



May 12, 2014

Hon. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

RE: Liberty Utilities (Granite State Electric) Corp. and Massachusetts Electric Company d/b/a National Grid Provision of Electric Services Cost Adjustment and Settlement Agreement Under Borderline Sales Tariff, Docket No. ER11-2894-___

Dear Secretary Bose:

Pursuant to Rule 207 of the Federal Energy Regulatory Commission's ("Commission's") Rules of Practice and Procedure, 18 C.F.R. § 385.207, Liberty Utilities (Granite State Electric) Corp. ("GSEC" or "Granite State") hereby petitions the Commission for approval of the attached Provision of Electric Services Cost Adjustment and Settlement Agreement ("Settlement Agreement") between GSEC and Massachusetts Electric Company d/b/a National Grid ("MECO") dated April 11, 2014.

GSEC respectfully requests that the Commission approve the Settlement Agreement without condition or modification expeditiously so that the terms of the Settlement Agreement can be implemented and the issues between the parties concerning billing for services provided by GSEC can be resolved. In support of this Petition for approval of the Settlement Agreement, GSEC submits the following explanation.

Background

GSEC owns a distribution system in New Hampshire. It is engaged in the purchase, distribution and sale of electric energy at retail and provides service to approximately 43,000 customers in 21 communities in southern New Hampshire and covers approximately 810 square miles. Granite State's distribution system consists of approximately 1,100 miles of distribution lines and 15 substations. Granite State is subject to the retail rate jurisdiction of the New Hampshire Public Utilities Commission ("NH PUC"). Granite State has market-based rate authority¹ and has a Borderline Sales Tariff on file with the Commission, designated as

¹ *Granite State Electric Company*, Docket No. ER10-2682, Letter Order dated November 17, 2010.



Borderline Sales Tariff, FERC Electric Tariff Volume No. 2 (“Borderline Sales Tariff”).² It is an issue related to borderline services provided by GSEC to MECO that is the subject of this Settlement Agreement.

On July 3, 2012, Liberty Energy Utilities (New Hampshire) Corp. acquired Granite State from National Grid USA.³ In connection with a NH PUC investigation into variability in line loss, GSEC’s new management discovered that GSEC had not been collecting charges associated with borderline sales provided by GSEC to MECO pursuant to GSEC’s Borderline Sales Tariff. GSEC moved to correct this billing error. It tendered to MECO a borderline sales service agreement in accordance with its Borderline Sales Tariff, which MECO executed effective October 1, 2012 (“Borderline Sales Agreement”). Then GSEC sought to collect amounts not billed for services provided from effective date of the Borderline Sales Tariff to the effective date of the Borderline Sales Agreement. On April 11, 2014, GSEC and MECO executed the Settlement Agreement that resolves all outstanding billing issues up to the effective date of the Borderline Sales Agreement between the GSEC and MECO.

Terms of the Settlement Agreement

Under the terms of the Settlement Agreement, MECO will make two payments to GSEC. The initial payment will be an amount of \$716,722 plus interest (“Initial Payment”). The second payment will be an amount of \$125,000 (“Final Payment”). The Initial and Final Payments fully resolve the dispute and represent payment for borderline services provided by GSEC to MECO during the Service Period. GSEC agrees that the Initial Payment made by MECO will be credited to GSEC’s retail customers and shall not be used for any other purposes, or allocated or re-distributed in any other manner.

Under the terms of the Settlement Agreement, the parties agreed that the Settlement Agreement would be filed with the Commission for approval. The Settlement Agreement may be terminated by either party if the Commission takes any action that requires a modification of the Settlement Agreement that is not consistent with the terms that the parties agreed to. Upon payment by MECO, GSEC releases MECO from liability associated with use of GSEC’s distribution facilities. GSEC also agrees not to sue MECO in connection with MECO’s prior use of GSEC’s distribution facilities.

Basis for Approval of the Settlement Agreement

The Commission encourages parties to resolve disputes amicably, and has approved settlements that are reached prior to making a filing in the form of a Complaint or other rate

² See *Granite State Electric Company*, Docket No. ER11-2894, Letter Order dated March 31, 2011. GSEC’s Borderline Sales Agreement was accepted effective June 30, 2006 in Docket No. ER06-929-000 by Letter Order dated June 27, 2006.

³ The Commission authorized the transaction. *Granite State Electric Co.*, 136 FERC ¶ 62,019 (2011).



filing. See, e.g., *Dominion Transmission, Inc.*, 111 FERC ¶ 61,285 at P. 30 (2005). The Commission has approved such settlements expeditiously and without modification. *Great Lakes Gas Transmission LP*, 145 FERC ¶ 61,126 (2013).

GSEC respectfully requests that the Commission approve this Settlement Agreement as soon as possible. GSEC requests that the Commission grant any waivers of its regulations or policies necessary for the parties to implement the Settlement Agreement effective April 11, 2014. GSEC is authorized by MECO to state that MECO supports these requests.

Certificate of Service and Service

A copy of this filing is being served on MECO and on both the Massachusetts Department of Public Utilities and New Hampshire Public Utilities Commission.

GSEC and MECO request that all correspondence and communications be served on the following:

For GSEC:

Shannon P. Coleman
Liberty Utilities (Granite State Electric) Corp
2845 Bristol Circle
Oakville, Ontario L6H 7H7
905-465-4462
Shannon.coleman@libertyutilities.com

Elizabeth W. Whittle
Nixon Peabody LLP
401 Ninth Street, N.W. Suite 900
Washington, DC 20004
202-585-8338
ewhittle@nixonpeabody.com

For MECO:

Daniel Galaburda
National Grid
40 Sylvan Road
Waltham, MA 02451-1120
781-907-1847
daniel.galaburda@nationalgrid.com

Sean Atkins
Alston & Bird LLP
The Atlantic Building
950 F Street, NW
Washington, DC 20004-1404
202-239-3072
sean.atkins@alston.com



Please contact me at 905-465-4462 if you have any questions with respect to this filing.

Respectfully submitted,

Shannon P. Coleman

Shannon P. Coleman
Attorney for Liberty Utilities
(Granite State Electric) Corp.

ATTACHMENT

Provision of Electric Services Cost Adjustment and
Settlement Agreement

PROVISION OF ELECTRIC SERVICES
COST ADJUSTMENT AND SETTLEMENT AGREEMENT

This Provision of Electric Services Cost Adjustment and Settlement Agreement (“Agreement”) dated as of April 11, 2014 (“Effective Date”) is entered into by and between Liberty Utilities (Granite State Electric) Corp. (“GSEC”), formerly known as Granite State Electric Company, a New Hampshire corporation having a place of business at 11 Northeastern Boulevard, Salem, NH 03079, and Massachusetts Electric Company d/b/a National Grid (“MECO”), having a principal place of business at 40 Sylvan Road, Waltham, MA 02451 (GSEC and MECO shall be referred to hereinafter collectively as the “Parties” and individually as a “Party”).

Whereas, MECO customers residing near the New Hampshire border in Methuen, Massachusetts on or near Hampshire Road (“Customers”) have received electric service from MECO that was procured by GSEC and delivered over distribution facilities and equipment owned, controlled, and/or operated by GSEC (the “Distribution Facilities”) for a period of time commencing on or before 2003 through the present date (“Electric Service”);

Whereas, the Parties entered into a borderline sales service agreement (“Borderline Sales Agreement”) with respect to Electric Service to the Customers effective as of October 1, 2012 (“Effective Date of the Borderline Sales Agreement”);

Whereas, MECO and GSEC both desire to enter into this Agreement to memorialize their understanding and agreement with respect to an adjusted payment to be made directly from MECO to GSEC covering costs associated with the provision of Electric Service to the Customers prior to the Effective Date of the Borderline Sales Agreement (“Service Period”), a portion of which was associated with commodity service and provided beyond the period defined through the settlement process of ISO New England.

Now therefore, in consideration of the mutual representations, covenants, and agreements hereinafter set forth, and intending to be legally bound hereby, the Parties hereto covenant and agree as follows.

1. Service Payment. MECO shall pay to GSEC an amount equal to \$841,722.00 dollars plus the Initial Payment Interest (defined below) for the provision of Electric Service to the Customers during the Service Period (hereinafter referred to as the “Service Payment”), in accordance with and pursuant to the payment schedule set forth below.

a. Initial Payment. Within 15 business days of the Effective Date of this Agreement, MECO shall pay to GSEC an amount equal to \$716,722.00 dollars plus the Initial Payment Interest, hereinafter defined (“Initial Payment”). The amount stated above includes interest at the prime rate reported in the Wall Street Journal on the first business day of the month preceding the beginning of each calendar quarter as is determined pursuant to N.H. Code Admin. Rules Puc 1203.03(1)(3) (“Prime Rate”) through December 31, 2013. The “Initial Payment Interest” shall be equal to interest at

the Prime Rate calculated on \$716,722.00 from January 1, 2014 through the date such payment is made by MECO.

b. Payment Upon Receipt of FERC Approval. Within 15 business days of GSEC's written notice to MECO that FERC Approval (hereinafter defined) has been granted (with evidence of such approval), provided this Agreement has not been terminated by either Party in accordance with Section 3, MECO shall pay to GSEC an amount equal to \$125,000.00.

Both Parties understand and agree that the Service Payment is being made directly from MECO to GSEC as the sole and exclusive settlement process for the costs associated with the provision of Electric Service to the Customers during the Service Period. MECO's payment to GSEC is made in good faith and with the spirit and intent that GSEC customers should not bear the cost of electric service used and consumed by Massachusetts' residents. This payment shall not be construed as any admission of liability for such payments. This payment shall represent a full settlement and reconciliation of any and all amounts due to GSEC for all costs, fees, interest, charges, and liabilities related to the Electric Service during the Service Period.

2. Allocation of Initial Payment. GSEC covenants and agrees that the Initial Payment made by MECO under Section 1.a. of this Agreement will be credited entirely to GSEC customers, and shall not be used for any other purposes, or allocated or re-distributed in any other manner. The provisions of this Section shall survive any termination of the Agreement.

3. Federal Energy Regulatory Commission. GSEC shall file this Agreement with the Federal Energy Regulatory Commission ("FERC") as a Settlement Agreement to resolve a billing error for the provision of borderline services under GSEC's FERC borderline tariff and shall obtain FERC acceptance or approval of this Agreement ("FERC Approval"). The Parties covenant and agree to cooperate with one another, to use their best efforts, and to take and perform all actions reasonably necessary to obtain FERC Approval, including participating in pre-filing meetings. Prior to making any filings with FERC, the Party making the filing shall provide the other Party with a reasonable opportunity to review and comment on, and request revisions to, such filing. No Party shall make any Initial Filings with FERC with respect to this Agreement without the other Party's prior approval, which approval shall not be unreasonably withheld, conditioned, or delayed. "Initial Filings" shall be defined to mean GSEC's filing of the Settlement Agreement and MECO's comments in support of such filing. Neither Party shall (i) take any action that may tend to delay, hinder, or prevent the FERC Approval process, or (ii) petition FERC for, support, or otherwise consent to, any revision or modification to this Agreement unless such revision or modification is satisfactory to both Parties. Each Party shall bear its own costs, fees, and expenses incurred to comply with this provision.

This Agreement may be terminated by either Party by written notice to the other Party if FERC takes any action that requires any modification to this Agreement that is not consistent with the terms and conditions agreed upon herein by the Parties (including any reallocation of costs). In the event this Agreement is terminated by either Party in accordance with this provision, the Parties covenant and agree to negotiate in good faith to resolve any remaining

dispute with respect to the subject matter of this Agreement, and this covenant between the Parties shall survive the termination of this Agreement.

4. Release. GSEC, for itself, its agents, servants, employees, officers, directors, attorneys, parent company, affiliates, subsidiaries, successors and assigns (collectively "GSEC Parties"), upon MECO's payment of the Initial Payment under paragraph 1.a. of this Agreement, hereby remises, releases and forever discharges MECO, its agents, servants, employees, officers, directors, attorneys, parent companies, affiliates, subsidiaries, successors and assigns (collectively "MECO Parties"), of, from, and against all costs, fees, debts, demands, actions, causes of action, suits, accounts, covenants, contracts, agreements, damages, and any and all claims, demands and liabilities whatsoever of every name and nature, both in law and in equity, whether known or unknown, which against MECO and/or MECO Parties, GSEC and/or GSEC Parties now have, ever had, or may come to have arising out of or relating to the use of the Distribution Facilities including, without limitation, for the Electric Service to the Customers, during the Service Period. Notwithstanding the foregoing, unless and until payment under paragraph 1.b of this Agreement is made by MECO, this release shall not cover base distribution charges for MECO's use of the Distribution Facilities during the Service Period to provide Electric Service to the Customers. The provisions of this Section shall survive any termination of this Agreement.

5. Covenant Not To Sue. GSEC, for itself and on behalf of the GSEC Parties, upon MECO's payment of the Initial Payment under paragraph 1.a. of this Agreement, covenants not to sue and agrees that GSEC and the GSEC Parties shall not, at any time hereafter, either directly or indirectly, initiate, assign, maintain or prosecute, or in any way knowingly aid, participate, or assist in the initiation, maintenance or prosecution of any claim, demand or cause of action at law or otherwise, against MECO or the MECO Parties, related to or in any way connected with the use of the Distribution Facilities including, without limitation, for the Electric Service to the Customers, during the Service Period. Notwithstanding the foregoing, unless and until payment under paragraph 1.b of this Agreement is made by MECO, this covenant not to sue shall not cover base distribution charges for MECO's use of the Distribution Facilities during the Service Period to provide Electric Service to the Customers. The provisions of this Section shall survive any termination of this Agreement.

6. Entire Agreement. This Agreement constitutes the entire Agreement and understanding between the Parties. No representation, promise, understanding or agreement of any kind whatsoever regarding the matters referenced herein that is not set forth in this Agreement shall be valid, binding, or enforceable. All prior negotiations between or among the Parties or their agents are merged into this Agreement, which supersedes all prior agreements, promises, covenants, arrangements, representations or warranties, whether oral or written, between the Parties, relating to the Electric Service during the Service Period, whether addressed herein or otherwise.

7. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts (regardless of the laws that might otherwise govern under applicable principles of conflicts of law) as to all matters, including matters of validity, construction, effect, performance, and remedies.

8. Interpretation and 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 that it is the result of joint discussion and negotiation.

9. Counterparts and Binding Nature of Agreement. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement shall be binding upon and inure solely to the benefit of the Parties hereto and their respective successors. This Agreement may not be assigned in whole or in part.

10. Modifications. No supplement, modification, change, or waiver of this Agreement or any provision thereof shall be binding unless executed in writing by an authorized representative of the Parties to be bound thereby.

11. Notice. Any written notice, demand, or request required or authorized in connection with this Agreement shall be deemed properly given on the date actually delivered in person, or three (3) business days after being sent by certified mail, postage prepaid and return receipt requested, to the Parties at their respective address listed above Attn. Alexandra Blackmore, Assistant General Counsel & Director, for MECO, and Attn. Sarah Knowlton, Assistant General Counsel, Liberty Energy Utilities (New Hampshire) Corp. for GSEC.

12. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or applications so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party.

Each person executing this Agreement represents that he or she is duly authorized to do so by the Party on whose behalf he or she has signed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized officials as of the date first written above.

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.

By: _____

Its:

Duly Authorized President

MASSACHUSETTS ELECTRIC COMPANY

By: Mary Reed

Its: President

Duly Authorized

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective authorized officials as of the date first written above.

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.

By: Richard A. Luber SBL
Its: _____

Duly Authorized President

MASSACHUSETTS ELECTRIC COMPANY

By: _____

Its: _____
Duly Authorized

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Liberty Utilities (Granite State Electric)) Docket No. ER14-1957-000
Corp. and Massachusetts Electric)
Company d/b/a National Grid)

**MOTION TO INTERVENE AND SUPPORTING COMMENTS
OF MASSACHUSETTS ELECTRIC COMPANY**

Pursuant to Rules 212 and 214 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.214, and the Commission’s May 14, 2014, Notice of Filing in this proceeding, Massachusetts Electric Company d/b/a National Grid (“MECO”) moves to intervene and provide its comments in the proceeding. As discussed below, MECO fully supports the submittal by Liberty Utilities (Granite State Electric) Corp. (“GSEC”) on May 12, 2014, of the Provision of Electric Services Cost Adjustment and Settlement Agreement (“Settlement Agreement”) between MECO and GSEC. MECO respectfully requests that the Commission approve the Settlement Agreement expeditiously, without condition or modification.

I. Motion to Intervene

MECO is an electric utility subsidiary of National Grid USA, a registered public utility holding company with electric utility subsidiaries operating in Massachusetts, Rhode Island, Vermont, and New York. MECO operates in Massachusetts as an electric distribution company.

MECO is a party to the Settlement Agreement. MECO has a direct and substantial interest in this proceeding that cannot be adequately represented by any other

party. Accordingly, MECO requests that the Commission permit it to intervene in this proceeding with full rights to participate as a party.¹

II. Comments

MECO supports the Settlement Agreement submitted by GSEC on May 12. As stated in section 3 of the agreement, the Settlement Agreement resolves a billing error for the provision of borderline services under GSEC's FERC borderline tariff. The Settlement Agreement fully resolves outstanding billing issues between MECO and GSEC up to the October 2012 effective date of the borderline sales service agreement between MECO and GSEC. The Settlement Agreement resolves these issues in a fair and reasonable manner. MECO respectfully requests that the Commission approve the Settlement Agreement expeditiously, without condition or modification, in order to permit the terms of the Settlement Agreement to be implemented.

III. Communications

Please place the names of the following persons on the official service list established by the Secretary in this proceeding:

Daniel Galaburda
National Grid
40 Sylvan Road
Waltham, MA 02451
(781) 907-1847

daniel.galaburda@nationalgrid.com

Sean Atkins
Alston & Bird LLP
The Atlantic Building
950 F Street, NW
Washington, DC 20004
(202) 756-3300

sean.atkins@alston.com

¹ MECO notes that the Commission's May 14, 2014, Notice of Filing in this proceeding listed MECO as a co-applicant in the May 12 filing. The May 12 filing was submitted by GSEC counsel after review by MECO and with the full support of MECO. MECO seeks leave to intervene in this proceeding only to the extent the May 12 filing did not already afford MECO party status in this proceeding.

IV. Conclusion

For the reasons stated above, MECO respectfully requests that its motion to intervene and for full party status be granted, and that the Commission approve the Settlement Agreement filed by GSEC on May 12, 2014.

Respectfully submitted,

/s/ Daniel Galaburda
Daniel Galaburda
National Grid USA
Service Company, Inc.
40 Sylvan Road
Waltham, MA 02451

Dated: May 22, 2014

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Washington, DC, this 22nd day of May, 2014.

/s/ Bradley R. Miliauskas
Bradley R. Miliauskas

FIRST AMENDMENT TO METERING & SETTLEMENT AGREEMENT

Dated as of [APRIL 9], 2014 (the "Amendment Effective Date")

Reference is made to that certain Metering & Settlement Agreement dated as of July 3, 2012 between New England Power Company and Granite State Electric Company¹ (the "Agreement"). Unless otherwise defined herein, all capitalized terms in this First Amendment to Metering & Settlement Agreement ("First Amendment") shall have the meanings set forth in the Agreement.

WHEREAS, the Parties have mutually determined that primary metering on the 8L2 to back up the 8L1, as presently contemplated by the Agreement, will not be required ;

NOW, THEREFORE, in consideration of the promises and mutual agreements contained herein and of other consideration, the receipt and sufficiency of which are hereby acknowledged, each of the Parties agrees to amend the Agreement as follows:

1. Section 4.1 of Article IV of the Agreement is hereby deleted and replaced in its entirety with the following:

"4.1 Additional Metering. Within twenty-four (24) months after the Closing Date, or such other time period mutually agreed to by the Parties, NEP will install, own and maintain at its sole cost and expense, metering equipment at the following locations, and such other additional locations mutually agreed to by the Parties:

(a) Primary metering at state line on Ayers Village Rd (in connection with the distribution tie with Massachusetts Electric Company); and

(b) 74L5 Liberty St Salem to Haverhill (in connection with the distribution tie with Massachusetts Electric Company)."

2. New England Power Company's address for the delivery of notices, requests, demands and other communication under this Agreement pursuant to Section 5 of Article V shall be:

New England Power Company
40 Sylvan Road
Waltham, MA 02451
Attention: Bill Malee,
Director Transmission Commercial Services

¹ On January 14, 2014, Granite State Electric Company changed its name to Liberty Utilities (Granite State Electric) Corp.

Liberty Utilities (Granite State Electric) Corp.'s address for the delivery of notices, requests, demands and other communication under this Agreement pursuant to Section 5 of Article V shall be:

WFS *15*
(cd) Liberty Utilities (Granite State Electric) Corp.
9 Buttrick Road
Londonderry, NH 03053
Attention: Carmine Luongo
Manager, Load Data Services

Except as specifically amended above, the Agreement shall remain in full force and effect in accordance with its terms, is hereby ratified and confirmed, and shall govern the rights and obligations of the Parties.

This First Amendment is for the use and benefit of the Parties only, and not for the use and benefit of any other person, party, or entity.

This First Amendment may not be amended or modified in any way, and none of its provisions may be waived, except by a writing signed by an authorized representative of the Party against whom the amendment, modification or waiver is sought to be enforced.

To the extent that any provision of this First Amendment shall be held to be invalid, illegal or unenforceable, it shall be modified so as to give as much effect to the original intent of such provision as is consistent with applicable law and without affecting the validity, legality or enforceability of the remaining provisions of this First Amendment.

This First Amendment may be executed in one or more counterparts, each of which will be deemed to be an original copy of this First Amendment, and all of which, when taken together, shall constitute one and the same agreement. The exchange of copies of this First Amendment and of signature pages by facsimile or other electronic transmission (including, without limitation, exchange of PDFs by electronic mail) shall constitute effective execution and delivery of this First Amendment as to the Parties hereto and may be used in lieu of the original First Amendment for all purposes.

[Signatures are on following page.]

IN WITNESS WHEREOF, the Parties have caused this First Amendment to be executed on their behalf by their respective duly authorized signatories as of the Amendment Effective Date.

NEW ENGLAND POWER COMPANY

By: William L. Maler
Name: William L. Maler
Title: Director, Transmission Commercial

ELECTRIC) CORP.

By: William T. Sherry
Name: William T. Sherry
Title: Vice President, Customer Care