

Changes to Rhode Island's Standard Offer Service and Last Resort Service

Beginning January 2010, the way National Grid (the Company) will buy and price electricity for customers not receiving electricity service from competitive suppliers will change.

From 1998 through 2009, National Grid provided electricity through what is known as Standard Offer Service to customers who had not chosen to receive electricity from a competitive supplier.

In addition, through 2009, the Company also provided electricity through Last Resort Service to customers who had, at some point in the past, bought electricity from a competitive supplier. Beginning January 1, 2010, Last Resort Service will end and all customers on Last Resort Service will be transferred to Standard Offer Service.

That means that any customer who is not purchasing electric service through a competitive supplier will be on Standard Offer Service.

In addition, changes are being made to Standard Offer Service. Beginning in January, customers will be part of one of two groups:

1) Large Customer Group — consisting of medium and large commercial and industrial customers,

Or

2) Small Customer Group — consisting of residential, small commercial and lighting service customers.

This will allow the Company to purchase and price Standard Offer Service differently for the two groups.

The prices for the Large Customer Group will be set every three months and will vary by month. Large commercial and industrial customers currently have more power supply options available in the competitive market than smaller customers. The relatively short three-month pricing period will establish rates that are market-based and will communicate an appropriate price signal to customers who have competitive supply options and allow them to evaluate their needs and options prior to obtaining service from a competitive supplier.

Standard Offer Service prices will be available on the Company's website approximately thirty (30) days prior to the start of each three-month period.

New Standard Offer Service prices for the Large Customer Group will become effective for usage on and after January 1, 2010.

Large Customer Group (Rate Classes B-32, B-62, E-40, G-02, G-32, G-62)	Price
January 2010	7.891¢
February 2010	8.138¢
March 2010	8.098¢

The prices for the Small Customer Group will be set every six months and will be fixed for the six-month pricing period. Customers in the Small Customer Group have had fewer opportunities to date to obtain commodity service from competitive suppliers, so the longer pricing period for this group will provide price stability.

The Standard Offer Service price for the Small Customer Group will be at a rate of 9.2¢ per kWh for the months of January and February 2010. A new rate for this customer group will begin being billed on March 1, 2010 and will be posted on the Company's website prior to becoming effective.

National Grid does not make a profit on the commodity cost of electricity, which it purchases on behalf of its customers. Standard Offer Service rates reflect the price National Grid pays for the electricity it purchases from suppliers.

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