

NATIONAL GRID ENGINEERING & SURVEY INC.

SERVICE AGREEMENT

This Service Agreement ("Agreement") dated as of November 5, 2012 ("Effective Date") is entered into by and between National Grid Engineering & Survey Inc. ("Service Company"), a New York corporation, and each of the affiliated companies that are or become a party hereto (each, individually a "Client Company" and collectively, the "Client Companies"). Service Company and the Client Companies may also be referred to herein, individually, as a "Party," and, collectively, as the "Parties".

WHEREAS, Service Company is a service company affiliate of National Grid USA ("National Grid") which is a holding company under the Public Utility Holding Company Act of 2005, as amended (the "Act"); and

WHEREAS, the Client Companies desire Service Company to provide services as contemplated by this Agreement, and Service Company is willing to provide such services, subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual representations, covenants and agreements hereinafter set forth, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE 1 SERVICES

1.1 Services Offered. Exhibit I to this Agreement describes some of the services that Service Company may furnish to each Client Company. In addition to the services referred to in Exhibit I, Service Company may also provide each Client Company with additional or different services, as may be requested, from time to time, by such Client Company. Service Company may, from time to time, unilaterally amend part A of Exhibit I entitled "List of Certain Services Provided by Service Company" for the purpose of aligning the service descriptions contained therein with the Service Level Agreements referred to in Section 1.4 hereof. Service Company shall deliver a copy of each such amended Exhibit I to the Client Companies and shall file a copy thereof with each state regulatory agency having jurisdiction.

In supplying services hereunder to a Client Company, Service Company may arrange, where it deems appropriate, for the services of such experts, consultants, advisers and other persons or third parties with necessary qualifications as are required for, or are pertinent to, the performance of such services.

1.2 Modification of Services. Each Client Company shall have the right from time to time to amend, alter or rescind any activity, project, program, work order or other request for

services in connection with this Agreement, provided that (i) the cost for the services covered by the activity, project, program, work order or other request for service shall be deemed to include any costs incurred by Service Company as a direct result of such amendment, alteration or rescission of the activity, project, program or work order, and (ii) no amendment, alteration or rescission of an activity, project, program or work order shall release a Client Company from liability for all costs already incurred by or contracted for by Service Company in connection with the activity, project, program or work order, regardless of whether the services associated with such costs have been completed.

1.3 Limitations.

(a) Anything in this Agreement to the contrary notwithstanding, (i) no Party shall be obligated to participate in any transaction contemplated by this Agreement if the cost to be charged to such Party in connection with such transaction differs from the amount of the charges such Party is permitted to incur under any statute applicable to such Party or under any rules, regulations or orders of the Federal Energy Regulatory Commission ("*FERC*") or of any state public utility commission or its equivalent having jurisdiction over such Party, and (ii) if a Client Company is subject to the jurisdiction of the Massachusetts Department of Public Utilities ("*MDPU*") or any successor to the MDPU, any amounts to be paid by such Client Company in connection with this Agreement or any transaction contemplated by this Agreement shall be subject to review and determination by the MDPU in any proceeding brought under Section 93 or 94 of Chapter 164 of the Massachusetts General Laws.

(b) This Agreement shall be subject to approval of any federal or state regulatory body whose approval is a legal prerequisite to its execution and delivery or performance. Cost allocations and the methods of allocation provided herein or contemplated hereby may also be subject to the jurisdiction of FERC under Section 1275 of the Energy Policy Act of 2005 and the rules promulgated thereunder and, if and to the extent its determination is sought, FERC determinations regarding the allocation of costs shall be dispositive.

(c) Nothing in this Agreement is intended to limit the jurisdiction that any state public utility commission or equivalent agency may have under applicable law to review the prudence of costs incurred and paid hereunder for the purpose of determining whether the applicable Client Company may recover such costs in rates.

1.4 Service Company shall cooperate in the implementation of, and shall participate in, such management programs and procedures as may be requested by any Client Company in connection with the services provided to such Client Company under this Agreement. These management programs and procedures may include, without limitation, budgeting applications and Service Level Agreements, as determined by the requesting Client Company.

ARTICLE 2 COMPENSATION AND BILLING

2.1 Compensation. All of the services rendered under this Agreement will be rendered at actual cost thereof. Direct charges will be made for services where appropriate. Costs that cannot be directly charged will be allocated to Client Companies by means of

equitable allocation formulae or clearing accounts. To the extent possible, such allocations shall be based on cost-causation relationships. All other allocations will be broad based. Each formula will have an appropriate basis.

From time to time, certain Client Companies may make filings (as part of a rate plan or otherwise) with regulatory agencies having jurisdiction on the application of allocation methodologies as specified in such filings (such filings, as may be amended from time to time, shall be referred to as "*Allocation Filings*"). The Service Company shall allocate costs in connection with this Agreement in compliance with all applicable Allocation Filings then in effect and in compliance with the Service Company's Cost Allocation Manual, as such Manual may be amended or modified from time to time. Subject to the foregoing, allocation methodologies may be modified or changed by Service Company without the necessity of an amendment of this Agreement provided that in each instance all services rendered hereunder will be at actual cost thereof, fairly and equitably allocated. The Client Companies will be advised from time to time of any material changes in such methodologies.

2.2 Billing. Bills will be rendered during the first week of each month covering amounts due for the month calculated on an estimated basis using the actual expenses incurred to the extent possible during the second previous month. This estimated amount will be adjusted on the bill to be rendered by the conclusion of the following month. If a bill is not paid by the 15th day after the bill is received (the "*Due Date*"), the Client Company shall pay interest on any amount outstanding after the Due Date at the current money pool rate.

ARTICLE 3 TERM AND TERMINATION

3.1 Effective Date. This Agreement shall become effective as of the Effective Date.

3.2 Term and Termination.

(a) The term of this Agreement shall be 364 days. Upon the expiration of each 364 day term, this Agreement shall be automatically renewed for an additional term of 364 days; provided that such renewal term shall not apply to any Client Company that elects to terminate its participation in this Agreement by providing written notice to Service Company prior to the effective date of such renewal term.

(b) Any Client Company may terminate its participation in this Agreement upon sixty (60) days advance written notice to the Service Company. The Service Company may terminate this Agreement with respect to any Client Company upon sixty (60) days advance written notice to such Client Company or may terminate this Agreement in its entirety upon sixty (60) days advance written notice to all Client Companies. The foregoing notwithstanding, the obligations of the Parties under this Agreement with respect to invoicing and payment of amounts due shall continue in effect notwithstanding any such termination until all final accounting, adjustments and payments have been made in compliance herewith.

(c) This Agreement will also be subject to termination or modification, without prior notice and at any time, to the extent its performance may conflict with any federal or state law or any rule, regulation or order of a federal or state regulatory body having jurisdiction.

ARTICLE 4
MISCELLANEOUS

4.1 Modification. Except as set forth in Article 2 and Sections 1.3, 3.2 and 4.4, no amendment or other modification of this Agreement shall be effective unless made in writing and executed by all of the Parties to this Agreement.

4.2 Notices. Where written notice is required by this Agreement, such notice shall be deemed given when delivered personally, mailed by certified mail, postage prepaid and return receipt requested, or by facsimile or electronic mail, as follows:

To Service Company:

National Grid Engineering & Survey Inc.
Attn: Vice President, Service Company & Regulatory Accounting
40 Sylvan Road
Waltham, Massachusetts 02451

To Client Company:

Notice to any Client Company shall be sent to the attention of the President (or equivalent chief executive) of such Client Company at the principal office of such President or chief executive with a copy to the Vice President and Controller, National Grid USA, 40 Sylvan Road, Waltham, Massachusetts 02451.

4.3 Accounts. All accounts and records of Service Company shall be kept in accordance with all applicable rules and regulations promulgated by FERC pursuant to the Act, including, without limitation, applicable record retention requirements and the Uniform System of Accounts for Service Companies in effect from and after the date hereof. Upon request, Service Company shall permit a Client Company reasonable access to the accounts and records of Service Company relating to the services performed for such Client Company hereunder.

4.4 Partial Execution; Additional Client Companies. This Agreement shall become effective between Service Company and each Client Company that delivers an executed counterpart of this Agreement as of the Effective Date (without regard to whether any or all other entities listed on the signature pages below have executed this Agreement by the Effective Date). After the Effective Date, any new or existing direct or indirect subsidiary of National Grid USA may become an additional Client Company under this Agreement by executing and delivering to Service Company a counterpart of this Agreement or an Accession (such Accession to be substantially in the form attached hereto as Exhibit II); and this Agreement shall be effective with respect to each such additional Client Company from and after the execution date of such counterpart or Accession.

4.5 Waiver. Except as otherwise provided in this Agreement, any failure of a Party to comply with any obligation, covenant, agreement, or condition herein may be waived by the Party entitled to the benefits thereof only by a written instrument signed by the Party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement, or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

4.6 No Third Party Beneficiaries. Nothing in this Agreement is intended to confer upon any other person except the Parties any rights or remedies hereunder or shall create any third party beneficiary rights in any person. No provision of this Agreement shall create any rights in any such persons in respect of any benefits that may be provided, directly or indirectly, under any employee benefit plan or arrangement except as expressly provided for thereunder.

4.7 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York (regardless of the laws that might otherwise govern under applicable principles of conflicts of law).

4.8 Counterparts. This Agreement and any Accession may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The exchange of copies of this Agreement or of any Accession and of signature pages by facsimile transmission (including telecopier and scanned "PDF" transmitted by email) shall constitute effective execution and delivery of this Agreement and any Accession as to the Parties and may be used in lieu of the original Agreement or Accession and signatures for all purposes. 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. In proving this Agreement or any Accession it shall not be necessary to produce or account for more than one such counterpart signed by the Party against whom enforcement is sought.

4.9 Entire Agreement. This Agreement, including the exhibits attached hereto, constitutes the entire agreement and understanding of the Parties with respect to the transactions contemplated by this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings other than those expressly set forth or referred to herein. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the transactions contemplated by this Agreement.

4.10 Severability. If any term or other provision of this Agreement is determined to be invalid, illegal or unenforceable, such term or provision shall be modified so as to give as much effect to the original intent thereof as is consistent with applicable law and without affecting the validity, legality or enforceability of the remaining terms and provisions of this Agreement.

4.11 Assignment. Service Company shall not assign this Agreement, or any of its rights or obligations hereunder, without the prior written consent of the Client Companies, such consent not to be unreasonably withheld. A Client Company shall not assign this Agreement, or any of its rights or obligations hereunder, without the prior written consent of Service Company.

This Agreement shall inure to the benefit and shall be binding upon the Parties and their permitted successors and assigns.

[Signatures are on following pages.]

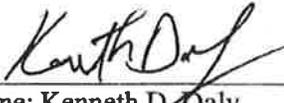
IN WITNESS WHEREOF, Service Company and the undersigned Client Companies have caused this Agreement to be executed by their respective duly authorized representatives.

National Grid Engineering & Survey Inc.

By: _____

Name: Sharon Partridge
Title: Vice President

Niagara Mohawk Power Corporation

By:  _____

Name: Kenneth D. Daly
Title: President

The Brooklyn Union Gas Company

By:  _____

Name: Kenneth D. Daly
Title: President

KeySpan Gas East Corporation

By: _____

Name: Charles V. DeRosa
Title: Vice President

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By: *S. Partridge*
Name: Sharon Partridge
Title: Vice President

Niagara Mohawk Power Corporation

By: _____
Name: Kenneth D. Daly
Title: President

The Brooklyn Union Gas Company

By: _____
Name: Kenneth D. Daly
Title: President

KeySpan Gas East Corporation

By: _____
Name: Charles V. DeRosa
Title: Vice President

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Title: President

The Brooklyn Union Gas Company

By: _____

Name: Kenneth D. Daly
Title: President

KeySpan Gas East Corporation

By:  _____

Name: Charles V. DeRosa
Title: Vice President

Massachusetts Electric Company

By: Marcy L. Reed
Name: Marcy L. Reed
Title: President

Nantucket Electric Company

By: Marcy L. Reed
Name: Marcy L. Reed
Title: President

The Narragansett Electric Company

By: _____
Name: Timothy F. Horan
Title: President

New England Electric Transmission Corporation

By: Peter G. Flynn
Name: Peter G. Flynn
Title: President

New England Power Company

By: Peter G. Flynn
Name: Peter G. Flynn
Title: President

Massachusetts Electric Company

By: _____
Name: Marcy L. Reed
Title: President

Nantucket Electric Company

By: _____
Name: Marcy L. Reed
Title: President

The Narragansett Electric Company

By:  _____
Name: Timothy F. Horan
Title: President

New England Electric Transmission Corporation

By: _____
Name: Peter G. Flynn
Title: President

New England Power Company

By: _____
Name: Peter G. Flynn
Title: President

**New England Hydro-Transmission Electric
Company, Inc.**

By: Peter A. Flynn
Name: Peter G. Flynn
Title: President

**New England Hydro-Transmission
Corporation**

By: Peter A. Flynn
Name: Peter G. Flynn
Title: President

Boston Gas Company

By: Marcy Reed
Name: Marcy L. Reed
Title: President

Colonial Gas Company

By: Marcy Reed
Name: Marcy L. Reed
Title: President

National Grid Generation LLC

By: Peter A. Flynn
Name: Peter G. Flynn
Title: President

National Grid USA Service Company, Inc.

By: 
Name: Lorraine Lynch
Title: Vice President and Treasurer

National Grid Electric Services LLC

By: _____
Name: John Bruckner
Title: Senior Vice President

National Grid Energy Trading Services LLC

By: 
Name: Lorraine Lynch
Title: Treasurer

National Grid Glenwood Energy Center LLC

By: _____
Name: Peter G. Flynn
Title: President

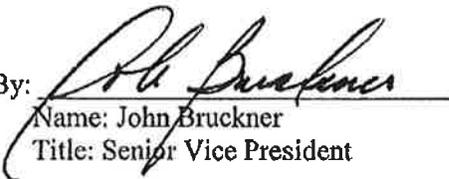
National Grid Port Jefferson Energy Center LLC

By: _____
Name: Peter G. Flynn
Title: President

National Grid USA Service Company, Inc.

By: _____
Name: Lorraine Lynch
Title: Vice President and Treasurer

National Grid Electric Services LLC

By: 
Name: John Bruckner
Title: Senior Vice President

National Grid Energy Trading Services LLC

By: _____
Name: Lorraine Lynch
Title: Treasurer

National Grid Glenwood Energy Center LLC

By: _____
Name: Peter G. Flynn
Title: President

**National Grid Port Jefferson Energy Center
LLC**

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Title: President

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By: Peter G. Flynn
Name: Peter G. Flynn
Title: President

**National Grid Port Jefferson Energy Center
LLC**

By: Peter G. Flynn
Name: Peter G. Flynn
Title: President

National Grid Services, Inc.

By: 
Name: Lorraine Lynch
Title: Treasurer

National Grid Development Holdings Corp.

By: 
Name: Lorraine Lynch
Title: Senior Vice President and Treasurer

North East Transmission Co., Inc.

By: 
Name: Lorraine Lynch
Title: Assistant Treasurer

Metrowest Realty LLC

By: _____
Name: John G. Cochrane
Title: Treasurer

Metro Energy L.L.C.

By: 
Name: Lorraine Lynch
Title: Vice President and Treasurer

National Grid Services, Inc.

By: _____
Name: Lorraine Lynch
Title: Treasurer

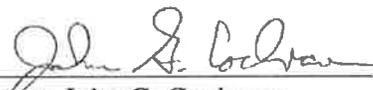
National Grid Development Holdings Corp.

By: _____
Name: Lorraine Lynch
Title: Senior Vice President and Treasurer

North East Transmission Co., Inc.

By: _____
Name: Lorraine Lynch
Title: Assistant Treasurer

Metrowest Realty LLC

By: 
Name: John G. Cochrane
Title: Treasurer

Metro Energy L.L.C.

By: _____
Name: Lorraine Lynch
Title: Vice President and Treasurer

Wayfinder Group, Inc.

By: Lorraine M Lynch
Name: Lorraine Lynch
Title: Assistant Treasurer

National Grid Transmission Services Corporation

By: Lorraine M Lynch
Name: Lorraine Lynch
Title: Assistant Treasurer

Patience Realty Corp.

By: Lorraine M Lynch
Name: Lorraine Lynch
Title: Assistant Treasurer

Prudence Corporation

By: Lorraine M Lynch
Name: Lorraine Lynch
Title: Assistant Treasurer

Transgas Inc.

By: Michael J. Nilsen
Name: Michael J. Nilsen
Title: Treasurer

KSI Contracting, LLC

By: National Grid Services Inc., its sole member

By: _____
Name: Lorraine Lynch
Title: Treasurer

KSI Electrical, LLC

By: National Grid Services Inc., its sole member

By: _____
Name: Lorraine Lynch
Title: Treasurer

KSI Mechanical, LLC

By: National Grid Services Inc., its sole member

By: _____
Name: Lorraine Lynch
Title: Treasurer

National Grid Energy Management LLC

By: _____
Name: Lorraine Lynch
Title: Vice President and Treasurer

Transgas Inc.

By: _____
Name: Michael J. Nilsen
Title: Treasurer

KSI Contracting, LLC

By: National Grid Services Inc., its sole member

By: 
Name: Lorraine Lynch
Title: Treasurer

KSI Electrical, LLC

By: National Grid Services Inc., its sole member

By: 
Name: Lorraine Lynch
Title: Treasurer

KSI Mechanical, LLC

By: National Grid Services Inc., its sole member

By: 
Name: Lorraine Lynch
Title: Treasurer

National Grid Energy Management LLC

By: 
Name: Lorraine Lynch
Title: Vice President and Treasurer

National Grid Energy Services LLC

By: 
Name: Lorraine Lynch
Title: Vice President and Treasurer

KeySpan International Corporation

By: 
Name: Lorraine Lynch
Title: Assistant Treasurer

National Grid IGTS Corp.

By: 
Name: Lorraine Lynch
Title: Assistant Treasurer

KeySpan Energy Development Co.

By: _____
Name: Michael J. Nilsen
Title: Vice President, Treasurer and
Controller

KeySpan Energy Services Inc.

By: 
Name: Charles V. DeRosa
Title: Assistant Treasurer

National Grid Energy Services LLC

By: _____
Name: Lorraine Lynch
Title: Vice President and Treasurer

KeySpan International Corporation

By: _____
Name: Lorraine Lynch
Title: Assistant Treasurer

National Grid IGTS Corp.

By: _____
Name: Lorraine Lynch
Title: Assistant Treasurer

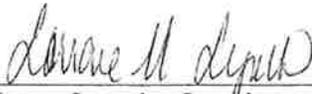
KeySpan Energy Development Co.

By: Michael J. Nilsen
Name: Michael J. Nilsen
Title: Vice President, Treasurer and
Controller

KeySpan Energy Services Inc.

By: _____
Name: Charles V. DeRosa
Title: Assistant Treasurer

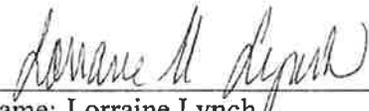
KeySpan Plumbing Solutions, Inc.

By: 
Name: Lorraine Lynch
Title: Vice President and Treasurer

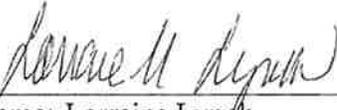
National Grid Millennium LLC

By: 
Name: Charles V. DeRosa
Title: Assistant Treasurer

National Grid LNG GP LLC

By: 
Name: Lorraine Lynch
Title: Assistant Treasurer

National Grid LNG LP LLC

By: 
Name: Lorraine Lynch
Title: Assistant Treasurer

National Grid LNG LP

By: _____
Name: Michael J. Nilsen
Title: Vice President and Treasurer

KeySpan Plumbing Solutions, Inc.

By: _____
Name: Lorraine Lynch
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National Grid LNG LP LLC

By: _____
Name: Lorraine Lynch
Title: Assistant Treasurer

National Grid LNG LP

By: Michael J. Nilsen
Name: Michael J. Nilsen
Title: Vice President and Treasurer

**Valley Appliance and Merchandising
Company**

By: 
Name: Lorraine Lynch
Title: Assistant Treasurer

EXHIBIT I

A. List of Certain Services Provided by Service Company.

(Additional or different services may be provided, from time to time, as requested by any Client Company.)

Network Strategy and Services

Provide services pertaining to the operation and maintenance of gas and electricity networks including engineering, investment planning, standards and policy compliance and reporting.

Operations

Provide operational activities and services. Operational activities include maintenance and construction; protection and telecommunication operations; customer meter services & dispatch operations; control center operations; and power plant and LNG operations. Service activities include Operations Support (Fleet, Aviation, and Inventory Management; Customer Order Fulfillment and related support processes; Meter Lab & Testing activities); Project Management and Complex Construction and Vegetation Management; Resource Planning; Emergency Planning and Response; and Operations Performance activities.

B. Cost of Service.

Cost of service will be determined in accordance with applicable Federal and state laws (including the Act and rules and regulations promulgated thereunder), and will include all costs of doing business incurred by Service Company, including a reasonable return on capital.

Service Company will maintain an accounting system for accumulating all costs on a project, activity or other appropriate basis. Records will be kept by each cost center of Service Company in order to accumulate all costs of doing business. Expenses of Service Company departments will include salaries and wages of employees, materials and supplies and all other expenses attributable to each such department. Labor cost will be loaded for fringe benefits and payroll taxes. To the extent practicable, Service Company will keep time records of hours worked by all Service Company employees, including all officers of such Company.

The methods of assignment or allocation of costs shall be reviewed annually or more frequently if appropriate. Subject to the terms of the Agreement, if the use of a basis of allocation would result in an inequity because of a change in operations or organization, then Service Company may adjust the basis to effect an equitable distribution.

EXHIBIT II

Form of
ACCESSION TO
NATIONAL GRID ENGINEERING & SURVEY INC.
SERVICE AGREEMENT

Effective as of [_____] ("*Accession Date*")

Reference is made to that certain Service Agreement dated as of November 5, 2012 by and between National Grid Engineering & Survey Inc. and the Client Companies party thereto (the "*Service Agreement*"). Any capitalized term used but not defined herein shall have the meaning specified for such term in the Service Agreement.

In accordance with Section 4.4 of the Service Agreement, the undersigned [company] [companies] ([the] [each, an] "*Additional Client Company*") shall be deemed to be a Client Company under the Service Agreement as of the Accession Date. [The] [Each] Additional Client Company agrees to be bound by the terms of the Service Agreement from and after the Accession Date.

IN WITNESS WHEREOF, the undersigned [has] [have] caused this instrument to be executed by [its] [their] respective duly authorized representative[s] as of the Accession Date.

[COMPANY NAME]

By: _____
Name:
Title:

[COMPANY NAME]

By: _____
Name:
Title: