimate customers taking such service. National Grid will implement the transfer of these responsibilities to the Supplier(s) by updating the asset registration for each of the above Load Assets. National Grid will assign to the Supplier(s) the applicable Ownership Share for each Load Asset. Once a Supplier's obligation terminates, National Grid will terminate the Supplier's Ownership Share of a Load Asset.

The Supplier(s) shall be responsible for all obligations, requirements, and costs associated with the Supplier(s) having the Load Asset Ownership Share which shall include but not be limited to the day-ahead load obligations and real-time load obligations at the nodes/zones of each Load Asset. A more complete description of a Supplier(s)'s responsibilities can be found in the Master Power Agreements in Appendices B and C of this RFP.

The Supplier(s) shall be responsible for all decisions and data submissions associated with any bids into the market system to manage these obligations. The Supplier(s) shall be responsible for all components of any Locational Marginal Prices the Supplier must pay in delivery of the services. These components include, but are not limited to, the day-ahead and real-time energy, marginal losses, and congestion charges. As the supplier of such services, the Supplier(s) will be responsible for all present or future requirements and associated costs (to the extent such charges are not imposed on National Grid as a transmission charge by NEPOOL or the ISO) associated with the services and any other requirements, market products, expenses or charges imposed by NEPOOL or the ISO, as they may be in effect from time to time.

The Supplier(s) will also be responsible for all transmission and distribution losses associated with delivery of the electricity from the delivery point to the Default Service customer's meter. A description of the estimation process for determining supplier hourly load can be found in Appendix A of the Master Power Agreements, found in Appendices B and C of this RFP.

National Grid will make arrangements with the ISO for transmission service over the PTF and non-PTF, from and after the Delivery Point to the Customers' meters. National Grid will be billed by the ISO and the applicable Participating Transmission Owner(s) for these services. National Grid will pay these bills and collect the costs, along with National Grid's distribution costs, from its retail customers through its retail delivery service tariffs. Any other transmission or distribution costs will be the Supplier(s)' responsibility.

4.5 Implementation of the Massachusetts Renewable Energy Portfolio Standards ("MA-RPS")

The Massachusetts Act requires the Massachusetts Division of Energy Resources ("DOER") to establish renewable energy portfolio standards for all retail electricity suppliers selling electricity to end-use consumers in the Commonwealth⁹.

The standards are:

RPS Class I consists of new renewable generators that began operation after December 31, 1997, or, in the case of a Solar Carve-Out Renewable generator, after December 31, 2007.

RPS Class II Renewable Generation consists of renewable generators that began operation on or before December 31, 1997.

RPS Class II Waste Energy Generation consists of waste to energy generators that began operation on or before December 31, 1997.

APS Alternative Energy Generation consists of qualifying alternative generation units that began operation after January 1, 2008.

The renewable requirements as a percent of sales are divided into four separate classes and summarized below:

| Year | Class I | Class II Renewable | Class II Waste | APS | Total |
|------|---------|--------------------|----------------|-----|-------|
| 2010 | 5.0 | 3.6 | 3.5 | 1.5 | 13.6 |

A portion of the Class I requirements must be met by Solar Carve-Out Renewable Generation. The Minimum Standard for Compliance Year 2010 is estimated to be 0.0680%. The Department of Energy Resources (DOER) will announce the final Minimum Standard for Compliance Year 2010 on or around July 20, 2010.

⁹ The Electric Restructuring Act of 1997 was modified by the Green Communities Act of 2008. .

National Grid requests Respondents to separately bid the cost of MA RPS compliance equivalent to 13.6% of sales in 2010. National Grid will have the option to select bids that include or exclude the MA-RPS component.

If National Grid accepts bids with the RPS component, National Grid will require the winning Supplier(s) to utilize the NEPOOL Generation Information System (“NEPOOL GIS”) to provide NEPOOL GIS Certificates that comply with the requirements of the RPS regulations. Respondents may propose alternate methods for demonstrating compliance. In each monthly invoice for a service that includes the RPS component, National Grid will take a credit equal to the product of the RPS obligation and the Alternative Compliance Payment. Once a Supplier delivers the required number of NEPOOL GIS Certificates, the credit will be returned to the Supplier.

4.6 Implementation of the New Hampshire Renewable Portfolio Standards (“NH-RPS”)

In 2007 the State of New Hampshire enacted an Electric Renewable Portfolio Standards law (“NH-RPS Law”) (RSA 362-F) to foster the development of renewable energy sources to meet New Hampshire’s energy needs. The NH-RPS Law requires all retail electricity suppliers to source a minimum portion of their energy needs from a portfolio of renewable energy resources. On June 2, 2008, the NHPUC issued final rules (Chapter PUC 2500) implementing the NH-RPS Law. These rules can be found at:

<http://www.puc.state.nh.us/Regulatory/Rules/Puc2500.pdf>

These rules require National Grid to demonstrate that a portion of its electricity sales are supplied from a mix of renewable energy generation sources. They are:

Class I consists of new renewable generators that began operation after January 1, 2006).

Class II consists of new generators utilizing solar technologies.

Class III consists of existing generators utilizing: 1) biomass technologies with a gross nameplate capacity of 25 MW or less; and 2) methane gas.

Class IV consists of existing qualifying small hydroelectric generators with a gross nameplate capacity of 5 MW or less.

The renewable requirements as a percent of sales are divided into four separate classes and summarized below:

| Year | Class I | Class II | Class III | Class IV | Total |
|------|---------|----------|-----------|----------|-------|
| 2010 | 1.0 | 0.04 | 5.5 | 1.0 | 7.54 |

National Grid requests Respondents to separately bid the cost of NH-RPS compliance equivalent to 7.54% of sales in 2010. National Grid will have the option to select bids that include or exclude the NH-RPS component.

If National Grid accepts bids with the NH-RPS components, National Grid will require the winning Supplier(s) to utilize the NEPOOL Generation Information System (“NEPOOL GIS”) to provide NEPOOL GIS Certificates that comply with the requirements of the NH-RPS rules. Respondents may propose alternate methods for demonstrating compliance. In each monthly invoice for a service that includes the NH-RPS component, National Grid will take a credit equal to the product of the NH-RPS obligation and the applicable Alternative Compliance Payment. Once a Supplier delivers the required number of NEPOOL GIS Certificates, the credit will be returned to the Supplier.

5. Proposal Requirements

5.1 Format of Proposal

The information required by National Grid to evaluate each proposal is identified in Appendix D. Respondents may simply complete the forms provided in Appendix D in any legible fashion and return them to James Ruebenacker as provided in Section 3.2. In addition, proposals should contain explanatory, descriptive and/or supporting materials as necessary.

5.2 Proposed Pricing

Respondents must specify the price at which they will provide Default Service for each Load Block on which they are bidding to serve. Purchases will be made on an “as-delivered” energy basis with prices stated on a fixed \$/MWh basis. Such prices may vary by SMD Zone, calendar month and by customer group, but must be uniform for the entire calendar month and cover the entire term of this Request for Proposals.

Prices which contain demand components, minimum purchase requirements or which vary by time-of-use within a calendar month will be rejected. Prices which exclude one or more market costs (e.g. Installed Capacity, uplift costs, etc.) may, at National Grid’s discretion, be rejected.

National Grid intends to pay a Supplier(s) based on the billing determinants as defined in the Master Power Agreement. These billing determinants are the loads as reported to and settled by the ISO, which include transmission and distribution losses, and exclude any PTF losses allocated to the Supplier by the ISO during the settlement.

National Grid is seeking the following pricing:

- **All-Inclusive Bids:** For each Load Block (A through D), a price which includes all costs. Should National Grid select this option, (1) suppliers would be responsible for all costs including capacity market charges and (2) Suppliers would not be responsible for supplying the RPS component.

- **MA-RPS Compliance:** Price, on a separate \$ per MWh basis in 2010, for Supplier to provide the MA-RPS component for Load Blocks A through C. Should National Grid select this option, the MA-RPS Compliance Bid price would be added to the All-Inclusive Bid price and the Supplier would provide the applicable quantity of NEPOOL GIS Certificates (see Section 4.5).
- **NH-RPS Compliance:** Price, on a separate \$ per MWh basis in 2010, for Supplier to provide the required NH-RPS component for Load Blocks D. Should National Grid select this option, the NH-RPS Compliance Bid prices would be added to either the All-Inclusive Bid price and the Supplier would provide the applicable quantity of NEPOOL GIS Certificates (see Section 4.7).

5.3 Terms and Conditions

Service will be provided pursuant to the terms of the Master Power Agreements provided in Appendices B and C.

5.4 New England Market Participation

Each Respondent must indicate whether it has an executed and accepted Market Participant Service Agreement with ISO New England or if it plans to execute an agreement and, if so, at what point it is in the application process and the time frame for completing the process. Respondents must also provide evidence of agreements with a Market Participant if Respondent will have another Market Participant be responsible for its market settlement obligations.

5.5 Competitive Supplier Registration

The service provided by the Supplier(s) of Default Service to National Grid is a wholesale transaction between the Supplier(s) and National Grid; therefore, the Supplier(s) do not have to be licensed or registered suppliers with any state regulatory commission.

5.6 Regulatory Approvals

The Supplier(s) of the services covered by this Request for Proposal must obtain and maintain all necessary regulatory approvals required to enable it to provide the applicable service; such approvals must be obtained prior to August 1, 2010.

6. Retail Customer Relationships

6.1 Customer Billing



All customers taking Default Service covered by this RFP will be retail customers of National Grid. As the retail provider of such service, National Grid will bill customers for the Default Service provided.

6.2 Customer Bill Inserts in Massachusetts

The Supplier(s) of MA Default Service may furnish a one-page bill insert which National Grid may include in the bill that it sends to each customer taking such service in the applicable customer group and Load Zone in Massachusetts during the delivery term. Bill inserts may be included in only one monthly billing cycle during the term of service. Inserts shall be printed on 60# Mountie Matte paper, shall be three and one-quarter inches high by six and one-quarter inches wide in size and may be of any typeface *except* ITC Century and ITC Franklin Gothic.

The Supplier(s) must inform National Grid at least sixty (60) days prior to the start of the monthly billing cycle in which it seeks National Grid to include its insert in applicable MA Default Service customer bills. National Grid will respond within seven (7) days if it can accommodate the request, provide an estimate of the cost of additional postage to be paid by the Supplier(s) in order to include the insert in the requested monthly billing cycle, or suggest an alternate monthly billing cycle. Customer bill inserts must be received by National Grid at least ten (10) days prior to the start date of its inclusion in customer bills. National Grid will be responsible for including only the number of inserts that are provided to them. National Grid will not be responsible for returning to the Supplier(s) unused inserts unless the Supplier(s) have made arrangements for its return. National Grid reserves the right to schedule bill inserts in order to minimize postage and handling costs.

6.3 Notification of Enrollments and Terminations

National Grid will provide electronic notification to the Supplier(s) of Default Service customer enrollments and terminations within a customer group. Enrollment information will include account number, rate class and commencement date of service. Termination information will include account number, rate class and termination date of service. Such notifications shall only be provided when a Supplier establishes a Windows or Unix file server with capability of sending and receiving File Transfer Protocol ("FTP"), files with Pretty Good Privacy ("PGP"), Encryption/Decryption, and (ii) verifies its ability to transfer files to and receive files from National Grid at least fourteen (14) days prior to the day on which a Supplier desires to commence electronic receipt.

6.4 Customer Service

National Grid, as the retail provider of Default Service, will provide customer service to all customers receiving Default Service.

7. Selection Process

The principal criteria to be used in evaluating proposals will include:

- Lowest evaluated bid price by Load Block;
- Respondent's ability to meet the credit requirements established in the Master Power Agreements provided in Appendices B and C;
- Firmness of delivery;
- The supplier's past experience in providing similar services to National Grid;
- The supplier's past experience in providing similar services to other companies in New England;
- The supplier's past experience in providing similar services to other companies in other regions;
- The supplier's demonstrated understanding of its obligations under the Master Power Agreement; and
- Whether there have been any past or are any present events that are known that may adversely affect the supplier's ability to provide the requirements to National Grid's Default Service customers.

National Grid will evaluate the RPS Compliance bids only for the Load Block winning bidders. National Grid will accept the RPS Compliance bid if it is at or less than the available market prices.

8. Credit Requirements

In order to protect National Grid's Default Service customers from the risk of Supplier(s) default, a winning Supplier(s) must be able to demonstrate it has the financial resources to perform during the term of the agreement. As reflected in the attached Master Power Agreements (Appendices B and C to this RFP), National Grid will require Supplier(s) to provide some form of security when entering into a Confirmation. The security arrangement will be based on the expected volume of load for the bid block and a mark-to-market margining clause. As forward market prices change, the Supplier(s) will be required to post security for those incremental changes. Additionally, Suppliers that are rated at or below BBB-/Baa3 will be required to post an Independent Amount equal to 10% of the notional value of each Load Block awarded. The Supplier(s) shall provide security in one of the following forms:

- Unsecured line of credit for a rated counterparty
- Parental Guaranty
- Letter of Credit
- Cash deposit with National Grid

Respondents that are rated by a major credit rating agency must provide the ratings assigned by such agencies. Respondents that are not rated by a major credit rating agency must provide the following information to enable National Grid to evaluate a Respondent's financial strength:

- Respondent's organizational history
- Date of establishment
- Initial (if founded within the last ten years) and current capitalization
- Certified financial statements, including balance sheets and statements of income and cash flow with respect to the two previous fiscal years and the most recent interim period
- Forms 10-K and 10-Q, submitted to the United States Securities and Exchange Commission for the two previous fiscal years, if applicable;
- Short-term and long-term debt ratings from Moody's Investor Service or Standard & Poor's Corporation
- Corporate affiliates or joint venture partners including any details regarding financial limitations between partners or affiliates.

If a Respondent has provided this information to National Grid or an affiliate in a response to a previous RFP, then the Respondent needs only to identify the date and to whom the information was submitted and update the previously provided information.

National Grid agrees that it will treat the information it receives from Respondents in a confidential manner and will not, except as required by law or regulatory authority, disclose such information to any third party or use such information for any purpose other than in connection with this RFP.

9. General Requirements

National Grid may withdraw and terminate this RFP at any time without any liability. National Grid reserves the right to accept or reject, in whole or in part, any and all proposals. National Grid will not be responsible to any Respondent or any other party for failure to execute a Master Power Agreement or Confirmation.

National Grid shall reject proposals submitted in response to this RFP that are incomplete, or do not conform to the requirements of the RFP, or are submitted beyond the deadline for submission. All proposals submitted by Respondents in response to the RFP will become the exclusive property of National Grid.

Each Respondent certifies, by its submission of a bid, that it is bidding independently and that it has no knowledge of any proposal being submitted by another Respondent in response to this RFP. Each Respondent further certifies that, by its submission of a bid, it has not disclosed and will not disclose prior to any award hereunder any information relating to its proposal which could have an effect on whether another party submits a proposal to this RFP or on the contents of such proposal that another bidder would be willing to submit in response to this RFP. Such information includes, but is not limited to: the fact that the bidder is submitting a proposal in response to this RFP; the bidder's bids; the bidder's quantities of each product bid; the bidder's estimation of the value of a product; the bidder's estimation of the risks associated with supplying a product; and the bidder's preference for bidding on one or several products.



Request for Power Supply Proposals
May 7, 2010
Page 18

If any information provided by the Respondent changes or fails to remain valid, it is the sole responsibility of the Respondent to notify National Grid of such change. Failing to do so may result in disqualification of the Respondent and its proposal for the solicitation.

Respondents shall, at their own cost and expense, defend, indemnify and hold harmless National Grid, its parent, subsidiaries and affiliates and their officers, directors, trustees, employees, shareholders, executors, administrators, successors and assigns against any and all manner of past, present, or future claims, demands, disputes, controversies, complaints, suits, actions proceeding or allegations of any kind which in any manner relate to arise out of, or result from any false statements or misrepresentations, intentional or unintentional, in its proposal, or breach of any covenant by the Respondent set forth herein.

APPENDIX A

DESCRIPTION OF SERVICES



Request for Power Supply Proposals
May 7, 2010
Appendix A

| Massachusetts Electric Company Nantucket Electric Company MA Default (Basic) Service | |
|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Description | Electric Service provided to retail customers who are not taking service from a competitive supplier. |
| Eligibility Requirements | Service to customers can be initiated by: a) A customer notifying National Grid that it wishes to terminate service from its competitive supplier and commence Default Service. b) A competitive supplier notifying National Grid that it is terminating service to a customer. c) A competitive supplier ceasing to provide service to a customer without notifying National Grid. d) A customer moves into National Grid's service territory and does not affirmatively choose a competitive supplier. |
| Aggregate Number of Customers Taking Service and Historical Load Profiles | Note: Historic customer count data and historical hourly load profiles are available at National Grid's procurement website: http://www.nationalgridus.com/energysupply/ |



Request for Power Supply Proposals
May 7, 2010
Appendix A

| Granite State Electric Company | |
|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NH Default (Energy) Service | |
| Description | Service provided to retail customers who are not taking service from a competitive energy supplier. |
| Eligibility Requirements | <p>Service to customers is initiated by:</p> <ul style="list-style-type: none"> a) A customer notifying National Grid that it wishes to terminate service from its competitive energy supplier and commence Default Service. b) A competitive energy supplier notifying National Grid that it is terminating service to a customer. c) A competitive energy supplier ceasing to provide service to a customer without notifying National Grid. d) A customer moves into National Grid's service territory and does not affirmatively choose a competitive energy supplier. |
| Aggregate Number of Customers Taking Service and Historical Load Profiles | <p>Note: Historic customer count data and historical hourly load profiles are available at National Grid's procurement website:</p> <p>http://www.nationalgridus.com/energysupply/</p> |

APPENDIX B

MASSACHUSETTS MASTER POWER AGREEMENT

APPENDIX C

NEW HAMPSHIRE MASTER POWER AGREEMENT

APPENDIX D

REQUIRED PROPOSAL INFORMATION

RESPONDENT: _____

1. General Information

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Name of Respondent | |
| Principal contact person < Name < Title < Company < Mailing address < Telephone number (office) < Telephone number (cell) < Fax number < E-mail address | |
| Secondary contact person (if any) < Name < Title < Company < Mailing address < Telephone number (office) < Telephone number (cell) < Fax number < E-mail address | |
| Legal form of business organization of Respondent (e.g., sole proprietorship, partnership, limited partnership, joint venture, or corporation) | |
| State(s) of incorporation, residency and organization Indicate whether Respondent is in good standing in all states in which Respondent is authorized to do business and, if not, which states and the reason it is not. | |
| If Respondent is a partnership, the names of all general and limited partners. If Respondent is a limited liability company, the names of all direct owners. | |
| Description of Respondent and all affiliated entities and joint ventures transacting business in the energy sector | |

RESPONDENT: _____

2. Financial Information

| | |
|-------------------------------------------------------------------------------------------------------|--|
| Current debt rating for Respondent (include ratings and names of rating agencies). | |
| Date Respondent's last fiscal year ended. | |
| Total revenue for Respondent for the most recent fiscal year. | |
| Total net income for Respondent for the most recent fiscal year. | |
| Total assets for Respondent as of the close of the previous fiscal year. | |
| Copy of the Respondent's most recent balance sheet, income statement and cash flow statement. | |
| Copy of the Respondent's most recent audited balance sheet, income statement and cash flow statement. | |

3. Defaults and Adverse Situations

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <p>Describe, in detail, any situation in which Respondent (either individually or as part of a consortium, joint venture or other group), or an affiliate of Respondent, defaulted or was deemed to be in noncompliance of its contractual obligations to transact business in the energy sector within the past five years including, without limitation, to purchase or deliver energy, capacity or other market products at retail or wholesale, or for the purchase or sale of electricity or natural gas, and including any financing agreements or financing provisions of any agreement.</p> <p>Explain the situation, its outcome and all other relevant facts associated with the event.</p> <p>If there was litigation, provide the case caption, index number and court.</p> <p>Identify the name, title and telephone number of the principal manager of the customer/client who asserted the event of default or noncompliance.</p> | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|

RESPONDENT: _____

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Has Respondent, or any affiliate of Respondent, in the last five years, (a) consented to the appointment of, or was taken in possession by, a receiver, trustee, custodian or liquidator of a substantial part of its assets, (b) filed a bankruptcy petition in any bankruptcy court proceeding, (c) answered, consented or sought relief under any bankruptcy or similar law or failed to obtain a dismissal of an involuntary petition, (d) admitted in writing of its inability to pay its debts when due, (e) made a general assignment for the benefit of creditors, (f) was the subject of an involuntary proceeding seeking to adjudicate that Party bankrupt or insolvent, (g) sought reorganization, arrangement, adjustment, or composition of it or its debt under any law relating to bankruptcy, insolvency or reorganization or relief of debtors. | |
| Describe any facts presently known to Respondent that might adversely affect its ability to provide the service(s) bid herein as provided for in the RFP | |

4. NEPOOL AND POWER SUPPLY EXPERIENCE

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Is Respondent a member of NEPOOL? | |
| Does Respondent have an executed and accepted Market Participant Service Agreement with ISO New England? | |
| Name of Market Participant if Respondent will have another Market Participant be responsible for its market settlement obligations . | |
| Describe Respondent's experience and record of performance in the areas of power marketing, brokering, sales, and/or contracting, for the last five years within NEPOOL and/or the New England region. | |
| Provide three references (name, title and contact information) who have contracted with the Respondent for similar load following services within the last 2 years. | |

RESPONDENT: _____

5. CONFLICTS OF INTEREST

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Briefly describe any known conflicts of interest between bidder or an affiliate of bidder and Buyer, National Grid USA or any affiliates of the foregoing. | |
| Enumerate any litigation, claims or complaints asserted by bidder or an affiliate of bidder, against Buyer, National Grid or an affiliate of any of the foregoing. | |
| Enumerate any litigation, claims or complaints asserted against bidder or an affiliate of bidder by Buyer, National Grid or an affiliate of any of the foregoing. | |

6. SCOPE OF BID AND TERMS OF SALE

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <p>Will Respondent execute a contract substantially similar to the Master Power Agreements contained in Appendices B and C?</p> <p>Explain any proposed modifications.</p> | |
| List all regulatory approvals required before service can commence. | |

RESPONDENT: _____

7. Proposed Pricing

(Respondent required to use bidding spreadsheet included on procurement website)

Proposed Pricing Massachusetts Default Service

| Bid Block | SMD ZONE | Customer Group | Period | | Monthly Pricing - \$/MWh (all inclusive w/o RPS Compliance) | | | | | |
|-----------|----------|----------------|-----------|-----------|-------------------------------------------------------------|--------|--------|--------|--------|--------|
| | | | From | To | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 |
| A | SEMA | Industrial | 01-Aug-10 | 31-Oct-10 | | | | | | |
| B | WCMA | Industrial | 01-Aug-10 | 31-Oct-10 | | | | | | |
| C | NEMA | Industrial | 01-Aug-10 | 31-Oct-10 | | | | | | |

MA RPS Compliance Adder - 2010 \$/MWh

Proposed Pricing New Hampshire Default Service

| Bid Block | SMD ZONE | Customer Group | Period | | Monthly Pricing - \$/MWh (all inclusive w/o RPS Compliance) | | | | | |
|-----------|----------|----------------|-----------|-----------|-------------------------------------------------------------|--------|--------|--------|--------|--------|
| | | | From | To | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 |
| D | NH | Large | 01-Aug-10 | 31-Oct-10 | | | | | | |

NH RPS Compliance Adder - 2010 \$/MWh

SCHEDULE MMJ – 2

Default Service Procurement Summary

NATIONAL GRID

DEFAULT SERVICE PROCUREMENT SUMMARY

FOR GRANITE STATE ELECTRIC COMPANY AND MASSACHUSETTS ELECTRIC COMPANY

FOR THE PERIODS
AUGUST 2010 – OCTOBER 2010

1. **RFP Issued**

National Grid issued its Request for Power Supply Proposals (“RFP”) on May 7, 2010 directly to over [REDACTED] suppliers for the service period August 2010 through October 2010.

The RFP was also distributed to all members of the NEPOOL Markets Committee and posted on National Grid’s energy supply website. As a result, the RFP had wide distribution throughout the New England energy supply marketplace.

The procurement was conducted in accordance with applicable New Hampshire rules and regulations including Granite State Electric Company’s Second Amended Restructuring Settlement Agreement (“Restructuring Settlement”), RSA 374-F (“New Hampshire Act”) and Granite State Electric Company Post-Transition Service Default Service Proposal Settlement Agreement (“New Hampshire Settlement Agreement”) approved by the New Hampshire Public Utilities Commission on January 13, 2006 in Order No. 24,577.

This procurement was also conducted in accordance with applicable Massachusetts rules and regulations including the various orders in Dockets D.T.E. 99-60A, 99-60B, 99-60C, 02-40A, 02-40B and 02-40C and was consistent with prior procurements conducted by National Grid.

National Grid’s RFP requested all-inclusive pricing for all blocks:

- 100% of the New Hampshire Large Customer Group Default Service requirements for the period August 2010 through October 2010;
- 100% of the Massachusetts Industrial Customer Group Default Service requirements for the period August 2010 through October 2010.

These requirements were divided into four distinct load blocks. A description of each load block is provided in Attachment 1.

2. **Key RFP Dates**

- The RFP was issued on May 7, 2010.
- Supplier information was received on May 21, 2010.
- Indicative bids were received on June 2, 2010.
- Final bids were received on June 9, 2010.

National Grid: Page 2 of 18
Docket D.P.U. 10-BSF-D2
Docket DE 10-020

3. **Contract Submissions**

All bidders had previously executed Master Power Agreements with National Grid.

4. **Indicative Bids**

Indicative bids were received on June 2, 2010 from [REDACTED] bidders.

The indicative bids were evaluated and ranked (see Attachments 2 and 3). Indicative pricing was used only to determine current market prices, to prepare an initial ranking of bids and to identify any bidding anomalies. The Massachusetts retail prices in Attachment 3 were calculated by adjusting the wholesale prices in Attachment 2 by the ratio of wholesale purchases to retail deliveries over the twelve-month period ending May 31, 2010. For New Hampshire, the retail prices in Attachment 3 were calculated by adjusting the wholesale prices in Attachment 2 by the ratio of wholesale purchases to retail deliveries over the twelve-month period ending December 31, 2007.

The lowest indicative bids for each load block were compared to National Grid's estimate of expected indicative bids. Our methodology calculates the expected bid prices from the historical relationship of the bid price to all market components that comprise the bid price (see Attachment 4). This method utilizes a detailed on-peak & off-peak calculation and incorporates all bid components: energy, capacity, and ancillary services.

In evaluating the bid prices, National Grid compared the expected bid price for each block from the method above to the lowest average indicative bid price for the block. [REDACTED]

[REDACTED]

[REDACTED]

In addition to evaluating the bid price and ability to meet credit requirements, National Grid also performed a qualitative review of each bidder's ability to provide Default Service during the service period based on the following:

- The bidder's past experience in providing similar services to National Grid or its affiliates;
- The bidder's past experience in providing similar services to other companies in New England;
- The bidder's past experience in providing similar services to other companies in other regions;
- The bidder's demonstrated understanding of the market rules related to the provision of Default Service;
- The bidder's demonstrated understanding of its obligations under the proposed Master Power Agreement; and
- Whether there have been any past or are any present events that are known that may adversely affect the bidder's ability to provide Default Service.

National Grid: Page 3 of 18
Docket D.P.U. 10-BSF-D2
Docket DE 10-020

National Grid concluded that all bidders were qualified to provide Default Service and would be capable of providing any required contract security.

5. Regulatory Communication

The results of the Massachusetts final bids were shared with staff of the Massachusetts Department of Public Utilities (“MADPU”) on June 3, 2010.

6. Final Bids

Final bids were received on June 9, 2010 from [REDACTED] bidders.

The final bids were evaluated and ranked (see Attachments 5 and 6). The retail prices for Massachusetts in Attachment 6 were calculated by adjusting the wholesale prices in Attachment 5 by the ratio of wholesale purchases to retail deliveries over the twelve-month period ending May 31, 2010. For New Hampshire, the retail prices in Attachment 6 were calculated by adjusting the wholesale prices in Attachment 5 by the ratio of wholesale purchases to retail deliveries over the twelve-month period ending December 31, 2007.

A summary of the number of conforming bids per block is provided in the following table:

| Block - # Bids | Block - # Bids | Block - # Bids |
|----------------|----------------|----------------|
| [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] |

7. Analysis and Award

The lowest final bids for each load block were compared to National Grid’s estimate of expected bids based on the methodology described above (see Indicative Bids). The calculations of these expected prices can be found in Attachment 7.

[REDACTED]

Attachment 8 provides a summary of the winning supplier for each block as well as the basis for the award. Attachment 9 provides a bidder key to help identify bidders.

8. Renewable Portfolio Standard

The Massachusetts load covered by this RFP is subject to the following New Renewable Portfolio Standard (“RPS”) requirement:

National Grid: Page 4 of 18
Docket D.P.U. 10-BSF-D2
Docket DE 10-020

| RPS Obligations | 2010 % of Load |
|------------------------------|----------------|
| RPS Class I New | 5.0% |
| RPS Class II Existing | 3.6% |
| RPS Class II Waste to Energy | 3.5% |
| APS Resource | 1.5% |
| Total | 13.6% |

A portion of the Class I requirements must be met by Solar Carve-Out Renewable Generation. The Minimum Standard for Compliance Year 2010 is estimated to be 0.0680%. The Department of Energy Resources (DOER) will announce the final Minimum Standard for Compliance Year 2010 on or around July 20, 2010.

National Grid evaluated the cost of obtaining the RPS Renewable Energy Certificates (“RECs”) associated with the load requirements from the bidders versus the most recent REC RFP prices for RPS certificates.

Attachment 10 provides an analysis of the proposed RPS cost adders contained in the final bids. Because the price from the winning bidder was higher than National Grid’s estimate of the market cost for RECs, National Grid did not include the purchase of RPS RECs in their bid awards. Consistent with its RPS Compliance Plan that was filed with the Department on November 1, 2002, National Grid will attempt to procure these requirements through separate solicitations at a later date or by an Alternative Compliance Payment (“ACP”) to the Massachusetts Technology Park Corporation.

National Grid estimated the costs to comply with the RPS and APS obligations by utilizing the applicable market price or ACP rates as specified in the RPS and APS regulations. Attachment 11 provides a calculation of the cost adder to include these costs.

9. New Hampshire Renewable Energy Portfolio Standard

The New Hampshire load covered by this RFP is subject to the following Renewable Portfolio Standard (“RPS”) requirement:

| RPS Obligations | 2010 % of Load |
|-----------------|----------------|
| RPS Class I | 1.00% |
| RPS Class II | 0.04% |
| RPS Class III | 5.50% |
| RPS Class IV | 1.00% |
| Total | 7.54% |

National Grid evaluated the cost of obtaining the NH-RPS certificates associated with the load requirements from the bidders versus the most recent REC RFP prices or current market prices for RPS certificates.

National Grid: Page 5 of 18
Docket D.P.U. 10-BSF-D2
Docket DE 10-020

Attachment 10 provides an analysis of the proposed NH-RPS cost adders contained in the final bids. Because the price from the winning bidder was higher than National Grid's estimate of the market cost for RECs, National Grid did not include the purchase of NH-RPS RECs in their bid awards. National Grid will attempt to procure NH-RPS certificates through separate solicitations at a later date or by an Alternative Compliance Payment to the New Hampshire Public Utilities Commission.

National Grid estimated the costs to comply with the RPS obligations by utilizing the applicable market price as specified in the RPS regulations. Attachment 12 provides a calculation of the cost adder to include these costs.

10. Retail Rate

The expected retail rates, excluding administrative cost adders, were based on the winning wholesale costs. For the Massachusetts Industrial Customer Group and the New Hampshire Large Customer group, the rates reflect the costs of the current procurement and are not blended with costs incurred in other procurements.

The Massachusetts retail rates in Attachment 6 were calculated by adjusting the wholesale prices in Attachment 5 using the ratio of wholesale kWh purchases to retail kWh deliveries over the twelve-month period ending May 31, 2010. For New Hampshire, the retail prices in Attachment 6 were calculated by adjusting the wholesale prices in Attachment 5 by the ratio of wholesale purchases to retail deliveries over the twelve-month period ending December 31, 2007.

A summary of the estimated retail rates for each block is provided in Attachment 13. For both the New Hampshire and Massachusetts Default Service retail rates, the retail rates were adjusted to include the average cost of RPS certificates that could be purchased in the open market.

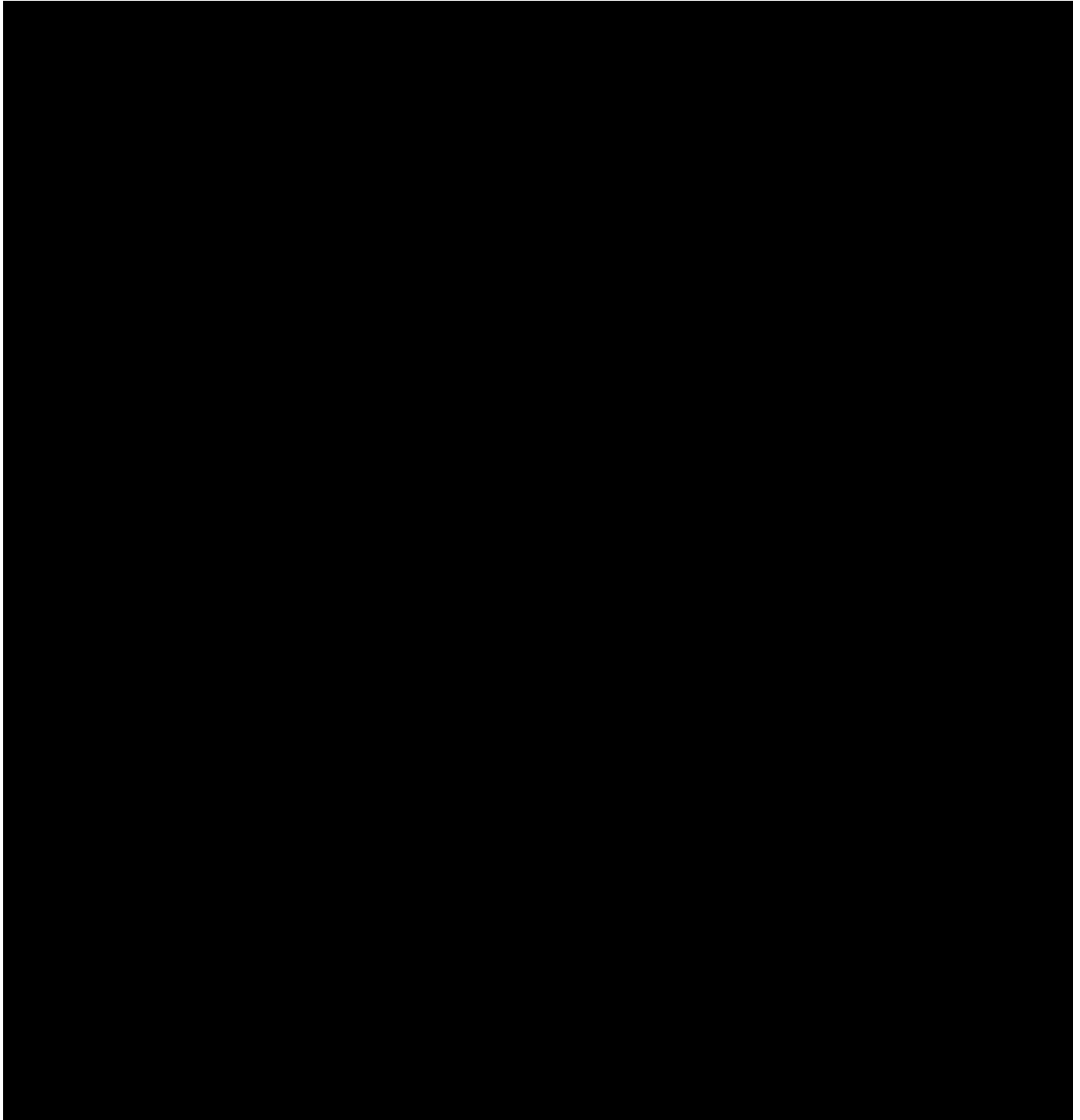
National Grid: Page 6 of 18
Docket D.P.U. 10-BSF-D2
Docket DE 10-020

ATTACHMENT 1
LOAD BLOCK DESCRIPTIONS

| Load Block | Customer Group | SMD Load Zone | Load Share | Type of Service | Period |
|-------------------|-----------------------|----------------------|-------------------|------------------------|---------------------|
| A | Industrial | SEMA | 100% | MA Default Service | 08/01/10 – 10/31/10 |
| B | Industrial | WCMA | 100% | MA Default Service | 08/01/10 – 10/31/10 |
| C | Industrial | NEMA | 100% | MA Default Service | 08/01/10 – 10/31/10 |
| D | Large | NH | 100% | NH Default Service | 08/01/10 – 10/31/10 |

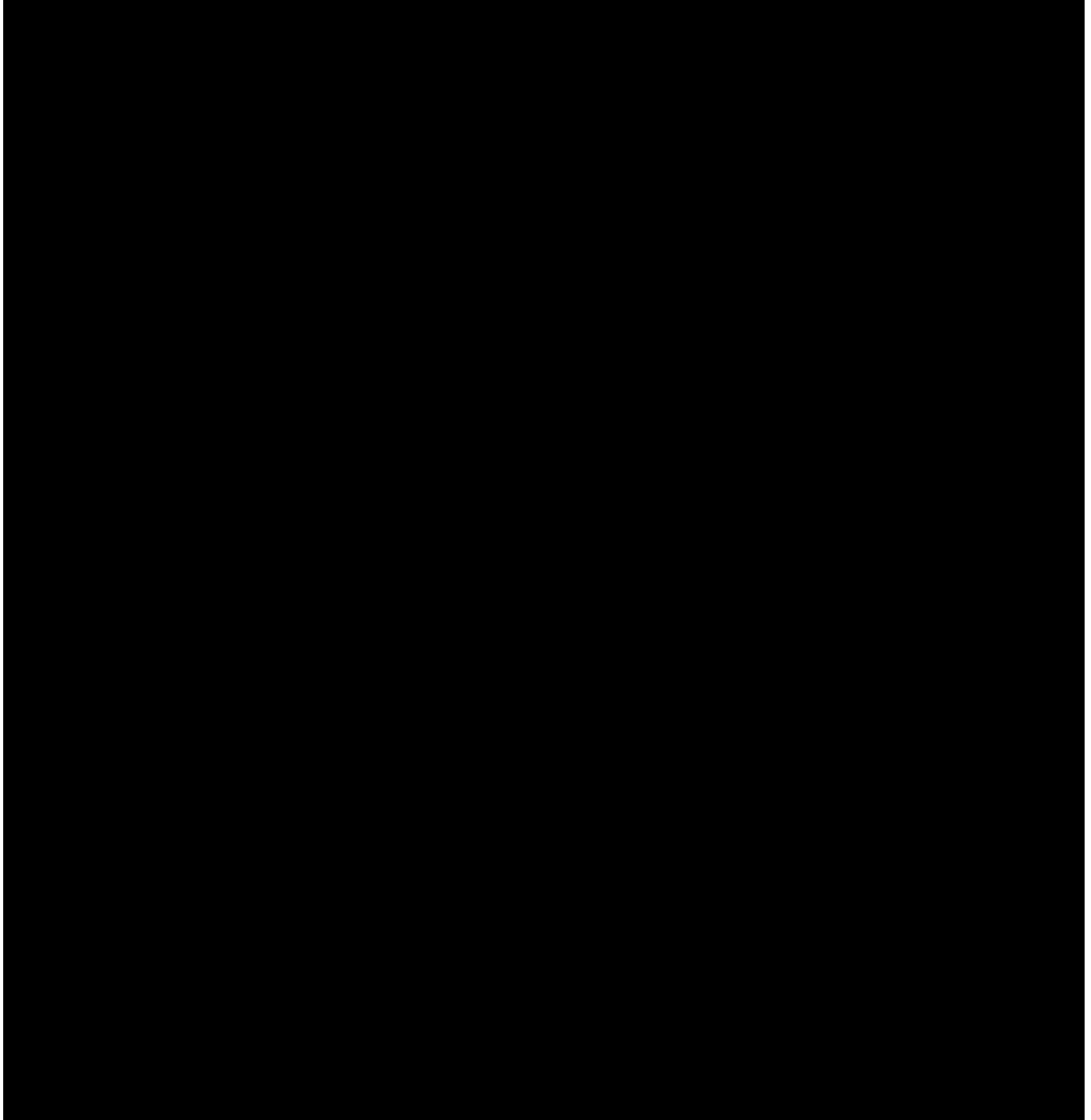
National Grid: Page 7 of 18
Docket D.P.U. 10-BSF-D2
Docket DE 10-020

ATTACHMENT 2
INDICATIVE BID RANKING AT WHOLESALE
BLOCKS A – D



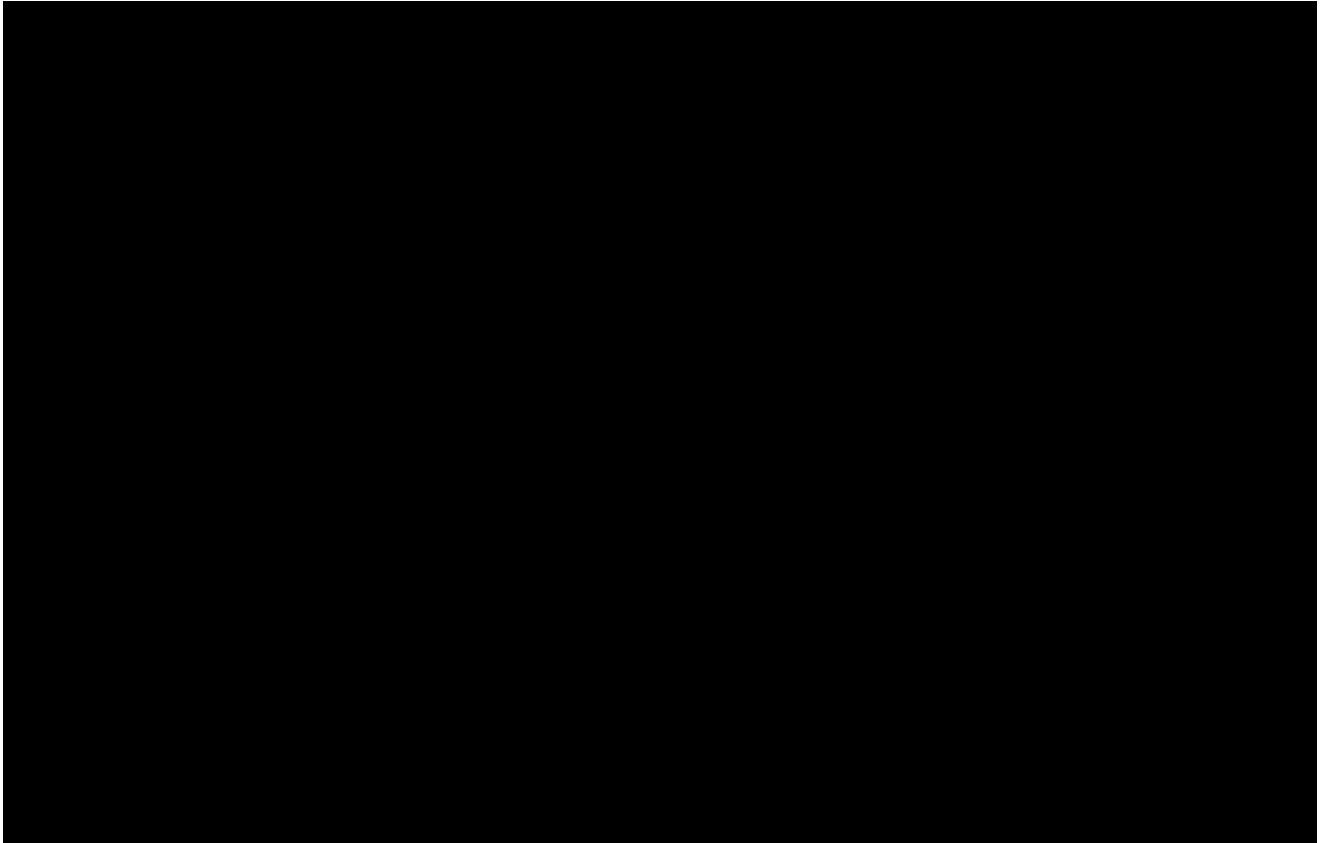
National Grid: Page 8 of 18
Docket D.P.U. 10-BSF-D2
Docket DE 10-020

ATTACHMENT 3
INDICATIVE BID RANKING AT RETAIL
WITHOUT RPS (¢/kWh)
BLOCKS A – D



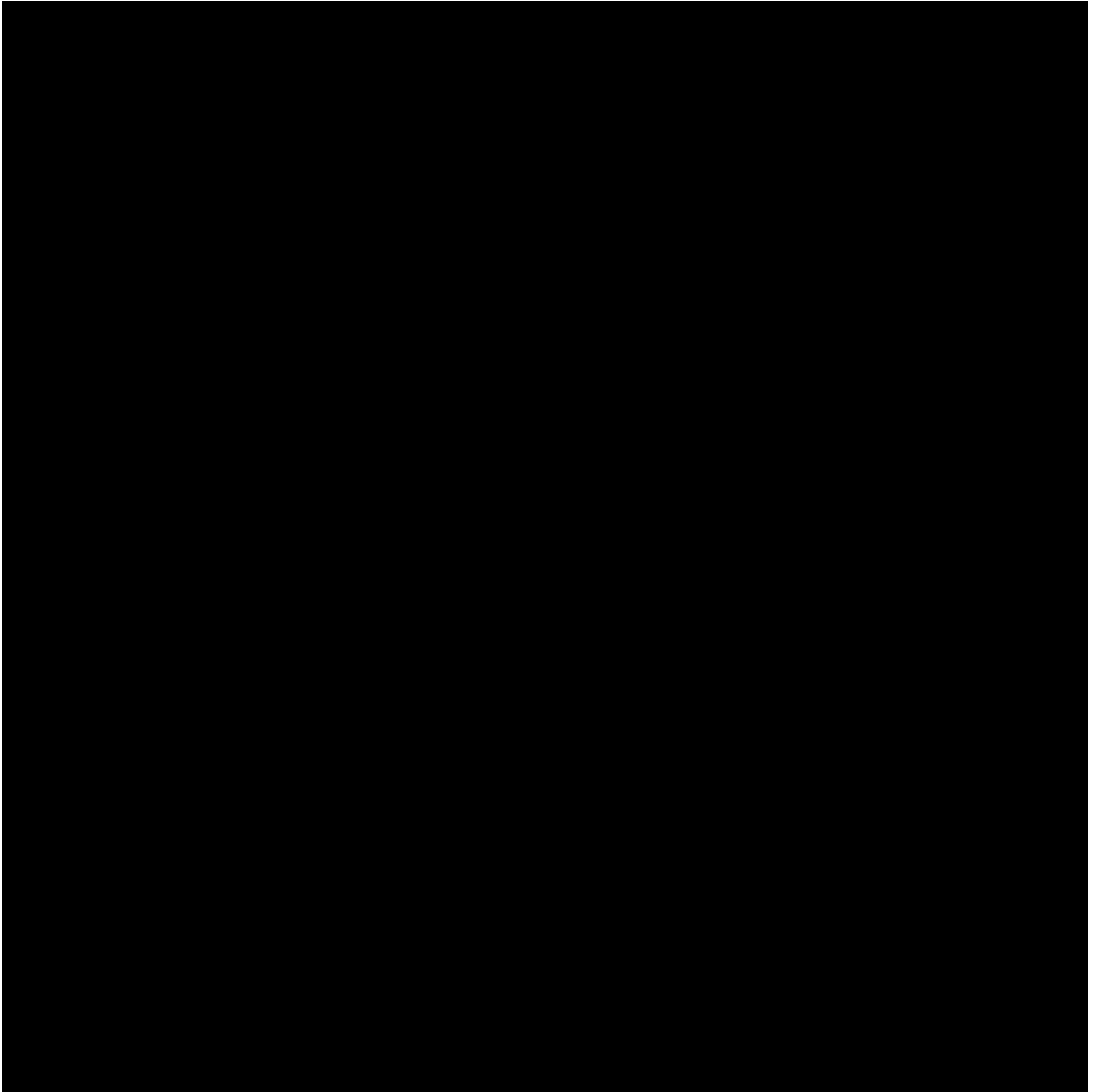
National Grid: Page 9 of 18
Docket D.P.U. 10-BSF-D2
Docket DE 10-020

ATTACHMENT 4
ESTIMATED INDICATIVE PRICES
FORECAST BASED ON NYMEX ELECTRICITY FUTURES
AUGUST 2010 – OCTOBER 2010 PERIOD



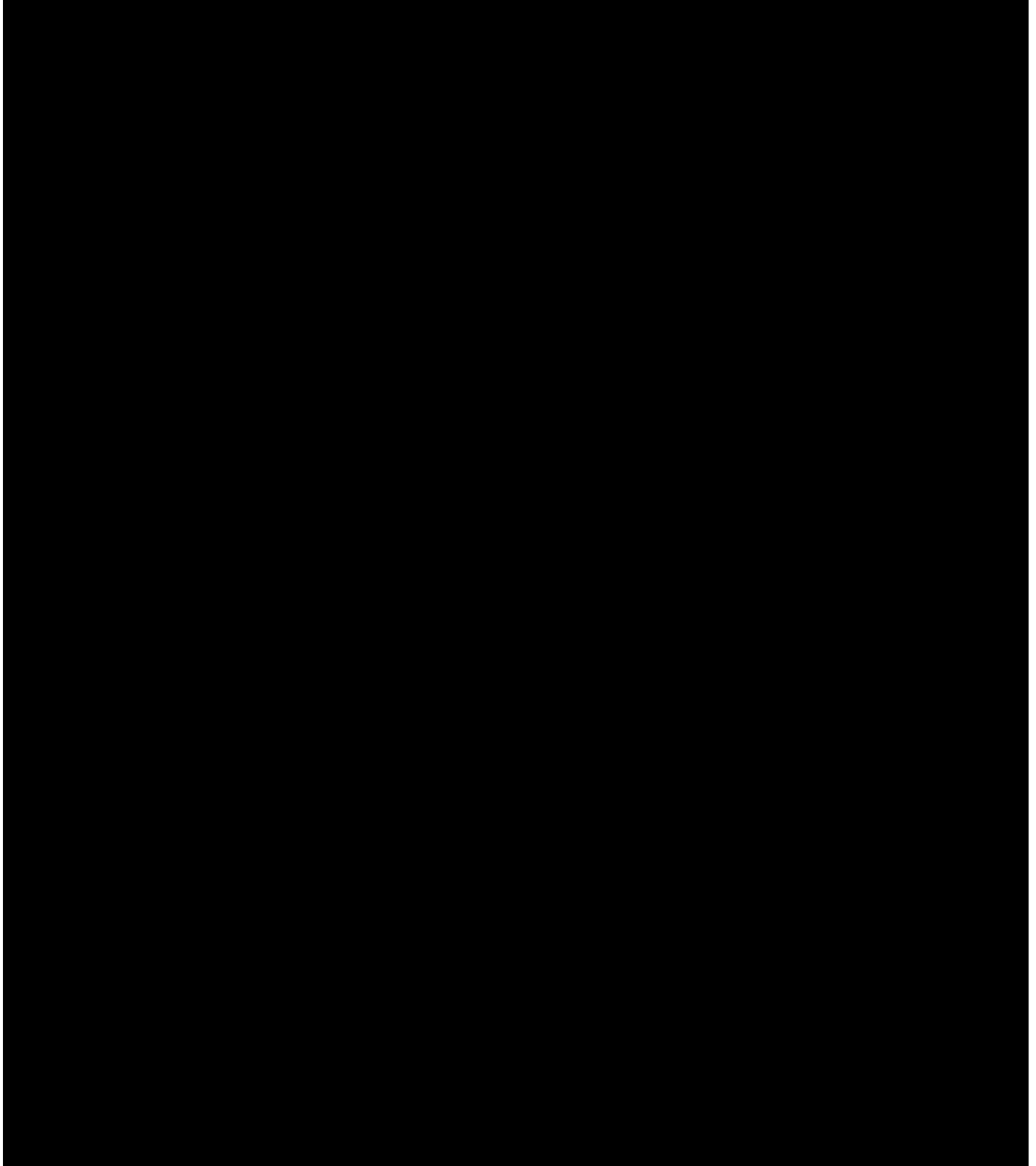
National Grid: Page 10 of 18
Docket D.P.U. 10-BSF-D2
Docket DE 10-020

ATTACHMENT 5
FINAL BID RANKING AT WHOLESALE
BLOCKS A – D



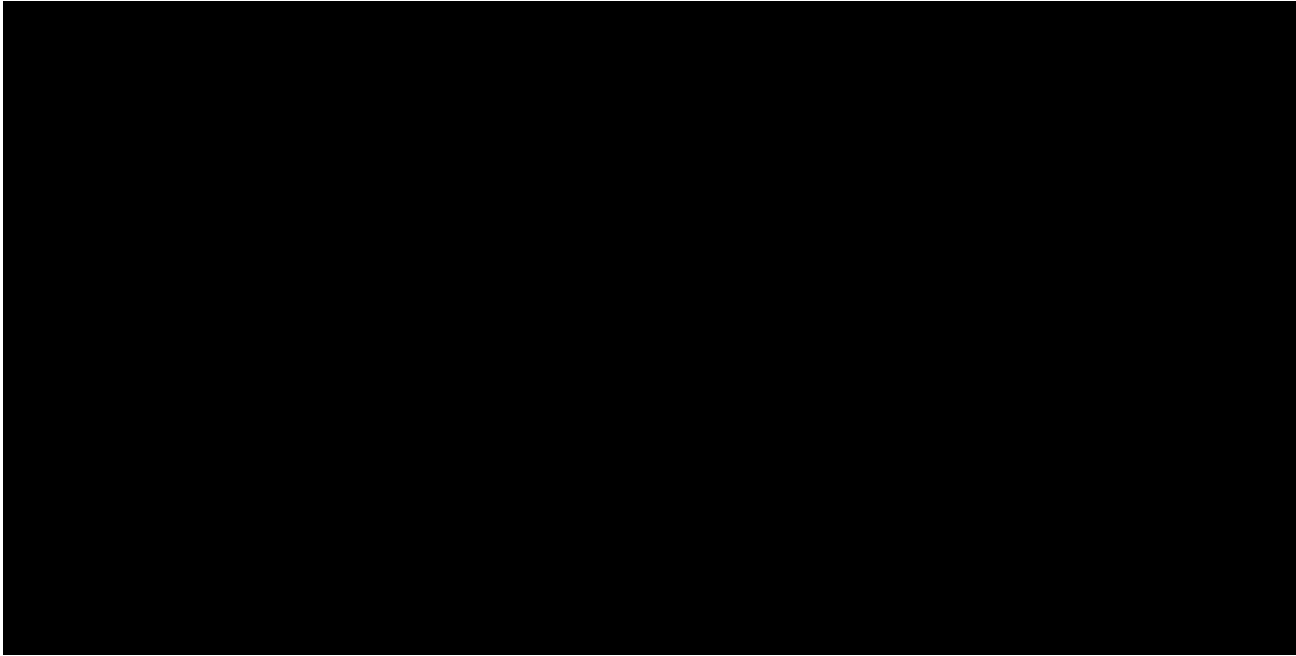
National Grid: Page 11 of 18
Docket D.P.U. 10-BSF-D2
Docket DE 10-020

ATTACHMENT 6
FINAL BID RANKING AT RETAIL
WITHOUT RPS (¢/kWh)
BLOCKS A – D



National Grid: Page 12 of 18
Docket D.P.U. 10-BSF-D2
Docket DE 10-020

**ATTACHMENT 7 ESTIMATED FINAL PRICES
FORECAST BASED ON NYMEX ELECTRICITY FUTURES
AUGUST 2010 – OCTOBER 2010 PERIOD**



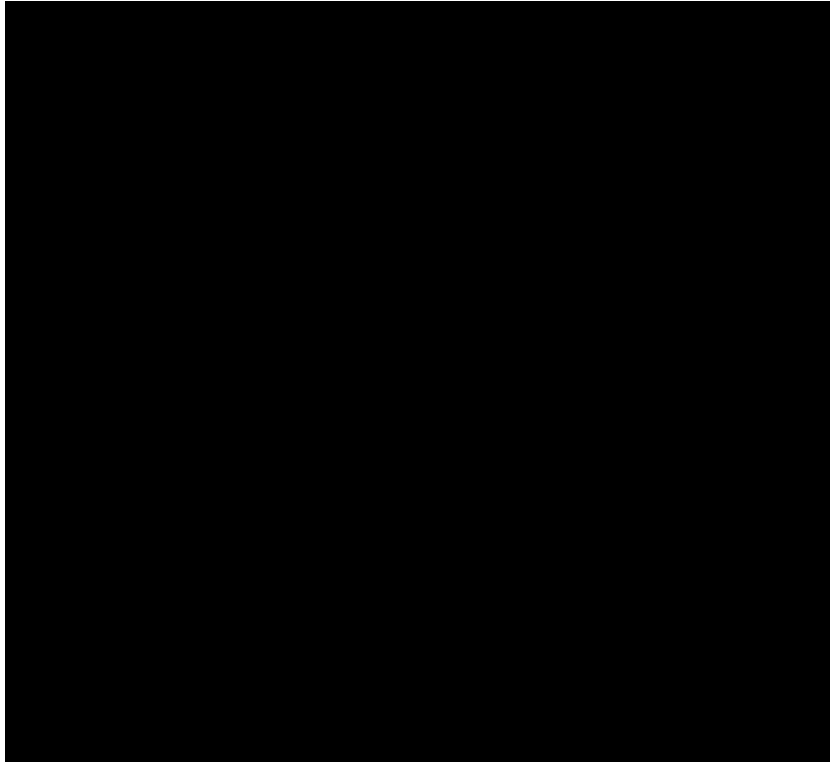
National Grid: Page 13 of 18
Docket D.P.U. 10-BSF-D2
Docket DE 10-020

ATTACHMENT 8
SUMMARY OF LOAD BLOCK AWARDS

| Load Block | Customer Group | Load Zone | Supplier | Basis for Award |
|------------|----------------|-----------|------------------|-------------------------|
| A | Industrial | SEMA | | Lowest bidder for block |
| B | Industrial | WCMA | | Lowest bidder for block |
| C | Industrial | NEMA | | Lowest bidder for block |
| D | Large | NH | Hess Corporation | Lowest bidder for block |

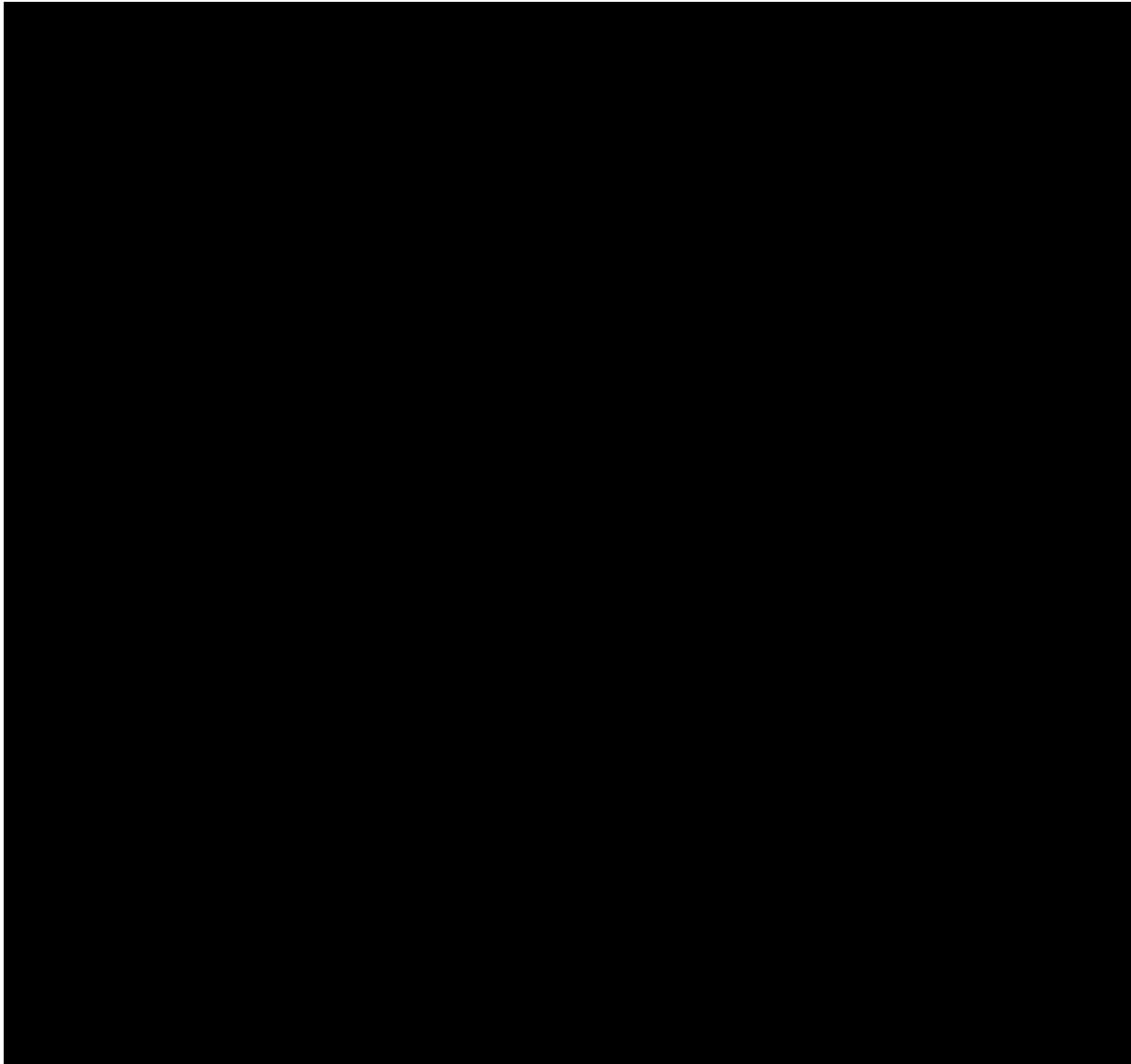
National Grid: Page 14 of 18
Docket D.P.U. 10-BSF-D2
Docket DE 10-020

ATTACHMENT 9
BIDDER KEY



National Grid: Page 15 of 18
Docket D.P.U. 10-BSF-D2
Docket DE 10-020

ATTACHMENT 10
SUMMARY OF RPS BIDS



National Grid: Page 16 of 18
Docket D.P.U. 10-BSF-D2
Docket DE 10-020

ATTACHMENT 11 **MA RPS & APS COST ADDER CALCULATION**

| | YEAR | |
|----------------------------------------------------------------------------------------------|-------------|----------------|
| | 2010 ACP | 2010 Market |
| <u>Section 1: Calculation of RPS Class I Resource Charge</u> | | |
| (1) RPS Class I Renewable Generation Resource Alternative Compliance Payment | \$60.93 | |
| (2) RPS Class I Renewable Generation Resource Obligation | 4.932% | 4.932% |
| (3) Incremental Cost - \$/MWh | \$3.01 | |
| <u>Section 2: Calculation of RPS Class I Solar Carve-Out Resource Charge</u> | | |
| (1) RPS Class I Solar Carve-Out Renewable Generation Resource Alternative Compliance Payment | \$600.00 | |
| (2) RPS Class I Solar Carve-Out Renewable Generation Resource Obligation | 0.068% | 0.068% |
| (3) Incremental Cost - \$/MWh | \$0.41 | |
| <u>Section 3: Calculation of RPS Class II Resource Charge</u> | | |
| (1) RPS Class II Renewable Generation Resource Alternative Compliance Payment | \$25.00 | |
| (2) RPS Class II Renewable Generation Resource Obligation | 3.60% | 3.60% |
| (3) Incremental Cost - \$/MWh | \$0.90 | |
| <u>Section 4: Calculation of RPS Class II Waste Energy Resource Charge</u> | | |
| (1) RPS Class II Waste Energy Resource Alternative Compliance Payment | \$10.00 | |
| (2) RPS Class II Waste Energy Resource Obligation | 3.50% | 3.50% |
| (3) Incremental Cost - \$/MWh | \$0.35 | |
| <u>Section 5: Calculation of APS Resource Charge</u> | | |
| (1) APS Alternative Compliance Payment | \$20.00 | |
| (2) APS Obligation | 1.50% | 1.50% |
| (3) Incremental Cost - \$/MWh | \$0.30 | |
| <u>Section 6: Calculation of RPS/APS Adder</u> | | |
| (4) Sum of Class I, Class II and APS Incremental Costs - \$/MWh | \$4.96 | |
| (5) Total RPS/APS Obligation % | 13.60% | 13.60% |
| (6) Obligation Weighted ACP cost | \$36.49 | |
| <u>Notes</u> | | |
| (1) 2010 ACP | | |
| (2) From 225 CMR 14 or 15 or 16. | | |
| (3) Line (1) times Line (2) | | |
| (4) Sum of all Line 3's | | |
| (5) Sum of all Line 2's | | |
| (6) Line (4) divided by Line (5) | | |

National Grid: Page 17 of 18
Docket D.P.U. 10-BSF-D2
Docket DE 10-020

ATTACHMENT 12
NH RPS COST ADDER CALCULATION

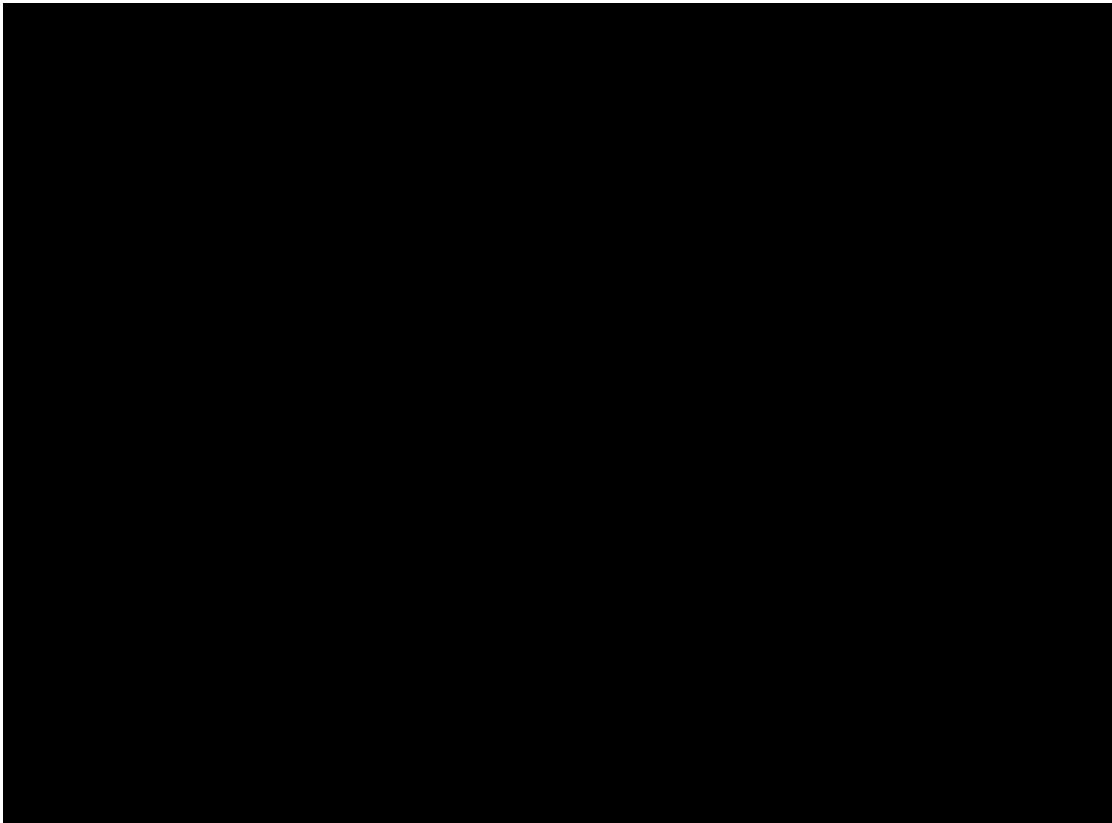
| | YEAR | |
|-----------------------------------------------------------------------------------------------------|-------------|----------------|
| | 2010 ACP | 2010 Market |
| <u>Section 1: Calculation of Class I Renewable Energy Resource Charge</u> | | |
| (1) Class I Alternative Compliance Payment | \$60.93 | |
| (2) Class I Renewable Energy Resource Obligation | 1.00% | 1.00% |
| (3) Incremental Cost - \$/MWh | \$0.61 | |
| <u>Section 2: Calculation of Class II Renewable Energy Resource Charge</u> | | |
| (1) Class II Alternative Compliance Payment | \$160.01 | |
| (2) Class II Renewable Energy Resource Obligation | 0.04% | 0.04% |
| (3) Incremental Cost - \$/MWh | \$0.06 | |
| <u>Section 3: Calculation of Class III Renewable Energy Resource Charge</u> | | |
| (1) Class III Alternative Compliance Payment | \$29.87 | |
| (2) Class III Renewable Energy Resource Obligation | 5.50% | 5.50% |
| (3) Incremental Cost - \$/MWh | \$1.64 | |
| <u>Section 4: Calculation of Class IV Renewable Energy Resource Charge</u> | | |
| (1) Class IV Alternative Compliance Payment | \$29.87 | |
| (2) Class IV Renewable Energy Resource Obligation | 1.00% | 1.00% |
| (3) Incremental Cost - \$/MWh | \$0.30 | |
| <u>Section 5: Calculation of Renewable Portfolio Standard Adder</u> | | |
| (4) Sum of Class I, II, III and Class IV Incremental Costs - \$/MWh | \$2.61 | |
| (5) Renewable Portfolio Standard Adder to be included in Large Customer Group Retail Rates - \$/kWh | \$ 0.00272 | \$ 0.00203 |
| (6) Total RPS/APS Obligation % | 7.54% | 7.54% |
| (7) Obligation Weighted ACP cost | \$34.62 | |

Notes

- (1) 2010 ACP
- (2) From 362-F:3 of NH RPS legislation
- (3) Line (1) times Line (2)
- (4) Sum of all Line (3)s
- (5) Line (4) times the average NH Large Customer Group loss factor for 12 month period ending December 31, 2007 divided by 1,000 to convert from \$/MWh to \$/kWh.
- (6) Sum of all Line (2)s
- (7) Line (4) divided by Line (7)

National Grid: Page 18 of 18
Docket D.P.U. 10-BSF-D2
Docket DE 10-020

ATTACHMENT 13
RETAIL RATES BASED ON FINAL BID PRICES



SCHEDULE MMJ – 3

**Comparison of Change in Futures Prices to
Change in Procurement Costs**

REDACTED DOCUMENT

Granite State Electric Company

Comparison of Change in Futures Prices to Change in Procurement Costs

| | | Period 1 (February - April) | | | | Period 2 (May - July) | | | | Period 3 (August - October) | | | | Hourly Weighted Average | Change (Period 2 to Period 3) | Change (Period 1 to Period 3) | |
|------------------------------------------------------|----------|-----------------------------|-------|-------|---------|-------------------------|-------|-------|-------|-----------------------------|-------------------------|-------|-------|-------------------------|-------------------------------|-------------------------------|------|
| | | Feb | Mar | Apr | Average | Hourly Weighted Average | May | Jun | Jul | Average | Hourly Weighted Average | Aug | Sep | Oct | Average | | |
| Electric Futures Price December 9, 2009 (\$/MWh) | On-Peak | 66.81 | 56.42 | 56.42 | 59.88 | 52.46 | | | | | | | | | | | |
| | Off-Peak | 54.40 | 43.43 | 43.43 | 47.09 | | | | | | | | | | | | |
| Electric Futures Price March 10, 2010 (\$/MWh) | On-Peak | | | | | | 46.99 | 49.09 | 55.85 | 50.64 | 43.54 | | | | | | |
| | Off-Peak | | | | | | 37.48 | 37.42 | 40.30 | 38.40 | | | | | | | |
| Electric Futures Price June 9, 2010 (\$/MWh) | On-Peak | | | | | | | | | | | 57.25 | 50.19 | 50.03 | 52.49 | 45.41 | 4 3% |
| | Off-Peak | | | | | | | | | | | 42.65 | 38.72 | 39.50 | 40.29 | | |
| NYMEX Natural Gas Price December 9, 2009 (\$/mmBtu) | | 5.173 | 5.198 | 5.228 | 5.200 | | | | | | | | | | | | |
| NYMEX Natural Gas Price March 10, 2010 (\$/mmBtu) | | | | | | | 4.575 | 4.643 | 4.735 | 4.651 | | | | | | | |
| NYMEX Natural Gas Price June 9, 2010 (\$/mmBtu) | | | | | | | | | | | | 4.865 | 4.917 | 5 | 4.927 | | 5 9% |
| Final Large CG Price with Capacity 12/9/2009 (¢/kWh) | | | | | | | | | | | | | | | | | |
| Final Large CG Price with Capacity 3/10/2010 (¢/kWh) | | | | | | | | | | | | | | | | | |
| Final Large CG Price with Capacity 6/9/2010 (¢/kWh) | | | | | | | | | | | | | | | | | |

Notes:

- 1) Hourly weighted average = 42% On Peak + 58% Off-Peak prices
- 2) Final Price does not include Default Service Reconciliation Adjustment Factor or Default Service Cost Reclassification Adjustment Factor.

SCHEDULE MMJ – 4

**Default Service Contract for the Large Customer Group
August 1, 2010 through October 31, 2010**

REDACTED DOCUMENT

EXECUTION COPY

MASTER POWER AGREEMENT
FORM OF CONFIRMATION

This Confirmation shall confirm the Transaction agreed to on, and effective as of June 9, 2010, between **GRANITE STATE ELECTRIC COMPANY** (“Granite” or “Buyer”), a New Hampshire corporation and **HESS CORPORATION**, a Delaware corporation (“**Seller**”), a Delaware corporation, regarding the sale/purchase of Default Service specified herein under the terms and conditions under the Master Power Agreement, dated March 15, 2007, (the “Master Power Agreement”) between Buyer and Seller, as specified and modified herein. Terms used but not defined herein shall have the meanings ascribed to them in the Master Power Agreement.

1. Confirmation Effective Date; Condition Precedent; Filing Obligation; Term

This Confirmation shall be binding on the Parties upon execution by both Parties (such date the “Confirmation Effective Date”). Promptly after execution by both Parties, Buyer shall submit the Default Service retail rates to the NHPUC for its approval. The Parties performance of Sections 3.2 through 6.4 of the Master Power Agreement are subject to the occurrence, on or before the fifth Business Day after (but not including) the Buyer’s submission of the Default Service retail rates to the NHPUC (the “Fifth Day”), for the approval by the NHPUC. If the NHPUC does not issue a decision approving Buyer’s request to approve the Default Service retail rates as filed on or before the Fifth Day (a “NHPUC Denial”), then this Confirmation shall be null and void and of no further force and effect, and neither Party shall have any obligation whatsoever to the other Party, and such a voiding of the Confirmation and the NHPUC Denial shall not be a default or constitute an Event of Default by either Party; provided, however, that neither Party shall undertake any action with the NHPUC or otherwise in opposition of approval by the NHPUC of the Master Power Agreement or the Confirmation as executed.

[REDACTED]

| | | | | | | |
|------------|------------|------------|------------|------------|------------|------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
|------------|------------|------------|------------|------------|------------|------------|

[REDACTED]

| | | | | | | | | | |
|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|













[REDACTED]

| | | | | | | | | | |
|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|

[illegible]

None.

CONFIDENTIAL

| | | | | | |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
|  |  |  |  |  |  |
|  |  |  |  |  |  |

72

REDACTED DOCUMENT

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Confirmation on their behalf as of the date first above written.

GRANITE STATE ELECTRIC COMPANY

Name: Margaret M. Janzen
Title: Authorized Signatory

HESS CORPORATION

Name (print): _____
Title: _____

SCHEDULE MMJ – 5

Renewable Portfolio Standard Adders

REDACTED DOCUMENT

Renewable Portfolio Standard Compliance Adders

| | YEAR | |
|-----------------------------------------------------------------------------------------------------|-------------|----------------|
| | 2010 ACP | 2010 Market |
| <u>Section 1: Calculation of Class I Renewable Energy Resource Charge</u> | | |
| (1) Class I Alternative Compliance Payment | \$60.93 | |
| (2) Class I Renewable Energy Resource Obligation | 1.00% | 1.00% |
| (3) Incremental Cost - \$/MWh | \$0.61 | |
| <u>Section 2: Calculation of Class II Renewable Energy Resource Charge</u> | | |
| (1) Class II Alternative Compliance Payment | \$160.01 | |
| (2) Class II Renewable Energy Resource Obligation | 0.04% | 0.04% |
| (3) Incremental Cost - \$/MWh | \$0.06 | |
| <u>Section 3: Calculation of Class III Renewable Energy Resource Charge</u> | | |
| (1) Class III Alternative Compliance Payment | \$29.87 | |
| (2) Class III Renewable Energy Resource Obligation | 5.50% | 5.50% |
| (3) Incremental Cost - \$/MWh | \$1.64 | |
| <u>Section 4: Calculation of Class IV Renewable Energy Resource Charge</u> | | |
| (1) Class IV Alternative Compliance Payment | \$29.87 | |
| (2) Class IV Renewable Energy Resource Obligation | 1.00% | 1.00% |
| (3) Incremental Cost - \$/MWh | \$0.30 | |
| <u>Section 5: Calculation of Renewable Portfolio Standard Adder</u> | | |
| (4) Sum of Class I, II, III and Class IV Incremental Costs - \$/MWh | \$2.61 | |
| (5) Renewable Portfolio Standard Adder to be included in Large Customer Group Retail Rates - \$/kWh | \$0.00272 | \$0.00203 |
| (6) Total RPS/APS Obligation % | 7.54% | 7.54% |
| (7) Obligation Weighted ACP cost | \$34.62 | |

Notes

- (1) 2010 ACP
- (2) From 362-F:3 of NH RPS legislation
- (3) Line (1) times Line (2)
- (4) Sum of all Line (3)s
- (5) Line (4) times the average NH Large Customer Group loss factor for 12 month period ending December 31, 2007 divided by 1,000 to convert from \$/MWh to \$/kWh.
- (6) Sum of all Line (2)s
- (7) Line (4) divided by Line (7)

SCHEDULE MMJ – 6

**Summary of Large Customer Group
Default Service Rates**

Granite State Electric Company
Summary of Proposed Default Service Rates

| | | Medium and Large C&I | | |
|-----|-----------------------------------------------------------------------|-------------------------|------------------|------------------|
| | | <u>August</u> | <u>September</u> | <u>October</u> |
| (1) | Wholesale Loads (kWh) | | | |
| (2) | Retail Loads (kWh) | | | |
| (3) | Loss Factor | | | |
| (4) | Wholesale Contract Price (\$/MWh) | | | |
| (5) | Base Default Service Rate (\$/kWh) | \$0.07421 | \$0.06866 | \$0.06975 |
| (6) | 2010 Default Service Reconciliation Adjustment Factor (\$/kWh) | \$0.00123 | \$0.00123 | \$0.00123 |
| (7) | 2010 Default Service Cost Reclassification Adjustment Factor (\$/kWh) | \$0.00037 | \$0.00037 | \$0.00037 |
| (8) | Renewable Portfolio Standard Adder (\$/kWh) | <u>\$0.00203</u> | <u>\$0.00203</u> | <u>\$0.00203</u> |
| (9) | Total Default Service Rate (\$/kWh) | \$0.07784 | \$0.07229 | \$0.07338 |

- (1) Wholesale loads for the 12 month period ending December 2007
(2) Retail loads for the 12 month period ending December 2007
(3) Line (1) ÷ Line (2), rounded to five decimal places
(4) Wholesale Contractor Price
(5) Line (3) x Line (4) / 1000, truncated to five decimal places
(6) Current approved 2010 Default Service Adjustment Factor (Effective for usage on and after May 1, 2010)
(7) Current approved Default Service Reclassification Adjustment Factor (Effective for usage on and after May 1, 2010),
recovers the costs associated with unbundling of Default Service related administrative costs
(8) Schedule MMJ-5
(9) Line (5) + Line (6) + Line (7) + Line (8)

Granite State Electric Company
Large Customer Group
(Rates G-1 and G-2)
Illustrative Weighted Average Default Service Rates For Comparison Purposes Only
August 2010 - October 2010

Section 1: Percentage of Medium and Large C&I kWhs Attributable to Default Service

| | | |
|-----|--------------------------------------------------------------------------------------------|-------------------|
| (1) | May 2010 Medium and Large C&I Default Service kWhs | 16,352,546 |
| (2) | May 2010 Total Medium and Large C&I kWhs | <u>38,331,408</u> |
| (3) | Percentage of Medium and Large C&I Default Service kWhs to Total Medium and Large C&I kWhs | 42.66% |

Section 2: Projected Medium and Large C&I Default Service kWhs, August 2010 - October 2010

| | <u>August</u> (a) | <u>September</u> (b) | <u>October</u> (c) | <u>Total</u> (d) |
|-----|--------------------------------------------------------------------------------------------|-------------------------|-----------------------|---------------------|
| (4) | Projected Total Company Medium and Large kWhs | 43,209,245 | 39,419,660 | 38,585,175 |
| (5) | Percentage of Medium and Large C&I Default Service kWhs to Total Medium and Large C&I kWhs | <u>42.66%</u> | <u>42.66%</u> | <u>42.66%</u> |
| (6) | Projected Medium and Large C&I Default Service kWhs | 18,433,478 | 16,816,805 | 16,460,805 |

Section 3: Medium and Large C&I Default Service Load Weighting for August 2010 - October 2010

| | | | | | |
|------|--------------------------------------------------------------------------------------------------|------------------|------------------|------------------|--------------|
| (7) | Projected Medium and Large C&I Default Service kWhs | 18,433,478 | 16,816,805 | 16,460,805 | 51,711,088 |
| (8) | Wholesale Loads (kWh) | | | | |
| (9) | Retail Loads (kWh) | | | | |
| (10) | Loss Factor | | | | |
| (11) | Wholesale Contract Price (\$/MWh) | | | | |
| (12) | Base Default Service Rate (\$/kWh) | \$0.07421 | \$0.06866 | \$0.06975 | |
| (13) | 2010 Default Service Reconciliation Adjustment Factor (\$/kWh) | \$0.00123 | \$0.00123 | \$0.00123 | |
| (14) | 2010 Default Service Cost Reclassification Adjustment Factor (\$/kWh) | \$0.00037 | \$0.00037 | \$0.00037 | |
| (15) | <u>Renewable Portfolio Standard Adder (\$/kWh)</u> | <u>\$0.00203</u> | <u>\$0.00203</u> | <u>\$0.00203</u> | |
| (16) | Total Estimated Medium and Large C&I Default Service Price per kWh | \$0.07784 | \$0.07229 | \$0.07338 | |
| (17) | Projected Medium and Large C&I Base Default Service Cost, August 2010 - October 2010 | \$ 1,367,948 | \$ 1,154,642 | \$ 1,148,141 | \$ 3,670,731 |
| (18) | Weighted Average Medium and Large C&I Base Default Service Charge for August 2010 - October 2010 | | | | \$ 0.07098 |
| (19) | Projected Medium and Large C&I Default Service Cost, August 2010 - October 2010 | \$ 1,434,862 | \$ 1,215,687 | \$ 1,207,894 | \$ 3,858,443 |
| (20) | Weighted Average Medium and Large C&I Default Service Charge for August 2010 - October 2010 | | | | \$ 0.07461 |

| | |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) | Per Monthly CR97987A Default Service Revenue Reports (Rates G-1 and G-2) |
| (2) | Per Monthly CR97992A Total Revenue Reports (Rates G-1 and G-2) |
| (3) | Line (1) ÷ Line (2) |
| (4) | Per Company forecast for medium and large C&I rates (Rates G-1 and G-2) |
| (5) | Line (3) |
| (6) | Line (4) x Line (5) |
| (7) | Line (6) |
| (8) | Wholesale loads for the 12 month period ending December 2007 |
| (9) | Retail loads for the 12 month period ending December 2007 |
| (10) | Line (8) ÷ Line (9), rounded to five decimal places |
| (11) | Contractor Wholesale Price |
| (12) | Line (10) x Line (11) / 1000, truncated to five decimal places |
| (13) | Current approved 2010 Default Service Adjustment Factor (Effective for usage on and after May 1, 2010) |
| (14) | Current approved Default Service Reclassification Adjustment Factor (Effective for usage on and after May 1, 2010), recovers the costs associated with unbundling of Default Service related administrative costs |
| (15) | Line (5) + Line (6) + Line (7) + Line (8) |
| (16) | Line (12) + Line (13) + Line (14) + Line (15) |
| (17) | Line (7) x Line (12) |
| (18) | Line (17) total ÷ Line (7) total, truncated after 5 decimal places |
| (19) | Line (7) x Line (16) |
| (20) | Line (19) total ÷ Line (7) total, truncated after 5 decimal places |

SCHEDULE MMJ – 7

Typical Bill Impacts

S:\RADATA\2010_ges\Default Service\June Filing\Schedule MMJ-7 Typ Bills.xls\GI 250 hu
11-Jun-10
10:15 AM

Granite State Electric Company
Proposed August 1, 2010 Default Service Rates
Calculation of Illustrative Monthly Typical Bill
Impact on Rate G-1 Default Service Customers

| Hours Use | kWh Split | | Monthly kWh | Present Rates | | Proposed Rates | | Overall Increase (Decrease) Amount % |
|-----------|-------------|-----------------|-------------|---------------|-----------------|-----------------|-------------|-----------------------------------------|
| | 250 On-Peak | 60.00% Off-Peak | | Total | Default Service | Retail Delivery | Total | |
| kW | | | | | | | | |
| 200 | 50,000 | 30,000 | 20,000 | \$5,514.67 | \$3,561.50 | \$1,953.17 | \$5,683.67 | \$169.00 3.1% |
| 300 | 75,000 | 45,000 | 30,000 | \$8,225.87 | \$5,342.25 | \$2,883.62 | \$8,479.37 | \$253.50 3.1% |
| 400 | 100,000 | 60,000 | 40,000 | \$10,937.07 | \$7,123.00 | \$3,814.07 | \$11,275.07 | \$338.00 3.1% |
| 500 | 125,000 | 75,000 | 50,000 | \$13,648.27 | \$8,903.75 | \$4,744.52 | \$14,070.77 | \$422.50 3.1% |
| 1,000 | 250,000 | 150,000 | 100,000 | \$27,204.27 | \$17,807.50 | \$9,396.77 | \$28,049.27 | \$845.00 3.1% |

Present Rates

Proposed Rates

| | | |
|-----------------------------|-------|-----------|
| Customer Charge | | \$92.27 |
| Distribution Charge | | |
| On Peak kWh | kWh x | \$0.00204 |
| Off Peak kWh | kWh x | \$0.00071 |
| Distribution Demand Charge | kW x | \$4.03 |
| Transmission Charge | kWh x | \$0.01505 |
| Stranded Cost Charge | kWh x | \$0.00069 |
| System Benefits Charge | kWh x | \$0.00330 |
| Electricity Consumption Tax | kWh x | \$0.00055 |

Supplier Services

| | | | |
|-----------------------------------------------|-------|-----------|-----------|
| Illustrative Weighted Average Default Service | kWh x | \$0.07123 | \$0.07461 |
|-----------------------------------------------|-------|-----------|-----------|

S:\RADATA\2010 ges\Default Service\June Filing\Schedule MMJ-7 Typ Bills.xls\GI 350 hu
11-Jun-10
10:15 AM

Granite State Electric Company
Proposed August 1, 2010 Default Service Rates
Calculation of Illustrative Monthly Typical Bill
Impact on Rate G-1 Default Service Customers

| Hours Use | | kWh Split | | (1) | | (2) | | (1) vs (2) | | | |
|-----------|-------------|-------------|-----------------|---------------|-----------------|-----------------|-------------|------------------------------------|-------------|-----------------|-----------------|
| | | 350 On-Peak | 50.00% Off-Peak | | | | | | | | |
| kW | Monthly kWh | On-Peak kWh | Off-Peak kWh | Present Rates | | Proposed Rates | | Overall Increase (Decrease) Amount | % | | |
| | | | | Total | Default Service | Retail Delivery | Total | | | Default Service | Retail Delivery |
| 200 | 70,000 | 35,000 | 35,000 | \$7,351.92 | \$4,986.10 | \$2,365.82 | \$7,588.52 | \$5,222.70 | \$2,365.82 | \$236.60 | 3.2% |
| 300 | 105,000 | 52,500 | 52,500 | \$10,981.75 | \$7,479.15 | \$3,502.60 | \$11,336.65 | \$7,834.05 | \$3,502.60 | \$354.90 | 3.2% |
| 400 | 140,000 | 70,000 | 70,000 | \$14,611.57 | \$9,972.20 | \$4,639.37 | \$15,084.77 | \$10,445.40 | \$4,639.37 | \$473.20 | 3.2% |
| 500 | 175,000 | 87,500 | 87,500 | \$18,241.40 | \$12,465.25 | \$5,776.15 | \$18,832.90 | \$13,056.75 | \$5,776.15 | \$591.50 | 3.2% |
| 1,000 | 350,000 | 175,000 | 175,000 | \$36,390.52 | \$24,930.50 | \$11,460.02 | \$37,573.52 | \$26,113.50 | \$11,460.02 | \$1,183.00 | 3.3% |

Present Rates

Proposed Rates

| | | |
|-----------------------------|-------|-----------|
| Customer Charge | | \$92.27 |
| Distribution Charge | | |
| On Peak kWh | kWh x | \$0.00204 |
| Off Peak kWh | kWh x | \$0.00071 |
| Distribution Demand Charge | kW x | \$4.03 |
| Transmission Charge | kWh x | \$0.01505 |
| Stranded Cost Charge | kWh x | \$0.00069 |
| System Benefits Charge | kWh x | \$0.00330 |
| Electricity Consumption Tax | kWh x | \$0.00055 |

Supplier Services

| | | | |
|-----------------------------------------------|-------|-----------|-----------|
| Illustrative Weighted Average Default Service | kWh x | \$0.07123 | \$0.07461 |
|-----------------------------------------------|-------|-----------|-----------|

S:\RADATA\2010_ges\Default Service\June Filing\Schedule MMJ-7 Typ Bills.xls\GI 450 hu
11-Jun-10
10:15 AM

Granite State Electric Company
Proposed August 1, 2010 Default Service Rates
Calculation of Illustrative Monthly Typical Bill
Impact on Rate G-1 Default Service Customers

| Hours Use | | kWh Split | | | | (1) | (2) | (1) vs (2) |
|-----------|-------------|-------------|--------------|---------------|-----------------|----------------|-----------------|-------------------------------|
| | | 450 On-Peak | 45.00% | | | | | |
| | | Off-Peak | 55.00% | | | | | |
| kW | Monthly kWh | On-Peak kWh | Off-Peak kWh | Present Rates | | Proposed Rates | | Overall Increase (Decrease) % |
| | | | | Total | Retail Delivery | Total | Retail Delivery | |
| 200 | 90,000 | 40,500 | 49,500 | \$9,189.84 | \$2,779.14 | \$9,494.04 | \$2,779.14 | \$304.20 3.3% |
| 300 | 135,000 | 60,750 | 74,250 | \$13,738.62 | \$4,122.57 | \$14,194.92 | \$4,122.57 | \$456.30 3.3% |
| 400 | 180,000 | 81,000 | 99,000 | \$18,287.40 | \$5,466.00 | \$18,895.80 | \$5,466.00 | \$608.40 3.3% |
| 500 | 225,000 | 101,250 | 123,750 | \$22,836.18 | \$6,809.43 | \$23,596.68 | \$6,809.43 | \$760.50 3.3% |
| 1,000 | 450,000 | 202,500 | 247,500 | \$45,580.10 | \$13,526.60 | \$47,101.10 | \$13,526.60 | \$1,521.00 3.3% |

Present Rates

Proposed Rates

| | | | |
|-----------------------------|-------|-----------|-----------|
| Customer Charge | | \$92.27 | |
| Distribution Charge | | | |
| On Peak kWh | kWh x | \$0.00204 | \$0.00204 |
| Off Peak kWh | kWh x | \$0.00071 | \$0.00071 |
| Distribution Demand Charge | kW x | \$4.03 | \$4.03 |
| Transmission Charge | kWh x | \$0.01505 | \$0.01505 |
| Stranded Cost Charge | kWh x | \$0.00069 | \$0.00069 |
| System Benefits Charge | kWh x | \$0.00330 | \$0.00330 |
| Electricity Consumption Tax | kWh x | \$0.00055 | \$0.00055 |

Supplier Services

| | | | |
|-----------------------------------------------|-------|-----------|-----------|
| Illustrative Weighted Average Default Service | kWh x | \$0.07123 | \$0.07461 |
|-----------------------------------------------|-------|-----------|-----------|

S:\RADATA\2010_ges\Default Service\June Filing\Schedule MMJ-7 Typ Bills.xls\GI 450 hu 2
11-Jun-10
10:15 AM

Granite State Electric Company
Proposed August 1, 2010 Default Service Rates
Calculation of Illustrative Monthly Typical Bill
Impact on Rate G-1 Default Service Customers

| Hours Use | kW | kWh Split | | Present Rates Default Service | Retail Delivery | Proposed Rates | | Overall Increase (Decrease) Amount | % |
|-----------|-------|-------------|----------|----------------------------------|--------------------|-----------------|-----------------|------------------------------------------|------------|
| | | 450 On-Peak | Off-Peak | Total | Total | Default Service | Retail Delivery | | |
| | | 40.00% | 60.00% | | | | | | (1) vs (2) |
| | 200 | 90,000 | 36,000 | \$9,183.85 | \$2,773.15 | \$6,410.70 | \$2,773.15 | \$304.20 | 3.3% |
| | 300 | 135,000 | 54,000 | \$13,729.64 | \$4,113.59 | \$9,616.05 | \$4,113.59 | \$456.30 | 3.3% |
| | 400 | 180,000 | 72,000 | \$18,275.43 | \$5,454.03 | \$12,821.40 | \$5,454.03 | \$608.40 | 3.3% |
| | 500 | 225,000 | 90,000 | \$22,821.22 | \$6,794.47 | \$16,026.75 | \$6,794.47 | \$760.50 | 3.3% |
| | 1,000 | 450,000 | 180,000 | \$45,550.17 | \$13,496.67 | \$32,053.50 | \$13,496.67 | \$1,521.00 | 3.3% |

Present Rates

Proposed Rates

| | | | |
|-----------------------------|-------|-----------|-----------|
| Customer Charge | | \$92.27 | |
| Distribution Charge | | | |
| On Peak kWh | kWh x | \$0.00204 | \$0.00204 |
| Off Peak kWh | kWh x | \$0.00071 | \$0.00071 |
| Distribution Demand Charge | kW x | \$4.03 | \$4.03 |
| Transmission Charge | kWh x | \$0.01505 | \$0.01505 |
| Stranded Cost Charge | kWh x | \$0.00069 | \$0.00069 |
| System Benefits Charge | kWh x | \$0.00330 | \$0.00330 |
| Electricity Consumption Tax | kWh x | \$0.00055 | \$0.00055 |

Supplier Services

| | | | |
|-----------------------------------------------|-------|-----------|-----------|
| Illustrative Weighted Average Default Service | kWh x | \$0.07123 | \$0.07461 |
|-----------------------------------------------|-------|-----------|-----------|

S:\RADATA\12010_gse(Default Service\June Filing)\Schedule MMJ-7 Typ Bills.xls\G2 200 hu
11-Jun-10
10:15 AM

Granite State Electric Company
Proposed August 1, 2010 Default Service Rates
Calculation of Illustrative Monthly Typical Bill
Impact on Rate G-2 Default Service Customers

Hours Use 200

| | | (1) -----/ /----- | | (2) -----/ /----- | | (1) vs (2) |
|-----|-------------|-------------------|-----------------|-------------------|-----------------|-------------------------------|
| kW | Monthly kWh | Present Rates | | Proposed Rates | | Overall Increase (Decrease) % |
| | | Total | Retail Delivery | Total | Retail Delivery | |
| 20 | 4,000 | \$485.78 | \$284.92 | \$499.30 | \$298.44 | \$13.52 2.8% |
| 50 | 10,000 | \$1,177.40 | \$712.30 | \$1,211.20 | \$746.10 | \$33.80 2.9% |
| 75 | 15,000 | \$1,753.75 | \$1,068.45 | \$1,804.45 | \$1,119.15 | \$50.70 2.9% |
| 100 | 20,000 | \$2,330.10 | \$1,424.60 | \$2,397.70 | \$1,492.20 | \$67.60 2.9% |
| 150 | 30,000 | \$3,482.80 | \$2,136.90 | \$3,584.20 | \$2,238.30 | \$101.40 2.9% |

Proposed Rates

Present Rates

| | | |
|-----------------------------|-------|-----------|
| Customer Charge | | \$24.70 |
| Distribution Charge | kWh x | \$0.00102 |
| Distribution Demand Charge | kW x | \$4.45 |
| Transmission Charge | kWh x | \$0.01622 |
| Stranded Cost Charge | kWh x | \$0.00070 |
| System Benefits Charge | kWh x | \$0.00330 |
| Electricity Consumption Tax | kWh x | \$0.00055 |

Supplier Services

| | | |
|------------------------------------------|-------|-----------|
| Illustrative Weighted Average Default Se | kWh x | \$0.07123 |
| | | \$0.07461 |

S:\RADATA\12010_gse(Default Service\June Filing)\Schedule MMJ-7 Typ Bills.xls\G2 250 hu
11-Jun-10
10:15 AM

Granite State Electric Company
Proposed August 1, 2010 Default Service Rates
Calculation of Illustrative Monthly Typical Bill
Impact on Rate G-2 Default Service Customers

Hours Use 250

| | | (1) -----/ /----- (2) -----/ | | (1) vs (2) | |
|-----|-------------|------------------------------|-----------------|-----------------------------|-----------------|
| kW | Monthly kWh | Present Rates | | Proposed Rates | |
| | | Total | Retail Delivery | Total | Retail Delivery |
| 20 | 5,000 | \$578.80 | \$356.15 | \$595.70 | \$373.05 |
| 50 | 12,500 | \$1,409.96 | \$890.38 | \$1,452.21 | \$932.63 |
| 75 | 18,750 | \$2,102.59 | \$1,335.56 | \$2,165.97 | \$1,398.94 |
| 100 | 25,000 | \$2,795.20 | \$1,780.75 | \$2,879.70 | \$1,865.25 |
| 150 | 37,500 | \$4,180.46 | \$2,671.13 | \$4,307.21 | \$2,797.88 |
| | | | | Overall Increase (Decrease) | |
| | | | | Amount | % |
| | | | | \$16.90 | 2.9% |
| | | | | \$42.25 | 3.0% |
| | | | | \$63.38 | 3.0% |
| | | | | \$84.50 | 3.0% |
| | | | | \$126.75 | 3.0% |

Proposed Rates

Present Rates

| | | |
|-----------------------------|-------|-----------|
| Customer Charge | | \$24.70 |
| Distribution Charge | kWh x | \$0.00102 |
| Distribution Demand Charge | kW x | \$4.45 |
| Transmission Charge | kWh x | \$0.01622 |
| Stranded Cost Charge | kWh x | \$0.00070 |
| System Benefits Charge | kWh x | \$0.00330 |
| Electricity Consumption Tax | kWh x | \$0.00055 |

Supplier Services

| | | |
|------------------------------------------|-------|-----------|
| Illustrative Weighted Average Default Se | kWh x | \$0.07123 |
| | | \$0.07461 |

S:\RADATA\12010_gse(Default Service\June Filing)\Schedule MMJ-7 Typ Bills.xls\G2 300 hu
11-Jun-10
10:15 AM

Granite State Electric Company
Proposed August 1, 2010 Default Service Rates
Calculation of Illustrative Monthly Typical Bill
Impact on Rate G-2 Default Service Customers

Hours Use 300

| | | (1) -----/ /----- (2) -----/-----/ | | (1) vs (2) | |
|-----|-------------|------------------------------------|-----------------|-----------------------------|-----------------|
| kW | Monthly kWh | Present Rates | | Proposed Rates | |
| | | Total | Retail Delivery | Total | Retail Delivery |
| 20 | 6,000 | \$671.82 | \$427.38 | \$692.10 | \$447.66 |
| 50 | 15,000 | \$1,642.50 | \$1,068.45 | \$1,693.20 | \$1,119.15 |
| 75 | 22,500 | \$2,451.41 | \$1,602.68 | \$2,527.46 | \$1,678.73 |
| 100 | 30,000 | \$3,260.30 | \$2,136.90 | \$3,361.70 | \$2,238.30 |
| 150 | 45,000 | \$4,878.10 | \$3,205.35 | \$5,030.20 | \$3,357.45 |
| | | | | Overall Increase (Decrease) | |
| | | | | Amount | % |
| | | | | \$20.28 | 3.0% |
| | | | | \$50.70 | 3.1% |
| | | | | \$76.05 | 3.1% |
| | | | | \$101.40 | 3.1% |
| | | | | \$152.10 | 3.1% |

Proposed Rates

Present Rates

| | | |
|-----------------------------|-------|-----------|
| Customer Charge | | \$24.70 |
| Distribution Charge | kWh x | \$0.00102 |
| Distribution Demand Charge | kW x | \$4.45 |
| Transmission Charge | kWh x | \$0.01622 |
| Stranded Cost Charge | kWh x | \$0.00070 |
| System Benefits Charge | kWh x | \$0.00330 |
| Electricity Consumption Tax | kWh x | \$0.00055 |

Supplier Services

| | | |
|------------------------------------------|-------|-----------|
| Illustrative Weighted Average Default Se | kWh x | \$0.07123 |
| | | \$0.07461 |

SCHEDULE MMJ – 8

Quarterly Customer Migration Report

CUSTOMER MIGRATION REPORT

Energy Service and Competitive Generation Customers for the 1st Quarter of 2010

| Customer Rate Class | Energy Service | | | | | | Competitive Service | | | | | |
|---------------------|------------------------------------|-------------|----------|--------------------------------------|-------------|------------|-----------------------------------------|-------------|----------|-------------------------------------------|-------------|------------|
| | Number of Energy Service Customers | | | kWh Used by Energy Service Customers | | | Number of Competitive Service Customers | | | kWh Used by Competitive Service Customers | | |
| | January-10 | February-10 | March-10 | January-10 | February-10 | March-10 | January-10 | February-10 | March-10 | January-10 | February-10 | March-10 |
| D | 33,477 | 33,475 | 33,536 | 28,236,831 | 21,732,108 | 22,532,730 | 26 | 33 | 33 | 35,520 | 44,458 | 41,869 |
| D-10 | 450 | 449 | 447 | 820,136 | 687,971 | 610,520 | 0 | 1 | 1 | 0 | 1,118 | 1,188 |
| T | 1,249 | 1,247 | 1,246 | 2,913,658 | 2,277,204 | 2,080,299 | 46 | 46 | 46 | 72,730 | 73,196 | 65,862 |
| G-1 | 67 | 68 | 68 | 9,181,170 | 7,192,300 | 8,067,250 | 51 | 52 | 51 | 18,224,776 | 17,022,667 | 16,030,677 |
| G-2 | 685 | 702 | 702 | 10,377,917 | 9,139,733 | 9,077,421 | 154 | 152 | 153 | 3,583,086 | 3,549,034 | 3,476,617 |
| G-3 | 5,110 | 5,123 | 5,150 | 8,107,653 | 6,994,672 | 7,151,681 | 439 | 413 | 417 | 478,644 | 634,058 | 596,722 |
| V | 20 | 20 | 20 | 38,238 | 34,483 | 32,848 | 1 | 1 | 1 | 3,470 | 3,612 | 2,617 |
| Streetlights | 81 | 84 | 84 | 214,371 | 197,917 | 192,084 | 16 | 16 | 16 | 239,010 | 222,447 | 215,926 |
| TOTAL | 41,139 | 41,168 | 41,253 | 59,889,974 | 48,256,388 | 49,744,833 | 733 | 714 | 718 | 22,637,236 | 21,550,590 | 20,431,478 |
| Customer Rate Class | Number of Energy Service Customers | | | kWh Used by Energy Service Customers | | | Number of Competitive Service Customers | | | kWh Used by Competitive Service Customers | | |
| | as % of Total | | | as % of Total | | | as % of Total | | | as % of Total | | |
| | 100% | 100% | 100% | 100% | 100% | 100% | 0% | 0% | 0% | 0% | 0% | 0% |
| D | 100% | 100% | 100% | 100% | 100% | 100% | 0% | 0% | 0% | 0% | 0% | 0% |
| D-10 | 100% | 100% | 100% | 100% | 100% | 100% | 0% | 0% | 0% | 0% | 0% | 0% |
| T | 96% | 96% | 96% | 98% | 97% | 97% | 4% | 4% | 4% | 2% | 3% | 3% |
| G-1 | 57% | 57% | 57% | 34% | 30% | 33% | 43% | 43% | 43% | 66% | 70% | 67% |
| G-2 | 82% | 82% | 82% | 74% | 72% | 72% | 18% | 18% | 18% | 26% | 28% | 28% |
| G-3 | 92% | 93% | 93% | 94% | 92% | 92% | 8% | 7% | 7% | 6% | 8% | 8% |
| V | 95% | 95% | 95% | 92% | 91% | 93% | 5% | 5% | 5% | 8% | 9% | 7% |
| Streetlights | 84% | 84% | 84% | 47% | 47% | 47% | 16% | 16% | 16% | 53% | 53% | 53% |
| TOTAL | 98% | 98% | 98% | 73% | 69% | 71% | 2% | 2% | 2% | 27% | 31% | 29% |

Prepared By: J. Jertz

Date: April 2, 2010

Migration Report_1st Quarter 2010.xls