

Stephen P. Frink

Educational & Professional Experience

Mr. Frink graduated from the University of New Hampshire with a Bachelor of Arts degree in Sociology in 1977 and a Masters in Business Administration in 1980. He attended and completed Depreciation Programs sponsored by Depreciation Programs, Inc. at Grand Rapids, Michigan in 1992, 1993, 1994 and is a member in good standing of the Society of Depreciation Professionals since 1994.

In 1981, Mr. Frink worked as a High School Math Teacher in Manchester, New Hampshire.

In 1982, Mr. Frink relocated to Texas and worked as an Auditor for Dallas County. He audited various county departments and performed monthly reconciliations of various fund accounts.

In 1985, Mr. Frink went to work for Schenley Industries, Inc., a wholesale liquor distributor located in Dallas, Texas, where he audited national and international manufacturing plants.

In 1986, Mr. Frink left Schenley to work for the City of Dallas as a Budget/Financial Analyst, where he prepared and monitored budgets, prepared pro forma statements, amortization schedules and performed cash flow analysis. He was promoted to Senior Analyst in 1987.

In 1988, Mr. Frink left the City of Dallas to work for the City of Austin as a Financial Analyst. There he prepared budgets and fiscal impact statements, developed a capital projects tracking and monitoring system, and provided training and technical assistance in the implementation of a new accounting system.

In 1990, Mr. Frink joined the Finance staff of the New Hampshire Public Utilities Commission. Working as a member of the PUC Audit Team, he conducted or participated in audits of the books and records of public utilities. He performed desk audits and determined rates of returns. He prepared schedules and exhibits supporting testimony in dockets involving rate increases and participated in settlement conferences. In 1995, Mr. Frink became a full time Analyst for the Finance Department and in 1996 was promoted to a Senior Analyst position, primarily responsible for analyzing and advising the Commission on issues of depreciation, cost of gas adjustment filings, special contracts, and finance and rate increase petitions. In 1998, Mr. Frink was promoted to Assistant Finance Director. As Assistant Finance Director, he assisted in the direction of all aspects of a department responsible for the audit, analysis and review of public utility financial operations, including financing, rate cases and various utility studies filings related to public utility regulation. In 2001, New Hampshire Public Utilities Commission operations were restructured and Mr. Frink became Assistant Director of the Gas & Water Division and now administers all aspects of regulation of gas utilities.

NATIONAL GRID/LIBERTY ENERGY
DG 11-040

JOINT PETITIONERS' RESPONSES TO
STAFF'S DATA REQUESTS – SET 1

Supplemental Response

Date Request Received: 04/04/11
Request No. Staff 1-72

Date of Supplemental Response: 09/02/11
Witness: Gerald Tremblay

Request:

Reference Tremblay/Bronicheski testimony, Bates 165, lines 13-16. Referring to the capital expenditures that will need to be invested to replace existing National Grid systems that belong to the service companies, rather than Granite State and EnergyNorth, please detail the expenditures for Granite State and EnergyNorth.

Response:

An initial estimate of capital expenditure required to replace National Grid systems is being prepared by the team leader for each functional area. Once complete, Liberty Energy will provide the details of the capital expenditures.

SUPPLEMENTAL RESPONSE:

Please see Supplemental Attachment Staff 1-72 for a preliminary estimate of costs to replace National Grid systems.

System	System Cost		Implementation Cost		Total	Granite State	Energy North	Total
	System Cost	Implementation Cost	System Cost	Implementation Cost				
System Operations								
ArcFM Solution	130		1,360		1,490	497	993	1,490
ESRI GIS	150		130		280	140	140	280
Responder Software & OASys	275		275		275	125	150	275
Allegro	125		125		250	83	167	250
Contingency		20%	409		409	152	257	409
System Operations	680		2,024		2,704	997	1,707	2,704
Customer Service								
Front Office Systems								
CIS-Cogsdale	252		520		772	257	515	772
IVR-Vocantix	50		50		100	50	50	100
Phones-CISCO	150		150		150	50	100	150
Meter Data Management System								
MV90- Interval	100		50		150	50	100	150
MVRS-Customer non interval	80		25		105	35	70	105
Load Calculation system	200		50		250	83	167	250
Contingency	50		50		100	50	50	100
Customer Care	882		1,070		1,952	691	1,262	1,952
Financial and Maintenance Financial and Maintenance Management Systems								
GP/Wennsoft-day 1	116		495		612	204	408	612
GP/Wennsoft-day n			250		250	83	167	250
Contingency		20%	122		122	41	82	122
Financial and Maintenance Management Systems	116		868		984	328	656	984
Security Systems								
Cameras/Gate Controls etc	100		-		100	33	67	100
IT Infrastructure								
Microsoft Servers								
Licensing/Local Servers/Exchange Cals/C	206				206	69	137	206
Systems, Servers and Storage								
Network								
PC including vehicle solutions	75				75	25	50	75
Mobile Devices	15				15	5	10	15
Network								
Branch office Telecom Connections	14				14	5	9	14
Network Equipment (firewalls, switches, routers)	80				80	27	53	80
Radio and Telecommunications	100		50		150	50	100	150
Contingency		20%	108		108	36	72	108
IT Infrastructure	490		158		648	216	432	648
Total Capital Expenditure	2,268		4,120		6,389	2,266	4,123	6,389

NATIONAL GRID/LIBERTY ENERGY
DG 11-040

JOINT PETITIONERS' RESPONSES TO
STAFF'S DATA REQUESTS – SET 2

Date Request Received: 05/6/11
Request No. Staff 2-82

Date of Response: 06/27/11
Witness: Timothy F. Horan

REQUEST:

How many bids for Granite State and/or EnergyNorth were received?

RESPONSE:

National Grid has previously objected to this data request. Without waiving that objection, National Grid responds as follows:

National Grid received five binding bids for EnergyNorth and four for Granite State.



Acquisition of Granite State Electric Company and EnergyNorth Natural Gas Inc. Utility Assets December 2010

**Two regulated utilities being purchased from National Grid USA
Total consideration of US\$285.0 million**

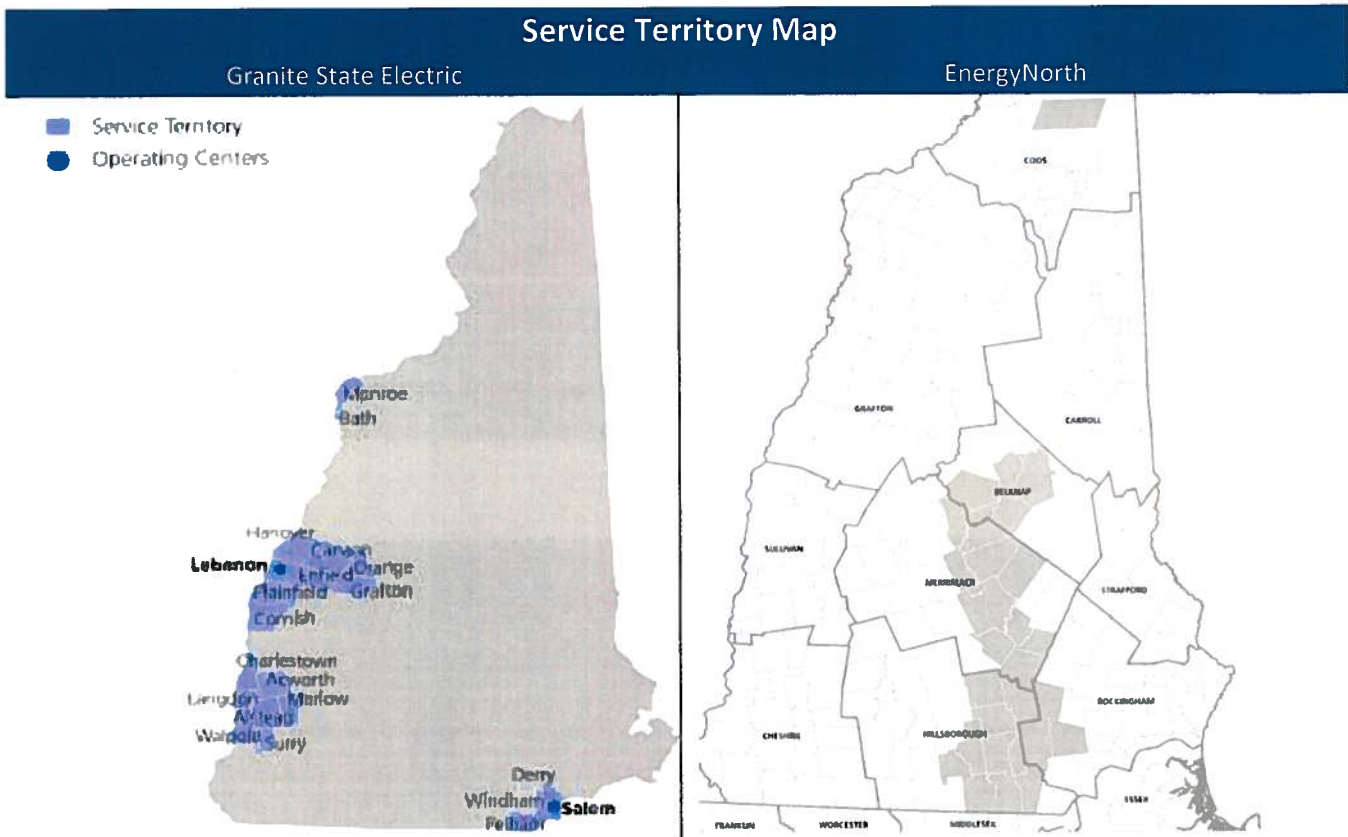
Investment Highlights

Granite State Electric

- Regulatory assets of US\$72.0 million anticipated at closing, with attractive growth profile
- Purchase price of US\$83.0 million represents attractive 1.154x multiple of anticipated regulatory assets
- Headquartered in Salem, New Hampshire serving 21 communities in southern and western New Hampshire
- Provides electric distribution service to over 43,000 retail customers in New Hampshire
- With a service territory area of approximately 810 square miles, supplied 864,803 MWh of electricity in FY2010 through a distribution system consisting of approximately 1,100 miles of distribution lines and 15 substations
- Pursuant to a 2007 settlement agreement, the next rate case is expected to be filed in 2012, with new rates expected to take effect January 1, 2013

EnergyNorth

- Regulatory assets of US\$178.8 million anticipated at closing, with attractive growth profile
- Purchase price of US\$202.0 million represents attractive 1.129x multiple of anticipated regulatory assets
- Largest gas utility in New Hampshire, providing service in five counties and 30 communities in New Hampshire
- Provides natural gas distribution service to over 83,000 customers in New Hampshire
- In FY 2010, supplied nearly 15 million mmBTU of gas through a distribution system which includes 2,140 miles of distribution pipelines, 2.8 miles of transmission-pressure mains and 8 city gates
- A rate case is currently pending and expected to conclude in early 2011. Interim rates providing US\$5.5 million went into effect in July 2010; the Company is seeking an additional US\$4.2 million of revenue beyond that provided under the interim rates.



Investment Rationale

- Represents continued execution of APUC's regulated utility growth strategy
- Attractive regulatory environment in New Hampshire (rated "Credit Supportive" by Standard & Poor's)
- Expected to be immediately accretive to earnings
- Acquisitions will provide long-term, predictable cashflows to APUC and will increase overall APUC earnings stability
- Ownership of existing renewable power generation assets by APUC in the geographic region is consistent with strategy to capitalize on synergies between power and utilities businesses

Key Operational Highlights

- Strong, stable, and regulated cash flows with opportunity for continued investment in capital projects
- Strong history of operations having met or exceeded expectations on a series of important operational performance metrics such as electrical power reliability, employee health and safety etc.

Diversified Customer Mix

Granite State Electric

- Granite State's 10 largest customers accounted for approximately 21% of total throughput in FY 2010
- Largest customer (a medical campus) represented 12% of FY2010 volume with no other individual customer accounting for more than 2.3% of delivered energy
- Customer usage (Kwh) has increased on a weather-normalized basis by 1.6% CAGR on average over the past 10 years

EnergyNorth

- EnergyNorth's 10 largest customers accounted for approximately 12% of total throughput in FY 2010
- No one customer accounted for more than 3% of total volume

- Experienced work force expected to continue with both utilities following closing

Strong Local Workforce

Granite State Electric

- Granite State currently has 80 full-time equivalents.
- Granite State management includes experienced Business Head and Head of Operations
- 39 of Granite State employees are covered by collective bargaining agreements (IBEW (37) - current contract expires in May 2014, Utility Workers Union of America (2) – current contract expires May 2013)

EnergyNorth

- EnergyNorth currently has 143 full-time equivalents.
- EnergyNorth management includes experienced Business Head and Head of Operations
- 79 of EnergyNorth employees are covered by a collective bargaining agreement with United Steelworkers of America - current contract expires April 2012

Key Financial and Regulatory Highlights

- Substantial rate bases with continuing opportunities for additional capital deployment
- Transactions to be financed with capital structure based on approximately 52.5% consolidated debt overlying regulatory capital structure of each utility based on 50% debt
- Regulatory authority is the New Hampshire Public Utilities Commission (NHPUC), with three appointed commissioners
- S&P ranks New Hampshire among the most favorable regulatory environments
- Current regulated Return on Equity of 9.67% and 9.54% at Granite State and EnergyNorth, respectively
- Robust regulatory mechanisms for pass-through of commodity purchase costs by utility to ratepayers. All commodity purchases by both Granite State and EnergyNorth are undertaken through periodic market based procurement processes.

Regulatory Assets Drive Value		
	Granite State Electric (US\$ millions)	EnergyNorth (US\$ millions)
Assets for rate making purposes	\$ 68.1	\$173.8
Other regulatory assets ³	3.9	5.0
Total Regulatory Assets²	\$ 72.0	\$178.8
Depreciation and amortization expense ¹	\$ 4.6	\$ 9.2

¹ Source: audited financial statements for the year ending March 31, 2010

² Anticipated at closing in the fall of 2011

³ Regulatory assets represent prior investments by the companies that result in additional revenues typically recovered over a period of 5 to 7 years

- The combined state and federal corporate income tax rate in New Hampshire is approximately 40%
- APUC Liberty Energy administration cost structure competitive with administration costs reflected in current rate tariffs



Liberty Energy NH Purchase of Granite State & EnergyNorth

New Hampshire Public Utilities Commission

Technical Session

September 7 & 8, 2011



Master Agenda

- Transition Planning
- Budget Overview
- Financing Update
- Customer Service Update
- Information Technology Update

Granite State and EnergyNorth Transition Planning

Update to the New Hampshire
Public Utilities Commission
Sept 7, 2011

Transition Project Agenda

- Re-cap of Transition Planning Process
- Staffing Plan & Hiring Process
- Management Synchronization
- Project Status by Functional Area
- Next Steps

Transition Governance Approach

Transition Steering Committee
Robertson/ Cochrane/
Pasieka/ Horan

Transition Governance Group
Pasieka/ Horan
Wood/ Saad

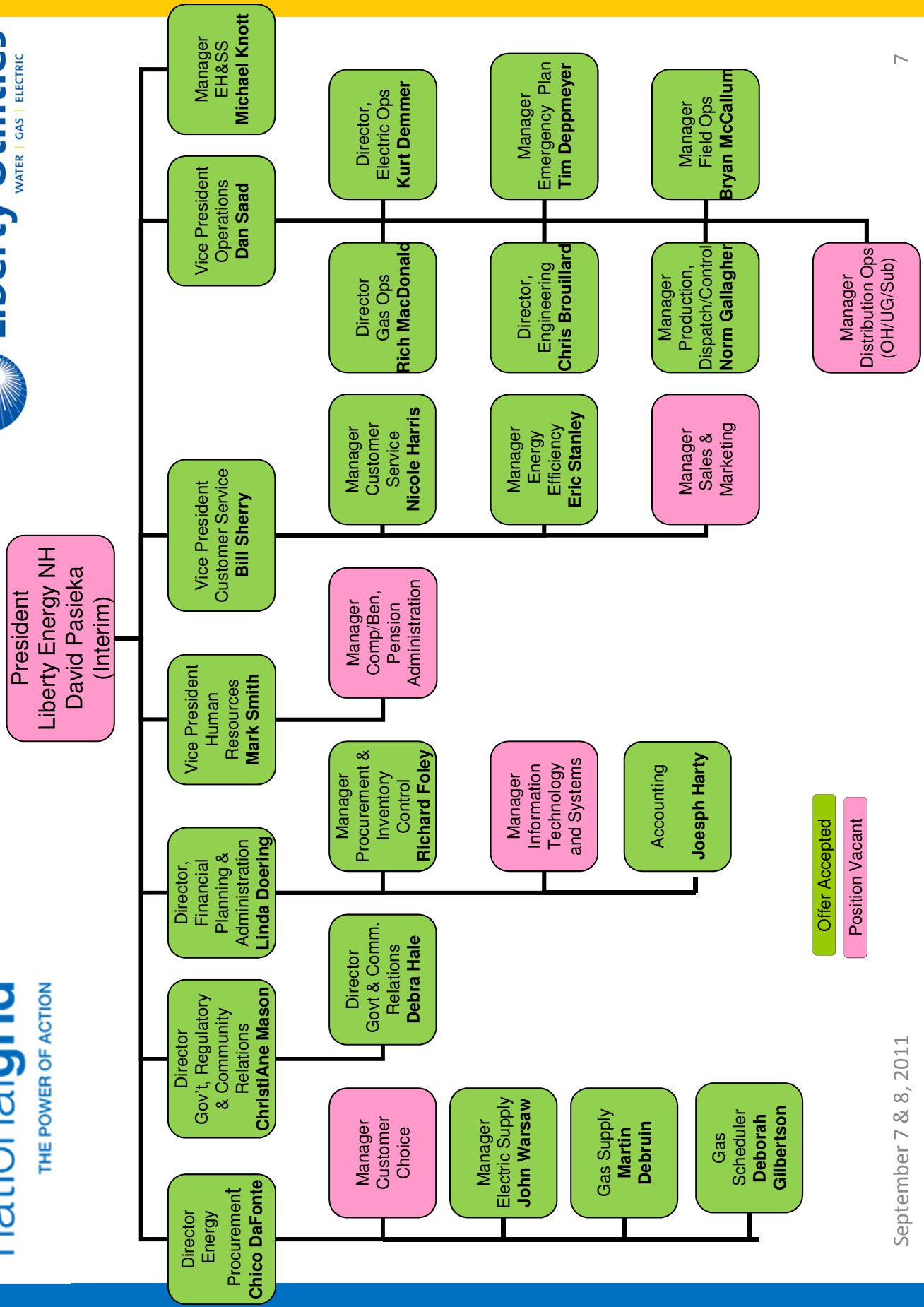
PMO
Wood/ Campbell

<u>Project Leads</u>			
<u>Legal</u> Decicco/ O'Brien/ Beairsto	<u>Operations</u> Saad/ Wood	<u>Procurement</u> Ling/Arangio/ Janzen	<u>EHS&S</u> Mercier/Henderson/ Weyhrauch
<u>IT</u> Ormsby/Hanley	<u>Finance</u> Tremblay/Boches	<u>Communication</u> Sherry/Castledine	<u>Customer</u> Sherry/Wood
			<u>HR</u> Craig/ Smith

Our Progress

- Completed 24 Day 1 project plans with 12 standard project categories
- IT Application Roadmap developed and submitted
- All Senior Management positions filled
 - Search for President is in progress
- Preliminary budget developed and submitted
- Weekly oversight from Transition Governance Team and bi-weekly oversight from Transition Steering Committee

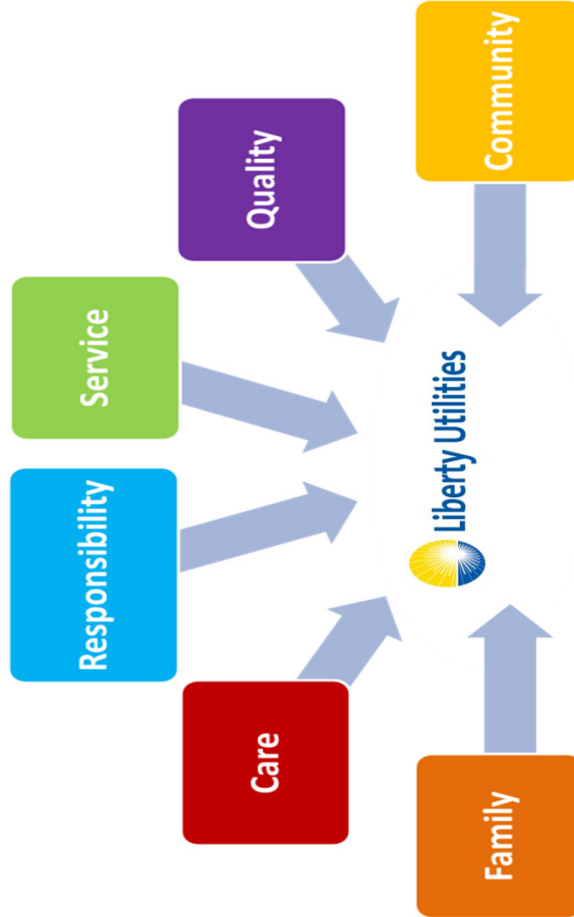
continues
September 7 & 8, 2011



Offer Accepted
Position Vacant




Management Synchronization








Project Status by Functional Area

Project	Recent Key Updates	Status
Customer Service	<ul style="list-style-type: none"> Meeting with National Grid and Liberty Energy to refine Meter Data Services needs Meeting with ISO-NE to be scheduled for mid-September Meeting with Liberty Energy and National Grid re: communications plan activities 	
Energy Procurement	<ul style="list-style-type: none"> Liberty Energy has authorized National Grid to start sending NASEB letters Manager Electrical Procurement has been hired Gas Scheduler and Planner meeting in Hicksville to begin shadow process 	
EHS & S	<ul style="list-style-type: none"> Started work on converting the National Grid Health and Safety Handbook to a Liberty Handbook Received National Grid's procedures and identified next steps for Reliability Compliance department 	
Finance	<ul style="list-style-type: none"> Completed Budgets and TSA modifications Liberty's ERP plan is on track Interim space planning 	
Human Resources	<ul style="list-style-type: none"> To date 30 candidates have accepted offers from Liberty Energy Liberty reviewed proposed benefits plan design and costs with Benefits Consultant Liberty Energy payroll provided data fields to National Grid Payroll. Mapping of fields continues Priority Hires – President and Manager of Information Technology 	

Overall Project Status by Functional Area

Project	Overall Update	Status
Information Tech.	<ul style="list-style-type: none"> Conducted deep dive on NH Divestiture for National Grid's IS Leadership on August 24 Final meetings on Application Mapping completed Conducted design and configuration sessions for System, Company, General Ledger, Payables Management, Receivables Management, Fixed Assets, Intercompany, Inventory Control, Purchase Orders, Job Cost and Time Track 	
Operations	<ul style="list-style-type: none"> Electric Meter shop will be housed in the Salem office utilizing existing employees Identified existing training / technical documents for Meter Shop and Damage Prevention Staffing for the Vegetation Management function is completed Instrumentation and Regulation department is complete and ready for stand alone Day 1 	
Regulatory	<ul style="list-style-type: none"> Plan on track Gas Analyst now training in Waltham Effort this week was on Data Request Responses Director & Head of Regulatory Affairs hired 	



Recent Progress & Look Ahead

Task	Date Complete/ To be completed
Functional Teams submit project plans	June 30
PMO conducted deep dives	July 15
End State Application Roadmap completed	July 31
Management Session	August 18-19
Preliminary Year 1 Budget	August 31
Preliminary TSA scope and costing	August 31
Tech Session	Today
PMO completes Day 1 assessment	October 30
Transition teams planned close date	December 1



Don't Even Think About It.....





Liberty Utilities Preliminary Budget for Granite State & EnergyNorth

September 7 & 8, 2011



Agenda

- Budget Overview
- Organizational Budget Analysis – Granite State
- Organizational Budget Analysis – EnergyNorth
- Systems Implementations costs
- Comparison of estimated recurring annual IT costs

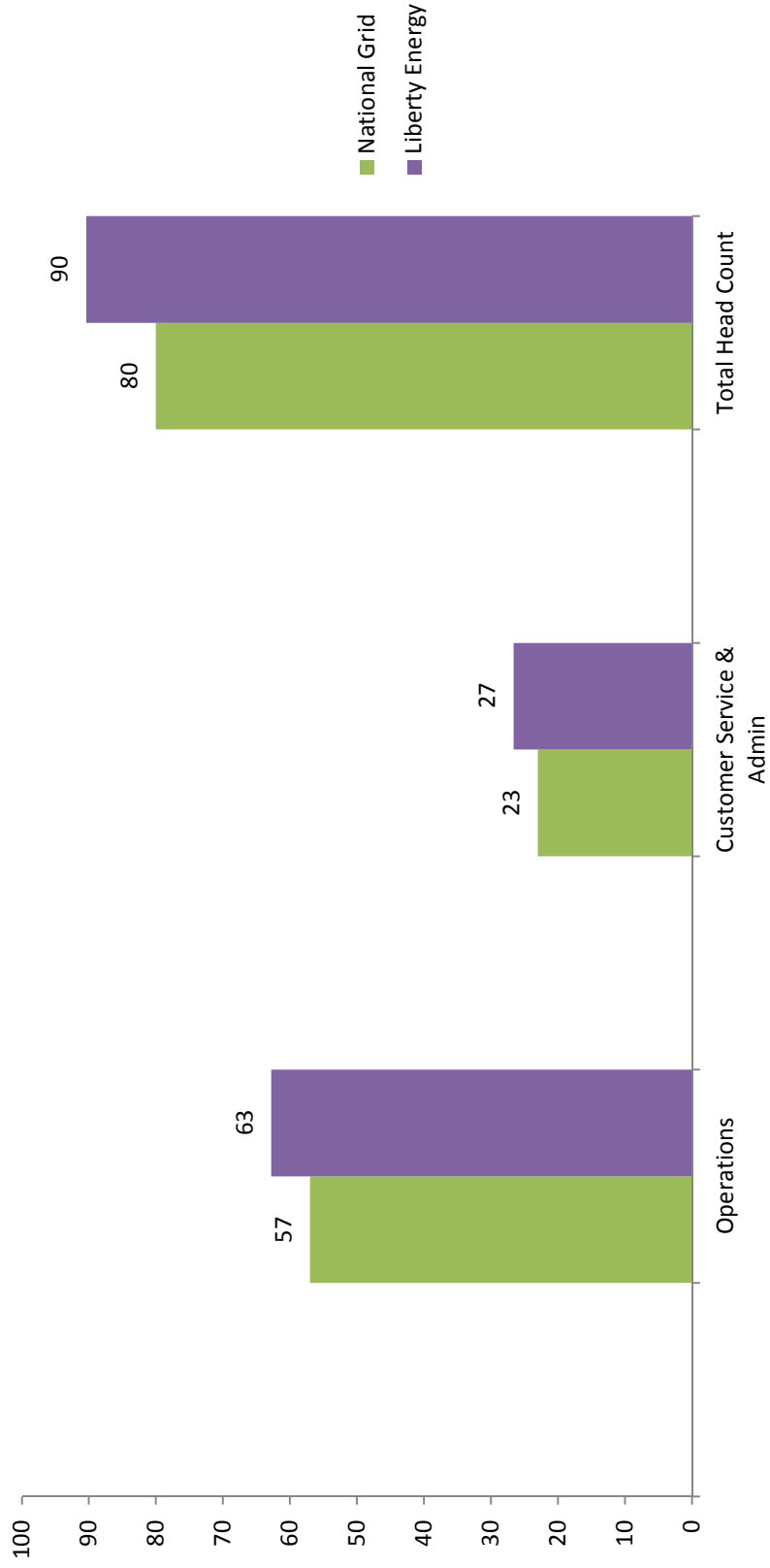


Budget Overview

- Preliminary budget developed using the following principles:
 - Zero based labor budget developed for New Hampshire based work force
 - Reviewed National Grid current costs on a FERC account basis
 - Removed all non-recurring one time costs
 - Adjusted for known changes (i.e. rent)
- Capital budget review and development:
 - Zero based new systems budget developed
 - Liberty Energy reviewed and adopted National Grid's operations capital budget

Liberty Utilities WATER | GAS | ELECTRIC Organizational Budget Analysis – Granite State

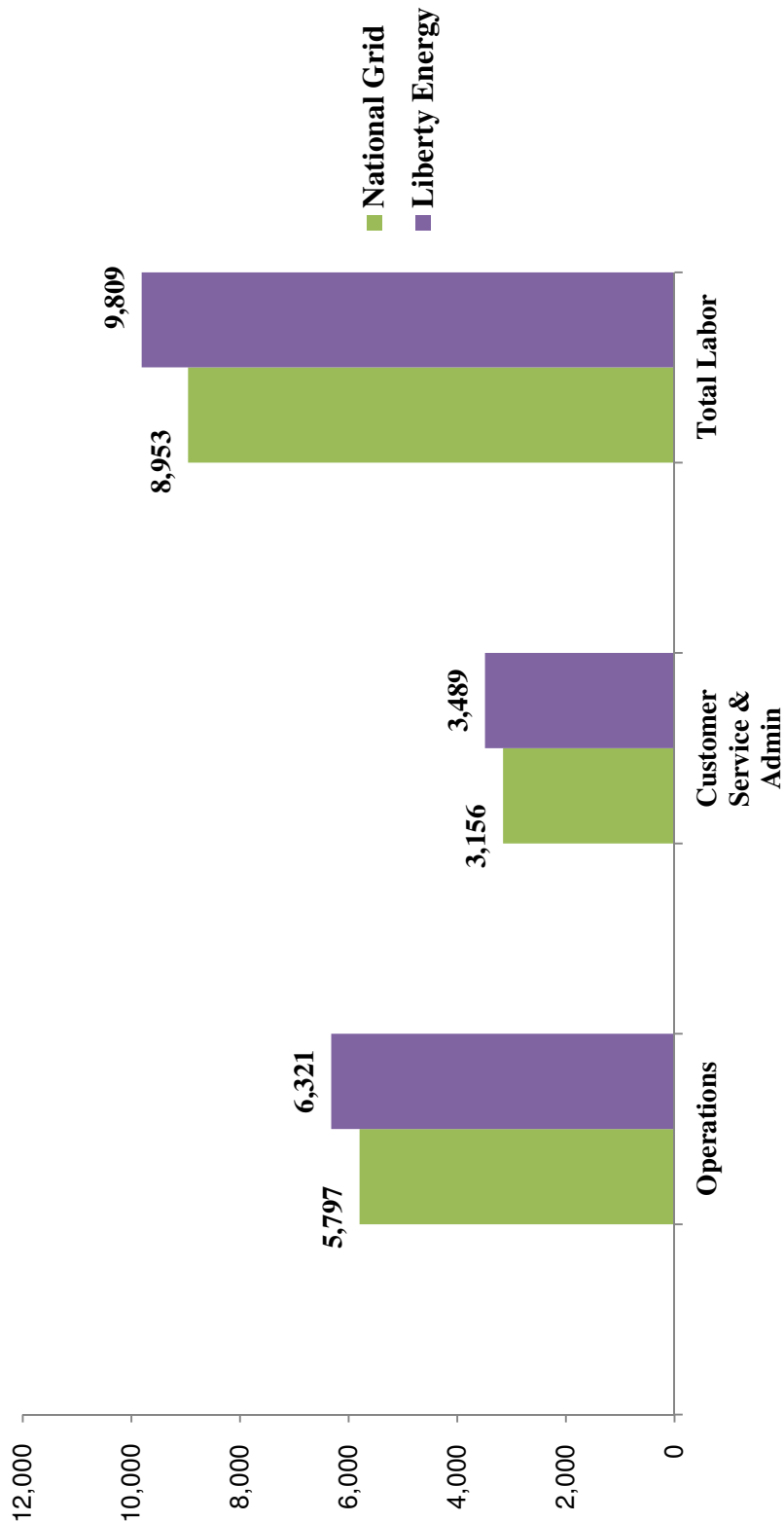
Electric Head Count





Organizational Budget Analysis –Granite State Electric

Budgeted Costs - Operations, Customer Services & Administration (US\$'000)

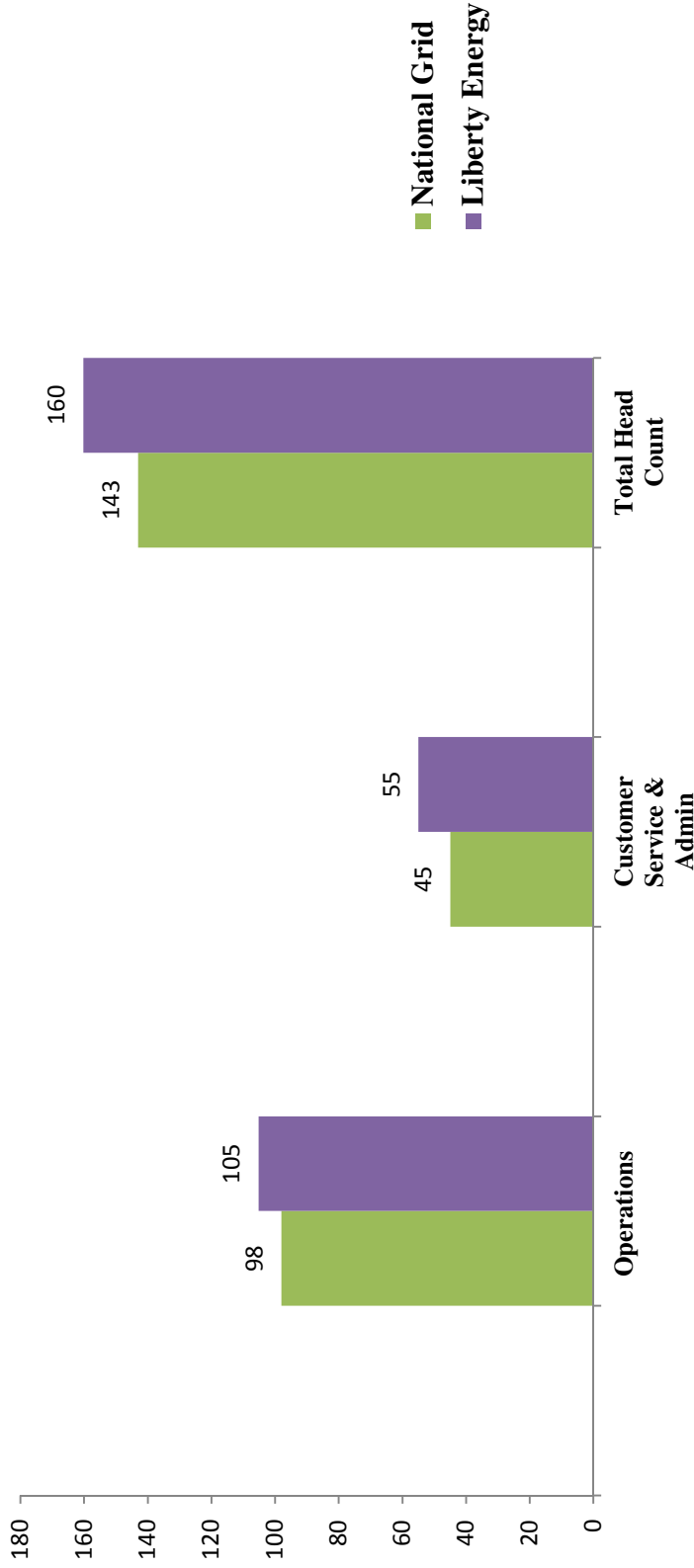


National Grid's labor budget adjusted for 2.5% inflation.
September 7 & 8, 2011



Organizational Budget Analysis – EnergyNorth

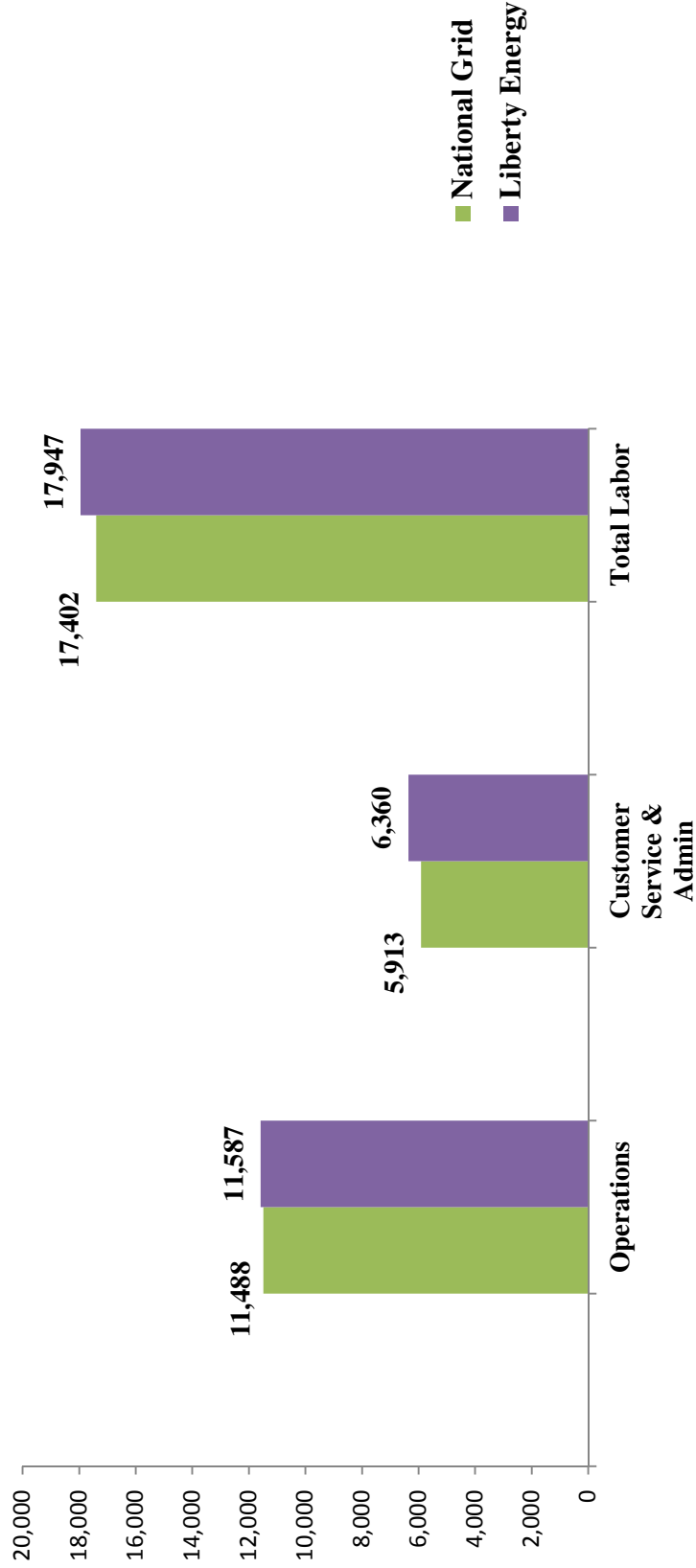
Head Count





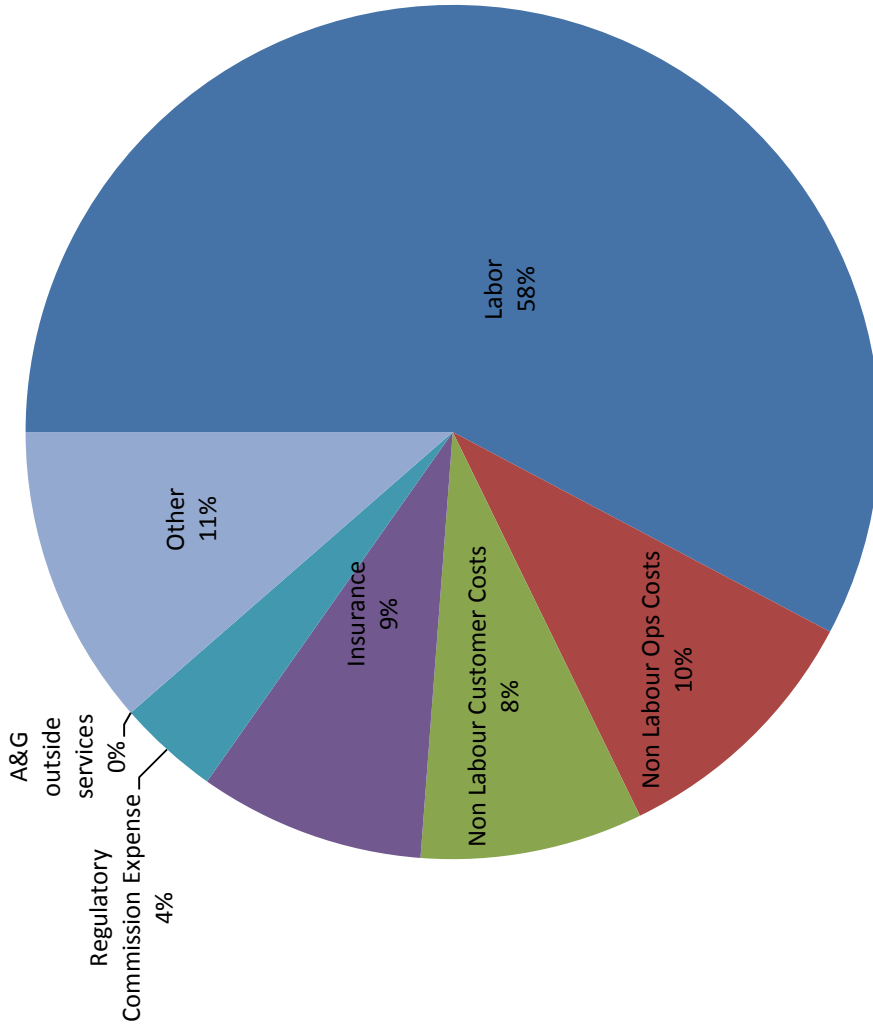
Organizational Budget Analysis –EnergyNorth

Budgeted Costs - Operations, Customer Services & Administration (US\$'000)



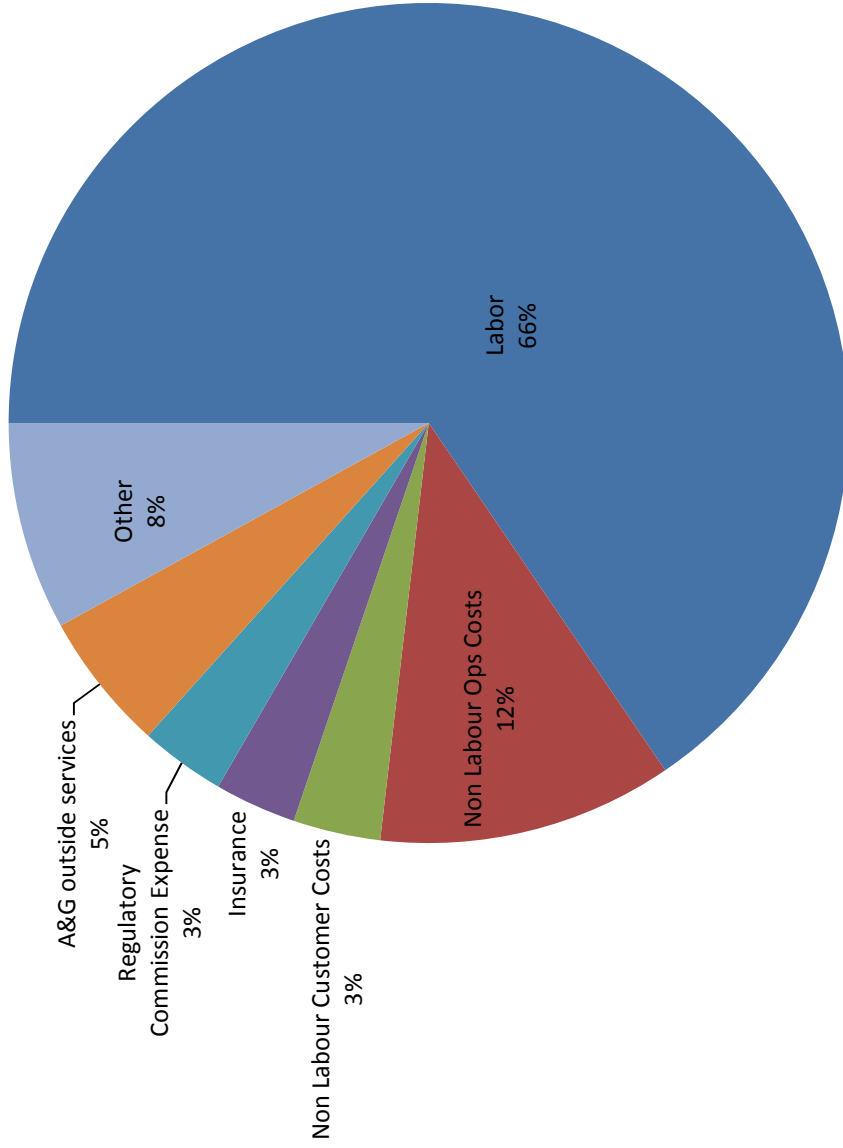


Granite State Summary Cost Analysis





EnergyNorth Summary Cost Analysis





Granite State Summary of 2011 Results

- Granite State Increase in Costs \$889k
- Drivers:
 - Increase in Labor \$857k
 - Increase in Rent due to additional property requirements \$90k
 - Decrease in allocated non labor corporate costs (\$58)



EnergyNorth Summary of 2011 Results

- EnergyNorth Increase in Costs \$876k
- Drivers:
 - Increase in Labor \$546k
 - Increase in Rent due to additional property requirements \$159k
 - Increase in allocated non labour corporate costs \$171k



Liberty Energy NH System Implementation Estimate

Summary of New System Implementation Costs	
System Operations (GIS/Responder/Telvent)	2,704
Customer Service (CIS/IVR/Phones/MDS/Web Site)	1,952
Financial Management (GP/Wennsoft)	984
IT Infrastructure and Security	748
Total	6,389



Liberty Energy NH Yearly IT Cost Estimate

Total Yearly Cost analysis			
Depreciation (assumed 8 years)			799
Maintenance (assumed 23% of system cost)			522
On Going Vendor Costs			113
Back End Infrastructure			91
Labor-Direct			331
Labor-Indirect			252
Total Yearly Cost			2,108



Liberty Energy NH/National Grid IT Yearly Cost Comparison

	NG TSA	
	Cost	LE Cost Total
Labor	1,354	582 772 *
Non Labor	1,382	1,525 (143)
Total	2,736	2,108 628

* Labour savings has been incorporated into the zero base b



Liberty Utilities Financing Update

September 7 & 8, 2011



Agenda

- Liberty Utilities' Financing experience
- Target Capital Structure
- Private Placement Progress
- Timing Update
- Indicative Pricing Update
- Short Term Financing Update



Utility Financing Expertise

- Liberty Utilities has significant experience with utility debt financing in the U.S. debt capital markets
- In 2010, Liberty Utilities concluded \$120 million of utility debt financing in the U.S. private placement market
- Completed transactions resulted in attractive financing for ratepayers as indicated below:

	Liberty Water	Calpeco (tranche 1)	Calpeco (tranche 2)
Principle amount	\$50 million	\$45 million	\$25 million
Term	8.6 years	10 years	15 years
All in interest rate	5.6%	5.19%	5.59%



Targeted Capital Structure

- Liberty Utilities targets an investment grade capital structure
- Liberty Utilities, as part of the current application, is seeking approval for additional utility level debt
 - EnergyNorth - \$77 million
 - Granite State - \$23 million
- The following table illustrates the approximate capital structure targeted for the acquisition:

	EnergyNorth	Granite State
Estimated closing rate base	\$ 172,000	\$ 84,000
Assumed debt	\$ -	\$ 15,000
New utility debt	\$ 77,000	\$ 23,000
Equity	\$ 95,000	\$ 46,000
	100%	49%
	0%	18%
	45%	27%
	55%	55%



Private Placement Progress

- Liberty Utilities has retained JP Morgan Chase to act as lead in a syndicate of four financial institutions to raise \$135 million of utility debt
 - JP Morgan is one of the largest and financially sound full service banking institutions in the United States
 - JP Morgan Chase was a market leader in energy-related private placements throughout 2010
 - JP Morgan was a market leader in 2010 US private placement issuances
- Liberty Utilities financing documents are currently being drafted
- Potential lenders are being identified
- Financing plan remains on target



Approximate Financing Timetable

September 2011							October 2011							November 2011						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
				1	2	3						1				1	2	3	4	5
4	5	6	7	8	9	10	2	3	4	5	6	7	8	6	7	8	9	10	11	12
11	12	13	14	15	16	17	9	10	11	12	13	14	15	13	14	15	16	17	18	19
18	19	20	21	22	23	24	16	17	18	19	20	21	22	20	21	22	23	24	25	26
25	26	27	28	29	30		23	24	25	26	27	28	29	27	28	29	30			
							30	31												

■ Denotes US holiday

Approximate Timing

August 15 – September 15	<ul style="list-style-type: none"> Private Placement Memorandum (“PPM”) drafted Note Purchase Agreement (“NPA”) drafted
September 2011	<ul style="list-style-type: none"> Transaction pre-screened with targeted investor groups Investor roadshow presentation drafted
October 2011	<ul style="list-style-type: none"> Transaction launched Investor conference call and select in-person meetings Investor due diligence Transaction priced
November 2011	<ul style="list-style-type: none"> Finalize documentation Close transaction First funding of transaction

EXECUTION CONSIDERATIONS



Indicative Private Placement Pricing

- Liberty Utilities expects to be able to conclude a financing transaction that will be attractive to ratepayers

Indicative Senior Unsecured fixed rate pricing (BBB)					
Maturity (Years)	5	7	10	12	15
Treasury Benchmark	T 1% 8/16	T 1.500% 8/18	T 2.125% 8/21	T 2.125% 8/21	T 2.125% 8/21
Treasury Yield	0.92%	1.51%	2.18%	2.18%	2.18%
Reoffer Spread (bps)	+ 215 - 265	+ 220 - 270	+ 225 - 275	+ 240 - 290	+ 265 - 315
Reoffer Yield	3.07 - 3.57%	3.71 - 4.21%	4.43 - 4.93%	4.58 - 5.08%	4.83 - 5.33%

Comparable secondary trading levels

Issuer	Rating	Security	Coupon	Maturity	Size(\$MM)
Operating Companies					
Arizona Public Service	Baa2/BBB(+)	Unsecured	5.050%	9/1/2041	300
Appalachian Power Co	Baa2/BBB	Unsecured	4.600%	3/30/2021	350
Pennsylvania Electric Co	Baa2/BBB-	Unsecured	5.200%	4/1/2020	250
Southwestern Electric Power Co	Baa3/BBB	Unsecured	6.450%	1/15/2019	400
Southwestern Electric Power Co	Baa3/BBB	Unsecured	6.200%	3/15/2040	350
Holding Companies					
Duke Energy Corp	Baa2/BBB+	Unsecured	3.550%	9/15/2021	500
Great Plains Energy Inc	Baa3/BBB-	Unsecured	4.850%	6/1/2021	350
Nisource Finance Corp	Baa3/BBB-	Unsecured	5.950%	6/15/2041	400



Short Term Financing Update

- Liberty Utilities is currently negotiating a bank credit facility for Liberty Utilities that will support all utilities within the Liberty Utilities family
- JP Morgan has been selected as the lead bank on the financing
- General terms of the financing are expected to be as follows:
 - Principal amount of credit facility expected to be \$60 million
 - Term 3 years
 - Pricing:
 - U.S. Prime less 1 % (all in rate - currently 2.25%) or
 - Libor plus 1.75% (all in rate - currently 1.95%)
- Liberty Utilities expects to conclude this financing in September 2011



Liberty Utilities Customer Service Update

September 7 & 8, 2011



Agenda

- Serving Our Customers
- Hours of Operation and Locations
- Collections Practices
- Communication with the PUC and other Stakeholders
- Day 1 improvements
- Day N improvements



Customer Service

- On Day One, and for a period of roughly 1 year, National Grid will continue to provide customer call answering according to the current service level targets
 - Granite State Electric to maintain 80% in 20 seconds
 - EnergyNorth to maintain 80% in 30 seconds
- Our hours of operation will remain the same as National Grid's hours
- During the first year of operations, Liberty Energy NH will conduct a customer survey and other research to determine if changes are required to better meet customers' expectations
- While routine complaints will continue to be handled by National Grid, they will be tracked and supported by Liberty Energy NH staff
- Towards the end of year One, Liberty Energy NH will hire New Hampshire based staff to service the needs of its customers



Collections Practices

- On Day One, National Grid will continue to manage the collection process on Liberty Energy NH's behalf
- In the End State, Liberty Energy NH will bring the collections work in-house to the extent possible
- Liberty Energy NH has already hired key staff who are familiar with the New Hampshire 1200 Rules and additional hiring will take place before Day One
- Liberty Energy NH expects an immediate improvement due to increased focus on NH customers
- Liberty Energy NH intends to place a concerted effort on managing the 'Soft Off' policy



Locations and Hours of Operation

- Liberty Energy NH will maintain National Grid hours for the Call Center at Day One
- Future changes to hours of operation will be based on customer feedback solicited through annual customer satisfaction survey
- Maintain all existing EN and GS operating locations
 - Electric – Salem, Lebanon and Charlestown
 - Gas – Manchester, Nashua and Tilton
- Search for a new Operations and Customer Service Center is on going
- Plans for Customer Walk In Centers will be closely tied to staffing, facilities renovations and IT conversion schedule



Communication with Stakeholders

- Liberty Energy NH staff to assume direct communications on Day One
- Liberty Energy NH staff will have access to customer information to provide complaint resolution
- Continue to provide information and reports to the PUC in accordance with the existing National Grid process.
- Committed to provide additional updates prior to closing and through the transition phase



Liberty Utilities Information Technology Update

September 7 & 8, 2011



Agenda

- IT Guiding Principles
- IT Framework
- Application Management
- Infrastructure Management
- Service Management
- IT Progress
- Day 1 Application Implementation
- Initiatives
- Conclusion



Liberty Energy IT Guiding Principles

- To provide our customers and employees a complete infrastructure solution that is:
 - Secure
 - Scalable
 - Reliable
 - Efficient
 - Automated
 - Integrated



IT Framework

Application Management	Infrastructure Management	Services Management
Finance Operations Work Management Communications Customer Service Billing	Data Centers Network Local IT Systems Corporate IT Operations IT	Security IT Controls Backup / Recovery Monitoring/Reporting Application Delivery System Provisioning Help Desk Upgrades Change Management Vendor Relations



Application Management



Application Management

- Liberty Energy IT Guiding principals lead to the selection of an integrated suite of applications.
- Microsoft Great Plains as our ERP solution with integration to:
 - GP- Fixed assets
 - GP- Materials management
 - WennSoft- Work Management
 - WennSoft- Service and maintenance management
 - Cogsdale- Customer billing and Web interface with integration to Vocantis
- Telvent- system control with enhanced integration with ESRI GIS, and outage management



IT EnergyNorth Gas

IT Area National Grid Liberty Energy

System Operations	Telvent	Telvent
Energy Trading	Nucleus	Allegro

System Operations

CIS Customer System	CRIS	Dynamics GP-Cogsdale
Asset Management	Maximo /Power Plant	Dynamics GP
GIS	ESRI	ArcFM ESRI
Work Management	LMS/Maximo	Dynamics GP-WennSoft
Work Scheduling	MDSI	Dynamics GP-WennSoft
Mobile/Dispatch	MDSI	Dynamics GP-WennSoft
Phones	PBX	Cisco
IVR	Avaya	Vocantis

Front Office



IT EnergyNorth Gas

Back Office

Finance	Oracle	Dynamics-GP
HR/Payroll	Peoplesoft	Ceridian
Materials/Logistics	Oracle	Dynamics-GP
Facilities Mgmt	Maximo facilities	Dynamics GP-WennSoft
Fleet Mgmt	Fleet Anywhere	Dynamics GP-WennSoft
BI	Micro Strategy	Clarity
Purchasing	Oracle	Dynamics GP/Paramount
Mailing System	Pitney Bowes	Pitney Bowes

Meters

Software	ITRON MV90/P4	ITRON MV90/MVRS
Meter Data Management	In house system	Itron



Granite State Electric

IT Area National Liberty
 Grid Energy

System Operations	System Operations	ABB Network Manager	Telvent
	Energy Trading	Nucleus	Allegro

Front Office

CIS Customer System	CSS	Dynamics GP-Cogsdale
Asset Management	Power Plant	Dynamics GP-WennSoft
GIS	SmallWorld	ArcFM ESRI
Work Management	Storms	Dynamics GP-WennSoft
Work Scheduling	Ischeduler	Dynamics GP-WennSoft
Mobile/Dispatch	Mwork	Dynamics GP-WennSoft
Phones	PBX	Cisco
IVR	Avaya	Vocantis



Back Office

Finance	Peoplesoft	Microsoft Dynamics GP
HR/Payroll	Peoplesoft	Ceridian
Materials/Logistics	Manhattan	
Facilities Mgmt	VisionFM	Dynamics GP-WennSoft
Fleet Mgmt	Fleet Anywhere	Dynamics GP-WennSoft
BI	Business Objects	Clarity
Purchasing	Peoplesoft	Dynamics GP/Paramount
Mailing System	Pitney Bowes	Pitney Bowes
Billing System	CSS	Dynamics GP-Cogsdale

Meters

Software	ITRON MV90/P4	ITRON MV90/MVRS
Meter Data Management	In house system-Pulse	Itron



Infrastructure Management

Infrastructure Design



Liberty Utilities office locations:

- All office locations' computers , printers, router and switches connect with the Century Link and Blink Data Centers over Century Link MPLS Fibre connection
- The network design provides for security , reliability , redundancy, performance , and scalability
- The Operations Network will be configured with local redundancy and hardware

Hosting :

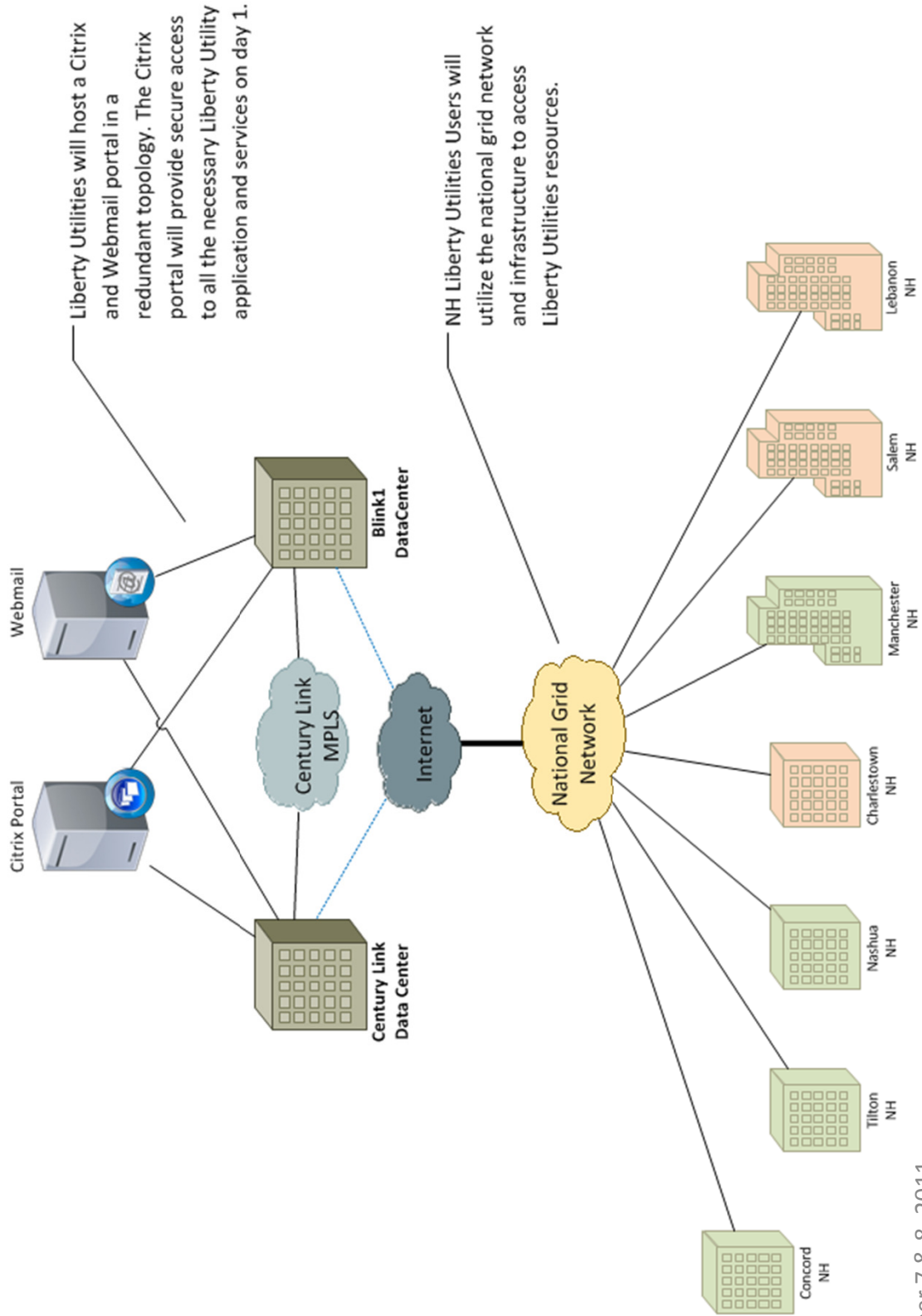
- Systems and Servers hosted with Century Link Data Center as primary; Blink Data Center as backup
- Replication of servers and systems using high availability platform managed by Century Link and Liberty Utilities
- Century Link will provide MPLS Wide Area Network to all network locations

INFRASTRUCTURE

Liberty Utilities NH Day 1 Logical



REV: 1.1	2100-700-002-004a	08/10/2011	APPROVED
Liberty Utilities NH Day 1 Logical			

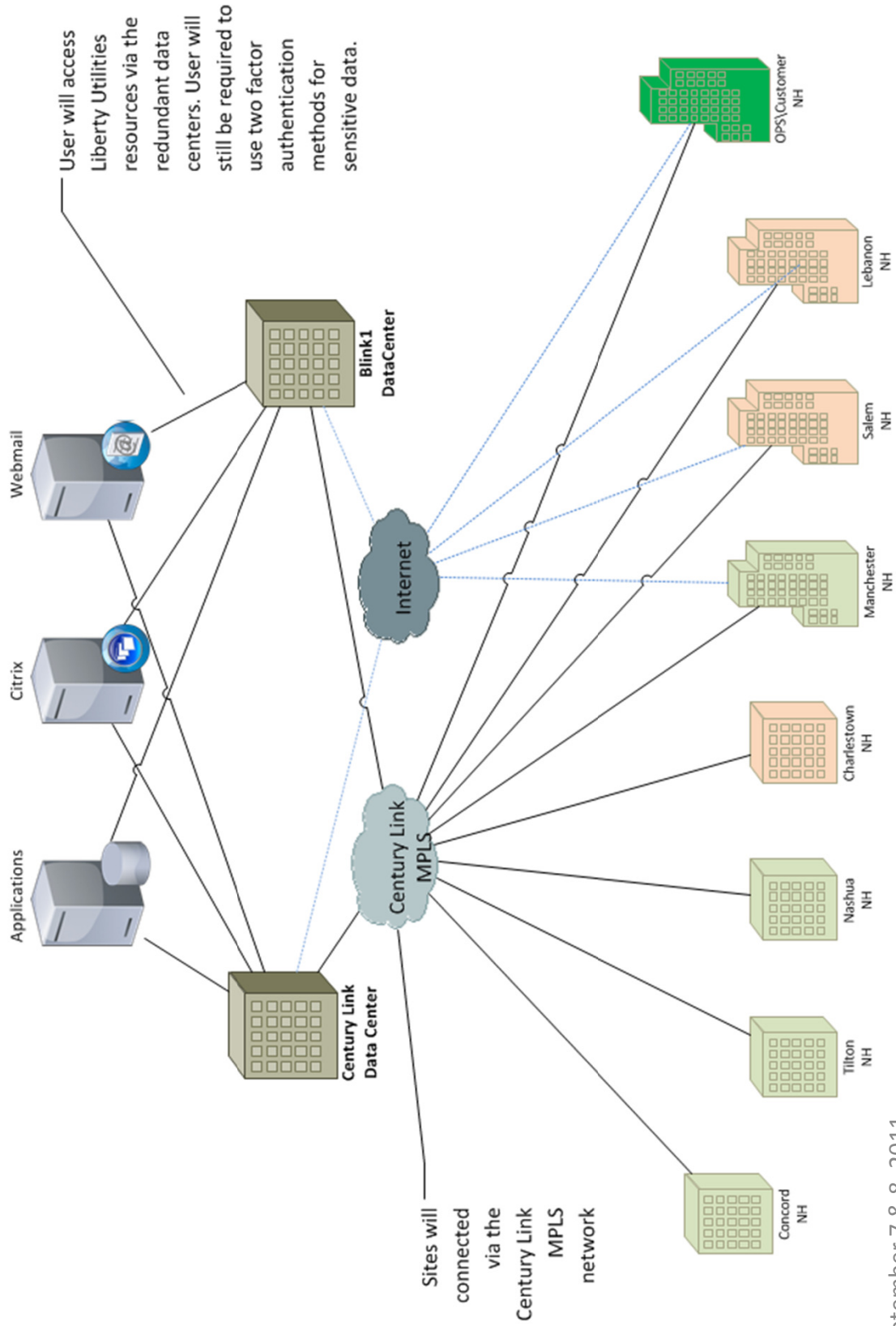


INFRASTRUCTURE

Liberty Utilities NH Day N (end state) Logical



REV: 1.1	2100-700-002-005a	08/10/2011	APPROVED
Liberty Utilities NH Day N (end state) Logical			





Infrastructure Security Features

- Century Link MPLS network ensures privacy and security
- Firewalls at locations with Internet access
- Citrix Gateway requires 2 Factor Authentication
- Encryption of data traffic using SSL (https) certificate
- Monitoring , Logging and Reporting at Data Centers
- Incident Management using Symantec and Kace Software
- Multiple layers of security, from physical to applications
- Security Grouping within Microsoft Active Directory
- Separate network segments for all office locations
- Established boundary and access controls
- Operations and Business Networks operate on separate networks



Infrastructure Scalable Systems and Support

- Virtual Servers provide ease of deployment, available at both Century Link and Blink
- Century Link is a “pay as you go” for servers and storage
- Century Link brings strength in hosting, provisioning and service, integration of hosting and network solution
- Ability to scale , archive data , and manage change
- 24/7 Servers and System Support
- Expert technical services available for system roll outs



Infrastructure Reliability

- Liberty Utilities uses proven network technology - Cisco routers, switches, phones
- High Availability within Data Center design at both Century Link and Blink
- Monitoring and Reporting on all network equipment
- Backup and Recovery - secondary Blink Data Center
- Experienced and knowledgeable staff in technology and implementations



Service Management



Service Management Approach

Corporate:

- Set Policies, Procedures , Manage Change, and Control platforms
- Project Management and oversight of Local NH and 3rd Party Providers
- Management of systems, servers and applications delivery
- Configuration of IT Systems and Servers

Local:

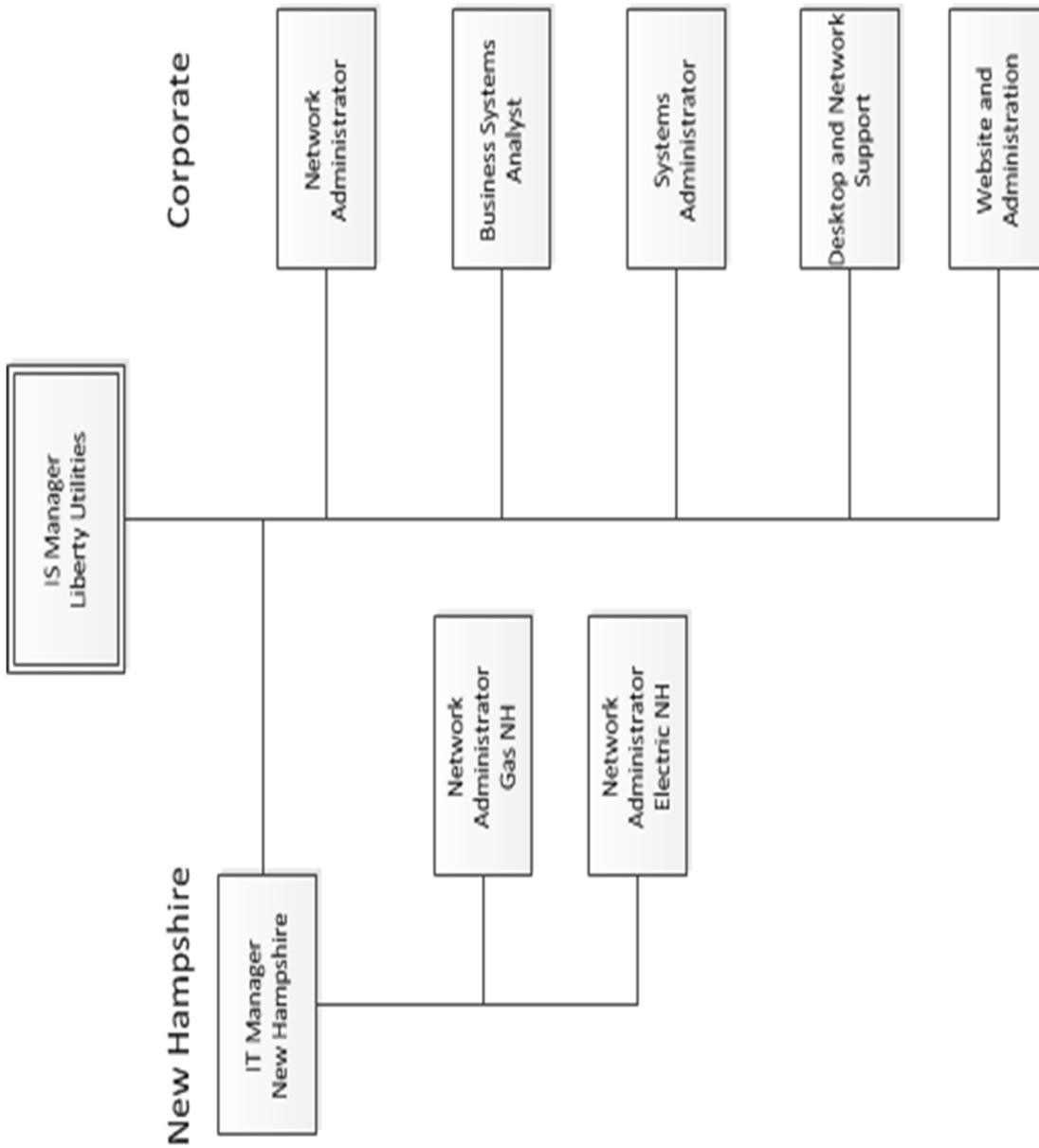
- Support local PCs, printers, file server, routers, switches
- Moves, adds and changes to local network and telecommunications
- Implement corporate policies, procedures and guidelines

3rd Party:

- Century Link and Blink support the Data Centers
- Ensure High Availability through monitoring of the MPLS Wide Area Network and server availability
- Provide services for telecommunications projects and hosting

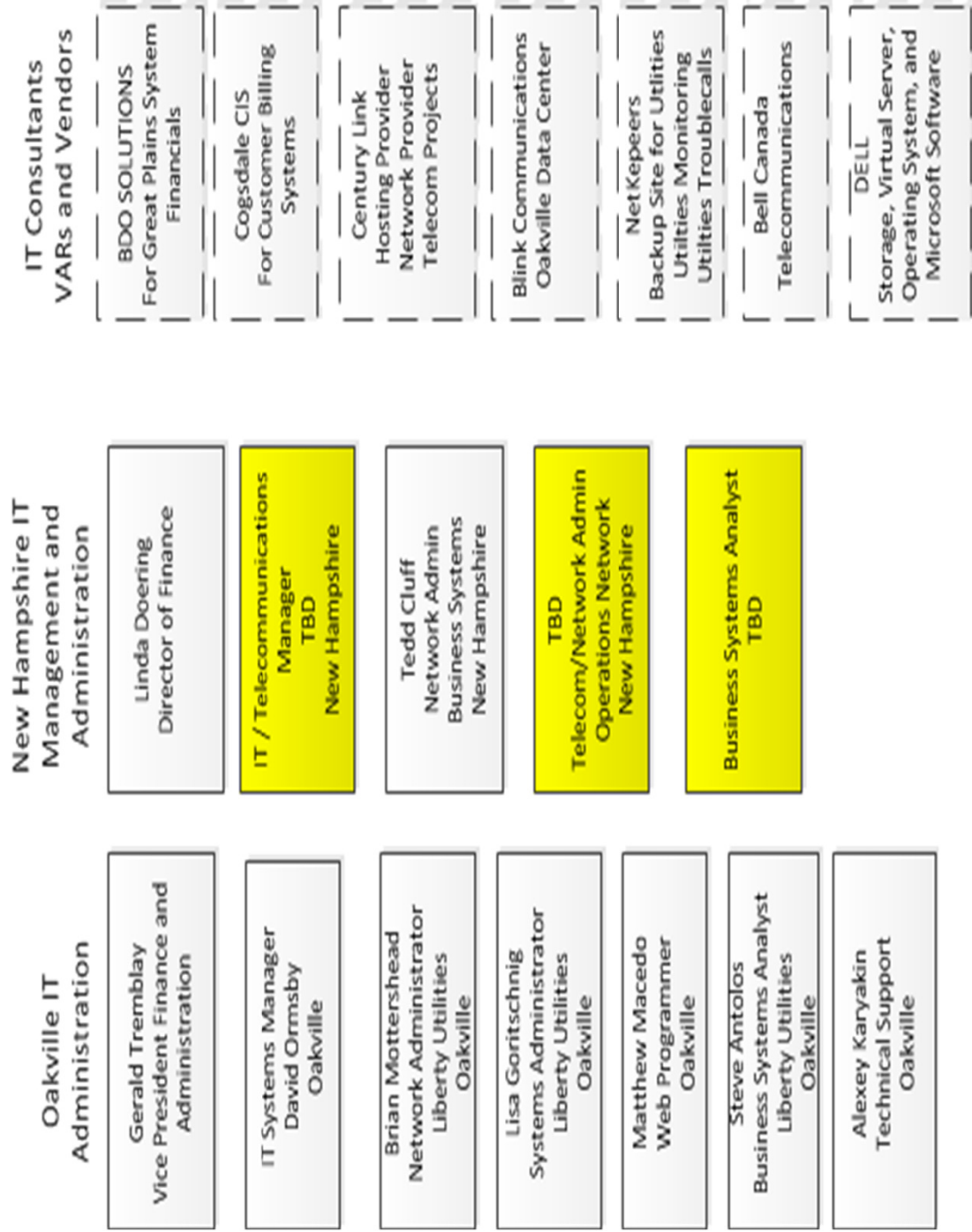


IT Organization Chart





LIBERTY UTILITIES IT TEAM

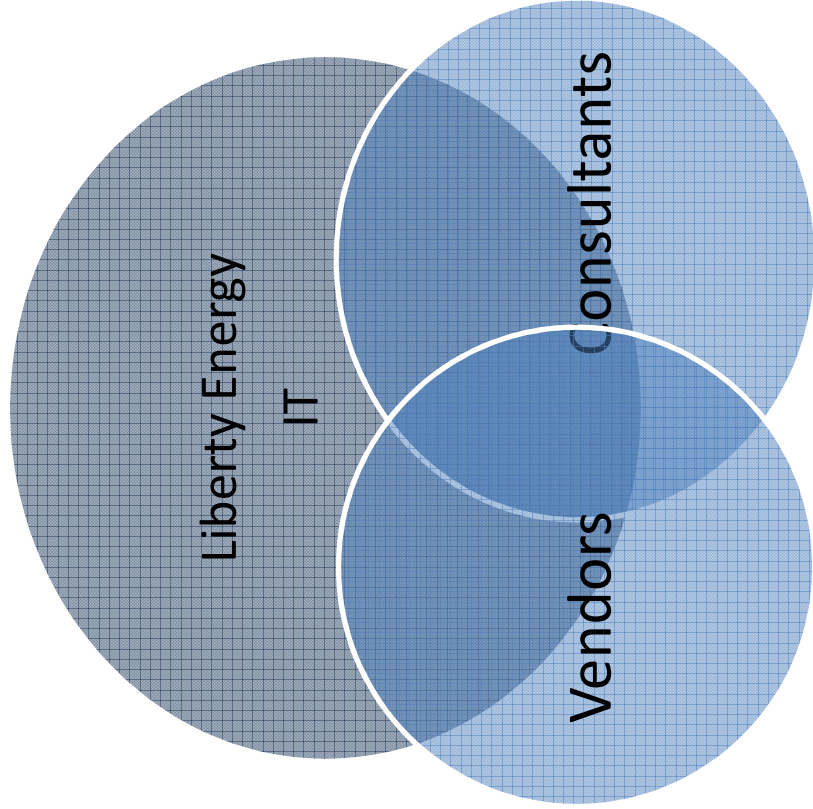




IT Resource Configuration

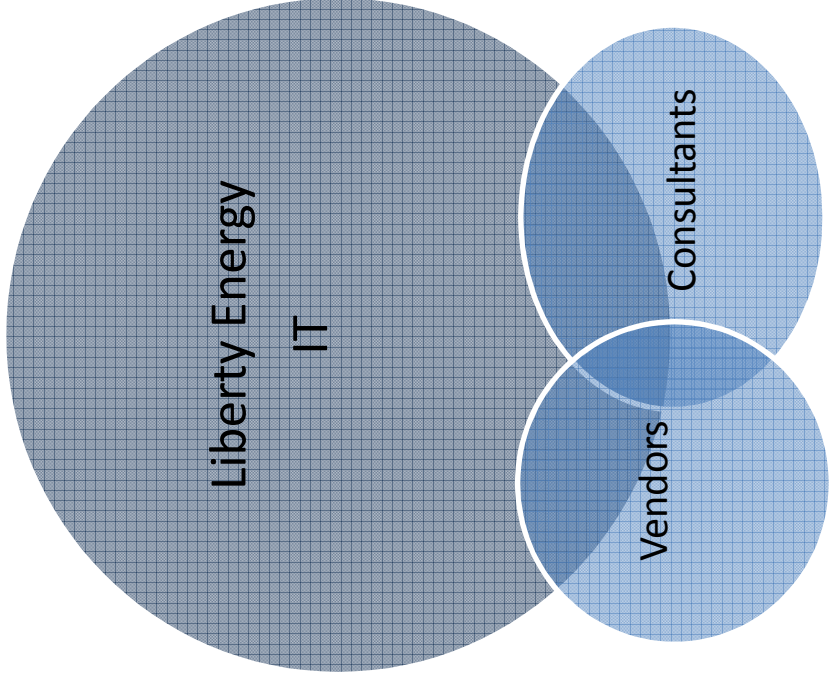
Prior to Day N

- Percentage of Vendor and Consultants involvement in planning, analysis, design, configuration, deployment



Post Day N

- Percentage of Vendor and Consultants involvement in management of solutions, services





Infrastructure IT Progress To Date

- Completed test of Citrix Portal Access through NGrid
- Completed test of Email access
- Configuration Planning with Century Link Data Center
- Blink Data Center ready to go
- Century Link to provide local fiber connectivity



Commitments for day 1

- Provide 1st Level Help Desk Support
- Email will be transferred to Liberty Energy
- Phase 1 of Great Plains Financial Systems complete
- New Hampshire Employees access Liberty Energy Systems through Citrix and Email Portal



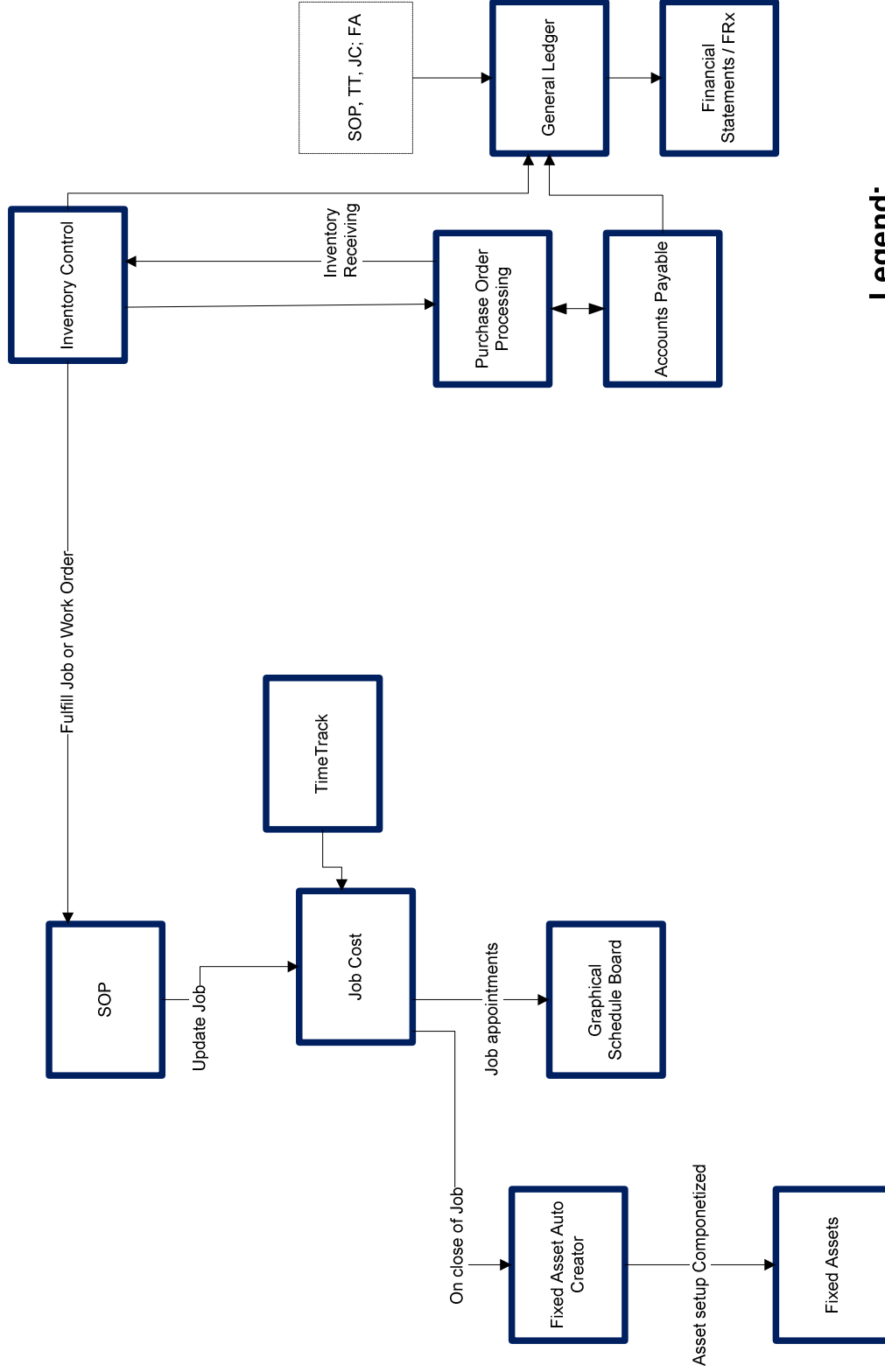
Day 1 Application Implementation

September 7 & 8, 2011

IT Day 1 Applications - ERP



Liberty Utilities
WATER | GAS | ELECTRIC



Legend:



Day 1 modules



Systems Development and Configuration

Dynamics GP & WennSoft:

- Company database created
- Design & configuration completed:
 - Finance – Electric / Gas
 - Procurement, Fixed Assets and Materials Management
- Design & configuration in progress:
 - Payroll
 - Job Cost Work Order Management



Systems Transition Day 1

- Liberty Energy will be taking ownership of:
 - Finance & Financial Statements
 - Procurement
 - Materials Management
 - Fixed Asset Management
 - Payroll
 - Job Cost / Work Order Management for planned capital activities
- Remaining system functionality will be provided via TSA

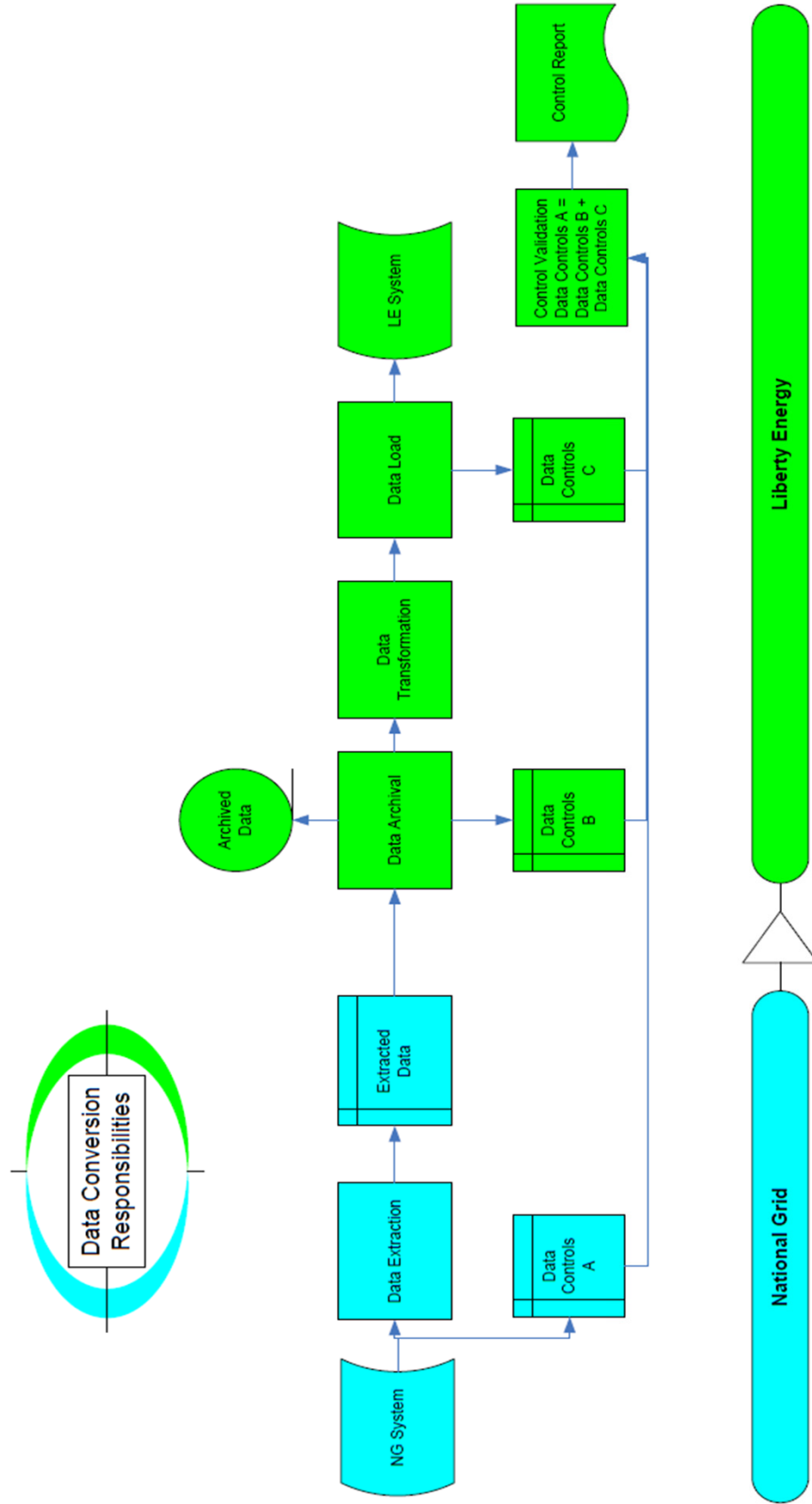


Conversion Readiness - Day 1

- National Grid in process of isolating their systems to accommodate transition
- Liberty Energy provided data conversion templates for:
 - General Ledger historical balances
 - Fixed Assets
 - Inventory / Materials
 - Work Orders
- Liberty Energy & National Grid working on populating templates, mapping & translation



Conversion Readiness - Day 1





Post Conversion Support - Day 1

- Liberty Energy power users to be first line of support
- Liberty Energy hired an experienced ERP application business analyst to compliment in-house support personnel
- Day 1 ERP Plan includes on-site support from BDO and Liberty Energy team



Progress Summary

- Purchased licensing for Microsoft GP and Wennsoft
- Great Plains/Wennsoft now in design and configuration for implementation December 1
- Tested local access to Great Plains and e-mail
- Initial analysis and scoping by Cogsdale has been performed
- Cogsdale project plan now under development
- Century Link data center now in configuration for implementation by December 1
- Century Link local fibre connections confirmed
- Proposal preparation with Telvent



Progress Summary (cont'd)

- **New hires:**
 - Local Director of Financial Planning & Administration (with accountability for IT)
 - Local Network Administrator
 - Corporate Business Analyst
 - Corporate Technical Support

- **Hires in progress**
 - Local Plant Accountant in September
 - Local IT Manager and Network Administrator in progress
 - Corporate Director of Information Technology



Conclusion

- Well established, integrated, robust suite of applications
- Infrastructure solution that provides for scalability, redundancy, security, and reliability
- IT framework allows for local initiatives but with corporate controls and support
- Initiated the hiring of key personnel, a new data center, and the first phase of our ERP system for December 1, 2011

NATIONAL GRID/LIBERTY ENERGY
DG 11-040

JOINT PETITIONERS' RESPONSES TO
STAFF'S DATA REQUESTS – SET 2

Date Request Received: 05/6/11
Request No. Staff 2-111

Date of Response: 09/02/11
Witness: Gerald Tremblay

REQUEST:

Follow-Up to Petition and Testimony Filings

Reference Tremblay/Bronicheski pre-filed testimony at Bates Stamp 165, lines 10-18 and pre-filed testimony of Ian Robertson at Bates Stamp 20, lines 12-16: Has Algonquin specifically investigated, assessed or analyzed the question of whether the post-closing operating structure for Granite State and EnergyNorth under Liberty Utilities' ownership will be materially the same as or different from the cost structure existing under National Grid's ownership? If so, please provide a copy of any such investigation, assessment or analysis.

RESPONSE:

Liberty Energy NH has reviewed the costs structure currently employed by National Grid, and is in the preliminary stages of assessing the post-closing operating structure for Granite State and Energy North, which based on our experience will be materially similar for the service offering proposed in New Hampshire. Nothing has come to Liberty Energy NH's attention that would lead to the conclusion that it cannot provide similar service offering for similar costs. A copy of this analysis will be provided upon completion.

SUPPLEMENTAL RESPONSE:

Please see Attachment Staff 2-111. The estimated budget is preliminary and based on an analysis of the March 31, 2011 company financials by FERC account and not on a detailed line by line basis. It indicates a minimal increase in costs for both companies of approximately 4%, compared to normalized March 31, 2011 costs for Granite State and EnergyNorth (increased for two years of inflation only). This includes an increase in rent and lease expense for facilities of approximately 1% and an increase in labor costs because of the increased commitment by Liberty Energy NH to staff and provide services directly to the New Hampshire companies.

		National Grid				Liberty Energy		Initiation-->	
		Actuals	Adjustment	Reference *	Inflation	Revised	Budget	Variance	Budget
		April to March	required to		adjustment	April to March			2012
		2011	existing P & L			2011			2012
		Sum '000				Sum '000			2.50%
Labor Costs		8,735				8,953	9,809	857	10,055
<i>Transmission Expenses-O&M</i>									
Schd. Sys Cntrl & Dispatch Srv		-			2.5%	-	-	-	-
Trans Oper-Substations		1.3			2.5%	1.34	1.3	-	1
Trans Oper-Overhead Lines		0.6			2.5%	0.64	0.6	-	1
Trans Oper-Underground Lines		0.0							
Trans Oper-Wheeling									
Elac Rev Wheeling-Elim									
Sale for Resale-Tran CR-Elim									
Trans Oper-Misc Expenses		1.0			2.5%	1.0	1.0	-	1
Trans Maint-Supervision & Eng		0.3			2.5%	0.3	0.3	-	0
Trans Maint-Substations		16.1			2.5%	16.54	16.5	-	17
Trans Maint-Substations-Trouble		3.1			2.5%	3.14	3.1	-	3
Trans Maint-Overhead Lines		(8.1)			2.5%	(8.26)	(8.3)	-	(8)
Trans Maint-Right of Way		1.9			2.5%	1.93	1.9	-	2
Maint Transmission Facilities									
Subtotal Transmission Expenses-O&M		16.3				17	17	-	17
<i>Distribution Expenses-O&M</i>									
Dist Oper-Supervision & Eng		(84.3)			2.5%	(86.39)	(86.4)	-	(89)
Dist Oper-Load Dispatching		4.5			2.5%	4.64	5	-	5
Dist Oper-Substations		166.9			2.5%	171.10	171.1	-	175
Dist Oper-Overhead Lines		54.6			2.5%	55.97	56.0	-	57
Dist Oper-Underground Lines		77.6			2.5%	79.51	79.5	-	81
Dist Oper-Outdoor Lighting		6.0			2.5%	6.16	6.2	-	6
Dist Oper-Electric Meters		58.1			2.5%	59.58	59.6	-	61
Dist Oper-CustomerInstallation		24.4			2.5%	25.05	25.0	-	26
Dist Oper-Misc Expenses		301.0			2.5%	308.53	308.5	-	316
Dist Oper-Rents		0.8			2.5%	0.82	0.8	-	1
Rents-Building-Dist-Elim		3.6			2.5%	3.71	3.7	-	4
Dist Maint-Supervision & Eng		2.4			2.5%	2.49	2.5	-	3
Dist Maint-Structures		1.8			2.5%	1.84	1.8	-	2
Dist Maint-Substations		38.5			2.5%	39.46	39.5	-	40
Dist Maint-Substations-Trouble		10.0			2.5%	10.27	10.3	-	11
Dist Maint-Overhead Lines		(398.7)	664.10	A	2.5%	271.99	272.0	-	279
Dist Maint-OH Lines-Trouble		22.9			2.5%	23.45	23.4	-	24
Dist Maint-OH Lines-Veg Mgmt		1,214.0			2.5%	1,244.38	1,244.4	-	1,275
Dist Maint-Underground Lines		(12.4)			2.5%	(12.740)	(13)	-	(13)
Dist Maint-Line Transformers		16.9			2.5%	17.28	17.3	-	18
Dist Maint-Outdoor Lighting		(2.1)			2.5%	(2.15)	(2.1)	-	(2)
Dist Maint-Electric Meters		10.3			2.5%	10.59	10.6	-	11
Maint Distribution Facilities									
Subtotal Distribution Expenses-O&M		1,517	664			2,236	2,235.5	-	2,291.4
<i>Customer Expenses-O&M</i>									
Cust Acct-Supervision		4.6			2.5%	4.67	4.7	-	5
Cust Acct-Meter Reading Exp		27.7			2.5%	28.39	28.4	-	29
Cust Records & Collection		1,242.5		B	2.5%	1,273.52	1,273.5	-	1,305

(000 USD)	National Grid				Liberty Energy			
	Actuals April to March 2011 Sum '000	Adjustment required to existing P & L	Reference *	Inflation adjustment	Revised April to March 2011 Sum '000	Budget 2012	Variance	Inflation -> 2.50%
904000	0.4	-		2.5%	0.41	0.4	-	0
905000	1,275.11	-		2.5%	1,306.98	1,306.98	-	1,339.66
907000	(203.9)		C	2.5%	(208.98)	(209.0)	-	(214)
908000	3.4	(3.50)	C	2.5%	(0.06)	(0)	-	(0)
909000	81.4			2.5%	83.45	83.4	-	86
910000	(3.1)			2.5%	(3.17)	(3.2)	-	(3)
912000	-			2.5%	-	-	-	-
913000	-			2.5%	-	-	-	-
916000	(122.13)	(3.50)		2.5%	(128.77)	(128.8)	-	(132.0)
Administration Expenses-O&M								
A&G-Salaries	10.0			2.5%	10.21	10.2	-	10
A&G - Office Supplies & Other expenses	1,141.9	-		2.5%	1,170.4	1,170.4	-	1,199.7
Admin Expense Transferred-CR	1.0			2.5%	1.07	1	-	1
A&G-Outside Services Employed	446.3			2.5%	457.42	457.4	-	469
Property Insurance	389.0			2.5%	398.72	398.7	-	409
Injuries & Damages Insurance	903.4			2.5%	926.03	926.0	-	948
Employee Pensions & Benefits	(1.4)			2.5%	(1.47)	(1)	-	(2)
Regulatory Comm Expenses	579.5			2.5%	593.96	594.0	-	609
A&G - Miscellaneous Expenses	70.4			2.5%	72.2	72.2	-	74.9
A&G-Rents	163.4		E*	2.5%	167.52	167.52	91	264
Administrative Oper Exp-Elec	-			2.5%	-	-	-	-
A&G Maint-General Plant-Elec	1.3			2.5%	1.31	1.3	-	1
Administrative Maint Expenses	-			2.5%	-	-	-	-
Subtotal Administration Expenses-O&M	3,705	-			3,797	3,830	33	3,926
O&M Expenses	6,391	661			7,228	7,261	33	7,442
O&M Expenses + Labor	15,125	661			16,181	17,070	889	17,497

Reference *

- A. The amount reimbursed by Fairpoint pertains to 2010 Storm related veg management expense and hence backed out of current year's budget projections (Storm recoveries dependent on incremental costs only to qualify for refund under the program).
- B. Includes third party credit & collection expenses \$220K, bad debts \$500K, postage expenses \$220K
- C. FERC Account #s 908000 relate to energy efficiency program and the expenses are offset by reimbursements under the program.
- D. Also includes expenses incurred on contractors used in energy efficiency program and other related expenses and reimbursements.
- E. Includes office materials, supplies from contractors, hardware and software expenses, and miscellaneous leasing / rent of office equipment.
- E* - LE budget considers incremental rent applicable to Granite State. (Total projected rent for both GS and EN being \$450K)

Savings in GS Corporate non-Labor
Rent additional space (incremental)

Energy/North Operating & Administration Costs 2011

(000 USD)

	National Grid			Liberty Energy			Inflation adjustment	Reference *	Adjustment required to existing P & L	Actuals April to March 2011 Sum '000	Revised April to March 2011 Sum '000	Budget 2012	Variance	Budget 2012
	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%								
Labor Costs														
Gas Expenses-O&M														
T&D-Meas & Reg Station Expense														
Gas Oper-Trans Rents														
Gas Oper-Dist Supv & Eng														
Gas Oper-Dist-Mains & Services														
Gas Oper-Residential Meter Exp														
Gas Oper-Customer Installation														
Gas Oper-Misc Expenses														
Gas Maint-Supervision & Eng														
Gas Maint-Structures														
Gas Maint-Mains														
Gas Maint-Station Exp-General														
Gas Maint-Services														
Gas Maint-Residential Meter Exp														
Maintenance of Other Equipment														
Maintain Gas Facilities														
Subtotal Gas Expenses-O&M														
Customer Expenses-O&M														
Cust Acct-Supervision														
Cust Acct-Meter Reading Exp														
Cust Records & Collection														
Uncollectible Accounts														
Cust Acct-Misc Expenses														
Customer Accts Oper Exp-Gas														
Cust Service-Supervision														
Cust Assistance Expenses														
Info/Instruct Advertising Exp														
Cust Service-Misc Expenses														
Demo & Selling Expenses														
Sales-Advertising Expense														
Sales-Misc Expenses														
Cust Service & Info Expenses														
Administration Expenses-O&M														
A&G-Salaries														
A&G - Office Supplies & Other expenses														
Admin Expense Transferred-CR														
A&G-Outside Services Employed														
Property Insurance														
Injuries & Damages Insurance														
Employee Pensions & Benefits														
Regulatory Comm Expenses														
A&G - Miscellaneous Expenses														
A&G-Rents														
Administrative Oper Exp-Elec														
A&G-Maint-General Plant-Gas														
Administrative Maint Expenses														
Subtotal Administration Expenses-O&M														
O&M Expenses														

16,977 17,402 17,947 546 18,396

61.73 63.28 65

1 0.99 1

669 685.67 703

182 186.12 191

(38) (38.84) (40)

55 56.52 58

74 75.47 77

11 10.99 11

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138 141.72 145

448 459.04 471

23 23.24 24

2,946 3,020 3,020 3,095

8 8.26 8

51 51.93 53

769 788.26 808

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1 1.06 1

326 3,362 3,446

(2) (1.86) (2)

4 3.61 4

0 0.02 0

3 2.69 3

576 590.21 605

134 137.72 141

(171) (175.14) (180)

544 557 571

(5) (5.60) (6)

1,870 1,917 1,965

0 0.02 0

1,385 (1,405) (21)

9 9.33 10

806 826.44 847

856 877.08 899

(22) (22) 152 Incremental corp non-labor costs

203 208.11 377 Rent additional space (incremental)

30 30.75 32

5,133 (1,405) 3,821 4,151 4,254

8,948 1,549 10,759 11,089 11,366

EnergyNorth Operating & Administration Costs 2011		National Grid		Liberty Energy		Inflation 2.50%		
(000 USD)								
	O&M Expenses + Labor	Actuals April to March 2011 Sum '000	Adjustment required to existing P & L	Reference *	Inflation adjustment	Revised April to March 2011 Sum '000	Budget 2012	29,762
		25,925	1,549			28,161	29,036	876

Reference *

- A. Bad debts for 2010 includes bad debt provision that was reversed following PwC assessment. Assessed bad debt charge off is \$2.5M for EN.
- B. PERC Account #s 908000 relate to energy efficiency program and the expenses are offset by reimbursements under the program.
- C. Includes rental cost of CIS system (\$65K), printing and mailing expenses (\$475K) and amount expended on contractors (\$135K).
- D. Gas marketing and advertising expenses to retain business, advertising at trade shows to promote gas sales.
- E. \$1.4M relating to rate case expense charged to Income Statement - not expected to be incurred therefore excluded from budget.
- F. LE budget considers incremental rent applicable to Granite State. (Total projected rent for both GS and EN being \$450K)

NATIONAL GRID/LIBERTY ENERGY
 DG 11-040
 JOINT PETITIONERS' RESPONSES TO
 STAFF'S TECH SESSION DATA REQUESTS – SET 2

Date Request Received: 09/08/11
 Request No. Staff TS 2-18

Date of Response: 09/16/11
 Witness: Gerald Tremblay

REQUEST:

Please update the estimated budget contained in Supplemental Staff2-111 to include the costs of personal property such as computers, desks, vehicles, etc.

RESPONSE:

Supplemental Staff 2-111 was an estimated operating budget which would typically not include capitalized items such as computers, desks, etc. Liberty Energy NH does not expect incremental vehicle costs as it does not currently plan to acquire any new vehicles.

Liberty Energy NH estimates the following capital costs for computers and desks:

	<u>Quantity</u>	<u>Cost</u>	<u>Total</u>
Office set up	10	10,000	100,000
Cubicle set up	60	3,000	180,000
Data Connection	70	200	14,000
PC's and laptops	70	1,500	105,000
			<hr/>
Total			399,000 <hr/>

NATIONAL GRID/LIBERTY ENERGY
DG 11-040

JOINT PETITIONERS' RESPONSES TO
STAFF'S DATA REQUESTS – SET 1

Supplemental Response

Date Request Received: 04/04/11
Request No. Staff 1-27

Date of Supplemental Response: 09/02/11
Witness: Ian E. Robertson

REQUEST:

Reference Robertson testimony, Bates 23. Please identify specific transition costs anticipated as a result of the acquisition and, for each transition cost identified, whether or not Algonquin will seek recovery through rates.

RESPONSE:

An estimate of transition costs (being temporary costs related to transitioning the businesses) has not yet been made, and as such, no determination of recovery through rates has been made.

SUPPLEMENTAL RESPONSE:

Please see Supplemental Attachment Staff 1-27 for an estimate of Transition costs. Where these costs relate to system implementation that is likely to result in future benefits for New Hampshire customers, Liberty Energy NH will likely apply for recovery of these costs through rates.

1-25 Financing/Legal/Transaction/Transition Cost
In Millions of Dollars

	<u>Total</u>	<u>Assumptions</u>
<u>Financing Costs</u>		
Debt Issuance	0.95	0.7% of Debt Issuance
Equity Issuance-Emera		
Equity Issuance	<u>3.75</u>	5% of non Emera Equity Issuance
	4.70	
<u>Legal Costs</u>		
Legal	0.50	
<u>Transaction Costs</u>		
Investment Banker	0.75	
Due Diligence Consultants	0.15	
Misc Costs- ie travel etc	<u>0.15</u>	
	1.05	
<u>Transitional Costs</u>		
Finance	0.03	
Energy Procurement	0.09	
Customer Care	0.33	
Human Resources	0.07	
Health and Safety	0.09	
Regulatory	<u>0.02</u>	
	0.63	

NATIONAL GRID/LIBERTY ENERGY
DG 11-040

JOINT PETITIONERS' RESPONSES TO
OCA'S TECHNICAL SESSION DATA REQUESTS – SET 2

Date Request Received: 09/08/11
Request No. OCA Tech 2-2

Date of Response: 9/16/11
Witness: Ian Robertson
Gerald Tremblay

REQUEST:

Reference Supplemental Staff 1-27 and Attachment Staff 1-27. To whom will the "Transitional Costs" be paid? Are these costs external or internal? Please explain.

RESPONSE:

Transitional costs consist of external costs, payable to 3rd party consultants related to setup of facilities, processes, systems, etc. and incremental expenses incurred by management such as travel. There are no internal labor costs.

NATIONAL GRID/LIBERTY ENERGY
DG 11-040

JOINT PETITIONERS' RESPONSES TO
STAFF'S DATA REQUESTS – SET 3

Date Request Received: 07/15/11
Request No. Staff 3-83

Date of Response: 08/01/11
Witness: Timothy F. Horan

REQUEST:

Reference response to Staff 2-115. What was Granite's and EnergyNorth's average short-term borrowing rate for 2010? Please estimate what the 2010 short term borrowing rate for 2010 would have been in under a revolving bank credit facility as described in the response.

RESPONSE:

Granite State and EnergyNorth participate in separate money pool agreements. The borrowing rate prescribed in Granite State's money pool agreement is based on the then-current rates for 30-day, unsecured, high-grade commercial paper, as quoted in The Wall Street Journal. The rate available under this agreement does not reflect Granite State's current available short-term borrowing rates outside of the money pool. The borrowing rate prescribed in the money pool agreement that EnergyNorth participates in is based on the weighted average of the cost of the external borrowing used to fund the pool, which more accurately reflects short term borrowing rates available externally to both Granite and EnergyNorth through National Grid. That average rate for 2010 was 1.35%. Any rate under a revolving bank credit facility would need to be negotiated and National Grid has not prepared an estimate.