



**Public Service
of New Hampshire**

780 N. Commercial Street, Manchester, NH 03101

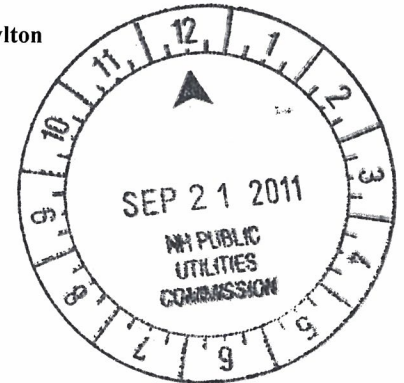
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A Northeast Utilities Company

Sarah B. Knowlton
Senior Counsel

September 19, 2011



Ms. Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 6
Concord, NH 03301-2429

Re: Docket No. DE 07-070: Quarterly Compliance Filing

Dear Secretary Howland:

On June 4, 2007, PSNH filed with the Commission a petition pursuant to New Hampshire RSA 369 requesting authority, among other things, to amend and restate PSNH's first mortgage indenture. Upon evaluating this petition, Commission Staff recommended that PSNH provide a quarterly filing of PSNH's interest coverage ratio, total debt-to-net plant ratio and supporting data. The Commission in its Order No. 24,781, dated August 3, 2007 ("Order"), ordered PSNH to provide quarterly reports showing its total debt-to-net plant ratio, interest coverage ratio and supporting data. In compliance with the Commission's Order, PSNH has continued to provide such reports on a quarterly basis.

The interest coverage ratio was an issuance condition pursuant to Section 4.8 of the First Mortgage Indenture, dated August 15, 1978 (the "Original Indenture"), where it is stated that no bonds shall be authenticated and delivered thereunder unless the net earnings of PSNH during a period of 12 consecutive calendar months during the period of 15 consecutive calendar months immediately preceding the first day of the month in which the application for additional bonds is made are at least twice PSNH's annual interest requirements (referred to as the net earnings test or the interest coverage ratio).

The debt-to-net plant ratio is an issuance condition pursuant to Article 4, Section 410 of the Amended and Restated First Mortgage Indenture, effective June 1, 2011 ("Amended Indenture") where it is stated that PSNH may issue new bonds in an unlimited amount so long as, after giving effect to such issue, the aggregate amount of all outstanding PSNH Bonds and "secured debt" (generally, debt secured by a lien equal with or prior to the lien of the PSNH Amended Indenture) does not exceed 75% of the sum of (1) the lesser of the depreciated cost or fair market value of

Ms. Howland
Sept. 19, 2011
Page 2

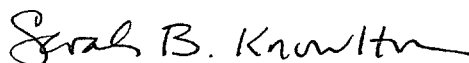
PSNH's property then subject to the lien of the Amended Indenture, plus (2) certain cash then on deposit with the Trustee.

On May 26, 2011, PSNH issued \$122,000,000 in aggregate principal amount of First Mortgage Bonds – Series Q (the “Series Q Bonds”) as authorized by the Commission in its Order No. 25,199, dated March 3, 2011 in Docket No. DE 10-299. Upon (i) issuance of the Series Q Bonds and (ii) the redemption of (A) \$75,000,000 aggregate principal amount of the Series F Bonds in connection with the concurrent redemption of the Series D Tax-Exempt Bonds, and (B) \$44,800,000 aggregate principal amount of the Series G Bonds in connection with the concurrent redemption of the Series E Tax-Exempt Bonds, on June 1, 2011, PSNH obtained the consent of a majority in principal amount of all bonds then outstanding under the Original Indenture; and the Amended Indenture became effective.

With the Amended Indenture now in effect, the interest coverage ratio under the Original Indenture is no longer applicable. All future bond issuances by the Company will now require compliance with the above noted net plant test, and likewise, PSNH requests that the Commission waive the quarterly compliance filing requirement issued under its Order.

Should you have any questions, please contact Susan Weber at (860) 728-4632.

Respectfully submitted,
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE



BY: _____
Sarah B. Knowlton, Senior Attorney

cc: Service List