

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DG 10-017

**EnergyNorth Natural Gas, Inc. d/b/a National Grid NH
Distribution Rate Case**

**OFFICE OF THE CONSUMER ADVOCATE'S
RESPONSE TO NATIONAL GRID NH RATE CASE EXPENSE REQUEST**

NOW COMES the New Hampshire Office of the Consumer Advocate ("OCA") and respectfully requests that the New Hampshire Public Utilities Commission ("Commission") deny the rate case expense request as submitted by National Grid NH ("Company") to the Commission's Staff ("Staff") on May 12, 2011 and authorize the recovery of no more than \$365,239.39 without interest. In support of its request for relief, the OCA states the following facts and law:

1. The Commission may only authorize the utility to recover costs associated with this proceeding that are just, reasonable and in the public interest. RSA 365:38-a. The Commission "evaluate[s] requests for recovery of rate case expenses from customers according to the same 'just and reasonable' standard that applies to all rates charged by public utilities pursuant to RSA 378:7." *Re Kearsarge Telephone Company*, 89 NH PUC 541 (2004). Although viewed as a "proper operating expense," *Re Lakes Region Water Company, Inc.*, 75 NH PUC 89, 92 (citation omitted), a utility's rate case expenses, "[i]f unreasonably incurred, if undue in amount . . . may to that extent be reduced." *State v. Hampton Water Works*, 91 NH 278, 296 (1941).

2. The amount proposed by the Company for recovery, \$1,508,508.20,¹ is not just, reasonable or in the public interest. For the following reasons, the Commission should reduce the amount that the Company can recover from ratepayers by at least \$143,268.90:
- a. The total amount proposed by the Company for recovery from customers is 22% of the total permanent rate increase granted by the Commission in this proceeding, which was \$6,809,370.
 - b. The total amount proposed by the Company for recovery from customers is 2.3 times the OCA's actual total budget for FY 2010, \$650,257, and 2 times the OCA's authorized total budget for FY 2011, \$736,573. The OCA spent a total of \$34,892.63 on experts in this case: \$13,226.38 on a decoupling expert, and \$21,666.25 on a cost of service/rate design expert.
 - c. The total amount proposed by the Company for recovery is 3.7 times the amount that Unitil Energy Systems, Inc. seeks to recover as a result of its 2010 rate case, a total of \$406,031, for a commensurate increase in revenues and a similar number of customers.² Public Service Company of NH, which increased its revenue requirement by more than \$40 million as a result of a rate case in 2009, did not seek to recover any rate case expenses from customers.

¹ The OCA's response is based upon the original rate case expense submission, provided to the Commission Staff on May 12, 2011, and not on any revisions that the Company made to the recovery amounts as a result of Staff's discovery or audit.

² The Commission approved an increase to Unitil's permanent distribution revenues, beginning on May 1, 2011, of \$4,991,314. *Re Unitil Energy Systems, Inc.*, Order No. 25,214 (DE 10-055, April 26, 2011). UES has approximately 76,000 customers in New Hampshire, compared to the Company's approximately 86,000 customers.

d. The Company's last rate case, DG 08-009, concluded a little more than two months before the Company filed its 2010 rate case.³ The rates that resulted from the 2008 case were largely the product of a settlement agreement that the Company supported, which was approved by the Commission. *EnergyNorth Natural Gas, Inc. d/b/a National Grid NH*, Order No. 24,973 (May 29, 2009) and Order No. 25,044 (November 13, 2009). For its 2008 rate case, just days before the Company filed its notice of intent for the 2010 rate case, the Commission authorized the Company to recover \$788,416 in rate case expenses from customers. *EnergyNorth Natural Gas, Inc. d/b/a National Grid NH*, Order No. 25,064 (January 14, 2010).

e. The Company did not competitively bid any of its contracts for outside consultants. See Company's Response to Staff 1-2 (Attachment A); and Staff's Final Audit Report dated June 24, 2011, p. 1.⁴ The OCA, on the other hand, is required to use a formal public competitive bidding process to retain consultants, and must obtain the approval of the Governor and Executive Council for all contracts over \$2500.00, and in certain circumstances, must also obtain the additional approval of the Legislature's fiscal committee.

3. Because the Company's proposed rate case expenses are not just, reasonable or in the public interest, the Commission should not allow the Company to recover the entire amount from ratepayers. Instead, if any recovery is granted, the Commission should require that rate case expenses (net after other recommended reductions recommended,

³ On November 13, 2010, the Commission denied the Company's Motion for Rehearing, see Order No. 25,044, which order became final as a matter of law on December 13, 2010. See RSA 541:6 (requiring appeals to Supreme Court to be filed within thirty days of Commission's denial of rehearing).

⁴ A copy of the Commission's Final Audit Report was provided to the OCA but has not been filed yet with the Commission.

see below) are shared evenly between customers and shareholders. In addition to addressing the Company's excessive and improper spending, reducing the Company's rate case expense recovery by 50% will encourage the Company to give more scrutiny to the frequency of the filing of rate cases as well as to control the costs of outside experts.

Other Recommended Reductions

Outside Legal Services

4. The Commission should disallow all costs related to the Company's outside legal counsel, McLane, Graf, Raulerson, and Middleton, PA ("McLane"), incurred before July 20, 2010. These improper costs total \$320,610.53. *See* Company's Rate Case Filing, Schedule F, pp. 1-49.
5. The Commission's Order on rate case expenses in DG 08-009 stated that Company has agreed to provide "evidence that the Company's procurement policies and procedures have been complied with" at an early stage of the next rate case. *EnergyNorth Natural Gas, Inc. d/b/a National Grid NH*, Order No. 25,064 (January 14, 2010), at p. 3.
6. In response to discovery in DG 10-017, the Company provided information about its selection and retention of McLane as outside legal counsel. *See* Company's Response to Staff 1-2 (Attachment A) and Attachment Staff 1-2(f) (Redacted) (Attachment B). The Company's policies governing retention of outside counsel states, in relevant part, that "Once outside counsel has been retained to represent National Grid pursuant to a retainer agreement described above, each engagement of such counsel for a specific matter shall be documented by a letter agreement or notice" Attachment B, p. 6 of 21, Section III.B.2.

7. Although the Company and McLane entered into a general "Retainer Letter Agreement for Regulatory Matters" (Attachment B, pp. 1-3), they did not enter into the required specific, case-related "letter agreement or notice" until July 20, 2010. Staff 2-84 (Attachment C).
8. Of note, the Company also failed to enter into such a specific, case-related letter agreement with McLane in its last rate case, and Staff brought this issue to the Commission's attention. Specifically, in its recommendation to the Commission concerning the Company's rate case expenses in DG 08-009, Stephen P. Frink, Assistant Director, Gas & Water Division, stated:

The Company did not execute a separate engagement letter as contemplated by the Guidelines ... Staff is concerned that because the Company did not obtain a separate engagement letter with pricing and other terms specific to the rate case, the Company failed to take advantage of an opportunity to negotiate the terms with the specific goal of containing and controlling rate case expenses. In addition, Staff is concerned that the terms of an engagement of this magnitude be clearly and completely documented before the engagement commences.

Letter to Debra A. Howland from Stephen P. Frink (DG 08-009, December 3, 2009), at p. 4.

9. The Company had a policy requiring a separate and specific, case-related engagement letter for outside counsel, and the Company was aware of this policy as well as its failure to follow this policy in the last rate case. Nevertheless, the Company again failed to comply with this policy. Consequently, the Commission should not allow the Company to recover the costs of McLane's services to the Company that accrued before the execution of the required engagement letter, July 20, 2010, in the amount of \$320,610.53.
10. The Commission should also disallow recovery of \$3,444 paid to McLane for its work on the Commission's audit, as recommended by Audit Staff. See Staff's Final Audit Report, p. 4 and Audit Issue #2.

Revenue Requirement Expert Services

11. The Commission should disallow all of the costs associated with the sole-source contract with Michael J. Adams of Concentric Energy Advisors, Inc., whom the Company engaged to assist it with the revenue requirement in the rate case. *See* Company's Rate Case Filing Schedule C. The total costs included in the Company's rate case filing for Mr. Adams is \$130,621.37.
12. First, it is unreasonable for a public utility – particularly one the size of the Company, with a parent Company that is the size of National Grid USA, to claim that it lacks sufficient in-house expertise and resources on the basic topic of its own revenue requirement.
13. In addition, based upon responses by the Company to discovery, the Company failed to follow its own policy regarding sole-source contracting. Specifically, the Company's policies require competitive bidding for services costing more than \$10,000 unless "outstanding circumstances exist which prohibit the competitive bidding process." Attachment Staff 1-2(e) (Redacted), pp. 137 and 138 (Attachment D) (emphasis added). The "Justification" provided for using a sole source process to retain Mr. Adams, however, was merely:

Michael Adams is a specialist with the relevant skill set to act as the revenue requirement witness in New Hampshire throughout the EnergyNorth rate filings. Competitive bidding for these services would likely result in limited value to National Grid as compared to the skill set that Michael Adams brings to the table.

Id. This basis, which the Company in discovery characterized as "all of the detail relating to the engagement of Concentric Energy Advisors to assist with the revenue requirement preparation," Staff 2-87 (Attachment E), does not constitute "outstanding circumstances."

14. The only other information provided by the Company about the sole-source retention of Mr. Adams focused upon the need for a “*timely* process,” a “*more timely* and efficient integration into the case” and “the Company’s need to conduct the case preparation in a *timely* manner.” Attachment E (emphasis added). According to the Company policy, however, *see, e.g.*, Attachment D, “Shortage of time is not normally adequate sole source justification.”
15. Because the Company should have used internal resources for the revenue requirement portion of its case and because the Company failed to abide by its sole source policy when it retained Mr. Adams, the Commission should disallow recovery of all of the costs associated with his revenue requirement work in this rate case, in the amount of \$130,621.37.⁵

Decoupling Expert Services

16. The Commission should disallow a portion of the costs associated with the Company’s decoupling proposal and expert witness. The OCA recommends a 50% reduction, in the amount of \$118,970.75.
17. The Company included several significant and controversial proposals in its original filing, including decoupling. The Company’s decoupling proposal was the first such proposal to be reviewed by the Commission since a generic order indicated that the Commission would consider a specific methodology for “energy efficiency rate mechanisms” within the context of a utility rate case. *See Re Energy Efficiency Rate Mechanisms*, Order No. 24,934 (DE 07-064, January 16, 2009). The Company paid its expert on decoupling, Analysis Group Economics, \$237,941.50.

⁵ Note, the Commission’s audit revealed that Concentric overbilled the Company by \$18,174 for work related to the revenue requirement. Final Audit Report, at p. 3, and Audit Issue #1. The Company told Audit Staff that Concentric will refund this amount. *Id.*

18. Unbeknownst to the OCA, during the period of discovery and the filing of intervenor testimony, National Grid was negotiating to sell its New Hampshire distribution businesses, including the Company. In November 2010, following months of work by the parties, National Grid announced the sale of the Company to Liberty Energy. Then, in January 2011, in a settlement agreement filed just days before the final hearing, the Company completely withdrew its decoupling proposal.
19. The OCA believes that National Grid's intention to sell the Company, which first manifested in May 2009, more than 18 months before the 2010 rate case was filed, *see* Joint Petitioner's Response to Staff 1-1 (without attachments)(DG 11-040, April 15, 2011) (Attachment F), contributed to the Company's decision not to litigate the issue of decoupling. Given these circumstances, the OCA also questions the Company's commitment to its decoupling proposal, a forward-operating rate mechanism, at least during the period of time when National Grid was simultaneously negotiating the sale of the Company's stock and litigating this rate case.
20. Furthermore, the amount of \$237,941.50 for one consultant on one issue in a rate case is an unreasonable amount.
21. Consequently, the OCA recommends that the Commission reduce the costs that the Company recovers for its decoupling expert by 50%, or \$118,970.75.

Bad Debt Expert Services

22. The Commission should disallow all of the costs associated with the Company's bad debt consultant, Oliver Wyman, Inc., in the amount of \$156,832.14.⁶

⁶ According to the Company, this amount may have included the costs of alcoholic beverages. Company's Response to Tech-3. *See* Attachment G

23. The Commission's Audit Staff "was unable to verify the hours worked and the rates charged" by Oliver Wyman, Inc. because the Company "stated that the rates are confidential" and the Company "would not divulge the Consultant's rates." Final Audit Report, p. 3.
24. Consequently, the Company has failed to sustain its burden of proving that these costs are just, reasonable and in the public interest. Therefore, the Commission should disallow \$156,832.14.

Timing of the OCA's Response to Rate Case Expenses

25. The OCA expects that the Company might argue that the OCA should have challenged the Company's rate case expenses earlier in this proceeding, and that because the Settlement Agreement filed by the Company and the Staff in the case, and approved by the Commission, allows the Company to "recover its prudently incurred rate case expense," the OCA cannot challenge the rate case expenses. This is a specious argument. A settlement on the merits of a rate case does not automatically mean that rate case expenses are prudently incurred.
26. Of note, during the earliest discovery in this docket, the Company objected to the OCA's and Staff's rate case expense discovery questions, claiming that providing certain information about the consultants which the Company had retained to assist it with this rate case was "overbroad and unduly burdensome, and not reasonably calculated to lead to the discovery of information that would be admissible in this proceeding." See OCA 1-3 (including Response to Staff 1-2 without attachments), OCA 1-4 and Letter to Meredith A. Hatfield, Esq., from Steven V. Camerino dated May 14, 2010 (with objections to OCA 1-3 and 1-4) (Attachment H). The Company also took the position before the hearing that data requests about rate case expenses were "premature as the rate

case remains ongoing.” *Id.* Although the Company provided some limited information in response to these data requests, notwithstanding its objection, it only did because it had agreed to do so in the settlement resolving its prior rate case.

27. The OCA’s positions presented in this pleading related to the Company’s requested recovery of rate case expenses are all grounded in the basic legal requirement (which is also recognized in and reserved to the Commission by the Settlement Agreement and Order) that these expenses be just and reasonable. Because the Company’s expenses are not just and reasonable, the OCA opposes their recovery from residential customers.

Requirements for Future Rate Cases and Penalties

Competitive Bidding

28. As mentioned earlier, the Company used sole source contracts for all of its outside consultants in this case. Given the restrictions applicable to the OCA when it seeks to expend ratepayer funds on experts, the Company’s unsupported use of sole source contracts results in an unfair adjudicative process.
29. In the spirit of fairness, the Commission should require, for all future rate cases, that the Company use a structured, objective and public competitive bidding process to retain each and every outside rate case service provider. Of note, utilities in Massachusetts, including an affiliate of the Company, are required to use a competitive bidding process to retain consultants for rate cases. *See Staff Report on Rate Case Expenses (DG 08-009, June 30, 2010), at p. 6 and pp. 9-10.*
30. In addition to competitive bidding, the Commission should require that the Company engage the provider with the lowest bid unless there is an adequate justification for engaging a higher bidder. The OCA recommends that the Commission make it clear that

a long-term relationship, institutional knowledge or familiarity is not sufficient, alone, to justify the selection of a consultant other than the lowest bidder. Further, to the extent that such justifications are relied upon for the retention of a consultant who is not the lowest bidder, the bid should reflect and the Company should demonstrate quantifiable savings associated with these qualities.

31. In addition, to address the Company's failure to use any competitive bidding for its rate case services, the OCA recommends that the Commission not allow the Company to recover any interest on the amount that the Commission ultimately authorizes it to recover from ratepayers. As a matter of policy, utilities in at least one other jurisdiction (Texas), may not recover interest on rate case expenses. *See* Staff Report on Rate Case Expenses (DG 08-009, June 30, 2010), at p. 11. Also, the Commission has the authority to penalize the Company pursuant to RSA 365:41 and disallowing interest is a small but appropriate penalty in this instance.

Adjudicative Filing Requirements

32. The Company's rate case expense request did not comply with the Commission's rules related to filings in adjudicative proceedings. The Company provided its rate case expense request and supporting documentation to Edward N. Damon, Esq., the Commission's Director of the Legal Division. The cover letter accompanying the request indicates that copies were provided only to the Consumer Advocate and the Company's outside counsel. The cover letter also indicates that a copy of the letter "w/out enclosure" was provided to counsel to intervenor, Pamela Locke. There is no reference in the cover letter, however, to the Commission's Executive Director or the other party to this docket, Conservation Law Foundation.

33. The Company's filing constitutes a request for Commission action pursuant to Puc 202.01 (a), *i.e.*, the approval of recovery of its rate case expenses. However, the Company failed to comply with the Commission's rules related to such filings in adjudicative proceedings. *See, e.g.*, Puc 203.02 (Filing Requirements); Puc 203.03 (Electronic Copies); Puc 203.04 (Form), Puc 203.05 (Pleadings). The Company did not request and the Commission did not grant a waiver of these rules. Further, it is the OCA's position that a waiver would be inconsistent with the public interest. Puc 201.05.
34. The Company may argue that the terms of its Settlement with Staff govern the filing of its rate case expense recovery request and that the Commission's rules do not apply. The Settlement Agreement, which the Commission approved, stated: "The Company agrees to submit an accounting of its rate case expense, with appropriate supporting documentation, for review by Staff and the Parties, and approval by the Commission, upon the conclusion of this proceeding." Settlement Agreement, p. 11, paragraph J.
35. This requirement to "submit an accounting ... for review by Staff and the Parties" does not remove the requirements of the Commission's rules governing filings in adjudicative proceedings, and in fact can be harmonized and read in conjunction with the settlement language. The inclusion of "the Parties" in the contemplated "review" supports the interpretation that the rate case expense request should have been filed with the Commission and provided to the service list in this proceeding.
36. The Commission should require that in all future rate cases the Company formally file its rate case expense request and supporting documentation, including itemized receipts, pursuant to the rules related to filings in adjudicative proceedings. The Commission should include all future rate case expense filings by the Company – to the extent that they are not confidential – as public documents, along with all other pleadings in the

Commission's docket books for these proceedings. For this docket, the Commission should include the Company's rate case expense request and supporting documentation in its paper and electronic docket books. The Commission also should require this for all other utilities that seek to recover expenses from ratepayers.

Requirements for Confidential Filings

37. The Company also failed to comply with the Commission's rules related to the filing of confidential information in an adjudicative proceeding.

The Commission should require the Company to file a redacted version of its rate case expense request in accordance with the Commission's interim rule Puc 201.04.

Rulemaking Required

38. The Commission should formally commence a rulemaking docket, as required by RSA 365:8, X, to adopt rules, pursuant to RSA 541-A, relative to "standards and procedures for determination and recovery of rate case expenses."

Summary of Relief Requested

Wherefore, the OCA respectfully requests that the Commission grant the following relief:

A. Initially reduce the Company's total rate case expenses, \$1,508,508, by \$730,478.79, which is comprised of the following amounts:

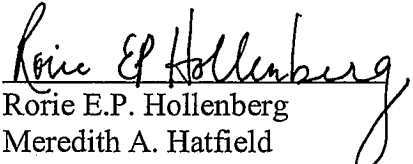
- a. \$320,610.53, for all costs related to the Company's outside legal counsel, McLane, incurred before July 20, 2010, on account of the Company's failure to abide by its own policies relating to the retention of outside legal counsel;
- b. \$3,444.00, for costs related to McLane's work on the Commission Audit;

- c. \$130,621.37, for all of the costs associated with the sole-source contract with Michael J. Adams of Concentric Energy Advisors, Inc., whom the Company engaged to assist it with the revenue requirement in the rate case, on account of the Company's failure to use internal resources for this task as well as the Company's failure to abide by its own policies relating to the use of sole-source contracts;
 - d. \$118,970.75, for a portion of the costs associated with the Company's decoupling proposal and expert witness, on account of the circumstances of the Company's simultaneous pursuit of decoupling, a forward-operating rate mechanism, and the sale of its gas distribution business in New Hampshire; and
 - e. \$156,832.14, for the costs related to consultant Oliver Wyman, because the Company failed to "verify the hours worked and the rates charged" when requested by the Commission's Audit Staff.
- B. Then reduce the subtotal derived from the above deductions, \$730,478.79, by 50%, for a total of \$365,239.39, in order to account for the unjustness and unreasonableness of these expenses by sharing them equally between shareholders and ratepayers.
- C. Disallow the recovery of interest on the amount of \$365,239.39 on account of the Company's failure to utilize competitive bidding procedures.
- D. Require that for all future rate cases the Company use a structured, objective and public competitive bidding process to retain each and every outside rate case service provider; require that the Company engage the provider with the lowest bid unless there is an adequate justification for engaging a higher bidder; make it clear that the Company's long-term relationship is not sufficient, alone, to justify the selection of a

consultant other than the lowest bidder; and require the Company to demonstrate quantifiable savings associated with consultant's relationship or familiarity with the Company to the extent that the Company retains a consultant who is not the lowest bidder.

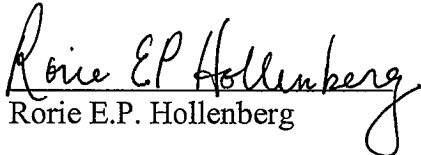
- E. Require the Company in all future rate cases to formally file its rate case expense request and supporting documentation, including itemized receipts, pursuant to the rules related to filings in adjudicative proceedings. The Commission should include all future rate case expense filings by the Company – to the extent that they are not confidential - as public documents, along with all other pleadings in the Commission's docket books for these proceedings.
- F. Include the Company's rate case expense request in this docket in the Commission's paper and electronic docket books for this proceeding.
- G. Require the Company to file a motion for confidential treatment pursuant to Puc 203.08(b) if the rate case expense request and supporting documentation contain confidential information.
- H. Require the Company to file a redacted version of its rate case expense request in accordance with the Commission's interim rule Puc 201.04.
- I. Formally commence a rulemaking docket, as required by RSA 365:8, X, to adopt rules, pursuant to RSA 541-A, relative to "standards and procedures for determination and recovery of rate case expenses."

Respectfully submitted,


Rorie E.P. Hollenberg
Meredith A. Hatfield
Office of Consumer Advocate
21 S. Fruit St., Ste. 18
Concord, N.H. 03301
(603) 271-1173
rorie.e.p.hollenberg@oca.nh.gov

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was forwarded this 26 day of August 2011 to the service list by electronic mail.


Rorie E.P. Hollenberg

ENERGYNORTH NATURAL GAS, INC.
d/b/a NATIONAL GRID NH
DG 10-017

National Grid NH's Responses to
Staff's Data Requests – Set #1

Date Received: May 11, 2010
Request No.: Staff 1-2

Date of Response: June 18, 2010
Witness: Frank Lombardo

REQUEST: For each arrangement with outside service providers, please provide a copy of the request for services issued by the company, a summary of bid responses, explanation for selection, copy of contract, the estimated cost of each service. For any arrangement not arranged through an RFP or similar process, provide any documents reflecting the process for the solicitation and engagement of the service provider(s), the terms of the engagement, including the scope and estimated cost, and an explanation for not using an RFP or similar process.

RESPONSE: Please see the Company's previous objection to this request. Notwithstanding that objection, and without waiving it, the Company responds as follows:

Please see Attachments Staff 1-2(a) through (f) for each arrangement with outside service providers.

The Company utilized a sole source procurement process for each of the selected service providers. The sole source process is one by which a provider is selected without soliciting bids from multiple, competing vendors. The use of the sole source process must be authorized and justified with a business purpose. See Attachment Staff 1-2(a) at 86-92; Attachment Staff 1-2(b) at 106-110; Attachment Staff 1-2(c) at 112-115; Attachment Staff 1-2(d) at 180-183; Attachment Staff 1-2(e) at 134-138.

The Company invited Oliver Wyman's proposal for services verbally, and thus no request for proposal or solicitation letter is included in Attachment Staff 1-1(a). Oliver Wyman was already providing services to the Company's Credit and Collections department at the time of the invitation and was familiar with the Company's systems and processes, making the selection of Oliver Wyman economically efficient.

The Company retained McLane, Graf, Raulerson & Middleton ("McLane") for services pursuant to the retainer agreement then in effect, a copy of which was provided in DG 08-009. McLane was already familiar with the Company having represented the Company in numerous regulatory proceedings, including DG 08-009, making the selection of McLane economically efficient and substantively beneficial. In April 2010, the Company entered into an updated retainer agreement with

McLane, which is substantially the same as the prior retainer agreement. *See* Attachment Staff 1-2(f).



McLane, Graf,
Raulerson & Middleton
Professional Association

11 South Main Street, Suite 500 | Concord, NH 03301
Tel: 603.226.0400 | www.mclane.com

DG 10-017 National Grid NH
OCA Response to
Company's Rate Case Expense Filing
Attachment B

CONCORD
PORTSMOUTH
WOBURN, MA

STEVEN V. CAMERINO
Email: steven.camerino@mclane.com
Licensed in MA and NH

April 22, 2010

Celia B. O'Brien, Esq.
National Grid
40 Sylvan Road
Waltham, MA 02451-1600

Re: Retainer Letter Agreement for Regulatory Matters

Dear Celia:

I am writing to follow up on our discussions regarding the McLane Law Firm's representation of National Grid USA, or one of its subsidiaries or affiliates (collectively, "National Grid"), in regulatory and related matters. It is our practice to provide all clients with a written retainer letter agreement, setting forth the terms on which we provide legal services. This letter agreement is supplemented by National Grid USA's Policies Governing Retention of Outside Counsel (together with other documents referenced therein) (collectively, as may be amended from time to time, the "Outside Counsel Policies") that you have provided to us. We agree that the Outside Counsel Policies will govern our representation of National Grid in all matters for which we are retained and agree that the Outside Counsel Policies supersede the Guidelines for Outside Counsel under which we have been operating previously.

I will be the attorney with overall responsibility for representation of National Grid in regulatory and related matters. As you are aware, Sarah Knowlton will have a lead role on numerous matters and will work with you directly on those matters. In addition, we will utilize other attorneys and legal assistants in our firm as necessary to meet your objectives. If at any time you have questions, concerns, or criticisms concerning our performance, please feel free to contact either Sarah or me.

Our statements for services are the product of the hours worked multiplied by the hourly rates for the attorneys and legal assistants who perform the work. Our hourly rates are determined based upon the experience and specialized expertise of each individual. The attorneys and legal assistants who we currently anticipate may work on National Grid regulatory matters are listed on Appendix A to this letter, along with their rates. Generally, our hourly rates include the support services that our firm provides. We will, however, bill and expect payment

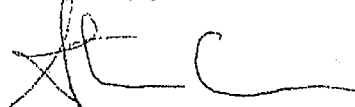
for out-of-pocket expenses related to travel, filing fees, proprietary data base access (e.g., computer research), printing costs and other costs that are not included within our hourly rates, except as agreed under National Grid's Outside Counsel Policies referred to above. Our hourly rates are subject to change on a periodic basis, but we will not change them more frequently than annually.

We reserve the right to withdraw from the representation described in this letter at any time, but, barring unusual circumstances, we will discuss such withdrawal with you before doing so and expect to do so only if there are good reasons for such withdrawal, such as nonpayment of fees, significant differences between our professional judgment and your judgment, or concerns that may arise under the ethical rules by which we are bound.

Our firm can provide communications in various forms, depending upon your requirements. In addition to the telephone and fax numbers listed on the letterhead, each attorney has an electronic mail address, such as mine shown above, that may be accessed from mail accounts on Internet and other electronic networks. These communications services, including fax, are used with your understanding that these mediums may be subject to security risks. Should you not wish our firm to use any or all of the above methods, you agree to immediately advise us of such in writing, and our firm will use the communication services you specify.

Sarah and I very much look forward to continuing our work with you and other members of the National Grid team and expect that you will be very pleased with the continued efforts of our firm on your behalf.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Steven V. Camerino', with a stylized flourish at the end.

Steven V. Camerino

REDACTED

Appendix A

National Grid 2010 Standard Rates for Regulatory Matters

TKPRS	Position	2010 Rate
Bentas, John (JB1)	Associate	
Camerino, Steven V. (SVC)	Partner	
Fortier, Tim (TF1)	Paralegal	
Glahn, Wilbur A. (WAG)	Partner	
Hamel, Adam (AMH)	Associate	
Hargis, Darlene A. (DAH)	Paralegal	
Jensen, Deb L. (DJ1)	Paralegal	
Kilgallen Jeanine M. (JMK)	Associate	
Knowlton, Sarah B. (SBK)	Partner	
Parker, Anne-Marie (AMP)	Paralegal	
Penacho, Coleen M. (CMP)	Associate	
Richardson, Julie A. (JAR)	Associate	
Routos, Ann M. (AMR)	Paralegal	
Rozenek, Aaron (AR2)	Associate	
Saari, Samantha M. (SMS)	Paralegal	
Samuels, Richard A. (RAS)	Partner	
Scheffer, Susan C. (SCS)	Paralegal	
St. Peter, Holly (HSP)	Paralegal	
Taylor, Patrick (PHT)	Associate	
Walker, Jaquelyn (JW1)	Associate	
Weaver, John F. (JFW)	Associate	
Wittman, David (DW1)	Associate	
Zaitlin, Hannah E. (HEZ)	Associate	

April 22, 2010

McLane, Graf, Raulerson & Middleton, PA
11 South Main Street - Suite 500
Concord, NH 03301
Attention: Steven Camerino, Esquire

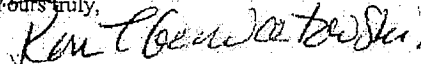
Re: Retainer Agreement with National Grid USA

Dear Mr. Camerino:

This letter will confirm that National Grid USA, or one of its subsidiaries or affiliates ("National Grid"), has asked you to represent us in certain regulatory and related matters, now and in the future. With this letter I am sending a copy of the National Grid USA Policies Governing Retention of Outside Counsel (the "Outside Counsel Policies"), together with other documents referenced therein. The Outside Counsel Policies will govern your representation of National Grid in all matters for which you are retained. We believe that providing you with a clear statement of the principles which apply to your representation of National Grid will assist us both in providing effective, high quality legal representation responsive to our needs. I urge you to raise any questions you may have about the Guidelines with me at the outset.

We have agreed that the attorneys and staff who can reasonably be expected to work on National Grid matters, and their billing rates, are those set forth in Appendix A to your retainer letter dated April 22, 2010. Please confirm that you have received and agree to abide by the Outside Counsel Policies by returning a signed copy of this letter to me at your earliest convenience.

Yours truly,

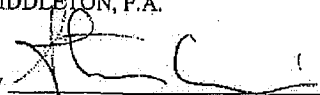


Ronald T. Gerwatowski
Deputy General Counsel

We have received the National Grid USA Policies Governing Retention of Outside Counsel and agree to be governed by that document's terms in our representation of National Grid and its affiliates as modified by our engagement letter with you dated April 22, 2010.

McLANE, GRAF, RAULERSON &
MIDDLETON, P.A.

By



National Grid USA

Policies Governing Retention of Outside Counsel

I. Scope and Applicability of Policies

Retention of outside counsel by or on behalf of National Grid USA and/or any of its subsidiaries (collectively, "National Grid") shall be made in accordance with, and be consistent with, these policies and procedures (the "Outside Counsel Policies"). The Outside Counsel Policies apply to all matters for which outside counsel is retained, whether by the National Grid U.S. Legal Department, or by any other officer of National Grid with authority to do so under the Delegations of Authority, as in effect from time to time. Unless expressly permitted under a separately negotiated written retainer agreement, outside counsel engagements may depart from the Outside Counsel Policies only with the express prior written approval of the U.S. General Counsel or a Deputy General Counsel. Questions concerning the Outside Counsel Policies should be directed to the U.S. General Counsel or a Deputy General Counsel.

II. The Company Representative

In all outside counsel engagements, National Grid believes that the responsibility for making substantive decisions about the course of the matter should be shared. Accordingly, National Grid will designate for each engagement a lead in-house lawyer to direct the engagement and coordinate communications with all other National Grid personnel. In certain, limited situations, a lead in-house lawyer may not be designated for a specific matter, but rather a lead National Grid business contact will be designated. For purposes of the Outside Counsel Policies, the term "Company Representative" will mean the designated lead in-house lawyer or business contact, as the case may be. The Company Representative is responsible to ensure that the appropriate National Grid personnel are informed about the matter, kept reasonably apprised of its progress and that outside counsel is aware of National Grid's objectives in the matter and pertinent business issues and developments. The Company Representative shall be kept apprised of all significant developments in the matter and consulted reasonably in advance of the date by which any significant decision must be made. The Company Representative shall also be given the opportunity and adequate time to determine if he or she wants to attend meetings, conferences, court sessions, etc., and to review drafts of all significant documents, including agreements, substantive pleadings, briefs, correspondence and any other document that will be provided to third parties on National Grid's behalf.

III. Outside Counsel Engagements

A. Retention of Outside Counsel

Outside Counsel may be retained to represent National Grid only by the U.S. General Counsel or an appropriate designee or an officer of National Grid with authority to do so under the Delegations of Authority, as in effect from time to time. In the event any such officer retains outside counsel directly in accordance with the Delegations of Authority, such outside counsel must confirm the representation with the U.S. General Counsel. Selection of outside counsel for

a particular matter shall be made in consultation, if appropriate, with the affected client business function, and with due consideration for the subject matter, jurisdiction and complexity of the matter. Where outside counsel with which National Grid already has a substantial relationship is qualified to handle the matter, strong consideration should be given to selecting that counsel, rather than selecting counsel which will involve a new, or substantially increased, relationship. If a relationship is being established with a firm for the first time, the approval of the National Grid plc Group General Counsel must be obtained.

B. Retainer Agreement; Engagement for Specific Matter

1. Establishing the Relationship – Each law firm must be initially retained pursuant to an agreement setting forth the terms and conditions of the retention, and confirming that the retention will be subject to these Outside Counsel Policies, in either the form attached as Appendix A, or in such other written retainer or other agreement as may be agreed by outside counsel and the in-house lawyer (or duly authorized officer of National Grid) approving the retention. If a letter, retainer or agreement other than the form set forth in Appendix A is used, it must, at a minimum (i) contain an acknowledgment by the outside counsel that he/she has received a copy of the Outside Counsel Policies, has read, is familiar with, and agrees that the engagement is subject to them and (ii) reasonably describes the firm's billing rates and practices.

2. Engagement for Specific Matter – Once outside counsel has been retained to represent National Grid pursuant to a retainer agreement described above, each engagement of such counsel for a specific matter shall be documented by a letter agreement or notice (which may be sent electronically), substantially in the form attached as Appendix B, which shall (i) identify the Company Representative for the matter, (ii) assign a National Grid USA billing number to the matter and (iii) if needed, address relevant provisions of the Outside Counsel Guidelines.

C. Budgeting

For all matters for which legal fees are reasonably expected to exceed \$25,000, outside counsel shall prepare and submit to the Company Representative an initial budget, documenting assumptions, strategies and estimating and itemizing fees and costs with reasonable specificity. If requested by the Company Representative, the budget shall be segmented into discrete tasks, with estimates of the fees and costs attributable to each task. Outside counsel and the Company Representative shall from time to time review the budget and agree on any changes thereto. National Grid will not pay for any time associated with the preparation of a budget or a staffing plan for a particular matter. The Company Representative shall be responsible for managing the budget through the appropriate systems to ensure efficient and timely monitoring and management.

D. Staffing

At the outset of the engagement, the Company Representative and outside counsel will together designate an attorney within the selected law firm as lead outside counsel who will be chiefly responsible for the engagement. That attorney shall be personally and directly involved in the engagement and responsible for assuring that National Grid's objectives are met with respect to

the engagement. The lead outside counsel shall consult with the Company Representative regarding the assignment of other attorneys and paralegals to the matter. The Company Representative shall have the opportunity to approve all additional members of the team handling the matter, as well as any subsequent changes to the team. Once the team is established, National Grid expects continuity of staffing for the duration of the engagement, absent agreement otherwise by the Company Representative. In particular, National Grid does not expect to be billed for "learning time" required by the substitution of attorneys or paralegals working on the engagement.

Matters should be staffed with the number and level of personnel that are appropriate in order to render quality service in a cost-effective and efficient manner. The lead outside counsel is responsible for monitoring and reviewing with the Company Representative from time to time staffing levels, staffing changes, the use and number of staff at meetings, depositions, court appearances, office conferences, and other events and the use of other resources to ensure that the matter is consistently managed in an efficient and effective manner. For certain activities, such as review of files, compiling and digesting documents and transcripts, due diligence, and similar functions, use of National Grid personnel or third parties may be more efficient and lead outside counsel shall consult with the Company Representative before using law firm or external personnel for such activities.

Outside counsel may engage additional service providers, such as document managers, consultants, experts, accountants, or other attorneys only with the express prior written approval of the Company Representative. Unless the Company Representative approves different arrangements, the lead outside counsel will be responsible, in consultation with the Company Representative, for the budgeting and billing arrangements governing the work to be performed by such experts, consultants or attorneys, which shall themselves conform to these Outside Counsel Policies.

IV. National Grid Vision and Policies

A. National Grid's Vision Statement

National Grid's Vision is to be the foremost electricity and gas company, delivering unparalleled safety, efficiency and reliability, vital to the well being of our customers and communities. We are committed to being an innovative leader in energy management and to safeguarding our global environment for future generations. We expect outside counsel representing National Grid to act in a manner consistent with our Vision and in accordance with the following corporate policies of National Grid.

B. Inclusion and Diversity

National Grid develops and operates its business in a way that results in a more inclusive and diverse culture. This enables National Grid to attract and retain the best people, improve our effectiveness, deliver superior performance and enhance the success of the Company. We ensure all our employees, regardless of race, gender, nationality, age, disability, sexual orientation, religion and background, have the opportunity to develop to their full potential. We will prevent

artificial or prejudicial barriers from getting in the way of their development. We expect outside counsel representing National Grid to share our Inclusion and Diversity Values.

C. Equal Opportunity.

In the selection of outside counsel, as in its own employment decisions, National Grid is committed to equal opportunity and fair treatment for all persons without regard to race, creed, color, national origin, sex, age, disability, veteran status, or other characteristic protected by law, and selects outside counsel based strictly on merit, qualifications, and other job-related criteria. National Grid also complies with the spirit and letter of all applicable laws in taking affirmative action to ensure that a diverse mix of individuals and firms apply for and are considered for National Grid engagements. All outside counsel representing National Grid affirms its commitment to this policy.

D. Standards of Ethical Business Conduct.

By agreeing to be bound by these Outside Counsel Policies, outside counsel acknowledges receipt of a copy of National Grid's Standards of Ethical Business Conduct and agrees to conduct the engagement in a manner consistent therewith. A copy of our Standards of Ethical Business Conduct is enclosed herewith and may be accessed on line at <http://www.nationalgrid.com/NR/rdonlyres/19E04B27-BE1A-4AFC-B598-FDB82A3F18FB/16047/SOEBC0309.pdf>

V. Compensation

A. Types of Fee Arrangements

National Grid encourages outside counsel to propose, in appropriate cases, alternatives to conventional hourly-rate fee arrangements, including fixed fees, productivity incentives, risk sharing, results oriented fees, task based billing and other approaches. In all cases, the terms on which National Grid will be charged for the representation must be set forth in writing both at the outset of the engagement and at any point in the engagement at which those terms are modified.

B. Hourly Rates

In matters that are to be billed based upon the law firm's hourly rates, the retention letter shall include a schedule showing the billing rate for each timekeeper (or class of timekeeper) reasonably expected to work on National Grid matters. Once agreed upon, the scheduled billing rates shall remain in effect until the U.S. General Counsel or the supervising Deputy General Counsel grants prior written approval for any rate change, having been given not less than 30 days notice of any proposed change. Billing rates may not be adjusted more frequently than annually.

National Grid expects to be billed at rates that are highly competitive with then existing rates of comparable firms providing comparable services to National Grid or other similar clients. Those existing rates generally reflect significant discounts from the market and will establish the

baseline business case for outside counsel and National Grid to support different rates for any new engagement.

C. Billing Timing and Contents

All bills must be submitted through our electronic billing system, Bottom Line Technologies Legal eXchange. All documentation required to implement Legal eXchange is included in Appendix C. Each item on the invoice must refer to a National Grid Matter number. **CHARGES FOR LEGAL SERVICES THAT HAVE NOT BEEN ISSUED A NATIONAL GRID MATTER NUMBER IN ADVANCE WILL NOT BE APPROVED FOR PAYMENT THROUGH THE ON LINE BILLING SYSTEM.** Outside counsel shall maintain back-up documentation for all time charges and expenses for review as may be necessary.

Unless the Company Representative approves different arrangements, outside counsel should render one bill each month for each matter on which it is engaged, within 30 days after the end of the month in which the services were rendered. Bills shall record time in increments of 1/10th of an hour and shall be prepared in a format that describes the basis upon which the fee is calculated and a description of the work or tasks performed during the billing period. For example, bills should include the amount of time, billing rate, and a description of work performed by each timekeeper for each day. Bills should include a list of reimbursable expenses by category. National Grid generally will not pay for fees or expenses that are not billed on a timely basis or in the agreed-upon format. National Grid expects that bills will reflect the judgment of the lead outside counsel with respect to the quality and efficiency of the services rendered. National Grid reserves the right to request, and upon such request, outside counsel agrees to provide, copies of the firm's billing records and supporting documentation with respect to charges to National Grid. National Grid also reserves the right to conduct, and outside counsel agrees to cooperate in, audits of the bills. Time spent in the preparation, review and rendering of bills may not be charged to National Grid.

VI. Expenses and Disbursements

In general, and in the absence of alternative arrangements expressly approved in writing, in advance, National Grid considers such costs as rent, supplies, library, off-site storage and retrieval, support staff salaries and overtime (other than for overtime resulting from the specific requirements of a project for National Grid), and word and document processing to be part of outside counsel's nonreimbursable overhead. As to other costs, National Grid will reimburse outside counsel for actually incurred out-of-pocket expenses with no mark-up, provided those expenses are reasonable and comply with the guidelines set forth below. National Grid expects outside counsel to use its best efforts to minimize reimbursable out-of-pocket costs both by avoiding unnecessary expenditures and by taking advantage of volume discounts and bulk arrangements that may be available either through National Grid or otherwise.

A. Travel

Unnecessary travel shall be avoided through such alternatives as teleconferencing and video conferencing. Only coach air fare and mid-size rental cars will be reimbursed. No form of luxury

transportation will be reimbursed unless there is a specific business reason to incur the additional expense and the Company Representative has approved the expense in writing, in advance. National Grid will ordinarily not pay for time spent traveling unless (i) such time is incremental to normal daily commuting, (ii) the timekeeper works on the relevant National Grid matter and (iii) the bill appropriately documents such work. If outside counsel is traveling on business for more than one client, National Grid expects the expenses to be apportioned appropriately.

B. Meals and Accommodations

Outside counsel shall use good judgment in selecting hotels and restaurants while traveling on National Grid business, consistent with the policies that govern National Grid employee conduct. Personal incidental expenses incurred while working on National Grid matters will not normally be reimbursed and must be distinguished from those expenses that are appropriately charged to National Grid. Unless approved in writing in advance by the Company Representative, National Grid will not pay for meals or other incidental expenses for attorneys or staff members during regular business hours when they are working in their normal office location.

C. Photocopying

National Grid will reimburse the firm for necessary printing/photocopying at ten cents per page. National Grid encourages the use of the most cost effective provider for such services, consistent with the required speed, confidentiality or reliability of the task. Unless previously approved in advance in writing by the Company Representative, National Grid will not pay for a firm's ordinary printing for internal purposes.

D. Telephone and Telecopier

National Grid will pay for the actual charges billed to the firm for toll calls and outgoing fax transmissions. No charges will be paid for incoming faxes.

E. Messenger Services

National Grid will reimburse the firm only for actual charges billed to the firm for deliveries (including overnight express) that are necessary for speed and reliability, consistent with the requirements of the particular engagement.

F. Secretarial Time; Word Processing

In the absence of special circumstances and prior written approval by the Company Representative, National Grid will not pay additional fees for word or document processing or for regular secretarial time.

VII. Public Comment and Lobbying Activities

National Grid generally does not authorize outside counsel to offer media or other public comment on matters involving National Grid. Any inquiries or proposed public comment about a

National Grid matter must be referred to the Company Representative or to the National Grid public affairs specialist designated by the Company Representative. The Company Representative will determine whether comment by outside counsel is appropriate.

Outside counsel shall not engage in any activities that might reasonably be considered as lobbying unless (i) such activity has been reviewed with, and consented to, by the Company Representative and (ii) such counsel shall have properly registered as a lobbyist.

VIII. Other Clients; Conflicts of Interest

If, during the course of this retainer, outside counsel identifies a possible conflict between ongoing work for National Grid and another client, outside counsel will bring the matter to the Company's attention expeditiously. Outside counsel has the responsibility to identify and disclose to National Grid any existing or prospective engagement by another client that could create an actual or potential conflict of interest with such counsel's representation of National Grid. For purposes of the rules of professional conduct barring or limiting an attorney's representation adverse to the interests of existing or former clients, National Grid and all of its affiliates shall each be considered as a client of outside counsel whenever such counsel is providing services to any one of such entities.

Requests for waivers of potential or actual conflicts of interest will be considered on a case-by-case basis. Waiver requests shall be directed to the U.S. General Counsel or the supervising Deputy General Counsel and shall include a complete list of the National Grid matters currently being handled by the requesting counsel, the identity of each National Grid entity involved in those matters, and the identity of the Company Representative for those matters. Waivers may be authorized only in writing by the U.S. General Counsel or the supervising Deputy General Counsel. Outside counsel agrees and understands that any waiver of actual or potential conflict of interest is limited to the specific matter at issue and is not a blanket or prospective waiver of conflict of interest.

Any waiver granted by National Grid will be conditioned on outside counsel's other client providing a written agreement that it will not object to such counsel's continued ability to represent National Grid on existing and future matters. A sample letter confirming the waiver of a conflict of interest is attached as Appendix D.

In considering whether to waive any actual or potential conflict of interest, due consideration will be given to, among other matters: (i) the subject matter, scope and complexity of the matter(s) involving National Grid and the other client, (ii) whether the subject of the proposed adverse representation is closely related to the matter in which the firm has represented National Grid, (iii) whether outside counsel's access to confidential information belonging to National Grid, including without limitation its business and litigation strategies, would be useful to the adverse client and therefore, adverse to the interests of National Grid, and (iv) whether representation of another client will involve the assertion against National Grid or any of its affiliates of allegations of fraud, misrepresentation, or other dishonest or improper conduct.

If, during the course of this retainer, outside counsel identifies a possible conflict between ongoing work for National Grid and another client, outside counsel will expeditiously bring the matter to National Grid's attention. Outside counsel and National Grid agree to resolve the potential conflict by, wherever possible and practicable, (1) ensuring that outside counsel avoid representing another client on a matter which could result in litigation directly adverse to National Grid (2) utilizing different firm personnel to represent the other client, on the one hand, and National Grid, on the other hand, in any matter where a possible conflict is identified; and (3) regardless of the firm personnel utilized, implementing appropriate conflict screens to prevent the sharing of confidential information of National Grid with another client or of another client with National Grid.

IX. Termination of Engagement

National Grid reserves the right to terminate an engagement by written notice at any time. Outside counsel has the right to terminate an engagement, subject to ethical and professional responsibility restrictions, upon such reasonable notice to National Grid that will allow it the opportunity to replace the firm in a timely manner. In the event of termination of the engagement by either party, outside counsel will provide reasonable assistance in effecting a transfer of responsibilities to the new counsel, including the expeditious transfer of files.

X. Ownership of Materials

All materials in written, graphic, electronically stored or other form, generated or prepared in the course of representing National Grid and all copyrights therein shall belong to National Grid. Outside counsel agrees to assign, and upon execution of an engagement letter does assign, all rights, title, interest and copyrights in all such materials to National Grid and the firm agrees to execute all papers necessary for National Grid to perfect its ownership and copyright interests. At the conclusion of the engagement, outside counsel shall obtain direction from the Company Representative regarding the disposition of all such materials.

APPENDIX A
Sample Outside Counsel Retainer Letter

(Date)

Law Firm Name
Address

Re: Retainer Agreement with National Grid USA

Dear _____:

This letter will confirm that National Grid USA, or one of its subsidiaries or affiliates ("National Grid"), has asked you to represent us in certain matters, now and in the future. With this letter I am sending a copy of the National Grid USA Policies Governing Retention of Outside Counsel (the "Outside Counsel Policies"), together with other documents referenced therein. The Outside Counsel Policies will govern your representation of National Grid in all matters for which you are retained. We believe that providing you with a clear statement of the principles which apply to your representation of National Grid will assist us both in providing effective, high quality legal representation responsive to our needs. I urge you to raise any questions you may have about the Guidelines with me at the outset.

We have agreed that the attorneys and staff who can reasonably be expected to work on National Grid matters, and their billing rates, are as follows:

Name	Billing Rate
Name	Billing Rate

I look forward to working with you on this matter. Please confirm that you have received and agree to abide by the Outside Counsel Policies by returning a signed copy of this letter to me at your earliest convenience.

Yours truly,

[Authorized National Grid Attorney]

We have received the National Grid USA Policies Governing Retention of Outside Counsel and agree to be governed by that document's terms in our representation of National Grid and its affiliates.

Law Firm Name

By _____

APPENDIX B

Sample Outside Counsel Engagement Letter

(Date)

Lead Outside Counsel Name
Law Firm Name
Address

Re: [Matter Name]
Billing No.

Dear _____:

This letter will confirm that National Grid USA, or one of its subsidiaries or affiliates ("National Grid"), has asked you to represent us in the above-referenced matter. In connection with your representation we have asked you to **[describe the scope of the engagement]**.

This engagement is subject to and will be governed by the National Grid USA Policies Governing Retention of Outside Counsel (the "Outside Counsel Policies") and the Retainer Agreement previously entered into with your firm ("Retainer Agreement"). We have agreed that you will be the lead outside counsel on this matter and shall be responsible for ensuring adherence to the Outside Counsel Policies. I **[or name of appropriate National Grid employee]** will be the Company Representative on this matter.

We have agreed that you will be compensated for your work on this matter as follows:

- ___ - Hourly Rates as described in the Retainer Agreement
- ___ - Fixed fee of \$ _____
- ___ - Other fee arrangement described below

I look forward to working with you on this matter.

Yours truly,

[Authorized National Grid Attorney]

APPENDIX C

National Grid USA Outside Counsel Billing Procedures

**National Grid USA
Outside Counsel Billing Procedures**

When a legal matter comes to the attention of National Grid USA Legal Department that will require outside counsel involvement, a National Grid USA attorney will be responsible for completing the necessary forms and obtaining the requisite approvals for the retention of services. Upon approval, a National Grid USA matter number will be assigned and communicated via a standard form letter that serves as authorization for outside counsel to bill for that matter. **CHARGES FOR LEGAL SERVICES THAT HAVE NOT BEEN ISSUED A NATIONAL GRID USA MATTER NUMBER IN ADVANCE WILL NOT BE APPROVED FOR PAYMENT.**

National Grid has implemented an electronic case budgeting and legal invoice review program using Bottomline Technologies' Legal eXchange program with which we wish to begin immediate implementation of this program with your firm.

There will be a modest cost associated with your use of this product, which should be outweighed by the substantial benefits your firm will experience. The electronic billing system will enable National Grid to process invoices much more efficiently than paper invoices. We fully expect that the turn around time for invoice processing and payment will be within a 30 day period.

Attachment 1 (3 pages) to this letter include information and instructions relative to this implementation along with a pricing schedule.

We look forward to working closely with you and the firm during the next few months in order to guarantee a smooth implementation process. If you have any questions or concerns, feel free to contact Anne Ramer at (516) 545-5346.

INVOICES

Invoices must be submitted online in the following format:

- A. Invoice number
- B. Invoice date
- C. Matter name
- D. National Grid matter number
- E. Time period for which the services were rendered
- F. A description of the activity, task, or work performed
- G. The names of the individuals accruing time on the matter
- H. Hours and total charges for each timekeeper
- I. Breakdown of disbursements.

In instances where a matter is too insignificant to track discreetly, outside counsel should contact the responsible in-house counsel for guidance on how to bill the matter. However, the above information will still be required (items A-H).

- All time must be billed in a consistent manner for all invoices submitted by your firm (i.e., quarter hours, tenths, etc.).
- Timekeeping must be totaled by matter for each timekeeper for the time period billed on the invoice.
- Where a flat fee has been negotiated for a given matter, please indicate that it is a flat rate fee and include only items A through E above on the matter page.

Attachment 1

Bottomline Technologies and National Grid will assist your firm with implementation. To facilitate communications, please establish a contact person at the law firm to address implementation issues. Please format the information in the following order: firm name, name, title, phone number and e-mail address for the contact person. Send via email to Customer Support at Bottomline Technologies, Inc. at lebsupport@bottomline.com.

Implementation of Legal eXchange™

National Grid, Inc. has selected Bottomline Technologies, Inc. to provide electronic budgeting and invoice processing technology, using Legal eXchange™. Legal eXchange™ is an internet based ASP product. If you have internet access and the ability to submit invoices electronically, your cost to implement this product should be limited to technology services that you may require to structure your data for receipt by Legal eXchange™ as well as the cost outlined on the enclosed *Law Firm Pricing* document.

You should begin using the system for all budgeting and invoice submission. A representative of Bottomline Technologies will contact you to discuss implementation details.

Implementation is a straightforward, three-step process:

- The law firm completes its profile form online at <http://lawfirms.legalebilling.com/implementations> and submits the completed Implementation Approval form.
- The law firm produces a LEDES 1998B formatted electronic invoice sample and sends to Bottomline.
- Bottomline provides training to the law firm users.

Given the simplicity of this web-based system, implementation should not take longer than 30 days to complete.

Legal eXchange™ integrates with virtually all of the major time and billing systems. While our initial deployment will not include the use of the ABA/ACCA task based billing codes (sometimes known as the Uniform Task Based Management Systems codes), Legal eXchange™ will have that capability should we decide to implement the use of such codes in the future.

A Customer Support Specialist from Bottomline Technologies, Inc. will be contacting you within the coming week to provide specifics related to establishing your firm on the Legal eXchange™ network. In the meantime, I would ask that you consider who in your firm will have overall responsibility for the implementation of Legal eXchange™ so that we will have one person with whom we can coordinate this effort between our companies.

nationalgrid



Approval for Implementation

I, _____ (Approver Name) acting on behalf of

_____ (Law Firm Name),

hereby give approval to proceed with the implementation of **Legal eXchange™** service for use with

National Grid (Client Name) and agree to pay the following fees:

Initial Legal eXchange Registration Fee and First Year Support

Registration & Support fee \$ 2,500.00

Registration fee includes 3 users per client. Fee is billed after test invoices are successfully uploaded.

Note: The Registration & Support Fee is \$1,000 if your firm has implemented Legal eXchange for another client.

Annual Connection & Support

First client connection \$ 1,000.00

Additional client connections \$ 1,000.00 each

Fees are billed annually on the anniversary date of the initial Registration.

Additional Options

Each additional law firm user \$ 200.00

Approver Signature

Project Coordinator Name

Approver Title

Project Coordinator Title

Date

Project Coordinator Telephone

Please fax or email this page to:
Fax: (603) 501-4060
Email: lebsupport@bottomline.com



Invoice and Timekeeper Requirements

nationalgrid

Bottomline Technologies Customer Support ☎ 888-923-9553 ☎ LEBSupport@bottomline.com

LEDES Field Names	Required Fields: LEX=Legal eXchange	Explanation of LEDES fields:
Invoice Date	LEX	Must appear in YYYYMMDD format.
Invoice Number	LEX	Invoice number as generated by your firm's time & billing system.
Client Id	LEX	The Client ID as designated in your firm's Time and Billing System for NGRID.
Law Firm Matter Id	LEX	The matter ID as designated in your firm's time & billing system. ** See Client Matter ID.
Invoice Total	LEX	Must be equal to the sum of all line items in the invoice.
Billing Start Date	LEX	Beginning of the invoice-billing period YYYYMMDD format
Billing End Date	LEX	End of the invoice billing period in YYYYMMDD format.
Invoice Description		Text description of the overall invoice.
Line Item Number	LEX	Must be a unique ID (alpha-numeric) for each invoice line.
Exp/Fee/Inv Adj Type	LEX	Identifies the line item as an expense ("E"), a fee ("F"), an Invoice-level adjustment on fees ("IF"), or an invoice-level adjustment on expenses ("IE")
Line Item Number Of Units	LEX	Mandatory hours worked or units billed (i.e. 3 hours or 100 copies)
Line Item Adjustment Amount		Positive value indicates a premium; negative value indicates a discount.
Line Item Total	LEX	Line Item Unit Cost * Line Item Number of Units - Line Item Adjustment Amount
Line Item Date	LEX	Must be within range of Billing Start and End Dates.
Line Item Task Code		FEES - Optional, 4 character TASK code from the UTBMS code set.
Line Item Expense Code		EXPENSES - Optional, 4 character EXPENSE code from the UTBMS code set.
Line Item Activity Code		FEES - Optional, 4 character ACTIVITY code from the UTBMS code set.
Timekeeper Id	LEX	FEES - Mandatory. Timekeeper must be present in the Legal eXchange timekeeper list. EXPENSES - Mandatory. Timekeeper must be present in the Legal eXchange timekeeper list
Line Item Description	NGRID	Description of the work completed or expenses charged.
Law Firm Id		Law Firm Tax ID (FEIN) number
Line Item Unit Cost	LEX	Mandatory hourly rate or unit cost of the item billed (i.e. \$150 or 10 cents per copy)
Timekeeper Name		Timekeeper name can appear on invoice, but usually comes from the submitted timekeeper file
Timekeeper Classification		"PT" (partner), "AS" (associate), "OC" (of counsel), "LA" (legal assistant), or "OT" (other timekeeper)
Client Matter Id		** Can use the Client's matter ID (from web posting) Instead of LF Matter ID.

Final Bills – When you submit your final bill on a matter, please indicate 'Final Bill' in the Invoice Description field.

Timekeeper Field Names	Required Fields: LEX=Legal eXchange	Explanation of fields:
Salutation		Mr., Mrs., etc.
Prefix/Suffix		Any prefix or suffix for your timekeeper's name.
Name (First, M, Last)	NGRID	Your timekeeper's name.
Timekeeper ID	LEX	Your timekeeper's unique ID.
Department		Your timekeeper's department.
Job Title	NGRID	Your timekeeper's job title. The title MUST be one of the following Administrator, Secretary, Attorney, Paralegal, Law Clerk, Investigator, Arbitrator, Expert, Mediator, Court Reporter
Phone	NGRID	Your timekeeper's phone number.
Fax		Your timekeeper's fax number.
Email	NGRID	Your timekeeper's email address.
Specialty		Your timekeeper's specialty.
Comments		Free text area.
Effective Date		Date that rate below is effective (mm/dd/yyyy)
Rate		Your timekeeper's hourly rate.
Active Date		Your timekeeper's active date. (mm/dd/yyyy)
Inactive Date		Your timekeeper's inactive date. (mm/dd/yyyy)

APPENDIX D
Sample Conflict Waiver Letter

(Date)

Name of Attorney Requesting Waiver
Outside Law Firm Name
Address

Re: [Name of case or transaction for which waiver is requested]

Dear [name of outside counsel]:

This letter is in response to your request for a waiver of a [potential or actual] conflict of interest in connection with [name of law firm]'s representation of [other client's name] in the above-referenced matter. We have no objection to such representation subject to the following conditions:

1. [other client name] agrees not to object to [law firm name]'s continued ability to represent National Grid or its affiliates on existing and future matters;
2. [law firm name]'s representation of [other client's name] will not involve the assertion against National Grid or any of its affiliates of a claim of fraud, misrepresentation, or other dishonest or improper conduct;
3. [law firm's name] is representing [other client's name] for the sole purpose of [describe limited engagement to which National Grid is consenting] and it is understood that National Grid reserves the right to claim a potential or actual conflict of interest and take appropriate action regarding any other matters including broader representation of [other client's name] with reference to this matter;
4. [law firm's name] agrees and understands that the within waiver of [potential or actual] conflict of interest is limited to the specific matter referenced above, and that by waiving said [potential or actual] conflict of interest, National Grid is not providing a blanket or prospective waiver of any [potential or actual] conflict of interest;
5. [law firm's name] and National Grid agree to resolve the potential conflict by, wherever possible and practicable, (a) ensuring that outside counsel avoid representing another client on a matter which could result in litigation directly adverse to National Grid; (b) utilizing different firm personnel to represent the other client, on the one hand, and National Grid, on the other hand, in any matter where a possible conflict is identified; and (c) regardless of the firm personnel utilized, implementing appropriate conflict screens to prevent the sharing of confidential information of National Grid with another client or of another client with National Grid; and
6. [other client's name] has been informed of the conditions set forth in this letter and has agreed to these conditions.

Please sign this letter and have it signed by an appropriate representative of [other client's name] and return it to me if these conditions are acceptable to you.

Yours truly,

Authorized National Grid Attorney

Received and agreed to:

[Attorney at law firm]

[other client representative]

REDACTED

Camerino, Steven

From: Camerino, Steven
Sent: Monday, January 25, 2010 12:55 PM
To: O'Brien, Celia
Subject: Rate Case Estimate

Celia, my estimate for legal expense for the rate case is [REDACTED] exclusive of expenses. The estimate includes all work performed to date. As I have indicated in the past, we do not charge a mark-up on expenses incurred, so those charges just reflect a pass-through of costs such as copying, meals and travel. Expenses also include the cost of staff overtime caused by the specific demands of the matter (i.e., caused by a major undertaking with a tight deadline, as opposed to general workload requirements of our office).

The estimate assumes a settlement since it is impossible to know what issues, if any, would be litigated. Most rate cases ultimately settle, and even those that don't almost always involve litigation of a limited number of issues. Unfortunately, any effort to estimate the cost of a litigated case at this early stage of the process would be extremely speculative and have little value. Another potential development in the case that could affect the level of work is the extent to which the Company's revenue decoupling proposal leads to the involvement of multiple intervenors in the case or expansion of the case beyond what is typical for most rate cases. Also, it is my understanding that the various members of the rate case team at National Grid will take primary responsibility for the preparation of discovery materials and other information required for the case, and that it will be our role to review and comment on those responses and materials.

Please let me know if you have any questions at all.

Steve

ENERGYNORTH NATURAL GAS, INC.
d/b/a NATIONAL GRID NH
DG 10-017

National Grid NH's Responses to
Staff Data Requests – Set # 2

Date Received: July 13, 2010
Request No.: Staff 2-84

Date of Response: August 6, 2010
Witness: Frank Lombardo

REQUEST: Ref. Response Staff 1-2 and Attachment 1-2(f). Order No. 25,064 on rate case expenses in DG 08-009 at 3 states that Company has agreed to provide “evidence that the Company’s procurement policies and procedures have been complied with” at an early stage of the next rate case. Section III.B.2. of the Company’s Policies Governing Retention of Outside Counsel, Attachment 1-2(f) at p. 6 of 21, states, in relevant part, that “Once outside counsel has been retained to represent National Grid pursuant to a retainer agreement described above, each engagement of such counsel for a specific matter shall be documented by a letter agreement or notice” The Attachment contains a “Retainer Letter Agreement for Regulatory Matters.” Please provide the letter agreement or notice documenting the engagement of the McLane firm for its work on the rate case, Docket No. DG 10-017, or confirm that no such letter agreement or notice was obtained.

RESPONSE: Planning for the rate case began shortly after the Commission order in DG 08-009 was issued and, as a result, the McLane Law Firm’s involvement preceded finalization of the new retainer arrangement and guidelines document referred to. The Company has, however, provided a formal letter to the McLane firm as a supplement to the budget estimate and other retention documents previously provided to address the Staff’s inquiries regarding this matter. A copy is attached as Attachment Staff 2-84.

July 20, 2010

Steven V. Camerino, Esquire
McLane, Graf, Raulerson & Middleton, P.A.
11 South Main Street - Suite 500
Concord, NH 03301

Re: EnergyNorth 2010 Gas Rate Case

Dear Steve:

Consistent with our prior discussions, this letter confirms that National Grid USA, or one of its subsidiaries or affiliates ("National Grid"), has asked you to represent us in the above-referenced matter. In connection with your representation, we have asked you to prepare, litigate, and brief EnergyNorth Natural Gas, Inc.'s petition for a base-rate proceeding through to its completion. This includes preparation/filing of all materials needed to document National Grid's proposals, a discovery phase, procedural and evidentiary hearings, and briefing. In addition to assisting in the development of written testimony and supporting documentation for National Grid's initial and rebuttal filings, we expect that you will review and file discovery responses, will provide hearing support, and will prepare legal briefs and motions as needed to complete the proceeding.

This engagement is subject to, and is governed by, the National Grid USA Policies Governing Retention of Outside Counsel (the "Outside Counsel Policies") and the Retainer Letter Agreement entered into with your firm ("Retainer Agreement"), which replace the similar KeySpan policies under which you were previously engaged. We have agreed that you will be the lead outside counsel on this matter and shall be responsible for ensuring adherence to the Outside Counsel Policies. I will be the Company Representative on this matter. We have agreed that you will be compensated for your work on this matter based on the hourly rates described in the Retainer Agreement.

Yours truly,



Celia B. O'Brien
Assistant General Counsel

NATIONAL GRID
Sole Source Authorization Form

Requisitions for Purchase Orders in excess of \$10,000.00 should be bid on a competitive basis by a minimum of three qualified vendors. When outstanding circumstances exist which prohibit the competitive bid process (a Sole Source purchase), the Requestor must complete the information below and return this form with supporting documentation to Supply Chain Management - Procurement. Justification for the Sole Source purchase must be described below. Several potential reasons for Sole Sourcing are listed below. Signatures by the Requestor and their immediate supervisor are required. The completed form and all supporting documentation must be forwarded to the appropriate Purchasing Agent at Northboro, Westboro, or Syracuse before the Purchase Order will be issued. Purchasing Agents will file completed Authorization Forms with the corresponding legal copy of the Purchase Order.

Please note: Shortage of time is not normally adequate sole source justification.

Requisition Number: _____

Requisition Value: _____ Approx. \$160,000 (based on last bid) _____

Project Name: Energy North Rate Filing (Expected February 2010) _____

Vendor name: Michael Adams, Concentric Energy Advisors, Inc. _____

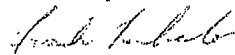
Potential Reasons for Sole Source:

- No alternative source available
- Proprietary specialist or equipment: OEM repair parts/service, warranty provisions, etc.
- Emergency materials or service imposed by major system interruptions (storm, equipment failure, etc.)
- Continue the use of specialized services
- Low value purchases or projects where the cost of competitive bidding is not likely to be recovered: e.g., cost of a detailed spec vs. design build
- Other unique circumstances (please describe)

Justification: (use additional sheet(s) if needed)

Michael Adams is a specialist with the relevant skill set to act as the revenue requirement witness in New Hampshire throughout the EnergyNorth rate filings. Competitive bidding for these services would likely result in limited value to National Grid as compared to the skill set that Michael Adams brings to the table.

Requestor



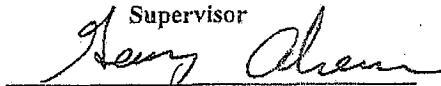
(Signature)

Name: Frank Lombardo _____

Title: Director, NY Revenue Requirements

Date: October 26, 2009 _____

Supervisor



(Signature)

Name: Gary Ahern _____

Vice President,
Regulation & Pricing Gas Distribution _____

Date: October 26, 2009 _____

NATIONAL GRID
Sole Source Authorization Form

Requisitions for Purchase Orders in excess of \$10,000.00 should be bid on a competitive basis by a minimum of three qualified vendors. When outstanding circumstances exist which prohibit the competitive bid process (a Sole Source purchase), the Requestor must complete the information below and return this form with supporting documentation to Supply Chain Management - Procurement. Justification for the Sole Source purchase must be described below. Several potential reasons for Sole Sourcing are listed below. Signatures by the Requestor and their immediate supervisor are required. The completed form and all supporting documentation must be forwarded to the appropriate Purchasing Agent at Northboro, Westboro, or Syracuse before the Purchase Order will be issued. Purchasing Agents will file completed Authorization Forms with the corresponding legal copy of the Purchase Order.

Please note: Shortage of time is not normally adequate sole source justification.

Requisition Number: _____

Requisition Value: **Approx. \$160,000 (based on last bid)**

Project Name: Energy North Rate Filing (Expected February 2010)

Vendor name: Michael Adams, Concentric Energy Advisors, Inc.

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- Proprietary specialist or equipment: OEM repair parts/service, warranty provisions, etc.
- Emergency materials or service imposed by major system interruptions (storm, equipment failure, etc.)
- Continue the use of specialized services
- Low value purchases or projects where the cost of competitive bidding is not likely to be recovered: e.g., cost of a detailed spec vs. design build
- Other unique circumstances (please describe)

Justification: (use additional sheet(s) if needed)

Michael Adams is a specialist with the relevant skill set to act as the revenue requirement witness in New Hampshire throughout the EnergyNorth rate filings. Competitive bidding for these services would likely result in limited value to National Grid as compared to the skill set that Michael Adams brings to the table.

Requestor

Supervisor

(Signature)

(Signature)

Name: Frank Lombardo _____

Gary Ahern _____

Title: Director, NY Revenue Requirements

Vice President,
Regulation & Pricing Gas Distribution

Date: October 26, 2009 _____

October 26, 2009 _____

ENERGYNORTH NATURAL GAS, INC.
d/b/a NATIONAL GRID NH
DG 10-017

National Grid NH's Responses to
Staff Data Requests – Set # 2

Date Received: July 13, 2010
Request No.: Staff 2-87

Date of Response: August 6, 2010
Witness: Frank Lombardo

REQUEST: Ref. Response 1-2 and Attachment 1-2(e). The Sole Source Authorization Form, Attachment p. 137 of 138, states under "Justification" that "Competitive bidding for these services would likely result in limited value to National Grid as compared to the skill set that Michael Adams brings to the table." Please provide any documentation, analyses or other information demonstrating how National Grid determined that competitive bidding would likely result in only "limited value," including any analysis of Mr. Adams' skill set as compared to other potential bidders.

RESPONSE: The sole source documentation provided in the Company's response to Data Request Staff 1-2 included all of the detail relating to the engagement of Concentric Energy Advisors to assist with the revenue requirement preparation. In filing this case, National Grid targeted a timely process that needed to allow for model and exhibit validation due to the limited regulatory experience in the Regulatory Group (see the Company's response to Data Request Staff 2-86). Having utilized Concentric Energy Advisors in previous filings, their knowledge of the Company allowed for a more timely and efficient integration into the case. Given the Company's need to conduct the case preparation in a timely manner, any competitive bidding and candidate company assessment would have prolonged the process and placed more of a burden on internal National Grid personnel.

To the benefit of customers and the Company, Mike Adams' experiences vary across the utility space – from time spent working within the Illinois Power Company to his contribution to the Illinois Commerce Commission and most recently to the variety of projects he has assisted with in his role at Concentric \ Navigant. Mike Adams has built the specific skill set needed for this role through his previous portfolio of responsibilities. Given the sole sourcing to Concentric, no skill set comparison to other bidders was prepared.

Data Request Staff-1-1

Request:

When did National Grid decide to sell the NH systems and why? Please provide press releases and other public statements regarding the decision to sell.

Response:

National Grid objects to this request because it is not reasonably calculated to lead the discovery of information that is relevant to this proceeding. Notwithstanding this objection, National Grid states as follows.

After receiving the rate case decision in DG 08-009 in May 2009, National Grid decided to evaluate its options for exiting from its New Hampshire distribution businesses. (See Attachment Staff 1-1(a) November Press Release and Attachment Staff 1-1(b) Earnings Press Release.) Subsequently, National Grid decided to run an auction process to sell both New Hampshire distribution businesses. The outcome of the auction process was a decision to sell both New Hampshire businesses in December 2010.

ENERGYNORTH NATURAL GAS, INC.
d/b/a NATIONAL GRID NH
DG 10-017

National Grid NH's Responses to
Technical Session Data Requests

Date Received: July 8, 2011
Request No.: Tech-3

Date of Response: August 11, 2011
Witness: Frank Lombardo

REQUEST: Did the meals reimbursement expense billed by any of the consultants include alcohol? What is the Company policy for reimbursement of alcohol as part of meals expense for consultants.

RESPONSE:

a.) Did the meals reimbursement expense billed by any of the consultants include alcohol?

Please see the following:

Management Applications Consulting – No meal reimbursements billed included alcohol

Analysis Group Economics - No meal reimbursements billed included alcohol

Concentric Energy Advisors (Revenue Requirements) - No meal reimbursements billed included alcohol

Concentric Energy Advisors (ROE) - No meal reimbursements billed included alcohol

Oliver Wyman – Meal reimbursements billed may have included a minimal amount of alcohol

McLane Graf Raulerson & Middleton - No meal reimbursements billed included alcohol

b.) What is the Company policy for reimbursement of alcohol as part of meals expense for consultants?

The Company's Terms and Conditions do not specifically address reimbursement or prohibition of consultant expenses for alcohol.

ENERGYNORTH NATURAL GAS, INC.
d/b/a NATIONAL GRID NH
DG 10-017

National Grid NH's Responses to
OCA's Data Requests – Set #1

Date Received: May 7, 2010
Request No.: OCA 1-3

Date of Response: June 2, 2010
Witness: Frank Lombardo

REQUEST: Please identify every consultant, including but not limited to expert witnesses and legal counsel, which the Company has retained or engaged to assist it with this rate case. For each consultant, please provide the following information:

- a. The specific process used by the Company to engage the consultant (e.g., request for proposals, competitive bidding, sole source contract).
- b. A copy of any Company policy or policies pertaining to the identification and retention of the consultant.
- c. A statement that the Company complied with all Company policies when it identified and retained the services of the consultant, and a copy of such policies.
- d. A copy of any agreements between the Company and the consultant pertaining to work on this case.
- e. The consultant's hourly rate.
- f. A copy of any invoices received by the Company from the consultant pertaining to work on this case, to date.
- g. For expenses charged to date, a copy of each itemized receipt related to the expenses.
- h. The cost to date and the projected total cost through the completion of the case.

RESPONSE: Please see the Company's previous objection to this request. Notwithstanding that objection, and without waiving it, the Company responds as follows:

Please see the Company's response to Staff 1-2.

ENERGYNORTH NATURAL GAS, INC.
d/b/a NATIONAL GRID NH
DG 10-017

National Grid NH's Responses to
Staff's Data Requests – Set #1

Date Received: May 11, 2010
Request No.: Staff 1-2

Date of Response: June 18, 2010
Witness: Frank Lombardo

REQUEST: For each arrangement with outside service providers, please provide a copy of the request for services issued by the company, a summary of bid responses, explanation for selection, copy of contract, the estimated cost of each service. For any arrangement not arranged through an RFP or similar process, provide any documents reflecting the process for the solicitation and engagement of the service provider(s), the terms of the engagement, including the scope and estimated cost, and an explanation for not using an RFP or similar process.

RESPONSE: Please see the Company's previous objection to this request. Notwithstanding that objection, and without waiving it, the Company responds as follows:

Please see Attachments Staff 1-2(a) through (f) for each arrangement with outside service providers.

The Company utilized a sole source procurement process for each of the selected service providers. The sole source process is one by which a provider is selected without soliciting bids from multiple, competing vendors. The use of the sole source process must be authorized and justified with a business purpose. See Attachment Staff 1-2(a) at 86-92; Attachment Staff 1-2(b) at 106-110; Attachment Staff 1-2(c) at 112-115; Attachment Staff 1-2(d) at 180-183; Attachment Staff 1-2(e) at 134-138.

The Company invited Oliver Wyman's proposal for services verbally, and thus no request for proposal or solicitation letter is included in Attachment Staff 1-1(a). Oliver Wyman was already providing services to the Company's Credit and Collections department at the time of the invitation and was familiar with the Company's systems and processes, making the selection of Oliver Wyman economically efficient.

The Company retained McLane, Graf, Raulerson & Middleton ("McLane") for services pursuant to the retainer agreement then in effect, a copy of which was provided in DG 08-009. McLane was already familiar with the Company having represented the Company in numerous regulatory proceedings, including DG 08-009, making the selection of McLane economically efficient and substantively beneficial. In April 2010, the Company entered into an updated retainer agreement with

McLane, which is substantially the same as the prior retainer agreement. *See* Attachment Staff 1-2(f).

ENERGYNORTH NATURAL GAS, INC.
d/b/a NATIONAL GRID NH
DG 10-017

National Grid NH's Responses to
OCA's Data Requests – Set #1

Date Received: May 7, 2010
Request No.: OCA 1-4

Date of Response: May 21, 2010
Witness: Frank Lombardo

REQUEST: For each employee of the Company who has worked on the case to date, please provide:

- a. A copy of each request for reimbursement of expenses related to this work;
- b. A copy of each itemized receipt related to these expenses; and
- c. A copy of the policy for employee expense reimbursements.

RESPONSE: Please see the Company's previous objection to this request.



McLane, Graf,
Raulerson & Middleton
Professional Association

900 Elm Street | P.O. Box 326 | Manchester, NH 03105-0326
Tel: 603.625.6464 | Fax: 603.625.5650 | www.mclane.com

OFFICES IN:
MANCHESTER
CONCORD
PORTSMOUTH
WOBBURN, MA

STEVEN V. CAMERINO
Email: steven.camerino@mclane.com
Licensed in MA and NH

May 14, 2010

Meredith A. Hatfield, Esq.
Office of Consumer Advocate
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 18
Concord, NH 03301-2429

Re: DG 10-017, EnergyNorth Natural Gas, Inc. d/b/a National Grid NH - Rate Case

Dear Attorney Hatfield:

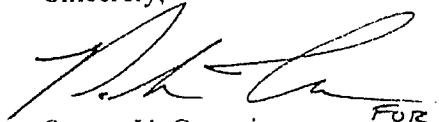
I am writing to notify you that National Grid NH objects to the following data requests propounded by the Office of Consumer Advocate ("OCA") on May 7, 2010.

- OCA 1-3: This data request is overbroad and unduly burdensome, and not reasonably calculated to lead to the discovery of information that would be admissible in this proceeding. Furthermore, this data request is premature as the rate case remains ongoing. To the extent that this data request seeks information that National Grid NH agreed to provide in the DG 08-009 settlement agreement, the Company will produce the requested material.
- OCA 1-4: This data request is overbroad and unduly burdensome, and not reasonably calculated to lead to the discovery of information that would be admissible in this proceeding. Furthermore, this data request is premature as the rate case remains ongoing. To the extent that this data request seeks information that National Grid NH agreed to provide in the DG 08-009 settlement agreement, the Company will produce the requested material.
- OCA 1-36: This data request is overbroad and unduly burdensome, and not reasonably calculated to lead to the discovery of information that would be admissible in this proceeding.
- OCA 110: This data request is not reasonably calculated to lead to the discovery of information that would be admissible in this proceeding.

Meredith A. Hatfield, Esq.
May 14, 2010
Page 2

National Grid NH is asserting these objections to preserve its rights in accordance with the Commission's rules. The Company is prepared to work with you to provide the information that the OCA reasonably requires in this proceeding.

Sincerely,



FOR

Steven V. Camerino

cc: Discovery Service List (via electronic mail)