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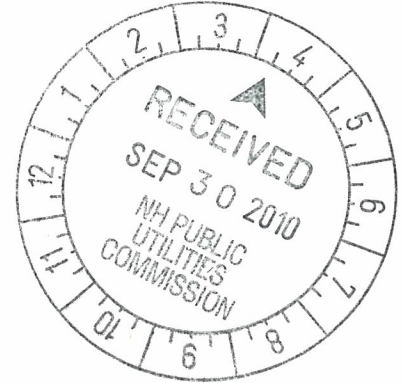
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September 30, 2010

Ms. Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301



**Re: Docket No. DE 10-020: Granite State Electric Company d/b/a National Grid
Default Service Rates; Loss Factor Report**

Dear Ms. Howland:

On March 22, 2010, the Commission issued Order No. 25,083 approving Granite State Electric Company d/b/a National Grid's ("National Grid") default service rates. In that order, the Commission required that the Company submit a report by March 31, 2010 and every quarter thereafter until its Tewksbury meter is replaced detailing all power cost re-settlements with ISO-NE relating to measurement or modeling problems linked to the meter. The purpose of this letter is to provide the Commission with the third such report.

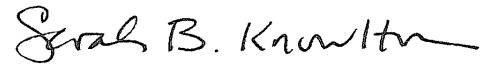
For the period July 1 through September 26, 2010, the only repairs to the meter measurements were made on July 30, 2010 for hour 10 and September 10, 2010 for hours 14 and 15. While performing the Initial Settlement review process for these days, National Grid noted that New Hampshire's losses had very large swings during the dates and hours identified above. It was observed that the Primary Tewksbury meter measurements deviated from alternate data point measurements by amounts similar to the loss swings seen for those hours. It was also observed that the losses in Western Massachusetts went in the opposite direction to New Hampshire's during those same hours. (Tewksbury is a tie line between New Hampshire and Western Massachusetts and loss swings in opposite directions indicate a tie line data problem.) Given the above, it was determined that the values recorded by the Primary Tewksbury meter for the subject hours were not accurate and they were repaired using the available alternate data points as a guide. The Company is working diligently to replace the meter and instrument transformer. Based on the most current engineering estimates, the anticipated completion date of

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this project is February 2011. Until then, the Company will continue to provide these quarterly reports.

Very truly yours,

A handwritten signature in black ink, appearing to read "Sarah B. Knowlton". The signature is fluid and cursive, with a long horizontal stroke at the end.

Sarah B. Knowlton

cc: Service List (via electronic mail)
Meredith A. Hatfield, Esq.
Celia O'Brien, Esq.