

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

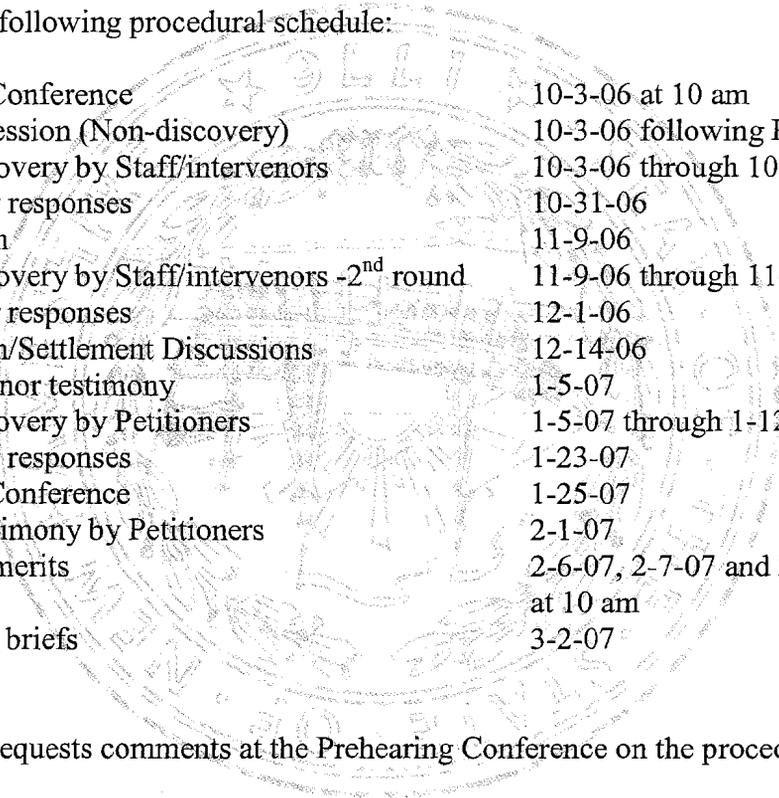
DG 06-107

ORDER OF NOTICE

On August 10, 2006, National Grid plc, its subsidiary National Grid USA (together, Grid) and EnergyNorth Natural Gas, Inc. d/b/a KeySpan Energy New England (KeySpan) jointly filed a petition with the New Hampshire Public Utilities Commission seeking approval pursuant to RSA 369:8 and RSA 374:33 of a merger transaction that would result in KeySpan becoming a wholly owned indirect subsidiary of Grid. KeySpan serves approximately 82,000 gas customers in New Hampshire. Grid serves approximately 41,000 electric customers in New Hampshire through its subsidiary Granite State Electric Company d/b/a National Grid.

The petition seeks certain additional regulatory approvals: (1) authority for Grid subsidiaries Granite State Electric Company, New England Power Company, New England Hydro-Transmission Corporation (NH Hydro) and New England Electric Transmission System to participate in a "money pool" through which KeySpan affiliates loan and borrow money among each other; (2) permission to consolidate the service companies of Grid and KeySpan and adopt KeySpan's formula for allocating certain service company costs to retail customers; and (3) a change in KeySpan's fiscal year. Also requested are the Commission's approval of a plan for potentially reflecting in rates, at the time of KeySpan's next rate proceeding, certain cost savings achieved as the result of the merger. The plan includes a proposal to defer and amortize the costs of the transaction over twenty years. Finally, the petition seeks authority for KeySpan to pay dividends from its unappropriated retained earnings, unappropriated distributed earnings and accumulated comprehensive income just prior to the close of the transaction.

After an initial review of the filing, the Commission has determined, pursuant to RSA 369:8, II(b)(4), to extend the time for making its preliminary determination of adverse effects on rates, terms, service or operation of the public utility in the state. The petitioners' filing contains a proposed schedule that the Commission interprets as a waiver of any right the petitioners enjoy pursuant to RSA 369:8, II(b) to a decision within 60 days of the petition. Commission Staff has recommended the following procedural schedule:



Prehearing Conference	10-3-06 at 10 am
Technical Session (Non-discovery)	10-3-06 following PHC
Rolling discovery by Staff/intervenors	10-3-06 through 10-17-06
Deadline for responses	10-31-06
Tech Session	11-9-06
Rolling discovery by Staff/intervenors -2 nd round	11-9-06 through 11-17-06
Deadline for responses	12-1-06
Tech Session/Settlement Discussions	12-14-06
Staff/intervenor testimony	1-5-07
Rolling discovery by Petitioners	1-5-07 through 1-12-07
Deadline for responses	1-23-07
Settlement Conference	1-25-07
Rebuttal testimony by Petitioners	2-1-07
Hearing on merits	2-6-07, 2-7-07 and 2-8-07 at 10 am
Post hearing briefs	3-2-07

The Commission requests comments at the Prehearing Conference on the procedural schedule proposed by Staff.

The filing raises, inter alia, issues related to whether the transaction will have an adverse effect on the rates, terms, service or operation of ENGI and Grid subsidiaries operating in New Hampshire; whether the Transaction is lawful, proper and in the public interest and should be approved; and whether the other regulatory approvals requested by the Joint Petitioners should

be granted. Each party has the right to have an attorney represent them at the party's own expense at the Prehearing Conference and any subsequent hearings.

Based upon the foregoing, it is hereby

ORDERED, that a Prehearing Conference, pursuant to N.H. Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on October 3, 2006 at 10:00 a.m., at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in N.H. Admin. Rule Puc 203.15(c) and (d) shall be considered; and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference, the Joint Petitioners, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition and allow Joint Petitioners to provide any amendments or updates to their filing; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.12, Joint Petitioners shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than September 18, 2006, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before October 3, 2006; and it is

FURTHER ORDERED, that any party seeking to intervene in the proceeding shall submit to the Commission an original and seven copies of a Petition to Intervene with copies sent to the Joint Petitioners and the Office of the Consumer Advocate on or before September 28, 2006, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities

or other substantial interests may be affected by the proceeding, as required by N.H. Admin.

Rule Puc 203.17 and RSA 541-A:32; and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said
Objection on or before October 3, 2006.

By order of the Public Utilities Commission of New Hampshire this twelfth day of
September, 2006.



Debra A. Howland
Executive Director & Secretary

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

