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June 7, 2010

Mark D. Marini, Secretary
Department of Public Utilities
One South Station
Boston, MA 02110

Re: D.P.U. 10-53 — Model Terms and Conditions for Purchase of Receivables

Dear Secretary Marini:

I am writing on behalf of Fitchburg Gas and Electric Light Company d/b/a Unitil, Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid, NSTAR Electric Company and Western Massachusetts Electric Company (together, the “Companies”), to submit proposed Model Terms and Conditions for the Purchase of Receivables in the above-referenced proceeding.

On May 10, 2010, the Department of Public Utilities (the “Department”) issued a Vote and Order Opening Investigation (the “Vote and Order”) relating to the provisions of G.L. c. 164, § 1D that were amended by Section 60 of the Green Communities Act (Chapter 169 of the Acts of 2008) (“Section 60”). Section 60 requires a so-called “purchase of receivables” (“POR”) protocol for competitive suppliers whose customers are billed under the Standard Complete Billing Service mechanism set forth in the Model Terms and Conditions for Competitive Suppliers, originally adopted by the Department in D.P.U./D.T.E. 97-65, as subsequently amended from time to time.

The Companies had each submitted compliance plans pursuant to Section 60 on October 2, 2008, and the Department, in its Vote and Order, directed “...the Companies to work together on a collaborative basis to develop proposed model POR terms and conditions for the Department’s review and approval.” Vote and Order at 4. The Department also suggested that the Companies seek input from competitive suppliers in developing the proposed model terms and conditions. Id.

The Companies have worked diligently over the past several weeks to draft proposed terms and conditions, and have sought and received input from the Retail Energy Supply Association (“RESA”). Enclosed is the draft of the proposed changes to the Model Terms and Condition — Competitive Suppliers, Section 8B, Standard Complete Billing Service. These proposed provisions would replace the paragraph 1 of

Section 8B of the existing Model Terms and Conditions and are intended to establish a uniform approach to implementing the provisions of Section 60, while providing sufficient flexibility to accommodate the billing, accounting and information systems of each of the Companies.

It should be noted that the provisions of Section 8B of the existing Model Terms and Conditions do not include specific details relating to the procedures that define the day-to-day operational relationship between competitive suppliers and the Companies. Those details were worked out through the EBT Working Group and memorialized in the standard contractual terms between the parties. The Companies expect that the detailed operational/information-exchange procedures will similarly be established through that collaborative process. Given the short time allotted by the Department to produce these proposed changes to the Model Terms, and the need to address operational difference among the Companies, this proposal makes no attempt to establish such procedures.

Nonetheless, the proposed changes to Section 8B provide significant detail as to a uniform methodology to establish a reconciling mechanism designed to meet the statutory requirement of Section 60. As required by Section 60, payments will be made based on the average payment period for the relevant class or classes. In addition, the proposed Section 8B includes a formula that ensures that Competitive Suppliers using Standard Complete Billing are paid the amount billed to customers, less a percentage that reflects both the average uncollectible bills and the development and operational costs associated with the POR approach. The average payment periods and the percentages will be updated annually, with full reconciliation.

In that regard, the Companies believe that it has addressed many, but not all, of the comments they received from RESA. Of course, RESA (and individual Competitive Suppliers) will have the opportunity to speak for themselves in this proceeding, but the Companies acknowledge several areas in which they didn't adopt RESA's comments. In particular, the proposed changes to Section 8B enclosed herewith do not incorporate RESA's requests that: (1) Standard Complete Billing and POR be made available for demand response and renewable energy products that are not "Generation Service" as that phrase is defined in the Standard Terms and Conditions; (2) both rate-ready and bill-ready options be made available to Competitive Suppliers under the Standard Complete Billing system; and (3) late fees received by the Companies from their customers be factored into the uncollectible discount rate applied to supplier payments under the formula referenced in the preceding paragraph. Other items requested by RESA are of a transitional or procedural nature that may be better addressed through the EBT Working Group. At this point, all of these issues remain open items. Another open issue is eligibility of suppliers to use both Standard Complete Billing and Standard Passthrough Billing for the same customer classes under a POR regimen.

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The Companies look forward to participating in the technical session and future proceedings. Appended hereto is a list of attorneys representing the Companies in this matter, for inclusion on the formal Service List. Appearances of Counsel are also enclosed for each of these attorneys. The Companies are serving this filing electronically to the distribution list used by the Department in issuing its notice.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert N. Werlin". The signature is written in a cursive, flowing style.

Robert N. Werlin

Enclosures

cc: Service List (electronic)

Attorneys for the Companies in D.P.U. 10-53

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LIGHT COMPANY d/b/a UNITIL**

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APPEARANCES OF COUNSEL

THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

D.P.U. 10-53

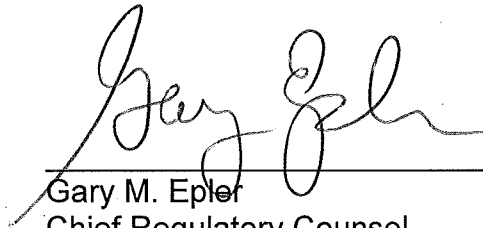
ON BEHALF OF FITCHBURG GAS AND ELECTRIC LIGHT COMPANY,
d/b/a "UNITIL"

PURCHASE OF RECEIVABLES

APPEARANCE OF COUNSEL

In the above-referenced proceeding, I hereby appear for and on behalf of
Fitchburg Gas and Electric Light Company, d/b/a ("Unitil").

Respectfully submitted,



Gary M. Epler
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DATED: June 7, 2010

THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

Investigation by the Department of Public Utilities)
Regarding Purchase of Receivables pursuant to)
G.L. c. 164 § 1D and G.L. c. 164 § 76)

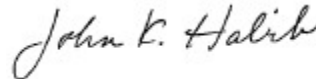
D.P.U. 10-53

APPEARANCE OF COUNSEL

In the above-entitled proceeding, we hereby appear for and on behalf of
Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid.



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Date: June 7, 2010

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF PUBLIC UTILITIES

Investigation by the Department of Public Utilities)
regarding Purchase of Receivables pursuant to G.L.)
c. 164, § 1D and G.L. c. 164, § 76.)
)

D.P.U. 10-53

APPEARANCE OF COUNSEL

In the above-referenced proceeding, I hereby appear for and on behalf of NSTAR
Electric Company.



Robert N. Werlin, Esq.
Keegan Werlin LLP
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Boston, Massachusetts 02110
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Dated: June 7, 2010

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES**

Investigation by the Department of Public Utilities)
regarding Purchase of Receivables pursuant to G.L.)
c. 164, § 1D and G.L. c. 164, § 76.)

D.P.U. 10-53

APPEARANCE OF COUNSEL

Please enter my appearance on behalf of Western Massachusetts Electric Company in the above-captioned proceeding.

Respectfully submitted,



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June 7, 2010

**PROPOSED MODEL TERMS AND
CONDITIONS — COMPETITIVE SUPPLIERS**

SECTION 8B.1

TERMS AND CONDITIONS — COMPETITIVE SUPPLIERS

8B. Standard Complete Billing Service

1. Billing Procedure

The Company shall issue a single bill for electric service to each Customer.

The Company shall use the rates supplied by the Competitive Supplier to calculate the Competitive Supplier portion of Customer bills, and integrate this billing with its own billing in a single mailing to the Customer. The Company shall send a “customer usage and billing information” transaction to the Competitive Supplier, in accordance with the rules and procedures set forth in the EBT Working Group Report.

The Company shall send a “payment/adjustment” transaction to the Competitive Supplier, in accordance with the rules and procedures set forth in the EBT Working Group Report and in the time frame described in paragraph 8B.1.a, below. Customer revenue due the Competitive Supplier shall be transferred to the Competitive Supplier in accordance with the service contract entered into by the Competitive Supplier and the Company, calculated in the manner described in paragraph 8B.1.b, below.

a. Timing of Payment to Competitive Suppliers

The payment to Competitive Suppliers of the amounts computed in accordance with the provisions of paragraph 8B.1.b, below, shall be made consistent with the average payment period of the relevant Customer class or classes. Unless otherwise ordered by the MDPU, the average payment period shall be based on historical data for the most recent 12-month period for which data is available, or other appropriate period, as approved by the MDPU. On or about **[INSERT MONTH]** 1 of each year, the Company shall file with the MDPU data on the average historical payment period that will be in place for the subsequent year beginning **[INSERT MONTH]** 1. The Standard Complete Billing Percentage computed in accordance with the provisions of paragraph 8B.1.b, below, will remain in effect for the entire year unless the Company proposes, and the MDPU approves, a change during the year.

b. Amount of Payment to Competitive Suppliers

The Company shall pay the Competitive Supplier the full amounts due from Customers for Generation Service, less a percentage of such amounts that reflects the average of the uncollectible bills for the participating Customer classes of the Company and other reasonable development, operating and carrying costs incurred, as approved by the MDPU. On or about **[INSERT MONTH]** 1 of each year, the Company shall file with the MDPU the said percentages that will be in

place for the subsequent year beginning [INSERT MONTH] 1. The percentages will remain in effect for the entire year unless the Company proposes, and the MDPU approves, a change during the year. The percentages shall be computed in accordance with the following formula:

$$SCBP_{CC} = UP_{CC} + ACP_{CC} + PPRP_{CC}$$

Where

CC = The Customer Class defined as Customers in a rate class or classes as designated by the Company.

SCBP_{CC} = Standard Complete Billing Percentage for the Customer Class to be deducted from the full amounts due for Generation Service.

UP_{CC} = Uncollectable Percentage is the uncollectible expense for the participating Customer Class based on data for the most recent 12-month period for which data is available prior to the annual filing (or other appropriate period), divided by the total amounts billed by the Company to that participating Customer Class for the same period.

ACP_{CC} = Administrative Cost Percentage is total forecasted Administrative Costs to be recovered for the subsequent year divided by the total amounts billed for Generation Service by the Company for the most recent 12-month period for which data is available prior to the annual filing.

Administrative Costs shall include the three-year amortization of costs incurred to develop and implement changes to billing, information and accounting systems to accommodate the billing procedures necessary for the Standard Complete Billing Service instituted in accordance with Section 60 of Chapter 169 of the Acts of 2008 and ongoing costs relating thereto.

PPRP_{CC} = Past Period Reconciliation Percentage for the Customer Class is the sum of the following two percentages plus interest further described below:

1) the difference between (a) the uncollectible expenses actually experienced for previous year(s) for Customers in the Customer Class and (b) the total amounts actually billed to Customers in the Customer Class for those years times the applicable UP_{CC}, divided by the total amounts billed Customers in the Customer Class by the

Company for the most recent 12-month period for which data is available prior to the annual filing.

2) the difference between (a) the Administrative Costs actually incurred for previous year(s) for Customers in the Customer Class purchasing Generation Service from Competitive Suppliers; and (b) the total amounts actually billed to Customers in the Customer Class purchasing Generation Service from Competitive Suppliers for those years times the applicable ACP_{cc} , divided by the total amounts billed to Customers in the Customer Class purchasing Generation Service from Competitive Suppliers by the Company for the most recent 12-month period for which data is available prior to the annual filing.

Interest calculated on the average monthly balance using the customer deposit rate, as outlined in 220 CMR 26.09, shall also be included in the $PPRP_{cc}$. The rate of interest, effective February 1st each year, shall be the equivalent of the rate paid on two-year, United States Treasury notes for the preceding 12 months ending December 31.

c. Information Required to be Filed with the MDPU

Information pertaining to the annual filing pursuant to paragraph 8B.1.a, and paragraph 8B.1.b, above, shall be fully documented and include updated information relating to preliminary reconciliation data for the year in which the filing is made, with actual reconciliation amounts to be submitted the subsequent year.