

APPENDIX A



Stephen G. Whitley
Senior Vice President & Chief Operating Officer

March 8, 2007

Mr. Philip Tatro
Ms. Chuanjiang Zhu
National Grid-USA
25 Research Drive
Westborough, MA 01582-0001

Subject: NEP-07-T01

Gentlepersons:

ISO New England has determined pursuant to Section I.3.9 of the ISO New England Inc. Transmission, Markets and Service Tariff ("ISO Tariff") that implementation of the Participant's Proposed Plan identified in the following application will not have a significant adverse effect on the stability, reliability or operating characteristics of New England Power Company's (NEP) transmission facilities, the transmission facilities of another Transmission Owner, or the system of a Market Participant, subject to satisfaction of any conditions identified below with respect thereto:

The New England Power Company (NEP) Transmission Facilities Proposed Plan Application NEP-07-T01 for the retirement of the Monroe Converter Station, including the United States portion of the Phase I HVDC terminal facilities and related ac reactive facilities, located in Monroe, New Hampshire, with decommissioning to begin on March 31, 2007, as detailed in Ms. Chuanjiang Zhu's January 30, 2007 transmittal to Mr. Donald L. Gates, Chairman – NEPOOL Reliability Committee, subject to the following facilities at the Monroe Converter Station remaining operational:

1. Four (4) 20 MVAR switched shunt reactors;
2. Four (4) 31.5 MVAR switched capacitors; and
3. Phase II HVDC related filtering and communications equipment.

The above plan is hereby approved for implementation.

Sincerely,

A handwritten signature in black ink that reads "S. G. Whitley".

Stephen G. Whitley
Senior Vice President and Chief Operating Officer

cc: Proposed Plan Application

APPENDIX B

BILL OF SALE

Dated as of [_____], 2013 (the "Effective Date")

1. **NEW ENGLAND ELECTRIC TRANSMISSION CORPORATION**, a New Hampshire corporation, with a place of business at 40 Sylvan Road, Waltham, MA 02451 (the "Seller" or "NEET"), in consideration of **One Dollar (\$1.00)**, the receipt and sufficiency of which are hereby acknowledged by the Seller, hereby sells, transfers and assigns unto **NEW ENGLAND POWER COMPANY**, a Massachusetts corporation, with a place of business at 40 Sylvan Road, Waltham, MA 02451 (the "Buyer" or "NEP"), all of its right, title and interest in and to the items, assets, personalty and equipment identified on Exhibit A attached hereto (the "Assets").

TO HAVE AND TO HOLD the Assets with all the privileges and appurtenances thereof to the Buyer, its successors and assigns, for its own use and forever.

2. BUYER ACKNOWLEDGES AND AGREES THAT IT HAS EXAMINED THE ASSETS AS FULLY AS IT DESIRED AND THAT THE ASSETS ARE BEING SOLD AND TRANSFERRED "AS IS, WHERE IS" AND, ACCORDINGLY, SELLER IS NOT MAKING ANY COVENANTS, REPRESENTATIONS OR WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, CONCERNING THE QUALITY, CONDITION OR WORKMANSHIP OF SUCH ASSETS, INCLUDING, IN PARTICULAR, AND WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE HEREBY EXPRESSLY DISCLAIMED.

Title to the Assets shall vest in Buyer as of the Effective Date. The Assets shall be delivered to Buyer *in situ*. Risk of loss or damage to the Assets shall pass to Buyer as of the Effective Date.

The provisions of this Paragraph 2 shall survive transfer of the Assets under this Bill of Sale.

3. To the extent that any provision of this Bill of Sale shall be held to be invalid, illegal or unenforceable, such provision shall be modified so as to give as much effect to the original intent of such provision as is consistent with applicable law and without affecting the validity, legality or enforceability of the remaining provisions of this Bill of Sale. Each party represents and warrants to the other that the signatory identified beneath its name below has full authority to execute this Bill of Sale on its behalf.

This Bill of Sale and all of the provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

This Bill of Sale shall be governed by and construed in accordance with applicable Federal law and the laws of the State of New Hampshire (regardless of the laws that might otherwise govern under applicable principles of conflicts of laws). Venue in any action with respect to this Bill of Sale shall be in New Hampshire; the parties agree to submit to the personal jurisdiction of courts in New Hampshire with respect to any such actions.

This Bill of Sale may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Bill of Sale may also be executed via counterpart facsimiles or in "PDF" format by electronic mail upon (a) the telecopy or emailing by each party of its signed signature page to the other party, with, in the case of facsimile, return receipt requested and received and (b) the parties' agreement that they will each concurrently forward a fully executed original counterpart to the other party.

[Signatures are on following page.]

IN WITNESS WHEREOF, the parties have each caused this Bill of Sale to be executed in their names and behalf by their respective duly authorized representatives as of the Effective Date.

**NEW ENGLAND ELECTRIC
TRANSMISSION CORPORATION,
as Seller**

By: _____
Name:
Title:

**NEW ENGLAND POWER COMPANY,
as Buyer**

By: _____
Name:
Title:

EXHIBIT A

DESCRIPTION OF ASSETS

The following assets were associated with the AC reinforcements required at Comerford to support the HVDC Converter. All assets will be transferred to NEP and will remain in-situ.

MONROE 0772 HYDRO QUEBEC PHASE 1 – COMERFORD AC REINFORCEMENTS			
Asset ID	Description	Quantity	Comments
11399244	HYD QUE PH.1 - 7 FT. FENCE (NEP 230KV SUB)	1	
11399248	HYD QUE PH.1 - YARD GRADING	1	
11399261	HYD QUE PH.1 - STRUCTURE: LATTACE	4	
11399263	HYD QUE PH.1 - STRUCTURE: TUBULAR	6	
11399307	HYD QUE PH.1 - H208 (230KV TIE LINE) (1.59 MILES)	1.59 miles	H208 - Conductor only.
11399292	HYD QUE PH.1 - H208 (230KV TIE LINE) #1 70' TL DEPO-D D END	1	H208 - Structure #1 and associated equipment.
11399293	HYD QUE PH.1 - H208 (230KV TIE LINE) #2 95' TL HS5 (H FRAME)	1	H208 - Structure #2 and associated equipment.
11399294	HYD QUE PH.1 - H208 (230KV TIE LINE) #3 75' TL-15HDE H FR/DE	1	H208 - Structure #3 and associated equipment.
11399295	HYD QUE PH.1 - H208 (230KV TIE LINE) #4 80' TL-HS5 (H FRAME)	1	H208 - Structure #4 and associated equipment.
11399296	HYD QUE PH.1- H208 (230KV TIE LINE) #5 85' TL-20HDE-D H FR/DE	1	H208 - Structure #5 and associated equipment.
11399306	HYD QUE PH.1 - G207 (230KV TIE LINE) (1.14 MILES)	1.14 miles	G207 - Conductor only.
11399285	HYD QUE PH.1 -G207 230KV TIE LINE #1 70' TL82DEPO-D DEAD END	1	G207 - Structure #1 and associated equipment.
11399287	HYD QUE PH.1 - G207 (230KV TIE LINE) #2 85' TL-HS5 (H FRAME)	1	G207 - Structure #2 and associated equipment.
11399290	HYD QUE PH.1-G207 230KV TIE LINE #3 100' TL 20HDE-D H FR/DE	1	G207 - Structure #3 and associated equipment.
11399310	HYD QUE PH.1 - AAAC CONDUCTOR - LINE 3386 (.99 MILES)	0.99 miles	3386 - Conductor only.
11399312	HYD QUE PH.1 - AA CONDUCTOR - LINE 3386 (.32 MILES)	0.32 miles	3386 - Conductor only.
11399301	HYD QUE PH.1 - POLES: 20.01 TO 30.00 FT. LINE 3386	7	3386 - Poles and associated equipment
11399303	HYD QUE PH.1 - POLES: 30.01 TO 40.00 FT. LINE 3386	6	3386 - Poles and associated equipment
11399305	HYD QUE PH.1 - POLES: 40.01 TO 50.00 FT. LINE 3386	2	3386 - Poles and associated equipment
11399311	HYD QUE PH.1 - AA CONDUCTOR - LINE 3315 (.34 MILES)	0.34 miles	3315 - Conductor only.
11399309	HYD QUE PH.1 - AAAC CONDUCTOR - LINE 3315 (1.04 MILES)	1.04 miles	3315 - Conductor only.
11399304	HYD QUE PH.1 - POLES: 40.01 TO 50.00 FT. LINE 3315	3	3315 - Poles and associated equipment
11399302	HYD QUE PH.1 - POLES: 30.01 TO 40.00 FT. LINE 3315	7	3315 - Poles and associated equipment
11399313	HYD QUE PH.1 - AIRBREAK SWITCH - LINE 3315	1	34.5kV fused disconnects outside Monroe
11399314	HYD QUE PH.1 - AIRBREAK SWITCH - LINE 3386	2	34.5kV fused disconnects outside Monroe

The following NEET assets and spares are currently installed or retained at locations other than Comerford as described. These assets will be transferred to NEP and will remain in-situ.

0705, 0771, 0772, 0024 HYDRO QUEBEC PHASE 1 - AC REINFORCEMENTS			
Asset ID	Description	Quantity	Comments
11399240	Londonderry 0705 - HYD QUE PH.1 - 795 ACSR ALUM CONDUCTOR	0.1 miles	Spare ground wire conductor.
11399351	Monroe 0772 - HYD QUE PH.1 - CABLE	0.07 miles	
11399846	Monroe 0772 - HYD QUE PH.1 - DISCONNECT SWITCHES - 115KV,600A	4	
11399325	Tewksbury - HYD QUE PH.1 - AUDITONE/FIBER OPTIC SYSTEM	1	
11399341	Tewksbury - HYD QUE PH.1 - CABLE	0.29 miles	
11399343	Tewksbury - HYD QUE PH.1 - CABLE	0.38 miles	
11399339	Tewksbury - HYD QUE PH.1 - CABLE	6.35 miles	
11399345	Tewksbury - HYD QUE PH.1 - CONDUCTOR	0.03 miles	
11399335	Tewksbury - HYD QUE PH.1 - CONDUCTOR	2.43 miles	
11399353	Tewksbury - HYD QUE PH.1 - CONDUIT 3" AND OVER	0.21 miles	
11399352	Tewksbury - HYD QUE PH.1 - CONDUIT 3" AND UNDER	0.71 miles	
11399354	Tewksbury - HYD QUE PH.1 - DB TYPE TOWER WITH FOUNDATION	1	
11399350	Tewksbury - HYD QUE PH.1 - NEOPRENE CONTROL	1.2 miles	
11399338	Tewksbury - HYD QUE PH.1 - WEB CHANNEL BUS CONDUCTOR	0.01 miles	

The following NEET assets are located at the HVDC Converter. These assets will be transferred to NEP to provide VAR support to the AC transmission system and will remain in-situ.

MONROE 0772 HYDRO QUEBEC PHASE 1 - HVDC CONVERTER			
Asset ID	Description	Quantity	Comments
11092615	EXCAVATION, GRAVEL, PLACEMENT, GRADING ETC.	1	Includes substation yard infrastructure such as gravel, roads, etc.
11092612	WATER SUPPLY SYSTEM	2	There were originally 3 wells on the site. One has been decommissioned and the remaining two have been connected into the new control / relay house.
11092600	CHAIN LINK FENCE W/2 GATES	1	Substation fences and gates including wiring and conduit for remote opening / closing and security systems.
11092602	HYDRO QUEBEC PH.1 - G.E. CONTR. #54- FOUND. STEEL PED. & TOWER	18%	
11092598	SEWER SYSTEM	50%	Leach field removed 50% transfers to NEP.

11092727	HYD QUE PH.1 - G.E. CONTR.#54&8 - BUS&CABLE	0.6 miles	
11092654	HYD QUE PH.1 - G.E.#8 - CIRCUIT SWITCHES (1V-C11, 1V-C12, 2V-C21 & 2V-C22)	4	All of the circuit switchers were replaced by new Co. 10 owned GCBs and disconnect switches.
11092667	SHUNT CAP BANKS 31.5MVAR (C11, C12, C21, C22)	4	
11092724	230/13.8kV SUBSTATION TRANSFORMERS Transformers No.20 and No. 30	2	Transformer T10 is a new transformer and a NEP asset. Transformer T20 includes foundations, control cabinets, wiring, conduits, busbar and associated support structures. Transformer T30 retained as a spare.
11092704	13.8kV METAL CLAD SWGR - Bus 10, Bus 20 and Bus 30 R11 & R12 spare R13 & R14 in-service R21 & R23 in-service R22 & R24 spare R31, R32, R33 and R34 spare	12	Metal-clad switchgear for the reactors associated with T10 and T20 - includes foundations, accommodation, wiring and conduits, etc. Metal-clad switchgear for T30 retained as spares.
11092676	13.8kV 20MVAR Shunt Reactors - Bus 10, Bus 20 and Bus 30 R21 & R23 in-service R22 & R24 spares R13 & R14 in-service R11 & R12 spare R31, R32, R33 & R34 spare	12	Reactors associated with T10 and T20 – includes foundations, structures, 13.8kV underground cable, wiring and conduits, etc. Reactors associated with T30 retained as spares.
	Yard Lighting, Arrestors, Bus, Conduit, Wiring, Lightning Masts, wood poles for telephony.		Items not separately identified in accounting records but will transfer to NEP

APPENDIX C

AGREEMENT AND BILL OF SALE

Dated as of _____, 2013 (the "*Effective Date*")

TRANSCANADA HYDRO NORTHEAST INC., a Delaware corporation with a place of business at 110 Turnpike Road, Suite 300, Westborough, Massachusetts 01581 (the "*Buyer*") wishes to purchase, and **NEW ENGLAND ELECTRIC TRANSMISSION CORPORATION**, a New Hampshire corporation with a place of business at 40 Sylvan Road, Waltham, Massachusetts 02451 (the "*Seller*") is willing to sell, the personal property identified and described on Exhibit A attached hereto and incorporated herein by reference (collectively, the "*Assets*"), subject to the terms of this Agreement and Bill of Sale ("*Bill of Sale*"). Buyer and Seller may be referred to herein, individually, as a "*Party*" or, collectively, as the "*Parties*".

1. The purchase price for the Assets is US\$11,481 (the "*Purchase Price*").
2. Buyer acknowledges that it has examined the Assets as fully as it desired. Each Party shall be responsible for its own costs incurred in connection with the transactions contemplated by this Bill of Sale. Buyer shall be responsible for any sales, use or other transfer taxes, if any, imposed by reason of the transfer of the Assets hereunder.
3. The Seller, for the Purchase Price and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby conveys, grants, bargains, sells, assigns and transfers, to the Buyer, as of the Effective Date, all of Seller's right, title and interest in and to the Assets, free from any liens, leases, mortgages, pledges, security interests and other charges or encumbrances of any kind. The Assets are hereby delivered *in situ* at Comerford Station, Monroe, NH.
4. Seller Warranties. As of the Effective Date, the Seller represents and warrants to the Buyer to the best of the Seller's knowledge and belief:
 - a) Title to the Assets against the claims of persons claiming by, against, through or under the Seller; and
 - b) That the Seller has full right, power and authority to sell the Assets and to make this Bill of Sale.

All of the Buyer's obligations under this Agreement and Bill of Sale are conditioned upon the accuracy of the representations contained in this Paragraph 4 as of the Effective Date. The representations contained in this Paragraph 4 will survive for one year following the Effective Date and will thereafter be of no further force or effect.

5. Seller agrees that it will, at any time and from time to time, upon reasonable request of the Buyer, do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably required for the better assigning, transferring, granting, assuring and confirming to the Buyer, or to its successors and assigns, of,

or for aiding and assisting in collecting and reducing to possession, any or all of the Assets being transferred to the Buyer pursuant to this Bill of Sale.

6. EXCEPT TO THE EXTENT OTHERWISE EXPRESSLY AND SPECIFICALLY PROVIDED IN PARAGRAPH 4 AND PARAGRAPH 8 OF THIS BILL OF SALE, BUYER ACKNOWLEDGES AND AGREES THAT THE ASSETS ARE BEING SOLD AND TRANSFERRED "AS IS, WHERE IS" AND, ACCORDINGLY, SELLER IS NOT MAKING ANY COVENANTS, GUARANTEES, REPRESENTATIONS OR WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, CONCERNING SUCH ASSETS, INCLUDING, IN PARTICULAR, AND WITHOUT LIMITATION, ANY COVENANTS, GUARANTEES, REPRESENTATIONS OR WARRANTIES WITH RESPECT TO (I) TITLE, (II) QUALITY, (III) MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE, (IV) WORKMANSHIP OF THE ASSETS OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, (V) COMPLIANCE WITH ENVIRONMENTAL LAWS (AS DEFINED BELOW) OR THE ABSENCE OF HAZARDOUS SUBSTANCES (AS DEFINED BELOW) (VI) THE CONDITION OF THE ASSETS, IN WHOLE OR IN PART, (VII) NON-INFRINGEMENT, OR (VIII) WHETHER THE BUYER POSSESSES SUFFICIENT REAL PROPERTY, PERSONAL PROPERTY OR OTHER RIGHTS, PERMITS OR LICENSES TO OWN OR OPERATE THE ASSETS, ALL OF WHICH ARE HEREBY EXPRESSLY EXCLUDED AND DISCLAIMED.

NO MATERIAL OR INFORMATION PROVIDED BY, OR COMMUNICATION OF, SELLER, OR ANY OFFICER, EMPLOYEE, CONTRACTOR, CONSULTANT, REPRESENTATIVE OR AGENT THEREOF, WILL CAUSE OR CREATE ANY COVENANT, GUARANTEE OR WARRANTY, STATUTORY, EXPRESS OR IMPLIED, RELATING TO THE ASSETS OR THIS BILL OF SALE. THE PROVISIONS HEREOF HAVE BEEN NEGOTIATED BY THE PARTIES HERETO AFTER DUE CONSIDERATION AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY GUARANTEES, REPRESENTATIONS AND WARRANTIES, WHETHER STATUTORY, EXPRESS OR IMPLIED, EXCEPT TO THE EXTENT OTHERWISE EXPRESSLY AND SPECIFICALLY PROVIDED IN PARAGRAPH 4 AND PARAGRAPH 8 OF THIS BILL OF SALE.

7. Buyer shall assume all liability arising out of or incurred in connection with the operation or use of the Assets from and after the Effective Date, including, without limitation, liability for any claims arising from, or relating to, the design, condition, use, resale, and/or disposal of, or damage or losses to or from, any of the Assets, individually or as a whole. Buyer hereby releases and discharges Seller from all liability in connection with the Assets to the extent such liability arises from and after the Effective Date.

The foregoing notwithstanding, the Buyer shall not assume any liability or obligation (including with respect to any noncompliance with Environmental Laws) arising out of or incurred in connection with the operation or use of the Assets prior to the Effective Date.

The Seller agrees to indemnify, defend (at the Buyer's option and with counsel satisfactory to the Buyer) and hold harmless the Buyer, its officers, directors, shareholders, employees, agents, contractors, direct and indirect parent companies, affiliates and subsidiaries, and its or their successors and assigns (each, a "*Buyer Indemnified Party*" and, collectively, the

“*Buyer Indemnified Parties*”), to the full extent permitted by applicable law, from and against any and all costs, losses, expenses, damages, claims, liens, fines, penalties, encumbrances, obligations, actions and causes of action, of any kind whatsoever, in law and in equity, whether known or unknown, suspected or unsuspected, including, without limitation, reasonable attorneys’ fees and other professional expenses and fees, third party claims for personal injury or property damage, diminution of property value and remediation costs, in each case to the extent arising from or in connection with the Assets prior to the Effective Date (“*Buyer Claims*”), including, without limitation, Buyer Claims arising from (i) any acts or omissions of the Seller or its or its affiliates’ officers, directors, employees, agents, or contractors, or (ii) noncompliance with any Environmental Laws or the release or threat of release of Hazardous Materials in connection with the Assets or any disposal thereof, except to the extent such Buyer Claims result from (x) the breach of this Bill of Sale by Buyer or (y) the negligence, willful misconduct, or unlawful act or omission of Buyer or any Buyer Indemnified Party.

The Buyer agrees to indemnify, defend (at the Seller’s option and with counsel satisfactory to the Seller) and hold harmless the Seller, its officers, directors, shareholders, employees, agents, contractors, direct and indirect parent companies, affiliates and subsidiaries, and its or their successors and assigns (each, a “*Seller Indemnified Party*” and, collectively, the “*Seller Indemnified Parties*”), to the full extent permitted by applicable law, from and against any and all costs, losses, expenses, damages, claims, liens, fines, penalties, encumbrances, obligations, actions and causes of action, of any kind whatsoever, in law and in equity, whether known or unknown, suspected or unsuspected, including, without limitation, reasonable attorneys’ fees and other professional expenses and fees, third party claims for personal injury or property damage, diminution of property value and remediation costs, in each case to the extent arising from or in connection with the Assets on or after the Effective Date (“*Seller Claims*”), including, without limitation, Seller Claims arising from (i) any acts or omissions of the Buyer or its or its affiliates’ officers, directors, employees, agents, or contractors, or (ii) noncompliance with any Environmental Laws or the release or threat of release of Hazardous Materials in connection with the Assets or any disposal thereof, except to the extent such Seller Claims result from (x) the breach of this Agreement by Seller or (y) the negligence, willful misconduct, or unlawful act or omission of Seller or any Seller Indemnified Party.

Neither Party shall be liable to the other Party or to any Seller Indemnified Party or Buyer Indemnified Party, as applicable, for any consequential, indirect, special, incidental, multiple, or punitive damages in connection with or related to this Bill of Sale or the transactions contemplated herein, including, without limitation, damage claims based on causes of action for breach of contract, tort (including negligence), or any other theory of recovery, whether or not (i) such damages were reasonably foreseeable or (ii) the Parties were advised or aware that such damages might be incurred.

For purposes of this Bill of Sale, (i) the term “*Environmental Laws*” shall mean any and all federal, state and/or local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees or other governmental requirements or restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals, toxic or hazardous substances or wastes into the environment, including, without limitation, ambient air, surface water, ground water or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals, toxic or hazardous

substances or wastes or the cleanup or other remediation thereof, and (ii) the term "Hazardous Materials" shall mean and include any oils, petroleum products and any other wastes, materials and substances which are defined, determined or identified as such in applicable federal, state and/or local Environmental Laws, or in any judicial or administrative interpretation of Environmental Laws.

8. Each Party represents that the following statements are true, correct and complete as of the Effective Date:

- (a) the Party is validly existing and in good standing under the laws of the state in which it is organized;
- (b) the Party has all requisite power and authority to execute and deliver this Bill of Sale, undertake its obligations hereunder and consummate the transactions contemplated hereby and this Bill of Sale constitutes the valid and legally binding obligation of the Party enforceable in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or law); and
- (c) neither the execution of this Bill of Sale by the Party, nor the consummation by the Party of the transactions contemplated hereby, will constitute a violation of, or be in conflict with, or constitute or create a default under: any applicable charter, certificate of incorporation, bylaws, operating agreement or similar organizational documents of the Party, each as amended to date; any agreement or commitment to which the Party is a party or by which the Party or any of its properties is bound or to which the Party or any of such properties is subject; or any statute or any judgment, decree, order, regulation or rule of any court or governmental authority.

These representations will survive for one year following the Effective Date and will thereafter be of no further force or effect.

9. Risk of loss or damage to the Assets shall pass to the Buyer upon the Effective Date.

10. Buyer agrees to modify the existing fiber optic line (presently running from Comerford Station to Comerford 230kv Yard) to bypass New England Electric Transmission Corporation's Monroe HVDC Station and to change the Comerford Station 230 kV Substation termination point of such fiber optic line from the existing New England Power Company Control House to the new New England Power Company Control House at Comerford Station (the "Modifications"). The Modifications shall be implemented in a mutually agreeable manner and without cost to Seller or any of its affiliates. Buyer agrees to use commercially reasonable efforts to complete the Modifications on or before March 31, 2013 ("Completion Date"), unless the parties mutually agree (in writing and in their respective sole discretion) to extend the Completion Date. In addition, the Buyer shall not be responsible for any delay in completion of the Modifications to the extent such delay is directly caused by the acts or omissions of the Seller.

11. To the extent that any provision of this Bill of Sale shall be held to be invalid, unenforceable, it shall be modified so as to give as much effect to the original provision as is consistent with applicable law and without affecting the validity, legality or enforceability of the remaining provisions of this Bill of Sale. Each Party represents to the other that the signatory(ies) identified beneath its name below has full authority to execute this Bill of Sale on its behalf.

This Bill of Sale and all of the provisions hereof shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns. Paragraphs 2, 3, 5, 6, 7, 9, 10 and 11 shall survive execution, delivery and completion of this Bill of Sale. Paragraphs 4 and 8 shall survive execution, delivery and completion of this Bill of Sale for the period of time contemplated in each such Paragraph.

This Bill of Sale shall be governed by and construed in accordance with the laws of the State of New Hampshire (regardless of the laws that might otherwise govern under such state's applicable principles of conflicts of laws). Venue in any action with respect to this Bill of Sale shall be in New Hampshire; the Parties agree to submit to the personal jurisdiction of courts in New Hampshire with respect to any such actions.

This Bill of Sale may be executed in several counterparts, each of which shall be deemed an original when signed, and such counterparts shall constitute one and the same instrument. The exchange of counterparts by facsimile transmission (including telecopier and scanned "PDF" transmitted by email) shall constitute effective execution and delivery of this Bill of Sale by the Parties. Signatures of the Parties transmitted by facsimile (including telecopier and scanned "PDF" transmitted by email) shall be deemed to be their original signatures for all purposes.

[Signatures are on following page.]

IN WITNESS WHEREOF the Parties have each caused this Bill of Sale to be signed and their names and behalf by their respective duly authorized representatives as of the Effective Date. Verified Petition Appendix C
Page 7 of 10

NEW ENGLAND ELECTRIC TRANSMISSION CORPORATION, as Seller

By: _____
Name:
Title:

TRANSCANADA HYDRO NORTHEAST INC., as Buyer

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

DESCRIPTION OF ASSETS

The personal property consisting of the following equipment and facilities located at Comerford Station, Monroe, NH (as shown on diagram SK10-18-11 (the “*SK10 Drawing*”) attached to this Exhibit A):

Four, thirty-foot wood poles designated 12, 22, 32, and 42 supporting Fiber Optic Cable #382 on the SK10 Drawing.

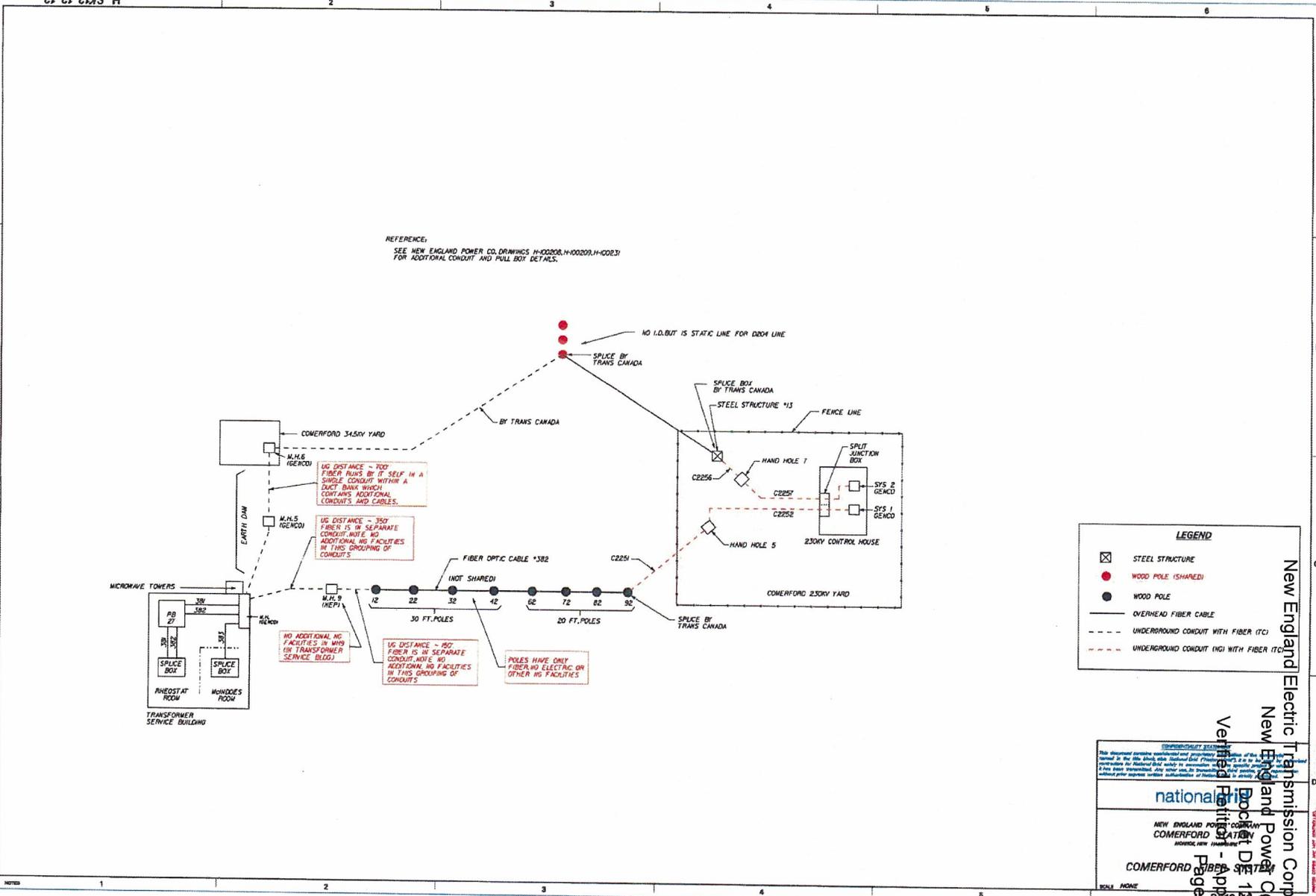
Four, twenty-foot wood poles designated 62, 72, 82 and 92 supporting Fiber Optic Cable #382 on the SK10 Drawing.

The portion of Fiber Optic Cable designated #380 running from the pole designated “No ID is static line for D204 line” shown on the SK10 Drawing, to Seller’s existing termination of said cable on its steel superstructure inside the Comerford 230 kV yard, all as shown on the SK10 Drawing.

The portion of Fiber Optic Cable designated #381 running from the Comerford Rheostat Room through the manhole in Service Building, being the manhole designated M.H. (GENCO) on the SK10 Drawing, through the manhole designated M.H. 5 (GENCO) on the SK10 Drawing to the manhole designated M.H.6(GENCO) on the SK10 Drawing inside the Comerford 34.5 kV Switchyard.

NO.	DATE	BY	CHKD	APP'D	DESCRIPTION
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NO.	DATE	BY	CHKD	APP'D	DESCRIPTION
1					
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3					
4					
5					
6					
7					
8					



REFERENCE:
SEE NEW ENGLAND POWER CO. DRAWINGS H-00208, H-00209, H-00231
FOR ADDITIONAL CONDUIT AND PULL BOX DETAILS.

LEGEND

- ☒ STEEL STRUCTURE
- WOOD POLE (SHAPED)
- WOOD POLE
- OVERHEAD FIBER CABLE
- - - UNDERGROUND CONDUIT WITH FIBER (FC)
- - - UNDERGROUND CONDUIT (NG) WITH FIBER (FC)

COMPLETENESS STATEMENT

This document contains confidential and proprietary information of the New England Electric Transmission Company. It is to be used only for the purposes intended by the New England Electric Transmission Company. It is not to be distributed, copied, or otherwise used without the prior written consent of the New England Electric Transmission Company.

national grid

NEW ENGLAND POWER COMPANY
COMERFORD ATTENTION
NEW ENGLAND

COMERFORD FIBER OPTIC

SCALE NONE

New England Electric Transmission Corporation/
 New England Power Company
 Verifiber
 Doc ID: 11111
 Appendix C
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APPENDIX D

AGREEMENT AND BILL OF SALE

Dated as of _____, 2013 (the "*Effective Date*")

TRANSCANADA HYDRO NORTHEAST INC., a Delaware corporation with a place of business at 110 Turnpike Road, Suite 300, Westborough, Massachusetts 01581 (the "*Buyer*") wishes to purchase, and **NEW ENGLAND POWER COMPANY**, a Massachusetts corporation with a place of business at 40 Sylvan Road, Waltham, Massachusetts 02451 (the "*Seller*") is willing to sell, the personal property identified and described on Exhibit A attached hereto and incorporated herein by reference (collectively, the "*Assets*"), subject to the terms of this Agreement and Bill of Sale ("*Bill of Sale*"). Buyer and Seller may be referred to herein, individually, as a "*Party*" or, collectively, as the "*Parties*".

1. The purchase price for the Assets is US\$15,686 (the "*Purchase Price*").
2. Buyer acknowledges that it has examined the Assets as fully as it desired. Each Party shall be responsible for its own costs incurred in connection with the transactions contemplated by this Bill of Sale. Buyer shall be responsible for any sales, use or other transfer taxes, if any, imposed by reason of the transfer of the Assets hereunder.
3. The Seller, for the Purchase Price and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby conveys, grants, bargains, sells, assigns and transfers, to the Buyer, as of the Effective Date, all of Seller's right, title and interest in and to the Assets, free from any liens, leases, mortgages, pledges, security interests and other charges or encumbrances of any kind. The Assets are hereby delivered *in situ* at Comerford Station, Monroe, NH.
4. Seller Warranties. As of the Effective Date, the Seller represents and warrants to the Buyer to the best of the Seller's knowledge and belief:
 - a) Title to the Assets against the claims of persons claiming by, against, through or under the Seller; and
 - b) That the Seller has full right, power and authority to sell the Assets and to make this Bill of Sale.

All of the Buyer's obligations under this Agreement and Bill of Sale are conditioned upon the accuracy of the representations contained in this Paragraph 4 as of the Effective Date. The representations contained in this Paragraph 4 will survive for one year following the Effective Date and will thereafter be of no further force or effect.

5. Seller agrees that it will, at any time and from time to time, upon reasonable request of the Buyer, do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably required for the better assigning, transferring, granting, assuring and confirming to the Buyer, or to its successors and assigns, of,

or for aiding and assisting in collecting and reducing to possession, any or all of the Assets transferred to the Buyer pursuant to this Bill of Sale.

6. EXCEPT TO THE EXTENT OTHERWISE EXPRESSLY AND SPECIFICALLY PROVIDED IN PARAGRAPH 4 AND PARAGRAPH 8 OF THIS BILL OF SALE, BUYER ACKNOWLEDGES AND AGREES THAT THE ASSETS ARE BEING SOLD AND TRANSFERRED "AS IS, WHERE IS" AND, ACCORDINGLY, SELLER IS NOT MAKING ANY COVENANTS, GUARANTEES, REPRESENTATIONS OR WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, CONCERNING SUCH ASSETS, INCLUDING, IN PARTICULAR, AND WITHOUT LIMITATION, ANY COVENANTS, GUARANTEES, REPRESENTATIONS OR WARRANTIES WITH RESPECT TO (I) TITLE, (II) QUALITY, (III) MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE, (IV) WORKMANSHIP OF THE ASSETS OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, (V) COMPLIANCE WITH ENVIRONMENTAL LAWS (AS DEFINED BELOW) OR THE ABSENCE OF HAZARDOUS SUBSTANCES (AS DEFINED BELOW) (VI) THE CONDITION OF THE ASSETS, IN WHOLE OR IN PART, (VII) NON-INFRINGEMENT, OR (VIII) WHETHER THE BUYER POSSESSES SUFFICIENT REAL PROPERTY, PERSONAL PROPERTY OR OTHER RIGHTS, PERMITS OR LICENSES TO OWN OR OPERATE THE ASSETS, ALL OF WHICH ARE HEREBY EXPRESSLY EXCLUDED AND DISCLAIMED.

NO MATERIAL OR INFORMATION PROVIDED BY, OR COMMUNICATION OF, SELLER, OR ANY OFFICER, EMPLOYEE, CONTRACTOR, CONSULTANT, REPRESENTATIVE OR AGENT THEREOF, WILL CAUSE OR CREATE ANY COVENANT, GUARANTEE OR WARRANTY, STATUTORY, EXPRESS OR IMPLIED, RELATING TO THE ASSETS OR THIS BILL OF SALE. THE PROVISIONS HEREOF HAVE BEEN NEGOTIATED BY THE PARTIES HERETO AFTER DUE CONSIDERATION AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY GUARANTEES, REPRESENTATIONS AND WARRANTIES, WHETHER STATUTORY, EXPRESS OR IMPLIED, EXCEPT TO THE EXTENT OTHERWISE EXPRESSLY AND SPECIFICALLY PROVIDED IN PARAGRAPH 4 AND PARAGRAPH 8 OF THIS BILL OF SALE.

7. Buyer shall assume all liability arising out of or incurred in connection with the operation or use of the Assets from and after the Effective Date, including, without limitation, liability for any claims arising from, or relating to, the design, condition, use, resale, and/or disposal of, or damage or losses to or from, any of the Assets, individually or as a whole. Buyer hereby releases and discharges Seller from all liability in connection with the Assets to the extent such liability arises from and after the Effective Date.

The foregoing notwithstanding, the Buyer shall not assume any liability or obligation (including with respect to any noncompliance with Environmental Laws) arising out of or incurred in connection with the operation or use of the Assets prior to the Effective Date.

The Seller agrees to indemnify, defend (at the Buyer's option and with counsel satisfactory to the Buyer) and hold harmless the Buyer, its officers, directors, shareholders, employees, agents, contractors, direct and indirect parent companies, affiliates and subsidiaries, and its or their successors and assigns (each, a "*Buyer Indemnified Party*" and, collectively, the

“*Buyer Indemnified Parties*”), to the full extent permitted by applicable law, from and against any and all costs, losses, expenses, damages, claims, liens, fines, penalties, encumbrances, obligations, actions and causes of action, of any kind whatsoever, in law and in equity, whether known or unknown, suspected or unsuspected, including, without limitation, reasonable attorneys’ fees and other professional expenses and fees, third party claims for personal injury or property damage, diminution of property value and remediation costs, in each case to the extent arising from or in connection with the Assets prior to the Effective Date (“*Buyer Claims*”), including, without limitation, Buyer Claims arising from (i) any acts or omissions of the Seller or its or its affiliates’ officers, directors, employees, agents, or contractors, or (ii) noncompliance with any Environmental Laws or the release or threat of release of Hazardous Materials in connection with the Assets or any disposal thereof, except to the extent such Buyer Claims result from (x) the breach of this Bill of Sale by Buyer or (y) the negligence, willful misconduct, or unlawful act or omission of Buyer or any Buyer Indemnified Party.

The Buyer agrees to indemnify, defend (at the Seller’s option and with counsel satisfactory to the Seller) and hold harmless the Seller, its officers, directors, shareholders, employees, agents, contractors, direct and indirect parent companies, affiliates and subsidiaries, and its or their successors and assigns (each, a “*Seller Indemnified Party*” and, collectively, the “*Seller Indemnified Parties*”), to the full extent permitted by applicable law, from and against any and all costs, losses, expenses, damages, claims, liens, fines, penalties, encumbrances, obligations, actions and causes of action, of any kind whatsoever, in law and in equity, whether known or unknown, suspected or unsuspected, including, without limitation, reasonable attorneys’ fees and other professional expenses and fees, third party claims for personal injury or property damage, diminution of property value and remediation costs, in each case to the extent arising from or in connection with the Assets on or after the Effective Date (“*Seller Claims*”), including, without limitation, Seller Claims arising from (i) any acts or omissions of the Buyer or its or its affiliates’ officers, directors, employees, agents, or contractors, or (ii) noncompliance with any Environmental Laws or the release or threat of release of Hazardous Materials in connection with the Assets or any disposal thereof, except to the extent such Seller Claims result from (x) the breach of this Agreement by Seller or (y) the negligence, willful misconduct, or unlawful act or omission of Seller or any Seller Indemnified Party.

Neither Party shall be liable to the other Party or to any Seller Indemnified Party or Buyer Indemnified Party, as applicable, for any consequential, indirect, special, incidental, multiple, or punitive damages in connection with or related to this Bill of Sale or the transactions contemplated herein, including, without limitation, damage claims based on causes of action for breach of contract, tort (including negligence), or any other theory of recovery, whether or not (i) such damages were reasonably foreseeable or (ii) the Parties were advised or aware that such damages might be incurred.

For purposes of this Bill of Sale, (i) the term “*Environmental Laws*” shall mean any and all federal, state and/or local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees or other governmental requirements or restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals, toxic or hazardous substances or wastes into the environment, including, without limitation, ambient air, surface water, ground water or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals, toxic or hazardous

substances or wastes or the cleanup or other remediation thereof, and (ii) the term *Materials* shall mean and include any oils, petroleum products and any other wastes, materials and substances which are defined, determined or identified as such in applicable federal, state and/or local Environmental Laws, or in any judicial or administrative interpretation of Environmental Laws.

8. Each Party represents that the following statements are true, correct and complete as of the Effective Date:

- (a) the Party is validly existing and in good standing under the laws of the state in which it is organized;
- (b) the Party has all requisite power and authority to execute and deliver this Bill of Sale, undertake its obligations hereunder and consummate the transactions contemplated hereby and this Bill of Sale constitutes the valid and legally binding obligation of the Party enforceable in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or law); and
- (c) neither the execution of this Bill of Sale by the Party, nor the consummation by the Party of the transactions contemplated hereby, will constitute a violation of, or be in conflict with, or constitute or create a default under: any applicable charter, certificate of incorporation, bylaws, operating agreement or similar organizational documents of the Party, each as amended to date; any agreement or commitment to which the Party is a party or by which the Party or any of its properties is bound or to which the Party or any of such properties is subject; or any statute or any judgment, decree, order, regulation or rule of any court or governmental authority.

These representations will survive for one year following the Effective Date and will thereafter be of no further force or effect.

9. Risk of loss or damage to the Assets shall pass to the Buyer upon the Effective Date.

10. Buyer agrees to modify the existing fiber optic line (presently running from Comerford Station to Comerford 230kv Yard) to bypass New England Electric Transmission Corporation's Monroe HVDC Station and to change the Comerford Station 230 kV Substation termination point of such fiber optic line from the existing New England Power Company Control House to the new New England Power Company Control House at Comerford Station (the "*Modifications*"). The Modifications shall be implemented in a mutually agreeable manner and without cost to Seller or any of its affiliates. Buyer agrees to use commercially reasonable efforts to complete the Modifications on or before March 31, 2013 ("*Completion Date*"), unless the parties mutually agree (in writing and in their respective sole discretion) to extend the Completion Date. In addition, the Buyer shall not be responsible for any delay in completion of the Modifications to the extent such delay is directly caused by the acts or omissions of the Seller.

11. To the extent that any provision of this Bill of Sale shall be held to be invalid, unenforceable, it shall be modified so as to give as much effect to the original provision as is consistent with applicable law and without affecting the validity, legality or enforceability of the remaining provisions of this Bill of Sale. Each Party represents to the other that the signatory(ies) identified beneath its name below has full authority to execute this Bill of Sale on its behalf.

This Bill of Sale and all of the provisions hereof shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns. Paragraphs 2, 3, 5, 6, 7, 9, 10 and 11 shall survive execution, delivery and completion of this Bill of Sale. Paragraphs 4 and 8 shall survive execution, delivery and completion of this Bill of Sale for the period of time contemplated in each such Paragraph.

This Bill of Sale shall be governed by and construed in accordance with the laws of the State of New Hampshire (regardless of the laws that might otherwise govern under such state's applicable principles of conflicts of laws). Venue in any action with respect to this Bill of Sale shall be in New Hampshire; the Parties agree to submit to the personal jurisdiction of courts in New Hampshire with respect to any such actions.

This Bill of Sale may be executed in several counterparts, each of which shall be deemed an original when signed, and such counterparts shall constitute one and the same instrument. The exchange of counterparts by facsimile transmission (including telecopier and scanned "PDF" transmitted by email) shall constitute effective execution and delivery of this Bill of Sale by the Parties. Signatures of the Parties transmitted by facsimile (including telecopier and scanned "PDF" transmitted by email) shall be deemed to be their original signatures for all purposes.

[Signatures are on following page.]

IN WITNESS WHEREOF the Parties have each caused this Bill of Sale to be signed by their names and behalf by their respective duly authorized representatives as of the Effective Date.
Verified Petition Appendix D Page 7 of 10

NEW ENGLAND POWER COMPANY, as Seller

By: _____
Name: William L. Malee
Title: Authorized Representative

TRANSCANADA HYDRO NORTHEAST INC., as Buyer

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

DESCRIPTION OF ASSETS

The personal property consisting of the following equipment and facilities located at Comerford Station, Monroe, NH (as shown on diagram SK10-18-11 (the "*SK10 Drawing*") and diagram H-37784-3 dated April 17, 1985 (the "*H Drawing*") attached to this Exhibit A):

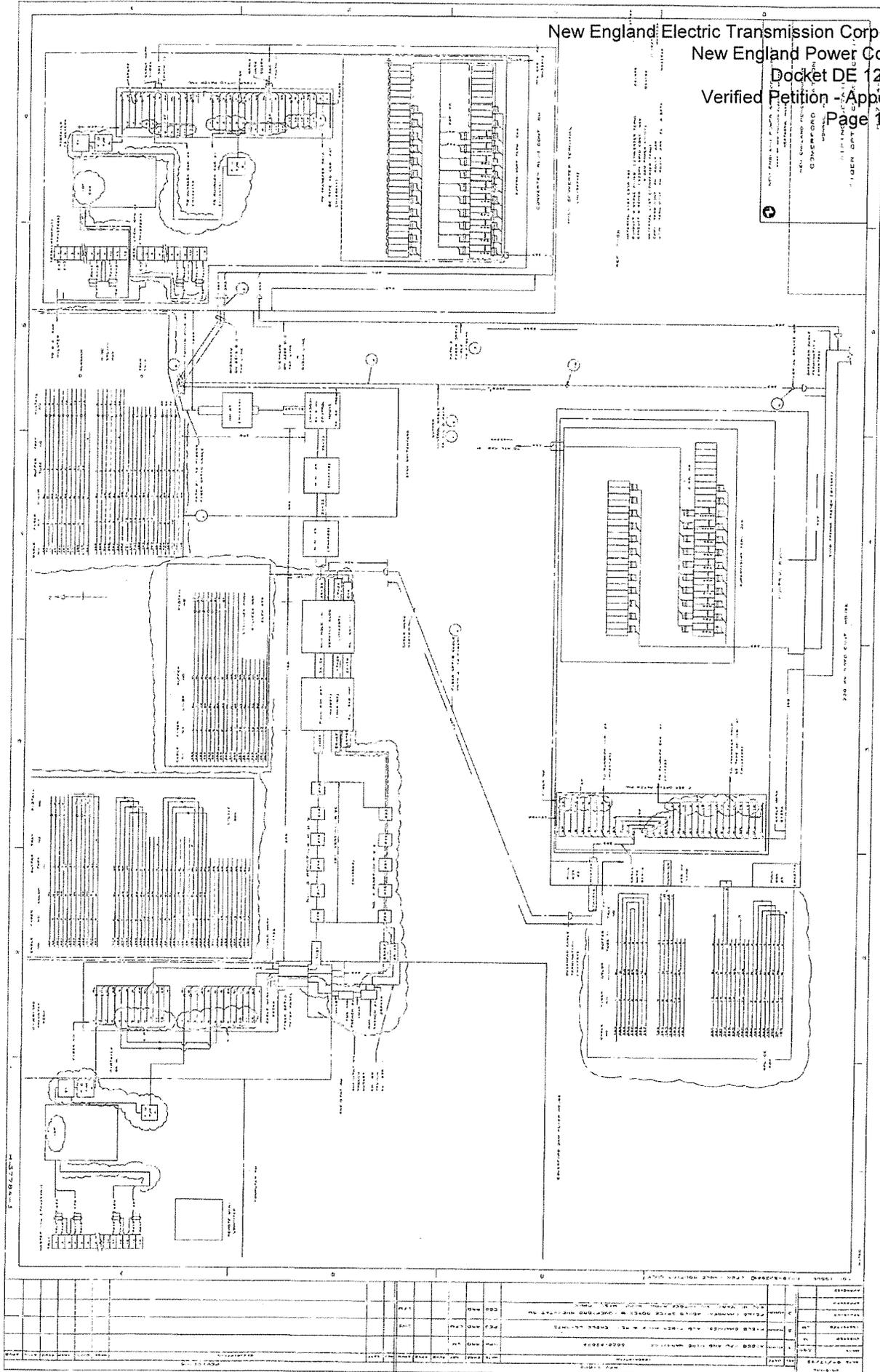
The manhole designated "M.H.9 (NEP)" on the SK10 Drawing.

Conduit run from Pole 12 to M.H. (Genco) on the SK10 Drawing.

The portion of Fiber Optic Cable designated #382 running from the Comerford Rheostat Room (shown on the H Drawing) through the manhole in Service Building, being the same manhole designated M.H. (GENCO) on the SK10 Drawing, through manhole designated M.H. 9 on the SK10 Drawing, to the pole designated 92.

The portion of Fiber Optic Cable designated #383 running from the Comerford Rheostat Room (shown on the H Drawing) through the manhole in Service Building, being the same manhole designated M.H. (GENCO) on the SK10 Drawing to its termination in the room designated McIndoes Room (shown on the H Drawing).

The Split Fiber Optic Junction Box situated in the System 1 portion of the Comerford 230kV Control House (as shown on the drawing H-100230 and the SK10 Drawing). The steel conduits and cable tray carrying the Fiber Optic Cable in the Comerford 230kV Control room from the Split Fiber Optic Junction Box to the TransCanada relay panels designated "SYS 1 GENCO" and "SYS 2 GENCO" as shown on the drawing H-100230 and the SK10 Drawing.



APPENDIX E

AGREEMENT AND BILL OF SALE

Dated as of December ___, 2013 (the "*Effective Date*")

TRANSCANADA HYDRO NORTHEAST INC., a Delaware corporation with a place of business at 110 Turnpike Road, Suite 300, Westborough, Massachusetts 01581 (the "*Buyer*") wishes to purchase, and **NEW ENGLAND POWER COMPANY**, a Massachusetts corporation with a place of business at 40 Sylvan Road, Waltham, Massachusetts 02451 (the "*Seller*") is willing to sell, the personal property identified and described on Exhibit A attached hereto and incorporated herein by reference (collectively, the "*Assets*"), subject to the terms of this Agreement and Bill of Sale ("*Bill of Sale*"). Buyer and Seller may be referred to herein, individually, as a "*Party*" or, collectively, as the "*Parties*".

1. (a) The purchase price for the Assets is US \$49,150 (the "*Purchase Price*").

(b) Buyer acknowledges that it has examined the Assets as fully as it desired. Each Party shall be responsible for its own costs incurred in connection with the transactions contemplated by this Bill of Sale. Buyer shall be responsible for any sales, use or other transfer taxes, if any, imposed by reason of the transfer of the Assets hereunder.

2. Records. On or before five (5) business days following the Effective Date, the Seller shall deliver to the Buyer a copy of the service history documentation for the Assets to the extent such documents are in Seller's control or possession, including, without limitation, copies of any maintenance records, testing results, inspection sheets, trade prints, vendor drawings and instruction manuals in Seller's possession.

3. The Seller, for the Purchase Price and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby conveys, grants, bargains, sells, assigns and transfers, to the Buyer, as of the Effective Date, all of Seller's right, title and interest in and to the Assets free from any liens, leases, mortgages, pledges, security interests and other charges or encumbrances of any kind. The Assets are hereby delivered *in situ* at Bellows Falls Station, Bellows Falls, NH.

4. Seller Warranties. As of the Effective Date, the Seller represents and warrants to the Buyer to the best of the Seller's knowledge and belief:

- a) Title to the Assets against the claims of persons claiming by, against, through or under the Seller; and
- b) That the Seller has full right, power and authority to sell the Assets and to make this Bill of Sale.

All of the Buyer's obligations under this Agreement and Bill of Sale are conditioned upon the accuracy of the representations contained in this Paragraph 4 as of the Effective Date. The representations contained in this Paragraph 4 will survive for one year following the Effective Date and will thereafter be of no further force or effect.

5. Seller agrees that it will, at anytime and from time to time, upon reasonable request of the Buyer, do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably required for the better assigning, transferring, granting, assuring and confirming to the Buyer, or to its successors and assigns, of, or for aiding and assisting in collecting and reducing to possession, any or all of the Assets being transferred to the Buyer pursuant to this Bill of Sale.

6. EXCEPT TO THE EXTENT OTHERWISE EXPRESSLY AND SPECIFICALLY PROVIDED IN PARAGRAPH 4 AND PARAGRAPH 8 OF THIS BILL OF SALE, BUYER ACKNOWLEDGES AND AGREES THAT THE ASSETS ARE BEING SOLD AND TRANSFERRED "AS IS, WHERE IS" AND, ACCORDINGLY, SELLER IS NOT MAKING ANY COVENANTS, GUARANTEES, REPRESENTATIONS OR WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, CONCERNING SUCH ASSETS, INCLUDING, IN PARTICULAR, AND WITHOUT LIMITATION, ANY COVENANTS, GUARANTEES, REPRESENTATIONS OR WARRANTIES WITH RESPECT TO (I) TITLE, (II) QUALITY, (III) MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE, (IV) WORKMANSHIP OF THE ASSETS OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, (V) COMPLIANCE WITH ENVIRONMENTAL LAWS (AS DEFINED BELOW) OR THE ABSENCE OF HAZARDOUS SUBSTANCES (AS DEFINED BELOW), (VI) THE CONDITION OF THE ASSETS, IN WHOLE OR IN PART, (VII) NON-INFRINGEMENT, OR (VIII) WHETHER THE BUYER POSSESSES SUFFICIENT REAL PROPERTY, PERSONAL PROPERTY OR OTHER RIGHTS, PERMITS OR LICENSES TO OWN OR OPERATE THE ASSETS, ALL OF WHICH ARE HEREBY EXPRESSLY EXCLUDED AND DISCLAIMED.

NO MATERIAL OR INFORMATION PROVIDED BY, OR COMMUNICATION OF, SELLER, OR ANY OFFICER, EMPLOYEE, CONTRACTOR, CONSULTANT, REPRESENTATIVE OR AGENT THEREOF, WILL CAUSE OR CREATE ANY COVENANT, GUARANTEE OR WARRANTY, STATUTORY, EXPRESS OR IMPLIED, RELATING TO THE ASSETS OR THIS BILL OF SALE. THE PROVISIONS HEREOF HAVE BEEN NEGOTIATED BY THE PARTIES HERETO AFTER DUE CONSIDERATION AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY GUARANTEES, REPRESENTATIONS AND WARRANTIES, WHETHER STATUTORY, EXPRESS OR IMPLIED, EXCEPT TO THE EXTENT OTHERWISE EXPRESSLY AND SPECIFICALLY PROVIDED IN PARAGRAPH 4 AND PARAGRAPH 8 OF THIS BILL OF SALE.

7. Buyer shall assume all liability arising out of or incurred in connection with the operation or use of the Assets from and after the Effective Date, including, without limitation, liability for

any claims arising from, or relating to, the design, condition, use, resale, and/or disposal of, damage or losses to or from, any of the Assets, individually or as a whole. Buyer hereby releases and discharges Seller from all liability in connection with the Assets to the extent such liability arises from and after the Effective Date.

The foregoing notwithstanding, the Buyer shall not assume any liability or obligation (including with respect to any noncompliance with Environmental Laws) arising out of or incurred in connection with the operation or use of the Assets prior to the Effective Date.

The Seller agrees to indemnify, defend (at the Buyer's option and with counsel satisfactory to the Buyer) and hold harmless the Buyer, its officers, directors, shareholders, employees, agents, contractors, direct and indirect parent companies, affiliates and subsidiaries, and its or their successors and assigns (each, a "*Buyer Indemnified Party*" and, collectively, the "*Buyer Indemnified Parties*"), to the full extent permitted by applicable law, from and against any and all costs, losses, expenses, damages, claims, liens, fines, penalties, encumbrances, obligations, actions and causes of action, of any kind whatsoever, in law and in equity, whether known or unknown, suspected or unsuspected, including, without limitation, reasonable attorneys' fees and other professional expenses and fees, third party claims for personal injury or property damage, diminution of property value and remediation costs, in each case to the extent arising from or in connection with the Assets prior to the Effective Date ("*Buyer Claims*"), including, without limitation, Buyer Claims arising from (i) any acts or omissions of the Seller or its or its affiliates' officers, directors, employees, agents, or contractors, or (ii) noncompliance with any Environmental Laws or the release or threat of release of Hazardous Materials in connection with the Assets or any disposal thereof, except to the extent such Buyer Claims result from (x) the breach of this Bill of Sale by Buyer or (y) the negligence, willful misconduct, or unlawful act or omission of Buyer or any Buyer Indemnified Party.

The Buyer agrees to indemnify, defend (at the Seller's option and with counsel satisfactory to the Seller) and hold harmless the Seller, its officers, directors, shareholders, employees, agents, contractors, direct and indirect parent companies, affiliates and subsidiaries, and its or their successors and assigns (each, a "*Seller Indemnified Party*" and, collectively, the "*Seller Indemnified Parties*"), to the full extent permitted by applicable law, from and against any and all costs, losses, expenses, damages, claims, liens, fines, penalties, encumbrances, obligations, actions and causes of action, of any kind whatsoever, in law and in equity, whether known or unknown, suspected or unsuspected, including, without limitation, reasonable attorneys' fees and other professional expenses and fees, third party claims for personal injury or property damage, diminution of property value and remediation costs, in each case to the extent arising from or in connection with the Assets on or after the Effective Date ("*Seller Claims*"), including, without limitation, Seller Claims arising from (i) any acts or omissions of the Buyer or its or its affiliates' officers, directors, employees, agents, or contractors, or (ii) noncompliance with any Environmental Laws or the release or threat of release of Hazardous Materials in connection with the Assets or any disposal thereof, except to the extent such Seller Claims result from (x) the breach of this Agreement by Seller or (y) the negligence, willful misconduct, or unlawful act or omission of Seller or any Seller Indemnified Party.

Neither Party shall be liable to the other Party or to any Seller Indemnified Party or Buyer Indemnified Party, as applicable, for any consequential, indirect, special, incidental, multiple, or punitive damages in connection with or related to this Bill of Sale or the transactions contemplated herein, including, without limitation, damage claims based on causes of action for breach of contract, tort (including negligence), or any other theory of recovery, whether or not (i) such damages were reasonably foreseeable or (ii) the Parties were advised or aware that such damages might be incurred.

For purposes of this Bill of Sale, (i) the term “Environmental Laws” shall mean any and all federal, state and/or local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees or other governmental requirements or restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals, toxic or hazardous substances or wastes into the environment, including, without limitation, ambient air, surface water, ground water or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals, toxic or hazardous substances or wastes or the cleanup or other remediation thereof, and (ii) the term “Hazardous Materials” shall mean and include any oils, petroleum products and any other toxic or hazardous wastes, materials and substances which are defined, determined or identified as such in any applicable federal, state and/or local Environmental Laws, or in any judicial or administrative interpretation of Environmental Laws.

8. Each Party represents that the following statements are true, correct and complete as of the Effective Date:

- (a) the Party is validly existing and in good standing under the laws of the state in which it is organized;
- (b) the Party has all requisite power and authority to execute and deliver this Bill of Sale, undertake its obligations hereunder and consummate the transactions contemplated hereby and this Bill of Sale constitutes the valid and legally binding obligation of the Party enforceable in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors’ rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or law); and
- (c) neither the execution of this Bill of Sale by the Party, nor the consummation by the Party of the transactions contemplated hereby, will constitute a violation of, or be in conflict with, or constitute or create a default under: any applicable charter, certificate of incorporation, bylaws, operating agreement or similar organizational documents of the Party, each as amended to date; any agreement or commitment to which the Party is a party or by which the Party or any of its properties is bound or to which the Party or any of such properties is subject; or any statute or any judgment, decree, order, regulation or rule of any court or governmental authority.

These representations will survive for one year following the Effective Date and will thereafter be of no further force or effect. Page 6 of 8

9. Risk of loss or damage to the Assets shall pass to the Buyer upon the Effective Date.
10. To the extent that any provision of this Bill of Sale shall be held to be invalid, illegal or unenforceable, it shall be modified so as to give as much effect to the original intent of such provision as is consistent with applicable law and without affecting the validity, legality or enforceability of the remaining provisions of this Bill of Sale. Each Party represents to the other that the signatory(ies) identified beneath its name below has full authority to execute this Bill of Sale on its behalf.

This Bill of Sale and all of the provisions hereof shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns. Paragraphs 1(b), 2, 3, 5, 6, 7, 9 and 10 shall survive execution, delivery and completion of this Bill of Sale. Paragraphs 4 and 8 shall survive execution, delivery and completion of this Bill of Sale for the period of time contemplated in each such Paragraph.

This Bill of Sale shall be governed by and construed in accordance with the laws of the State of New Hampshire (regardless of the laws that might otherwise govern under such state's applicable principles of conflicts of laws). Venue in any action with respect to this Bill of Sale shall be in New Hampshire; the Parties agree to submit to the personal jurisdiction of courts in New Hampshire with respect to any such actions.

This Bill of Sale may be executed in several counterparts, each of which shall be deemed an original when signed, and such counterparts shall constitute one and the same instrument. The exchange of counterparts by facsimile transmission (including telecopier and scanned "PDF" transmitted by email) shall constitute effective execution and delivery of this Bill of Sale by the Parties. Signatures of the Parties transmitted by facsimile (including telecopier and scanned "PDF" transmitted by email) shall be deemed to be their original signatures for all purposes.

[Signatures are on following page.]

IN WITNESS WHEREOF, the Parties have each caused this Bill of Sale to be executed in their names and behalf by their respective duly authorized representatives as of the Effective Date.

NEW ENGLAND POWER COMPANY, as Seller

By: _____
Name: William L. Malee
Title: Authorized Representative

TRANSCANADA HYDRO NORTHEAST INC., as Buyer

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

DESCRIPTION OF ASSETS

The personal property consisting of the following equipment and facilities located at Bellows Fall Station, Bellows Falls, VT (as shown on the Interconnection One-Line Diagram attached to this Exhibit A):

One (1) 115kV circuit breaker designated 1T

One (1) circuit breaker foundation

NOTE: The 115kV disconnect switches, taps, bus connections and insulators associated with the 1T breaker are not part of the Assets transferred by this Bill of Sale and will be transferred once the final costs for material and installation are known, such transfer to be accomplished by execution and delivery of a separate Bill of Sale having terms and conditions substantially similar to this Bill of Sale.

APPENDIX F

consistent with the public interest, has no adverse effect on competition, rates, or regulation, and raises no issue with respect to cross-subsidization of a non-utility associate company or the pledge or encumbrance of utility assets for the benefit of an associate company.

II. REQUEST FOR EXPEDITED CONSIDERATION AND WAIVERS

Applicants respectfully request expedited treatment of this Application by the Commission. Expedited treatment is warranted under Section 33.11(c) of the Commission's regulations³ because Applicants anticipate that it will not be contested, does not involve a merger, is consistent with Commission precedent, involves only transmission facilities that both before and after the Proposed Transaction are under the functional control of a Commission-approved regional transmission organization, and does not require an Appendix A analysis. Applicants respectfully request a public notice period of 21 days or such shortened period as the Commission may deem appropriate. Applicants respectfully request that the Commission issue an order authorizing the Proposed Transaction **on or before January 16, 2013** so that the Transaction can be consummated as soon as possible.

Applicants further request that the Commission grant limited waivers of its Part 33 filing requirements to the extent necessary to approve this Application consistent with the statutory requirements of Section 203 of the FPA.

III. DESCRIPTION OF THE PARTIES TO THE PROPOSED TRANSACTION

NEP is a Commission-regulated public utility company organized and operated under the laws of the Commonwealth of Massachusetts. It operates approximately 2,400

³18 C.F.R. § 33.11(c).

miles of transmission facilities in the states of Massachusetts, Rhode Island, New Hampshire, and Vermont. NEP's primary business is the transmission of electricity at wholesale to electric utilities and municipalities in New England. NEP operates transmission facilities that it owns directly as well as certain transmission facilities owned by its distribution affiliates in New England, Massachusetts Electric Company and The Narragansett Electric Company, through integrated facilities agreements under NEP's Tariff No. 1. All of NEP's transmission facilities, including those owned by its New England distribution affiliates, are subject to the operating authority of the Regional Transmission Operator ("RTO") in the New England control area, ISO New England, Inc. ("ISO-NE"). NEP is a Participating Transmission Owner ("PTO") subject to the terms of the Transmission Operating Agreement ("TOA") by and among the New England PTOs and ISO-NE. Transmission service and generator interconnections associated with NEP's facilities are provided to customers on a non-discriminatory basis pursuant to ISO-NE's open access transmission tariff. The Commission has granted NEP market-based rate authority.⁴

NEET was formed to build, own and operate an alternating current/direct current converter terminal (the Monroe HVDC Phase I Converter terminal and the associated Monroe AC Terminal) and six miles of high-voltage direct current transmission line in New Hampshire for the first phase of the Hydro-Quebec and New England high-voltage direct current interconnector. The converter terminal is now retired from commercial service. However, the six mile long high-voltage direct current transmission line remains in service (supporting the Sandy Pond HVDC Phase II Converter facility), as are four

⁴See *New England Power*, 82 FERC ¶ 61,179 (1998).

switched shunt reactors and four switched capacitors located at the Monroe AC Terminal which provide VAR support for the 230 kV transmission system in the vicinity.

The outstanding common shares of NEP and NEET are wholly-owned by National Grid USA (“National Grid”). National Grid is an indirect, wholly-owned subsidiary of National Grid plc, a company incorporated in England and Wales.⁵ National Grid is a public utility holding company; it is not a public utility because it does not directly own or operate FPA-jurisdictional facilities (or any electric facilities), nor does it engage in the sale, transmission, or distribution of electric power. Direct and indirect subsidiaries of National Grid are engaged in: (i) electric distribution to residential, commercial, and industrial customers in Massachusetts, New York, and Rhode Island; (ii) electric transmission under FERC jurisdiction in Massachusetts, New Hampshire, New York, Rhode Island, and Vermont;⁶ and (iii) the distribution of natural gas to residential, commercial, and industrial customers in Massachusetts, New York, and Rhode Island. These various subsidiary companies operate and maintain power lines, substations, and/or natural gas distribution facilities; provide metering, billing, and customer service; design and build electric and/or gas facilities; and provide related products and services, including energy efficiency programs for customers.

⁵Through various subsidiaries and investments, National Grid plc is engaged in utility and non-utility operations principally in the United States and United Kingdom. National Grid plc is not a public utility under the FPA because it does not directly own or operate FPA-jurisdictional facilities (or any other electric facility), nor does it directly engage in the sale, transmission, or distribution of electric power in the U.S. National Grid plc’s principal non-United States activities are as follows: National Grid plc owns and operates the high-voltage electric transmission system in England and Wales, and the gas national transmission system in England, Wales, and Scotland. Subsidiaries of National Grid plc also operate (but do not own) the high-voltage electric transmission system in Scotland. National Grid plc’s gas distribution segment in the United Kingdom consists of four of the eight regional gas distribution networks in England, Wales, and Scotland. National Grid plc also owns a number of businesses operating in areas such as metering and liquefied natural gas.

⁶ National Grid’s electric transmission facilities in New England and New York State are under the operational control of ISO-NE and the New York Independent System Operator, Inc., respectively.

In addition, on Long Island in New York State, National Grid operates the electricity transmission and distribution network on behalf of the Long Island Power Authority ("LIPA"). National Grid also indirectly owns three generation subsidiaries: (1) National Grid Generation LLC, (2) National Grid Glenwood Energy Center LLC, and (3) National Grid Port Jefferson Energy Center LLC. The energy and capacity of these public utility subsidiaries on Long Island are wholly committed to LIPA.

IV. BACKGROUND AND DESCRIPTION OF THE PROPOSED TRANSACTION

A. Background

NEET was established as a single purpose entity to own a portion of a high-voltage direct current ("HVDC") interconnector facility which allowed for bidirectional transfer of up to 690 MWs between Canada and New England including the Monroe HVDC Phase I Converter facility and related equipment located at the Monroe AC Terminal in Monroe, New Hampshire and six miles of high-voltage direct current transmission line in New Hampshire (the "Phase I HVDC Interconnector"). The Phase I HVDC Interconnector began commercial operation in 1986. In late 2006, stakeholders in the Phase I HVDC Interconnector voted to retire and decommission most of the Monroe HVDC Phase I Converter facilities. In early 2007, the NEPOOL Reliability Committee voted to recommend that ISO-NE approve the proposal to retire most of the Monroe HVDC Phase I Converter facilities. On March 8, 2007, ISO-NE issued a notice pursuant to Section 1.3.9 of the ISO-NE Tariff that the proposed retirement of the Monroe HVDC Phase I Converter facility would not have a significant adverse effect on the stability, reliability or operating characteristics of the New England transmission facilities or the

system of a Market Participant.⁷ This conclusion was conditioned on certain facilities at the Monroe HVDC Phase I Converter facility remaining operational, including the facilities used to provide VAR support for the transmission system in the vicinity which consist of four (4) 20 MVAR switched shunt reactors and four (4) 31.5 MVAR switched capacitors.⁸ In as much as NEP is the National Grid entity which owns and operates the AC transmission system in that area, subject to the operational control of ISO-NE, and the VAR facilities continue to be needed for stability apart from the operation of the Monroe HVDC Phase I Converter facilities, National Grid determined that NEP is the appropriate National Grid entity to own, operate and maintain these VAR support facilities.

B. Description of the Proposed Transaction

The Proposed Transaction implements the transfer of ownership of the VAR support equipment associated with the Monroe HVDC Phase I Converter facility located at the Monroe AC Terminal from NEET to NEP. Inasmuch as the VAR support equipment has been fully depreciated, the transfer price is one dollar (US \$1.00) and the transfer is to be effectuated pursuant to a Bill of Sale substantially in the form attached as Exhibit I hereto.

V. REQUEST FOR AUTHORIZATION

Commission authorization is required under Sections 203(a)(1)(A) and (B) of the FPA prior to the disposition of facilities subject to the jurisdiction of the Commission by a public utility and the consolidation of such facilities by a public utility with those of any

⁷ Letter from Stephen G. Whitley, Senior Vice President and Chief Operating Officer, ISO-NE to Philip Tatro and Chuanjiang Zhu, National Grid-USA, dated March 8, 2007 (available at: http://www.iso-ne.com/trans/pp_tca/isone_app_approvals/prop_plan/2007/mar/tatro-zhu_nep-07-t01.pdf).

⁸ *Id.*

other person.⁹ Accordingly, Applicants respectfully request prior Commission authorization for the Proposed Transaction.

The FPA provides that the Commission will authorize a proposed transaction if it is “consistent with the public interest and will not result in cross-subsidization of a non-utility associate company or pledge or encumbrance of utility assets for the benefit of an associate company.”¹⁰ In determining whether a proposed transaction is in the public interest, the Commission analyzes whether it will have any adverse effects on (1) competition, (2) rates, or (3) regulation.¹¹ An applicant need not show that a transaction positively benefits the public interest, but rather simply that it is “consistent with the public interest,” *i.e.*, that the transaction does not harm the public interest.¹² As demonstrated herein, the Proposed Transaction satisfies these standards. The Proposed Transaction is consistent with the public interest under the FPA and should be approved.

A. The Proposed Transaction Will Have No Adverse Effect on Competition

The Proposed Transaction provides only for NEET’s disposition and NEP’s acquisition of limited facilities required to provide VAR support in the vicinity of the Comerford substation located in Monroe, New Hampshire. The Proposed Transaction involves no disposition of any generating assets and, consequently, does not result in any

⁹ 16 U.S.C. § 824b(a)(1)(A), (B) (2006).

¹⁰ 16 U.S.C. § 824b(a)(4). *See also* Order No. 669.

¹¹ 18 C.F.R. § 2.26. *See also Inquiry Concerning the Comm’n’s Merger Policy Under the Federal Power Act: Policy Statement*, Order No. 592, FERC Stats. & Regs. ¶ 31,044 at 30,111 (1996), *recons. denied*, Order No. 592-A, 79 FERC ¶ 61,321 (1997) (codified at 18 C.F.R. pt. 2); *Revised Filing Requirements Under Part 33 of the Comm’n’s Regulations*, Order No. 642, FERC Stats. & Regs. ¶ 31,111 at 31,872 (2000), *order on reh’g*, Order No. 642-A, 94 FERC ¶ 61,289 (2001) (codified at 18 C.F.R. Part 33) (“Order No. 642”).

¹² *See, e.g., Texas-New Mexico Power Co.* 105 FERC ¶ 61,028, at P 23 and n. 14 (2003) (citing *Pac. Power & Light Co. v. FPA*, 111 F.2d 1014, 1016-17 (9th Cir. 1940)).

change in market concentration for generation. There are no horizontal market power concerns.¹³

Similarly, the Proposed Transaction will have no adverse effect on competition in transmission or on vertical market power. Transmission service over facilities owned by NEP is provided pursuant to the ISO-NE open access transmission tariff. There are, accordingly, no vertical market power concerns raised by the Proposed Transaction.

B. The Proposed Transaction Will Have No Adverse Effect on Rates

The Proposed Transaction will have no adverse effect on rates.

First, the VAR support facilities which are the subject of the Proposed Transaction have been fully depreciated. Consequently, upon consummation of the transfer of these assets from NEET to NEP, these assets will be reflected in the books and records of NEP at a nominal value of \$1.00. Thus, in this regard the Proposed Transaction will have no adverse effect on rates.

Second, to the extent that there are O&M costs carried by the transmission customers of NEP as a result of the transfer of these VAR support facilities to NEP, these O&M costs are appropriately allocated inasmuch as this VAR support equipment is used to support the reliable operation of NEP's transmission system. Again, the Proposed Transaction will have no adverse effect on rates.

¹³ In Order No. 642, the Commission indicated that the disposition of transmission assets generally does not raise the same types of concerns about horizontal market power as generation transfers and exempted such applicants from having to provide the competitive screen analysis otherwise required by 18 C.F.R. §§ 33.3 and 33.4. Order No. 642 at 31,903. *See also, Michigan Electric Transmission Company, LLC*, 109 FERC ¶ 61,080 at P 33 (2004), *order on reh'g*, 110 FERC ¶ 61,384 (2005).

C. The Proposed Transaction Will Have No Adverse Effect on Regulation

The Proposed Transaction will have no adverse effect on regulation. NEP and NEET¹⁴ will each remain a public utility subject to the Commission's jurisdiction and thus the jurisdictional facilities which are the subject of the Proposed Transaction will also remain subject to the Commission's jurisdiction. The Proposed Transaction requires the approval of the New Hampshire Public Utility Commission ("NHPUC").

Appropriate filings will be made with the NHPUC in the near future.

D. No Cross-Subsidization of Pledge or Encumbrance of Utility Assets Will Occur Under the Proposed Transaction

The Commission requires an applicant for Section 203 approval to demonstrate, with appropriate evidentiary support, that a proposed transaction will not result in a cross-subsidization of a non-utility associate company or in a pledge or encumbrance of utility assets for the benefit of an associate company or, if no such assurance can be provided, how any cross-subsidization, pledge, or encumbrance resulting from the transaction will be consistent with the public interest.¹⁵ As explained in Exhibit M hereto, neither at the time the Proposed Transaction is consummated or in the future will the Proposed Transaction result in a cross-subsidization of a non-utility associate company or in a pledge or encumbrance of utility assets for the benefit of an associate company.

VI. INFORMATION REQUIRED BY PART 33 OF THE COMMISSION'S REGULATIONS

In compliance with Section 33.2 of the Commission's regulations, 18 C.F.R. § 33.2, the Applicant submits the following required information:

¹⁴ NEET will continue to own six miles of the HVDC transmission line.

¹⁵ 18 C.F.R. § 33.2(j) (2011).

A. Section 33.2(a): Exact name of Applicants and principal business addresses

New England Power Company
40 Sylvan Road
Waltham, MA 02451

New England Electric Transmission Corporation
40 Sylvan Road
Waltham, MA 02451

B. Section 33.2(b): Names and addresses of persons authorized to receive notices and communications in respect to the Application

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C. Section 33.2(c)

1. Section 33.2(c)(1): Description of Applicants' business activities

All relevant business activities of the Applicants are discussed above in Part III of this Application. Applicants respectfully request waiver of section 33.2(c)(1) of the Commission's regulations to the extent it would require the submission of additional information in Exhibit A.

2. Section 33.2(c)(2): Applicants' relevant affiliates

See Part III of this Application and Exhibit B attached hereto.

3. Section 33.2(c)(3): Organization charts

There are no organizational changes resulting from the Proposed Transaction.

Applicants respectfully request waiver of the requirement to submit an Exhibit C.

4. Section 33.2(c)(4): Business arrangements

There is no business arrangement that may be affected by the Proposed Transaction. The Proposed Transaction simply transfers certain limited assets required for VAR support from one National Grid affiliate to another. Accordingly, Applicants respectfully request waiver of the requirement to submit an Exhibit D.

5. Section 33.2(c)(5): Common officers or directors

All of the outstanding common shares of each of the parties to the Proposed Transaction, NEET and NEP, are wholly owned by National Grid and the parties to the Proposed Transaction have certain officers and directors in common and all applications required by Part 45 of the Commission's regulations have been made. The Proposed Transaction will not result in any change in these common officers and directors. Accordingly, Applicants respectfully request waiver of the requirement to submit an Exhibit E.

6. Section 33.2(c)(6): Wholesale power sales and transmission customers

The Proposed Transaction will not alter the existing service contracts of any wholesale power sales customer or unbundled transmission customer served by NEP, NEET or any of their affiliates. Further, transmission service over NEP and NEET facilities is provided pursuant to the ISO-NE Tariff. Accordingly, Applicants respectfully request waiver of Section 33.2(c)(6) of the Commission's regulations to the extent it requires a list to be provided of all wholesale power sales customers and unbundled transmission service customers of NEP, NEET and their affiliates because such a list would not assist the Commission in its evaluation of the Proposed Transaction.

D. Section 33.2(d): Description of the jurisdictional facilities owned and operated or controlled by the Applicant, its parent companies, subsidiaries, affiliates or associate companies

A general description of the facilities owned and operated by NEP, NEET and their affiliates is provided in Part II of this Application and Exhibit B. Applicants respectfully request waiver of section 33.2(d) of the Commission's regulations to the extent it would require the submission of additional information in Exhibit G.

E. Section 33.2(e): Narrative description of the Proposed Transaction

The description of the Proposed Transaction is provided above in Part IV of this Application. Applicants respectfully request waiver of the requirement to submit an Exhibit H.

F. Section 33.2(f): All contracts related to the Proposed Transaction, together with copies of all other written instruments entered into or proposed to be entered into by the parties to the transaction

A copy of the proposed form of Bill of Sale is attached as Exhibit I.

G. Section 33.2(g): Public Interest Statement

A full description of the facts relied upon to demonstrate that the Proposed Transaction is consistent with the public interest is provided in Part V of this Application. Applicants respectfully request waiver of the requirement to submit Exhibit J.

H. Section 33.2(h): Map of physical property

Inasmuch as the Proposed Transaction involves only limited equipment to provide VAR support in the vicinity of the Comerford substation in Monroe, New Hampshire, Applicants respectfully suggest that a map would not provide the Commission with information relevant or useful to the Commission's determination whether to authorize

the Proposed Transaction. Accordingly, Applicants respectfully request waiver of the requirement to submit an Exhibit K.

I. Section 33.2(i): Status of actions before other regulatory bodies

The request for approval from the NHPUC will be filed in the near future.

J. Section 33.2(j): Cross-subsidization

Applicants provide the explanation required by section 33.2(j) of the Commission's regulations in Exhibit M.

K. Section 33.5: Accounting Entries

The book value of the VAR support equipment that is the subject of the Proposed Transaction is fully depreciated on NEET's books and will be so reflected in NEP's accounting entries. The nominal purchase price of one dollar (US \$1.00) will be allocated among the following FERC accounts: 352 (Structures and improvements); 353 (Station equipment); 355 (Poles and fixtures); and 356 (Overhead conductors and devices).

L. Section 33.7: Verifications

Attachment 1 includes the verification required under section 33.7 of the Commission's regulations executed by an authorized representative of the Applicants.

VII. CONCLUSION

For the reasons stated herein, Applicants respectfully request that the Commission approve this Application without modification or condition and find that the Proposed Transaction is consistent with the public interest. Pursuant to the Commission's stated policy governing action on applications that do not involve mergers of traditional utilities and that do not otherwise raise material issues under its section 203 guidelines,

Applicants respectfully request that the Commission complete action on this Application

by January 16, 2013.

Respectfully submitted,

/s/ Stephen C. Palmer

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Transmission Company and New England
Electric Company*

Dated: December 13, 2012

EXHIBIT B

EXHIBIT B

NEET has no subsidiaries. NEP holds interests in Connecticut Yankee Atomic Power Company, Maine Yankee Atomic Power Company, Yankee Electric Company, N.H. Hydro, and Mass. Hydro. Affiliates of Applicants that are engaged in the energy business within the United States are listed below. Applicants respectfully requests a waiver of any requirement to provide information regarding any inactive affiliates; intermediary holding companies; affiliates engaged in providing heating, ventilation, air conditioning and/or appliance services; or energy affiliates not doing business in the United States because providing such information would be burdensome and not relevant to the Commission's evaluation of the proposed Transaction.

I. FPA Public Utility and/or Electric Distribution Company Affiliates

- A. New England Power Company d/b/a National Grid ("NEP") – NEP is a Commission-regulated public utility company organized and operated under the laws of the Commonwealth of Massachusetts. It operates approximately 2,400 miles of transmission facilities in the states of Massachusetts, Rhode Island, New Hampshire, and Vermont. NEP's transmission facilities are subject to the operational control of ISO New England Inc. ("ISO-New England"), a Commission-approved Regional Transmission Organization ("RTO"). Transmission service and generator interconnections associated with NEP's facilities are provided to customers on a non-discriminatory basis pursuant to ISO-New England's open access transmission tariff ("OATT") on file with the Commission. NEP has obtained market-based rate authority from the Commission for wholesale power sales.
- B. New England Electric Transmission Corporation ("NEET") – NEET owns and operates six miles of high-voltage direct current transmission line and related facilities in New Hampshire for the first phase of the Hydro-Quebec and New England interconnection (the "Interconnection"). These facilities are made available to customers on a non-discriminatory basis under the ISO-New England OATT, and are subject to ISO-New England's operational control.
- C. New England Hydro-Transmission Corporation ("N.H. Hydro") – National Grid entities hold, directly or indirectly, approximately 54% of the common stock of N.H. Hydro, which owns and operates 121 miles of high-voltage direct current transmission line in New Hampshire for the second phase of the Interconnection, extending to the Massachusetts border. These facilities are made available to customers on a nondiscriminatory basis under the ISO-New England OATT, and are subject to ISO-New England's operational control.
- D. New England Hydro-Transmission Electric Company, Inc. ("Mass. Hydro") – National Grid entities hold, directly or indirectly, approximately 54% of the voting stock of Mass. Hydro, which owns and operates an alternating current/direct current terminal and related facilities for the second phase of the Interconnection and 12 miles of high-voltage direct current transmission line in Massachusetts. These facilities are made available to customers on a non-

discriminatory basis under the ISO-New England OATT, and are subject to ISO-New England's operational control.

- E. Massachusetts Electric Company d/b/a National Grid ("Mass. Electric") – Mass. Electric provides electricity distribution services to customers located in portions of Massachusetts. Mass. Electric's service area covers approximately 43% of Massachusetts. Mass. Electric delivers electric energy to approximately 1.3 million customers in 171 cities and towns in Massachusetts. The cities and towns served by Mass. Electric include the highly diversified commercial and industrial cities of Worcester, Lowell, and Quincy, the Interstate 495 high technology belt, suburban communities, and many rural towns. Mass. Electric operates and maintains distribution power lines and substations; provides metering, billing, and customer services; designs and builds distribution-related facilities; and provides related products and services, including energy efficiency programs for customers. Mass. Electric owns approximately 145 miles of transmission facilities in Massachusetts. Mass. Electric has obtained market-based rate authority from the Commission for wholesale power sales.
- F. The Narragansett Electric Company d/b/a National Grid ("Narragansett") – Narragansett is engaged in the delivery of electric energy to approximately 484,000 customers in 38 cities and towns in Rhode Island. Narragansett's electric service area, which includes urban, suburban, and rural areas, covers approximately 99% of Rhode Island, and includes the cities of Providence, East Providence, Cranston, and Warwick. Narragansett operates and maintains distribution power lines and substations; provides metering, billing, and customer services; designs and builds distribution-related facilities; and provides related products and services, including energy efficiency programs for customers. Narragansett owns approximately 320 miles of transmission facilities in Rhode Island. Narragansett has obtained market-based rate authority from the Commission for wholesale power sales. Narragansett also owns gas distribution facilities located in Rhode Island that were acquired from Southern Union Company. Narragansett serves approximately 245,000 residential, commercial, and industrial gas customers in Rhode Island.
- G. Nantucket Electric Company d/b/a National Grid ("Nantucket") – Nantucket provides retail electric service to approximately 13,000 customers on Nantucket Island, Massachusetts. Nantucket's service area covers the entire island. Nantucket operates and maintains distribution power lines and substations; provides metering, billing, and customer services; designs and builds distribution-related facilities; and provides related products and services including energy efficiency programs for customers.
- H. Niagara Mohawk Power Corporation d/b/a National Grid ("Niagara Mohawk") – Niagara Mohawk, a New York corporation, is a combination gas and electric utility company. Niagara Mohawk is primarily engaged in the business of transmission and distribution of electricity, and the distribution and transportation of natural gas in New York State. Niagara Mohawk is regulated by the Commission and the New York Public Service Commission ("NYPSC"). Niagara

Mohawk serves approximately 1.6 million electric and 590,000 gas customers in Buffalo, Syracuse, Albany, and other portions of upstate New York. Niagara Mohawk owns approximately 6,000 miles of electric transmission lines and approximately 8,800 miles of gas pipe (8,500 distribution and 300 transmission). Gas utility service is provided largely in areas where Niagara Mohawk also provides electricity services. All of Niagara Mohawk's bulk transmission facilities are subject to the operational control of the New York Independent System Operator, Inc. ("NYISO"), a Commission-approved independent system operator ("ISO"). Transmission service and generator interconnections associated with Niagara Mohawk's facilities are provided to customers on a non-discriminatory basis pursuant to the NYISO OATT on file with the Commission. Niagara Mohawk has obtained market-based rate authority from the Commission for wholesale power sales.

- I. National Grid Generation LLC d/b/a National Grid ("National Grid Generation") – National Grid Generation is a New York limited liability company that owns and operates approximately 4,032 megawatts of electric generation capacity located on Long Island (the "National Grid Generation Facilities"). The National Grid Generation Facilities consist of approximately 53 oil- and gas-fired generating facilities located throughout Long Island. All of the capacity from the National Grid Generation Facilities is sold at wholesale to the Long Island Power Authority ("LIPA") pursuant to a 15-year power supply agreement ("PSA") entered into in June 1997 and effective as of May 1998, at contractual, cost-of-service based rates approved by the Commission. The current PSA expires May 28, 2013. LIPA and National Grid have agreed to a new amended and restated 15-year PSA, which is subject to approval by the State of New York. Pending approval, the new PSA expires April 30, 2028. LIPA provides electricity to approximately 1.1 million customers on Long Island. National Grid Generation does not own any electric transmission or distribution facilities other than limited facilities necessary to interconnect its generating facilities with LIPA's transmission and distribution system. National Grid Generation is a public utility under the FPA subject to Commission jurisdiction. National Grid Generation is also a New York utility subject to lightened regulation by the New NYPSC.
- J. National Grid Glenwood Energy Center LLC ("National Grid Glenwood") – National Grid Glenwood is a Delaware limited liability company and an exempt wholesale generator ("EWG"). National Grid Glenwood developed and constructed a 79.9 megawatt electric peaking facility on Long Island, New York. National Grid Glenwood does not own any electric transmission or distribution facilities other than limited facilities necessary to interconnect their generating facilities with LIPA's transmission and distribution system. National Grid Glenwood is subject to the Commission's jurisdiction as a public utility under the FPA and sells at wholesale capacity, ancillary, and energy at market-based rates pursuant to authority granted by the Commission. Pursuant to its market-based rate authority, National Grid Glenwood entered into an agreement with LIPA to sell all the capacity, energy, and ancillary services from the peaking facility for 25 years.

- K. National Grid Port Jefferson Energy Center LLC (“National Grid Port Jefferson”) – National Grid Port Jefferson is a Delaware limited liability company and an EWG. National Grid Port Jefferson developed and constructed a 79.9 megawatt electric peaking facility on Long Island, New York. National Grid Port Jefferson does not own any electric transmission or distribution facilities other than limited facilities necessary to interconnect their generating facilities with LIPA’s transmission and distribution system. National Grid Port Jefferson is subject to the Commission’s jurisdiction as a public utility under the FPA and sells at wholesale capacity, ancillary, and energy at market-based rates pursuant to authority granted by the Commission. Pursuant to its market-based rate authority, National Grid Port Jefferson entered into agreements with LIPA to sell all the capacity, energy, and ancillary services from the peaking facility for 25 years.

II. Service Companies

- A. National Grid USA Service Company, Inc. d/b/a National Grid (“National Grid Service”) – National Grid Service, a Massachusetts corporation, is a traditional centralized service company providing general and administrative services and related goods and other non-power goods and services to National Grid USA and its affiliated companies.
- B. National Grid Engineering & Survey Inc. d/b/a National Grid (“NGE&S”) – NGE&S, a New York corporation, is a service company that provides services to National Grid affiliates; these services may include, without limitation, network strategy and services pertaining to the operation and maintenance of gas and electricity networks including engineering, investment planning, standards and policy compliance and reporting, and providing operational activities and services, including maintenance and construction, protection and telecommunication operations, customer meter services & dispatch operations, control center operations; and power plant and LNG operations.

III LIPA Service Providers

- A. National Grid Electric Services LLC (“NGES”) –NGES, a New York limited liability company, provides day-to-day operation and maintenance services and construction management services to LIPA for LIPA’s transmission and distribution facilities located on Long Island, New York (the “T&D Facilities”). LIPA owns the T&D Facilities. LIPA’s operations are implemented by LIPA employees who supervise and direct contractors, including NGES, pursuant to separately executed agreements between LIPA and the specific contractor. LIPA is a not-for-profit corporate municipal instrumentality and political subdivision of the State of New York established under the Long Island Power Authority Act¹ and is not a public utility under the FPA. Operation and maintenance of LIPA’s bulk transmission system is undertaken by NGES pursuant to an Amended and Restated Management Services Agreement (“MSA”) dated January 1, 2006, as amended. The MSA covers the provision of certain management services on the

¹ N.Y. Pub. Auth. Law, Title 1-A Section 1020-a.

LIPA T&D Facilities (e.g., operation and maintenance of transmission system, management and/or performance of construction of improvements thereto, and facilitation of LIPA's transmission service over its bulk transmission system). NGES's activities are overseen and directed by LIPA's Division of Operations. All employees of NGES who are engaged in transmission functions on behalf of LIPA are deemed to be transmission function employees. NGES also provides management and administration services to LIPA for its interests in the Nine Mile Point Unit 2 nuclear facility. The services NGES provides to LIPA include performance of routine and emergency facility additions and improvements, customer connections and disconnections, construction of new facilities, supervision of routine and major capital improvements, preparation of proposed budgets and monitoring LIPA approved capital and operating budgets, load and energy forecasts, long-range and short-range system and strategic plans, management and repair or modification activities associated with public works projects, and emergency response activities for events affecting LIPA's facilities. The MSA expires on December 31, 2013. LIPA has selected a new service provider to manage its electric transmission and distribution system effective January 1, 2014.

- B. National Grid Energy Trading Services LLC ("NGETS") – NGETS, a New York limited liability company, does not own, operate or lease any generating facilities or other jurisdictional facilities. NGETS is a broker of gas and oil on behalf of (as agent for) LIPA under an Energy Management Agreement dated June 16, 1997, as amended. Specifically, the services provided by NGETS include fuel management, risk management and associated administration and billing, and, as agent for LIPA, NGETS is responsible for arranging fuel procurement, delivery, storage and management to meet LIPA's obligations to provide fuel to facilities for which it has contracted agreements such that LIPA can provide for its retail and wholesale customer's needs. NGETS does not take title to the fuel it trades on behalf of LIPA.

IV. Energy Marketers/Brokers

- A. Transgas, Inc. ("Transgas") – Transgas, a Massachusetts corporation, provides over-the-road transportation of liquefied natural gas, propane and other commodities to companies in the U.S., including affiliates of National Grid.

V. Gas Distribution Utilities

- A. The Brooklyn Union Gas Company d/b/a National Grid NY ("NGNY") – NGNY distributes natural gas at retail to approximately 1.2 million residential, commercial, and industrial customers in the New York City Boroughs of Brooklyn, Staten Island and Queens. NGNY is regulated by the NYPSC as to rates, corporate, financial, operational, reliability, safety, affiliate transaction, and other matters.
- B. KeySpan Gas East Corporation d/b/a National Grid ("KGEC") – KGEC distributes natural gas at retail to approximately 560,000 customers located on

Long Island, New York in Nassau and Suffolk counties and the Rockaway Peninsula in Queens County, New York. KGEC is regulated by the NYPSC as to rates and as to corporate, financial, operational, reliability, safety, affiliate transactions, and other matters. The service territories of NGNY and KGEC are separate but contiguous, and comprise approximately 1.8 million customers in New York.

- C. Boston Gas Company d/b/a National Grid ("Boston Gas") – Boston Gas distributes natural gas to approximately 660,000 customers located in Boston and 102 other cities and towns throughout eastern and central Massachusetts. Boston Gas is a Massachusetts public utility subject to regulation by the Massachusetts Department of Public Utilities ("MDPU") as to retail rates, transportation rates, affiliate transactions, securities issuances, and other matters.
- D. Colonial Gas Company d/b/a National Grid ("Colonial Gas") – Colonial Gas distributes natural gas to approximately 196,000 customers in 27 communities located in northeastern Massachusetts (contiguous with Boston Gas's service territory) and on Cape Cod. Colonial Gas is a Massachusetts public utility subject to regulation by the MDPU as to retail rates, transportation rates, affiliate transactions, securities issuances, and other matters.

VI. Natural Gas Pipeline Companies

- A. Iroquois Gas Transmission System LP ("Iroquois") – National Grid owns a 20.4% interest in Iroquois, a partnership of affiliates of six U.S. and Canadian energy companies. Iroquois owns a 411-mile interstate natural gas pipeline extending from the U.S.-Canada border at Waddington, New York through portions of Connecticut and New York. Iroquois's wholly owned subsidiary, the Iroquois Pipeline Operating Company, is the agent for and operator of the pipeline. Certain subsidiaries of National Grid are shippers on the pipeline. Iroquois is regulated by the Commission as a natural gas company.
- B. Millennium Pipeline Company, LLC ("Millennium") – National Grid indirectly owns a 26.25% interest in Millennium, which owns a natural gas pipeline with the capacity to transport up to approximately 525,000 dekatherms of natural gas per day from Independence, NY to Ramapo, NY.

VII. Gas Storage Companies

- A. National Grid LNG LP ("National Grid LNG") – National Grid LNG owns and operates a liquefied natural ("LNG") gas storage and receiving facility in Providence, Rhode Island. Boston Gas (an indirect subsidiary of National Grid) contracts for more than half of the LNG facility's storage. National Grid LNG is regulated by the Commission as a natural gas company.

EXHIBIT I

BILL OF SALE

Dated as of [_____], 2012 (the "Effective Date")

1. NEW ENGLAND ELECTRIC TRANSMISSION CORPORATION, a New Hampshire corporation, with a place of business at 40 Sylvan Road, Waltham, MA 02451 (the "Seller"), in consideration of One Dollar (\$1.00), the receipt and sufficiency of which are hereby acknowledged by the Seller, hereby sells, transfers and assigns unto NEW ENGLAND POWER COMPANY, a Massachusetts corporation, with a place of business at 40 Sylvan Road, Waltham, MA 02451 (the "Buyer"), all of its right, title and interest in and to the items, assets, personalty and equipment identified on Exhibit A attached hereto (the "Assets").

TO HAVE AND TO HOLD the Assets with all the privileges and appurtenances thereof to the Buyer, its successors and assigns, for its own use and forever.

2. BUYER ACKNOWLEDGES AND AGREES THAT IT HAS EXAMINED THE ASSETS AS FULLY AS IT DESIRED AND THAT THE ASSETS ARE BEING SOLD AND TRANSFERRED "AS IS, WHERE IS" AND, ACCORDINGLY, SELLER IS NOT MAKING ANY COVENANTS, REPRESENTATIONS OR WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, CONCERNING THE QUALITY, CONDITION OR WORKMANSHIP OF SUCH ASSETS, INCLUDING, IN PARTICULAR, AND WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE HEREBY EXPRESSLY DISCLAIMED.

Title to the Assets shall vest in Buyer as of the Effective Date. The Assets shall be delivered to Buyer *in situ*. Risk of loss or damage to the Assets shall pass to Buyer as of the Effective Date.

The provisions of this Paragraph 2 shall survive transfer of the Assets under this Bill of Sale.

3. To the extent that any provision of this Bill of Sale shall be held to be invalid, illegal or unenforceable, such provision shall be modified so as to give as much effect to the original intent of such provision as is consistent with applicable law and without affecting the validity, legality or enforceability of the remaining provisions of this Bill of Sale. Each party represents and warrants to the other that the signatory identified beneath its name below has full authority to execute this Bill of Sale on its behalf.

This Bill of Sale and all of the provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

This Bill of Sale shall be governed by and construed in accordance with applicable Federal law and the laws of the State of New Hampshire (regardless of the laws that might

otherwise govern under applicable principles of conflicts of laws). Venue in any action with respect to this Bill of Sale shall be in New Hampshire; the parties agree to submit to the personal jurisdiction of courts in New Hampshire with respect to any such actions.

This Bill of Sale may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Bill of Sale may also be executed via counterpart facsimiles or in "PDF" format by electronic mail upon (a) the telecopy or emailing by each party of its signed signature page to the other party, with, in the case of facsimile, return receipt requested and received and (b) the parties' agreement that they will each concurrently forward a fully executed original counterpart to the other party.

[Signatures are on following page.]

IN WITNESS WHEREOF, the parties have each caused this Bill of Sale to be executed in their names and on their behalf by their respective duly authorized representatives as of the Effective Date.

**NEW ENGLAND ELECTRIC
TRANSMISSION CORPORATION,
as Seller**

By: _____
Name:
Title:

**NEW ENGLAND POWER COMPANY,
as Buyer**

By: _____
Name:
Title:

EXHIBIT A

DESCRIPTION OF ASSETS

The following assets were associated with the AC reinforcements required at Comerford to support the HVDC Converter. All assets will be transferred to NEP and will remain in-situ.

MONROE 0772 HYDRO QUEBEC PHASE I - COMERFORD AC REINFORCEMENTS			
Asset ID	Description	Quantity	Comments
11399244	HYD QUE PH.1 - 7 FT. FENCE (NEP 230KV SUB)	1	
11399248	HYD QUE PH.1 - YARD GRADING	1	
11399261	HYD QUE PH.1 - STRUCTURE: LATTACE	4	
11399263	HYD QUE PH.1 - STRUCTURE: TUBULAR	6	
11399307	HYD QUE PH.1 - H208 (230KV TIE LINE) (1.59 MILES)	1.59 miles	H208 - Conductor only.
11399292	HYD QUE PH.1 - H208 (230KV TIE LINE) #1 70' TL DEPO-D D END	1	H208 - Structure #1 and associated equipment.
11399293	HYD QUE PH.1 - H208 (230KV TIE LINE) #2 95' TL HSS (H FRAME)	1	H208 - Structure #2 and associated equipment.
11399294	HYD QUE PH.1 - H208 (230KV TIE LINE) #3 75' TL-15HDE H FR/DE	1	H208 - Structure #3 and associated equipment.
11399295	HYD QUE PH.1 - H208 (230KV TIE LINE) #4 80' TL-HSS (H FRAME)	1	H208 - Structure #4 and associated equipment.
11399296	HYD QUE PH.1 - H208 (230KV TIE LINE) #5 85' TL-20HDE-D H FR/DE	1	H208 - Structure #5 and associated equipment.
11399306	HYD QUE PH.1 - G207 (230KV TIE LINE) (1.14 MILES)	1.14 miles	G207 - Conductor only.
11399285	HYD QUE PH.1 - G207 230KV TIE LINE #1 70' TL&2DEPO-D DEAD END	1	G207 - Structure #1 and associated equipment.
11399287	HYD QUE PH.1 - G207 (230KV TIE LINE) #2 85' TL-HSS (H FRAME)	1	G207 - Structure #2 and associated equipment.
11399290	HYD QUE PH.1-G207 230KV TIE LINE #3 100' TL 20HDE-D H FR/DE	1	G207 - Structure #3 and associated equipment.
11399310	HYD QUE PH.1 - AAAC CONDUCTOR - LINE 3386 (.99 MILES)	0.99 miles	3386 - Conductor only.
11399312	HYD QUE PH.1 - AA CONDUCTOR - LINE 3386 (.32 MILES)	0.32 miles	3386 - Conductor only.
11399301	HYD QUE PH.1 - POLES: 20.01 TO 30.00 FT. LINE 3386	7	3386 - Poles and associated equipment
11399303	HYD QUE PH.1 - POLES: 30.01 TO 40.00 FT. LINE 3386	6	3386 - Poles and associated equipment
11399305	HYD QUE PH.1 - POLES: 40.01 TO 50.00 FT. LINE 3386	2	3386 - Poles and associated equipment
11399311	HYD QUE PH.1 - AA CONDUCTOR - LINE 3315 (.34 MILES)	0.34 miles	3315 - Conductor only.
11399309	HYD QUE PH.1 - AAAC CONDUCTOR - LINE 3315 (1.04 MILES)	1.04 miles	3315 - Conductor only.
11399304	HYD QUE PH.1 - POLES: 40.01 TO 50.00 FT. LINE 3315	3	3315 - Poles and associated equipment
11399302	HYD QUE PH.1 - POLES: 30.01 TO 40.00 FT. LINE 3315	7	3315 - Poles and associated equipment
11399313	HYD QUE PH.1 - AIRBREAK SWITCH - LINE 3315	1	34.5kV fused disconnects outside Monroe
11399314	HYD QUE PH.1 - AIRBREAK SWITCH - LINE 3386	2	34.5kV fused disconnects outside Monroe

The following NEET assets and spares are currently installed or retained at locations other than Comerford as described. These assets will be transferred to NEP and will remain in-situ.

0705, 0771, 0772, 0024 HYDRO QUEBEC PHASE I - AC REINFORCEMENTS			
Asset ID	Description	Quantity	Comments
11399240	Londonderry 0705 - HYD QUE PH.1 - 795 ACSR ALUM CONDUCTOR	0.1 miles	Spare ground wire conductor.
11399351	Monroe 0772 - HYD QUE PH.1 - CABLE	0.07 miles	
11399846	Monroe 0772 - HYD QUE PH.1 - DISCONNECT SWITCHES - 115KV,600A	4	
11399325	Tewksbury - HYD QUE PH.1 - AUDITONE/FIBER OPTIC SYSTEM	1	
11399341	Tewksbury - HYD QUE PH.1 - CABLE	0.29 miles	
11399343	Tewksbury - HYD QUE PH.1 - CABLE	0.38 miles	
11399339	Tewksbury - HYD QUE PH.1 - CABLE	6.35 miles	
11399345	Tewksbury - HYD QUE PH.1 - CONDUCTOR	0.03 miles	
11399335	Tewksbury - HYD QUE PH.1 - CONDUCTOR	2.43 miles	
11399353	Tewksbury - HYD QUE PH.1 - CONDUIT 3" AND OVER	0.21 miles	
11399352	Tewksbury - HYD QUE PH.1 - CONDUIT 3" AND UNDER	0.71 miles	
11399354	Tewksbury - HYD QUE PH.1 - DB TYPE TOWER WITH FOUNDATION	1	
11399350	Tewksbury - HYD QUE PH.1 - NEOPRENE CONTROL	1.2 miles	
11399338	Tewksbury - HYD QUE PH.1 - WEB CHANNEL BUS CONDUCTOR	0.01 miles	

The following NEET assets are located at the HVDC Converter. These assets will be transferred to NEP to provide VAR support to the AC transmission system and will remain in-situ.

MONROE 0772 HYDRO QUEBEC PHASE 1 - HVDC CONVERTER			
Asset ID	Description	Quantity	
11092615	EXCAVATION, GRAVEL PLACEMENT, GRADING ETC.	1	Includes substation yard infrastructure such as gravel, roads, etc.
11092612	WATER SUPPLY SYSTEM	2	There were originally 3 wells on the site. One has been decommissioned and the remaining two have been connected into the new control / relay house.
11092600	CHAIN LINK FENCE W/2 GATES	1	Substation fences and gates including wiring and conduit for remote opening / closing and security systems.
11092602	HYDRO QUEBEC PH.1 - G.E. CONTR. #54- FOUND. STEEL PED. & TOWER	18%	
11092598	SEWER SYSTEM	50%	Leach field removed 50% transfers to NEP.
11092727	HYD QUE PH.1 - G.E. CONTR. #54&8 - BUS & CABLE	0.6 miles	
11092654	HYD QUE PH.1 - G.E. #8 - CIRCUIT SWITCHES (1V-C11, 1V-C12, 2V-C21 & 2V-C22)	4	All of the circuit switchers were replaced by new Co. 10 owned GCBs and disconnect switches.
11092667	SHUNT CAP BANKS 31.5MVAR (C11, C12, C21, C22)	4	
11092724	230/13.8kV SUBSTATION TRANSFORMERS Transformers No.20 and No. 30	2	Transformer T10 is a new transformer and a NEP asset. Transformer T20 includes foundations, control cabinets, wiring, conduits, busbar and associated support structures. Transformer T30 retained as a spare.
11092704	13.8kV METAL CLAD SWGR - Bus 10, Bus 20 and Bus 30 R11 & R12 spare R13 & R14 in-service R21 & R23 in-service R22 & R24 spare R31, R32, R33 and R34 spare	12	Metal-clad switchgear for the reactors associated with T10 and T20 - includes foundations, accommodation, wiring and conduits, etc. Metal-clad switchgear for T30 retained as spares.
11092676	13.8kV 20MVAR Shunt Reactors - Bus 10, Bus 20 and Bus 30 R21 & R23 in-service R22 & R24 spares R13 & R14 in-service R11 & R12 spare R31, R32, R33 & R34 spare	12	Reactors associated with T10 and T20 - includes foundations, structures, 13.8kV underground cable, wiring and conduits, etc. Reactors associated with T30 retained as spares.
	Yard Lighting, Arrestors, Bus, Conduit, Wiring, Lightning Masts, wood poles for telephony.		Items not separately identified in accounting records but will transfer to NEP

EXHIBIT M

Exhibit M

Cross-Subsidization and Encumbrance of Utility Assets

Based on the facts and circumstances known to Applicants or that are reasonably foreseeable, the Proposed Transaction will not result in, at the time of the Proposed Transaction or in the future, cross-subsidization of a non-utility associate company or the pledge or encumbrance of utility assets for the benefit of an associate company. First, there is no non-utility associate company involved in the Proposed Transaction. Each of the parties to the Proposed Transaction, NEET and NEP, are public utilities under the FPA. Consequently, the Proposed Transaction will not now or in the future result in the subsidization of a non-utility associate company by the captive customers of a public utility or otherwise result in the transfer of benefits from a public utility's captive customers to the shareholders of a non-utility associate company – there is no such non-utility associate company involved.

Second, while the Proposed Transaction does involve the transfer of facilities between a traditional public utility associate company that has captive customers or that owns or provides transmission service over jurisdictional transmission facilities, for the benefit of an associate company, the associate company in this instance, NEP, also is a public utility subject to the Commission's jurisdiction which also owns or provides transmission service over jurisdictional transmission facilities. The Proposed Transaction transfers all the obligations and benefits associated with the subject VAR support equipment from NEET and its customers, which no longer benefit from that equipment due to the retirement of the AC/DC converter facility, to NEP and its customers which will continue to benefit from the VAR support provided to the AC transmission system operated by NEP. Further, the transfer of the jurisdictional assets (the VAR support equipment) will be reflected in NEP's accounts at a nominal \$1.00 value given that the equipment is already fully depreciated. And, responsibility for ongoing O&M expenses will be borne by those customers that are and will be benefiting from the VAR support provided by this equipment. Accordingly, the Proposed Transaction will not result in any cross-subsidization between these associate companies.

Third, the Proposed Transaction does not require or contemplate now, or, in the future, any new issuance of securities or any pledge or encumbrance of any utility assets.

Fourth, the Proposed Transaction does not require or contemplate now, or, in the future, any new affiliate contract other than the Bill of Sale substantially in the form attached as Exhibit I hereto.

Finally, the Proposed Transaction is not a merger with, or an acquisition of, a public utility.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

New England Power Company)
New England Electric Transmission)
Corporation)

Docket No. EC13- -000

VERIFICATION
(18 C.F.R. § 33.7)

I, Peter G. Flynn, have authority to verify the foregoing Application on behalf of New England Power Company and New England Electric Transmission Corporation and have knowledge of the matters set forth therein. The statements in said Application are true and correct to the best of my knowledge, information, and belief.

By: Peter G. Flynn
Name: Peter G. Flynn
Title: President, FERC- Regulated Businesses

SUBSCRIBED AND SWORN to before me, a
Notary Public in and for the Commonwealth of
Massachusetts this 13th day of December, 2012.

Notary Public: Gifty A. Bentum-Eshun

My Commission Expires: May 23, 2014

