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SCHEDULE JDW – 1

Default Service RFP

November 1, 2012 through April 30, 2013

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Granite State Electric Company

Request for Power Supply Proposals to Provide Default Service

For the Period:

November 1, 2012 – April 30, 2013

August 13, 2012



Liberty UtilitiesSM

REQUEST FOR POWER SUPPLY PROPOSALS

1. Overview

1.1 Background

Legislation and restructuring settlement agreements in New Hampshire¹ 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.

In New Hampshire, the Restructuring Settlement provides access to the competitive retail electricity market for all retail electric customers of Granite State Electric Company (“Granite State”) as of July 1, 1998 pursuant to the provisions of the New Hampshire Act. The Restructuring Settlement and the New Hampshire Act require Granite State to provide default service (“Default Service”) to those customers that are not receiving generation service from a competitive supplier².

1.2 Default Service

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

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

On July 3, 2012, the ownership of Granite State changed from National Grid USA to Liberty Energy Utilities (New Hampshire) Corp. (“Liberty Utilities”). Granite State remains a distinct legal entity, has the same tax identification number and continues to operate its regulated electric utility business in the State of New Hampshire. National

¹ Granite State Company’s Second Amended Restructuring Settlement Agreement (“Restructuring Settlement”) and RSA 374-F (“New Hampshire Act”).

² 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 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 Default Service commencing May 1, 2006 (“Default Service Settlement Agreement”).

Grid USA, pursuant to the terms of a transition service agreement, will provide services to Granite State during this RFP process, including matters covered by the Master Power Agreement.

Granite State intends to use existing Master Power Agreements (and any Amendments) that are currently in place with suppliers. The next transaction will be executed on the final bid date of September 12, 2012.

Granite State, 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 Request For Power Supply Proposals (“RFP”) or any appendix thereto and to withdraw this RFP.

1.3 Customer Groups

For the purposes of this solicitation, the 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 RFP. The Appendix provides:

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

2.2 Expected Loads

Granite State is unable to predict the potential load requirements of any customer group. Granite State’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, Granite State is able to provide the following information on the National Grid USA Power Procurement Website:

For Default Service in New Hampshire:

- Aggregated historical hourly load information for Default Service (since May 1, 2006)
- Class average load shapes at the retail meter point;
- Historical customer counts, as of the last billing day in each month, 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

Granite State’s total Default Service requirements covered by this RFP are broken down into the following 2 load blocks:

Load Block	Customer Group	SMD Load Zone	Load Share	Type of Service	Period
A	Large	NH	100%	Default Service	11/01/2012 – 01/31/2013
B	Small	NH	100%	Default Service	11/01/2012 –04/30/2013

A Respondent may bid on any number of load blocks that it wishes to serve. 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 rejected³.

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

2.4 Retail Customer Rates

³ 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 Large NH 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.

During the term of service covered by this RFP, Granite State intends, in accordance with the Default Service Settlement Agreement, to establish retail rates for generation service for Default Service customers (“Energy Service Rates”). The Energy Service Rates will reflect Granite State’s purchase costs for such service due to commitments made as a result of this RFP. The Default Service Settlement Agreement also requires Granite State to include in its Energy Service Rates a surcharge to account for the administrative costs associated with Default Service. The Energy Service Rates will be as ultimately approved by the New Hampshire Public Utilities Commission (“NHPUC”).

2.5 Effectiveness of Contracts

Any agreement(s) entered into for the delivery of 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 two (2) separate Suppliers may be selected – one for each load block. Default Service will be provided by such Supplier(s) to Granite State in accordance with the terms and conditions of the Master Power Agreement. A copy of the Master Power Agreement for New Hampshire is provided in Appendix B.

All Respondents must have an updated executed Master Power Agreement 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 Granite State 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.

Process Step	Date
Issue Request for Proposal	August 13, 2012
Submit Respondent Proposal Information	August 24, 2012 – 5pm EPT
Submit Indicative Pricing	September 5, 2012 – 10am EPT
Submit Final Pricing	September 12, 2012 – 10am EPT
Execute Agreements and Submit solicitation process summary, Agreements and retail rates to NHPUC	No later than three business days after receipt of all executed agreements.
NHPUC Reviews and Approves Default Service Rates	No later than five business days after filing of Default Service Rates
Service Begins	November 1, 2012

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

Granite State Electric Company
c/o Liberty Energy Utilities (New Hampshire) Corp.
11 Northeastern Blvd
Salem, NH 03079-1953
603-328-2768 (phone)
603-896-6175 (fax)
Attn: John Warshaw
john.warshaw@libertyutilities.com

Granite State is conducting the procurement process in three steps. The first step is for Respondents to provide Granite State with their background and financial information by 5:00 p.m. EPT on Friday, August 24, 2012. Upon receipt, Granite State 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.

Granite State 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, September 5, 2012 at the above address. Granite State will evaluate the indicative pricing as described above, and if required, Granite State 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, September 12, 2012 at the above address. Granite State requests final pricing be valid until 1:00 p.m. Granite State intends to evaluate the final

pricing and select a Supplier(s) that day by that time. Final pricing shall be binding until execution of a confirmation. Respondents should specify the manner in which they will accept a binding acceptance of their offer by Granite State prior to receipt of an executed agreement (letter of intent or e-mail) or they will be deemed to be bound by Granite State's acceptance communicated in any of the preceding manners.

Within three business days of receipt of all executed agreements, Granite State will file with the NHPUC a confidential summary of the solicitation process, the executed agreement(s) and proposed Energy Service Rates.

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 Granite State'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, Granite State, 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 John Warshaw at the address provided above.

3.4 Right to Select Supplier

Granite State 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 Granite State shall begin as of HE 0100 EPT on the date specified in the table found in Section 2.3 – Load Blocks.

Service from Granite State 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 Granite State as of the Commencement Date.

Service from Granite State 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 Granite State consistent with Granite State's Tariff for the Off

Cycle Meter Read for Switch of Supplier Provision, First Revised Page 92, of Granite State’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. 18* in New Hampshire.

Granite State’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 Granite State consistent with Granite State’s Off Cycle Meter Read for Switch of Supplier Provision, First Revised Page 92, of Granite State’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. 18* in New Hampshire.

4.2 Termination Date of Supply

Service from the winning Supplier(s) to Granite State 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 Granite State 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 Granite State in accordance with regulations and procedures approved by the NHPUC, or (iii) closing of a customer’s account. Granite State’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 Granite State 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 Granite State.

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 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
GSECo	NH	11437	GSECO-DEF SVC LARGE CG LOAD	A
GSECo	NH	11436	GSECO-DEF SVC SMALL CG LOAD	B

4.4 Form of Service

The Supplier(s) of each Load Block shall be responsible for meeting the specified service requirements for all of Granite State'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 Granite State's ultimate customers taking such service. Granite State will implement the transfer of these responsibilities to the Supplier(s) by updating the asset registration for each of the above Load Assets. Granite State will assign to the Supplier(s) the applicable Ownership Share for each Load Asset. Once a Supplier's obligation terminates, Granite State 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 Agreement in Appendix B 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 Granite State 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 Agreement, found in Appendix B of this RFP.

Granite State 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. Granite State will be billed by the ISO and the applicable Participating Transmission Owner(s) for these services. Granite State will pay these bills and collect the costs, along with Granite State'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.

4.6 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 Granite State 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 I Thermal	Class II	Class III	Class IV	Total
2012	3.0	0.0	0.15	6.5	1.0	10.65
2013	3.8	0.2	0.20	6.5	1.3	12.00

Granite State requests Respondents to separately bid the cost of NH-RPS compliance equivalent to 10.65% of sales in 2012 and 12.00% of sales in 2013. Granite State will have the option to select bids that include or exclude the NH-RPS component.

If Granite State accepts bids with the NH-RPS components, Granite State 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, Granite State 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 Granite State to evaluate each proposal is identified in Appendix C. Respondents may simply complete the forms provided in Appendix C in any legible fashion and return them to John Warshaw 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 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. Capacity, uplift costs, etc.) will be rejected.

Granite State intends to pay a Supplier 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.

Granite State is seeking the following pricing:

- **All-Inclusive Bids:** For each Load Block (A and B), a price which includes all costs. Should Granite State 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.
- **NH-RPS Compliance:** Price, on a separate \$ per MWh basis in 2012 and 2013, for Supplier to provide the required NH-RPS component for Load Blocks A and B. Should Granite State 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 Agreement provided in Appendix B of this RFP.

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 Granite State is a wholesale transaction between the Supplier(s) and Granite State; 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 November 1, 2012.

6. Retail Customer Relationships

6.1 Customer Billing

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

6.2 Notification of Enrollments and Terminations

Granite State 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 Granite State at least fourteen (14) days prior to the day on which a Supplier desires to commence electronic receipt.

6.3 Customer Service

Granite State, 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 Agreement provided in Appendix B;
- Firmness of delivery;
- The supplier's past experience in providing similar services to Granite State;
- 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 Granite State's Default Service customers.

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

8. Credit Requirements

In order to protect Granite State'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 Agreement (Appendix B to this RFP), Granite State 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 Granite State

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 Granite State 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 Granite State 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.

9. General Requirements

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

Granite State 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 Granite State.

If any information provided by the Respondent changes or fails to remain valid, it is the sole responsibility of the Respondent to notify Granite State 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 Granite State, 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.

Granite State 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. Notwithstanding the foregoing, it is understood and agreed that National Grid USA, pursuant to the terms of a transition service agreement, will provide services to Granite State during this RFP process, including matters covered by the Master Power Agreement. Each Respondent certifies, by its submission of a bid, that it agrees to the disclosure of its confidential information to National Grid USA solely for purposes of providing these transition services to Granite State.

APPENDIX A

DESCRIPTION OF SERVICES

Granite State Electric Company	
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 Granite State that it wishes to terminate service from its competitive energy supplier and commence Default Service. b) A competitive energy supplier notifying Granite State that it is terminating service to a customer. c) A competitive energy supplier ceasing to provide service to a customer without notifying Granite State. d) A customer moves into Granite State’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 USA’s procurement website under New Hampshire information:</p> <p style="text-align: center;">http://www.nationalgridus.com/energysupply/</p>

APPENDIX B

NEW HAMPSHIRE MASTER POWER AGREEMENT

NEW HAMPSHIRE MASTER POWER AGREEMENT

This **MASTER POWER AGREEMENT** (“Master Power Agreement”) is dated as of _____ and is by and between **GRANITE STATE ELECTRIC COMPANY** (“Granite” or “Buyer”), a New Hampshire corporation, and [**Company**], a [what] (“**Seller**”) This Master Power Agreement provides for the sale by Seller of Default Service, as defined herein, to the Buyer. Buyer and Seller are referred to herein individually as a “Party” and collectively as the “Parties”.

ARTICLE 1. BASIC UNDERSTANDINGS

Seller and Buyer have agreed to execute this Master Power Agreement in order to establish the basic terms of Seller’s provision and sale of, and Buyer’s acceptance and purchase of, Default Service. This Master Power Agreement, together with the Appendices and written supplements (including any Confirmations) hereto, and any designated collateral, credit support or margin agreement or similar arrangement between the Parties regarding the Transactions (as defined in Article 2), shall be referred to as the “Agreement” and shall constitute the entire agreement between the Parties relating to the subject matter hereof and supersedes any other agreements, written or oral, between the Parties concerning such subject matter but specifically excluding written agreements executed by the Parties prior to the Effective Date.

ARTICLE 2. DEFINITIONS

As used in this Agreement, the following terms shall have the meanings specified in this Article. In addition, except as otherwise expressly provided, terms with initial capitalization used in this Agreement and not defined herein shall have the meaning as defined in the NEPOOL Rules.

Affiliate means, with respect to any Party, any entity (other than a person) that, directly or indirectly, controls, or is controlled by, or is under common control with, such Party. For this purpose, “control” means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

Alternative Compliance Payment Rate means the value as published by the NH PUC (as defined below) in accordance with Puc 2503.02 of the New Hampshire Code of Administrative Rules.

Award Block means the numerical designation, for administrative purposes only, as may be set forth on a Confirmation to identify Customer Groups to be served from and including the Commencement Date through the Conclusion Date, in a specified Load Zone, and the associated Load Asset Number and Load Asset Name, or other information as may be associated therewith in a Confirmation.

Bid Proxy Price means, the product of (a) the Reference New England Internal Hub Price as set forth in the Confirmation for the applicable Transaction, (b) the Resulting Bid Factor for a calendar month, and (c) the Adjustment Factor, all for the applicable Transaction.

Business Day means a 24-hour period ending at 5:00 p.m. EPT, other than Saturday, Sunday and

any day which is a legal holiday or a day on which banking institutions in the State of New Hampshire are authorized by law or other governmental action to close.

Buyer has the meaning set forth in the preamble of this Master Power Agreement, along with any successors, assigns, employees, agents and authorized representatives thereof.

Buyer's System means the electrical distribution system of the Buyer.

Buyer's Service Territory means the geographic area served by Granite State Electric Company.

Class I NEPOOL-GIS Certificate means a NEPOOL-GIS Certificate from a resource that represents Class I Renewable Generation Attributes (as defined below).

Class I Renewable Generation Attributes means a "Class I source" as defined in Puc 2502.07 of the New Hampshire Code of Administrative Rules, as may be amended from time to time.

Class II NEPOOL-GIS Certificate means a NEPOOL-GIS Certificate from a resource that represents Class I Renewable Generation Attributes (as defined below).

Class II Renewable Generation Attributes means a "Class II source" as defined in Puc 2502.08 of the New Hampshire Code of Administrative Rules, as may be amended from time to time.

Class III NEPOOL-GIS Certificate means a NEPOOL-GIS Certificate from a resource that represents Class III Renewable Generation Attributes.

Class III Renewable Generation Attributes means a "Class III source" as defined in Puc 2502.09 of the New Hampshire Code of Administrative Rules, as may be amended from time to time.

Class IV NEPOOL-GIS Certificate means a NEPOOL-GIS Certificate from a resource that represents Class IV Renewable Generation Attributes.

Class IV Renewable Generation Attributes means a "Class IV source" as defined in Puc 2502.10 of the New Hampshire Code of Administrative Rules, as may be amended from time to time.

Commencement Date means the period at HE 0100 EPT on the date set forth for each Customer Group in the Confirmation for the applicable Transaction.

Commission means the Federal Energy Regulatory Commission, or its successor.

Commodity Business Day means Monday through Friday, excluding NERC Holidays.

Competitive Supplier Terms means NHPUC's PUC 2000 Competitive Electric Power Supplier Rules, as may be amended from time to time.

Conclusion Date means the period at HE 2400 EPT on the date set forth for each Customer Group in the Confirmation for the applicable Transaction.

Confirmation means a confirmation that is mutually agreed to and executed by the Parties, which may be in the form set forth in Appendix B or in a form otherwise agreed to by the Parties, such document to serve as a supplement or modification of this Master Power Agreement with respect to a specific Transaction.

Confirmation Term means, for the applicable Transaction, the period beginning as of the effective date set forth in a Confirmation and continuing through to the date both Parties have fulfilled all of their obligations with respect to such Transaction.

Contract Rate has the meaning set forth in the Confirmation for the applicable Transaction.

Credit Rating means, with respect to a Party (or its Credit Support Provider, as the case may be) or entity, on any date of determination, (1) the ratings assigned by Moody's, S&P and/or the other specified rating agency or agencies to such Party's (or its Credit Support Provider's, as the case may be) or entity's unsecured, senior, long-term debt not supported by third party credit enhancement, or (2) if the applicable entity does not have such a rating, then the rating assigned to such entity by Moody's and/or S&P as its corporate credit rating or issuer rating, or (3) if the applicable entity is a financial institution, its unsecured, unsubordinated, long-term deposits by Moody's, S&P and/or the other specified rating agency or agencies. In the event of an inconsistency in ratings by the rating agencies (a "split rating"), the lowest rating assigned shall control.

Credit Support Annex or CSA means the credit support annex mutually agreed to and executed by the Parties, in the form set forth as Appendix D hereto and incorporated by reference herein.

Credit Support Provider means the entity providing a guaranty substantially in the form set forth in Appendix C of this Master Power Agreement guaranteeing the financial obligations of a Party for the benefit of the other Party.

Customer Disconnection Date means the date when a Default Service Customer is disconnected from service, as determined by the Buyer in accordance with the Distribution Service Terms.

Customer Group means Buyer's customers who receive Default Service in the Large Customer Group and/or Small Customer Group as specified on the Confirmation for the applicable Transaction.

Customer Termination Date means the date when a Default Service Customer ceases to take service under the Default Service Tariff, each date as determined by the Buyer in accordance with the Distribution Service Terms.

Daily Proxy Settlement Amount means, for a given day, the product of (a) the Expected Daily Load and (b) the Proxy Price for such day minus the Bid Proxy Price.

Default Service means the provision of Requirements by Seller at the Delivery Point to the Buyer to meet all needs of Default Service Customers.

Default Service Customer(s) means, for a specific Transaction, the customers in each Customer Group set forth in the applicable Confirmation, taking service pursuant to the Default Service Tariff during the applicable Delivery Term.

Default Service Tariff means Buyer'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, as may be amended from time to time and approved by the NHPUC.

Delivered Energy means the quantity of energy, expressed in megawatt-hours, provided by Seller with respect to a specific Transaction. This quantity shall be the sum of the quantity of energy reported to the ISO by the Buyer for each of the Load Assets identified in a specific Transaction, with such quantity determined by the Buyer in accordance with Section 6.3 of this Master Power Agreement. Such quantity shall not include any allocation of PTF losses (which the ISO may assess to Seller in relation to such energy), but shall include transmission and distribution losses on the Buyer's System from the Delivery Point to the meters of Default Service Customers.

Delivery Point means, for each Load Asset (x) identified in or in accordance with a specific Transaction and (y) as set forth in the Confirmation related to a specific Transaction (i) the Nodes at which the Real-Time Load Obligations are established in the ISO Settlement Power System Model for the registered Load Assets representing the physical loads of Default Service Customers for the Delivery Term for such customers, identified by the Load Asset ("Loads With Nodes"), for any period and in any location in which there are Loads With Nodes and the ISO requires use of Nodes for Real-Time Load Obligations, or (ii) the Load Zones at which the Real-Time Load Obligations are established in the ISO Settlement Power System Model for the Load Assets representing the physical loads of Default Service Customers for the Delivery Term for such customers, identified by the Load Asset ("Loads with Zones") if (a) the ISO does not require use of Nodes for Real-Time Load Obligations and (b) the use of Loads with Zones in a calculation of ISO settlement charges and costs yields the same mathematical result as a calculation thereof using Loads with Nodes; or (iii) in the event of neither (i) nor (ii), Loads with Nodes and, in any location in which there are no Loads with Nodes, Loads with Zones.

Delivery Term(s) means the period(s) set forth in the Confirmation for a particular Transaction for the respective Default Service designations, beginning at the top of the HE 01:00 EPT on the Commencement Date (set forth in the applicable Confirmation) and continuing through and including the end of HE 24:00 EPT on the Conclusion Date).

Distribution Service Terms means Buyer'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, as may be amended from time to time and approved by the NHPUC.

Effective Date means the date that this Master Power Agreement is executed by all Parties.

EPT means Eastern Prevailing Time.

Governing Documents means, with respect to any particular entity, (a) if a corporation, the (i) articles of organization, articles of incorporation or certificate of incorporation and (ii) the bylaws; (b) if a general partnership, the partnership agreement and any statement of partnership; (c) if a limited partnership, the limited partnership agreement and the certificate of limited partnership; (d) if a limited liability company, the articles or certificate of organization or

formation and operating agreement; (e) if another type of entity, any other charter or similar document adopted or filed in connection with the creation, formation or organization of such entity; (f) all equity holders' agreements, voting agreements, voting trust agreements, joint venture agreements, registration rights agreements or other agreements or documents relating to the organization, management or operation of any entity or relating to the rights, duties and obligations of the equity holders of any entity; and (g) any amendment or supplement to any of the foregoing.

Initiation Date means the date a retail customer of the Buyer begins taking service pursuant to the Default Service Tariff as determined by the Buyer in accordance with the Distribution Service Terms.

Interest Rate means, for any date, the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in *The Wall Street Journal* under "Money Rates" on such day (or if not published on such day, on the most recent preceding day on which published), plus two percent (2%) and (b) the maximum rate permitted by applicable law.

Investment Grade means (i) if any entity has a Credit Rating from both S&P and Moody's then, a Credit Rating from S&P equal to "BBB-" and a Credit Rating from Moody's equal to "Baa3"; or (ii) if an entity has a Credit Rating from only one of S&P and Moody's, then a Credit Rating from S&P equal to "BBB-" or a Credit Rating from Moody's equal to "Baa3 or (iii) if the Parties have mutually agreed in writing on an additional or alternative rating agency, then a credit rating equal to that mutually agreed to in writing by the Parties in each Party's sole and exclusive judgment.

ISO means ISO New England Inc., authorized by the Commission to exercise for New England the functions required pursuant to the Commission's Order No. 2000 (and its progeny) and the Commission's regulations, and any successor organization (including but not limited to a Regional Transmission Organization).

ISO Tariff means the ISO New England Inc. Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3, as amended, modified, superseded and supplemented from time to time, and including the Market Rules and Procedures.

ISO New England Operating Documents means the ISO Tariff and the ISO New England Operating Procedures, as amended, modified, superseded and supplemented from time to time.

Large Customer Group Contract Rate means the value as set forth in the Confirmation for the applicable Transaction as applicable to a month in the Delivery Term.

Large Customer Group means the Buyer's customers in the Rate G-1 and G-2 retail rate classes (the "Large Rate Classes"), or such other rate classes as may be added from time to time during the Delivery Term, provided that such Large Rate Classes shall be comprised of customers previously in one of the Large Rate Classes or such customer would have qualified for one of the Large Rate Classes.

Locational Marginal Pricing means as set forth in the Market Rules and Procedures.

Market Rules and Procedures means the Market Rules, Manuals and Procedures adopted by the ISO and/or NEPOOL, as may be amended from time to time, and as administered by the ISO to govern the operation of the NEPOOL markets.

Material Adverse Effect means, with respect to a Party, any change in or effect on such Party after the date of this Agreement that is materially adverse to the transactions contemplated hereby, excluding any change or effect resulting from (a) changes in the international, national, regional or local wholesale or retail markets for electric power; (b) changes in the international, national, regional or local markets for any fuel; (c) changes in the North American, national, regional or local electric transmission or distribution systems; and (d) any action or inaction by a governmental authority, but in any such case not affecting the Parties or the transactions contemplated hereby in any manner or degree significantly different from others in the industry as a whole.

Moody's means Moody's Investors Service, its successors and assigns.

MWh means Megawatt-hour.

NEPOOL-GIS means the NEPOOL Generation Information System, which includes a generation information database and certificate system, operated by NEPOOL, its designee or successor entity, that accounts for generation attributes of electricity consumed within New England.

NEPOOL-GIS Certificates means an electronic record produced by the NEPOOL-GIS that identifies the relevant generation attributes of each MWh accounted for in the NEPOOL-GIS that comply with the New Hampshire Electric Renewable Portfolio Standard Law. NEPOOL-GIS Certificates shall conform to the eligibility criteria set forth in the New Hampshire Electric Renewable Portfolio Standard Law, and shall represent title to and claim over all environmental attributes associated with the specified MWh of generation.

NEPOOL means the New England Power Pool, or its successor.

NEPOOL Agreement means the Second Restated New England Power Pool Agreement dated as of February 1, 2005, as amended or accepted by the Commission and as may be amended, modified, superseded, supplemented and/or restated from time to time.

NEPOOL Rules means all rules adopted by NEPOOL or the ISO, as such rules may be amended, modified, supplemented or superseded and restated from time to time, including but not limited to, the NEPOOL Agreement, the ISO Tariff, the ISO New England Operating Documents, the Transmission Operating Agreement, the Participants Agreement, the NEPOOL Manuals, and the NEPOOL Operating Procedures, as amended, superseded or restated from time to time.

NERC means the North American Electric Reliability Corporation.

Net Worth means total assets, exclusive of intangible assets, less total liabilities, as reflected on the most recent balance sheet prepared by a certified public accountant as part of a certified financial statement in accordance with generally accepted accounting principles consistently applied in the business sector of the Seller.

New England Internal Hub Price means for each day remaining in the current calendar month and each day in all future calendar months during the term of this Transaction : (A) the sum of (x) the product of the applicable On-Peak ISO New England Internal Hub Price times the number of On-Peak Hours in such day and (y) the product of the applicable Off-Peak New England Internal Hub Price times the number of Off-Peak hours in such day and (B) then divided by twenty four (24).

New Hampshire Electric Renewable Portfolio Standard Law or RPS means the provisions of New Hampshire RSA 362-F et seq. that require all retail electricity suppliers who provide electricity to end-use customers in New Hampshire to source a minimum percentage of their electricity sales from certain renewable energy generating resources beginning on January 1, 2008, as more explicitly provided for in regulations set forth in the New Hampshire Code of Administrative Rules, Chapter Puc 2500 et. seq., as such regulations may be amended from time to time.

NH Load Zone means the New Hampshire Reliability Region as defined in the NEPOOL Rules.

NHPUC means the New Hampshire Public Utilities Commission, or its successor.

NYMEX means the New York Mercantile Exchange, Inc., its successors and assigns.

Off-Peak Hour means any hour that is not an On-Peak Hour.

Off-Peak ISO New England Internal Hub Price means, in a given month, the ISO New England Off-Peak LMP Swap price as published by NYMEX on a Valuation Date and represented by the NYMEX trading symbol KI.

On-Peak Hour means Hour Ending (“HE”) 08:00 EPT through HE 23:00 EPT on any Commodity Business Day.

On-Peak ISO New England Internal Hub Price means, in a given month, the ISO New England Internal Hub Peak LMP Swap price as published by NYMEX on a Valuation Date and represented by the NYMEX trading symbol NI.

Proxy Price means, for a given day, the product of (a) the New England Internal Hub Price for such day, (b) the Resulting Bid Factor for a calendar month, and (c) the Adjustment Factor.

PTF means facilities categorized as Pool Transmission Facilities under the ISO Tariff.

Resulting Bid Factor means (A) the Contract Rate in a calendar month divided by (B) the Reference New England Internal Hub Price for the same calendar month.

Requirements means all electric generation and/or market purchases and delivery, to the Delivery Point, of the electric capacity, energy, ancillary services, operating reserves (including forward reserves) and all other market products required by the Buyer to provide kilowatt-hours to meet the needs of Default Service Customers during the Delivery Term.

Small Customer Group Contract Rate means the value as set forth in the Confirmation for the applicable Transaction as applicable to a month in the Delivery Term.

Small Customer Group means the Buyer’s customers in the Rate D, D-10, G-3, M, T and V

retail rate classes (the “Small Rate Classes”), or such other rate classes as may be added from time to time during the Delivery Term, provided that such Small Rate Classes shall be comprised of customers previously in one of the Small Rate Classes or such customer would have qualified for one of the Small Rate Classes.

S&P means Standard & Poor's Rating Group, its successors and assigns.

Term means as defined in Section 3.1.

Transaction means a particular transaction agreed to by Buyer and Seller relating to the purchase and sale of Default Service pursuant to this Agreement, as evidenced by the execution of a written Confirmation by Buyer and Seller setting forth the specific terms and conditions thereof.

ARTICLE 3. TERM, SERVICE PROVISIONS AND REGISTRATION REQUIREMENTS

Section 3.1 Term

The term of this Master Power Agreement (the “Term”) shall commence on the Effective Date and shall continue in effect until the earlier of (i) its termination by any Party upon thirty (30) days’ prior written notice and (ii) its termination in accordance with Subsection 7.2(a); provided, however, that such termination shall not affect or excuse the performance of any Party under any provision of this Master Power Agreement that by its terms or operation survives any such termination and, provided further, that this Master Power Agreement and any other documents executed and delivered hereunder shall remain in effect with respect to the Transaction(s) entered into prior to the effective date of such termination until both Parties have fulfilled all of their obligations with respect to such Transaction(s). As of the termination of this Master Power Agreement, subject to the immediately foregoing sentence, and subject to any time limits specifically set forth in this Master Power Agreement or in a Confirmation, the Parties shall no longer be bound by the terms and provisions hereof, except to the extent necessary to enforce the rights and obligations of the Parties arising under this Master Power Agreement before such expiration or termination or (b) that such terms and provisions expressly or by their operation survive the termination or expiration of this Master Power Agreement.

Section 3.2 Commencement of Supply

(a) Beginning as of the Commencement Date for each specific Customer Group in a specific Transaction, Seller shall provide Requirements to the Buyer. For purposes of certainty: Seller's obligations on the Commencement Date shall be to provide Requirements for all Default Service Customers identified in the related Confirmation taking service as of and including the Commencement Date.

(b) With respect to each person or entity that becomes a Default Service Customer subsequent to the applicable Commencement Date, Seller shall provide Requirements to the Buyer to meet the needs of the Default Service Customer(s) as of and including the Initiation Date for such customer initiating such service during the applicable Delivery Term.

(c) If Seller elects to receive electronic notification as provided in Section 3.7, the Buyer shall provide to Seller a notice of Initiation Date via electronic file transfer and in a format specified by the Buyer. Each notice of Initiation Date shall include the account number, the date Seller's service to the Buyer is to begin for a Default Service Customer and the customer's rate class.

Section 3.3 Termination and Conclusion of Supply

(a) With respect to each Default Service Customer that terminates Default Service during the applicable Delivery Term, Seller shall provide Requirements to the Buyer for such customer on the Customer Termination Date but shall not provide Requirements for such customer after the Customer Termination Date.

(b) If Seller elects to receive electronic notification as provided in Section 3.7, the Buyer shall provide to Seller a notice of Customer Termination Date via electronic file transfer and in a format specified by the Buyer. Each notice of Customer Termination Date shall include the account number, the Customer Termination Date and the customer's rate class.

(c) Seller's obligation to provide Requirements with respect to each specific Customer Group in a specific Transaction shall cease at the applicable Conclusion Date.

Section 3.4 Customer Disconnection Date

(a) With respect to each Default Service Customer whose Default Service is disconnected during the applicable Delivery Term, Seller shall provide Requirements to the Buyer for such customer on the Customer Disconnection Date but shall not provide Requirements for such customer after the Customer Disconnection Date.

(b) If Seller elects to receive electronic notification as provided in Section 3.7, the Buyer shall provide to Seller a notice of Customer Disconnection Date via electronic file transfer and in a format specified by the Buyer. Each notice of Customer Disconnection Date shall include the account number, the Customer Disconnection Date and the customer's rate class.

Section 3.5 Distribution Service Interruptions

Seller acknowledges that interruptions in distribution service occur and may reduce the load served hereunder. Seller further acknowledges and agrees that the Buyer may interrupt distribution service to customers consistent with the Distribution Service Terms and the Competitive Supplier Terms. In no event shall a Party have any liability or obligation to the other Party in respect of any such interruptions in distribution service.

Section 3.6 Release of Customer Information

The Buyer will not issue any customer information to Seller unless Seller has first obtained the necessary authorization in accordance with the provisions of the Competitive Supplier Terms.

Section 3.7 Electronic Notification

At Seller's election, the Buyer shall provide notices contemplated by Sections 3.2, 3.3 and 3.4 via electronic file transfer. Such election shall only be effective when Seller (i) 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 the Buyer at least fourteen (14) days prior to the day on which Seller desires to commence electronic receipt.

Section 3.8 Change in Supply; No Prohibition on Programs

(a) Seller acknowledges and agrees that the number of customers and the Requirements to meet the needs of such customers will fluctuate throughout the Delivery Term and may equal zero. The Buyer shall not be liable to Seller for any losses Seller may incur, including but not limited to lost revenues, and losses that may result from any change in Requirements, number or location of customers taking service, the location of the Delivery Point(s), the composition or components of market products or Requirements, or the market for electricity, or change in the Distribution Service Terms or the Default Service Tariff. Seller further acknowledges and agrees that there is no limit on the number of Customer Initiation Dates, Customer Termination Dates and Customer Disconnection Dates.

(b) Seller acknowledges and agrees that the Buyer has the right but not the obligation to continue, initiate, support or participate in any programs, promotions, or initiatives designed to or with the effect of encouraging customers to leave Default Service for any reason (“Programs”). Nothing in this Agreement shall be construed to require notice to or approval of Seller in order for the Buyer to take any action in relation to any Programs.

(c) Seller acknowledges and agrees that the Buyer and Affiliates of the Buyer will not provide Seller preferential access to or use of the Buyer’s System and that Seller's sole and exclusive rights and remedies with regard to access to, use or availability of the Buyer’s System, and the Buyer’s or Affiliates of the Buyer’s obligation to transmit electricity are those rights, remedies and obligations provided under the Distribution Service Terms or the NEPOOL Rules.

Section 3.9 Uniform Disclosure Requirements

Seller shall provide the Buyer information reasonably ascertainable by Seller pertaining to power plant emissions, fuel types, labor information and any other information required by the Buyer to comply with any disclosure regulations which may be imposed upon the Buyer during the term of this Agreement, as such disclosure requirements apply to Default Service provided by Seller pursuant to this Agreement.

Seller shall utilize the NEPOOL-GIS to transfer Load Obligations or NEPOOL-GIS Certificates, as applicable, to the Buyer’s certificate account in the number equal to the Delivered Energy for Default Service in a month during the term of a Transaction. Such Load Obligations or NEPOOL-GIS Certificates, as applicable, shall be delivered by Seller at least five (5) Business Days prior to the close of the applicable Trading Period. The Load Obligations or NEPOOL-GIS Certificates, as applicable, shall be delivered by Seller to an account within the NEPOOL-GIS Certificates as designated by the Buyer.

ARTICLE 4. SALE AND PURCHASE

Section 4.1 Provision Delivery and Receipt

With respect to each Transaction, Seller shall provide and deliver to the Delivery Point and the Buyer shall receive at the Delivery Point the percent of the Requirements applicable to each Customer Group during the Delivery Term, all as set forth in the Confirmation related to such Transaction.

Section 4.2 Responsibilities

(a) The Buyer shall arrange with the ISO for transmission service over the PTF and non-PTF from and after the Delivery Point to the customers' meters. The Buyer shall be responsible for all transmission costs over the PTF and non-PTF from the Delivery Point to the meters of the Buyer's customers. Seller shall be responsible for all transmission and distribution costs associated with the delivery of Requirements to and including the Delivery Point except the transmission costs otherwise provided for in this paragraph.

(b) Seller shall be responsible for all decisions and data submissions associated with the Ownership Share of the Load Assets in Article, Section 6.4 including any bids into the market system to manage these obligations.

(c) Seller shall be responsible for all present and future obligations, requirements, and costs associated with the Requirements and/or Seller's provision thereof, whether system wide or locational based, including, but not limited to, the real-time load obligations, capacity obligations and/or charges (including, but not limited to, installed capacity, unforced capacity, locational installed capacity, locational unforced capacity, forward capacity market obligations, forward capacity market transition payment obligations), regulation obligations and/or charges (including any regulation opportunity costs), operating reserve obligations and/or charges (including, but not limited to, (w) any real-time reserve charges, (x) any forward reserve charges, (y) any charges associated with reserve constraint penalty factors, and (z) net commitment period compensation ("NCPC") charges (other than monthly fixed-cost charges paid to resources pursuant to reliability agreements negotiated under Market Rule 1 Appendix A, Section III.A.6 and Exhibit 2), emergency energy charges, inadvertent energy revenue charges, ISO Schedule 1 charges (other than ISO Schedule 1 charges that are both (i) associated with the Buyer's Regional Network Service and (ii) allocated on the basis of Regional Network Load), ISO Schedule 2 charges, ISO Schedule 3 charges, day-ahead energy market charges, and real-time energy market charges at the nodes, if any, and if none, the zones representing the actual locations of the meters of the Default Service Customers, and any other requirements, market products, expenses and charges imposed by NEPOOL or the ISO, as they may be in effect from time to time related to the provision and/or delivery of Requirements to and including the Delivery Point. Except as otherwise specifically excluded in this paragraph, Seller's responsibility for costs and charges shall be without regard to the manner in which they are allocated by NEPOOL or the ISO.

(d) Seller shall be responsible for all costs and components thereof of any Locational Marginal Prices to provide Default Service (during the applicable Delivery Term), including its delivery to the Delivery Point. These components include the energy component, loss component, and congestion component.

(e) Seller shall be responsible for all congestion charges for delivery to the actual meters of Default Service Customers (during the applicable Delivery Term).

(f) Seller shall notify Buyer within one Business Day of receipt of notice of termination from the ISO or event of default or similar occurrence under the Market Participant Service Agreement.

ARTICLE 5. AMOUNT, BILLING and PAYMENT

Section 5.1 Amount

The amount payable by the Buyer to Seller shall be the sum of the amounts due under all applicable Transactions.

Section 5.2 Billing and Payment

(a) On or before the tenth (10th) day of each month during the Term, Seller shall calculate the amount due and payable to Seller pursuant to Section 5.1 with respect to the preceding month (the "Calculation"). Seller shall provide the Calculation to the Buyer and such Calculation shall include sufficient detail for the Buyer to verify its formulation and computation. Calculations under this paragraph shall be subject to recalculation in accordance with Article 6 and shall be subject to adjustment (positive or negative) based upon such recalculation (a "Reconciliation Adjustment"). Seller shall promptly calculate the Reconciliation Adjustment upon receiving data described in Section 6.3 and shall include the adjustment, if any, in the next month's Invoice. A Reconciliation Adjustment based upon a change in the quantity for an earlier month shall be calculated using the applicable Contract Rate for the month in which the Delivered Energy was received.

(b) Seller shall submit to the Buyer an invoice with such Calculation as provided for in paragraph (a) of this Section (the "Invoice") and the respective amounts due under this Master Power Agreement not later than the tenth (10th) day of each month. The Buyer shall pay Seller the amount of the Invoice (including the Reconciliation Adjustment, if any, as a debit or credit) less any amounts disputed in accordance with Section 5.3, on or before the later of the twentieth (20th) day of the month or ten (10) Business Days after receiving the Invoice (the "Due Date"). Except for amounts disputed in accordance with Section 5.3, if all or any part of the Invoice remains unpaid after the Due Date, interest shall accrue after but not including the Due Date and be payable to Seller on such unpaid amount at the Interest Rate in effect on the Due Date. The Due Date for a Reconciliation Adjustment shall be the Due Date of the Invoice in which it is included.

(c) Each Party shall notify the other Party upon becoming aware of an error in an Invoice, Calculation or Reconciliation Adjustment (whether the amount is paid or not) and Seller shall promptly issue a corrected Invoice. Overpayments shall be returned by the receiving Party upon request or deducted by the receiving Party from subsequent invoices, with interest accrued at the Interest Rate from the date of the receipt of the overpayment until the date paid or deducted.

Section 5.3 Challenge to Invoices

Unless otherwise agreed: (i) either Party may challenge, in writing, the accuracy of Calculations, Invoices or Reconciliation Adjustments (or the data utilized in the forgoing) no

later than twenty-four (24) months after the Due Date of the Invoice in which the disputed information is contained; (ii) if a Party does not challenge the accuracy within such twenty-four (24) month period, such Invoice shall be binding upon that Party and shall not be subject to challenge. If an Invoice is paid and thereafter the payment or the Invoice on which the payment was based is disputed, upon notice of dispute, the Party receiving payment shall hold the amount in dispute in escrow for the benefit of the prevailing Party until the resolution of such dispute. If any amount in dispute is ultimately determined (under the terms herein) to be due to the other Party, it shall be paid or returned (as the case may be) to the other Party within three (3) Business Days of such determination along with interest accrued at the Interest Rate from the (i) date due and owing in accordance with the Invoice until the date paid or (ii) if the amount was paid and is to be returned, from the date paid, until the date returned.

Section 5.4 Taxes, Fees and Levies

Seller shall be obligated to pay all present and future taxes, fees and levies (“Taxes”) which may be assessed by any entity upon the Seller's performance under this Agreement including but not limited to the purchase and sale of Requirements to the Buyer associated with the Delivery of the Requirements up to and at the Delivery Point. The Buyer will pay all Taxes with respect to the Requirements after the Delivery Point. All Requirements, including electricity and other related market products delivered hereunder by Seller to the Buyer shall be sales for resale with the Buyer reselling such electricity and products.

Section 5.5 Netting and Setoff

Except for security provided pursuant to this Agreement (which shall not be considered for purposes of this Section 5.5) and unless otherwise specified in another agreement between the Parties, if the Parties are required to pay an amount on the same date each to the other under this Agreement or any other agreement between the Parties, or if any costs that are a Party's responsibility under this Agreement are incorrectly or inappropriately charged to the Party by the ISO, such amounts shall be netted, and the Party owing the greater aggregate amount shall pay to the other Party any difference between the amounts owed. Each Party reserves all rights, setoffs, counterclaims and other remedies and defenses (to the extent not expressly herein or therein waived or denied) that such Party has or to which such Party may be entitled arising from or out of this Agreement or the other agreement. Further, if the Buyer incurs any costs or charges that are the responsibility of Seller under this Agreement, such costs or charges may, at the Buyer's election, be netted against any amount due to Seller under this Agreement.

ARTICLE 6. QUALITY; LOSSES and QUANTITIES REQUIRED; DETERMINATION AND REPORTING OF HOURLY LOADS

Section 6.1 Quality

All electricity shall be delivered to the Buyer in the form of three-phase sixty-hertz alternating current at the Delivery Point.

Section 6.2 Losses

Seller shall be responsible for all transmission and distribution losses and the costs related to such losses and associated with the Requirements, namely, losses from the Delivery

Point to the meters of the Default Service Customers. Seller shall provide to the Buyer at the Delivery Point quantities of electricity and ancillary services, capacity and all other market products related thereto to cover such losses from the Delivery Point to the meters of Default Service Customers. The quantities required for this purpose in each hour of a billing period shall be determined in accordance with ISO's and the Buyer's procedures for loss determination.

Section 6.3 Determination and Reporting of Hourly Loads

(a) The Buyer will estimate the Delivered Energy for Default Service provided by Seller pursuant to each Transaction based upon average load profiles developed for each of the Buyer's customer classes and the Buyer's actual total hourly load. The Buyer shall report to the ISO and Seller, the estimated Delivered Energy for each Transaction. The Buyer will normally report to the ISO and to Seller Seller's estimated Delivered Energy by 1:00 P.M. EPT of the second following Business Day. Appendix A provides a general description of the estimation process that the Buyer will initially employ (the "Estimation Process"). The Buyer shall have the right but not the obligation, in its sole and exclusive judgment, to modify the Estimation Process from time to time, provided that any such modification is designed with the objective of improving the accuracy of the Estimation Process.

Each month, the Buyer shall reconcile the Buyer's estimate of the Delivered Energy for each Transaction based upon the Buyer's meter reads (such meter reads as provided for in the Distribution Service Terms). The reconciliation, including all losses, shall be the adjusted Delivered Energy. The Buyer will normally notify the ISO of any resulting adjustment (debit or credit) to Seller's account for the Load Assets (set forth in a specific Confirmation) no later than the last day of the third month following the billing month. Appendix A provides a general description of this reconciliation process, which process may be changed by the Buyer from time to time in its sole and exclusive discretion.

Section 6.4 ISO Settlement Market System Implementation

As soon as possible after the execution of a Confirmation related to a specific Transaction and before the applicable Commencement Date, the Buyer shall assign to Seller, and Seller shall accept assignment of an Ownership Share for each Load Asset in such Confirmation. Such assignment shall be effective beginning on the applicable Commencement Date. Seller shall maintain such ownership until the Conclusion Date (or, if earlier, the termination date established in accordance with 7.2(a)). Seller shall take any and all actions necessary to effectuate such assignment and, if applicable in accordance with the foregoing, transfer, including executing documents required by the ISO. Once Seller's provision of Default Service terminates (effective as of the minute after the Conclusion Date or, if earlier, the termination date established in accordance with 7.2(a)), the Buyer will terminate Seller's Ownership Shares of the aforementioned Load Assets

The Buyer shall have the right to change the Load Asset designations from time to time, consistent with the definition and provision of Default Service. If and to the extent such designations change, the Buyer and Seller shall cooperate to timely put into effect the necessary ISO Settlement Market System contracts that may be necessary to implement the new designations and terminate the prior designations.

ARTICLE 7. DEFAULT AND TERMINATION

Section 7.1 Events of Default

(a) Any one or more of the following events shall constitute an "Event of Default" hereunder with respect to the Buyer:

(i) Failure of the Buyer

(A) in any material respect to comply with, observe or perform any covenant, warranty or obligation under this Agreement (but excluding events that are otherwise specifically covered in this Section as a separate Event of Default and except due to causes excused by Force Majeure or attributable to Seller's wrongful act or failure to act in breach of this Agreement); and

(B) After receipt of written notice from Seller such failure continues for a period of five (5) Business Days, or, if such failure cannot be reasonably cured within such five (5) Business Day period, such further period as shall reasonably be required to effect such cure (but in no event longer than thirty (30) days), provided that the Buyer (x) commences within such five (5) Business Day period to effect a cure and at all times thereafter proceeds diligently to complete the cure as quickly as possible and (y) provides to Seller written documentation of its efforts and plan to cure and estimated time for completion of the cure.

(b) Any one or more of the following events shall constitute an "Event of Default" hereunder with respect to Seller:

(i) Failure of Seller

(A) in any material respect to comply with, observe, or perform any covenant, warranty or obligation under this Agreement (but excluding events that are otherwise specifically covered in this Section as a separate Event of Default and except due to causes excused by Force Majeure or attributable to the Buyer's wrongful act or wrongful failure to act in breach of this Agreement); and

(B) after receipt of written notice from the Buyer such failure continues for a period of five (5) Business Days, or, if such failure cannot be reasonably cured within such five (5) Business Day period, such further period as shall reasonably be required to effect a cure (but in no event longer than thirty (30) days), provided that Seller (x) commences within such five (5) Business Day period to effect such cure and at all times thereafter proceeds diligently to complete the cure as quickly as possible and (y) provides to the Buyer written documentation of its efforts and plan to cure and estimated time for completion of the cure;

(ii) Failure of Seller to provide Requirements in accordance with Articles 3 and 4;

(iii) Failure of Seller to satisfy its obligation to provide security when due and in accordance with the CSA;

(c) Any one or more of the following events with respect to either Party shall constitute an "Event of Default" hereunder with respect to such Party:

- (i) The entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of such Party in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or (B) a decree or order adjudging such Party as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of such Party under any applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of such Party or of any substantial part of its property, or ordering the winding up or liquidation of its affairs;
- (ii) The commencement by such Party of a voluntary case or proceeding, or any filing by a third party of an involuntary case or proceeding against a Party that is not dismissed within thirty (30) days of such third party's filing, under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of such Party in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal or state law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of a Party or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by such Party in furtherance of any such action;
- (iii) Any representation or warranty made by a Party is or becomes false or misleading in any material respect.
- (iv) The failure of such Party to deliver or return Eligible Collateral as required under the CSA or the failure of such Party to pay Interest as required under the CSA and the continuation of such failure for two (2) Business Days after notice of that failure is given to that Party;
- (v) The violation by such Party of any other obligation or agreement with respect to Credit Support under the CSA and the continuation of such violation for five (5) Business Days after notice of that failure is given to that Party.

Section 7.2 Remedies Upon Default

The Parties shall have the following remedies available to them with respect to the occurrence of an Event of Default with respect to the other Party hereunder:

(a) Upon the occurrence of an Event of Default, the non-defaulting Party shall have the right to (i) continue performance under this Agreement and exercise such rights and remedies as it may have at law, in equity or under this Agreement and seek remedies as may be necessary or desirable to enforce performance and observation of any obligations and covenants under this Agreement, so long as such rights and remedies are not duplicative of any other rights and remedies hereof, and do not otherwise enable the non-defaulting Party to obtain performance or payments in excess of the performance and payments to which it is otherwise entitled pursuant to this Agreement, or (ii) at its option, give such defaulting Party a written notice (a “Termination Notice”) terminating this Agreement and all, but not less than all, Transactions. Upon a termination for an Event of Default under Section 7.1(a), (b) or (c)(iii), (c)(iv) or (c)(v) such termination shall be effective as of the date specified in the Termination Notice, which date shall be no earlier than the date such notice is effective and no later than thirty (30) days after the date of such notice is provided to the defaulting Party in accordance with Article 8. Upon a termination for a default or Event of Default under Section 7.1(c)(i) or (ii), such termination shall be effective as of the Event of Default, provided that the non-defaulting Party provides written notice to the defaulting Party in accordance with Article 8 within ten (10) Business Days of the Event of Default. If such notice is not given within ten (10) Business Days of the Event of Default, the non-defaulting Party shall be entitled to terminate this Agreement effective as of the date specified in the written notice termination. Any attempted cure by a defaulting Party after this Agreement has been terminated by the non-defaulting Party shall be void and of no effect. The Parties’ obligations under this Agreement, in general and under this Section 7.2 in particular, are subject to the duty to mitigate damages as provided under common law. Termination of this Agreement shall in no way limit or restrict any Party’s right to pursue any legal or equitable remedies available to it arising from an Event of Default.

(b) Seller expressly agrees that at any time after the occurrence of an Event of Default by Seller, or the delivery of a Termination Notice to Seller by the Buyer, the Buyer may exercise any rights it may have pursuant to the CSA.

(c) In the event of termination for an Event of Default as provided in Section 7.1, in addition to any amounts owed for performance (or failure to perform) hereunder prior to such termination, the non-defaulting Party may recover, without duplication, its direct damages resulting from such Event of Default; such damages shall include the positive (if any) present value of this Agreement to the non-defaulting Party for the portion of the Delivery Term remaining at the time of such termination, to be determined by reference to market prices, transaction costs and load reasonably projected for the remaining portion of the Delivery Term (“Termination Damages”). The Termination Damages shall include all reasonably incurred transaction costs and expenses that otherwise would not have been incurred by the non-defaulting Party. In determining its Termination Damages, the non-defaulting Party shall offset its losses and costs by any gains or savings realized by the non-defaulting Party as a result of the termination. Seller and Buyer agree that the foregoing provision is intended to reflect a mutually acceptable measure of damages for such Event of Default.

Payment of Termination Damages, if any, shall be made by the defaulting Party to the non-defaulting Party within five (5) days after calculation of such Termination Damages and receipt of a notice including such calculation of the amounts owed hereunder and a written statement showing in reasonable detail the calculation and a summary of the method used to determine such amounts. Upon the reasonable request of the defaulting Party, the non-defaulting Party shall provide reasonable documentation to verify the costs underlying the Termination Damages. If the defaulting Party disputes the non-defaulting Party's calculation of the

Termination Damages, in whole or in part, the defaulting Party shall, within five (5) days of receipt of the non-defaulting Party's calculation of the Termination Damages, provide to the non-defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that, the defaulting Party shall first pay the Termination Damages, if any, to the non-defaulting Party in accordance with the preceding sentence, and the non-defaulting Party shall then deposit such disputed amount into an interest bearing bankruptcy-remote escrow account for the benefit of the prevailing Party and the dispute shall be resolved in accordance with Section 15.2.

(d) Notwithstanding any other provision of this Agreement, the cure of any default or failure to comply with, observe or perform any covenant, warranty or obligation under this Agreement within the period provided therefor in this Article shall not release such defaulting Party from its obligations under Section 9.2 of this Agreement.

(e) Upon termination the Buyer shall, and upon the occurrence of an Event of Default by Seller, the Buyer shall have the right to, immediately notify the ISO that (i) the assignment from the Buyer to Seller of the Ownership Share has been terminated, (ii) the Load Asset(s) shall be removed from Seller's account and placed in the account of the Buyer and (iii) Seller consents to such action. In the event the Buyer so notifies the ISO, Seller shall immediately take any and all actions that may be required by the ISO to remove the Load Asset from Seller's account and place it in the account of the Buyer. If the Agreement and any Transactions have not been terminated, the Buyer, in its sole discretion with five (5) Business Days prior notice to Seller, may elect to assign the Ownership Share of the Load Asset(s) set forth in the associated Confirmation(s) to the account of Seller and Seller shall accept such assignment, consistent with the actions required by Section 6.4 of this Master Power Agreement.

Section 7.3 Forward Contract.

Each Party represents and warrants to the other that it is a "forward contract merchant" within the meaning of the United States Bankruptcy Code, that this Agreement is a "forward contract" within the meaning of the United States Bankruptcy Code, and that the remedies identified in this Agreement, including but not limited to those specified in Section 7, shall be "contractual rights" as provided for in 11 U.S.C. § 556 as that provision may be amended from time to time.

ARTICLE 8. NOTICES, REPRESENTATIVES OF THE PARTIES

Section 8.1 Notices

Any notice, demand, or request required or authorized by this Agreement to be given by one Party to another Party shall be in writing. It shall either be sent by facsimile (with receipt confirmed by telephone and electronic transmittal receipt), courier, personally delivered (including overnight delivery service) or mailed, postage prepaid, to the representative of the other Party designated in accordance with this Article. Any such notice, demand, or request shall be deemed to be given (i) when sent by facsimile confirmed by telephone and electronic transmittal receipt, (ii) when actually received if delivered by courier or personal delivery (including overnight delivery service) or (iii) seven (7) days after deposit in the United States mail, if sent by first class mail return receipt requested.

Notices and other communications by Seller to the Buyer shall be addressed to:

Director, Energy Procurement
Granite State Electric Company
c/o Liberty Energy Utilities (New Hampshire) Corp.
11 Northeastern Blvd
Salem, NH 03079-1953
603-328-2700 (phone)
603-896-6175 (fax)

and

Notices concerning Article 7 shall also be sent to:

Assistant General Counsel
Liberty Energy Utilities (New Hampshire) Corp.
11 Northeastern Blvd
Salem, NH 03079-1953
603-328-2700 (phone)
603-896-6175 (fax)

Notices and other communications by the Buyer to Seller shall be addressed to:

[Name]
[Company]
[Address]
[City, State & Zip]
[Phone]
[Fax]

Any Party may change its representative or address for notices by written notice to the other Party; however such notice shall not be effective until it is received by the other Party.

Section 8.2 Authority of Representative

The Parties' representatives shall have full authority to act for their respective Party in all matters relating to the performance of this Agreement. Notwithstanding the foregoing, a Party's representative shall not have the authority to amend, modify, or waive any provision of this Agreement unless they are duly authorized officers of their respective entities and such amendment, modification or waiver is made in accordance with Article 17.

ARTICLE 9. LIABILITY; INDEMNIFICATION; RELATIONSHIP OF PARTIES

Section 9.1 Limitation on Consequential, Incidental and Indirect Damages

EXCEPT AS EXPRESSLY PROVIDED IN SECTION 9.2, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, NEITHER THE BUYER NOR SELLER, NOR THEIR

RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, PARENT OR AFFILIATES, SUCCESSOR OR ASSIGNS, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES, SUCCESSORS, OR ASSIGNS, SHALL BE LIABLE TO THE OTHER PARTY OR ITS PARENT, SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, SUCCESSORS OR ASSIGNS, FOR CLAIMS, SUITS, ACTIONS OR CAUSES OF ACTION FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE, MULTIPLE OR CONSEQUENTIAL DAMAGES (INCLUDING ATTORNEY'S FEES OR LITIGATION COSTS EXCEPT AS EXPRESSLY PROVIDED IN SECTION 15.2 AND IN ACCORDANCE WITH THE LIMITATION THEREUNDER) CONNECTED WITH OR RESULTING FROM PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT, OR ANY ACTIONS UNDERTAKEN IN CONNECTION WITH OR RELATED TO THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY SUCH DAMAGES WHICH ARE BASED UPON CAUSES OF ACTION FOR BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE AND MISREPRESENTATION), BREACH OF WARRANTY, STRICT LIABILITY, STATUTE, OPERATION OF LAW, OR ANY OTHER THEORY OF RECOVERY. THE PROVISIONS OF THIS SECTION SHALL APPLY REGARDLESS OF FAULT AND SHALL SURVIVE TERMINATION, CANCELLATION, SUSPENSION, COMPLETION OR EXPIRATION OF THIS AGREEMENT.

Section 9.2 Indemnification

(a) Seller agrees to defend, indemnify and save the Buyer, its officers, directors, employees, agents, successors assigns, and Affiliates and their officers, directors, employees and agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of a representation or warranty or failure to perform any covenant or agreement in this Agreement by Seller, (b) any violation of applicable law, regulation or order by Seller, (c) any act or omission by Seller with respect to this Agreement, first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, or Affiliate of the Buyer or its respective successors or assigns.

(b) The Buyer agrees to defend, indemnify and save Seller, its officers, directors, employees, agents, successor, assigns, and Affiliates and their officers, directors, employees and agents harmless from and against any and all third-party claims, suits, actions or causes of action and any resulting losses, damages, charges, costs or expenses, (including reasonable attorneys' fees and court costs), arising from or in connection with any (a) breach of representation or warranty or failure to perform any covenant or agreement in this Agreement by said Buyer, (b) any violation of applicable law, regulation or order by Buyer, (c) any act or omission by the Buyer, with respect to this Agreement first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee or Affiliate of Seller or its respective successors or assigns.

(c) If any Party intends to seek indemnification under this Section from the other Party with respect to any action or claim, the Party seeking indemnification shall give the other

Party notice of such claim or action within thirty (30) days of the later of the commencement of, or actual knowledge of, such claim or action; provided, however, that in the event such notice is delivered more than thirty (30) days after the Party seeking indemnification knows of such claim or action, the indemnifying Party shall be relieved of its indemnity hereunder only if and to the extent such indemnifying Party was actually prejudiced by such delay. The Party seeking indemnification shall have the right, at its sole cost and expense, to participate in the defense of any such claim or action. The Party seeking indemnification shall not compromise or settle any such claim or action without the prior consent of the other Party, which consent shall not be unreasonably withheld.

Section 9.3 Independent Contractor Status

Nothing in this Agreement shall be construed as creating any relationship between the Buyer and Seller other than that of independent contractors for the sale and delivery of Requirements for Default Service.

ARTICLE 10. ASSIGNMENT

Section 10.1 General Prohibition Against Assignments

Except as provided in Section 10.2, neither Party shall assign, pledge or otherwise transfer this Agreement or any right or obligation under this Agreement without first obtaining the other Party's written consent, which consent shall not be unreasonably withheld.

Section 10.2 Exceptions to Prohibition Against Assignments

(a) Seller may, without the Buyer's prior written consent, collaterally assign this Agreement in connection with financing arrangements provided that any such collateral assignment that provides for the Buyer to direct payments to the collateral agent (i) shall be in writing, (ii) shall not be altered or amended without prior written notice to the Buyer from both Seller and the collateral agent, and (iii) provided that any payment made by the Buyer to the collateral agent shall discharge the Buyer's obligation as fully and to the same extent as if it had been made to the Seller. Seller must provide the Buyer at least ten (10) days advance written notice of collateral assignment and provide copies of any such assignment and relevant agreements or writings.

(b) The Buyer may assign all or a portion of its rights and obligations under this Agreement to any Affiliate of the Buyer without consent of Seller. Either Party may, upon written notice, assign its rights and obligations hereunder, or transfer such rights and obligations by operation of law, to any entity with which or into which such Party shall merge or consolidate or to which such Party shall transfer all or substantially all of its assets, provided that such other entity agrees to be bound by the terms hereof and provided further, that such other entity's creditworthiness is comparable to or higher than that of such Party at the time this Agreement was executed and such Party is not relieved of any obligation or liability hereunder as a result of such assignment

ARTICLE 11. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and shall be binding upon the Parties hereto and their respective successors and permitted assigns.

ARTICLE 12. FORCE MAJEURE

(a) Force Majeure shall include but not be limited to acts of God, earthquakes, fires, floods, storms, strikes, labor disputes, riots, insurrections, acts of war (whether declared or otherwise), terrorism, acts of terrorism, acts of governmental, regulatory or judicial bodies, but if and only to the extent that such event or circumstance (i) directly affects the availability of the transmission or distribution facilities of the New England Transmission System, the Buyer or an Affiliate of the Buyer necessary to provide service to the Buyer's customers which are taking service pursuant to the Default Service Tariff and (ii) it is not within the reasonable control of, or the result of the negligence of, the claiming Party, and which, by the exercise of due diligence, the claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure shall not be based on (A) fluctuations in Default Service, (B) the cost to a Party to overcome or avoid, or cause to be avoided, the event or circumstance affecting such Party's performance or (C) events affecting the availability or cost of operating any generating facility.

(b) To the extent that either Party is prevented by Force Majeure from carrying out, in whole or in part, its obligations hereunder and (i) such Party gives notice and detail of the Force Majeure to the other Party as soon as practicable after the onset of the Force Majeure, including an estimate of its expected duration and the probable impact on the performance of its obligations hereunder; (ii) the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure, and (iii) the Party claiming Force Majeure uses commercially reasonable efforts to remedy or remove the inability to perform caused by Force Majeure, then the affected Party shall be excused from the performance of its obligations prevented by Force Majeure. However, neither Party shall be required to pay for any obligation the performance of which is excused by Force Majeure. This paragraph shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be entirely within the discretion of the Party involved in the dispute.

(c) No obligations of either Party which arose before the Force Majeure occurrence causing the suspension of performance shall be excused as a result of the event of Force Majeure.

(d) Prior to the resumption of performance suspended as a result of a Force Majeure occurrence, the Party claiming the Force Majeure shall give the other Party written notice of such resumption.

ARTICLE 13. WAIVERS

No delay or omission in the exercise of any right under this Agreement shall impair any such right or shall be taken, construed or considered as a waiver or relinquishment thereof, but any such right may be exercised from time to time and as often as may be deemed expedient. The waiver of any single breach or default of any term or condition of this Agreement shall not

be deemed to constitute the waiver of any other prior or subsequent breach or default of the Agreement or any other term or condition.

ARTICLE 14. LAWS AND REGULATIONS

(a) This Agreement and all rights, obligations, and performances of the Parties hereunder, are subject to all applicable federal and state laws, and to all duly promulgated orders and other duly authorized action of governmental authorities having jurisdiction hereof.

(b) The rates, terms and conditions contained in this Agreement are not subject to change under Section 205 of the Federal Power Act as that section may be amended or superseded, absent the mutual written agreement of the Parties. Each Party irrevocably waives its rights, including its rights under §§ 205-206 of the Federal Power Act, unilaterally to seek or support a change in the rate(s), charges, classifications, terms or conditions of this Agreement or any other agreements entered into in connection with this Agreement. By this provision, each Party expressly waives its right to seek or support: (i) an order from the Commission finding that the market-based rate(s), charges, classifications, terms or conditions agreed to by the Parties in the Agreement are unjust and unreasonable; or (ii) any refund with respect thereto. Each Party agrees not to make or support such a filing or request, and that these covenants and waivers shall be binding notwithstanding any regulatory or market changes that may occur hereafter and (z) that it shall not challenge or support a challenge to the enforceability of the waiver in this Section (b).

(c) Absent the agreement of all Parties to a proposed change, the standard of review for changes to this Agreement proposed by a non-party or the Commission acting sua sponte shall be the "public interest" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) (the "Mobile-Sierra" doctrine).

(d) The Parties agree that, if and to the extent that the Commission adopts a final rule or order which requires that, in order to exclude application of the just and reasonable standard of review and to mandate application of the public interest standard of review under the Mobile-Sierra doctrine for a proposed change to this Agreement which is not agreed to by all Parties, the Parties must agree to language which varies from that set forth in Article 14(c) then, without further action of either Party, Article 14(c) will be deemed amended to incorporate the specific language required by such final rule or order as is necessary to have the public interest standard of review under the Mobile-Sierra doctrine apply to any proposed change to this Agreement to which all Parties do not agree.

(e) Nothing in this Article 14 is intended to modify any Party's right to enforce the terms of this Agreement as written.

ARTICLE 15. INTERPRETATION, DISPUTE RESOLUTION

Section 15.1 Governing Law

The Agreement shall be governed by and construed and performed in accordance with and the laws of the State of New Hampshire, without giving effect to its conflict of laws principles.

Section 15.2 Dispute Resolution

All disputes between Buyer and Seller under this Agreement shall be referred, upon notice by one Party to the other Party, to a senior manager of Seller designated by Seller, and a senior manager of Buyer designated by Buyer, for resolution on an informal basis as promptly as practicable. In the event the designated senior managers are unable to resolve the dispute within ten (10) calendar days of receipt of the notice, or such other period to which the Parties may jointly agree in writing, the Parties shall be free to pursue other remedies available at law.

Section 15.3 Venue; Waiver of Jury Trial

Each Party hereto irrevocably (i) submits to the exclusive jurisdiction of the federal and state courts located in the State of New Hampshire; (ii) waives any objection which it may have to the laying of venue of any proceedings brought in any such court; and (iii) waives any claim that such proceedings have been brought in an inconvenient forum. EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THIS AGREEMENT.

ARTICLE 16. SEVERABILITY

Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change will not otherwise affect the remaining provisions and lawful obligations that arise under this Agreement. If any provision of this Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision or circumstances shall not be affected by such invalidity or unenforceability.

ARTICLE 17. MODIFICATIONS

No modification or amendment of this Agreement will be binding on any Party unless it is in writing and signed by both Parties.

ARTICLE 18. ENTIRE AGREEMENT

This Master Power Agreement, including the Appendices, any Confirmations relating to specific Transactions, the tariffs and agreements referred to herein or therein, embody the entire agreement and understanding of the Parties in respect of the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein or therein. It is expressly acknowledged and agreed that there are no restrictions, promises, representations, warranties,

covenants or undertakings contained in any material provided or otherwise made available by the Seller or the Buyer to each other. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the transactions contemplated hereby and specifically excludes written agreements executed by the Parties prior to the Effective Date.

ARTICLE 19. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

ARTICLE 20. INTERPRETATION; CONSTRUCTION

The article and section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of this Agreement. For purposes of this Agreement, the term "including" shall mean "including, without limitation". The Parties acknowledge that, each Party and its counsel have reviewed and or revised this Agreement and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement, and it is the result of joint discussion and negotiation.

ARTICLE 21. REPRESENTATIONS; WARRANTIES AND COVENANTS

Each Party represents to the other Parties, upon execution and continuing throughout the term of this Agreement, as follows:

(a) It is duly organized in the form of business entity set forth in the first paragraph of this Agreement, validly existing and in good standing under the laws of its state of its organization and has all requisite power and authority to carry on its business as is now being conducted, including all regulatory authorizations as necessary for it to legally perform its obligations hereunder.

(b) It has full power and authority to execute and deliver this Master Power Agreement and any and all Confirmations related to Transactions and to consummate and perform the transactions contemplated hereby. This Master Power Agreement has been, and any Confirmation will be, duly and validly executed and delivered by it, and, assuming that this Master Power Agreement, together with any and all Confirmations, constitutes a valid and binding agreement of the other Parties, constitute together its valid and binding agreement, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(c) Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, or the terms of any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument to which it is bound, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets.

(d) No declaration, filing with, notice to, or authorization, permit, consent or approval of any governmental authority is required for the execution and delivery of this Master Power Agreement or any and all Confirmations related to a Transaction by it or the performance by it of its obligations hereunder and thereunder, other than such declarations, filings, registrations, notices, authorizations, permits, consents or approvals which, if not obtained or made, will not, in the aggregate, have a Material Adverse Effect.

(e) Neither the execution and delivery of this Master Power Agreement or any and all Confirmations by it, nor the performance by it of its obligations under this Master Power Agreement and any and all Confirmations related to Transactions, will or does (i) conflict with or result in any breach of any provision of its Governing Documents, (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which it or any of its subsidiaries is a party or by which it or any of its subsidiaries is bound, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained or which, in the aggregate, would not have a Material Adverse Effect; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to it, which violation would have a Material Adverse Effect.

(f) There are no claims, actions, proceedings or investigations pending or, to its knowledge, threatened against or relating to it before any governmental authority acting in an adjudicative capacity relating to the transactions contemplated hereby that could have a Material Adverse Effect. It is not subject to any outstanding judgment, rule, order, writ, injunction or decree of any court or governmental authority which, individually or in the aggregate, would create a Material Adverse Effect.

(g) There are no bankruptcy, insolvency, reorganization, receivership or other similar proceedings pending or being contemplated by it, or of its knowledge threatened against it.

(h) With respect to Seller, (i) it and the ISO have fully executed a Market Participant Service Agreement (“Seller’s MPSA”), and it has been approved by the Commission in accordance with Subsection 7.1 of the MPSA with the ISO and (ii) the ISO has not filed with the Commission a notice of termination of Seller’s MPSA.

(i) It is acting for its own account, has made its own independent decision to enter into this Master Power Agreement and any and all Confirmations related to a Transaction and as to whether this Master Power Agreement and any such Confirmation is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party hereto, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Master Power Agreement and any such Confirmation or Transaction.

ARTICLE 22. CONSENTS AND APPROVALS

The Parties shall cooperate so that each Party may take such actions as necessary and required for the other Party to effectuate and comply with this Agreement including to (i) promptly prepare and file all necessary documentation, (ii) effect all necessary applications, notices, petitions and filings and execute all agreements and documents, and (iii) use all commercially reasonable efforts to obtain all necessary consents, approvals and authorizations of

all other entities, in the case of each of the foregoing clauses (i), (ii) and (iii), necessary or advisable to consummate the transactions contemplated by this Agreement. The Buyer shall have the right to review and approve in advance all characterizations of the information relating to the transactions contemplated by this Agreement which appear in any filing, press release or public announcement made in connection with the transactions contemplated hereby.

ARTICLE 23. CONFIDENTIALITY

Neither Seller nor the Buyer shall provide copies of or disclose the contents or terms of Section 5.2(b) Article 7, Appendix C **[BIDDERS: Insert additional sections]** of the Master Power Agreement (the “Confidential Terms”) to any third party without the prior written consent of the other Party; provided, however, that either Party may provide a copy of the Confidential Terms, in whole or in part to (1) any regulatory agency or governmental authority with jurisdictional interest requesting and/or requiring such Confidential Terms, or in order to comply with any applicable law, regulation, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding, provided that in the case of a disclosure pursuant to the foregoing, such disclosure must include a request for confidential treatment of the Confidential Terms, and (2) an Affiliate if related to the Party’s performance of its obligations hereunder, provided that such Affiliate agrees to treat the Confidential Terms as confidential in accordance with this clause.

[Remainder of Page Intentionally Left Blank]

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

GRANITE STATE ELECTRIC COMPANY

Name (print): _____
Title: _____

Name (print): _____
Title: _____

APPENDIX A

ESTIMATION OF SELLER HOURLY LOADS

Overview

Generating units operated by suppliers are dispatched by the power pool to meet the region's electrical requirements reliably, and at the lowest possible cost. As a result, a supplier's electricity production may not match the demand of its customers. In each hour some suppliers with low cost production units or that contract for the output of such units are net sellers of electricity to the pool, while other suppliers are purchasing power from the pool to meet the demand of their customers. To determine the extent to which suppliers are net buyers or sellers on an hourly basis, it is necessary to estimate the hourly aggregate demand for all of the customers served by each supplier. The Buyer will estimate Seller's Default Service load obligations within the Buyer's service territory and report the hourly results to the ISO on a daily basis.

The estimation process is a cost-effective approach to producing results that are reliable, unbiased and reasonably accurate. The hourly load estimates will be based on rate class load profiles, which will be developed from statistically designed samples. Each day, the class load shapes will be scaled to the population of customers served by each supplier. In cases where telemetered data on individual customers is available, it will be used in place of the estimated shapes. On a monthly basis, the estimates will be refined by incorporating actual usage data obtained from meter readings. In both processes, the sum of all suppliers' estimated loads will match the total load delivered into the distribution system. A description of the estimation process follows.

Daily Estimation of Suppliers' Own Load

The daily process estimates the hourly load for each supplier for the previous day. The following is an outline of this process:

- Select a proxy date from the previous year with characteristics which best match the day for which the hourly demand estimates are being produced. Extract class load shapes for the selected proxy date from the load research database.
- Scale the class load shapes appropriately for each individual customer based on the usage level of the customer relative to the class average usage level.
- Calculate a factor for each customer which reflects their relative usage level and includes an adjustment for losses ("load adjustment factor"). Aggregate the load adjustment factors across the customers served by each supplier in each class.
- Produce a preliminary estimate of each supplier's hourly loads by combining the proxy day class load shapes with the supplier's total load adjustment factors. Aggregate the loads across the classes for each supplier.

- Adjust the preliminary hourly supplier estimates so that their sum is equal to the Buyer's actual hourly metered loads (as metered at the point of delivery to the distribution system) by allocating any differences to suppliers in proportion to their estimated load.
- Adjust the hourly supplier estimates to include transmission losses within the Buyer's transmission system.
- Submit the hourly loads to the ISO.

After the Buyer has submitted the supplier hourly loads, the ISO will allocate PTF losses to the supplier's account during the settlement process.

Monthly Reconciliation Process

The monthly process will improve the estimates of supplier loads by incorporating the most recent customer usage information, which will be available after the monthly meter readings are processed. The actual customer meter readings, as well as actual interval data for the largest customers, are used to re-estimate all of the days in the calendar month being reconciled. Updates to customers' account status and supplier assignments that may have been missed during the daily processing (due to timing) are included. The resulting hourly supplier load estimates for all the days in the month are reported and used by the ISO as the basis for the monthly resettlement.

**APPENDIX B
MASTER POWER AGREEMENT
FORM OF CONFIRMATION**

This Confirmation shall confirm the Transaction agreed to on, and effective as of _____, between **GRANITE STATE ELECTRIC COMPANY** (“Granite” or “Buyer”), a New Hampshire corporation and _____ (“Seller”), a [state] [what], regarding the sale/purchase of Default Service specified herein under the terms and conditions under the Master Power Agreement, dated _____ (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.

2. Default Service Requirements Matrix

Award Block	Customer Group	Load Zone	Load Responsibility	Commencement Date	Conclusion Date
TBD	TBD	NH	100%	TBD	TBD

3. Contract Rate - \$/MWh

Contract Rate	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
TBD	TBD	TBD	TBD	TBD	TBD	TBD

4. Load Asset Designation within the ISO Settlement Market System

Award Block	Customer Group	Load Zone	Load Asset Number	Load Asset Name
TBD	TBD	NH	TBD	TBD

5. Renewable Portfolio Requirement

For each calendar month during the term of this Transaction the sum of:

- i) The Class I RPS Requirement shall mean the product of (a) Delivered Energy in a calendar month and (b) the Class I RPS obligation of TBD PERCENT (X.X%), plus
- ii) The Class II RPS Requirement shall mean the product of (a) Delivered Energy in a calendar month and (b) the Class I RPS obligation of TBD PERCENT (X.X%),, plus
- iii) The Class III RPS Requirement shall mean the product of (c) Delivered Energy in a calendar month and (d) the Class III RPS obligation of TBD PERCENT (X.X%),, plus
- iv) The Class IV RPS Requirement shall mean the product of (e) Delivered Energy in a calendar month and (f) the Class IV RPS obligation of TBD PERCENT (X.X%).

6. Amount Payable

The amount payable by the Buyer to Seller in a month shall be:

- (i) The product of (a) the Delivered Energy for Default Service to the Large Customer Group and (b) Large Customer Group Contract Rate in the month plus,
- (ii) The product of (a) the Delivered Energy for Default Service to the Small Customer Group and (b) Small Customer Group Contract Rate in the month plus,
- (iii) the product of (c) the number Class I NEPOOL-GIS Certificates delivered in a month and (d) the applicable Alternative Compliance Payment plus,
- (iv) the product of (c) the number Class II NEPOOL-GIS Certificates delivered in a month and (d) the applicable Alternative Compliance Payment plus
- (v) the product of (e) the number of Class III NEPOOL-GIS Certificates delivered in a month and (d) the applicable Alternative Compliance Payment plus,
- (vi) the product of (e) the number of Class IV NEPOOL-GIS Certificates delivered in a month and (d) the applicable Alternative Compliance Payment less,
- (vii) the product of (e) the Class I RPS Requirement in a month and (d) the applicable Alternative Compliance Payment less,
- (viii) the product of (e) the Class II RPS Requirement in a month and (d) the applicable Alternative Compliance Payment less
- (ix) the product of (e) the Class III RPS Requirement in a month and (d) the applicable Alternative Compliance Payment less,
- (x) the product of (e) the Class IV RPS Requirement in a month and (d) the applicable Alternative Compliance Payment.

[To be determined consistent with each transaction]

7. Modifications to the Master Power Agreement

[To be determined for each Transaction]

8. Security

8.1 Calculation of Exposure

Exposure shall be calculated in accordance with Paragraph 3 of the CSA, subject to the conditions and definitions below.

Seller Independent Amount means the amount set forth below, and is required through the dates listed in the table:

Award Block	Customer Group	Load Zone	Amount of Security (USD)	Posting Required Through
TBD	TBD	TBD	TBD	TBD

Expected Daily Load means the average daily load based upon 2 years of available actual loads for a given month, as specified in the following table:

Award Block	Customer Group	Load Zone	Month1	Month2	Month3	Month4	Month5	Month6
TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

Adjustment Factor is X.XX.

Reference New England Internal Hub Price means the prices as specified in the following table:

ISO New England Internal Hub Price	Month1	Month2	Month3	Month4	Month5	Month6
Off-Peak	TBD	TBD	TBD	TBD	TBD	TBD
Peak	TBD	TBD	TBD	TBD	TBD	TBD
Reference New England Internal Hub Price**	TBD	TBD	TBD	TBD	TBD	TBD

**The Reference New England Internal Hub price shall be calculated as ((Peak Price x number of Peak Hours in the Month) + (Off-Peak Price x number of Off-Peak Hours in the Month))/(Total Hours in the Month)), as applicable.

8.2 Delivery of Collateral

Within five (5) Business Days after the execution of this Confirmation, Seller shall provide Collateral in accordance with Paragraph 3(a) of the Credit Support Annex of the Master Power Agreement, and in any of the forms specified in Paragraph 6 of the Credit Support Annex of the Master Power Agreement.

9. Confidentiality

Articles 3 and 8.1 of this Confirmation is Confidential Terms within the meaning of Article 23 of the Master Power Agreement and shall be subject to confidential treatment until

such time such information is published by the Federal Energy Regulatory Commission. Notwithstanding the foregoing, it is understood and agreed that National Grid USA, pursuant to the terms of a transition service agreement, will provide services to Granite including matters covered by the Master Power Agreement. Seller agrees that Confidential Terms may be disclosed to National Grid USA solely for purposes of providing these transition services to Granite.

10. Ratification of the Terms and Conditions of the Agreement

(a) Except as expressly amended or waived by this Confirmation, the terms, conditions, covenants, agreements, warranties and representations contained in the Master Power Agreement are in all respects ratified, confirmed and remade as of the date hereof and, except as amended or waived hereby, shall continue in full force and effect.

(b) Nothing in this Confirmation shall, or shall be construed to, alter or amend any other Confirmation.

11. Counterparts

This Confirmation may be executed in counterparts, all of which together shall constitute one and the same instrument.

This Confirmation constitutes part of and is subject to the terms and provisions of such Master Power Agreement.

[Remainder of Page Intentionally Left Blank]

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 (print): _____

Title: _____

[COMPANY]

Name (print): _____

Title: _____

APPENDIX C FORM OF GUARANTY

Guaranty

This Guaranty (this “Guaranty”), dated effective as of [___], 20__ (the “Effective Date”), is made and entered into by [_____], a [_____] corporation (“Guarantor”).

WITNESSETH:

WHEREAS, Granite State Electric Company (“the Buyer”) and [_____], a corporation organized under the laws of the State of [_____] (“Seller”) and a [_____] of Guarantor, have entered into that certain Confirmation, dated _____ (the “Confirmation”), under the Master Power Agreement, dated [_____], (collectively with the Confirmation, as the foregoing and the terms therein and the obligations and liabilities thereunder may from time to time and without notice to or consent of the Guarantor, and without impairing or releasing the obligations of the Guarantor, be amended, modified, revised, supplemented or waived by Buyer and Seller, the "Agreement") and

WHEREAS, Guarantor will directly or indirectly benefit from the Agreement between Seller and the Buyer;

NOW THEREFORE, in consideration of the Buyer entering into the Agreement, Guarantor hereby covenants and agrees as follows:

- 1) **GUARANTY**. Subject to the provisions hereof, Guarantor hereby irrevocably and unconditionally guarantees the full and faithful timely performance and payment when due of the obligations of Seller that are now due or may hereafter become due and payable to the Buyer under the Agreement (the “Obligations”). This Guaranty shall constitute a guarantee of performance and payment and not of collection. The liability of Guarantor under this Guaranty shall be specifically limited to performance and payments expressly required to be made under the Agreement (even if such payments are or are deemed to be damages) as well as costs of collection and enforcement of this Guaranty (including attorney’s fees) to the extent reasonably and actually incurred by the Buyer, but in no event shall Guarantor be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive or tort damages, or, except to the extent specifically provided in the Agreement, any other damages.
- 2) **DEMANDS AND NOTICE**. Upon the occurrence and during the continuance of an Event of Default or termination, as may be defined in the Agreement, if Seller fails or refuses to perform or pay any Obligations and the Buyer elects to exercise its rights under this Guaranty, the Buyer shall make a demand upon Guarantor (hereinafter referred to as a “Demand”). A Demand shall be in writing and shall reasonably and briefly specify in what manner and what amount Seller has failed to perform or pay and an explanation of why such performance or payment is due, with a specific statement that the Buyer is calling upon Guarantor to perform and/or pay under this Guaranty. A Demand satisfying the foregoing requirements shall be required with respect to Obligations before Guarantor is required to perform or pay (free of any deductions or withholdings) such Obligations hereunder and shall be deemed sufficient notice to Guarantor that it must perform the Obligations within two (2) Business Days, or pay the Obligations within five (5) Business Days, after its receipt

of the Demand. A single written Demand shall be effective as to any specific default during the continuance of such default, until Seller or Guarantor has cured such default, and additional written demands concerning such default shall not be required until such default is cured. As used herein, the term "Business Day" shall mean a day on which commercial banks or financial institutions are open for business in the State of New Hampshire.

3) REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants that:

(a) it is a corporation duly organized and validly existing and in good standing under the laws of the State of [] and has the corporate power and authority to execute, deliver and carry out the terms and provisions of the Guaranty;

(b) the execution, delivery and performance of this Guaranty and each transaction contemplated by this Guaranty, do not and will not (with or without the lapse of time, the giving of notice or both, contravene, conflict with or result in a breach of or default under any provision of its constitution or any writ, order, judgment, law, rule or regulation to which it is a party or is subject or by which it is bound; and

(c) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over Guarantor is required on the part of Guarantor for the execution and delivery of this Guaranty; and

(d) this Guaranty, when executed and delivered, will constitute a valid and legally binding agreement of Guarantor, except as the enforceability of this Guaranty may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

4) SETOFFS AND COUNTERCLAIMS. Without limiting Guarantor's own defenses and rights hereunder, Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which Seller or any other affiliate of Guarantor is or may be entitled to arising from or out of the Agreement or otherwise, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of Seller, the lack of power or authority of Seller to enter into, amend and/or perform the Agreement, or waiver or consent with respect to any provision thereof, or a claim as to the Agreement's validity regularity or enforceability, or any similar circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor generally.

5) AMENDMENT OF GUARANTY. No term or provision of this Guaranty shall be amended, modified, altered, waived or supplemented except in a writing signed by Guarantor and the Buyer.

6) WAIVER; TERMINATION. Except as required in Section 2 above, Guarantor hereby waives (a) notice of acceptance of this Guaranty; (b) presentment, demand and notice of dishonor concerning the liabilities of Guarantor; and (c) any right to require that any action or proceeding be brought against Seller or any other person, or to require that the Buyer exhaust its remedies against Seller or seek enforcement of any performance against Seller or any other person, or against any collateral pledged by Seller or any other person liable for payment or performance of the Obligations, prior to any action against Guarantor under the terms hereof. Buyer shall not be obligated

to file any claim relating to the Obligations in the event that Seller becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of the Buyer to so file shall not affect the Guarantor's obligations hereunder.

Except as to applicable statutes of limitation, no delay of the Buyer in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights, a waiver of any other rights or a release of Guarantor from any obligations hereunder.

Guarantor consents to the renewal, compromise, extension, acceleration or other changes including in the time of payment of and other changes in the terms of the Obligations, or any part thereof and amendments thereto, or any changes and modifications to the terms of the Agreement or waivers there under.

Guarantor shall not be discharged or released from its obligations hereunder by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Seller or by any defense which Seller may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding. Guarantor agrees that this Guaranty shall continue to be effective or shall be reinstated, as the case may be, if all or any part of any payment made hereunder is at any time avoided or rescinded or must otherwise be restored or repaid by the Buyer as a result of the bankruptcy of Seller, or otherwise, all as though such payments had not been made.

This Guaranty and the Guarantor's obligations hereunder shall remain in effect for the term of the Agreement.

NOTICE. Any Demand, notice, request, instruction, correspondence or other document to be given hereunder by any party to another (herein collectively called "Notice") shall be in writing and delivered personally or mailed by certified mail, postage prepaid and return receipt requested, or by telegram or facsimile, as follows:

To the Buyer:

Director, Energy Procurement
Granite State Electric Company
c/o Liberty Energy Utilities (New
Hampshire) Corp.

11 Northeastern Blvd
Salem, NH 03079-1953

603-328-2700 (phone)

603-896-6175 (fax)

To Guarantor:

Fax No.:

Phone No.:

Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by telegram shall be effective upon actual receipt if received during the recipient's normal

business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. Notice given by facsimile shall be effective upon (i) actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours and (ii) confirmation of receipt by telephone. All Notices by telegram or facsimile shall be confirmed promptly after transmission in writing by certified mail or personal delivery. Any party may change any address to which Notice is to be given to it by giving notice in accordance with the requirements of this Section.

MISCELLANEOUS. This Guaranty shall in all respects be governed by, and construed in accordance with, the law of the State of New Hampshire, without regard to principles of conflicts of laws.

This Guaranty shall be binding upon Guarantor and its successors and permitted assigns and inure to the benefit of and be enforceable by the Buyer and its successors and permitted assigns. The Guarantor may not assign this Guaranty in part or in whole without the prior written consent of the Buyer. The Buyer may not assign its rights or benefits under this Guaranty in part or in whole except (i) with the prior written consent of the Guarantor, or (ii) pursuant to a permitted assignment of Agreement ("Assigned Agreement"), in which case the assignee will succeed to the rights of the Buyer hereunder arising after the date of such assignment. Neither the Guarantor nor the Buyer will unreasonably withhold or delay consent to assignment.

This Guaranty embodies the entire agreement and understanding between Guarantor and the Buyer and supersedes all prior agreements and understandings relating to the subject matter hereof. The headings in this Guaranty are for purposes of reference only, and shall not affect the meaning hereof.

Time is of the essence of this Guaranty. The remedies provided to the Buyer in this Guaranty are cumulative and not exclusive of any other remedies provided by law.

Words importing the singular number hereunder shall include the plural number and vice versa and any pronouns used herein shall be deemed to cover all genders. The term "person" as used herein means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated association, or government (or any agency or political subdivision thereof).

Wherever possible, any provision in this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any one jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Remainder of Page Intentionally Left Blank

**IN WITNESS WHEREOF, the Guarantor has executed this Guaranty on _____,
20___, but it is effective as of the Effective Date.**

[GUARANTOR]

Name (print): _____

Title: _____

APPENDIX D

CREDIT SUPPORT ANNEX (NH Default Service)

This Credit Support Annex to the Master Power Agreement (the “CSA”) is made and entered into by and between Buyer and Seller, as those terms are defined in the Master Power Agreement.

All provisions contained or incorporated by reference in the Master Power Agreement will govern this CSA except as expressly modified herein. Any terms capitalized, but not defined herein shall have the meaning given to them in the Master Power Agreement.

Paragraph 1. Definitions.

As Used in this CSA, the following terms have the meanings specified below:

“*Calculation Period*” shall mean the period between the commencement date of the transaction, and the conclusion date of the transaction, as defined in the confirmation.

“*Cash*” means U.S. dollars held by or on behalf of a Party as Posted Collateral hereunder.

“*Collateral Account*” shall have the meaning specified in Paragraph 6(a)(iii)(B).

“*Collateral Interest Rate*” means the daily effective federal funds rate as published in the applicable statistical release designated as H.12(510), or any successor publication by the Board of Governors of the Federal Reserve System. If such rate is expressed as a range, the Collateral Interest Rate shall equal the arithmetic average of such range.

“*Collateral Threshold*” shall have the meaning specified in Paragraph 3(c)(i).

“*Custodian*” shall have the meaning specified in Paragraph 6(a)(i).

“*Delivery Amount*” shall have the meaning specified in Paragraph 4.

“*Disputing Party*” shall have the meaning specified in Paragraph 7.

“*Eligible Collateral*” shall have the meaning specified in Paragraph 3(c)(iii).

“*Exposure*” shall have the meaning specified in Paragraph 3(b).

“*Interest Amount*” means with respect to a Party and an Interest Period, the sum of the daily interest amounts for all days in such Interest Period; each daily interest amount to be determined by such Party as follows: (a) the amount of Cash held by such Party on that day (but excluding any interest previously earned on such Cash); *multiplied by* (b) the Collateral Interest Rate for that day; *divided by* (c) 360

“*Interest Period*” means the period from (and including) the last Business Day on which an Interest Amount was Transferred by a Party (or if no Interest Amount has yet been Transferred by such Party, the Business Day on which Cash was Transferred to such Party) to (but excluding) the Business Day on which the current Interest Amount is to be Transferred.

“*Invoiced Amounts*” shall have the meaning specified in Paragraph 3(b)(i)

“*Letter of Credit*” shall mean an irrevocable, non-transferable, standby letter of credit, issued by a Qualified Institution utilizing a form acceptable to the party in whose favor the letter of credit is issued. All costs relating to any Letter of Credit shall be for the account of the Pledgor.

“*Letter of Credit Default*” shall mean with respect to an outstanding Letter of Credit, the occurrence of any of the following events (a) the issuer of such Letter of Credit shall fail to be a

Qualified Institution (as defined below); (b) the issuer of the Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit if such failure shall be continuing after the lapse of any applicable grace period; (c) the issuer of the Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit; or (d) the Letter of Credit shall expire or terminate or have a Value of zero at any time the Pledgor is required to Transfer Eligible Credit Support pursuant to Paragraph 4 below and the Pledgor has not Transferred replacement Eligible Credit Support; provided, however, that no Letter of Credit Default shall occur in any event with respect to a Letter of Credit after the time such Letter of Credit is required to be cancelled or returned to the Pledgor in accordance with the terms of this CSA.

“Notification Time” shall mean 1:00 p.m. EPT on a Business Day.

“Obligations” shall have the meaning specified Paragraph 2.

“Pledgor” means either party, when that party (i) receives a demand for or is required to Transfer Eligible Collateral or (ii) has Transferred Eligible Collateral under this CSA.

“Posted Collateral” means all Eligible Collateral and all proceeds thereof that have been Transferred to or received by the Secured Party under this CSA and not Transferred to the Pledgor or released by the Secured Party. Any interest amount or portion thereof not Transferred will constitute Posted Collateral in the form of Cash.

“Potential Event of Default” means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

“Qualified Institution” means a major U.S. commercial bank or trust company, a foreign bank with a U.S. branch office or financial institution, in any case, organized under the laws of the United States or a political subdivision thereof having assets of at least \$10 billion and Credit Ratings of at least “A3” from Moody’s and “A-“ from S&P.

“Return Amount” shall have the meaning specified in Paragraph 5.

“Reference Market-Maker” means a leading dealer in the relevant market that is selected in a commercially reasonable manner and is not an affiliate of either party.

“Request Date” shall have the meaning specified in Paragraph 7.

“Requesting Party” shall have the meaning specified in Paragraph 7.

“Rounding Amount” shall have the meaning specified Paragraph 3(c)(ii).

“Secured Party” means either party, when that party (i) makes a demand for or is entitled to receive Eligible Collateral or (ii) holds or is deemed to hold Posted Collateral under this CSA.

“Seller’s Credit Support Provider” means, _____

“Seller’s Independent Amount” means none, unless otherwise specified in the applicable Confirmation.

“Substitute Eligible Collateral” shall have the meaning specified in Paragraph 6(f).

“Transfer” means, with respect to any Posted Collateral or Interest Amount, and in accordance with the instructions of the Party entitled thereto:

- (a) in the case of Cash, payment or transfer by wire transfer into one or more bank accounts specified by Buyer; and
- (b) in the case of Letters of Credit, delivery of the Letter of Credit or an amendment thereto to Buyer.

“**Valuation Agent**” means the Requesting Party; provided, however, that that in all cases, if an Event of Default or Potential Event of Default has occurred and is continuing with respect to the party designated as the Valuation Agent, then in such case, and for so long as the Event of Default or Potential Event of Default continues, the other party shall be the Valuation Agent.

“**Valuation Date**” means each Business Day.

“**Valuation Percentage**” shall have the meaning specified in Paragraph 3(c)(iii).

“**Valuation Time**” means the close of business on the Business Day before the Valuation Date or date of calculation, as applicable.

“**Value**” means, with respect to Posted Collateral or Eligible Collateral, means the Valuation Percentage multiplied by the amount then available under the Letter of Credit to be unconditionally drawn by the Secured Party.

Paragraph 2. Encumbrance: Grant of Security Interest. Each party hereby pledges to the other Party as security for all outstanding Transactions and any other documents, instruments or agreements executed in connection therewith (collectively, the “**Obligations**”), and grants to the other Party a first priority continuing security interest, lien on, and right of set-off against all Collateral delivered to or received by such Party (the “**Secured Party**”) hereunder. Upon the return by the Secured Party to the other Party (such Party, the “**Pledgor**”) of posted Collateral, the security interest and lien granted hereunder on that posted Collateral will be released immediately and, to the extent possible, without further action by either Party.

Paragraph 3. Calculations of Collateral Requirement.

(a) **Collateral Requirement.** The “Collateral Requirement” for Seller means the Exposure, *minus the sum of*:

- (i) Seller’s Collateral Threshold;
- (ii) Seller’s Independent Amount, if any, as defined in the Confirmation;
- (iii) the amount of Cash previously Transferred to Buyer, and the amount of Cash held by Buyer as Posted Collateral as the result of drawing under any Letter of Credit; and
- (iv) the Value of each Letter of Credit maintained by Seller for the benefit of Buyer;

provided, however, that the Collateral Requirement of Seller will be deemed to be zero (0) whenever the calculation of Exposure yields a number less than zero (0).

(b) **Calculation of Exposure.** On any Valuation Date, the “**Exposure**” shall be calculated as *the sum of*:

- (i) all amounts that have been invoiced, but not yet paid for the Transaction under each Confirmation (“**Invoiced Amounts**”). Such amount shall be a positive number if owed by Seller to Buyer and a negative amount if owed from Buyer to Seller;
- (ii) all amounts that have been accrued, but not yet invoiced for the Transaction under each confirmation (“**Accrued Amounts**”). Such amount shall be a positive number if owed by Seller to Buyer and a negative amount if owed from Buyer to Seller; and

(iii) the Daily Proxy Settlement Amounts for each day remaining in the current Calculation Period and all future Calculation Periods for Each Transaction (“**Proxy Settlement Amount**”);

(c) **Seller’s Collateral Threshold.**

(i) “**Seller’s Collateral Threshold**” means, the amount set forth below opposite the lowest Credit Rating for Seller on the Valuation Date, *provided*, however, that the Threshold for Seller shall be zero (“0”) if on the Valuation Date, Seller does not have a Credit Rating from S&P or Moody’s or an Event of Default or a Potential Event of Default with respect to Seller has occurred and is continuing.

Or

(i) “**Seller’s Collateral Threshold**” means, the amount set forth below opposite the lowest Credit Rating for Seller on the Valuation Date; *provided*, however, if Seller has provided a guaranty from its Credit Support Provider (substantially in the form set forth in Appendix C of this Master Power Agreement), then Seller’s Threshold shall correspond to the lesser of (1) the amount of such guaranty and (2) the amount set forth below opposite the lowest Credit Rating for Seller’s Credit Support Provider on the Valuation Date; and provided, further, the Threshold for Seller shall be zero if on the Valuation Date, (i) Seller or its Credit Support Provider (if Seller has provided a guaranty) does not have a Credit Rating from S&P or Moody’s, (ii) an Event of Default or Potential Event of Default with respect to Seller or its Credit Support Provider has occurred and is continuing or (iii) the guaranty, if any, provided by Seller fails to be in full force and effect unless Seller is relying on its own Credit Rating to establish its Threshold pursuant to the table below.

<u>Seller’s Collateral Threshold</u>	<u>Moody’s Credit Rating</u>	<u>S&P Credit Rating</u>
\$	A3 or above	A- or above
\$	Baa1 or Baa2	BBB+ or BBB
\$0	Baa3 or below	BBB- or below

(ii) **Rounding.** The Delivery Amount, as defined below, will be rounded up, and the Return Amount, as defined below, will be rounded down, in each case to the nearest integral multiple of \$100,000 (“**Rounding Amount**”).

(iii) The following items will qualify as “**Eligible Collateral**” for the Party specified:

	<u>Seller</u>	<u>“Valuation Percentage”</u>
(A) Cash	[X]	100%
(B) Letters of Credit	[X]	100% unless either (i) a Letter of Credit Default shall have occurred and be continuing with respect to such Letter of Credit, or (ii) twenty (20) or fewer Business Days remain

prior to the expiration of such Letter of Credit, in which cases the Valuation Percentage shall be zero (0).

(d) **Valuation Agent/Valuation Time.** All calculations with respect to Collateral shall be made by the Valuation Agent as of the Valuation Time on the Valuation Date.

Paragraph 4. Delivery of Collateral. On any Business Day during the remaining term hereof on which (a) no Event of Default has occurred and is continuing with respect to Buyer, (b) no Termination date has occurred or has been designated as a result of an Event of Default with respect to Buyer for which there exist any unsatisfied payment Obligations, and (c) Seller's Collateral Requirement exceeds \$0.00, then Buyer may request, by written notice, that Seller Transfer to Buyer, or cause to be Transferred to Buyer, Eligible Collateral for the benefit of Buyer, having a Value of at least the Collateral Requirement ("***Delivery Amount***"). Such Eligible Collateral shall be delivered to Buyer on the next Business Day if the request is received by the Notification Time; otherwise Eligible Collateral is due by the close of business on the second Business Day.

Paragraph 5. Reduction and Substitution of Posted Collateral. On any Business Day during the term hereof on which (a) no Event of Default has occurred and is continuing with respect to Seller, (b) no Termination date has occurred or has been designated as a result of an Event of Default with respect to Seller for which there exist any unsatisfied payment Obligations, and (c) the Eligible Collateral posted by Seller exceeds the Exposure (rounding downwards for any fractional amount to the next interval of the Rounding Amount), then Seller may, at its sole cost, request that Buyer return Eligible Collateral in the amount of such difference ("***Return Amount***") and Buyer shall be obligated to do so. Such Eligible Collateral shall be returned to Seller on the next Business Day if the request is received by the Notification Time; otherwise Eligible Collateral is due by the close of business on the second Business Day. The Parties agree that if Seller has posted more than one type of Eligible Collateral to Buyer, Seller can, in its sole discretion, select the type of Eligible Collateral for Buyer to return; provided, however, that Buyer shall not be required to return the specified Eligible Collateral if immediately after such return, Seller would be required to post additional Eligible Collateral pursuant to the calculation of Exposure.

Paragraph 6. Administration of Posted Collateral.

(a) **Cash.** Posted Collateral provided in the form of Cash to Buyer hereunder shall be subject to the following provisions.

(i) So long as no Event of Default has occurred and is continuing with respect to Buyer, Buyer will be entitled to either hold Cash or to appoint an agent which is a Qualified Institution (a "***Custodian***") to hold Cash for Buyer. In the event that an Event of Default has occurred and is continuing with respect to Buyer, then the provisions of Paragraph 6(a)(ii) shall not apply with respect to Buyer and Cash shall be held in a Qualified Institution in accordance with the provisions of Paragraph 6(a)(iii)(B). Upon notice by Buyer to Seller of the appointment of a Custodian, Seller's obligations to make any Transfer will be discharged by making the Transfer to that Custodian. The holding of Cash by a Custodian will be deemed to be the holding of Cash by Buyer for which the Custodian is acting. If Buyer or its Custodian fails to satisfy any conditions for holding Cash as set forth above, or if Buyer is not entitled to hold Cash at any time, then Buyer will Transfer, or cause its Custodian to Transfer, the Cash to a Qualified Institution and the Cash shall be maintained in accordance with Paragraph 6(a)(iii)(B). Except as set

forth in Paragraph 6(c), Buyer will be liable for the acts or omissions of the Custodian to the same extent that Buyer would be held liable for its own acts or omissions.

(ii) **Use of Cash.** Notwithstanding the provisions of applicable law, if no Event of Default has occurred and is continuing with respect to Buyer and no Termination date has occurred or been designated as a result of an Event of Default with respect to Buyer for which there exists any unsatisfied payment Obligations, then Buyer shall have the right to sell, pledge, rehypothecate, assign, invest, use, comingle or otherwise use in its business any Cash that it holds as Posted Collateral hereunder, free from any claim or right of any nature whatsoever of Seller, including any equity or right of redemption by Seller.

(iii) Notwithstanding Paragraph 6(a)(ii), if neither Buyer nor the Custodian is eligible to hold Cash pursuant to Paragraph 6(a)(i) then:

(A) the provisions of Paragraph 6(a)(ii) will not apply with respect to the Buyer; and

(B) the Buyer shall be required to Transfer (or cause to be Transferred) not later than the close of business within five (5) Business Days following such ineligibility all Cash in its possession or held on its behalf to a Qualified Institution to be held in a segregated, safekeeping or custody account (the “*Collateral Account*”) within such Qualified Institution with the title of the account indicating that the property contained therein is being held as Cash for Buyer. The Qualified Institution shall serve as Custodian with respect to the Cash in the Collateral Account, and shall hold such Cash in accordance with the terms of this CSA and for the security interest of Buyer and execute such account control agreements as are necessary or applicable to perfect the security interest of Seller therein pursuant to Section 9-314 of the Uniform Commercial Code or otherwise, and subject to such security interest, for the ownership and benefit of Seller. The Qualified Institution holding the Cash will invest and reinvest or procure the investment and reinvestment of the Cash in accordance with the written instructions of Buyer, subject to the approval of such instructions by the Seller (which approval shall not be unreasonably withheld). Buyer shall have no responsibility for any losses resulting from any investment or reinvestment effected in accordance with Seller’s approval.

(iv) **Interest.** So long as no Event of Default with respect to the Seller has occurred and is continuing, and no termination date for which any unsatisfied payment Obligations of Seller exist has occurred or been designated as the result of an Event of Default with respect to Seller, in the event that Buyer or its Custodian is holding Cash, Buyer will Transfer (or cause to be Transferred) to Seller, in lieu of any interest or other amounts paid or deemed to have been paid with respect to such Cash (all of which shall be retained by Buyer), the Interest Amount. Interest on Cash shall accrue at the Collateral Interest Rate. Interest accrued during the previous month shall be paid by the Buyer to the Seller on the 3rd Business Day of each calendar month and on any Business Day that posted Eligible Collateral in the form of Cash is returned to Seller. On or after the occurrence of an Event of Default with respect to Seller or a termination date as a result of an Event of Default with respect to Seller, Buyer or its Custodian shall retain any such Interest Amount as additional Posted Collateral hereunder until the obligations of Seller under the Agreement have been satisfied in the case of a termination date or for so long as such Event of Default is continuing in the case of an Event of Default.

(b) **Buyer's Rights and Remedies.** If at any time an Event of Default with respect to Seller has occurred and is continuing, then, unless the Seller has paid in full all of its obligations that are then due, including those under Section 7.2(c) of this Agreement ("Obligations"), the Buyer may exercise one or more of the following rights and remedies: (i) all rights and remedies available to a Secured Party under applicable law with respect to posted Eligible Collateral held by the Buyer, (ii) the right to set-off any amounts payable by the Seller with respect to any Obligations against any posted Eligible Collateral or the Cash equivalent of any posted Eligible Collateral held by the Buyer, or (iii) the right to liquidate any posted Eligible Collateral held by the Buyer and to apply the proceeds of such liquidation of the posted Eligible Collateral to any amounts payable to the Buyer with respect to the Obligations in such order as the Buyer may elect. For purposes of this Paragraph 6, the Buyer may draw on the entire undrawn portion of any Letter of Credit. Cash proceeds that are not applied to the Obligations shall be maintained in accordance with the terms of this CSA. The Seller shall remain liable for amounts due and owing to the Secured Party that remain unpaid after the application, pursuant to this Paragraph 6, of Eligible Collateral to the Obligations.

(c) **Seller's Rights and Remedies.** If at any time a termination date has occurred or been designated as the result of an Event of Default with respect to Buyer, then unless the Buyer has paid in full all of its obligations that are then due, including those under Section 7.2(c) of this Agreement: (i) the Seller may exercise all rights and remedies available to a Seller under applicable law with respect to the posted Eligible Collateral, (ii) the Buyer will be obligated immediately to return all posted Eligible Collateral and accrued Interest to the Seller, or (iii) to the extent that posted Eligible Collateral or accrued Interest are not returned pursuant to (ii) above, the Seller may set-off any amounts payable by the Seller with respect to any Obligations against any posted Eligible Collateral or the cash equivalent thereof or to the extent that Seller does not set off such amounts, withhold payment of any remaining amounts payable by the Seller with respect to any Obligations, up to the value of the remain posted Eligible Collateral held by the Buyer, until that posted Eligible Collateral is Transferred to the Seller. For avoidance of doubt, (i) the Buyer will be obligated immediately to Transfer any Letter of Credit to the Seller and (ii) the Seller may do any one or more of the following: (x) to the extent that the Letter of Credit is not Transferred to the Seller as required pursuant to (i) above, set-off any amounts payable by the Seller with respect to any Obligations against any such Letter of Credit held by the Buyer and, to the extent its rights to set-off are not exercised, withhold payment of any remaining amounts payable by the Seller with respect to any Obligations, up to the value of any remaining posted Eligible Collateral and the value of any Letter of Credit held by the Buyer, until any such Posted Eligible Collateral and such Letter of Credit is Transferred to the Seller; and (y) exercise rights and remedies available to the Seller under the terms of the Letter of Credit.

(d) **Letters of Credit.** Eligible Collateral provided in the form of a Letter of Credit shall be subject to the following provisions.

(i) As one method of providing Eligible Collateral, the Pledgor may increase the amount of an outstanding Letter of Credit or establish one or more additional Letters of Credit.

(ii) Upon the occurrence of a Letter of Credit Default, Seller agrees to Transfer to Buyer either a substitute Letter of Credit or Cash, in each case on or before the first Business Day after the occurrence thereof (or the third (3rd) Business Day after the occurrence thereof if only clause (a) under the definition of Letter of Credit Default applies).

(iii) Notwithstanding Paragraphs 4 and 5, (1) the Buyer need not return a Letter of Credit unless the entire principal amount is required to be returned, (2) the Buyer shall consent to a reduction of the principal amount of a Letter of Credit to the extent that a Delivery Amount would not be created thereby (as of the time of the request or as of the last time the Delivery Amount was determined), and (3) if there is more than one form of Posted Collateral when a Return Amount is to be Transferred, the Secured Party may elect which to Transfer.

(e) **Care of Posted Eligible Collateral.** Buyer shall exercise reasonable care to assure the safe custody of all posted Eligible Collateral to the extent required by applicable law, and in any event the Buyer will be deemed to have exercised reasonable care if it exercises at least the same degree of care as it would exercise with respect to its own property. Except as specified in the preceding sentence, the Buyer will have no duty with respect to the posted Eligible Collateral, including without limitation, any duty to enforce or preserve any rights thereto.

(f) **Substitutions.** Unless otherwise prohibited herein, upon notice to the Buyer specifying the items of posted Eligible Collateral to be exchanged, the Seller may, on any Business Day, deliver to the Buyer other Eligible Collateral (“*Substitute Eligible Collateral*”). On the Business Day following the day on which the Substitute Eligible Collateral is delivered to the Buyer, the Buyer shall return to the Seller the items of Eligible Collateral specified in the Seller’s notice; provided, however, that the Buyer shall not be required to return the specified Eligible Collateral if immediately after such return, Seller would be required to post additional Eligible Collateral pursuant to the calculation of Exposure set forth in Paragraph 3(b) and the Confirmation.

Paragraph 7. Exercise of Rights Against Posted Collateral.

(a) **Disputes regarding amount of Eligible Collateral.** If either Party disputes the amount of Eligible Collateral to be provided or returned (such Party the “*Disputing Party*”), then the Disputing Party shall (a) deliver the undisputed amount of Eligible Collateral to the other Party (such Party, the “*Requesting Party*”) and (b) notify the Requesting Party of the existence and nature of the dispute no later than 5:00 p.m. EPT on the Business Day that the request for Eligible Collateral was made (the “*Request Date*”). On the Business Day following the Request Date, the Parties shall consult with each other in order to reconcile the two conflicting amounts. If the Parties are not able to resolve their dispute, the Eligible Collateral shall be recalculated, on the Business Day following the Request Date, by each Party requesting quotations from two (2) Reference Market-Makers for a total of four (4) quotations. The highest and lowest of the four (4) quotations shall be discarded and the arithmetic average shall be taken of the remaining two (2), which shall be used in order to determine the amount of Eligible Collateral required. On the same day the Eligible Collateral amount is recalculated, the Disputing Party shall deliver any additional Eligible Collateral required pursuant to the recalculation or the Requesting Party shall return any excess Eligible Collateral that is no longer required pursuant to the recalculation.

(b) **Further Assurances.** Promptly following a request by a Party, the other Party shall execute, deliver, file, and/or record any financing statement, specific assignment, or other document and take any other action that may be necessary or desirable to create, perfect, or validate any security interest or lien, to enable the requesting party to exercise or enforce its rights or remedies under this CSA, or to effect or document a release of a security interest on posted Eligible Collateral or accrued Interest.

(c) **Further Protection.** The Pledgor will promptly give notice to the Secured Party of, and defend against, any suit, action, proceeding, or lien that involves the posted Eligible

Collateral delivered to Secured Party by Pledgor or that could adversely affect any security interest or lien granted pursuant to this CSA.

Paragraph 8. Miscellaneous.

(a) **Demands and Notices.** All demands, specifications, and notices to Buyer with respect to Credit Support shall be made pursuant to the Notices Section of the Agreement with a copy to:

Director, Energy Procurement
Granite State Electric Company
c/o Liberty Energy Utilities (New Hampshire) Corp.
11 Northeastern Blvd
Salem, NH 03079-1953
603-328-2700 (phone)
603-896-6175 (fax)

Treasury Manager
Granite State Electric Company
c/o Algonquin Power Systems, Inc
2845 Bristol Circle, Oakville
Ontario, Canada L6H 7H7
905-465-4500 (phone)
905-465-4514 (fax)

All demands, specifications, and notices to Seller with respect to Credit Support shall be made pursuant to the Notices Section of the Agreement with a copy to:

Counterparty
Attn:
Address
City, State Zip
Phone - (____) ____-____
Fax - (____) ____-____
Email –

(b) The provisions of this CSA shall apply to any and all Transactions entered into under the Master Power Agreement subsequent to the effective date of this CSA.

(c) The information contained in Paragraph 3(c)(i) of this CSA constitutes “Confidential Terms” within the meaning of Article 23 of the Master Power Agreement.

APPENDIX C

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>	
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RESPONDENT: _____

<p>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.</p>	
<p>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</p>	

4. NEPOOL AND POWER SUPPLY EXPERIENCE

<p>Is Respondent a member of NEPOOL?</p>	
<p>Does Respondent have an executed and accepted Market Participant Service Agreement with ISO New England?</p>	
<p>Name of Market Participant if Respondent will have another Market Participant be responsible for its market settlement obligations.</p>	
<p>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.</p>	
<p>Provide three references (name, title and contact information) who have contracted with the Respondent for similar load following services within the last 2 years.</p>	

RESPONDENT: _____

5. CONFLICTS OF INTEREST

<p>Briefly describe any known conflicts of interest between Respondent or an affiliate of Respondent and Granite State, Liberty Utilities or any affiliates of the foregoing.</p>	
<p>Enumerate any litigation, claims or complaints asserted by Respondent or an affiliate of Respondent, against Granite State, Liberty Utilities or an affiliate of any of the foregoing.</p>	
<p>Enumerate any litigation, claims or complaints asserted against Respondent or an affiliate of Respondent by Granite State, Liberty Utilities or an affiliate of any of the foregoing.</p>	

6. SCOPE OF BID AND TERMS OF SALE

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

RESPONDENT: _____

7. Proposed Pricing
(Respondent required to use bidding spreadsheet included on procurement website)

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SCHEDULE JDW – 2

Default Service Procurement Summary

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DEFAULT SERVICE PROCUREMENT SUMMARY FOR GRANITE STATE ELECTRIC COMPANY

FOR THE PERIOD
NOVEMBER 2012 – APRIL 2013

1. RFP Issued

Granite State Electric Company (“Granite State”) issued its Request for Power Supply Proposals (“RFP”) on August 13, 2012 directly to approximately 25 suppliers for the service period November 2012 through April 2013.

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’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.

Granite State’s RFP requested all-inclusive pricing for all blocks:

- 100% of the Large Customer Group Default Service requirements for the period November 2012 through January 2013;
- 100% of the Small Customer Group Default Service requirements for the period November 2012 through April 2013.

These requirements were divided into 2 distinct load blocks. A description of each load block is provided in Exhibit 1.

2. Key RFP Dates

- The RFP was issued on August 13, 2012.
- Supplier information was received on August 24, 2012.
- Indicative bids were received on September 5, 2012.
- Final bids were received on September 12, 2012.

3. Contract Submissions

All bidders had previously executed Master Power Agreements with Granite State.

Granite State was able to resolve all outstanding issues with the winning bidders prior to receipt of executed agreements. Granite State did not shift risks or obligations to its customers from those contained in its proposed agreements.

4. **Indicative Bids**

Indicative bids were received on September 5, 2012 from [REDACTED] bidders. The indicative bids were evaluated and ranked (see Exhibits 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 retail prices in Exhibit 3 were calculated by adjusting the wholesale prices in Exhibit 2 by the ratio of wholesale purchases to retail deliveries.

The lowest indicative bids for each load block were compared to Granite State's estimate of expected indicative bids. We calculate the expected bid prices by comparing the historical relationship of bid prices to the market components that comprise those bid prices (see Exhibit 4). This method utilizes a detailed on-peak and off-peak calculation and incorporates all bid components: energy, capacity, and ancillary services.

In evaluating the bid prices, Granite State compared the expected bid price for each block, as derived 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, Granite State 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 Granite State 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.

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

5. Regulatory Communication

It was not necessary to communicate with the NHPUC or Staff during this RFP.

6. Final Bids

Final bids were received on September 12, 2012 from [REDACTED] bidders. The final bids were evaluated and ranked (see Exhibits 5 and 6). The retail prices in Exhibit 6 were calculated by adjusting the wholesale prices in Exhibit 5 by the ratio of wholesale purchases to retail deliveries.

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

Block - # Bids	
A-	[REDACTED]
B-	[REDACTED]

7. Analysis and Award

The lowest final bids for each load block were compared to Granite State’s expected bids. The calculations of these expected prices can be found in Exhibit 7.



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

8. New Hampshire Electric Renewable Energy Portfolio Standard

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

RPS Obligations as % of Retail Load	2012	2013
RPS Class I	3.00%	3.80%
RPS Class I Thermal	0.00%	0.20%
RPS Class II	0.15%	0.20%
RPS Class III	6.50%	6.50%
RPS Class IV	1.00%	1.30%
Total	10.65%	12.00%

Granite State evaluated the cost of obtaining the RPS certificates (“RECs”) associated with the load requirements from the bidders versus the current market prices or the Alternative Compliance Payment (“ACP”) rates for RECs.

Exhibit 10 provides an analysis of the proposed RPS cost adders contained in the final bids. Because the prices from the winning bidders were higher than Granite State's estimate of the market cost for RECs, Granite State did not include the purchase of RPS certificates in its bid awards. Granite State will attempt to procure RPS certificates through separate solicitations at a later date or by an Alternative Compliance Payment to the state of New Hampshire.

Granite State estimated the costs to comply with the RPS obligations by utilizing the applicable market price as specified in the RPS regulations. Exhibit 11 provides a calculation of the cost adder to include these costs.

9. Retail Rate

The expected retail rates, excluding administrative cost adders, were based on the winning wholesale costs. The retail prices in Exhibit 6 were calculated by adjusting the wholesale prices in Exhibit 5 by the ratio of wholesale purchases to retail deliveries.

A summary of the estimated retail rates for each block is provided in Exhibit 12. The Default Service retail rates were adjusted to include the average cost of RPS certificates that could be purchased in the open market.

EXHIBIT 1
LOAD BLOCK DESCRIPTIONS

Load Block	Customer Group	SMD Load Zone	Load Share	Type of Service	Period
A	Large	NH	100%	Default Service	11/01/12 – 1/31/13
B	Small	NH	100%	Default Service	11/01/12 – 4/30/13

**EXHIBIT 2
INDICATIVE BID RANKING AT WHOLESALE
BLOCKS A – B**

		100 % of NH Load Obligations														
Monthly Weighting		Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	Average Price	Weighted Average Price	Weighted Avg Price vs. Min	Expected Bid based on Electric Forecast	2012/2013 RPS Adder	Weighted Average Price with RPS	Weighted Average Price with RPS vs Min		
Block A	NH Large Default	Bidder A														
		Bidder B														
		Bidder C														
		Bidder D														
		Bidder E														
		Bidder F														
		Bidder G														
		Bidder H														
		Bidder I														
		Bidder J														
		Bidder K														
		Bidder L														
		Bidder M														
		Bidder N														
		Bidder O														
		Monthly Weighting														
		Block B	NH Small Default	Bidder A												
Bidder B																
Bidder C																
Bidder D																
Bidder E																
Bidder F																
Bidder G																
Bidder H																
Bidder I																
Bidder J																
Bidder K																
Bidder L																
Bidder M																
Bidder N																
Bidder O																

**EXHIBIT 3
INDICATIVE BID RANKING AT RETAIL
WITHOUT RPS (¢/kWh)
BLOCKS A – B**

		100 % of NH Load Obligations										
Monthly Weighting												
		Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	Average Price	Weighted Average Price	Weighted Avg Price vs. Min		
Block A	NH Large Default	Bidder A										
		Bidder B										
		Bidder C										
		Bidder D										
		Bidder E										
		Bidder F										
		Bidder G										
		Bidder H										
		Bidder I										
		Bidder J										
		Bidder K										
		Bidder L										
		Bidder M										
		Bidder N										
		Bidder O										
		Monthly Weighting										
		Block B	NH Small Default	Bidder A								
Bidder B												
Bidder C												
Bidder D												
Bidder E												
Bidder F												
Bidder G												
Bidder H												
Bidder I												
Bidder J												
Bidder K												
Bidder L												
Bidder M												
Bidder N												
Bidder O												

EXHIBIT 4
ESTIMATED INDICATIVE PRICES
FORECAST BASED ON NYMEX ELECTRICITY FUTURES
NOVEMBER 2012 – APRIL 2013 PERIOD

			Nov-2012	Dec-2012	Jan-2013	Feb-2013	Mar-2013	Apr-2013	Average
(A)	Electric Futures Price (\$/MWh)	On-Peak	41.65	54.51	62.90	62.90	44.67	41.42	51.34
		Off-Peak	32.80	43.80	50.05	50.05	34.00	31.50	40.37
(B)	Premium Bid Factor	NH Large							
		NH Small							
(H)	Expected Bid Price (\$/MWh)	NH Large							
		NH Small							
Notes:									
(A) NYMEX electric futures closing prices for ISO-NE Hub for:					9/3/2012				
(B) Historical bid factors.									

**EXHIBIT 5
FINAL BID RANKING AT WHOLESALE
BLOCKS A – B**

	Monthly Weighting		Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	Average Price	Weighted Average Price	Weighted Avg Price vs. Min	% Change From Indicative	Expected Bid based on Electric Forecast	2012/2013 RPS Adder	Weighted Average Price with RPS	Weighted Average Price with RPS vs Min
Block ABidder A	Block A	Bidder A														
Block ABidder B		Bidder B														
Block ABidder C		Bidder C														
Block ABidder D		Bidder D														
Block ABidder E		Bidder E														
Block ABidder F		Bidder F														
Block ABidder G		Bidder G														
Block ABidder H		Bidder H														
Block ABidder I		Bidder I														
Block ABidder J		Bidder J														
Block ABidder K		Bidder K														
Block ABidder L		Bidder L														
Block ABidder M		Bidder M														
Block ABidder N		Bidder N														
Block ABidder O		Bidder O														
		Monthly Weighting														
Block BBidder A	Block B	Bidder A														
Block BBidder B		Bidder B														
Block BBidder C		Bidder C														
Block BBidder D		Bidder D														
Block BBidder E		Bidder E														
Block BBidder F		Bidder F														
Block BBidder G		Bidder G														
Block BBidder H		Bidder H														
Block BBidder I		Bidder I														
Block BBidder J		Bidder J														
Block BBidder K		Bidder K														
Block BBidder L		Bidder L														
Block BBidder M		Bidder M														
Block BBidder N		Bidder N														
Block BBidder O		Bidder O														

**EXHIBIT 6
FINAL BID RANKING AT RETAIL
WITHOUT RPS (¢/kWh)
BLOCKS A – B**

Monthly Weighting		Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	Average Price	Weighted Average Price	Weighted Avg Price vs. Min
Block A	NH Large Default	Bidder A								
		Bidder B								
		Bidder C								
		Bidder D								
		Bidder E								
		Bidder F								
		Bidder G								
		Bidder H								
		Bidder I								
		Bidder J								
		Bidder K								
		Bidder L								
		Bidder M								
		Bidder N								
		Bidder O								
		Monthly Weighting								
Block B	NH Small Default	Bidder A								
		Bidder B								
		Bidder C								
		Bidder D								
		Bidder E								
		Bidder F								
		Bidder G								
		Bidder H								
		Bidder I								
		Bidder J								
		Bidder K								
		Bidder L								
		Bidder M								
		Bidder N								
		Bidder O								
		Notes:								
[REDACTED]		per Load Data Services data was:								

EXHIBIT 7
ESTIMATED FINAL PRICES
FORECAST BASED ON NYMEX ELECTRICITY FUTURES
NOVEMBER 2012 – APRIL 2013 PERIOD

			Nov-2012	Dec-2012	Jan-2013	Feb-2013	Mar-2013	Apr-2013	Average
(A)	Electric Futures Price (\$/MWh)	On-Peak	43.51	56.79	65.27	65.27	46.15	42.18	53.20
		Off-Peak	34.32	45.33	52.45	52.45	35.50	31.60	41.94
(B)	Premium Bid Factor	NH Large							
		NH Small							
(H)	Expected Bid Price (\$/MWh)	NH Large							
		NH Small							
Notes:									
(A) NYMEX electric futures closing prices for ISO-NE Hub for:					9/11/2012				
(B) Historical bid factors.									

EXHIBIT 8
SUMMARY OF LOAD BLOCK AWARDS

Load Block	Customer Group	SM Load Zone	Supplier	Basis for Award
A	Large	NH	NextEra Energy Power Marketing, LLC	Lowest bidder for block
B	Small	NH	Dominion Energy Marketing, Inc.	Lowest bidder for block

EXHIBIT 9
BIDDER KEY

Bidder	Name
Bidder A	
Bidder B	
Bidder C	
Bidder D	
Bidder E	
Bidder F	
Bidder G	
Bidder H	
Bidder I	

EXHIBIT 11
RPS COST ADDER CALCULATION

		YEAR			
		2012 ACP	2013	2012 Market	2013
Section 1A: Calculation of Class I Renewable Energy Resource Charge					
(1)	Class I Alternative Compliance Payment or Market Price	\$64.02	\$55.00		
(2)	Class I Renewable Energy Resource Obligation	3.00%	3.80%	3.00%	3.80%
(3)	Incremental Cost - \$/MWh	\$1.92	\$2.09		
Section 1B: Calculation of Class I Thermal Energy Resource Charge					
(1)	Class I Alternative Compliance Payment or Market Price	\$0.00	\$25.00		
(2)	Class I Renewable Energy Resource Obligation	0.00%	0.20%	0.00%	0.20%
(3)	Incremental Cost - \$/MWh	\$0.00	\$0.05		
Section 2: Calculation of Class II Renewable Energy Resource Charge					
(1)	Class II Alternative Compliance Payment or Market Price	\$168.13	\$55.00		
(2)	Class II Renewable Energy Resource Obligation	0.15%	0.20%	0.15%	0.20%
(3)	Incremental Cost - \$/MWh	\$0.25	\$0.11		
Section 3: Calculation of Class III Renewable Energy Resource Charge					
(1)	Class III Alternative Compliance Payment or Market Price	\$31.39	\$31.50		
(2)	Class III Renewable Energy Resource Obligation	6.50%	6.50%	6.50%	6.50%
(3)	Incremental Cost - \$/MWh	\$2.04	\$2.05		
Section 4: Calculation of Class IV Renewable Energy Resource Charge					
(1)	Class IV Alternative Compliance Payment or Market Price	\$31.39	\$26.50		
(2)	Class IV Renewable Energy Resource Obligation	1.00%	1.30%	1.00%	1.30%
(3)	Incremental Cost - \$/MWh	\$0.31	\$0.34		
Section 5: Calculation of Renewable Portfolio Standard Adder					
(4)	Sum of Class I, II, III and Class IV Incremental Costs - \$/MWh	\$4.52	\$4.64		
(5)	Renewable Portfolio Standard Adder to be included in Retail Rates - \$/kWh	\$ 0.00452	\$ 0.00464	\$ 0.00387	\$ 0.00428
(6)	Total RPS Obligation %	10.65%	12.00%	10.65%	12.00%
(7)	Obligation Weighted cost	\$42.44	\$38.67		
Notes					
(1)	2012 & 2013 ACP & Market Prices				
(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) divided by 1,000 to convert from \$/MWh to \$/kWh.				
(6)	Sum of all Line (2)s				
(7)	Line (4) divided by Line (6)				

EXHIBIT 12
RETAIL RATES BASED ON FINAL BID PRICES

September 12, 2012 Final Bid Prices (\$ / MWh) at Wholesale Delivery Point, Excluding cost of RPS Compliance

	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	Average Price
NH Large DS							
NH Small DS							

September 12, 2012 Final Bid Prices (¢ / kWh) at Retail Customer Meter, Including RPS Compliance

	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	Average Price
NH Large DS	5.940	7.116	8.344				7.133
NH Small DS	5.982	7.158	8.361	7.838	6.137	5.831	6.885

SCHEDULE JDW – 3

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

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Granite State Electric Company

Comparison of Change in Futures Prices to Change in Procurement Costs

	Summer Period (May - October)												Hourly Weighted Average	Percent Change (Summer to Winter)	Percent Change (Winter to Winter)			
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct				Average		
Electric Futures Price September 14, 2011 (\$/MWh)	On-Peak	50.43	64.63	73.73	73.73	51.27	51.27	60.84	54.00									
	Off-Peak	40.45	52.33	59.82	59.82	40.90	40.90	49.04										
Electric Futures Price March 14, 2012 (\$/MWh)	On-Peak									29.69	33.68	40.04	34.88	35.44				
	Off-Peak									23.12	24.33	27.82	27.55	26.05	29.99			
Electric Futures Price September 12, 2012 (\$/MWh)	On-Peak	43.51	56.79	65.27	65.27	46.15	42.18	53.20	46.67									
	Off-Peak	34.32	45.33	52.45	52.45	35.50	31.60	41.94										55.6%
NYMEX Natural Gas Price September 14, 2011		4.054	4.257	4.374	4.391	4.363	4.335	4.296										
NYMEX Natural Gas Price March 14, 2012 (\$/mmBtu)										2.410	2.510	2.600	2.740	2.600				
NYMEX Natural Gas Price September 12, 2012		3.104	3.324	3.450	3.472	3.463	3.459	3.379										29.9%
Final Small Customer Group Price 9/14/2011 (¢/kWh)		6.611	7.920	8.967	8.698	6.738	6.494	7.571										
Final Small Customer Group Price 3/14/2012 (¢/kWh)										5.319	5.319	5.319	5.319	5.319				
Final Small Customer Group Price 9/12/2012 (¢/kWh)		5.982	7.158	8.361	7.838	6.137	5.831	6.885										29.4%

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.

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SCHEDULE JDW – 4

**Default Service Contract for the Large Customer Group
November 1, 2012 through January 31, 2013**

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EXECUTION COPY

**MASTER POWER AGREEMENT
TRANSACTION CONFIRMATION**

REDACTED

This Confirmation shall confirm the Transaction agreed to on, and effective as of SEPTEMBER 12, 2012, between **GRANITE STATE ELECTRIC COMPANY** (“Granite” or “Buyer”), a New Hampshire corporation and **NEXTERA ENERGY POWER MARKETING, LLC** (formerly known as FPL ENERGY POWER MARKETING, INC.), a Delaware limited liability company (“Seller”), a Delaware corporation, regarding the sale/purchase of Default Service specified herein under the terms and conditions under the Master Power Agreement, dated October 18, 2006 (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.

2. Default Service Requirements Matrix

Award Block	Customer Group	Load Zone	Load Responsibility	Commencement Date	Conclusion Date
A	Large	NH	100%	11/01/2012	1/31/2013

3. Contract Rate - \$/MWh

Award Block	Customer Group	Load Zone	November 2012	December 2012	January 2013
A	Large	NH			

4. Load Asset Designation within the ISO Settlement Market System

Award Block	Customer Group	Load Zone	Load Asset Number	Load Asset Name
A	Large	NH	11437	GSECO-DEF SVC LARGE CG LOAD

5. Renewable Portfolio Requirement

Renewable Portfolio Requirement shall mean, for each calendar month during the term of this Transaction, zero.

6. Amount Payable

The amount payable by the Buyer to Seller in a month shall be the product of (a) the Delivered Energy for Default Service to the Large Customer Group and (b) Large Customer Group Contract Rate in the month.

7. Modifications to the Master Power Agreement

None.

8. Security

8.1 Calculation of Exposure

Exposure shall be calculated in accordance with Paragraph 3 of the CSA, subject to the conditions and definitions below.

Seller Independent Amount means [REDACTED]

Expected Daily Load means the average daily load based upon one year of available actual loads for a given month, as specified in the following table:

Award Block	Customer Group	Load Zone	November 2012	December 2012	January 2013
A	Large	NH	580	610	590

Adjustment Factor is 0.85.

Reference New England Internal Hub Price means the prices as specified in the following table:

ISO New England Internal Hub Price	November 2012	December 2012	January 2013
Off-Peak	34.32	45.33	52.45
Peak	43.51	56.79	65.27
Reference New England Internal Hub Price**	38.61	50.26	58.52

**The Reference New England Internal Hub price shall be calculated as ((Peak Price x number of Peak Hours in the Month) + (Off-Peak Price x number of Off-Peak Hours in the Month))/(Total Hours in the Month)), as applicable. REDACTED

8.2 Delivery of Collateral

Within five (5) Business Days after the execution of this Confirmation, Seller shall provide Collateral in accordance with Paragraph 3(a) of the Credit Support Annex of the Master Power Agreement, and in any of the forms specified in Paragraph 6 of the Credit Support Annex of the Master Power Agreement.

9. Confidentiality

Article 3 of this Confirmation is Confidential Terms within the meaning of Article 23 of the Master Power Agreement and shall be subject to confidential treatment until such time such information is published by the Federal Energy Regulatory Commission. Notwithstanding the foregoing, it is understood and agreed that National Grid USA, pursuant to the terms of a transition service agreement, will provide services to Granite including matters covered by the Master Power Agreement. Seller agrees that Confidential Terms may be disclosed to National Grid USA solely for purposes of providing these transition services to Granite.

10. Ratification of the Terms and Conditions of the Agreement

(a) Except as expressly amended or waived by this Confirmation, the terms, conditions, covenants, agreements, warranties and representations contained in the Master Power Agreement are in all respects ratified, confirmed and remade as of the date hereof and, except as amended or waived hereby, shall continue in full force and effect.

(b) Nothing in this Confirmation shall, or shall be construed to, alter or amend any other Confirmation.

11. Counterparts

This Confirmation may be executed in counterparts, all of which together shall constitute one and the same instrument.

This Confirmation constitutes part of and is subject to the terms and provisions of such Master Power Agreement.

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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: Ian Robertson
Title: Chief Executive Officer

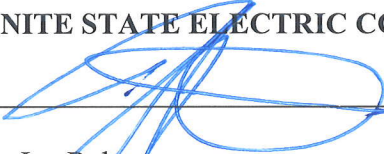
NEXTERA ENERGY POWER MARKETING, LLC

Name (print): Michael Broker
Title: Trading Risk Analyst
561-304-5519 (o)
561-625-7517 (f)



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: Ian Robertson
Title: Chief Executive Officer

NEXTERA ENERGY POWER MARKETING, LLC

Name (print): _____
Title: _____

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SCHEDULE JDW – 5

**Default Service Contract for the Small Customer Group
November 1, 2012 through April 30, 2013**

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EXECUTION COPY

**MASTER POWER AGREEMENT
TRANSACTION CONFIRMATION**

REDACTED

This Confirmation shall confirm the Transaction agreed to on, and effective as of September 13, 2012, between **GRANITE STATE ELECTRIC COMPANY** (“Granite” or “Buyer”), a New Hampshire corporation and **DOMINION ENERGY MARKETING, INC.** a Delaware corporation (“Seller”), regarding the sale/purchase of Default Service specified herein under the terms and conditions under the Master Power Agreement, dated March 7, 2008 (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.

2. Default Service Requirements Matrix

Award Block	Customer Group	Load Zone	Load Responsibility	Commencement Date	Conclusion Date
B	Small	NH	100%	11/01/2012	04/30/2013

3. Contract Rate - \$/MWh

Award Block	Customer Group	Load Zone	November 2012	December 2012	January 2013	February 2013	March 2013	April 2013
B	Small	NH						

4. Load Asset Designation within the ISO Settlement Market System

Award Block	Customer Group	Load Zone	Load Asset Number	Load Asset Name
B	Small	NH	11436	GSECO-DEF SVC SMALL CG LOAD

5. Renewable Portfolio Requirement

REDACTED

Renewal Portfolio Requirement shall mean, for each calendar month during the term of this transaction, zero.

6. Amount Payable

The amount payable by the Buyer to Seller in a month shall be the product of (a) the Delivered Energy for Default Service to the Small Customer Group and (b) Small Customer Group Contract Rate in the month.

7. Modifications to the Master Power Agreement

None.

8. Security

8.1 Calculation of Exposure

Exposure shall be calculated in accordance with Paragraph 3 of the CSA, subject to the conditions and definitions below.

Seller Independent Amount means [REDACTED]

Expected Daily Load means the average daily load based upon two years of available actual loads for a given month, as specified in the following table:

Award Block	Customer Group	Load Zone	November 2012	December 2012	January 2013	February 2013	March 2013	April 2013
B	Small	NH	1,130	1,260	1,310	1,280	1,110	1,010

Adjustment Factor is 0.85.

Reference New England Internal Hub Price means the prices as specified in the following table:

ISO New England Internal Hub Price	November 2012	December 2012	January 2013	February 2013	March 2013	April 2013
Off-Peak	34.32	45.33	52.45	52.45	35.50	31.60
Peak	43.51	56.79	65.27	65.27	46.15	42.18
Reference New England Internal Hub Price**	38.61	50.26	58.52	58.55	40.30	36.77

**The Reference New England Internal Hub price shall be calculated as ((Peak Price x number of Peak Hours in the Month) + (Off-Peak Price x number of Off-Peak Hours in the Month))/(Total Hours in the Month)), as applicable.

8.2 Delivery of Collateral

Within five (5) Business Days after the execution of this Confirmation, Seller shall provide Collateral in accordance with Paragraph 3(a) of the Credit Support Annex of the Master Power Agreement, and in any of the forms specified in Paragraph 6 of the Credit Support Annex of the Master Power Agreement.

REDACTED

9. Confidentiality

Article 3 of this Confirmation is Confidential Terms within the meaning of Article 23 of the Master Power Agreement and shall be subject to confidential treatment until such time such information is published by the Federal Energy Regulatory Commission. Notwithstanding the foregoing, it is understood and agreed that National Grid USA, pursuant to the terms of a transition service agreement, will provide services to Granite including matters covered by the Master Power Agreement. Seller agrees that Confidential Terms may be disclosed to National Grid USA solely for purposes of providing these transition services to Granite.

10. Ratification of the Terms and Conditions of the Agreement

(a) Except as expressly amended or waived by this Confirmation, the terms, conditions, covenants, agreements, warranties and representations contained in the Master Power Agreement are in all respects ratified, confirmed and remade as of the date hereof and, except as amended or waived hereby, shall continue in full force and effect.

(b) Nothing in this Confirmation shall, or shall be construed to, alter or amend any other Confirmation.

11. Counterparts

This Confirmation may be executed in counterparts, all of which together shall constitute one and the same instrument.

This Confirmation constitutes part of and is subject to the terms and provisions of such Master Power Agreement.

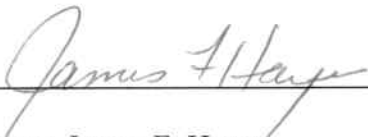
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IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Confirmation on their behalf as of the date first above written, REDACTED

GRANITE STATE ELECTRIC COMPANY

Name: Ian Robertson
Title: Chief Executive Officer

DOMINION ENERGY MARKETING, INC.


Name: James F. Hayes
Title: Authorized Representative

Mild
AM

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. REDACTED

GRANITE STATE ELECTRIC COMPANY



Name: Ian Robertson
Title: Chief Executive Officer

DOMINION ENERGY MARKETING, INC.

Name: James F. Hayes
Title: Authorized Representative

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SCHEDULE JDW – 6

Renewable Portfolio Standard Adder

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REDACTED

Renewable Portfolio Standard Compliance Adders

	YEAR			
	2012 ACP	2013	2012 Market	2013
Section 1A: Calculation of Class I Renewable Energy Resource Charge				
(1) Class I Alternative Compliance Payment or Market Price	\$64.02	\$55.00		
(2) Class I Renewable Energy Resource Obligation	3.00%	3.80%	3.00%	3.80%
(3) Incremental Cost - \$/MWh	\$1.92	\$2.09		
Section 1B: Calculation of Class I Thermal Energy Resource Charge				
(1) Class I Alternative Compliance Payment or Market Price	\$0.00	\$25.00		
(2) Class I Renewable Energy Resource Obligation	0.00%	0.20%	0.00%	0.20%
(3) Incremental Cost - \$/MWh	\$0.00	\$0.05		
Section 2: Calculation of Class II Renewable Energy Resource Charge				
(1) Class II Alternative Compliance Payment or Market Price	\$168.13	\$55.00		
(2) Class II Renewable Energy Resource Obligation	0.15%	0.20%	0.15%	0.20%
(3) Incremental Cost - \$/MWh	\$0.25	\$0.11		
Section 3: Calculation of Class III Renewable Energy Resource Charge				
(1) Class III Alternative Compliance Payment or Market Price	\$31.39	\$31.50		
(2) Class III Renewable Energy Resource Obligation	6.50%	6.50%	6.50%	6.50%
(3) Incremental Cost - \$/MWh	\$2.04	\$2.05		
Section 4: Calculation of Class IV Renewable Energy Resource Charge				
(1) Class IV Alternative Compliance Payment or Market Price	\$31.39	\$26.50		
(2) Class IV Renewable Energy Resource Obligation	1.00%	1.30%	1.00%	1.30%
(3) Incremental Cost - \$/MWh	\$0.31	\$0.34		
Section 5: Calculation of Renewable Portfolio Standard Adder				
(4) Sum of Class I, II, III and Class IV Incremental Costs - \$/MWh	\$4.52	\$4.64		
(5) Renewable Portfolio Standard Adder to be included in Retail Rates - \$/kWh	\$ 0.00452	\$ 0.00464	\$ 0.00387	\$ 0.00428
(6) Total RPS Obligation %	10.65%	12.00%	10.65%	12.00%
(7) Obligation Weighted cost	\$42.44	\$38.67		

Notes

- (1) 2012 & 2013 ACP & Market Prices
- (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) divided by 1,000 to convert from \$/MWh to \$/kWh.
- (6) Sum of all Line (2)s
- (7) Line (4) divided by Line (6)

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SCHEDULE JDW – 7

Summary of Large Customer Group

Proposed Default Service Rates

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Summary of Proposed Default Service Rates

REDACTED

		Medium and Large C&I		
		<u>November</u>	<u>December</u>	<u>January</u>
(1)	Wholesale Loads (kWh)	[REDACTED]		
(2)	Retail Loads (kWh)	[REDACTED]		
(3)	Loss Factor	[REDACTED]		
(4)	Wholesale Contract Price (\$/MWh)	[REDACTED]		
(5)	Base Default Service Rate (\$/kWh)	\$0.05553	\$0.06729	\$0.07916
(6)	2012 Default Service Reconciliation Adjustment Factor (\$/kWh)	\$0.00478	\$0.00478	\$0.00478
(7)	2012 Default Service Cost Reclassification Adjustment Factor (\$/kWh)	\$0.00103	\$0.00103	\$0.00103
(8)	Renewable Portfolio Standard Adder (\$/kWh)	<u>\$0.00387</u>	<u>\$0.00387</u>	<u>\$0.00428</u>
(9)	Total Default Service Rate (\$/kWh)	\$0.06521	\$0.07697	\$0.08925

- (1) Wholesale loads for the 9 month period ending August 2012
- (2) Retail loads for the 9 month period ending August 2012
- (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) Approved March 27, 2012, in Order 25,338 in DE 12-023
- (7) Approved March 27, 2012, in Order 25,338 in DE 12-023
- (8) Schedule JDW-6
- (9) Line (5) + Line (6) + Line (7) + Line (8)

REDACTED

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

(1) August 2012 Medium and Large C&I Default Service kWhs	18,084,251
(2) August 2012 Total Medium and Large C&I kWhs	<u>56,315,824</u>
(3) Percentage of Medium and Large C&I Default Service kWhs to Total Medium and Large C&I kWhs	32.11%

Section 2: Projected Medium and Large C&I Default Service kWhs, November 2012 - January 2013

	<u>November</u> (a)	<u>December</u> (b)	<u>January</u> (c)	<u>Total</u> (d)
(4) Projected Total Company Medium and Large kWhs	39,735,397	40,516,752	45,994,577	126,246,726
(5) Percentage of Medium and Large C&I Default Service kWhs to Total Medium and Large C&I kWhs	<u>32.11%</u>	<u>32.11%</u>	<u>32.11%</u>	
(6) Projected Medium and Large C&I Default Service kWhs	12,759,911	13,010,821	14,769,871	40,540,603

Section 3: Medium and Large C&I Default Service Load Weighting for November 2012 - January 2013

(7) Projected Medium and Large C&I Default Service kWhs	12,759,911	13,010,821	14,769,871	40,540,603
(8) Wholesale Loads (kWh)				
(9) Retail Loads (kWh)				
(10) Loss Factor				
(11) Wholesale Contract Price (\$/MWh)				
(12) Base Default Service Rate (\$/kWh)	\$0.05553	\$0.06729	\$0.07916	
(13) 2012 Default Service Reconciliation Adjustment Factor (\$/kWh)	\$0.00478	\$0.00478	\$0.00478	
(14) 2012 Default Service Cost Reclassification Adjustment Factor (\$/kWh)	\$0.00103	\$0.00103	\$0.00103	
(15) <u>Renewable Portfolio Standard Adder (\$/kWh)</u>	<u>\$0.00387</u>	<u>\$0.00387</u>	<u>\$0.00428</u>	
(16) Total Estimated Medium and Large C&I Default Service Price per kWh	\$0.06521	\$0.07697	\$0.08925	
(17) Projected Medium and Large C&I Base Default Service Cost, November 2012 - January 2013	<u>\$ 708,558</u>	<u>\$ 875,498</u>	<u>\$ 1,169,183</u>	<u>\$ 2,753,239</u>
(18) Weighted Average Medium and Large C&I Base Default Service Charge for November 2012 - January 2013				\$ 0.06791
(19) Projected Medium and Large C&I Default Service Cost, November 2012 - January 2013	<u>\$ 832,074</u>	<u>\$ 1,001,443</u>	<u>\$ 1,318,211</u>	<u>\$ 3,151,728</u>
(20) Weighted Average Medium and Large C&I Default Service Charge for November 2012 - January 2013				\$ 0.07774

- (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 9 month period ending August 2012
- (9) Retail loads for the 9 month period ending August 2012
- (10) Line (8) ÷ Line (9), rounded to five decimal places
- (11) Wholesale Contractor Price
- (12) Line (10) x Line (11) / 1000, truncated to five decimal places
- (13) Approved March 27, 2012, in Order 25,338 in DE 12-023
- (14) Approved March 27, 2012, in Order 25,338 in DE 12-023
- (15) Schedule JDW-6
- (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 JDW – 8

Summary of Small Customer Group

Proposed Default Service Rates

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Section 1: Percentage of Residential and Small C&I kWhs Attributable to Default Service

(1) August 2012 Residential and Small C&I Default Service kWhs	37,248,007
(2) August 2012 Total Residential and Small C&I kWhs	39,057,069
(3) Percentage of Residential and Small C&I Default Service kWhs to Total Residential & Small C&I kWhs	95.37%

Section 2: Projected Residential and Small C&I Default Service kWhs, November 2012 - April 2013

	November (a)	December (b)	January (c)	February (d)	March (e)	April (f)	Total (g)
(4) Projected Total Company Residential and Small C&I kWhs	31,243,980	34,543,176	42,049,103	36,823,476	36,233,168	33,241,914	214,134,817
(5) Percentage of Residential and Small C&I Default Service kWhs to Total Residential & Small C&I kWhs	95.37%	95.37%	95.37%	95.37%	95.37%	95.37%	
(6) Projected Residential and Small C&I Default Service kWhs	29,796,808	32,943,190	40,101,455	35,117,870	34,554,905	31,702,201	204,216,429

Section 3: Residential and Small C&I Default Service Load Weighting for November 2012 - April 2013

(7) Projected Residential and Small C&I Default Service kWhs	29,796,808	32,943,190	40,101,455	35,117,870	34,554,905	31,702,201	204,216,429
(8) Wholesale Loads (kWh)	[REDACTED]						
(9) Retail Loads (kWh)	[REDACTED]						
(10) Loss Factor	[REDACTED]						
(11) Wholesale Contract Price (\$/MWh)	[REDACTED]						
(12) Base Residential and Small C&I Default Service Rate (\$/kWh)	\$0.05595	\$0.06771	\$0.07933	\$0.07410	\$0.05709	\$0.05403	
(13) 2012 Default Service Reconciliation Adjustment Factor (\$/kWh)	\$0.00478	\$0.00478	\$0.00478	\$0.00478	\$0.00478	\$0.00478	
(14) 2012 Default Service Cost Reclassification Adjustment Factor (\$/kWh)	\$0.00087	\$0.00087	\$0.00087	\$0.00087	\$0.00087	\$0.00087	
(15) Proposed Renewable Portfolio Standard Adder (\$/kWh) for 2012	\$0.00387	\$0.00387	\$0.00428	\$0.00428	\$0.00428	\$0.00428	
(16) Total Estimated Residential and Small C&I Default Service Price per kWh	\$0.06547	\$0.07723	\$0.08926	\$0.08403	\$0.06702	\$0.06396	
(17) Projected Residential and Small C&I Default Service Base Cost, November 2012 - April 2013	\$1,667,131	\$2,230,583	\$3,181,248	\$2,602,234	\$1,972,740	\$1,712,870	
(18) Weighted Average Base Residential and Small C&I Default Service Charge for November 2012 - April 2013							\$0.06545
(19) Projected Residential and Small C&I Default Service Cost, November 2012 - April 2013	\$1,950,797	\$2,544,203	\$3,579,456	\$2,950,955	\$2,315,870	\$2,027,673	
(20) Weighted Average Residential and Small C&I Default Service Charge for November 2012 - January 2013							\$0.07525

- (1) Per Monthly CR97987A Default Service Revenue Reports (Rates D, D-10, G-3, M, T, and V)
- (2) Per Monthly CR97992A Total Revenue Reports (Rates D, D-10, G-3, M, T, and V)
- (3) Line (1) ÷ Line (2)
- (4) Per Company forecast for residential and small C&I rates (Rates D, D-10, G-3, M, T, and V)
- (5) Line (3)
- (6) Line (4) x Line (5)
- (7) Line (6)
- (8) Wholesale loads for the 9 month period ending August 2012
- (9) Retail loads for the 9 month period ending August 2012
- (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) Approved March 27, 2012, in Order 25,338 in DE 12-023
- (14) Approved March 27, 2012, in Order 25,338 in DE 12-023
- (15) Schedule JDW-6
- (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

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SCHEDULE JDW – 9

Typical Bill Impacts

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Granite State Electric Company d/b/a Liberty Utilities
Proposed November 1, 2012 Rates
Calculation of Monthly Typical Bill
Impact on Rate D Default Service Customers
Without Water Heater Control
0% Off-Peak

Monthly kWh	kWh Split		(1)		(2)		(1) vs (2) Overall Increase (Decrease) %			
	On-Peak kWh	Off-Peak kWh	100.00%	0.00%	Total	Proposed Rates Default Service		Retail Delivery		
200	200	0	\$24.18	\$11.77	\$12.41	\$27.46	\$15.05	\$12.41	\$3.28	13.6%
350	350	0	\$41.70	\$20.59	\$21.11	\$47.45	\$26.34	\$21.11	\$5.75	13.8%
500	500	0	\$60.54	\$29.42	\$31.12	\$68.75	\$37.63	\$31.12	\$8.21	13.6%
665	665	0	\$81.23	\$39.13	\$42.10	\$92.14	\$50.04	\$42.10	\$10.91	13.4%
750	750	0	\$91.92	\$44.13	\$47.79	\$104.23	\$56.44	\$47.79	\$12.31	13.4%
1,000	1,000	0	\$123.29	\$58.84	\$64.45	\$139.70	\$75.25	\$64.45	\$16.41	13.3%

	Present Rates	Proposed Rates
Customer Charge	\$4.36	\$4.36
Distribution Charge		
1st 250 kWh		\$0.01650
excess of 250 kWh		\$0.04295
Off Peak kWh		\$0.01578
Storm Adjustment Factor		\$0.00223
Transmission Charge		\$0.01677
Stranded Cost Charge		\$0.00090
System Benefits Charge		\$0.00330
Electricity Consumption Tax		\$0.00055
<u>Supplier Services</u>		
Default Service	\$0.05884	\$0.07525
	kWh x	
		1.64%
		27.89%

Granite State Electric Company d/b/a Liberty Utilities
Proposed November 1, 2012 Rates
Calculation of Monthly Typical Bill
Impact on Rate D Default Service Customers
With 6 Hour Water Heater Control

Monthly kWh	kWh Split		Total	(1)		(2)		(1) vs (2)		
	On-Peak kWh	Off-Peak kWh		Present Rates Default Service	Present Rates Retail Delivery	Proposed Rates Default Service	Proposed Rates Retail Delivery			
200	160	40	\$19.30	\$11.77	\$7.53	\$22.58	\$15.05	\$7.53	\$3.28	17.0%
350	280	70	\$34.94	\$20.59	\$14.35	\$40.69	\$26.34	\$14.35	\$5.75	16.5%
500	400	100	\$52.97	\$29.42	\$23.55	\$61.18	\$37.63	\$23.55	\$8.21	15.5%
750	600	150	\$82.99	\$44.13	\$38.86	\$95.30	\$56.44	\$38.86	\$12.31	14.8%
1,000	800	200	\$113.01	\$58.84	\$54.17	\$129.42	\$75.25	\$54.17	\$16.41	14.5%

	Present Rates	Proposed Rates
Customer Charge	\$4.36	\$4.36
Distribution Charge		
1st 250 kWh	kWh x \$0.01650	\$0.01650
excess of 250 kWh	kWh x \$0.04295	\$0.04295
Off Peak kWh	kWh x \$0.01578	\$0.01578
Storm Adjustment Factor	kWh x \$0.00223	\$0.00223
Transmission Charge	kWh x \$0.01677	\$0.01677
Stranded Cost Charge	kWh x \$0.00090	\$0.00090
System Benefits Charge	kWh x \$0.00330	\$0.00330
Electricity Consumption Tax	kWh x \$0.00055	\$0.00055
Interruptible Credit #1	(\$4.85)	(\$4.85)
<u>Supplier Services</u>		
Default Service	kWh x \$0.05884	\$0.07525

Granite State Electric Company d/b/a Liberty Utilities
Proposed November 1, 2012 Rates
Calculation of Monthly Typical Bill
Impact on Rate D Default Service Customers
With 6 Hour Water Heater Control

Monthly kWh	kWh Split		Present Rates		Proposed Rates		(1) vs (2) Overall Increase (Decrease) %			
	On-Peak kWh	Off-Peak kWh	Total	Default Service	Retail Delivery	Total		Default Service	Retail Delivery	
200	120	80	\$17.63	\$11.77	\$5.86	\$20.91	\$15.05	\$5.86	\$3.28	18.6%
350	210	140	\$32.46	\$20.59	\$11.87	\$38.21	\$26.34	\$11.87	\$5.75	17.7%
500	300	200	\$48.62	\$29.42	\$19.20	\$56.83	\$37.63	\$19.20	\$8.21	16.9%
750	450	300	\$77.27	\$44.13	\$33.14	\$89.58	\$56.44	\$33.14	\$12.31	15.9%
1,000	600	400	\$105.93	\$58.84	\$47.09	\$122.34	\$75.25	\$47.09	\$16.41	15.5%

	Present Rates	Proposed Rates
Customer Charge	\$4.36	\$4.36
Distribution Charge		
1st 250 kWh		
excess of 250 kWh	kWh x \$0.01650	\$0.01650
Off Peak kWh	kWh x \$0.04295	\$0.04295
Storm Adjustment Factor	kWh x \$0.01578	\$0.01578
Transmission Charge	kWh x \$0.00223	\$0.00223
Stranded Cost Charge	kWh x \$0.01677	\$0.01677
System Benefits Charge	kWh x \$0.00090	\$0.00090
Electricity Consumption Tax	kWh x \$0.00330	\$0.00330
Interruptible Credit #2	kWh x \$0.00055	\$0.00055
		(\$6.49)
<u>Supplier Services</u>		
Default Service	kWh x \$0.05884	\$0.07525

Granite State Electric Company d/b/a Liberty Utilities
Proposed November 1, 2012 Rates
Calculation of Monthly Typical Bill
Impact on Rate D-10 Default Service Customers

Monthly kWh	kWh Split		(1)		(2)		(1) vs (2)
	On-Peak	Off-Peak	Total	Default Service	Total	Default Service	
	80.00%	20.00%					
700	560	140	\$91.97	\$41.19	\$103.46	\$52.68	\$11.49
1,000	800	200	\$128.17	\$58.84	\$144.58	\$75.25	\$16.41
1,300	1,040	260	\$164.38	\$76.49	\$185.72	\$97.83	\$21.34
1,600	1,280	320	\$200.58	\$94.14	\$226.84	\$120.40	\$26.26
1,900	1,520	380	\$236.80	\$111.80	\$267.98	\$142.98	\$31.18
				Retail Delivery			Retail Delivery
				\$50.78			\$50.78
				\$69.33			\$69.33
				\$87.89			\$87.89
				\$106.44			\$106.44
				\$125.00			\$125.00

Present Rates

Customer Charge		\$7.49	
Distribution Charge			
On Peak kWh	kWh x	\$0.04777	\$0.04777
Off Peak kWh	kWh x	\$0.00012	\$0.00012
Storm Adjustment Factor	kWh x	\$0.00223	\$0.00223
Transmission Charge	kWh x	\$0.01663	\$0.01663
Stranded Cost Charge	kWh x	\$0.00089	\$0.00089
System Benefits Charge	kWh x	\$0.00330	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055	\$0.00055
<u>Supplier Services</u>			
Default Service	kWh x	\$0.05884	\$0.07525

Proposed Rates

Customer Charge		\$7.49	
Distribution Charge			
On Peak kWh	kWh x	\$0.04777	\$0.04777
Off Peak kWh	kWh x	\$0.00012	\$0.00012
Storm Adjustment Factor	kWh x	\$0.00223	\$0.00223
Transmission Charge	kWh x	\$0.01663	\$0.01663
Stranded Cost Charge	kWh x	\$0.00089	\$0.00089
System Benefits Charge	kWh x	\$0.00330	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055	\$0.00055
<u>Supplier Services</u>			
Default Service	kWh x	\$0.05884	\$0.07525

Granite State Electric Company d/b/a Liberty Utilities
Proposed November 1, 2012 Rates
Calculation of Monthly Typical Bill
Impact on Rate D-10 Default Service Customers

Monthly KWh	kWh Split		(1)		(2)		Overall Increase (Decrease) Amount	Overall Increase (Decrease) %		
	On-Peak kWh	Off-Peak kWh	Total	Default Service	Retail Delivery	Total			Default Service	Retail Delivery
700	490	210	\$88.64	\$41.19	\$47.45	\$100.13	\$52.68	\$47.45	\$11.49	13.0%
1,000	700	300	\$123.41	\$58.84	\$64.57	\$139.82	\$75.25	\$64.57	\$16.41	13.3%
1,300	910	390	\$158.19	\$76.49	\$81.70	\$179.53	\$97.83	\$81.70	\$21.34	13.5%
1,600	1,120	480	\$192.95	\$94.14	\$98.81	\$219.21	\$120.40	\$98.81	\$26.26	13.6%
1,900	1,330	570	\$227.74	\$111.80	\$115.94	\$258.92	\$142.98	\$115.94	\$31.18	13.7%

Present Rates

Customer Charge		\$7.49
Distribution Charge		
On Peak kWh	kWh x	\$0.04777
Off Peak kWh	kWh x	\$0.00012
Storm Adjustment Factor	kWh x	\$0.00223
Transmission Charge	kWh x	\$0.01663
Stranded Cost Charge	kWh x	\$0.00089
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055

Proposed Rates

Customer Charge		\$7.49
Distribution Charge		
On Peak kWh	kWh x	\$0.04777
Off Peak kWh	kWh x	\$0.00012
Storm Adjustment Factor	kWh x	\$0.00223
Transmission Charge	kWh x	\$0.01663
Stranded Cost Charge	kWh x	\$0.00089
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055
<u>Supplier Services</u>		
Default Service	kWh x	\$0.05884
		\$0.07525

Granite State Electric Company d/b/a Liberty Utilities
Proposed November 1, 2012 Rates
Calculation of Monthly Typical Bill
Impact on Rate D-10 Default Service Customers

Monthly kWh	kWh Split		(1)		(2)		(1) vs (2)			
	On-Peak	Off-Peak	Total	Default Service	Retail Delivery	Total		Default Service	Retail Delivery	
700	420	280	\$85.29	\$41.19	\$44.10	\$96.78	\$52.68	\$44.10	\$11.49	13.5%
1,000	600	400	\$118.64	\$58.84	\$59.80	\$135.05	\$75.25	\$59.80	\$16.41	13.8%
1,300	780	520	\$151.99	\$76.49	\$75.50	\$173.33	\$97.83	\$75.50	\$21.34	14.0%
1,600	960	640	\$185.33	\$94.14	\$91.19	\$211.59	\$120.40	\$91.19	\$26.26	14.2%
1,900	1,140	760	\$218.69	\$111.80	\$106.89	\$249.87	\$142.98	\$106.89	\$31.18	14.3%

Proposed Rates

Customer Charge		\$7.49
Distribution Charge		
On Peak kWh	kWh x	\$0.04777
Off Peak kWh	kWh x	\$0.00012
Storm Adjustment Factor	kWh x	\$0.00223
Transmission Charge	kWh x	\$0.01663
Stranded Cost Charge	kWh x	\$0.00089
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055
<u>Supplier Services</u>		
Default Service	kWh x	\$0.07525

Present Rates

Customer Charge		\$7.49
Distribution Charge		
On Peak kWh	kWh x	\$0.04777
Off Peak kWh	kWh x	\$0.00012
Storm Adjustment Factor	kWh x	\$0.00223
Transmission Charge	kWh x	\$0.01663
Stranded Cost Charge	kWh x	\$0.00089
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055
<u>Supplier Services</u>		
Default Service	kWh x	\$0.05884

Granite State Electric Company d/b/a Liberty Utilities
Proposed November 1, 2012 Rates
Calculation of Monthly Typical Bill
Impact on Rate G-3 Default Service Customers

Monthly kWh	(1) / ----- / ----- / (1) vs (2)			(2) / ----- /			Overall Increase (Decrease) Amount %
	Present Rates Total	Present Rates Default Service	Present Rates Retail Delivery	Total	Proposed Rates Default Service	Retail Delivery	
600	\$73.51	\$35.30	\$38.21	\$83.36	\$45.15	\$38.21	\$9.85 13.4%
800	\$96.16	\$47.07	\$49.09	\$109.29	\$60.20	\$49.09	\$13.13 13.7%
1,200	\$141.50	\$70.61	\$70.89	\$161.19	\$90.30	\$70.89	\$19.69 13.9%
1,500	\$175.50	\$88.26	\$87.24	\$200.12	\$112.88	\$87.24	\$24.62 14.0%
2,000	\$232.14	\$117.68	\$114.46	\$264.96	\$150.50	\$114.46	\$32.82 14.1%

Proposed Rates

Present Rates

Customer Charge		\$5.52
Distribution Charge	kWh x	\$0.03091
Storm Adjustment Factor	kWh x	\$0.00223
Transmission Charge	kWh x	\$0.01658
Stranded Cost Charge	kWh x	\$0.00090
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055
<u>Supplier Services</u>		
Default Service	kWh x	\$0.05884
		\$0.07525

Granite State Electric Company d/b/a Liberty Utilities
Proposed November 1, 2012 Rates
Calculation of Monthly Typical Bill
Impact on Rate T Default Service Customers

Monthly kWh	(1) /-----/		(2) /-----/		(1) vs (2)
	Present Rates	Retail Delivery	Proposed Rates	Retail Delivery	
	Total	Default Service	Total	Default Service	Overall Increase (Decrease) %
600	\$67.34	\$35.30	\$77.19	\$45.15	\$9.85 14.6%
800	\$87.91	\$47.07	\$101.04	\$60.20	\$13.13 14.9%
1,200	\$129.05	\$70.61	\$148.74	\$90.30	\$19.69 15.3%
1,500	\$159.91	\$88.26	\$184.53	\$112.88	\$24.62 15.4%
2,000	\$211.32	\$117.68	\$244.14	\$150.50	\$32.82 15.5%

Proposed Rates

Present Rates

Customer Charge		\$5.64
Distribution Charge	kWh x	\$0.02030
Storm Adjustment Factor	kWh x	\$0.00223
Transmission Charge	kWh x	\$0.01672
Stranded Cost Charge	kWh x	\$0.00090
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055
<u>Supplier Services</u>		
Default Service	kWh x	\$0.05884
		\$0.07525

Granite State Electric Company d/b/a Liberty Utilities
Proposed November 1, 2012 Rates
Calculation of Monthly Typical Bill
Impact on Rate V Default Service Customers

Monthly kWh	(1)			(2)			(1) vs (2)
	Total	Present Rates Default Service	Retail Delivery	Total	Proposed Rates Default Service	Retail Delivery	
600	\$67.87	\$35.30	\$32.57	\$77.72	\$45.15	\$32.57	\$9.85 14.5%
800	\$90.49	\$47.07	\$43.42	\$103.62	\$60.20	\$43.42	\$13.13 14.5%
1,200	\$135.75	\$70.61	\$65.14	\$155.44	\$90.30	\$65.14	\$19.69 14.5%
1,500	\$169.69	\$88.26	\$81.43	\$194.31	\$112.88	\$81.43	\$24.62 14.5%
2,000	\$226.24	\$117.68	\$108.56	\$259.06	\$150.50	\$108.56	\$32.82 14.5%

Proposed Rates

Minimum Charge		\$5.89
Distribution Charge	kWh x	\$0.02860
Storm Adjustment Factor	kWh x	\$0.00223
Transmission Charge	kWh x	\$0.01870
Stranded Cost Charge	kWh x	\$0.00090
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055

Present Rates

Minimum Charge		\$5.89
Distribution Charge	kWh x	\$0.02860
Storm Adjustment Factor	kWh x	\$0.00223
Transmission Charge	kWh x	\$0.01870
Stranded Cost Charge	kWh x	\$0.00090
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055

Supplier Services

Default Service	kWh x	\$0.05884
		\$0.07525

Granite State Electric Company d/b/a Liberty Utilities
Proposed November 1, 2012 Rates
Calculation of Illustrative Monthly Typical Bill
Impact on Rate G-1 Default Service Customers

Hours Use	kWh Split		(1)		(2)		(1) vs (2)
	250 On-Peak	60.00% Off-Peak	Total	Default Service	Retail Delivery	Total	
kW	Monthly kWh	Off-Peak kWh	Off-Peak kWh	Default Service	Retail Delivery	Total	Overall Increase (Decrease) %
200	50,000	30,000	20,000	\$2,829.50	\$2,003.27	\$5,890.27	\$1,057.50 21.9%
300	75,000	45,000	30,000	\$4,244.25	\$2,958.22	\$8,788.72	\$1,586.25 22.0%
400	100,000	60,000	40,000	\$5,659.00	\$3,913.17	\$11,687.17	\$2,115.00 22.1%
500	125,000	75,000	50,000	\$7,073.75	\$4,868.12	\$14,585.62	\$2,643.75 22.1%
1,000	250,000	150,000	100,000	\$14,147.50	\$9,642.87	\$29,077.87	\$5,287.50 22.2%

Present Rates

Proposed Rates

Customer Charge		\$93.37
Distribution Charge		
On Peak kWh	kWh x	\$0.00153
Off Peak kWh	kWh x	\$0.00020
Distribution Demand Charge	kW x	\$4.07
Storm Adjustment Factor	kWh x	\$0.00223
Transmission Charge	kWh x	\$0.01394
Stranded Cost Charge	kWh x	\$0.00090
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055

Supplier Services

Default Service	kWh x	\$0.05659	\$0.07774	2.12%
				37.37%

Granite State Electric Company d/b/a Liberty Utilities
Proposed November 1, 2012 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	Present Rates	Proposed Rates	Total	Overall Increase (Decrease) %	
kW	Monthly kWh	On-Peak kWh	Off-Peak kWh	Total	Default Service	Retail Delivery	Amount
200	70,000	35,000	35,000	\$6,393.62	\$3,961.30	\$2,432.32	\$1,480.50
300	105,000	52,500	52,500	\$9,543.75	\$5,941.95	\$3,601.80	\$2,220.75
400	140,000	70,000	70,000	\$12,693.87	\$7,922.60	\$4,771.27	\$2,961.00
500	175,000	87,500	87,500	\$15,844.00	\$9,903.25	\$5,940.75	\$3,701.25
1,000	350,000	175,000	175,000	\$31,594.62	\$19,806.50	\$11,788.12	\$7,402.50

Present Rates

Customer Charge		\$93.37
Distribution Charge		
On Peak kWh	kWh x	\$0.00153
Off Peak kWh	kWh x	\$0.00020
Distribution Demand Charge	kW x	\$4.07
Storm Adjustment Factor	kWh x	\$0.00223
Transmission Charge	kWh x	\$0.01394
Stranded Cost Charge	kWh x	\$0.00090
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055

Proposed Rates

Customer Charge		\$93.37
Distribution Charge		
On Peak kWh	kWh x	\$0.00153
Off Peak kWh	kWh x	\$0.00020
Distribution Demand Charge	kW x	\$4.07
Storm Adjustment Factor	kWh x	\$0.00223
Transmission Charge	kWh x	\$0.01394
Stranded Cost Charge	kWh x	\$0.00090
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055

Supplier Services

Default Service	kWh x	\$0.05659	\$0.07774
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Granite State Electric Company d/b/a Liberty Utilities
Proposed November 1, 2012 Rates
Calculation of Illustrative Monthly Typical Bill
Impact on Rate G-1 Default Service Customers

Hours Use	kWh Split		Monthly kWh	On-Peak kWh	Off-Peak kWh	(1)		(2)		(1) vs (2)								
	450 On-Peak	45.00%				Present Rates	Proposed Rates	Total	Default Service		Retail Delivery	Total	Default Service	Retail Delivery	Increase (Decrease) Amount	%		
kW																		
200	90,000	40,500	49,500	49,500		\$7,955.14	\$5,093.10	\$2,862.04	\$9,858.64	\$6,996.60	\$2,862.04	\$1,903.50	23.9%					
300	135,000	60,750	74,250	74,250		\$11,886.02	\$7,639.65	\$4,246.37	\$14,741.27	\$10,494.90	\$4,246.37	\$2,855.25	24.0%					
400	180,000	81,000	99,000	99,000		\$15,816.90	\$10,186.20	\$5,630.70	\$19,623.90	\$13,993.20	\$5,630.70	\$3,807.00	24.1%					
500	225,000	101,250	123,750	123,750		\$19,747.78	\$12,732.75	\$7,015.03	\$24,506.53	\$17,491.50	\$7,015.03	\$4,758.75	24.1%					
1,000	450,000	202,500	247,500	247,500		\$39,402.20	\$25,465.50	\$13,936.70	\$48,919.70	\$34,983.00	\$13,936.70	\$9,517.50	24.2%					

Present Rates

Proposed Rates

Customer Charge		\$93.37	
Distribution Charge			
On Peak kWh	kWh x	\$0.00153	\$0.00153
Off Peak kWh	kWh x	\$0.00020	\$0.00020
Distribution Demand Charge	kW x	\$4.07	\$4.07
Storm Adjustment Factor	kWh x	\$0.00223	\$0.00223
Transmission Charge	kWh x	\$0.01394	\$0.01394
Stranded Cost Charge	kWh x	\$0.00090	\$0.00090
System Benefits Charge	kWh x	\$0.00330	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055	\$0.00055
<u>Supplier Services</u>			
Default Service	kWh x	\$0.05659	\$0.07774

Granite State Electric Company d/b/a Liberty Utilities
Proposed November 1, 2012 Rates
Calculation of Illustrative Monthly Typical Bill
Impact on Rate G-1 Default Service Customers

Hours Use	kWh Split		(1)		(2)		Overall Increase (Decrease) Amount	Overall Increase (Decrease) %			
	450 On-Peak	40.00% Off-Peak	Total	Present Rates	Total	Proposed Rates					
kW	Monthly kWh	On-Peak kWh	Off-Peak kWh	Total	Default Service	Retail Delivery	Total	Default Service	Retail Delivery		
200	90,000	36,000	54,000	\$7,949.15	\$5,093.10	\$2,856.05	\$9,852.65	\$6,996.60	\$2,856.05	\$1,903.50	23.9%
300	135,000	54,000	81,000	\$11,877.04	\$7,639.65	\$4,237.39	\$14,732.29	\$10,494.90	\$4,237.39	\$2,855.25	24.0%
400	180,000	72,000	108,000	\$15,804.93	\$10,186.20	\$5,618.73	\$19,611.93	\$13,993.20	\$5,618.73	\$3,807.00	24.1%
500	225,000	90,000	135,000	\$19,732.82	\$12,732.75	\$7,000.07	\$24,491.57	\$17,491.50	\$7,000.07	\$4,758.75	24.1%
1,000	450,000	180,000	270,000	\$39,372.27	\$25,465.50	\$13,906.77	\$48,889.77	\$34,983.00	\$13,906.77	\$9,517.50	24.2%

Present Rates

Proposed Rates

Customer Charge		\$93.37	
Distribution Charge			
On Peak kWh	kWh x	\$0.00153	\$0.00153
Off Peak kWh	kWh x	\$0.00020	\$0.00020
Distribution Demand Charge	kW x	\$4.07	\$4.07
Storm Adjustment Factor	kWh x	\$0.00223	\$0.00223
Transmission Charge	kWh x	\$0.01394	\$0.01394
Stranded Cost Charge	kWh x	\$0.00090	\$0.00090
System Benefits Charge	kWh x	\$0.00330	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055	\$0.00055
<u>Supplier Services</u>			
Default Service	kWh x	\$0.05659	\$0.07774

Granite State Electric Company d/b/a Liberty Utilities
Proposed November 1, 2012 Rates
Calculation of Illustrative Monthly Typical Bill
Impact on Rate G-2 Default Service Customers

kW	Monthly kWh	(1) /		(2) /		Overall Increase (Decrease) Amount	Overall Increase (Decrease) %				
		Hours Use	200	Present Rates	Retail Delivery			Total	Proposed Rates	Retail Delivery	
20	4,000			\$436.06	\$226.36	\$209.70	\$520.66	\$310.96	\$209.70	\$84.60	19.4%
50	10,000			\$1,052.68	\$565.90	\$486.78	\$1,264.18	\$777.40	\$486.78	\$211.50	20.1%
75	15,000			\$1,566.53	\$848.85	\$717.68	\$1,883.78	\$1,166.10	\$717.68	\$317.25	20.3%
100	20,000			\$2,080.38	\$1,131.80	\$948.58	\$2,503.38	\$1,554.80	\$948.58	\$423.00	20.3%
150	30,000			\$3,108.08	\$1,697.70	\$1,410.38	\$3,742.58	\$2,332.20	\$1,410.38	\$634.50	20.4%

Proposed Rates

Customer Charge		\$24.98
Distribution Charge	kWh x	\$0.00050
Distribution Demand Charge	kW x	\$4.49
Storm Adjustment Factor	kWh x	\$0.00223
Transmission Charge	kWh x	\$0.01625
Stranded Cost Charge	kWh x	\$0.00090
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055

Present Rates

Customer Charge		\$24.98
Distribution Charge	kWh x	\$0.00050
Distribution Demand Charge	kW x	\$4.49
Storm Adjustment Factor	kWh x	\$0.00223
Transmission Charge	kWh x	\$0.01625
Stranded Cost Charge	kWh x	\$0.00090
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055

Supplier Services

Default Service	kWh x	\$0.05659
		\$0.07774

Granite State Electric Company d/b/a Liberty Utilities
Proposed November 1, 2012 Rates
Calculation of Illustrative Monthly Typical Bill
Impact on Rate G-2 Default Service Customers

Hours Use	Monthly kWh	(1) / ----- /		(2) / ----- /		(1) vs (2)
		Present Rates	Retail Delivery	Proposed Rates	Retail Delivery	
kw		Total		Total		Overall Increase (Decrease) Amount %
20	5,000	\$516.38	\$282.95	\$622.13	\$388.70	\$105.75 20.5%
50	12,500	\$1,253.50	\$707.38	\$1,517.87	\$971.75	\$264.37 21.1%
75	18,750	\$1,867.74	\$1,061.06	\$2,264.31	\$1,457.63	\$396.57 21.2%
100	25,000	\$2,481.98	\$1,414.75	\$3,010.73	\$1,943.50	\$528.75 21.3%
150	37,500	\$3,710.50	\$2,122.13	\$4,503.62	\$2,915.25	\$793.12 21.4%

Proposed Rates

Customer Charge		\$24.98
Distribution Charge	kWh x	\$0.00050
Distribution Demand Charge	kW x	\$4.49
Storm Adjustment Factor	kWh x	\$0.00223
Transmission Charge	kWh x	\$0.01625
Stranded Cost Charge	kWh x	\$0.00090
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055
<u>Supplier Services</u>		
Default Service	kWh x	\$0.07774

Present Rates

Customer Charge		\$24.98
Distribution Charge	kWh x	\$0.00050
Distribution Demand Charge	kW x	\$4.49
Storm Adjustment Factor	kWh x	\$0.00223
Transmission Charge	kWh x	\$0.01625
Stranded Cost Charge	kWh x	\$0.00090
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055
<u>Supplier Services</u>		
Default Service	kWh x	\$0.05659

Granite State Electric Company d/b/a Liberty Utilities
Proposed November 1, 2012 Rates
Calculation of Illustrative Monthly Typical Bill
Impact on Rate G-2 Default Service Customers

Hours Use	Monthly kWh	(1) / ----- / ----- / ----- /			(2) / ----- /		(1) vs (2)		
		Total	Present Rates Default Service	Retail Delivery	Total	Proposed Rates Default Service	Retail Delivery	Overall Increase (Decrease) Amount	%
300	6,000	\$596.70	\$339.54	\$257.16	\$723.60	\$466.44	\$257.16	\$126.90	21.3%
	15,000	\$1,454.28	\$848.85	\$605.43	\$1,771.53	\$1,166.10	\$605.43	\$317.25	21.8%
	22,500	\$2,168.95	\$1,273.28	\$895.67	\$2,644.82	\$1,749.15	\$895.67	\$475.87	21.9%
	30,000	\$2,883.58	\$1,697.70	\$1,185.88	\$3,518.08	\$2,332.20	\$1,185.88	\$634.50	22.0%
	45,000	\$4,312.88	\$2,546.55	\$1,766.33	\$5,264.63	\$3,498.30	\$1,766.33	\$951.75	22.1%

Proposed Rates

Customer Charge		\$24.98
Distribution Charge	kWh x	\$0.00050
Distribution Demand Charge	kW x	\$4.49
Storm Adjustment Factor	kWh x	\$0.00223
Transmission Charge	kWh x	\$0.01625
Stranded Cost Charge	kWh x	\$0.00090
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055
<u>Supplier Services</u>		
Default Service	kWh x	\$0.07774

Present Rates

Customer Charge		\$24.98
Distribution Charge	kWh x	\$0.00050
Distribution Demand Charge	kW x	\$4.49
Storm Adjustment Factor	kWh x	\$0.00223
Transmission Charge	kWh x	\$0.01625
Stranded Cost Charge	kWh x	\$0.00090
System Benefits Charge	kWh x	\$0.00330
Electricity Consumption Tax	kWh x	\$0.00055
<u>Supplier Services</u>		
Default Service	kWh x	\$0.05659

SCHEDULE JDW – 10

Proposed Summary of Rates

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RATES EFFECTIVE NOVEMBER 1, 2012
FOR USAGE ON AND AFTER NOVEMBER 1, 2012

Rate	Blocks	Distribution Charge (1), (2), (3), (4)	Storm Recovery Adjustment Factor	Electricity Consumption Tax	Transmission Charge	Systems Benefits Charge	Stranded Cost Charge	Total Retail Delivery Services
D	Customer Charge	\$4.36						\$4.36
	1st 250 kWh	\$0.01650	\$0.00223	\$0.00055	\$0.01677	\$0.00330	\$0.00090	\$0.04025
	Excess 250 kWh	\$0.04295	\$0.00223	\$0.00055	\$0.01677	\$0.00330	\$0.00090	\$0.06670
	Off Peak kWh	\$0.01578	\$0.00223	\$0.00055	\$0.01677	\$0.00330	\$0.00090	\$0.03953
	Farm kWh	\$0.02565	\$0.00223	\$0.00055	\$0.01677	\$0.00330	\$0.00090	\$0.04940
D-6 kWh	\$0.01650	\$0.00223	\$0.00055	\$0.01677	\$0.00330	\$0.00090	\$0.04025	
D-10	Customer Charge	\$7.49						\$7.49
	On Peak kWh	\$0.04777	\$0.00223	\$0.00055	\$0.01663	\$0.00330	\$0.00089	\$0.07137
	Off Peak kWh	\$0.00012	\$0.00223	\$0.00055	\$0.01663	\$0.00330	\$0.00089	\$0.02372
G-1	Customer Charge	\$93.37						\$93.37
	Demand Charge	\$4.07						\$4.07
	On Peak kWh	\$0.00153	\$0.00223	\$0.00055	\$0.01394	\$0.00330	\$0.00090	\$0.02245
	Off Peak kWh	\$0.00020	\$0.00223	\$0.00055	\$0.01394	\$0.00330	\$0.00090	\$0.02112
G-2	Customer Charge	\$24.98						\$24.98
	Demand Charge	\$4.49						\$4.49
	All kWh	\$0.00050	\$0.00223	\$0.00055	\$0.01625	\$0.00330	\$0.00090	\$0.02373
G-3	Customer Charge	\$5.52						\$5.52
	All kWh	\$0.03091	\$0.00223	\$0.00055	\$0.01658	\$0.00330	\$0.00090	\$0.05447
M	All kWh	\$0.00020	\$0.00223	\$0.00055	\$0.01094	\$0.00330	\$0.00091	\$0.01813
	<i>see tariff for luminaires & pole charges</i>							
T	Customer Charge	\$5.64						\$5.64
	All kWh	\$0.02030	\$0.00223	\$0.00055	\$0.01672	\$0.00330	\$0.00090	\$0.04400
V	Minimum Charge	\$5.89						\$5.89
	All kWh	\$0.02860	\$0.00223	\$0.00055	\$0.01870	\$0.00330	\$0.00090	\$0.05428

(1) Distribution Energy Charges include a Business Profits Tax Surcharge of \$0.00057 per kWh for usage on and after 8/1/01

(2) Distribution Energy Charges include the following credits per kWh in accordance with page 93 of the tariff for usage on and after 5/1/10

Rate Class	D	D-10	G-3	T	V
Credit per kWh	(\$0.00017)	(\$0.00008)	(\$0.00017)	(\$0.00007)	(\$0.00009)

(3) Distribution Energy Charges include a Reliability Enhancement Program and Vegetation Management Plan Adjustment Factor of (\$0.00037) per kWh for usage on and after 7/1/12

(4) Distribution Energy Charges include a Green Up Service Recovery Adjustment Factor of \$0.00000 per kWh for usage on and after 7/1/11

System Benefits Charge-Energy Efficiency	\$0.00180	Effective 7/1/11, usage on and after
<u>System Benefits Charge-Statewide Energy Assistance Program</u>	<u>\$0.00150</u>	Effective 7/1/11, usage on and after
Total System Benefits Charge	\$0.00330	
Transmission Cost Adjustment Factor	various	Effective 1/1/12, usage on and after
Stranded Cost Adjustment Factor	various	Effective 1/1/12, usage on and after
Default Service Charge		
Residential & Small Commercial (D, D-10, G-3, M, T, V)	\$0.07525	Effective 11/1/12, usage on and after
Medium / Large Commercial & Industrial (G-1, G-2)	\$0.06521	Effective 11/1/12, usage on and after
	\$0.07697	Effective 12/1/12, usage on and after
	\$0.08925	Effective 1/1/13, usage on and after
Electricity Consumption Tax	\$0.00055	Effective 5/1/01, usage on and after

Dated:
Effective: November 01, 2012

Issued by: /s/ Victor D. Del Vecchio
Victor D. Del Vecchio
Title: President

Authorized by Docket No. DE 12-023, NHPUC Order No, Dated

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SCHEDULE JDW – 11

Quarterly Customer Migration Report

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CUSTOMER MIGRATION REPORT

Energy Service and Competitive Generation Customers for the 2nd Quarter of 2012

Customer Rate Class	Energy Service						Competitive Service					
	Apr-2012		May-2012		Jun-2012		Apr-2012		May-2012		Jun-2012	
	Number of Energy Service Customers		kWh Used by Energy Service Customers		kWh Used by Energy Service Customers		Number of Competitive Service Customers		kWh Used by Competitive Service Customers		kWh Used by Competitive Service Customers	
D	34,072	34,097	34,127	20,639,408	18,604,718	20,040,953	43	43	42	53,578	45,822	45,698
D-10	438	435	438	453,847	349,937	341,680	0	0	0	0	0	0
T	1,197	1,192	1,185	1,520,704	1,202,615	1,072,889	2	2	3	24,556	21,365	18,771
G-1	58	57	56	7,163,065	6,961,419	7,730,964	61	67	68	17,418,037	21,858,827	24,665,523
G-2	646	618	627	8,048,079	7,460,786	8,488,891	187	198	203	4,137,289	4,388,433	4,712,982
G-3	4,650	4,647	4,630	6,327,493	5,928,668	6,331,795	886	908	930	982,591	1,031,477	1,133,960
V	18	18	17	19,356	16,462	20,811	1	1	1	2,246	718	155
Streetlights	117	119	117	179,743	164,647	160,374	22	23	27	231,025	213,791	212,500
TOTAL	41,196	41,183	41,197	44,351,695	40,689,252	44,188,357	1,202	1,242	1,274	22,849,322	27,560,433	30,789,589
Customer Rate Class	Number of Energy Service Customers as % of Total			kWh Used by Energy Service Customers as % of Total			Number of Competitive Service Customers as % of Total			kWh Used by Competitive Service Customers as % of Total		
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	100%	100%	100%	98%	98%	98%	0%	0%	0%	2%	2%	2%
G-1	49%	46%	45%	29%	24%	24%	51%	54%	55%	71%	76%	76%
G-2	78%	76%	76%	66%	63%	64%	22%	24%	24%	34%	37%	36%
G-3	84%	84%	83%	87%	85%	85%	16%	16%	17%	13%	15%	15%
V	95%	95%	94%	90%	96%	99%	5%	5%	6%	10%	4%	1%
Streetlights	84%	84%	81%	44%	44%	43%	16%	16%	19%	56%	56%	57%
TOTAL	97%	97%	97%	66%	60%	59%	3%	3%	3%	34%	40%	41%

Prepared By: J. Jertz

Date: July 3, 2012

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Schedule DLM-1

Default Service Loss Factor Investigation

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THE STATE OF NEW HAMPSHIRE
before the
PUBLIC UTILITIES COMMISSION
DE 12-023

Granite State Electric Company d/b/a Liberty Utilities

Default Service Loss Factor Investigation

August 31, 2012

1. Background

In Order 25,376 in DE 12-023, Granite State Electric Company's ("Granite State" or "Company")¹ default service docket, the Commission instructed Granite State to investigate the causes of power losses experienced by the Company's small and large default service customers in New Hampshire. The Commission requested that the Company examine its losses compared to those of National Grid's Massachusetts distribution company ("MECo") and to Unitil Energy Systems, Inc.'s losses in New Hampshire. This report, which analyzes those losses, is submitted in compliance with Order 25,376.

2. The Issue/Investigation

Losses are inherent on any electric system. Losses occur regularly on both the electric transmission and distribution systems because of line loss, transformer losses, system configuration, faults, unmetered loads, theft, and metering inaccuracies. The level of losses on any given electric system can also be affected by the type of load served and time of year; systems serving more rural residential customers require more transformation and longer lines and will result in increased losses, while systems serving a larger urban population of commercial and industrial customers who are delivered voltage at a higher voltage level will experience lower system losses. Losses for this study are determined by comparing the ratio between the distribution loads without losses to the distribution loads with losses. Because of the varied sources of losses, the amount of losses can change from month to month or year to year. The purpose of this report is to analyze the causes of losses in the Company's system and to compare the loss factors to those of MECo's and Unitil's New Hampshire customers.

In 2009, National Grid submitted a report to the Staff on losses experienced on the Granite State system and in 2010 in DE 10-020 submitted another report examining the losses. Those reports identified a steady decline in the losses beginning in 2008. Two causes were identified: (1) a wholesale settlement modeling error, and (2) metering equipment located in Tewksbury, MA, operating outside of their design specification, which created what looked like a steady decline in the losses on the Granite State system. Subsequently, National Grid corrected the wholesale settlement model for New Hampshire, and in November 2011, completed the replacement of the meters and metering equipment on the N214 and O215 lines in Tewksbury MA.

¹ On July 3, 2012, Liberty Energy Utilities (New Hampshire) Corp. acquired the stock of Granite State Electric Company from National Grid USA, and thus is the new owner of the business.

The loss value of an electric distribution system can be calculated by dividing the total wholesale energy delivered into the system by the total energy measured at the retail meters for all of the system's associated customers.

Loss Factor

$$\frac{\textit{Wholesale Loads}}{\textit{Retail Loads}}$$

For Energy Service (Default Service), this value is broken into large and small customer groups. Granite State's Large Customer Group ("LCG") is comprised of the G1 and G2 rate classes. Granite State's Small Customer Group ("SCG") includes rate classes D, D-10, G-3, M, T, and V.

Exhibit 1 contains a table of monthly wholesale and retail loads for the Granite State LCG and SCG customer groups and includes a calculation of the monthly average loss factor.

Exhibit 2 contains a graph of the loss factor for both the SCG and LCG. As shown, the loss factor is highly variable and at least 12 months of data will be required to determine how the recent meter replacements will affect the loss value in either customer group.

Exhibit #3 identifies the loss factor for both the SCG and LCG back to 2006 and shows the improvements in calculated losses as a result of New England Power's wholesale modeling changes implemented in 2008.

3. Explanation of Current Granite State Losses

a. **Transmission Losses**

The energy required to serve Granite State's customers is delivered by NEP at specific delivery points as conceptually illustrated in figures 4 and 5. Currently NEP delivers load into the New Hampshire and Vermont Load Zones (see Exhibit 5). This area is defined as the NEP Meter Domain², which is the interconnected transmission grid that provides service to New Hampshire and Vermont utilities including Granite State, New Hampshire Electric Cooperative, Central Vermont Public Service Company and Green Mountain Power, as defined by the independent system operator in New England (ISO New England). NEP monitors all generators and all ties, including all ties with adjacent transmission grids that feed into the New Hampshire and Vermont Load Zones in the NEP Meter Domain in compliance with ISO-NE's operating procedures and tariffs. See Exhibit 5. By metering all these points, NEP can determine the energy delivered to all connected utilities, including Granite State. The connected utilities are metered at the transmission and distribution interconnection points of their systems and the sum of all the interconnection points for a given utility will be the delivered load for that utility.

² A Meter Domain is the collection of generators, tie-lines and load that are assigned to an ISO New England participant who has the responsibility for reading and submitting wholesale meter data to ISO New England for use in the wholesale settlement process.

The load feeding into NEP’s meter domain is the sum of all NEP’s generators and ties (ties can either bring energy in or send energy out of the NEP Meter Domain) and includes the ties to other New Hampshire and Vermont utilities. Granite State is metered as part of the NEP meter domain. At this time, the total load feeding into NEP’s meter domain minus the load going out to adjacent utilities is Granite State’s load. This method of metering is approved by the ISO and was acceptable when Granite State was a subsidiary of National Grid. In the next two years, NEP, Granite State and the ISO will implement a plan to develop a new Granite State meter domain. This new meter domain will change the wholesale metering points to locations where NEP delivers load into the new Granite State meter domain, as identified in Exhibit 4. These changes may present an opportunity to reduce the losses to all customers and customer groups served by Granite State. To implement these changes Granite State must develop a new electric settlement system that will measure power flows in and out of its meter domain and operate that system for at least 12 months to gather the appropriate data to determine the value and variability of the new loss factors. The new system is schedule to be in service by the fall of 2013.

b. Comparing Default Service Losses

i. Granite State Default Service Losses Compared to National Grid-MECO

Default service losses for National Grid in Massachusetts (MECo) as compared to Granite State’s losses are provided in Exhibit 6. As shown, the Granite State monthly loss factor was significantly more variable prior to the replacement of meters in Tewksbury MA in November 2011. Exhibit 6 reflects an average default service loss factor of approximately 6.5% for National Grid in Massachusetts as compared to 8.75% for Granite State. In addition, Granite State’s loss factor is significantly more variable. The distribution systems of Granite State and MECO are significantly different in size and density of customers. MECO serves many more customers in a much more densely populated area than Granite State, which by definition will result in lower losses. The differing density among the customers of each system explains in part why Granite State’s losses are higher and more variable than those seen by MECO. As a result of the replacement of the meters at Tewksbury and resulting modeling changes on the NEP System, Granite State’s loss factor has been less variable, though it is premature to determine whether a sustained reduction in Granite State’s loss factors will be achieved.

ii. Unutil Default Service Losses

The Unutil Default Service Losses for its large and small customer groups are presented in the table below:

Distribution Loss Factors by Customer Group: 2009 - 2011					
		Large Customer Group		Small Customer Group	
	Year	UES	GSECo	UES	GSECo
	2009	5.53%	6.64%	6.70%	8.20%
	2010	4.46%	5.68%	8.32%	7.24%
	2011	1.00%	8.13%	8.62%	9.67%
	Average	3.66%	6.82%	7.88%	8.37%

As shown, Granite State's average loss factor for the LCG is significantly different from Unitil's only in 2011. The SCG losses are very similar to Unitil's. Unitil's service area is also more similar in density to Granite State's than MECo's. These two factors indicate that Granite State losses are reasonable when compared to a similarly sized distribution company in New Hampshire.

c. Meter Investigation

Granite State currently is studying all metering points at the interconnection of NEP and Granite State's facilities, including both Potential Transformers (PT's) and Current Transformers (CT's) and the meter itself to determine if any known problem exists with this equipment. This study includes an examination of NEP's testing schedule for the equipment. Meters operating outside of their design criteria may misrepresent energy delivered in either direction. Meters measuring large loads can have normal metering inaccuracies that can affect the results in the NEP meter domain. Based on our study NEP is in compliance with the testing requirements identified by the ISO. NEP has also agreed to upgrade meters and metering equipment at several locations within meter domain. This information is important to an understanding of Granite State's loss factor because meters operating outside their design tolerance can increase or decrease losses.

d. Distribution Losses

In addition to the investigation of the relevant meters, Granite State has examined every tie to its distribution system, adjacent transmission and distribution companies and all the generators within the Granite State meter domain. This was required to determine whether these ties play any factor in Granite State's current loss factor. Several ties exist at several different voltage levels. Virtually all of ties are monitored by metering equipment but 3 ties were identified that need additional meters and metering equipment:

1. Liberty Street in Salem, NH: This is a tie point with MECo at the New Hampshire-Massachusetts state line.
2. Ayers Village Rd in Salem, NH: This is a tie point with MECo at the New Hampshire-Massachusetts state line.
3. Charlestown #8 Substation, Charlestown, New Hampshire: The 8L2 circuit has a distribution tie with New Hampshire Electric Cooperative; in addition, there is a second unmetered tie with Granite State's 8L1 circuit.

NEP has agreed to install meters and appropriate metering equipment within the next twenty four months to measure current flow at these interconnection points. These new meters may help to improve the representative measure of the meter domain. At this time, Granite State is unable to estimate the impact these new meters will have on default service losses but will keep the Commission apprised of the results once the meters are installed.

e. Borderline Customers

Granite State has identified over 200 customers currently served from Granite State's load zone that are being billed by adjacent utilities. These so-called "borderline customers" are customers served under a FERC tariff which requires an adjacent utility to serve its neighbors' customers when it is not practical to build facilities to serve those borderline customers from their own facilities. The borderline customers

served from the Granite State system being billed by MECo results in approximately 1.2 million kWh per year of energy that is not reported by Granite State. This under-reporting reduces the total retail load and results in a small increase in the total distribution loss factor. Granite State and MECo are in the process of putting in place borderline service agreements.

f. Residual Losses

Residual Losses are inherent on an electric system and include unmetered load, transformer losses, faults, system configuration changes, meter read timing, where meter reads and billing cycles do not match up with loss data, energy theft, and street lighting. Exhibit 7 illustrates the residual loss factors of MECo in the Northeastern Massachusetts (NEMA) and West Central Massachusetts (WCMA) load zones compared to the Granite State load zone. These values range from approximately +4% to a negative 3% and appear to cycle up and down depending on the load cycle. This does not appear to be a major contributing factor to default service losses in New Hampshire because the Granite State Residuals are very similar to MECo's NEMA and WCMA Load Zones.

g. Supplier Load Estimation process

The supplier load estimation process aggregates all hourly customer load to a supplier level and reports the supplier's load obligation to the supplier and the ISO for hourly market settlement. This process is currently performed for Granite State by National Grid under the Amended and Restated Transition Services Agreement. National Grid uses a software application called PULSE to perform this calculation and reporting function. Granite State is in the process of selecting a software package that it will use to perform this function. The data (hourly loads for each customer) will be similar to but not identical for each software application. Granite State will compare PULSE data to the selected system by having the two run in parallel to examine the data for any significant differences. At this time, it is too early to tell how much this will affect default service losses.

h. New Granite State Meter Domain

As a result of the sale of Granite State, the wholesale meter reading responsibility for the Granite State system will stay with NEP. Liberty Utilities, NEP and the ISO New England have identified the new metering points require for market settlement with the ISO New England. The new metering points will establish the new GSE meter domain by monitoring all substations where energy flows from NEP to GSE, all generators inside the GSE meter domain and all ties to adjacent meter domains. This change will move the meter locations to more accurately measure the total wholesale load delivered to Granite State customers. The details required to establish the new meter domain have been identified by Granite State, NEP and ISO-NE. The systems required for data collection and settlement implementation are not expected to be completed until the fall of 2013.

4. Conclusion

This detailed investigation of the losses on the Granite State system focused on both the transmission system and the distribution system and identified what causes losses and why losses on one system can vary from another. The investigation confirmed loss values are not out of line when compared to another New Hampshire utility but confirmed loss values were moderately higher when compared to adjacent load zones in Massachusetts.

The investigation into transmission system losses focused on the NEP New Hampshire load zone and changes that will result from the sale of Granite State to Liberty Utilities. Granite State working with NEP and the ISO New England has developed a new meter domain. The new meter domain will change the delivery points to locations where energy flows from NEP's system into Granite State's system. This metering change has the potential to decrease the overall wholesale load delivered into the Granite State load zone and possibly decreasing the total losses to Granite State's customers. Granite State will apprise the Commission of its progress regarding these changes. Three additional meters and the associated metering equipment will be installed to improve the accuracy of the total wholesale load reported to serve Granite State's customers.

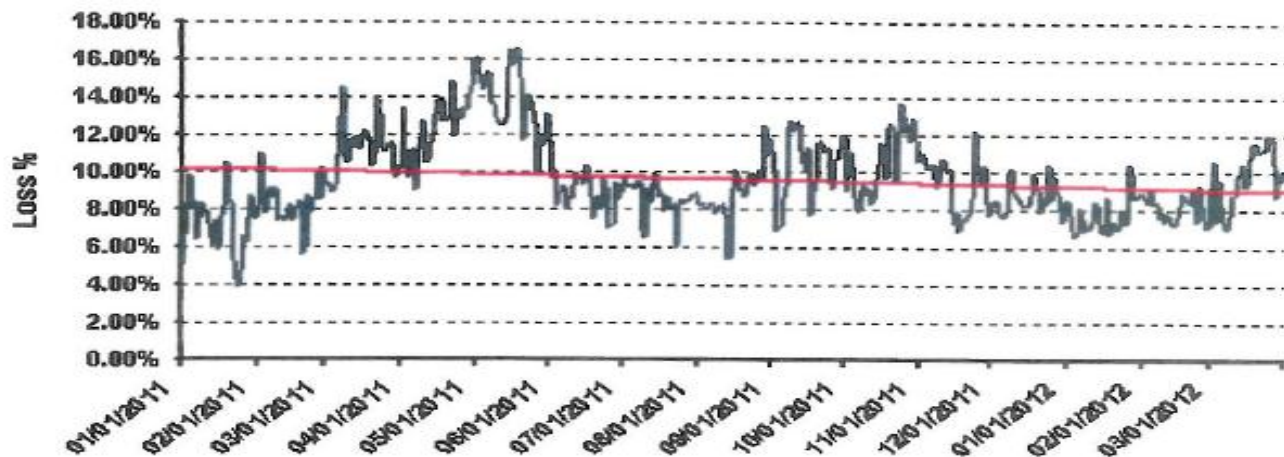
The investigation into distribution losses focused on residual losses, borderline customers and a comparison of total distribution system losses with surrounding utilities. Residual losses appeared to be in line with neighboring Massachusetts customers. It is expected that changes to the way borderline customers are reported will increase the total Granite State retail load and may reduce the overall distribution losses to Granite State's customers. By accounting for these borderline sales, it is expected that there will be an increase in electric sales of approximately 1.2 million kilowatt hours per year for Granite State may reduce the distribution losses to all customer groups.

EXHIBIT 1

GSEC Small Customer Group Energy (Default)				GSEC Large Customer Group Energy (Default)			
Service Loads (kWh/h)				Service Loads (kWh/h)			
Final Total Reported Values				Final Total Reported Values			
Month	Including Losses (kWh)	Excluding Losses (kWh)	Loss Factor	Month	Including Losses (kWh)	Excluding Losses (kWh)	Loss Factor
Jan-11	41,368,844	38,610,526	107.14%	Jan-11	20,131,385	19,067,436	105.58%
Feb-11	35,961,155	33,209,029	108.29%	Feb-11	18,301,257	17,159,335	106.65%
Mar-11	36,827,599	33,129,044	111.16%	Mar-11	19,249,924	17,573,263	109.54%
Apr-11	31,661,093	28,177,233	112.36%	Apr-11	18,089,188	16,345,402	110.67%
May-11	31,504,271	27,718,669	113.66%	May-11	19,900,581	17,780,975	111.92%
Jun-11	33,088,014	30,397,266	108.85%	Jun-11	20,251,278	18,879,677	107.26%
Jul-11	41,417,148	38,156,497	108.55%	Jul-11	22,684,274	21,208,515	106.96%
Aug-11	37,973,821	34,868,884	108.90%	Aug-11	22,153,561	20,646,427	107.30%
Sep-11	32,028,232	29,028,347	110.33%	Sep-11	20,156,007	18,526,287	108.80%
Oct-11	31,590,332	28,558,813	110.62%	Oct-11	18,343,874	16,838,772	108.94%
Nov-11	32,373,589	29,607,335	109.34%	Nov-11	17,853,019	16,592,511	107.60%
Dec-11	38,165,654	35,127,417	108.65%	Dec-11	18,246,594	17,036,454	107.10%
Jan-12	40,120,057	37,247,278	107.71%	Jan-12	17,962,347	16,915,337	106.19%
Feb-12	34,610,796	32,006,051	108.14%	Feb-12	16,724,082	15,684,877	106.63%
Mar-12	33,496,637	30,524,352	109.74%	Mar-12	16,885,776	15,601,057	108.23%
Apr-12	30,478,637	27,745,613	109.85%	Apr-12	16,011,068	14,792,833	108.24%
May-12	30,564,631	27,663,915	110.49%	May-12	17,369,178	15,954,645	108.87%

EXHIBIT 2

**Granite State Electric Company
Small Default Service Customer
Losses**



**Granite State Electric Company
Large Default Service Customer
Losses**

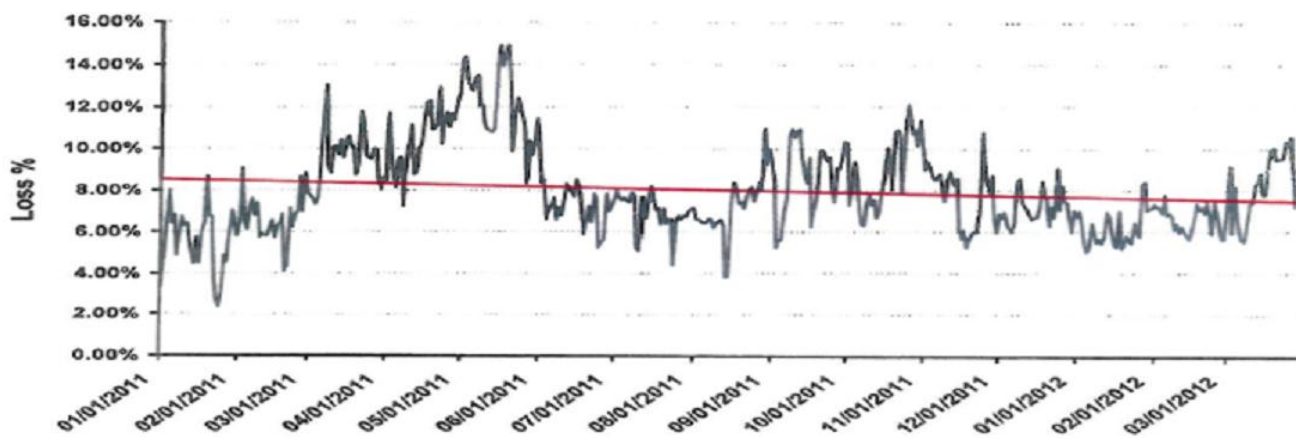


EXHIBIT 3

Granite State SCG & LCG vs. NEMA SCG & LCG

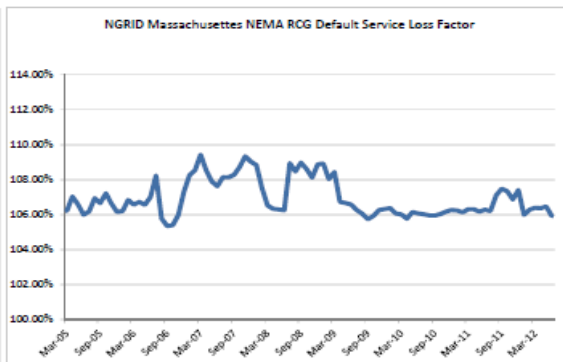
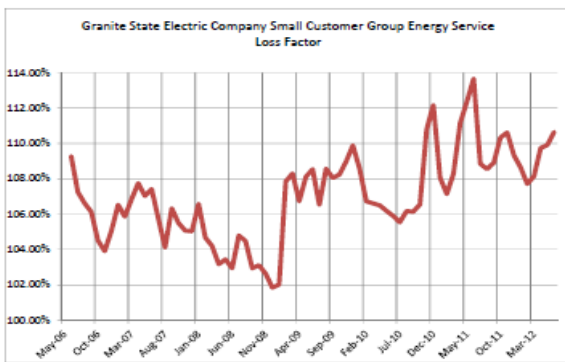
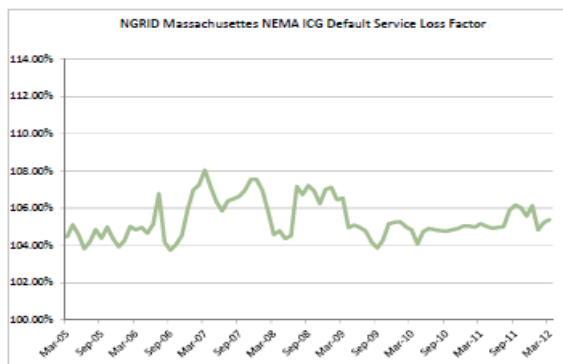
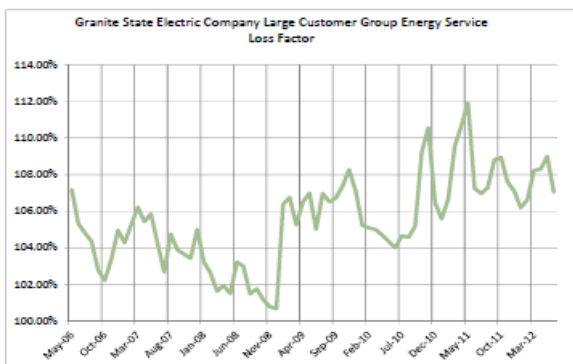


EXHIBIT 4

Liberty Utilities (GSE) Meter Domain

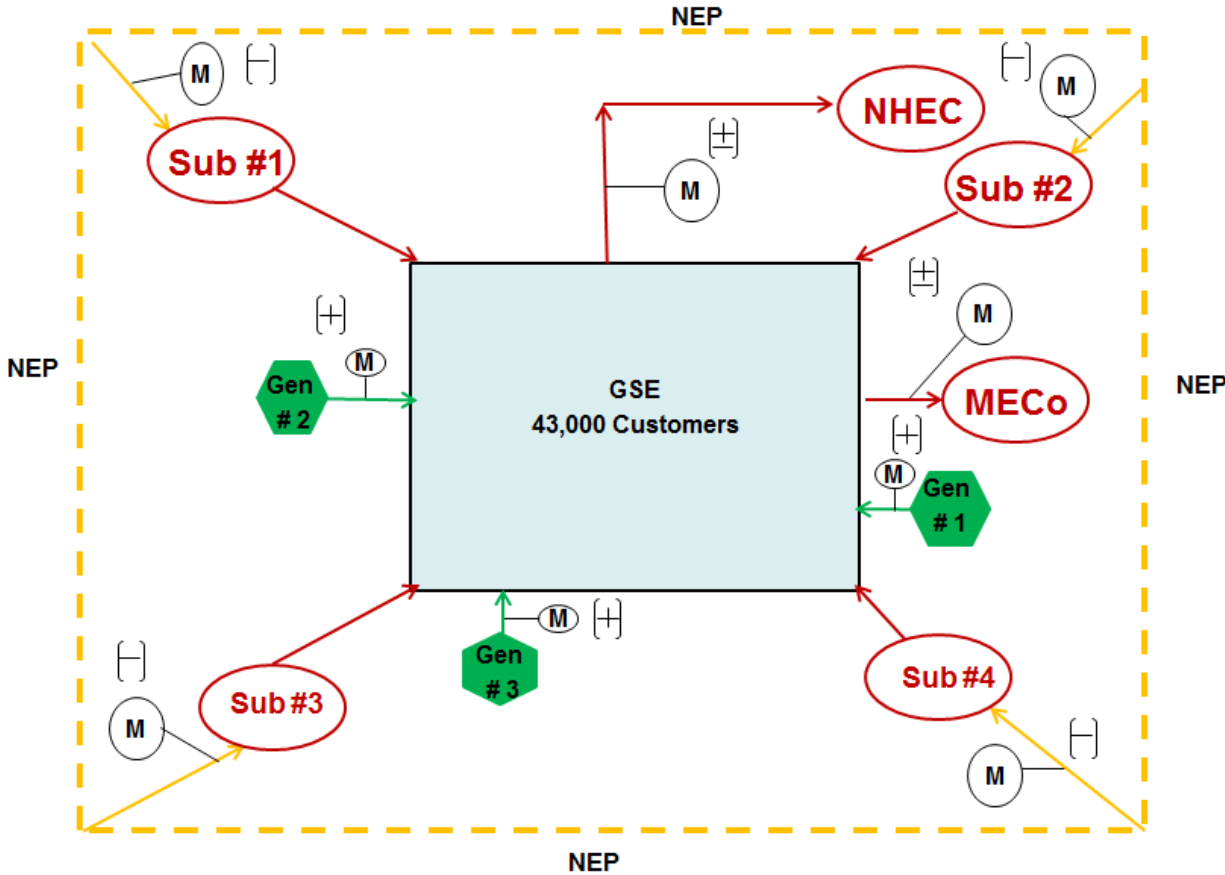


EXHIBIT 5

National Grid (NEP) Meter Domain

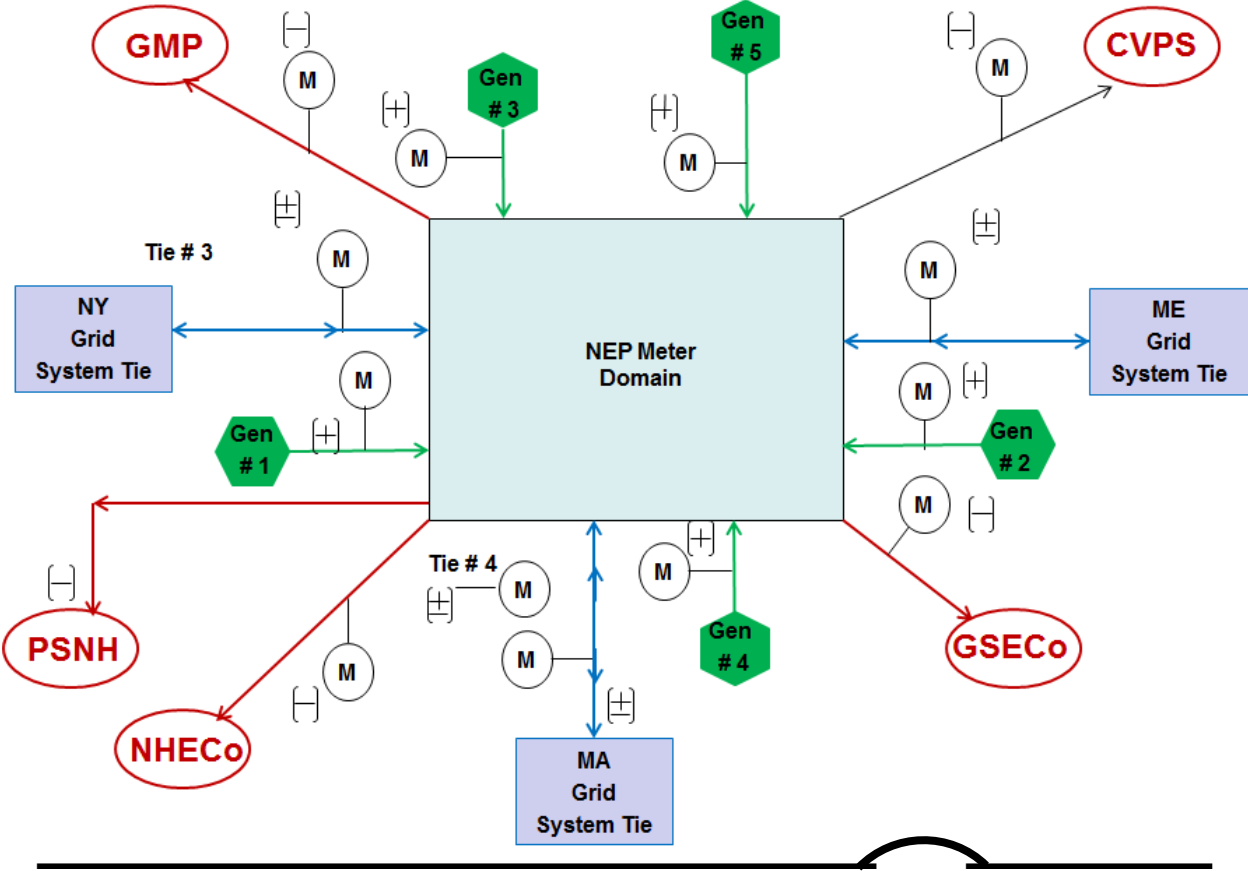


EXHIBIT 6

**Comparison of GSE Default Service Loss Factor to
NGRID-MA Default Service Loss Factor**

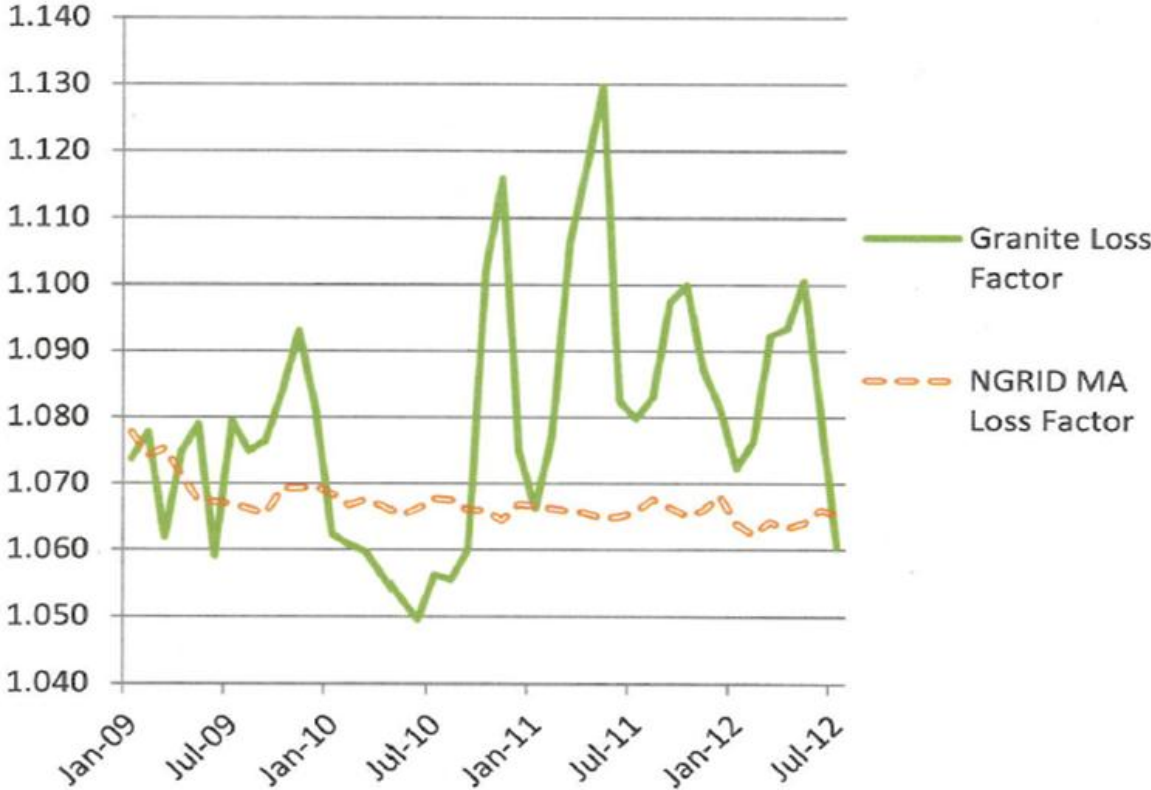


EXHIBIT 7

