

GRANITE STATE ELECTRIC COMPANY  
DEFAULT SERVICE COST RECLASSIFICATION ADJUSTMENT PROVISION

The prices for Distribution Service and Default Service contained in all the tariffs of the Company are subject to adjustment to reflect the reclassification of cost recovery of those costs incurred by the Company in providing Default Service which are included in the Company's Distribution rates and which are reflected in the reconciliation of Default Service and recovered through the Default Service Adjustment Factor to Default Service rates, in order to more appropriately reflect the price of providing Default Service.

The adjustments to the Company's Distribution Energy charges are as follows:

Credit to  
Distribution Charges

Rate D	(0.017¢) per kWh
Rate D-10	(0.008¢) per kWh
Rate G-1	n/a
Rate G-2	n/a
Rate G-3	(0.017¢) per kWh
Rate M	n/a
Rate T	(0.007¢) per kWh
Rate V	(0.009¢) per kWh

The credit to the Company's distribution charges shall not be subject to reconciliation.

The adjustments to the Company's Default Service charges as follows:

Surcharge to  
Default Service

Residential & Small C&I	0.078¢ per kWh
Medium and Large C&I	0.101¢ per kWh

The adjustments shall be known as the Default Service Cost Reclassification Adjustment Factor.

On an annual basis, the Company shall reconcile the actual administrative cost incurred in providing Default Service to the revenue generated by the above surcharges included in Default Service rates. Any excess or deficiency, including interest at the interest rate paid on customer deposits, shall be used to adjust the subsequent year's surcharges on a per kilowatt-hour basis.

In addition, the Company shall annually establish the surcharges above based on an estimate of the administrative costs in providing Default Service for the upcoming year.

For purposes of the above reclassification, the administrative costs associated with providing Default Service and subject to reclassification pursuant to this provision shall reflect the costs associated with Default Service as defined by the settlement agreement in Docket DE 05-126.

Issued: April 14, 2011

Issued by: /s/ Thomas B. King

Effective: May 1, 2011

Title: Thomas B. King  
President

(Issued in Compliance with Order No. 25,207 in Docket No. DE 11-016 dated March 22, 2011)