STATE OF NEW HAMPSHIRE
before the
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DE 09-___

PETITION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE FOR APPROVAL OF (1) THE ISSUANCE OF UP TO $150 MILLION AGGREGATE PRINCIPAL AMOUNT OF LONG TERM DEBT SECURITIES THROUGH DECEMBER 31, 2009, (2) EXECUTION OF AN INTEREST RATE TRANSACTION AND (3) INCREASE IN THE COMPANY'S SHORT TERM DEBT LIMIT TO 10% OF NET FIXED PLANT PLUS A FIXED AMOUNT OF $60 MILLION

Public Service Company of New Hampshire ("PSNH" or the "Company"), a public utility corporation duly organized and existing under the laws of the State of New Hampshire and engaged in the generation, transmission and sale of electric energy within the State of New Hampshire, with its principal place of business at 780 North Commercial Street, Manchester, New Hampshire, respectfully represents that it proposes to (i) issue up to $150 million aggregate principal amount of long term debt securities (the "Long-term Debt") through December 31, 2009 (the "Financing Period"); (ii) mortgage substantially all of its property under its First Mortgage Indenture; (iii) potentially enter into an interest rate transaction in connection with such financings; and (iv) increase its short term debt limit to ten percent (10%) of net fixed plant plus a fixed amount of $ 60 million. Certain aspects of the proposed financing activities require the Company to obtain approval from the Commission.

Accordingly, the Company petitions as follows:

1. In accordance with Rule Puc 308.12(b)(2)b and c a description of PSNH's authorized and outstanding long term debt, capital stock and short term debt is attached hereto as Attachment 1.

2. As of January 30, 2009, PSNH had outstanding approximately $37.8 million of short term debt, which was incurred to fund working capital requirements and capital expenditures. Short term debt has been incurred to finance the recent ice storm recovery as well as generation, distribution and transmission system expenditures. The Company's current short term debt limit is ten percent (10%) of net fixed plant, or approximately $139 million.

3. PSNH anticipates issuing up to $150 million of Long-term Debt during the Financing Period. The exact amount of Long-term Debt issued will depend on Company expenditures, cash generation, cost and availability of short term debt and current and anticipated market conditions. PSNH will use the proceeds from the issuance of the $150 million of Long-term Debt to refinance its short term debt, to finance anticipated capital expenditures and to pay for issuance costs.

4. To provide PSNH with the most financing flexibility, PSNH proposes to issue and sell up to $150 million in aggregate principal amount of Long-term Debt in one or more series with a maturity ranging from one to forty years. This Long-term Debt may be in the form of first mortgage bonds, debt secured by first mortgage bonds, may carry either a fixed or floating interest rate; and may be sold to either retail or institutional investors. The Long-term Debt may also be issued to PSNH's parent, Northeast Utilities or issued under the Company's unsecured Revolving Credit Agreement.

5. The exact financing structure, terms and conditions, amount, documentation and coupon rate of the Long-term Debt will be determined at the time of issuance depending on market conditions. The coupon will be consistent with market rates for an instrument of similar maturity and risk, but the credit spread above the Treasury Rate will not exceed 600 basis points (6.00%).

6. If the Long-term Debt is secured by first mortgage bonds, new first mortgage bonds, identical or substantially similar in principal, premium, if any, and interest payment terms to the Long-term Debt would be issued by PSNH under its First Mortgage Indenture to evidence and secure certain of the Company's repayment obligations related to the Long-term Debt. Likewise if the Long-term Debt is in the form of mortgage bonds, such bonds will be first mortgage bonds issued under the Company's First Mortgage Indenture.

7. Additionally, the Company seeks authority to increase its short term debt limit above the 10% of net fixed plant limit by an additional fixed amount of $60 million effective May 1, 2009.

8. The Company also seeks authority to enter into an interest rate transaction in notional amount not exceeding the total principal amount of the Long-term Debt to be issued to manage interest rate risk.

9. In accordance with Rule Puc 308.12(c)(2), the estimated cost of financing for a $150 million issuance is included as Attachment 2.

10. In accordance with Rule Puc 308.12(c)(3) PSNH's Pro Forma Consolidated Balance Sheet as of September 30, 2008 is included as Attachment 3.

11. In accordance with Rule Puc 308.12(c)(4) PSNH's Pro Forma Consolidated Statement of Income for the twelve months ended September 30, 2008 is included as Attachment 4.

12. In accordance with Rule Puc 308.12(c)(5) PSNH's Sources and Application of Funds and Capitalization is included as Attachment 5.

13. In accordance with Rule Puc 308.12(c)(6), draft PSNH Board Resolutions are included as Attachment 6.

14. PSNH's amended and restated First Mortgage Indenture is included as Attachment 7. In accordance with Rule Puc 308.12(b)(8), a draft Supplemental Mortgage Indenture reflecting the initial issuance of $150 million of First Mortgage Bonds is included as Attachment 8.

15. Also in accordance with Rule Puc 308.12(b)(8) is the form of promissory note for long term borrowings from Northeast Utilities is included as Attachment 9.

16. Also in accordance with Rule Puc 308.12(b)(8), a copy of the principle terms and conditions of the Company's unsecured Revolving Credit Agreement is included as Attachment 10.

17. The Northeast Utilities System Interest Rate Risk Management Policies and Procedures dated May, 2007 is also included as Attachment 11.

18. The testimony of Randy A. Shoop in support of the Petition is also included.

By this Petition, PSNH seeks the following authorizations by the Commission:

(A) Pursuant to RSA 369:1, 3 and 4, authority to arrange for the issuance and sale of not more than $150 million in principal amount of secured or unsecured Long-term Debt of one or more types, in more or more issuances, through December 31, 2009 and to take all actions necessary to consummate such financings, including but not limited to the issuance of a like principal amount of first mortgage bonds in one or more series to secure the repayment of Long Term Debt.

(B) Pursuant to RSA 369:2, authority to mortgage its property in connection with the issuance of the Long-term Debt and the issuance of one or more series of first mortgage bonds in the manner described herein.

(C) Pursuant to RSA 392:1, 3 and 4, to enter into an interest rate transaction in a notional amount not exceeding the total principal amount of the Long-term Debt to be issued to manage interest rate risk.

(D) Pursuant to RSA 369:7 authority to increase the Company's short term debt limit to 10% of net fixed plant plus a fixed amount of $60 million.

PSNH believes and therefore alleges that the securities to be issued and the other transactions contemplated by and described in this Petition will be consistent with the public good and that it is entitled to issue said securities and consummate such transactions under RSA Chapter 369 for the purposes set forth in this Petition and described herein.

WHEREFORE, PSNH prays that this Commission:

(1) Issue an Order of Notice as soon as practicable which establishes a procedural schedule, including a date for hearing hereon with respect to this Petition, which would enable the Commission to hold a hearing and issue its initial decision on or before April 15, 2009;

(2) Find that the transactions described in this Petition above are consistent with the public good and are authorized and approved under the provisions of RSA Chapter 369; and

(3) Take such further action and make such other findings and orders as in its judgment may be just, reasonable and in the public good.

Respectfully submitted,
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

February 20, 2009

BY: ______________________
Catherine E. Shively, Its Attorney

ATTACHMENT 1
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
AUTHORIZED AND OUTSTANDING
LONG-TERM DEBT, CAPITAL STOCK, AND SHORT-TERM DEBT
as of September 30, 2008

| | | |
|---|---|---|
| **Long-Term Debt Outstanding:** | | |
| Series A, Auction Rate Tax-Exempt PCRB, due 2021 | $ | 89,250,000 |
| Series B, 4.75% Fixed Tax-Exempt PCRB, due 2021 | | 89,250,000 |
| Series C, 5.45% Fixed Tax-Exempt PCRB, due 2021 | | 108,985,000 |
| Series D, 6.00% Fixed Tax-Exempt PCRB, due 2021 | | 75,000,000 |
| Series E, 6.00% Fixed Tax-Exempt PCRB, due 2021 | | 44,800,000 |
| Series L, 5.25% FMB, due 2014 | | 50,000,000 |
| Series M, 5.60% FMB, due 2035 | | 50,000,000 |
| Series N, 6.15% FMB, due 2017 | | 70,000,000 |
| Series O, 6.00% FMB, due 2018 | | 110,000,000 |
| | | 687,285,000 |
| Less: Due within one year | | - |
| **Total Long-Term Debt Outstanding** | $ | 687,285,000 |
| | | |
| **Capital Stock:** | | |
| Preferred Stock | $ | - |
| Common Stock ($1 Par (301 shares outstanding)) | | 301 |
| **Total Capital Stock*** | $ | 301 |
| | | |
| **Total Short-Term Debt Outstanding**** | $ | - |

* Excludes Retained Earnings, Capital Surplus, Paid In, and Accumulated Other Comprehensive Income
** as of September 30, 2008

ATTACHMENT 2
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
DEBT ISSUANCE COSTS

| | | |
|---|---|---|
| **Total Issue Amount** | | **$150,000,000** |
| | | |
| **Issuance Costs:** | | |
| Underwriting (0.65% of issue amount) | | $975,000 |
| Legal | | $60,000 |
| Moody's | $63,000 | |
| Fitch | $56,000 | |
| S&P | $67,000 | |
| Total Rating agency | | $186,000 |
| External Auditor | | $32,000 |
| Miscellaneous | | $43,000 |
| **Total Issuance Costs** | | **$1,296,000** |
| | | |
| **Available funds after issuance costs** | | **$148,704,000** |

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PRO FORMA CONSOLIDATED BALANCE SHEET - ASSETS
AS OF SEPTEMBER 30, 2008
(UNAUDITED)
(THOUSANDS OF DOLLARS)

| ASSETS | Per Book | Pro Forma Adjustments | | Pro Forma Giving Effect to Adjustments |
|---|---|---|---|---|
| Current Assets: | | | | |
| Cash | $ 3,107 | $ (1,296) | c | $ 1,811 |
| Receivables, net | 99,620 | | | 99,620 |
| Notes receivable from affiliated companies | 6,100 | 150,000 | a | 156,100 |
| Accounts receivable from affiliated companies | 1,166 | 7,545 | e | 8,711 |
| Unbilled revenues | 45,407 | | | 45,407 |
| Taxes receivable | 21,593 | 4,010 | b,c | 25,603 |
| Fuel, materials and supplies | 70,490 | | | 70,490 |
| Derivative assets - current | 2,469 | | | 2,469 |
| Prepayments and other | 25,827 | | | 25,827 |
| | 275,779 | 160,259 | | 436,038 |
| Property, Plant and Equipment: | | | | |
| Electric utility | 2,168,429 | | | 2,168,429 |
| Less: Accumulated depreciation | 773,172 | | | 773,172 |
| | 1,395,257 | - | | 1,395,257 |
| Construction work in progress | 112,588 | | | 112,588 |
| | 1,507,845 | - | | 1,507,845 |
| Deferred Debits and Other Assets: | | | | |
| Regulatory assets | 407,327 | | | 407,327 |
| Derivative assets - long-term | 8,023 | | | 8,023 |
| Other | 68,518 | 1,166 | c,d | 69,684 |
| | 483,868 | 1,166 | | 485,034 |
| Total Assets | $ 2,267,492 | $ 161,425 | | $ 2,428,917 |

Note: Cash transactions related to the payment of interest on new debt and receipt of interest on notes receivable is not reflected in pro formas

ATTACHMENT 3

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PRO FORMA CONSOLIDATED BALANCE SHEET - LIABILITIES AND CAPITALIZATION
AS OF SEPTEMBER 30, 2008
(UNAUDITED)
(THOUSANDS OF DOLLARS)

| LIABILITIES AND CAPITALIZATION | Per Book | Pro Forma Adjustments | | Pro Forma Giving Effect to Adjustments |
|---|---|---|---|---|
| Current Liabilities: | | | | |
| Accounts payable | $ 80,373 | | | $ 80,373 |
| Accounts payable to affiliated companies | 9,602 | | | 9,602 |
| Accrued interest | 16,197 | 8,730 | b | 24,927 |
| Derivative liabilities - current | 39,895 | | | 39,895 |
| Other | 21,861 | | | 21,861 |
| | 167,928 | 8,730 | | 176,658 |
| Rate Reduction Bonds | 246,958 | | | 246,958 |
| Deferred Credits and Other Liabilities: | | | | |
| Accumulated deferred income taxes | 217,033 | 3,484 | c,d,e | 220,517 |
| Accumulated deferred investment tax credits | 412 | | | 412 |
| Deferred contractual obligations | 24,151 | | | 24,151 |
| Regulatory liabilities | 95,584 | | | 95,584 |
| Derivative liabilities - long-term | 12,623 | | | 12,623 |
| Accrued pension | 147,639 | | | 147,639 |
| Accrued postretirement benefits | 26,378 | | | 26,378 |
| Other | 41,547 | | | 41,547 |
| | 565,367 | 3,484 | | 568,851 |
| Capitalization: | | | | |
| Long-Term Debt | 686,766 | 150,000 | a | 836,766 |
| Common Stockholder's Equity: | | | | |
| Common stock, $1 par value - authorized 100,000,000 shares; 301 shares outstanding in 2008 | - | | | - |
| Capital surplus, paid in | 322,277 | | | 322,277 |
| Retained earnings | 278,944 | (789) | | 278,155 |
| Accumulated other comprehensive loss | (748) | | | (748) |
| Common Stockholder's Equity | 600,473 | (789) | | 599,684 |
| Total Capitalization | 1,287,239 | 149,211 | | 1,436,450 |
| Total Liabilities and Capitalization | $ 2,267,492 | $ 161,425 | | $ 2,428,917 |

Note: Cash transactions related to the payment of interest on new debt and receipt of interest on notes receivable is not reflected in pro formas above.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PRO FORMA CONSOLIDATED STATEMENT OF INCOME
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2008
(UNAUDITED)
(THOUSANDS OF DOLLARS)

| | Per Book | Pro Forma Adjustments | | Pro Forma Giving Effect to Adjustments |
|---|---|---|---|---|
| Operating Revenues | $ 1,138,254 | $ - | | $ 1,138,254 |
| Operating Expenses: | | | | |
| Operation - | | | | |
| Fuel, purchased and net interchange power | 564,877 | | | 564,877 |
| Other | 211,834 | | | 211,834 |
| Maintenance | 93,324 | | | 93,324 |
| Depreciation | 54,523 | | | 54,523 |
| Amortization of regulatory assets, net | 2,912 | | | 2,912 |
| Amortization of rate reduction bonds | 47,553 | | | 47,553 |
| Taxes other than income taxes | 40,437 | | | 40,437 |
| Total operating expenses | 1,015,460 | - | | 1,015,460 |
| Operating Income | 122,794 | - | | 122,794 |
| Interest Expense: | | | | |
| Interest on long-term debt | 31,501 | 8,730 | b | 40,231 |
| Interest on rate reduction bonds | 16,441 | | | 16,441 |
| Other interest | 1,049 | 130 | d | 1,179 |
| Interest expense, net | 48,991 | 8,860 | | 57,851 |
| Other Income, Net | 10,378 | 7,545 | | 17,923 |
| Income Before Income Tax Expense | 84,181 | (1,315) | | 82,866 |
| Income Tax Expense | 23,277 | (526) | b,d,e | 22,751 |
| Net Income | $ 60,904 | $ (789) | | $ 60,115 |

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PRO FORMA CONSOLIDATED STATEMENT OF RETAINED EARNINGS
AS OF SEPTEMBER 30, 2008
(UNAUDITED)
(THOUSANDS OF DOLLARS)

| | Per Book | Pro Forma Adjustments | Pro Forma Giving Effect to Adjustments |
|---|---|---|---|
| Balance at beginning of period | $ 253,002 | $ - | $ 253,002 |
| Net income | 60,904 | (789) | 60,115 |
| Cash dividends on common stock | (34,962) | - | (34,962) |
| Balance at end of period | $ 278,944 | $ (789) | $ 278,155 |

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PRO FORMA CONSOLIDATED CAPITAL STRUCTURE
AS OF SEPTEMBER 30, 2008
(UNAUDITED)
(THOUSANDS OF DOLLARS)

| | Per Book | Pro Forma Adjustments | Pro Forma Giving Effect to Adjustments |
|---|---|---|---|
| Long-term debt* | $ 686,766 | $ 150,000 | $ 836,766 |
| Common stockholder's equity | 600,473 | (789) | 599,684 |
| Total Capitalization | $ 1,287,239 | $ 149,211 | $ 1,436,450 |

*Does not include current portion.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PRO FORMA ADJUSTMENTS TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2008
(THOUSANDS OF DOLLARS)

| | Debit | Credit |
|---|---|---|
| a) Notes receivable from affiliated companies | 150,000 | |
| Long-term debt | | 150,000 |

To record the issuance of long-term debt and apply issuance as lendings to the NU Money Pool.

| | Debit | Credit |
|---|---|---|
| b) Interest on long-term debt | 8,730 | |
| Taxes receivable | 3,492 | |
| Accrued interest | | 8,730 |
| Income tax expense | | 3,492 |

To record increase in interest expense associated with long-term debt issued and related income taxes.

| | Debit | Credit |
|---|---|---|
| c) Deferred debits and other assets -- other | 1,296 | |
| Taxes receivable | 518 | |
| Cash | | 1,296 |
| Accumulated deferred income taxes | | 518 |

To record deferral of issuance expenses associated with the issuance of long-term debt and related income taxes.

| | Debit | Credit |
|---|---|---|
| d) Other interest | 130 | |
| Accumulated deferred income taxes | 52 | |
| Deferred debits and other assets -- other | | 130 |
| Income tax expense | | 52 |

To record 12 months of amortization of issuance expenses associated with the issuance of long-term debt and related income taxes.

| | Debit | Credit |
|---|---|---|
| e) Accounts receivable from affiliated companies | 7,545 | |
| Income tax expense | 3,018 | |
| Other income | | 7,545 |
| Accumulated deferred income taxes | | 3,018 |

To record interest income associated with lendings to the NU Money Pool and related income taxes.

ATTACHMENT 5



PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
SOURCES AND APPLICATION OF FUNDS AND CAPITALIZATION
AS OF DECEMBER 31, 2005, 2006, 2007 AND AS OF SEPTEMBER 30, 2008
AND PROJECTED[(a)] AS OF SEPTEMBER 30, 2008 AND AS OF DECEMBER 31, 2009, 2010 and 2011

(Thousands of Dollars)

| | 12 Months 12/31/2005 Per Book | 12 Months 12/31/2006 Per Book | 12 Months 12/31/2007 Per Book | 12 Months 9/30/2008 Per Book | 12 Months 9/30/2008 Pro Forma | 12 Months 12/31/2009 Projected | 12 Months 12/31/2010 Projected | 12 Months 12/31/2011 Projected |
|---|---|---|---|---|---|---|---|---|
| Operating activities: | | | | | | | | |
| Net income | $ 41,739 | $ 35,323 | $ 54,434 | $ 60,904 | $ 60,115 | 67,935 | 86,329 | 107,653 |
| Adjustments to reconcile to net cash flows provided by operating activities: | | | | | | | | |
| Bad debt expense | 3,904 | 4,208 | 3,433 | 5,156 | 5,156 | | | |
| Depreciation | 46,567 | 49,740 | 53,315 | 54,523 | 54,523 | | | |
| Deferred income taxes | (68,347) | (21,929) | (4,726) | 16,725 | 20,209 | | | |
| Amortization of regulatory assets/(liabilities), net | 144,746 | 53,156 | 7,470 | 2,912 | 2,912 | | | |
| Amortization of rate reduction bonds | 46,648 | 49,370 | 52,344 | 47,553 | 47,553 | | | |
| Pension expense, net of capitalized portion | 14,338 | 15,963 | 14,722 | 13,646 | 13,646 | | | |
| Regulatory (underrecoveries)/overrecoveries | 478 | (6,850) | (6,167) | (5,792) | (5,792) | | | |
| Net settlement of cash flow hedge instruments | - | - | - | (1,730) | (1,730) | | | |
| Deferred contractual obligations | (12,465) | (12,589) | (6,365) | (5,505) | (5,505) | | | |
| Other non-cash adjustments | (8,468) | (5,379) | (4,192) | (8,416) | (8,286) | | | |
| Other sources of cash | 342 | - | - | - | - | | | |
| Other uses of cash | (19,962) | (11,882) | (15,126) | (16,748) | (16,748) | | | |
| Changes in current assets and liabilities: | | | | | | | | |
| Receivables and unbilled revenues, net | (18,799) | 27,637 | (15,799) | (17,746) | (25,291) | | | |
| Taxes accrued/(receivable) | 9,684 | (11,857) | 4,144 | (21,093) | (25,103) | | | |
| Fuel, materials and supplies | (16,300) | (12,036) | 15,882 | 14,346 | 14,346 | | | |
| Other current assets | 1,170 | 5,106 | (1,949) | (4,563) | (4,563) | | | |
| Accounts payable | (9,009) | 14,073 | (8,178) | (4,123) | (4,123) | | | |
| Other current liabilities | (1,013) | 1,764 | 4,051 | 7,547 | 16,277 | | | |
| Net cash flows provided by operating activities | 155,253 | 173,818 | 147,293 | 137,596 | 137,596 | 48,937 | 65,954 | 187,773 |
| Investing Activities: | | | | | | | | |
| Investments in property and plant | (158,832) | (126,657) | (167,712) | (219,337) | (219,337) | (309,571) | (497,160) | (660,259) |
| Increase in NU Money Pool lending | - | - | - | 1,200 | (148,800) | | | |
| Proceeds from sales of investment securities | 3,227 | 3,788 | 3,454 | 4,390 | 4,390 | | | |
| Purchases of investment securities | (3,415) | (4,059) | (3,692) | (4,626) | (4,626) | | | |
| Net proceeds from sale of property | 1,461 | - | - | | - | | | |
| Other investing activities | (2,767) | 2,564 | 5,921 | 9,139 | 9,139 | | | |
| Net cash flows used in investing activities | (160,326) | (124,364) | (162,029) | (209,234) | (359,234) | (309,571) | (497,160) | (660,259) |
| Financing Activities: | | | | | | | | |
| Issuance of long-term debt | 50,000 | - | 70,000 | 110,000 | 260,000 [(b)] | 150,000 | 250,000 | 350,000 |
| Retirement of rate reduction bonds | (46,077) | (48,861) | (51,813) | (48,898) | (48,898) | | | |
| Increase/(decrease) in short-term debt | (10,000) | - | 10,000 | - | - | | | |
| (Decrease)/increase in NU Money Pool borrowings | (4,500) | 20,600 | (25,200) | - | - | | | |
| Capital contributions from NU parent | 53,419 | 21,693 | 44,194 | 47,014 | 47,014 | | | |
| Cash dividends on common stock | (42,383) | (41,741) | (30,720) | (34,962) | (34,962) | | | |
| Other financing activities | (214) | (1,141) | (1,306) | (1,717) | (3,013) | | | |
| Net cash flows provided by/(used in) financing activities | 245 | (49,450) | 15,155 | 71,437 | 220,141 | 236,239 | 398,832 | 463,480 |
| Net increase/(decrease) in cash | (4,828) | 4 | 419 | (201) | (1,497) | (24,396) | (32,374) | (9,006) |
| Cash - beginning of year | 4,855 | 27 | 31 | 3,308 | 3,308 | 8,768 | (15,628) | (48,003) |
| Cash - end of year | $ 27 | $ 31 | $ 450 | $ 3,107 | $ 1,811 | $ (15,628) | $ (48,003) | $ (57,008) |

(a) Projections dated as of December 31, 2009, 2010 and 2011 are based on latest 5-year forecast, dated February 2, 2009
(b) Full amount of requested debt being pro formed into September 2008 actual financials.

ATTACHMENT 5
Page 2 of 3
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
SOURCES AND APPLICATION OF FUNDS AND CAPITALIZATION
AS OF DECEMBER 31, 2005, 2006, 2007 AND AS OF SEPTEMBER 30,2008
AND PROJECTED[a] AS OF SEPTEMBER 30, 2008 AND AS OF DECEMBER 31, 2009, 2010 and 2011

(Thousands of Dollars)

| | 12/31/2005 Per Books | Percentage | 12/31/2006 Per Books | Percentage | 12/31/2007 Per Books | Percentage | 9/30/2008 Per Books | Percentage | Pro Forma Adjustments | 9/30/2008 Pro Forma Giving Effect to Proposed Transaction | Percentage |
|---|---|---|---|---|---|---|---|---|---|---|---|
| DEBT: | | | | | | | | | | | |
| Short-term debt | $ 15,900 | | $ 36,500 | | $ 21,300 | | $ - | | $ - | $ - | |
| Long-term debt | 507,086 | | 507,099 | | 576,997 | | 686,766 | | 150,000 | 836,766 | |
| Long-term debt - current portion | - | | - | | - | | - | | | - | |
| Total debt | 522,986 | 53.61% | 543,599 | 53.76% | 598,297 | 52.66% | 686,766 | 53.35% | 150,000 | 836,766 | 58.25% (b) |
| COMMON EQUITY: | | | | | | | | | | | |
| Common stock | - | | - | | - | | - | | | - | |
| Capital surplus, paid in | 209,788 | | 231,171 | | 275,569 | | 322,277 | | | 322,277 | |
| Retained earnings | 242,633 | | 236,215 | | 261,528 | | 278,944 | | (789) | 278,155 | |
| Accumulated other comprehensive income/(loss) | 83 | | 176 | | 770 | | (748) | | | (748) | |
| Total common equity | 452,504 | 46.39% | 467,562 | 46.24% | 537,867 | 47.34% | 600,473 | 46.65% | (789) | 599,684 | 41.75% |
| Total capital | $ 975,490 | 100.00% | $ 1,011,161 | 100.00% | $ 1,136,164 | 100.00% | $ 1,287,239 | 100.00% | $ 149,211 | $ 1,436,450 | 100.00% |

(a) Projections dated as of December 31, 2009, 2010 and 2011 are based on latest 5-year forecast, dated February 2, 2009
(b) The Company plans to receive equity contributions from NU Parent as needed to maintain targeted debt to capitalization percentage of approximately 55%.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
SOURCES AND APPLICATION OF FUNDS AND CAPITALIZATION
AS OF DECEMBER 31, 2005, 2006, 2007 AND AS OF SEPTEMBER 30, 2008
AND PROJECTED[(a)] AS OF SEPTEMBER 30, 2008 AND AS OF DECEMBER 31, 2009, 2010 and 2011

(Thousands of Dollars)

| | 12/31/2009 Projected | Percentage | 12/31/2010 Projected | Percentage | 12/31/2011 Projected | Percentage |
|---|---|---|---|---|---|---|
| DEBT: | | | | | | |
| Short-term debt | $ 24,396 | | $ 56,770 | | $ 65,776 | |
| Long-term debt | 836,951 | | 1,087,123 | | 1,437,296 | |
| Long-term debt - current portion | - | | - | | - | |
| Total debt | 861,347 | 52.23% | 1,143,893 | 52.79% | 1,503,072 | 54.71% |
| COMMON EQUITY: | | | | | | |
| Common stock | 127,000 | | 328,000 | | 506,074 | |
| Capital surplus, paid in | 350,497 | | 350,497 | | 350,497 | |
| Retained earnings | 310,443 | | 344,603 | | 387,663 | |
| Total common equity | 787,939 | 47.77% | 1,023,100 | 47.21% | 1,244,233 | 45.29% |
| Total capital | $ 1,649,286 | 100.00% | $ 2,166,993 | 100.00% | $ 2,747,305 | 100.00% |

(a) Projections dated as of December 31, 2009, 2010 and 2011 are based on latest 5-year forecast, dated February 2, 2009

Attachment 6
Sample PSNH Board Resolutions

PSNH Directors Consent
_________ ____, 2009

ISSUANCE OF ONE OR MORE ADDITIONAL SERIES OF FIRST MORTGAGE BONDS AND AUTHORIZATION TO ENTER INTO INTEREST RATE RISK MANAGEMENT TRANSACTIONS

WHEREAS, the officers of Public Service Company of New Hampshire ("PSNH") have recommended that PSNH issue one or more new series of first mortgage bonds, in an aggregate principal amount not to exceed $_________, upon the terms and within the parameters set forth below, the proceeds of which issuances shall be used primarily to refinance short-term debt, finance anticipated capital expenditures, and pay issuance costs.

NOW, THEREFORE, BE IT

RESOLVED, that subject to the limitations set forth below, the Executive Vice President and Chief Financial Officer, the Vice President and Treasurer and the Assistant Treasurer-Finance of PSNH (collectively, the "Financial Officers") are each severally authorized to cause PSNH to issue, to institutional investors and retail investors, at any time and from time to time through December 31, 2009 (the "Issuance Period"), not more than $__________ in aggregate principal amount of its first mortgage bonds, the proceeds of which shall be used primarily to refinance PSNH's short-term debt and finance anticipated capital expenditures, such bonds to be issued in one or more series, each such series of which shall be designated the "First Mortgage Bonds, Series _ Due 20__" (the "2009 Bonds") and shall have a maturity of not less than one nor more than forty years.

RESOLVED, that the Financial Officers are each severally authorized during the Issuance Period to approve and execute PSNH's acceptance of a proposal for the purchase of up to $__________ aggregate principal amount of the 2009 Bonds, between PSNH and a representative of a group of underwriters (singly or collectively, the "Underwriter") and otherwise in accordance with the following terms:

Interest Rate: Subject to the approval of the Public Utilities Commission of the State of New Hampshire ("NHPUC") and, if necessary, the Vermont Public Service Board ("VPSB"), not in excess of 600 basis points above the prevailing market interest rate on U.S. Treasury Securities with a comparable maturity or average life, as the case may be.

Underwriting Spread: Not in excess of _____% of the aggregate principal amount of the 2009 Bonds issued and sold in an offering to institutional investors

| | |
|---|---|
| | and not in excess of _____% of the aggregate principal amount of the 2009 Bonds issued and sold in an offering to retail investors. |
| Principal Amount: | Not in excess of $__________ in one or more series, the allocation of the aggregate principal amount among the various series to be determined by the Financial Officers. |
| Maturity: | Not earlier than the first nor later than the fortieth anniversary of the date of issuance. If the bonds are sold in more than one series, then each series may have a different maturity date, subject to these limits. |
| Sinking Fund: | None. |
| Redemption: | Each series of the 2009 Bonds shall be redeemable with a "make-whole" premium and such other terms as the Financial Officers may determine. |

RESOLVED, that the Financial Officers are severally authorized, in the name and on behalf of PSNH, to execute and deliver, at any time within the Issuance Period, and thereafter to perform, an Underwriting Agreement to be dated as of a date within the Issuance Period (the "Underwriting Agreement") between PSNH and the Underwriter, which Underwriting Agreement shall be substantially in the form circulated with this consent, but reflecting such changes therein (including the insertion, where appropriate, of the interest rate, principal amount and maturity date of the 2009 Bonds, the name of the Underwriter, the amount to be purchased by each Underwriter, the date of the Underwriting Agreement and such other material terms as the Financial Officers deem appropriate) as may be approved by a Financial Officer so acting, such approval to be conclusively evidenced by his or her execution and delivery of the Underwriting Agreement.

RESOLVED, that this Board ratifies and confirms the execution and filing, in the name and on behalf of PSNH, with the NHPUC and the VPSB of applications for: (i) the issuance of up to $__________ aggregate principal amount of 2009 Bonds; (ii) the use of interest rate swaps or Treasury Locks in a notional amount not exceeding the total principal amount of the debt issued in connection with these securities; and (iii) the mortgage of property in connection with the issuance of long-term debt.

RESOLVED, that the officers of PSNH are further severally authorized to effect such amendments to the application filed with the NHPUC and the VPSB, and to take such other actions with respect thereto, as each of them may severally deem necessary or desirable.

RESOLVED, that PSNH shall effect the issuance, sale and delivery of each series of the 2009 Bonds in accordance with and upon the terms and conditions set out in the Underwriting Agreement, and that the interest rate to be borne by each series of the 2009 Bonds, expressed as a percentage per annum, shall be such rate, the principal amount of each series of the 2009 Bonds shall be such amount, the maturity date of each series of the 2009 Bonds shall be such date, and the redemption provisions shall have such terms as shall be within the parameters set forth above and approved by a Financial Officer and certified by any of them to the Trustee under PSNH's First Mortgage Indenture dated as of August 15, 1978 with U.S. Bank, National Association, as successor to Wachovia Bank, successor to First Fidelity Bank and First Union National Bank, as Trustee ("Trustee"), as heretofore amended and supplemented (the "Indenture").

RESOLVED, the Financial Officers are hereby authorized to execute and deliver (i) one or more Supplemental Indentures, which includes the form of an Amended and Restated Indenture (the "Supplemental Indenture"), to be dated as of the first day of the month of issuance of each series of 2009 Bonds, with the Trustee; (ii) one or more bonds as provided thereunder to evidence the obligation of PSNH with respect thereto; and (iii) any and all such further instruments and documents as are provided for therein, all substantially in the form circulated with this consent subject to any changes thereto as may be approved by a Financial Officer so acting, such approval to be conclusively evidenced by his or her execution and delivery of such documents.

RESOLVED, that it is desirable and in the best interests of PSNH that the 2009 Bonds be qualified or registered for sale in various states; that this Board hereby authorizes the officers of PSNH to take any and all action to determine the states in which appropriate action shall be taken to qualify or register for sale all or such part of the 2009 Bonds as the officers may deem advisable, including, but not limited to, the execution and filing of applications, reports, surety bonds, irrevocable consents and appointments of attorneys for service of process, and the execution by the officers of any such paper or document or doing by them of any act in connection with the foregoing matters shall conclusively establish their authority therefor from PSNH.

RESOLVED, the Trustee is hereby requested to authenticate and deliver each series of the 2009 Bonds on the order of any of the Financial Officers.

RESOLVED, that the 2009 Bonds shall be issued in fully registered form without coupons, in denominations of: (i) $1,000 and any multiples thereof in an offering to institutional investors; and (ii) $25 and any multiples thereof in an offering to retail investors.

RESOLVED, that each series of the 2009 Bonds shall be substantially in the form set forth in Schedule A to the form of Supplemental Indenture, subject to any changes therein, not contrary to the general tenor thereof (including the insertion, where appropriate, of the maturity date, principal amount, and the interest rate to be borne by each series of the 2009 Bonds), as may be approved by a Financial Officer, such approval to be conclusively evidenced by the initial sale of each series of the 2009 Bonds; and that each series of the 2009 Bonds shall be dated, shall mature, shall be payable, transferable and exchangeable, and shall contain and be subject to such other terms and provisions as are provided in the Indenture and the Supplemental Indenture.

RESOLVED, that the Financial Officers are severally authorized to take any action necessary to cause each series of the 2009 Bonds to be represented by one or more global securities, which shall be registered in the name of The Depository Trust Company, New York, New York (the "Depository"), or its successor or nominee, including the execution and delivery of a Letter of Representations among the Trustee, PSNH and the Depository (the "Representation Letter").

RESOLVED, that the Financial Officers are severally authorized and empowered to take, in their discretion, any and all action necessary or convenient to provide for the authentication, issuance, sale and delivery of up to $__________ principal amount of 2009 Bonds and all other matters necessary or convenient to effect the purposes of the foregoing resolutions which the officer acting may deem necessary or advisable or which may be required by the terms of the Indenture in connection with the execution and delivery of the Supplemental Indenture, the Underwriting Agreement or the Representation Letter, including, without limitation of the foregoing, the execution on behalf of PSNH of all documents required or appropriate in connection therewith and the payment of any taxes or fees required with respect thereto, and compliance with applicable recording and filing requirements.

RESOLVED, that the officers of PSNH are further severally authorized to effect amendments to the Registration Statement on Form S-3 filed with the Securities and Exchange Commission on March 20, 2007 registering an undetermined amount of PSNH's First Mortgage Bonds (the "Registration Statement"), previously approved by this Board, and supplements to the prospectus describing PSNH First Mortgage Bonds included as part of the Registration Statement, including a Prospectus Supplement relating to the 2009 Bonds, and to take such other action with respect thereto as each of them may severally deem necessary or desirable.

RESOLVED, that the Financial Officers or their approved designees (consistent with the Northeast Utilities System Interest Rate Risk Management Policies and Procedures dated _________, as they may be amended from time to time (the "Policies")), are each severally authorized at any time up to and including December 31, 2009, to enter into, for and on behalf of PSNH, interest rate hedging transactions with respect to existing and anticipated indebtedness of PSNH through the use of derivative financial instruments, including but not limited to swaps, caps, collars, floors, interest rate locks or forward purchase arrangements, in accordance with the parameters set forth in the Policies.

RESOLVED, that the officers of PSNH are each authorized to take, in their discretion, any and all actions necessary or desirable to carry out the purposes and intent of the foregoing resolutions, including, without limitation, the execution and delivery of all necessary documents and agreements, and the preparation and filing of applications for approval of such transactions and reports with respect thereto, as required by law or any regulatory authority.

# Attachment 7

DRAFT 6/1/07

**COMPOSITE (Including All Amendments to _______)**

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

and

U.S. BANK, NATIONAL ASSOCIATION

Successor to WACHOVIA BANK, NATIONAL ASSOCIATION

and to

FIRST UNION NATIONAL BANK

Formerly Known as FIRST FIDELITY BANK, NATIONAL ASSOCIATION, NEW JERSEY

Successor to BANK OF NEW ENGLAND, NATIONAL ASSOCIATION
(Formerly Known as NEW ENGLAND MERCHANTS NATIONAL BANK)
and to
NEW BANK OF NEW ENGLAND, NATIONAL ASSOCIATION, TRUSTEE

To Secure

First Mortgage Bonds

## First Mortgage Indenture

Dated as of August 15, 1978,

As amended by __________ Supplemental Indentures
(to and including __________ Supplemental Indenture
dated as of ________ and effective as of __________)

PUBLIC SERVICE COMPANY
OF NEW HAMPSHIRE
AND
U.S. BANK NATIONAL ASSOCIATION,

Successor to WACHOVIA BANK, NATIONAL ASSOCIATION

and to FIRST UNION NATIONAL BANK

Formerly Known as FIRST FIDELITY BANK, NATIONAL ASSOCIATION,
NEW JERSEY

Successor to BANK OF NEW ENGLAND, NATIONAL ASSOCIATION
(Formerly Known as NEW ENGLAND MERCHANTS NATIONAL BANK)
and to
NEW BANK OF NEW ENGLAND, NATIONAL ASSOCIATION, TRUSTEE

SEVENTEENTH SUPPLEMENTAL INDENTURE
Dated as of ______, 2009

TO ISSUE SERIES P
FIRST MORTGAGE BONDS

$150,000,000 First Mortgage Bonds, Series P, Due 20__

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THIS SEVENTEENTH SUPPLEMENTAL INDENTURE dated as of _____, 2009, between PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE (with its successors and assigns, the "Company"), a corporation duly organized and existing under the laws of the State of New Hampshire, having its principal place of business at Energy Park, 780 North Commercial Street in Manchester, New Hampshire 03101, and U.S. BANK NATIONAL ASSOCIATION (as successor to Wachovia Bank, National Association, and by merger to First Union National Bank, formerly known as First Fidelity Bank, National Association, New Jersey, successor in trust to Bank of New England, National Association (formerly known as New England Merchants National Bank) and to New Bank of New England, National Association), said U.S. BANK NATIONAL ASSOCIATION being a national banking association duly organized and existing under the laws of the United States of America having a corporate trust office at 21 South Street, Third Floor, Morristown, New Jersey 07960 and duly authorized to execute the trusts hereof (with its successors in trust, the "Trustee") under the General and Refunding Mortgage Indenture, dated August 15, 1978 (as amended by ten supplemental indentures, including the Tenth Supplemental Indenture dated as of May 1, 1991, the "Original Indenture" and sometimes referred to, with each and every prior indenture supplemental thereto and each and every other instrument, including this Seventeenth Supplemental Indenture, supplemental to the Original Indenture, as the "Indenture").

WHEREAS, the Company has previously executed and delivered to the Trustee sixteen supplemental indentures which are part of the Indenture for the purposes recited therein and for the purpose of issuing bonds under the Indenture, the currently outstanding series of which are set forth in the following table:

| **Supplemental Indenture No.** | **Dated as of** | **Series** | **Series Designation** | **Principal Amount Authorized** | **Principal Amount Issued** | **Principal Amount Outstanding** |
|---|---|---|---|---|---|---|
| Tenth | May 1, 1991 | Series F | First Mortgage Bonds (Series F Adjustable Rate* due 2021) | $114,500,000 | $75,000,000 | $75,000,000 |
| Tenth | May 1, 1991 | Series G | First Mortgage Bonds (Series G Adjustable Rate* due 2021) | $114,500,000 | $44,800,000 | $44,800,000 |
| Twelfth | December 1, 2001 | Series I | First Mortgage Bonds (Series I due 2021)* | $89,250,000 | $89,250,000 | $89,250,000 |
| Twelfth | December 1, 2001 | Series J | First Mortgage Bonds (Series J due 2021)* | $89,250,000 | $89,250,000 | $89,250,000 |
| Twelfth | December 1, 2001 | Series K | 5.45% First Mortgage Bonds (Series K due 2021) | $108,985,000 | $108,985,000 | $108,985,000 |
| Thirteenth | July 1, 2004 | Series L | 5.25% First Mortgage Bonds, Series L, due 2014 | $50,000,000 | $50,000,000 | $50,000,000 |

| Supplemental Indenture No. | Dated as of | Series | Series Designation | Principal Amount Authorized | Principal Amount Issued | Principal Amount Outstanding |
|---|---|---|---|---|---|---|
| Fourteenth | October 1, 2005 | Series M | 5.60% First Mortgage Bonds, Series M, due 2035 | $50,000,000 | $50,000,000 | $50,000,000 |
| Fifteenth | September 1, 2007 | Series N | 6.15% First Mortgage Bonds, Series N, due 2017 | $70,000,000 | $70,000,000 | $70,000,000 |
| Sixteenth | May 1, 2008 | Series O | 6.00% First Mortgage Bonds, Series O, due 2018 | $110.000,000 | $110,000.000 | $110,000,000 |
| | | | | | Total Outstanding Principal Amount: | $687,285,000 |

* These First Mortgage Bonds contain provisions for changes in the interest rate.

WHEREAS, the execution and delivery of this Seventeenth Supplemental Indenture and the issue of not exceeding initially $150,000,000 in aggregate principal amount of the Company's First Mortgage Bonds, Series P (hereinafter generally referred to as the "Series P Bonds" or the "bonds of Series P"), and other necessary actions have been duly authorized by the Board of Directors of the Company;

WHEREAS, the Company proposes to execute and deliver this Seventeenth Supplemental Indenture to provide for the issue of the bonds of Series P and confirm the lien of the Indenture on the property referred to below, all as permitted by Section 15.1 of the Original Indenture;

WHEREAS, the Company has purchased, constructed or otherwise acquired certain additional property not heretofore specifically described in the Indenture but which is and is intended to be subject to the lien thereof, and proposes specifically to subject such additional property to the lien of the Indenture at this time;

WHEREAS, all acts and things necessary to make the initial issue of the Series P Bonds, when executed by the Company and authenticated by the Trustee and delivered as in the Original Indenture provided, the legal, valid and binding obligations of the Company according to their terms and to make this Seventeenth Supplemental Indenture a legal, valid and binding instrument for the security of the bonds, in accordance with its and their terms, have been done and performed, and the execution and delivery of this Seventeenth Supplemental Indenture has in all respects been duly authorized;

NOW, THEREFORE, in consideration of the premises, and of the acceptance of said Series P Bonds by the holder thereof, and of the sum of $1.00 duly paid by the Trustee to the Company, and of other good and valuable considerations, the receipt whereof is hereby acknowledged, and in confirmation of and supplementing the Original Indenture as previously supplemented by said fifteen preceding supplemental indentures, and in performance of and compliance with the provisions thereof, said Public Service Company of New Hampshire, by these presents, does give, grant, bargain, sell, transfer, assign, pledge, mortgage and convey unto U.S. Bank National Association, as Trustee, as provided in the Original Indenture, as previously supplemented and amended and as supplemented by this Sixteenth Supplemental Indenture, and its successor or successors in the trust thereby and hereby created, and its and their assigns, (a) all and singular the property, and rights and interests in property, described in the Original Indenture and the sixteen preceding supplemental indentures (said supplemental indentures, in each case, as applicable, as amended by the Tenth Supplemental Indenture, hereinafter referred to as the Preceding Supplemental Indentures), and thereby conveyed, pledged, assigned, transferred and mortgaged, or intended so to be (said descriptions in said Original Indenture and the Preceding Supplemental Indentures being hereby made a part hereof to the same extent as if set forth herein at length), whether then or now owned or thereafter or hereafter acquired, except such of said properties or interests therein as may have been released or sold or disposed of in whole or in part as permitted by the provisions of the Original Indenture, and (b) also, but without in any way limiting the generality of the foregoing, all the right, title and interest of the Company, now owned or hereafter acquired, in and to the rights, titles, interests and properties described or referred to in <u>Schedule B</u> hereto attached and hereby made a part hereof as fully as if set forth herein at length, in all cases not specifically reserved, excepted and excluded; the foregoing property, and rights and interests in property, being located in the following listed municipalities in New Hampshire and unincorporated areas in Coos County, New Hampshire, as well as in various municipalities in the States of Maine, Vermont and elsewhere:

BELKNAP COUNTY — Alton, Barnstead, Belmont, Center Harbor, Gilford, Gilmanton, Laconia, Meredith, New Hampton, Sanbornton, Tilton;

CARROLL COUNTY — Albany, Brookfield, Chatham, Conway, Eaton, Effingham, Freedom, Madison, Moultonboro, Ossipee, Sandwich, Tamworth, Tuftonboro, Wakefield, Wolfeboro;

CHESHIRE COUNTY — Alstead, Chesterfield, Dublin, Fitzwilliam, Gilsum, Harrisville, Hinsdale, Jaffrey, Keene, Marlborough, Marlow, Nelson, Richmond, Rindge, Roxbury, Stoddard, Sullivan, Surry, Swanzey, Troy, Westmoreland, Winchester;

COOS COUNTY — Bean's Grant, Berlin, Cambridge, Carroll, Chandler's Purchase, Clarksville, Colebrook, Columbia, Crawford's Purchase, Dalton, Dummer, Errol, Gorham, Green's Grant, Jefferson, Lancaster, Martin's Location, Milan, Millsfield, Northumberland, Pinkham's Grant, Pittsburg, Randolph, Shelburne, Stark, Stewartstown, Stratford, Success, Thompson & Meserve's Purchase, Wentworth's Location, Whitefield;

GRAFTON COUNTY — Alexandria, Ashland, Bath, Bethlehem, Bridgewater, Bristol, Campton, Easton, Enfield, Franconia, Grafton, Hanover, Haverhill, Hebron, Holderness, Landaff, Lincoln, Lisbon, Littleton, Lyman, Lyme, Orange, Orford, Piermont, Plymouth, Rumney, Sugar Hill, Thornton, Woodstock;

HILLSBOROUGH COUNTY — Amherst, Antrim, Bedford, Bennington, Brookline, Deering, Francestown, Goffstown, Greenfield, Greenville, Hancock, Hillsborough, Hollis, Hudson, Litchfield, Lyndeborough, Manchester, Mason, Merrimack, Milford, Mont Vernon, Nashua, New Boston, New Ipswich, Pelham, Peterborough, Sharon, Temple, Weare, Wilton, Windsor;

MERRIMACK COUNTY — Allenstown, Andover, Boscawen, Bow, Bradford, Canterbury, Chichester, Concord, Danbury, Dunbarton, Epsom, Franklin, Henniker, Hill, Hooksett, Hopkinton, Loudon, Newbury, New London, Northfield, Pembroke, Pittsfield, Salisbury, Sutton, Warner, Webster, Wilmot;

ROCKINGHAM COUNTY — Auburn, Atkinson, Brentwood, Candia, Chester, Danville, Deerfield, Derry, East Kingston, Epping, Exeter, Fremont, Greenland, Hampstead, Hampton, Hampton Falls, Kensington, Kingston, Londonderry, New Castle, Newfields, Newington, Newmarket, Newton, North Hampton, Northwood, Nottingham, Portsmouth, Raymond, Rye, Sandown, Seabrook, South Hampton, Stratham, Windham;

STRAFFORD COUNTY — Barrington, Dover, Durham, Farmington, Lee, Madbury, Middleton, Milton, New Durham, Rochester, Rollinsford, Somersworth, Strafford;

SULLIVAN COUNTY — Charlestown, Claremont, Cornish, Croydon, Goshen, Grantham, Lempster, Newport, Plainfield, Springfield, Sunapee, Unity, Washington;

SUBJECT, HOWEVER, as to all of the foregoing, to the specific rights, privileges, liens, encumbrances, restrictions, conditions, limitations, covenants, interests, reservations, exceptions and otherwise as provided in the Original Indenture and the Preceding Supplemental Indentures, and in the descriptions in the schedules thereto and hereto and in the deeds or grants in said schedules referred to;

BUT SPECIFICALLY RESERVING, EXCEPTING AND EXCLUDING (as the same are reserved, excepted and excluded from the lien of the Original Indenture and the Preceding Supplemental Indentures) from this instrument and the grant, conveyance, mortgage, transfer and assignment herein contained, all right, title and interest of the Company, now owned or hereafter acquired, in and to the properties and rights specified in subclauses (a) to (m), both inclusive, of the paragraph beginning "BUT SPECIFICALLY RESERVING, EXCEPTING AND EXCLUDING..." which paragraph is part of the granting clauses of the Original Indenture;

TO HAVE AND TO HOLD all said plant, premises, property, franchises and rights hereby conveyed, assigned, pledged or mortgaged, or intended so to be, unto the Trustee, its successor or successors in trust, and to its and their assigns forever;

BUT IN TRUST, NEVERTHELESS, with power of sale, for the equal pro rata benefit, security and protection of the owners of the bonds without any preference, priority or distinction whatever of any one bond over any other bond by reason of priority in the issue, sale or negotiation thereof, or otherwise;

PROVIDED, HOWEVER, and these presents are upon the condition, that if the Company shall pay or cause to be paid or make appropriate provision for the payment unto the holders of the bonds of the principal, premium, if any, and interest to become due thereon at the times and in the manner stipulated therein, and shall keep, perform and observe all and singular the covenants, agreements and provisions in the Indenture expressed to be kept, performed and observed by or on the part of the Company, then the Indenture and the estate and rights thereby and hereby granted shall, pursuant and subject to the provisions of Article 16 of the Original Indenture, cease, determine and be void, but otherwise shall be and remain in full force and effect.

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED, upon the trusts and for the purposes aforesaid, as set forth in the following covenants, agreements, conditions and provisions, viz.:

## ARTICLE 1
## SERIES P BONDS

SECTION 1.01. Designation; Amount. The bonds of Series P shall be designated "First Mortgage Bonds, Series P, Due 20__" and shall initially be authenticated in the aggregate principal amount of One Hundred Fifty Million Dollars ($150,000,000). The initial issue of the bonds of Series P may be effected upon compliance with the applicable provisions of the Original Indenture. Additional bonds of Series P, without limitation as to amount, having the same terms and conditions as the bonds of Series P (except for the date of original issuance, the initial interest payment date and the offering price) may also be issued by the Company without the consent of the holders of the bonds of Series P, pursuant to a separate supplemental indenture related thereto. Such additional bonds of Series P shall be part of the same series as the bonds of Series P. The Trustee shall authenticate and deliver up to $150,000,000 aggregate principal amount of Series P Bonds at any time upon application by the Company and compliance with the applicable provisions of the Original Indenture.

SECTION 1.02. Form of Series P Bonds; Global Security; Depository for Global Securities. The Series P Bonds shall be issued only in fully registered form without coupons in denominations of One Thousand Dollars ($1,000.00) and multiples thereof.

The Series P Bonds shall be initially represented by one or more global securities (the "Global Securities"). Each Global Security will be deposited with, or on behalf of, The Depository Trust Company, as depository ("DTC"), and registered in the name of Cede & Co., a nominee of DTC.

The Series P Bonds shall be in substantially the form set forth in Schedule A attached hereto. The terms of the Series P Bonds contained in such form are hereby incorporated herein by reference as though fully set forth in this place and are made a part of this Sixteenth Supplemental Indenture.

SECTION 1.03. Provisions of Series P Bonds; Interest Accrual. The Series P Bonds shall mature on _______, 20__ and shall bear interest at the rate of ____% per year, payable semiannually in arrears on ______ and ________ of each year (each, an "Interest Payment Date") (except that the final Interest Payment Date will be ______, 20__) beginning on ________, 200_, and on the maturity date, until the Company's obligation in respect of the principal thereof shall be discharged, and at the rate of ____% per annum on any overdue principal and premium and on any overdue installment of interest. The Series P Bonds shall be dated the date of authentication thereof by the Trustee and shall bear interest on the principal amount from, and including, the date of original issuance to, and excluding, the first Interest Payment Date and then from, and including, the immediately preceding Interest Payment Date to which interest has been paid or duly provided for to, but excluding, the next Interest Payment Date or the maturity date, as the case may be. Interest on the Series P Bonds will be computed on the basis of 360-day year of twelve 30-day months.

The Series P Bonds shall be payable both as to principal and interest at the corporate trust office of the Trustee at U.S. Bank National Association in Morristown, New Jersey or the corporate trust office of its successors, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. The interest on the Series P Bonds shall be payable without presentation, and only to or upon the person in whose name the Series P Bonds are registered at the close of business on the business day prior to each Interest Payment Date. The Series P Bonds shall be callable for redemption in whole or in part according to the terms and provisions provided herein in Section 1.05.

The Company has initially designated DTC as the depository for the Series P Bonds. For as long as the Series P Bonds or any portion thereof are in the form of a Global Security, and notwithstanding the previous paragraph, all payments of interest, principal and other amounts in respect of the Series P Bonds shall be made to DTC or its nominee in accordance with its applicable policies and procedures, in the coin or currency specified above. So long as the Series P Bonds are in the form of a Global Security, neither the Company nor the Trustee shall have any responsibility with respect to the policies and procedures of DTC, or any successor depository, or for any notices or other communications among DTC, its direct and indirect participants or beneficial owners of the Series P Bonds.

SECTION 1.04. Transfer and Exchange of Series P Bonds. So long as the Series P Bonds are in the form of Global Securities, the Series P Bonds may not be transferred except as a whole (1) by DTC to a nominee of DTC or (2) by a nominee of DTC to DTC or another nominee of DTC or (3) by DTC or any such nominee to a successor of DTC or a nominee of such successor. If (1) DTC is at any time unwilling or unable to continue as depository and a successor depository is not appointed by the Company within ninety days or (2) there shall have occurred and be continuing after any applicable grace periods an Event of Default under the Indenture with respect to the Series P Bonds represented by such Global Security, the Company will issue certificated Series P Bonds in definitive registered form in exchange for the Global Securities.

The Company may at any time and in its sole discretion determine not to have any Series P Bonds in registered form represented by one or more Global Securities and, in such event, will issue certificated bonds in definitive form in exchange for the Global Securities representing the Series P Bonds. In any such instance, an owner of a beneficial interest in the Global Securities will be entitled to physical delivery in definitive form of certificated bonds represented by the Global Securities equal in principal amount to such beneficial interest and to have such certificated bonds registered in its name.

In the event certificated bonds are issued in exchange for the Global Securities, the Series P Bonds may be surrendered for registration of transfer as provided in Section 2.8 of the Original Indenture at the corporate trust office of the Trustee at U.S. Bank National Association in Morristown, New Jersey or the corporate trust offices of its successors, and may be surrendered at said office for exchange for a like aggregate principal amount of Series P Bonds of other authorized denominations. Notwithstanding the provisions of Section 2.7 of the Original Indenture, no charge, except for taxes or other governmental charges, shall be made by the Company for any registration of transfer of Series P Bonds or for the exchange of any Series P Bonds for such bonds of other authorized denominations.

SECTION 1.05. Redemption of the Series P Bonds. The Series P Bonds are subject to redemption, in whole or in part, at the option of the Company at any time. If the Company elects to redeem the Series P Bonds, it will do so at a redemption price equal to the greater of (x) one hundred percent (100%) of the principal amount of the Series P Bonds being redeemed, plus accrued interest thereon to the redemption date, or (y) as determined by the Quotation Agent, the sum of the present value of the remaining scheduled payments of principal and interest on the Series P Bonds to be redeemed (not including any portion of payments of interest accrued as of the redemption date) discounted to the redemption date on a semi-annual basis at the Adjusted Treasury Rate plus [________] (___) basis points, plus accrued interest to the redemption date. The redemption price will be calculated assuming a 360-day year consisting of twelve 30-day months.

The Company shall notify the Trustee in writing, not less than forty-five (45) days, or such shorter period as shall be acceptable to the Trustee, of any such election to redeem. Such notice shall include the amount of Series P Bonds to be redeemed, the redemption date and the redemption price.

"Adjusted Treasury Rate" means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the Series P Bonds that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Series P Bonds.

"Comparable Treasury Price" means, with respect to any redemption date: (i) the average of the Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of the Reference Treasury Dealer Quotations, or (ii) if the Trustee obtains fewer than three Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations so received.

"Quotation Agent" means the Reference Treasury Dealer appointed by the Company.

“Reference Treasury Dealer” means a primary U.S. Government securities dealer in New York, New York selected by the Company.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding that redemption date.

Notice of any redemption will be provided at least 30 days but not more than 60 days before the redemption date to each holder of the Series P Bonds to be redeemed.

Absent a default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Series P Bonds or portions of the Series P Bonds called for redemption.

If less than all of the Series P Bonds are to be redeemed, the Trustee will select the Series P Bonds to be redeemed by a method that the Trustee deems fair and appropriate and which may provide for the selection for the redemption of portions (equal to $1,000 or any multiple thereof) of the principal amount of the Series P Bonds larger than $1,000. Notice of redemption will be mailed, first-class mail postage prepaid, to each holder of Series P Bonds to be redeemed at the holder’s address in the register for the Series P Bonds. If any Series P Bonds are to be redeemed in part only, the notice of redemption that relates to that Series P Bond will state the portion of the principal amount of that Series P Bond to be redeemed. In that case, the Company will issue a new Series P Bond of any authorized denomination, as requested, in an aggregate principal amount equal to the unredeemed portion of such Series P Bond, in the name of the holder upon cancellation of the original Series P Bond. Series P Bonds or portions of Series P Bonds to be redeemed become due on the redemption date, and interest will cease to accrue on those Series P Bonds or portions of Series P Bonds on the redemption date.

The Series P Bonds are not subject to any sinking fund.

Except as provided in this Section 1.05, the Series P Bonds are not subject to redemption under any provisions of the Indenture.

SECTION 1.06. <u>Effect of Event of Default</u>. If an Event of Default shall have occurred and be continuing, the principal of the Series P Bonds may be declared due and payable in the manner and with the effect provided in the Indenture.

SECTION 1.07. <u>Payment Date Not a Business Day</u>. If any redemption or maturity date for principal, premium or interest with respect to the Series P Bonds shall be (i) a Sunday or a legal holiday, or (ii) a day on which banking institutions are authorized pursuant to law to close and on which the corporate trust offices of the Trustee in Minnesota or New Jersey are not open for business, then the payment thereof may be made on the next succeeding day not a day specified in (i) or (ii) with the same force and effect as if made on the specified payment date and no interest shall accrue for the period after the specified payment date.

SECTION 1.08. Amendment and Restatement of Mortgage Indenture. Each holder of a Series P Bond, solely by virtue of its acquisition thereof, including as an owner of a book-entry interest therein, shall have and be deemed to have consented, without the need for any further action or consent by such holder, to the amendment and restatement of the Original Indenture in substantially the form set forth in Schedule C appended to the Fifteenth Supplemental Indenture dated as of September 1, 2007 (the "Amended and Restated Indenture"), with such additions, deletions, and other changes made to such form prior to the time of such amendment and restatement ("Future Changes") (1) that add to the covenants of the Company in the Amended and Restated Indenture, or surrender rights or powers of the Company therein, for the benefit of the holders of the outstanding bonds issued under the Original Indenture, (2) as shall be requested by the Trustee and its counsel, (3) as may be requested by the New Hampshire Public Utilities Commission or other regulatory authority having jurisdiction over the Company, or (4) otherwise, as shall be proposed by the Company after the date of the execution and delivery of this Sixteenth Supplemental Indenture, *provided* that (a) in the case of any Future Change described in clause (4), such Future Change is not, in the reasonable judgment of the Company, inconsistent with the fundamental structure and terms of the Amended and Restated Indenture, and (b) in the case of any Future Change described in clause (3) or (4), such Future Change does not, in the reasonable judgment of the Company, adversely affect in any material respect the interests of the holders of the bonds issued under the Original Indenture.

The Amended and Restated Indenture described in this Section 1.08 refers to a planned future amendment and restatement of the terms of the Original Indenture substantially in their entirety. No portion of the Amended and Restated Indenture is in effect as of the date of this Seventeenth Supplemental Indenture. To become effective under the existing Indenture, most of the changes in the Amended and Restated Indenture require the consent of the holders of not less than a majority in principal amount of all bonds of the Company then outstanding under the Indenture. These changes will become effective as soon as the Company receives the required majority consent. The remaining changes require the consent of the holders of 100% in principal amount of all bonds of the Company then outstanding under the Indenture. As a result, these remaining changes will not become effective until the Company receives the required unanimous consent. Accordingly, the Amended and Restated Indenture, including any Future Changes contemplated by this Section 1.08, will not be in effect until the Company receives the required majority consent described above, and until the Amended and Restated Indenture is duly executed and acknowledged by the Company and the Trustee of the existing First Mortgage Indenture, with the changes requiring the unanimous consent described above taking effect automatically thereafter when such consent is obtained.

## ARTICLE 2
## MISCELLANEOUS PROVISIONS

SECTION 2.01. Recitals. The recitals in this Seventeenth Supplemental Indenture shall be taken as recitals by the Company alone, and shall not be considered as made by or as imposing any obligation or liability upon the Trustee, nor shall the Trustee be held responsible for the legality or validity of this Seventeenth Supplemental Indenture, and the Trustee makes no covenants or representations, and shall not be responsible, as to or for the effect, authorization, execution, delivery or recording of this Seventeenth Supplemental Indenture, except as expressly set forth in the Original Indenture. The Trustee shall not be taken impliedly to waive by this Seventeenth Supplemental Indenture any right it would otherwise have.

SECTION 2.02. Benefits of Seventeenth Supplemental Indenture. Nothing in this Seventeenth Supplemental Indenture, expressed or implied, is intended or shall be construed to confer upon, or give to, any person, firm or corporation, other than the parties hereto and the holders of the Series P Bonds, any right, remedy or claim under or by reason of the Indenture or any covenant, condition or stipulation thereof; and the covenants, stipulations and agreements in the Indenture contained are and shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns, and holders of the bonds.

SECTION 2.03. Effect of Seventeenth Supplemental Indenture. This Seventeenth Supplemental Indenture is executed, shall be construed as and is expressly stated to be an indenture supplemental to the Original Indenture and shall form a part of the Indenture; and the Original Indenture, as supplemented and amended by this Seventeenth Supplemental Indenture, is hereby confirmed and adopted by the Company as its obligation. All terms used in this Seventeenth Supplemental Indenture shall be taken to have the meaning specified in the Original Indenture, except in cases where the context clearly indicates otherwise.

SECTION 2.04. Termination. This Sventeenth Supplemental Indenture shall become void when the Indenture shall be void.

SECTION 2.05. Trust Indenture Act. If and to the extent that any provision of this Seventeenth Supplemental Indenture limits, qualifies or conflicts with any of the applicable provisions of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, as amended, such required provision shall control.

SECTION 2.06. Counterparts. This Seventeenth Supplemental Indenture may be simultaneously executed in any number of counterparts, each of which shall be deemed an original; and all said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument, which shall for all purposes be sufficiently evidenced by any such original counterpart.

SECTION 2.07. Notices. Any notice to the Trustee under any provision of this Seventeenth Supplemental Indenture shall be sufficiently given if served personally upon a responsible officer of the Trustee or mailed by registered or certified mail, postage prepaid, addressed to the Trustee at its corporate trust office, which is U.S. Bank National Association, 21 South Street, Third Floor, Morristown, New Jersey 07960 as of the date hereof. The Trustee shall notify the Company from time to time of any change in the address of its corporate trust office.

SECTION 2.08. Definitions. The use of the terms and expressions herein is in accordance with the definitions, uses and construction contained in the Original Indenture and the form of Series P Bond attached hereto as Schedule A.

IN WITNESS WHEREOF, PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE has caused this instrument to be executed and its corporate seal to be hereto affixed, by its officers, thereunto duly authorized, and U.S. BANK NATIONAL ASSOCIATION has caused this instrument to be executed by its officers thereunto duly authorized, all as of the day and year first above written but actually executed on _______, 2009.

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**

By: ___________________________
Randy A. Shoop
Vice President and Treasurer

CORPORATE SEAL

Attest:

_____________________________________
O. Kay Comendul
Assistant Secretary

Signed, sealed and delivered by Public Service Company of New Hampshire in the presence of us:

_____________________________________

_____________________________________

Witnesses

STATE OF CONNECTICUT )
) ss: Berlin
COUNTY OF HARTFORD )

Then personally appeared before me Randy A. Shoop, Vice President and Treasurer, and O. Kay Comendul, Assistant Secretary, of Public Service Company of New Hampshire, a New Hampshire corporation, and severally acknowledged the foregoing instrument to be their free act and deed in their said capacities and the free act and deed of said corporation.

Witness my hand and notarial seal this ______ day of ___, 2009, at Berlin, Connecticut.

Name:

Notary Public
My Commission Expires

(Notarial Seal)

**U.S. BANK NATIONAL ASSOCIATION**
as Trustee as aforesaid

By: ______________________________
Christopher E. Golabek
Vice President

Attest:

______________________________
Name:
Title:

Signed and delivered by
U.S. Bank National Association
in the presence of us:

______________________________

______________________________

Witnesses

STATE OF NEW JERSEY )
) ss: Morristown
COUNTY OF MORRIS

Then personally appeared before me Christopher E. Golabek, Vice President of U.S. Bank National Association, a national banking association, and acknowledged the foregoing instrument to be her free act and deed in her said capacity and the free act and deed of said association.

Witness my hand and notarial seal this _____ day of _____, 2009, at Morristown, New Jersey.

Name:
Notary Public
My Commission Expires

(Notarial Seal)

SCHEDULE A
(FORM OF FACE OF SERIES P BONDS)

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE OF A DEPOSITORY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND HEREIN, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

Unless this Global Security is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Public Service Company of New Hampshire or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
FIRST MORTGAGE BOND, SERIES P
PRINCIPAL DUE _______, 20__

CUSIP No. ______________

No. 1

$150,000,000

FOR VALUE RECEIVED, PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE, a corporation organized and existing under the laws of the State of New Hampshire (hereinafter called the "Company", which term includes any successor corporation under the Indenture), hereby promises to pay to Cede & Co., or registered assigns, subject to the conditions set forth herein, the principal sum of One Hundred Fifty Million Dollars ($150,000,000), on _______, 20__, and to pay interest on said sum semiannually in arrears, on ________ and _________ in each year (each, an "Interest Payment Date") (except that the final Interest Payment Date will be ________, 20__), commencing on ________, 200_ at the rate of ____% per annum, until the Company's obligation with respect to said principal sum shall be paid or made available for payment, and at the rate of ____% per annum on any overdue principal and premium and on any overdue installment of interest.

This Series P Bond shall bear interest as aforesaid from, and including, the date of original issuance to, and excluding, the first Interest Payment Date and then from, and including, the immediately preceding Interest Payment Date to which interest has been paid or duly provided for to, but excluding, the next Interest Payment Date or the maturity date, as the case may be. The amount of interest payable will be computed on the basis of a 360-day year consisting of twelve 30-day months.

In any case where any Interest Payment Date, maturity or redemption date is not a Business Day, then payment of principal and interest, if any, or principal and premium, if any, payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), in each case with the same force and effect as if made on such date. A "Business Day" shall mean any day, except a (i) Sunday or a legal holiday, or (ii) a day on which banking institutions are authorized pursuant to law to close and on which the corporate trust offices of the Trustee in Minnesota or New Jersey are not open for business.

Payment of the principal of and any interest on this Series P Bond will be made at the corporate trust office of the Trustee at U.S. Bank National Association in Morristown, New Jersey or the corporate trust office of its successors, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. The interest on this Series P Bond shall be payable without presentation, and only to or upon the person in whose name the Series P Bonds are registered at the close of business on the Business Day prior to each Interest Payment Date.

The Company has initially designated DTC as the depository for this Series P Bond issued in the form of a Global Security. For as long as this Series P Bond or any portion hereof is in the form of a Global Security, and notwithstanding the previous paragraph, all payments of interest, principal and other amounts in respect of this Series P Bond shall be made to DTC or its nominee in accordance with its applicable policies and procedures, in the coin or currency specified above.

Reference is hereby made to the further provisions of this Series P Bond set forth on the reverse hereof, including without limitation provisions in regard to the redemption and the registration of transfer and exchangeability of this Series P Bond, and such further provisions shall for all purposes have the same effect as though fully set forth in this place.

As set forth in the Supplemental Indenture establishing the terms and series of the Bonds of this series, each holder of a Series P Bond, solely by virtue of its acquisition thereof, including as an owner of a book-entry interest therein, shall have and be deemed to have consented, without the need for any further action or consent by such holder, to the amendment and restatement of the Original Indenture in substantially the form set forth in Schedule C appended to the Fifteenth Supplemental Indenture dated as of September 1, 2007 (the "Amended and Restated Indenture"), with such additions, deletions, and other changes made to such form prior to the time of such amendment and restatement ("Future Changes") (1) that add to the covenants of the Company in the Amended and Restated Indenture, or surrender rights or powers of the Company therein, for the benefit of the holders of the outstanding bonds issued under the Original Indenture, (2) as shall be requested by the Trustee and its counsel, (3) as may be requested by the New Hampshire Public Utilities Commission or other regulatory authority having jurisdiction over the Company, or (4) otherwise, as shall be proposed by the Company after the date of the execution and delivery of the Sixteenth Supplemental Indenture, *provided* that (a) in the case of any Future Change described in clause (4), such Future Change is not, in the reasonable judgment of the Company, inconsistent with the fundamental structure and terms of the Amended and Restated Indenture, and (b) in the case of any Future Change described in clause (3) or (4), such Future Change does not, in the reasonable judgment of the Company, adversely affect in any material respect the interests of the holders of the bonds issued under the Original Indenture.

This Series P Bond shall not become or be valid or obligatory until the certificate of authentication hereon shall have been signed by U.S. Bank National Association (hereinafter with its successors as defined in the Indenture (as defined on the reverse hereof), generally called the Trustee), or by such a successor.

[The remainder of this page left blank intentionally.]

IN WITNESS WHEREOF, Public Service Company of New Hampshire has caused this Series P Bond to be executed in its corporate name and on its behalf by its Vice President and Treasurer by his signature or a facsimile thereof, and its corporate seal to be affixed or imprinted hereon and attested by the manual or facsimile signature of its Assistant Secretary.

Dated as of _______, 2009

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**

By: ________________________________

Randy A. Shoop
Vice President and Treasurer

Attest:

________________________________

Name
Title:

[FORM OF TRUSTEE'S CERTIFICATE]

U.S. Bank National Association hereby certifies that this Series P Bond is one of the bonds described in the within mentioned Indenture.

**U.S. BANK NATIONAL ASSOCIATION,**
**TRUSTEE**

By: ________________________________

Name:
Title: Authorized Signatory

[FORM OF REVERSE OF SERIES P BOND]
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
First Mortgage Bond, Series P, Due ______, ____

This Series P Bond is one of a series of bonds known as the "First Mortgage Bonds, Series P" of the Company, initially limited to One Hundred Fifty Million Dollars ($150,000,000) in aggregate principal amount, and issued under and pursuant to a First Mortgage Indenture between the Company and U.S. Bank National Association as successor to Wachovia Bank, National Association and by merger to First Union National Bank, formerly known as First Fidelity Bank, National Association, New Jersey, successor to Bank of New England, National Association (formerly known as New England Merchants National Bank), and to New Bank of New England, National Association, as Trustee, dated as of August 15, 1978, as amended, and pursuant to which U.S. Bank, National Association is now Successor Trustee (said First Mortgage Indenture (i) as amended by the Tenth Supplemental Indenture thereto, being hereinafter generally called the "Original Indenture," and (ii) together with all indentures expressly stated to be supplemental thereto, and each and every other instrument including the Seventeenth Supplemental Indenture pursuant to which the Series P Bonds are being issued, being hereinafter generally called the "Indenture"), and together with all bonds of all series now outstanding or hereafter issued under the Indenture being equally and ratably secured (except as any sinking or other analogous fund, established in accordance with the provisions of the Indenture, may afford additional security for the bonds of any particular series) by the Indenture, to which Indenture (executed counterparts of which are on file at the corporate trust office of the Trustee in Morristown, New Jersey) reference is hereby made for a description of the nature and extent of the security, the rights thereunder of the holders of bonds issued and to be issued thereunder, the rights, duties and immunities thereunder of the Trustee, the rights and obligations thereunder of the Company, and the terms and conditions upon which Bonds of this series, and bonds of other series, are issued and are to be issued; but neither the foregoing reference to the Indenture nor any provision of this Series P Bond or of the Indenture shall affect or impair the obligation of the Company, which is absolute, unconditional and unalterable, to pay at the maturities herein provided the principal of and interest on this Series P Bond as herein provided.

The Series P Bonds shall be initially issued in the form of one or more global securities (the "Global Securities"). Each Global Security will be deposited with, or on behalf of, The Depository Trust Company, as depository ("DTC"), and registered in the name of Cede & Co., a nominee of DTC. In the event certificated bonds in definitive form are issued in exchange for the Global Securities they are issuable only in registered form without coupons in denominations of $1,000 and any integral multiple thereof.

The Series P Bonds, while in the form of Global Securities, may not be transferred except as a whole (1) by DTC to a nominee of DTC or (2) by a nominee of DTC to DTC or another nominee of DTC or (3) by DTC or any such nominee to a successor of DTC or a nominee of such successor. If (1) DTC is at any time unwilling or unable to continue as depository and a successor depository is not appointed by the Company within ninety days or (2) there shall have occurred and be continuing after any applicable grace periods an Event of Default under the Indenture with respect to the Series P Bonds represented by such Global Security, the Company will issue certificated bonds in definitive registered form in exchange for the Global Securities representing the Series P Bonds.

The Company may at any time and in its sole discretion determine not to have any Series P Bonds in registered form represented by one or more Global Securities and, in such event, will issue certificated bonds in definitive form in exchange for the Global Securities representing the Series P Bonds. In any such instance, an owner of a beneficial interest in the Global Securities will be entitled to physical delivery in definitive form of certificated bonds represented by the Global Securities equal in principal amount to such beneficial interest and to have such certificated bonds registered in its name.

In the event certificated bonds are issued in exchange for the Global Securities, the Series P Bonds may be surrendered for registration of transfer as provided in Section 2.8 of the Original Indenture at the corporate trust office of the Trustee at U.S. Bank National Association in Morristown, New Jersey or the corporate trust offices of its successors, and may be surrendered at said office for exchange for a like aggregate principal amount of Series P Bonds of other authorized denominations. Notwithstanding the provisions of Section 2.7 of the Original Indenture, no charge, except for taxes or other governmental charges, shall be made by the Company for any registration of transfer of Series P Bonds or for the exchange of any Series P Bonds for such bonds of other authorized denominations.

The Series P Bonds are subject to redemption, in whole or in part, at the option of the Company at any time. If the Company elects to redeem the Series P Bonds, it will do so at a redemption price equal to the greater of (x) one hundred percent (100%) of the principal amount of Series P Bonds being redeemed, plus accrued interest thereon to the redemption date, or (y) as determined by the Quotation Agent, the sum of the present value of the remaining scheduled payments of principal and interest on the Series P Bonds to be redeemed (not including any portion of payments of interest accrued as of the redemption date) discounted to the redemption date on a semi-annual basis at the Adjusted Treasury Rate plus [__________] (___) basis points, plus accrued interest to the redemption date. The redemption price will be calculated assuming a 360-day year consisting of twelve 30-day months.

The Company shall notify the Trustee in writing, not less than forty-five (45) days, or such shorter period as shall be acceptable to the Trustee, of any such election to redeem. Such notice shall include the amount of Series P Bonds to be redeemed, the redemption date and redemption price.

"Adjusted Treasury Rate" means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the Series P Bonds that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Series P Bonds.

"Comparable Treasury Price" means, with respect to any redemption date: (i) the average of the Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of the Reference Treasury Dealer Quotations, or (ii) if the Trustee obtains fewer than three Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations so received.

"Quotation Agent" means the Reference Treasury Dealer appointed by the Company.

"Reference Treasury Dealer" means a primary U.S. Government securities dealer in New York, New York selected by the Company.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding that redemption date.

Notice of any redemption will be provided at least 30 days but not more than 60 days before the redemption date to each holder of the Series P Bonds to be redeemed.

Absent a default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Series P Bonds or portions of the Series P Bonds called for redemption.

If less than all of the Series P Bonds are to be redeemed, the Trustee will select the Series P Bonds to be redeemed by a method that the Trustee deems fair and appropriate and which may provide for the selection for the redemption of portions (equal to $1,000 or any multiple thereof) of the principal amount of the Series P Bonds larger than $1,000. Notice of redemption will be mailed, first-class mail postage prepaid, to each holder of Series P Bonds to be redeemed at the holder's address in the register for the Series P Bonds. If any Series P Bonds are to be redeemed in part only, the notice of redemption that relates to that Series P Bond will state the portion of the principal amount of that Series P Bond to be redeemed. In that case, the Company will issue new Series P Bonds of any authorized denomination, as requested, in an aggregate principal amount equal to the unredeemed portion of such Series P Bond, in the name of the holder upon cancellation of the original Series P Bond. Series P Bonds or portions of Series P Bonds to be redeemed become due on the redemption date, and interest will cease to accrue on those Series P Bonds or portions of Series P Bonds on the redemption date.

The Series P Bonds are not subject to any sinking fund.

If the Series P Bonds are called in whole or in part, and if moneys have been duly deposited or otherwise made available to the Trustee for redemption hereof, or of the part hereof so called, as required in the Indenture, this Series P Bond or such called part hereof, shall be due and payable on the date fixed for redemption and thereafter this Series P Bond, or such called part hereof, shall cease to bear interest on the date fixed for redemption and shall cease to be entitled to the lien of the Indenture, and, as respects the Company's liability hereon, this Series P Bond, or such called part hereof, shall be deemed to have been paid; but, if less than the whole principal amount hereof shall be so called, the holder hereof shall be entitled, in addition to the sums payable on account of the part called, to receive, without expense to such holder, upon surrender hereof, one or more Series P Bonds of this series for an aggregate principal amount equal to that part of the principal amount hereof not then called and paid.

If an Event of Default shall have occurred and be continuing, the principal of the Series P Bonds may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions permitting the Company and the Trustee to effect, by supplemental indenture, certain modifications of the Indenture without any consent of the holders of the bonds, and to effect certain other modifications of the Indenture, and of the rights of the holders of the bonds, with the consent of the holders of not less than a majority in aggregate principal amount of all bonds issued under the Indenture at the time outstanding, or in case one or more, but less than all, of the series of said bonds then outstanding are affected, with the consent of the holders of not less than a majority in aggregate principal amount of said outstanding bonds of each series affected.

No reference herein to the Indenture and no provision herein or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest, including overdue interest, on this Series P Bond at the time, place and rate, and in the coin or currency, herein prescribed.

This Series P Bond shall be exchangeable for securities registered in the names of holders other than DTC or its nominee only as provided in this paragraph. This Series P Bond shall be so exchangeable if (x) DTC notifies the Company that it is unwilling or unable to continue as depository or at any time ceases to be a clearing agency registered as such under the Securities Exchange Act of 1934, (y) the Company executes and delivers to the Trustee an Officers' Certificate providing that this Series P Bond shall be so exchangeable or (z) there shall have occurred and be continuing an Event of Default with respect to the Series P Bonds. Certificated securities so issued in exchange for the Global Security representing the Series P Bonds shall be of the same series, have the same interest rate, if any, and maturity and have the same terms as the Global Security representing the Series P Bonds, in authorized denominations and in the aggregate having the same principal amount as the Global Security representing the Series P Bonds and registered in such names as the depository for such Global Security representing the Series P Bonds shall direct.

Series P Bonds not represented by a Global Security are transferable by the registered owner hereof upon surrender hereof at the corporate trust office of the Trustee, together with a written instrument of transfer in approved form, signed by the owner or his duly authorized attorney, and a new Series P Bond or Bonds for a like principal amount will be issued in exchange, all as provided in the Indenture. Prior to due presentment for registration of transfer of this Bond, the Company and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof, whether or not such Series P Bond shall be overdue, for the purpose of receiving payment and for all other purposes, and neither the Company nor the Trustee shall be affected by any notice to the contrary.

Series P Bonds not represented by a Global Security are exchangeable at the option of the registered holder hereof upon surrender hereof, at the corporate trust office of the Trustee in Morristown, New Jersey or the corporate trust offices of its successors, for an equal principal amount of bonds of this series of other authorized denominations, in the manner and on the terms provided in the Indenture.

Notwithstanding the provisions of Section 2.7 of the Original Indenture, no charge, except for taxes or other governmental charges, shall be made by the Company for any registration of transfer of Series P Bonds or for the exchange of any Series P Bonds for such bonds of other authorized denominations.

Neither the failure to give any notice nor any defect in any notice given to the holder of the Global Securities or Series P Bonds not represented by a Global Security, will affect the sufficiency of any notice given to any other holder.

No recourse shall be had for the payment of the principal of or premium, if any, or interest on this Series P Bond, or for any claim based hereon, or otherwise in respect hereof or of the Indenture, to or against any incorporator or against any stockholder, director or officer, past, present or future, as such, of the Company or any affiliate of the Company, or of any predecessor or successor company, either directly or through the Company, or such predecessor or successor company or any trustee, receiver or assignee or otherwise, under any constitution, or statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability of incorporators, stockholders, directors or officers, as such, being waived and released by the holder and owner hereof by the acceptance of this Series P Bond and as part of the consideration for the issuance hereof and being likewise waived and released by the terms of the Indenture.

[END OF FORM OF REVERSE OF SERIES P BOND]

SCHEDULE B

Description of Certain Properties
Acquired
Since May 1, 2008

The following deeds and conveyances, recorded in the Registries of Deeds in the Counties in New Hampshire indicated, contain descriptions of certain properties acquired in fee simple by the Company since May 1, 2008.

| Grantor | Date | Book/Page | County/Town |
| --- | --- | --- | --- |

ENDORSEMENT

U.S. Bank National Association, Trustee, being the mortgagee in the foregoing Supplemental Indenture, hereby consents to the cutting of any timber standing upon any of the lands covered by said Supplemental Indenture and to the sale of any such timber so cut and of any personal property covered by said Supplemental Indenture to the extent, but only to the extent, that such sale is permitted under the provisions of the Original Indenture as referred to in, and as amended by, the Tenth Supplemental Indenture thereto dated as of May 1, 1991, the Twelfth Supplemental Indenture dated as of December 1, 2001, the Thirteenth Supplemental Indenture dated as of July 1, 2004, the Fourteenth Supplemental Indenture dated as of October 1, 2005, the Fifteenth Supplemental Indenture dated as of September 1, 2007, the Sixteenth Supplemental Indenture dated as of May 1, 2008 and the Seventeenth Supplemental Indenture dated as of _______, 2009.

**U.S. BANK NATIONAL ASSOCIATION,**
as Trustee as aforesaid

By:_________________________________
Christopher A. Golabek
Vice President

Signed and acknowledged
on behalf of U.S. Bank National Association
in the presence of us:

_________________________________

_________________________________
Witnesses

**PROMISSORY DEMAND NOTE**

$ [Date]

FOR VALUE RECEIVED, the undersigned, [BORROWER], a Connecticut corporation (the "Company"), hereby promises to pay to Northeast Utilities, the principal sum of [Amount] 00/100 Dollars ($ ), or so much of the outstanding portion thereof as shall have been advanced to the Company hereunder and not theretofore repaid, on demand, in lawful money of the United States of America in immediately available funds, with interest on the principal sum outstanding hereunder from time to time (computed on a 360-day year of twelve thirty-day months), payable quarterly from the date hereof until the said principal sum or the unpaid portion thereof shall have been paid in full.

This Note evidences the obligation of the Borrower (a) to repay the principal amount of the loan made by Northeast Utilities to the Company; (b) to pay interest, as herein provided, on the principal amount hereof remaining unpaid from time to time; and (c) to pay other amounts which may become due and payable hereunder. The unpaid principal under this note shall bear interest at the rate of ____ percent ( %) per annum, which shall accrue monthly and be compounded annually.

The Company irrevocably authorizes Northeast Utilities to make or cause to be made appropriate notations on the grid attached to this Note as <u>Schedule A</u>, or the continuation of such grid, or any other similar record, reflecting such advances, interest rates, payments and other details as shall accurately reflect the transactions contemplated hereby, *provided, however,* that any failure to record, or any error in so recording, any such data on any such grid, continuation or other record shall not limit or otherwise affect the obligation of the Company hereunder to make payments of principal of and interest on this Note when due.

IN WITNESS WHEREOF, the undersigned has caused this Note to be signed in its corporate name by its duly authorized officer as of the day and year first above written.

[BORROWER]

By:______________________________
Name:
Title:

Schedule A

Principal Advance and Payment Grid

| Date of Advance | Amount of Advance | Interest Rate | Interest Period | Number of Days | Interest Due | Date Paid | Amount Paid | Notation Made by |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
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PSNH Financing Application
DE 09 – [ ]
Attachment 10

## Summary of Terms and Conditions

### US$400,000,000 Amended and Restated Revolving Credit Facility

| | |
|---|---|
| **Borrowers:** | The Connecticut Light and Power Company ("***CL&P***"), Western Massachusetts Electric Company ("***WMECO***"), Yankee Gas Services Company ("***Yankee***") and Public Service Company of New Hampshire ("***PSNH***"). |
| **Purpose:** | For the general corporate purposes of the Borrowers. |
| **Type / Amount:** | Five year revolving credit facility (the "***Facility***"), in an aggregate amount of up to US$400,000,000 (the "***Commitment***"), which shall amend and restate that certain Credit Agreement, dated as of November 8, 2004 and amended as of June 30, 2005 (an "***Existing Facility***"), among the Borrowers, as borrowers, the lenders party thereto and Citicorp USA, Inc. ("***CUSA***"), as administrative agent. Subject to the aggregate limitation on the amount available under the Facility, up to $200 million of the Commitment will be available to CL&P, up to $100 million of the Commitment will be available to WMECO, up to $100 million of the Commitment will be available to Yankee and up to $100 million of the Commitment will be available to PSNH (as to each Borrower, its "***Borrower Sublimit***"). |
| **Joint Lead Arrangers and Bookrunners:** | Citigroup Global Markets Inc. and J.P. Morgan Securities Inc. |
| **Administrative Agent:** | CUSA. |
| **Syndication Agent:** | JPMorgan Chase Bank, N.A. ("***JPMorgan Chase***"). |
| **Documentation Agent:** | [____________]. |
| **Lenders:** | CUSA, JPMorgan Chase and a syndicate of lenders acceptable to the Borrowers and the Joint Lead Arrangers. |
| **Closing Date:** | December 7, 2005. |
| **Term of the Facility:** | Until November 6, 2010 (the "***Termination Date***"). All Advances (as defined below) under the Facility will be repayable no later than on the earlier of (i) the last day of a term, if any, specified in a notice of borrowing and (ii) the Termination Date. |
| **Extension of Termination Date:** | The Borrowers may request that the Commitment be renewed for additional one year periods by providing notice of such request to the Administrative Agent no earlier than 45 days but no later than 30 days prior to November 6, 2006 or any anniversary thereof (each, a "***Noticed Anniversary Date***"). If a |

Lender agrees, in its individual and sole discretion, to renew its commitment (an "***Extending Lender***"), it will notify the Administrative Agent, in writing, of its decision to do so no earlier than 30 days prior to the applicable Noticed Anniversary Date (but in any event no later than 20 days prior to such Noticed Anniversary Date). The Administrative Agent will notify the Borrowers, in writing, of the Lenders' decisions no later than 15 days prior to such Noticed Anniversary Date. The Extending Lenders' commitments will be renewed for an additional year from the then existing Termination Date, provided that (i) more than 50% of the Commitment is extended or otherwise committed to by Extending Lenders and any new Lenders and (ii) all representations and warranties are true and correct on such date. Any Lender that declines the Borrowers' request for Commitment renewal (a "***Declining Lender***") will have its commitment terminated on the then existing Termination Date (without regard to any renewals by other Lenders). The Borrowers will have the right to accept commitments from third party financial institutions acceptable to the Administrative Agent in an amount equal to the amount of the commitments of any Declining Lenders, provided that the Extending Lenders will have the right to increase their commitments up to the amount of the Declining Lenders' commitments before the Borrowers will be permitted to substitute any other financial institutions for the Declining Lenders. The Borrowers may only so extend the Termination Date twice.

**Availability:**

Funds under the Facility will be available as "LIBOR Advances" (bearing interest at LIBOR + Applicable Margin) and "Base Rate Advances" (bearing interest at the Alternate Base Rate (as defined below) + Applicable Margin), collectively the "***Advances***".

**Pricing:**

The relevant Borrower may select either of:

*Interest Rate Options:*

(i) Alternate Base Rate (which is a fluctuating rate *per annum* equal at all times to the higher of (i) the Administrative Agent's (or its banking affiliate's) publicly announced "base" rate, and (ii) a rate equal to 1/2 of 1% *per annum* above the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers) plus the Applicable Margin.

(ii) 1, 2, 3 or 4-month (each, an "***Interest Period***" for LIBOR Advances, as selected by the relevant Borrower) LIBOR plus the Applicable Margin.

Each Borrower may designate a term (which in no event shall end later than the Termination Date) for any Borrowing made to it, beyond which such Borrowing may not be outstanding. Interest on LIBOR Advances and on Base Rate Advances that are based on the Federal Funds Rate and all fees will be computed on the basis of a year of 360 days. Interest on Base Rate Advances that are based on the Administrative Agent's (or its banking affiliate's) base rate will be computed on the basis of a year of 365/366 days.

Interest on each LIBOR Advance will be payable on the last day of the Interest Period applicable thereto and on the Termination Date, but in no event less frequently than quarterly.

Interest on each Base Rate Advance will be payable quarterly on the last day of each March, June, September and December and on the Termination Date.

*Applicable Rating Level:* The Applicable Rating Level for each Borrower will be based on the Reference Ratings (as defined in Appendix 1) applicable to such Borrower, in accordance with the following:

| **Applicable Rating Level** | **S&P** | | **Moody's** |
|---|---|---|---|
| Level I | A- or higher | OR | A3 or higher |
| Level II | BBB+ | OR | Baa1 |
| Level III | BBB | OR | Baa2 |
| Level IV | BBB- | OR | Baa3 |
| Level V | BB+ or lower (or unrated) | OR | Ba1 or lower (or unrated) |

The Applicable Rating Level for each Borrower shall change as and when the relevant Reference Ratings change. In the event that any Borrower has outstanding long-term unsecured or secured debt and both Moody's and S&P, or their successors, as applicable, shall have ceased to issue or maintain Reference Ratings on such long-term unsecured debt (or long-term secured debt if no long-term unsecured debt is then outstanding), then the Applicable Rating Level for such Borrower shall be the lowest Applicable Rating Level. If the ratings assigned by S&P and Moody's differ (i) by one level, then the level corresponding to the higher of such ratings shall be used to determine the Applicable Rating Level and (ii) by more than one level, then the level that is one below the level corresponding to the higher of such ratings shall be used to determine the Applicable Rating Level, unless the lower of such ratings is below "investment grade", in which case the Applicable Rating Level shall be Level V.

Default rate is the rate otherwise in effect plus 2.0% or, if higher, the Base Rate plus the Applicable Margin plus 2.0%.

*Applicable Margin:* The Applicable Margin for each Borrower under the Facility is based on the Applicable Rating Level for such Borrower.

| Applicable Margin | | |
|---|---|---|
| Applicable Rating Level | LIBOR Advances | Base Rate Advances |
| Level I | 0.170% | 0% |
| Level II | 0.300% | 0% |
| Level III | 0.375% | 0% |
| Level IV | 0.500% | 0% |
| Level V | 0.800% | 0% |

The Applicable Margin for Levels I through IV shall be increased by 0.100%, and for Level V shall be increased by 0.125%, at any time when more than one half of the Commitment is utilized.

*Facility Fee:* Facility Fee for each Borrower equal to the product of (i) the Commitment (whether used or unused), (ii) such Borrower's Fraction (as defined in Appendix 1) and (iii) the Facility Fee Rate set forth next to the Applicable Rating Level for such Borrower in the grid below:

| Applicable Rating Level | Facility Fee Rate |
|---|---|
| Level I | 0.080% |
| Level II | 0.100% |
| Level III | 0.125% |
| Level IV | 0.150% |
| Level V | 0.200% |

The Facility Fee is payable quarterly in arrears.

**Other Borrowing Terms:** The relevant Borrower must provide the following periods of notice to the Administrative Agent prior to any proposed date of borrowing:

LIBOR Advances: Three LIBOR business days.

Base Rate Advances: Same domestic business day.

Each LIBOR Advance shall be in a minimum amount of US$5,000,000 or an increment of US$1,000,000 in excess thereof.

**Prepayment:** Advances may be prepaid at any time, in a minimum amount of US$5,000,000 or an increment of US$1,000,000 in excess thereof in the case of LIBOR Advances. Prepayments of LIBOR Advances other than at the end of an

Interest Period will be subject to reimbursement to the Lenders for any "breakage" or redeployment costs.

Advances shall be prepaid by a Borrower at any time to the extent that the outstanding amount of Advances made to such Borrower at such time exceeds the amount of the Commitment allocable to such Borrower at such time, together with interest and any relevant redeployment costs.

**Optional Commitment Reduction / Termination/Increase:** At the option of the Borrowers, the Commitment may at any time be permanently terminated, or reduced in a minimum amount of US$5,000,000 or an increment of US$1,000,000 in excess thereof, on a *pro rata* basis to each Lender.

The Borrowers may from time to time increase the Commitment that could be utilized by any Borrower, up to a maximum aggregate Commitment of $500,000,000, by designating one or more Lenders or other financial institutions reasonably acceptable to the Administrative Agent, which Lender(s) and/or financial institution(s) shall have agreed to accept all or a portion of such additional Commitment. It shall be a condition precedent to each such increase that all representations and warranties be true and correct on the date of such increase.

**Conditions Precedent to Closing:** Usual for transactions of this type, including, without limitation:

(i) Receipt of such evidence of corporate authority and authorization as the Joint Lead Arrangers and the Lenders may reasonably request.

(ii) Receipt of all governmental and third party approvals required to be obtained in connection with the Facility.

(iii) Receipt of favorable legal opinions from counsel (which may be internal) to the Borrowers in form and substance satisfactory to the Joint Lead Arrangers.

(iv) Receipt of other favorable legal opinions from special or local counsel as may be required by the Joint Lead Arrangers and Administrative Agent in form and substance satisfactory to the Joint Lead Arrangers and Administrative Agent.

(v) All representations and warranties are true and correct and no Event of Default described below or event that, with the giving of notice or passage of time or both, would constitute an Event of Default (such event, a "***Default***") has occurred and is continuing.

(vi) The Joint Lead Arrangers and Administrative Agent shall have received payment in full of all fees and expenses owed by the Borrowers in connection with the Facility.

**Conditions Precedent to Each Advance:**

Usual for facilities of this type, including, without limitation:

(i) All representations and warranties (other than Representations and Warranties (vii) and (viii) below) of the relevant Borrower shall be true and correct on and as of the date of such Advance; and

(ii) No Default or Event of Default in respect of such Borrower shall have occurred and shall be continuing on such date.

**Representations and Warranties:**

Customary for transactions of this type, including, but not limited to, the following:

(i) Corporate status and authority of each Borrower.

(ii) Non-contravention of charter and by-laws or existing agreements of such Borrower.

(iii) No violation of law (except as disclosed).

(iv) All governmental and regulatory approvals required in connection with the Facility duly obtained and in full force and effect.

(v) Legality, validity, binding effect and enforceability of all documents.

(vi) Financial statements fairly present financial condition and results of operations of such Borrower.

(vii) Since June 30, 2005, there has been no material adverse change in the financial condition, business, operations, properties, or prospects of such Borrower, except as disclosed in the Disclosure Documents (as defined in Appendix 1).

(viii) No litigation or other proceeding pending or overtly threatened affecting the Facility, and except as disclosed in the Disclosure Documents, no such litigation or proceedings that, if adversely determined, would have a material adverse effect on such Borrower's financial condition, results of operations, properties, or prospects.

(ix) Compliance in all material respects with ERISA.

(x) Adequacy of title to material properties.

(xi) Ownership of capital stock; holding company status.

(xii) Payment of taxes, and filing of required tax returns.

(xiii) No materially misleading information or material omission in information provided by such Borrower.

(xiv) Use of proceeds; investment company status; compliance with margin stock regulations.

(xv) Adequacy of insurance.

(xvi) Solvency.

(xvii) Advances are not "reportable transactions" under treasury regulation 1.6011-4.

**Affirmative Covenants:**

Customary for transaction of this type, including, but not limited to, the following for each Borrower:

(i) Use of proceeds.

(ii) Payment of taxes.

(iii) Maintenance of insurance.

(iv) Preservation of corporate existence.

(v) Notwithstanding Negative Covenant (ii) below, restrictions on disposal of any generation, transmission or distribution assets in excess of 15% of the net utility plant assets of such Borrower, except in accordance with restructuring plans approved by appropriate regulatory authorities.

(vi) Material compliance with laws.

(vii) Inspection of books, records and properties.

(viii) Keeping of books and records.

(ix) Remain in same lines of business (except as otherwise provided in "Negative Covenants" below).

(x) Maintenance of properties; provided that each Borrower may discontinue the operation or maintenance of any property if, in its sole judgment, such discontinuance would not materially adversely affect its financial condition, properties, prospects or operations.

(xi) Acquisition and maintenance of material governmental approvals.

(xii) Further assurances.

**Negative Covenants:** Customary for transactions of this type, including, but not limited to, the following for each Borrower, with appropriate exceptions to permit consummation of previously announced mergers, asset sales and restructuring activities (provided that any material deviation from the terms of such transactions or activities shall be subject to the approval of the Joint Lead Arrangers):

(i) Prohibition on liens other than Permitted Liens (as defined in Appendix 1).

(ii) Limitations on mergers, consolidations, purchase of stock or assets or sale of a "Substantial Part" (as defined below) of its assets; *provided that,* so long as (x) no Default or Event of Default has occurred and is continuing and (y) all required approvals have been obtained, (A) direct or indirect subsidiaries of a Borrower may merge or consolidate with wholly-owned direct or indirect subsidiaries of such Borrower so long as, in any such case, the wholly-owned subsidiary is the survivor; (B) direct or indirect subsidiaries of a Borrower may be merged or consolidated with such Borrower so long as such Borrower is the survivor; (C) a Borrower or any direct or indirect subsidiary of such Borrower may merge or consolidate with an unaffiliated company so long as (1) such Borrower or direct or indirect subsidiary is the survivor of such merger or consolidation, (2) such Borrower demonstrates *pro forma* compliance with the Financial Covenant set forth below, and (3) such Borrower's indicative credit ratings from S&P and Moody's in contemplation of such merger and such Borrower's actual credit ratings from S&P and Moody's following any such merger or consolidation remain at the levels established immediately prior to the merger or at a higher level; (D) a Borrower and its wholly-owned subsidiaries may acquire interests in other persons that are principally engaged in an activity permitted under the Public Utility Holding Company Act on the closing date; (E) CL&P, WMECO and PSNH may dispose of transmission assets to other directly or indirectly held subsidiaries of Northeast Utilities Company ("*NU*") as permitted, and to any other person as required, by appropriate regulatory authorities; (F) each Borrower may dispose of assets or security to, or merge into or with, other Borrowers; and (G) each Borrower may dispose of its assets in the ordinary course of business on customary terms (including any sale of accounts receivable on reasonable commercial terms, including at a commercially reasonable discount).

For the purposes of this paragraph (ii), a sale of a "Substantial Part" of a Borrower's assets shall be any sale (whether in one transaction or a series of transactions) of assets, (A) the book value of which represents more than 15% (determined at the time of each such transaction) of the book value of assets (net of regulatory assets) of such Borrower (determined by reference to the most recently delivered financial statements of such Borrower), or (B) the gross revenue associated with which accounts for more than 15% of the total gross revenue of such Borrower for the four preceding fiscal quarters (determined by reference to the most recently delivered financial statements of the Borrower), to any entity other than such Borrower or any of its wholly-owned direct or indirect subsidiaries.

(iii) Restrictions on termination of ERISA plans with resulting $1,000,000 liability, any reportable event that could reasonably result in a $1,000,000 liability, or any event that could reasonably result in the foregoing.

(iv) Restrictions on transactions with affiliates.

(v) Restrictions on acquisitions of interests in nuclear plants.

**Financial Covenant:** Such Borrower will be required to maintain, on a consolidated basis, at all times a ratio of Consolidated Debt (as defined in Appendix 1) to Total Capitalization (as defined in Appendix 1) of no more than 0.65 to 1.00.

**Reporting Obligations:** Customary for transactions of this type, including, but not limited to, the following for each Borrower:

(i) Notification of Defaults and Events of Default.

(ii) Delivery of (A) Forms 10-K, 10-Q and 8-K for each Borrower that is a '34 Act reporting company and delivery of such other business and financial information as the Administrative Agent may reasonably request and (B) audited annual financial statements and unaudited certified quarterly financial statements of Yankee.

(iii) Delivery of regulatory updates promptly upon the reasonable request of the Administrative Agent but not more than once per calendar quarter.

(iv) Notification of ERISA events.

(v) Notification of material litigation.

**Events of Default:** Customary events of default include, but are not limited to, the following in respect of each Borrower:

(i) Failure by such Borrower to make any payment of principal under the Facility on or before the date such payment is due.

(ii) Failure by such Borrower to make any payment of interest, fees or other amounts under the Facility on or before two days after such payment is due.

(iii) Any representation or warranty made by such Borrower shall have been false or misleading in any material respect when made.

(iv) Failure by such Borrower to comply with any financial covenant, negative covenant or certain other covenants to be identified.

(v) Subject to 30 day grace period, failure by such Borrower to observe or perform any other covenant, basic term or other condition contained in any document related to the Facility.

(vi) (A) Default by such Borrower under Debt aggregating US$50,000,000 or more, if the effect is to accelerate or permit acceleration of such Debt, or (B) acceleration of such Debt.

(vii) Voluntary bankruptcy of such Borrower; involuntary bankruptcy of such Borrower if not dismissed, stayed or otherwise nullified within 90 days.

(viii) Any judgments for amounts aggregating in excess of US$50,000,000 are rendered against such Borrower, are unstayed and either (i) remain undischarged for 30 days or (ii) are enforced.

(ix) Any material provision of any document related to the Facility ceases to be valid and binding.

(x) NU shall cease to own at least 85% of the outstanding common stock of such Borrower, free and clear of liens.

(xi) Change of control events as follows: (a) any person or "group" (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended) shall either (1) acquire beneficial ownership of more than 50% of any outstanding class of common stock of NU having ordinary voting power in the election of directors of NU or (2) obtain the power (whether or not exercised) to elect a majority of NU's directors or (b) the Board of Directors of NU shall not consist of a majority of Continuing Directors.

"***Continuing Directors***" shall mean the directors of NU on the effective date of the Facility and each other director of NU, if such other director's nomination for election to the Board of Directors of NU is recommended by a majority of the then Continuing Directors.

**Participations and Assignments:** Each Lender may, in its sole discretion, at any time grant participations in all or a portion of its rights and obligations under the Facility to other persons. Participations shall be without restrictions, and participants will have the same benefits as the Lenders with respect to yield protection, capital adequacy, reserve requirements, increased cost and withholding tax provisions.

Each Lender may assign all or a portion of its rights and obligations under the Facility (in minimum amounts of US$5,000,000 or, if less, its entire commitment) (i) to one or more other Lenders or their affiliates or, (ii) with the consent of the Borrowers (not to be unreasonably withheld) and the Administrative Agent, to one or more other financial institutions. During a Default or Event of Default, the consent of the Borrowers to such assignments will not be required. Each assignment will be subject to payment by the relevant Lender (or its transferee) to the Administrative Agent of a US$3,500 processing fee.

Each Lender may disclose information to prospective participants and assignees and share, at its option, any fees with such participants and assignees.

**Yield Protection:** The usual for facilities of this type, including, but not limited to, unavailability of funding, illegality, reserves if incurred, capital adequacy, redeployment costs and any other yield protection deemed necessary by the Joint Lead Arrangers.

**Indemnification:** Except for gross negligence or willful misconduct, the Borrowers will indemnify the Joint Lead Arrangers, Administrative Agent, Syndication Agent, Documentation Agent, the Lenders, and each of their respective affiliates and agents against all losses, liabilities, claims, damages or expenses relating to their loans, the documents related to the Facility, use of proceeds of Advances, or the Commitment, including, but not limited to, reasonable attorney's fees and settlement costs.

**Expenses:** Closing costs incurred by the Joint Lead Arrangers (including counsel fees, time charges and disbursements) will be for the account of the Borrowers, and will be payable whether or not the closing of the Facility occurs. Expenses, fees and costs incurred by the Lenders (other than the Joint Lead Arrangers) will be for their own accounts.

**Legal Counsel:** King & Spalding LLP.

**Majority Lenders:** Lenders that collectively hold participation percentages aggregating in excess of 50%.

**Governing Law:** New York.

## Appendix 1

## Definitions

"***Consolidated Debt***" means, at any date for any Borrower, the total Debt of such Borrower and its subsidiaries as determined on a consolidated basis in accordance with generally accepted accounting principles.

"***Debt***" means, for any person, without duplication, (i) indebtedness of such person for borrowed money, including but not limited to obligations of such person evidenced by bonds, debentures, notes or other similar instruments (excluding stranded cost recovery obligations which are non-recourse to such person), (ii) obligations of such person to pay the deferred purchase price of property or services (excluding any obligation of such person to Dominion Resources, Inc. or its successor with respect to disposition of spent nuclear fuel burned prior to April 3, 1983), (iii) obligations of such person as lessee under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, (iv) obligations under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iii), above, and (v) liabilities in respect of unfunded vested benefits under ERISA plans.

"***Disclosure Documents***" means, for any Borrower, as applicable: (i) such Borrower's Annual Report on Form 10-K for the fiscal year ended December 31, 2004; (ii) its Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, June 30, and September 30, 2005; (iii) the Confidential Information Memorandum, dated October 2005, regarding the Facility, as distributed to the Administrative Agent and the Lenders, including, without limitation, all schedules and attachments thereto; and (iv) such Borrower's Current Reports on Form 8-K filed on January 5, January 26, February 4, March 7, March 9, April 6, April 29 and October 13, 2005, and the amendments to such Borrower's Current Reports on Form 8-K filed on January 3 and April 6, 2005.

"***First Mortgage Indentures***" means (i) in the case of CL&P, the Indenture of Mortgage and Deed of Trust, dated as of May 1, 1921, from CL&P to Deutsche Bank Trust Company Americas, as successor trustee, as amended and supplemented, (ii) in the case of Yankee, the Indenture of Mortgage and Deed of Trust, dated as of July 1, 1989, between Yankee and The Bank of New York, as successor trustee, as in effect on the closing date and as amended and supplemented from time to time, (iii) in the case of WMECO, any first mortgage indenture entered into after the closing date on substantially the terms of the Old WMECO Indenture and covering substantially the same collateral, so long as such indenture and the lien created thereby are approved by the Massachusetts Department of Telecommunications and Energy, and (iv) in the case of PSNH, the First Mortgage Indenture, dated as of August 15, 1978, between PSNH and Wachovia Bank, National Association, as successor trustee, as amended and supplemented.

"***Fraction***" means, in respect of any Borrower as determined at any time, a fraction, the numerator of which shall be the Borrower Sublimit of such Borrower at such time, and the denominator of which shall be the sum of the Borrower Sublimits of all Borrowers at such time.

"***Old WMECO Indenture***" means the First Mortgage Indenture and Deed of Trust, dated as of August 1, 1954, from WMECO to State Street Bank and Trust Company, as successor trustee, as amended and supplemented.

"***Permitted Liens***" means, with respect to each Borrower, (i) any liens existing on the closing date; (ii) liens created by the First Mortgage Indentures, so long as by the terms thereof no "event of default" (howsoever designated) in respect of any bonds issued thereunder will arise upon the occurrence of a Default or Event of Default under the Facility; (iii) "Permitted Liens" or "Permitted Encumbrances" under the First Mortgage Indenture to which such Borrower is a party, in each case, to the extent such liens do not secure Debt (as defined in this Appendix 1) of such Borrower; (iv) any purchase money lien or construction mortgage on assets acquired or constructed after the closing date by such Borrower and any lien on any assets existing at the time of acquisition thereof by such Borrower or created within 180 days from the date of completion of such acquisition or construction; provided that such lien shall at all times be confined solely to the assets so acquired or constructed and any additions thereto; (v) any existing liens on assets owned on the closing date by such Borrower and liens existing on assets of a corporation or other going concern when it is merged into or with such Borrower or when substantially all of its assets are acquired by such Borrower; provided that such liens shall at all times be confined solely to such assets, or if such assets constitute a utility system, additions to or substitutions for such assets; (vi) liens resulting from legal proceedings being contested in good faith by appropriate legal or administrative proceedings by such Borrower, and as to which such Borrower, to the extent required by generally accepted accounting principles applied on a consistent basis, shall have set aside on its books adequate reserves; (vii) liens created in favor of the other contracting party in connection with advance or progress payments; (viii) any liens in favor of any state of the United States or any political subdivision of any such state, or any agency of any such state or political subdivisions, or trustee acting on behalf of holders of obligations issued by any of the foregoing or any financial institutions lending to or purchasing obligations of any of the foregoing, which lien is created or assumed for the purpose of financing all or part of the cost of acquiring or constructing the property subject thereto; (ix) liens resulting from conditional sale agreements, capital leases or other title retention agreements; (x) with respect to pollution control bond financings, liens on funds, accounts and other similar intangibles of such Borrower created or arising under the relevant indenture, pledges of the related loan agreement with the relevant issuing authority and pledges of such Borrower's interest, if any, in any bonds issued pursuant to such financings to a letter of credit bank or bond issuer or similar credit enhancer; (xi) liens granted on accounts receivable and regulatory assets in connection with financing transactions, whether denominated as sales or borrowings; (xii) any other liens incurred in the ordinary course of business otherwise than to secure Debt; and (xiii) any extension, renewal or replacement of liens permitted by clauses (i), (iii) through (v) and (vii) through (xi); provided, however, that the principal amount of Debt secured thereby shall not, at the time of such extension, renewal or replacement, exceed the principal amount of Debt so secured and that such extension, renewal or replacement shall be limited to all or a part of the property which secured the lien so extended, renewed or replaced or to other property of no greater value than the property which secured the lien so extended, renewed or replaced.

"***Reference Ratings***" means, with respect to a Borrower, the ratings assigned by S&P and Moody's to the long-term senior unsecured non-credit enhanced debt of such Borrower (the "***Borrower Debt***"); provided, that

(i) if neither S&P nor Moody's maintains a rating on the Borrower Debt of a Borrower because no such Borrower Debt is outstanding, then the "Reference Ratings" shall be based on the ratings assigned by S&P and Moody's to the long-term senior secured debt (the "***Secured Debt***") of such Borrower, but such ratings shall be deemed to correspond to an Applicable Rating Level that is one level lower than the level that would correspond to such Secured Debt ratings pursuant to the definition of "Applicable Rating Level";

(ii) if neither S&P nor Moody's (A) maintains a rating on the Borrower Debt of a Borrower because no such Borrower Debt is outstanding and (B) maintains a rating on the Secured Debt of a Borrower because no such Secured Debt is outstanding, then the "Reference Ratings" shall be based on such Borrower's long-term corporate/issuer ratings as maintained by S&P and Moody's.

"***Total Capitalization***" means, at any date for any Borrower, the sum of (i) Consolidated Debt of such Borrower and its subsidiaries, (ii) the aggregate of the par value of, or stated capital represented by, the outstanding shares of all classes of common and preferred shares of such Borrower and its subsidiaries and (iii) the consolidated surplus of such Borrower and its subsidiaries, paid-in, earned and other capital, if any, in each case as determined on a consolidated basis in accordance with generally accepted accounting principles consistent with those applied in the preparation of such Borrower's financial statements.

Northeast
Utilities System

# Northeast Utilities System Interest Rate Risk Management Policies and Procedures

May 2008

# Index

## Section 1: Scope and Objectives

### 1.1 Scope

The following Interest Rate Risk Management Policies and Procedures (collectively Policies and Procedures) were developed by the Northeast Utilities (NU) Treasury Department to establish controls and responsibilities of Treasury Department personnel in managing financial risks related to interest-rate movements which affect NU and its affiliate companies (NU System companies), subject to all applicable NU Board of Trustees, Subsidiary Board, and Regulatory approvals. The use of specific derivatives and parameters are described herein as they relate to the execution of an Interest Rate Risk Management Transaction (IRRM Transaction) with one or more authorized counterparties.

### 1.2 Strategy

The NU Treasury Department seeks to actively manage interest rate risks of all NU System companies through the use of derivatives. With active management of the NU System companies' debt portfolios within the parameters of these Policies and Procedures, the goal is to manage the financial position of the NU System Companies in line with the objectives below.

### 1.3 Objectives

To meet the strategy as described in Section 1.2, the Treasury Department developed these Policies and Procedures to accomplish one or more of the following objectives:

1) Minimize loss of prospective issuances, attributable to rising interest rates,
2) Manage interest rate exposures / risk profile, and
3) Reduce earnings volatility related to movements in interest rates.

## Section 2: Responsibilities

### 2.1 Board Authority

These Policies and Procedures were approved by the NU Board and the respective Boards of each NU System Company in December 2007, effective through December 31, 2012. In addition, these Policies and Procedures will be executed in accordance with any specific authorizations or restrictions adopted by such Boards or any authority delegated by such Boards. The NU Board will authorize all IRRM Transactions for the parent company. The Boards of the NU System Companies will each authorize all IRRM Transactions for their respective company.

### 2.2 Chief Financial Officer

2.2.1 Subject to and in accordance with Sections 2.1 and 2.2, the Chief Financial Officer (CFO) of NU is responsible for overseeing these Policies and Procedures and their implementation. The CFO will report on these Policies and Procedures to the Chief Executive Officer (CEO) and to the Finance Committee of the NU Board and/or to the Subsidiary Boards annually, or at such times and in such manners as the CFO shall deem necessary, or as such Boards shall reasonably request.

2.2.2 The CFO will review these Policies and Procedures on at least an annual basis and as material changes occur, including changes to any parameters detailed in the accompanying appendices, and approve such changes as he deems necessary or appropriate.

2.2.3 The CFO must also promptly notify the NU Board regarding any:

1) Material changes in the amount or type of interest rate risk incurred by the NU System as a whole,
2) Material proposed or actual changes to these Policies and Procedures, and

3) Material breaches or violations of these Policies and Procedures.

## 2.3 Vice President and Treasurer

2.3.1 Subject to and in accordance with Sections 2.1 through 2.3, the Vice President and Treasurer (Treasurer) of NU has the overall specific responsibility for the development, implementation, and compliance with these Policies and Procedures.

2.3.2 The Treasurer will oversee and authorize all transactions and related documentation under which any Authorized Risk Management Personnel (listed in attached Schedule D) may execute IRRM Transactions. The Treasurer will establish, and to the extent required, seek the CFO's approval for the following risk management parameters detailed in the Appendix:

1) Fixed / Floating Positions ............................................ Schedule A
2) Notional Amounts ...................................................... Schedule A
3) Underlying Exposures to Hedge ................................... Schedule A
4) Maturities ................................................................. Schedule A
5) Derivative Instruments............................................... Schedule B
6) Authorized Counterparties .......................................... Schedule C
7) List of Authorized Risk Management Personnel ............. Schedule D

2.3.3 The Treasurer will review these Policies and Procedures with the CFO on at least an annual basis and as material changes occur.

2.3.4 The Treasurer will review with the CFO any exception reporting.

## Section 3: Monitoring, Reporting, Documentation & Accounting

### 3.1 Monitoring of Exposures and Interest Rate Risk Management Transactions

3.1.1 The Assistant Treasurer - Finance of NU will be responsible for monitoring all IRRM Transactions and will report to the Treasurer on a monthly basis or as significant changes occur to the items below. Reporting items will include, but not be limited to, the following:

1) Notional Amounts,
2) Maturities,
3) Mark-to-market of all derivative instruments with quarterly reporting to the Corporate Accounting Department with the source of valuation identified,
4) Cash settlements, if any, on related IRRM Transactions,
5) Counterparties and their credit ratings,
6) Collateral thresholds and positions (if applicable),
7) Market trends for underlying interest rates,
8) Interest rate hedging strategies,
9) Fixed / Floating Debt Positions, and
10) Hedge effectiveness (if applicable).

3.1.2 Exception reporting will be prepared by the Treasury Department and distributed to the Treasurer promptly upon occurrence.

### 3.2 Hedge Effectiveness & Ineffectiveness

3.2.1 The Treasury Department is responsible for measuring the effectiveness and ineffectiveness, if applicable, of derivatives/hedges and will report the results of its evaluations, to the Treasurer and the Corporate Accounting Department on a quarterly basis or as significant changes occur.

3.2.2 Measuring effectiveness and ineffectiveness of a specific derivative relative to underlying exposures will not be required if the Treasury and Corporate Accounting Departments reasonably conclude that "No Ineffectiveness" exists due to the continued matching of terms as set forth in paragraph 68 of the Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," (SFAS No. 133), as amended, as they apply to Cash Flow and Fair Value Hedges. This determination will be made prior to the execution of every IRRM Transaction.

3.2.3 Performance of risk management activities will be monitored, as necessary, based on the following criteria:

1) Original objectives,
2) Actual risk reduction,
3) Effectiveness of derivatives, and
4) Compliance with these Policies and Procedures.

## 3.3 Documentation

3.3.1 All transactions must be documented in accordance with International Swaps and Derivatives Association, Inc. (ISDA) agreements that are structured to the satisfaction of, and executed by, any of the Authorized Risk Management Personnel (listed in attached Schedule D) with approved ISDA counterparties (listed in attached Schedule C). Confirmations for each transaction must be received no later than three business days following execution or in accordance with ISDA specifications negotiated with the respective counterparty.

3.3.2 The Treasury Department will obtain counsel from NU Legal on all terms and conditions, opinions, certificates, and other documentation in the ISDA agreements. The Treasury Department will also seek appropriate assurance from NU Legal that all necessary regulatory approvals are obtained prior to the execution of any IRRM Transaction.

3.3.3 All ISDA agreements, including Schedules, Master Amendments and Confirmations, and all other related transaction materials will be maintained and administered by the Treasury Department.

## 3.4 Accounting

3.4.1 Accounting for the authorized derivatives (listed in attached Schedule B) must comply with SFAS No. 133, as amended and applicable interpretations, subject to materiality considerations, as outlined in attached Schedule E.

3.4.2 Derivatives shall be designated to hedge a specific, identified risk at inception. Documentation must comply with the requirements of SFAS No. 133, as amended, and/or supplemented and any successor FAS.

3.4.3 *Cash Flow Hedges.* Consistent with Section 3.2, derivatives determined to meet the definition of cash flow hedges shall be assessed for effectiveness at inception and on a quarterly basis by the Treasury Department, as defined by applicable accounting pronouncements and interpretations. The methodology used to assess effectiveness will be documented at inception by the Treasury Department. Documentation must comply with the requirements of SFAS No. 133, as amended, as outlined in attached Schedule E. Highly effective hedges, if cash flow hedge treatment is elected and criteria met, must be accounted for as derivative assets or derivative liabilities, with the effective portion of the hedge recorded as a component of other comprehensive income (OCI), which is a component of equity. The ineffective portion of the hedge will be recorded in earnings. A treasury lock or forward starting swap is an example of a Cash Flow Hedge.

3.4.4 *Fair Value Hedges.* Consistent with Section 3.2, derivatives determined to meet the definition of fair value hedges shall be assessed for effectiveness at inception and on a quarterly basis by the Treasury Department, as defined by applicable accounting pronouncements and interpretations. The methodology used to assess effectiveness will be documented at inception by the Treasury Department. Documentation must comply with the requirements of SFAS No. 133, as amended, as outlined in attached Schedule E. The hedge will be recognized at its fair value as a derivative asset or a derivative liability. If the hedge is considered to be highly effective, the gain or loss in fair value of the hedging instrument will be recorded currently to earnings along with any offsetting loss or gain in the fair value of the hedged item attributable to the hedged risk. A fixed-to-floating interest rate swap is an example of a Fair Value Hedge.

3.4.5 Hedge accounting shall be discontinued prospectively for an existing derivative if the derivative expires or is sold, terminates or is exercised, is not highly effective and is not ever expected to be highly effective, or if the Treasury Department removes the designation of the hedge. The Treasury Department may elect to designate prospectively a new hedging relationship with a different derivative or dedesignate the derivative and redesignate it as a hedge of another interest rate exposure. For cash flow hedges, the net gain/loss accumulated through the effective date of such actions remains in OCI until the hedged item impacts earnings.

If a cash flow hedge is discontinued because it is probable that the original forecasted transaction will not occur, the net gain/loss accumulated in OCI shall be reclassified into earnings immediately.

## Section 4: Operations and Processing

### 4.1 Trade Execution

4.1.1 In accordance with these Policies and Procedures, the Treasury Department is responsible for the execution of all IRRM Transactions.

4.1.2 The Treasury Department shall consider the following factors when executing IRRM Transactions:

1) Economic outlooks and interest-rate projections,
2) Evaluations of the ability of potential counterparties to meet the quantity and/or term of proposed transactions, and
3) Current capabilities of various counterparties, recent experience with various counterparties, and diversification of counterparties.

4.1.3 The Treasury Department is responsible for notifying the Treasury Operations Department and the Corporate Accounting Department of all material terms for new IRRM Transactions. In addition, a transaction summary describing the new derivative will be prepared and distributed subsequent to execution of the IRRM Transaction.

4.1.4 The Treasury Department is responsible for providing to counterparties a list of Risk Management Personnel authorized to execute IRRM Transactions, if requested. The approved list of personnel is detailed in attached Schedule D.

## Section 5: Coordination with Internal Parties

### 5.1 Internal Coordination

The Treasury Department is responsible for maintaining open dialogue with the Accounting, Tax, Treasury Operations, and Legal Departments regarding accounting, tax, SEC and FERC requirements and other applicable standards related to IRRM Transactions. The Treasury Department will, as needed, discuss with these departments, IRRM Transactions, market trends, new industry ideas, and communications with financial institutions.

### 5.2 Compliance

The Treasury Department will be responsible for working with the Treasury Operations Department to:

1) Ensure accurate and timely cash settlements,
2) Ensure compliance with contractual obligations, and
3) Maintain all applicable documentation.

### 5.3 Disclosure

In connection with the need to meet continuing disclosure and reporting requirements, the Treasury Department will be responsible for reporting information to the Accounting and Legal Departments as requested and as required per attached Schedule E.

### 5.4 Auditing

The NU System's interest rate risk management activities are subject to review by the Internal Audit Department to determine whether the activities are being implemented in accordance with these Policies and Procedures.

These Policies and Procedures described herein are approved and authorized for use by the NU Treasury Department.

Date: ______________________________
Last Revised

By: /s/

Name: David McHale
Title: Senior Vice President and Chief Financial Officer

## Appendix

| | |
|---|---|
| *Schedule A:* | Authorized Parameters |
| *Schedule B:* | Authorized Derivatives |
| *Schedule C:* | Authorized ISDA Counterparties |
| *Schedule D:* | Authorized Risk Management Personnel |
| *Schedule E:* | Required Documentation |

## Schedule A: Authorized Parameters

*Fixed / Floating Positions:*

Manage NU's fixed / floating position on a consolidated basis to a range of 10 – 40% floating rate debt. A subsidiary's floating rate debt percentage may be outside the NU consolidated floating rate debt range and must comply with any applicable regulatory orders.

*Notional Amounts:*

Manage the notional amount of interest rate derivatives on a transaction basis not to exceed the amount required to hedge 100% of the underlying exposure.

*Underlying Exposures to Hedge:*

The Fair Value of, or Cash Flow associated with, outstanding or forecasted On-Balance-Sheet Debt and any transaction that may receive Off-Balance-Sheet Treatment at NU Parent or any of its subsidiaries.

No hedging will occur for speculative purposes on any part of the debt portfolio of NU Parent and its subsidiaries. However, Treasury may enter into a derivative that partially offsets or fully offsets the remaining term of an existing derivative.

*Maturities:*

The maturity of each interest rate hedge shall not exceed the maturity of the hedged exposure.

*Regulatory:*

Obtain and adhere to all required regulatory approvals.

*Fees:*

Transaction fees, commissions, and other amounts payable to the counterparty (excluding, however, swap or option payments) in connection with an IRRM Transaction will not exceed those generally obtainable in competitive markets for parties of comparable credit quality.

## Schedule B: Authorized Derivatives/Hedge Instruments

1) Caps, Floors, and Collars
2) Interest Rate Locks (including Treasury Locks and Forward Starting Swaps)
3) Swaps (Synthetic Float or Synthetic Fixed)
4) Options

## Schedule C: Authorized Counterparties

Authorized Counterparties include those institutions listed below and their affiliates, as long as the counterparty and/or its guarantor meets the minimum credit rating thresholds.*

| | | S&P / Moody's Rating(1) | ISDA Agreement(2) |
|---|---|---|---|
| 1) | Citibank, N.A. | AA / Aa1 | N,C,P,W,Y |
| 2) | Barclays Bank PLC | AA / Aa1 | N,C,P,W,Y |
| 3) | Wachovia Bank, N.A. | AA / Aa1 | N,C,P,Y,W |
| 4) | Bank of America Corp. | AA / Aa2 | |
| 5) | Toronto-Dominion Bank | AA- / Aaa | C |
| 6) | Credit Suisse USA Inc. | AA- / Aa1 | |
| 7) | UBS Americas, Inc. | AA- / Aa1 | |
| 8) | JPMorgan Chase & Co. | AA- / Aa2 | |
| 9) | Goldman Sachs Group, Inc. | AA- / Aa3 | N,C,P,W,Y |
| 10) | Lehman Brothers, Inc. | AA- / Aa3 | C,P,W |
| 11) | Morgan Stanley | AA- / Aa3 | N,P |
| 12) | Bank of New York Mellon Corp. | A+ / Aa2 | |

*Minimum Required Counterparty Ratings for counterparties and /or their guarantors.

S&P: A

Moody's: A2

(1) Ratings as of May 2008

(2) N = Northeast Utilities

C = CL&P

P = PSNH

W = WMECO

Y = Yankee Gas

Authorized Counterparties require an executed ISDA Agreement to enter into any IRRM transaction with any of the NU System Companies.

## Schedule D: Authorized Risk Management Personnel

The following NUSCO officers or employees, or the officers in their capacity for each of the NU System Companies are authorized to *execute* IRRM Transactions. All IRRM Transactions must be confirmed in writing with signatures from two of the individuals asterisked below.

| | |
|---|---|
| 1) David McHale* | *Senior Vice President and Chief Financial Officer* |
| 2) Randy Shoop* | *Vice President and Treasurer* |
| 3) Patricia Cosgel* | *Assistant Treasurer – Finance* |
| 4) Aaron Cullen | *Manager – Corporate Finance* |

## Schedule E: Required Documentation (at Inception)

**Accounting – required by SFAS No. 133, as amended**

- Background of transaction:
  - Counterparty
  - Hedging relationship,
  - Risk management objective and strategy for undertaking the hedge,
  - Identification of the hedging instrument, hedged item or transaction, and
  - Nature of the risk being hedged
- Designation
- Method used to assess effectiveness, consistent with approved methods: (i.e., how the company will assess the hedging instrument's effectiveness in offsetting the exposure to the hedged item's or transaction's variability in fair value or cash flows attributable to the risk being hedged)
- Conclusion of "highly effective" at inception, if applicable.
- Method used to measure ineffective portion, consistent with approved methods.
- Method used to determine fair value, consistent with approved methods.
- Accounting and disclosure requirements

**Legal**

- Regulatory Approvals, as required
- Board Resolutions
- Executed Documentation (ISDA agreement, schedule, confirmation, and other applicable documents).
- Advice on consummated transactions so that post closing filings can be made on a timely basis.

**THE STATE OF NEW HAMPSHIRE**

**BEFORE THE**

**NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**

**DOCKET NO. DE 09-_______**

**DIRECT TESTIMONY**
**OF**
**RANDY A. SHOOP**

APPLICATION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE FOR THE APPROVAL OF (1) AN INCREASE IN THE COMPANY'S SHORT TERM DEBT LIMIT BY AN ADDITIONAL FIXED AMOUNT OF $60 MILLION, (2) THE ISSUANCE OF UP TO $150 MILLION AGGREGATE PRINCIPAL AMOUNT OF LONG TERM DEBT SECURITIES THROUGH DECEMBER 31, 2009, AND (3) POTENTIAL EXECUTION OF AN INTEREST RATE TRANSACTION

*February 20, 2009*

## TABLE OF CONTENTS

## I. INTRODUCTION

**Q. Would you please state your name, business address and position?**

A. My name is Randy A. Shoop. My business address is 107 Selden Street, Berlin, Connecticut. I am Vice President and Treasurer of Northeast Utilities Service Company and Public Service Company of New Hampshire, subsidiaries of Northeast Utilities ("NU"). I am providing this testimony on behalf of Public Service Company of New Hampshire ("PSNH" or the "Company").

**Q. What are your responsibilities with respect to PSNH?**

A. I am responsible for raising the capital necessary to meet PSNH's long-term and short-term financing requirements as well as managing other treasury related functions, including cash management, claims and insurance, and pension investments.

**Q. Have you previously testified in any regulatory proceedings?**

A. I have previously provided testimony to the New Hampshire Public Utilities Commission (the "Commission") on behalf of PSNH in Docket No. DE 04-039, <u>Petition of the Public Service Company of New Hampshire for Approval of the issuance of up to $200 million aggregate principal amount of long term debt securities during the period June 1, 2004 to December 31, 2006, Utilization of Derivative Instruments and Increase in Short Term Debt Limit to $150 million</u> and in Docket No. DE 01-168, <u>Petition of Public Service Company of New Hampshire for Approval of Refinancing of Series A, B and C Pollution Control Revenue Bonds Including Increase in the Short Term Debt Limit, Issuance of First Mortgage Bonds and Utilization of Derivative Instruments.</u>

## II. PURPOSE OF TESTIMONY

**Q. What is the purpose of your testimony?**

A. The first purpose of my testimony is to support PSNH's request to increase its short-term debt limit from the currently allowed 10 percent of net fixed plant limit as specified under N.H. Code Admin. Rule Puc §307.05 (the "10% Limit") to 10 percent of net fixed plant plus an additional fixed amount of $60 million.

Second, I will explain PSNH's request to issue long-term debt securities in an aggregate principal amount not to exceed $150 million (the "Long-term Debt") through December 31, 2009 (the "Financing Period").

Third, I will discuss PSNH's request to consider entering into a transaction to hedge the interest rate risk (the "Interest Rate Transaction") associated with the proposed Long-term Debt.

## III. INCREASE IN SHORT-TERM DEBT AUTHORITY

**Q. What is PSNH's current short-term debt authorization?**

A. Pursuant to the 10% Limit, as of December 31, 2008, PSNH's net fixed plant, excluding CWIP, was approximately $1.39 billion. Therefore, PSNH is currently authorized to issue short-term debt up to approximately $139 million. Prior to January 1, 2009, PSNH's short-term debt limit was 10 percent of net fixed plant plus an additional $35 million, under approval granted by the Commission's Order No. 24,781 in Docket No. DE 07-070, dated August 3, 2007. In that order, PSNH was granted a short-term debt limit of 10 percent of net fixed plant plus an additional $35 million through December 31, 2008, or until its then planned long-term financing was complete, whichever occurred first. Consistent with this authorization, PSNH's short-term debt limit was decreased by $35 million on May 27, 2008 with the issuance of $110 million of new long-term debt.

**Q. What is PSNH's proposed change to its short-term debt authorization limit?**

A. PSNH's current short-term debt limit is $139 million as of December 31, 2008. PSNH continues to invest in new capital additions and the Company will continue to need funds for working capital, including items such as emergency storm restoration, for which it has to rely heavily on short-term borrowings. In addition, certain intra-month peaks in PSNH's short-term borrowings may cause its short-term borrowings to exceed the 10% Limit. To manage short-term liquidity needs and peak borrowing days, PSNH is seeking authority to increase its short-term debt limit above the 10% Limit by an additional fixed amount of $60 million. PSNH proposes that this limit remain in effect until ordered otherwise by the Commission.

**Q. Please describe PSNH's current sources for funding short-term debt.**

A. PSNH is a member of the NU System money pool where short-term borrowing needs of the member companies are met first with available funds of other member companies, including funds invested by PSNH's parent company, NU. Funds may be withdrawn from, or are required to be repaid to, the NU System money pool at any time without prior notice. As a member of the NU System money pool, PSNH may borrow up to the Commission-approved short-term debt limit subject to the availability of funds.

In the absence of such availability of funds from the NU System money pool, PSNH can also access an unsecured bank revolving credit facility ("Revolving Credit Facility"). Under this facility, PSNH can borrow up to $100 million on a short-term or long-term basis, subject to the terms and conditions of the Revolving Credit Facility.

**Q. Please describe PSNH's current outstanding short-term debt.**

A. PSNH had $37.8 million in outstanding short-term debt as of January 30, 2009, consisting of NU System money pool borrowings with an annualized interest rate of 0.24 percent, and borrowings under the Revolving Credit Facility with an annualized interest rate of 3.35 percent, all of which were incurred to fund working capital requirements and ongoing capital expenditures. Exhibit 1 describes the daily borrowings through the NU System money pool for the 12 months ended December 31, 2008. Exhibit 2 describes the borrowings that were made from the revolving credit facility for the 12 months ended December 31, 2008.

**Q. Please explain how you determined that an additional fixed amount of $60 million above the 10% Limit is appropriate.**

A. The request for an additional $60 million in short-term debt was based on PSNH's need to maintain sufficient liquidity to support its growing capital expenditure program and ongoing working capital requirements. Based on the latest 2009 forecast of PSNH's net plant, the table below shows that PSNH is currently forecasting short-term debt to exceed $120 million, within $20 million of the 10% Limit, by May 2009. It should be noted that the forecasted periods, as shown in the table below, do not reflect intra-month peaks that often exceed the month-end net plant amount.

## PSNH FORECAST - 2009 NET PLANT

Amounts in (000's)

| | Feb 2009 | Mar 2009 | Apr 2009 | May [3] 2009 | Jun [3] 2009 | Jul 2009 | Aug 2009 | Sep 2009 | Oct 2009 | Nov 2009 | Dec 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| NET PLANT [1] | $1,402,801 | $1,406,853 | $1,410,678 | $1,435,819 | $1,457,198 | $1,472,105 | $1,474,114 | $1,477,072 | $1,478,585 | $1,487,106 | $1,519,069 |
| @ 10% | $140,280 | $140,685 | $141,068 | $143,582 | $145,720 | $147,210 | $147,411 | $147,707 | $147,859 | $148,711 | $151,907 |
| Short-term Debt - Start | $37,827 | $70,547 | $65,310 | $81,587 | $123,354 | $0 | $0 | $0 | $0 | $0 | $20,361 |
| Short-term Debt - End | $70,547 | $65,310 | $81,587 | $123,354 | $0 | $0 | $0 | $0 | $0 | $20,361 | $15,628 |
| Available Short-term Debt Authority [2] | $69,733 | $70,138 | $59,481 | $20,228 | $22,366 | $147,210 | $147,411 | $147,707 | $147,859 | $128,350 | $131,546 |

(1) Net Plant does not include CWIP.

(2) Determined relative to the higher of the Starting or Ending STD (excludes impact of intra-month peaks which may be higher).

The possibility of unforeseen events (such as additional storms, the most recent of which cost PSNH approximately $75 million to repair and replace infrastructure) also might cause PSNH to exceed its 10% Limit. PSNH believes the flexibility of having the higher short-term debt limit is less costly for customers than the alternative funding source of parent capital contributions, and/or relying on more frequent and smaller capital market long-term debt issuances, which have higher issuance and interest costs than the larger issues.

## IV. DESCRIPTION OF PROPOSED FINANCING

**Q. Would you please briefly summarize PSNH's financing proposal?**

A. During the Financing Period, PSNH proposes to issue and sell up to $150 million in aggregate principal amount of Long-term Debt in the form of first mortgage bonds, in one series, with a maturity ranging from one to 40 years. The Long-term Debt may be issued at a fixed or floating interest rate; may be sold to either retail investors ("Retail Debt") or institutional investors ("Institutional Debt"), and distributed in either the public or private markets. The Long-term Debt may also be issued in the form of advances from NU and evidenced by one or more Promissory Notes in similar form as provided in Attachment RAS-9; or the Long-term Debt could be issued in the form of one or more bank loans through the Company's existing Revolving Credit Facility in accordance with the term sheet provided in Attachment RAS-10. The interest rate on the Long-term Debt will not exceed a rate equal to the applicable U.S. Treasury rate plus a credit spread of up to 600 basis points (6.00%). The exact financing structure, terms and conditions, amount, documentation and interest rate will be determined at the time of issuance depending on prevailing market conditions.

**Q. What are the primary differences between Retail Debt and Institutional Debt?**

A. Retail Debt, unlike Institutional Debt, is primarily distributed to individual investors rather than institutional investors, is listed on the New York Stock Exchange, is issued in denominations of $25 instead of denominations of $1,000, pays interest monthly or quarterly rather than semi-annually and can be called at par value after three to five years.

Retail investors tend to focus on absolute yield rather than relative value and spread as favored by institutional investors and, as a result, retail investors are less reactive to changes in market conditions. Consequently, Retail Debt coupon rates may be lower than those of Institutional Debt in a rising-rate environment. Conversely, Retail Debt coupon rates tend to be higher than those of Institutional Debt in a declining-rate environment.

Finally, since greater effort is required by participating managers to distribute the Retail Debt, underwriting fees are significantly higher in the retail market than in the institutional market (approximately 2.50% compared to 0.65%, for a 10 year debt issuance).

The table below shows a comparison of the all-in costs of Institutional and Retail Debt. The amounts in the table were determined based on indications from investment banks.

**ALL-IN ISSUANCE COSTS ***

| | Institutional 10 year | Retail 10 year |
|---|---|---|
| Reference Benchmark | 2.63% due 2019 | 2.63% due 2019 |
| Benchmark Yield | 2.63% | 2.63% |
| Reoffer Spread | 300 bps area | 437 bps area |
| Reoffer Yield | 5.63% | 7.00% |
| Underwriting Fee | 0.65% ** | 2.50% |
| **All-In Yield** | **5.71%** | **7.36%** |

* as of February 18, 2009 and for an issuance amount of less than $250 million
** applies to a public issuance or a private issuance

Currently, Institutional Debt is less expensive than Retail Debt, however, there is no guarantee that either the debt market will remain available or the price differential will remain the same.

**Q. What criteria will you use to decide whether to issue Institutional Debt or Retail Debt?**

A. PSNH will consider the market conditions at the time of issuance when making such a decision. Market conditions consist of various economic and industry factors that determine the all-in cost (coupon, underwriting expense, etc.) of each financing alternative. The Company utilizes several resources to assess market conditions. First, the Company draws on the knowledge and experience of its investment banks to estimate the pricing of available financing alternatives. Second, the Company analyzes data from various financial and industry sources to draw its own conclusions regarding credit spreads, interest rates, issuance costs, and other economic factors.

**Q. Does PSNH anticipate any early redemption provisions on the proposed debt?**

A. PSNH would consider a call option at issuance of the Long-term Debt, although the current market standard redemption provision is a "make-whole." A make-whole provision permits PSNH to redeem the Long-term Debt at any time, in whole or in part, at the option of the Company, prior to the Long-term Debt's stated maturity, provided the Company pays a premium to the investors at the time of the redemption.

In contrast, a call option provides PSNH the opportunity to redeem the Long-term Debt at par before the stated maturity date. However, the cost of this option is reflected in a higher current coupon rate at the time of issuance. For example, a redemption provision that permits the redemption of the Long-term Debt with no premium after a specified period of time (usually two to 10 years, depending on the maturity of the Long-term Debt) would currently cost an additional 50 to 75 basis points (0.50% to 0.75%), which would be added to the coupon rate of the Long-term Debt.

**Q. What type of debt structure is PSNH most likely to issue?**

A. If the current market conditions were to exist at the proposed time of issuance, PSNH would most likely issue a $150 million, 10-year, secured, Institutional Debt offering in the second quarter of 2009.

**Q. What is the estimated coupon rate for the proposed 2009 issuance given current market conditions?**

A. Based on current market conditions, the table below reflects indicative pricing information for various maturities as of February 18, 2009.

| **Secured Institutional Debt** | **5 year** | **10 year** | **30 year** |
|---|---|---|---|
| Treasury Yield | 1.66% | 2.63% | 3.42% |
| + Credit Spread | 3.00% | 3.00% | 3.00% |
| = Coupon Rate | 4.66% | 5.63% | 6.42% |

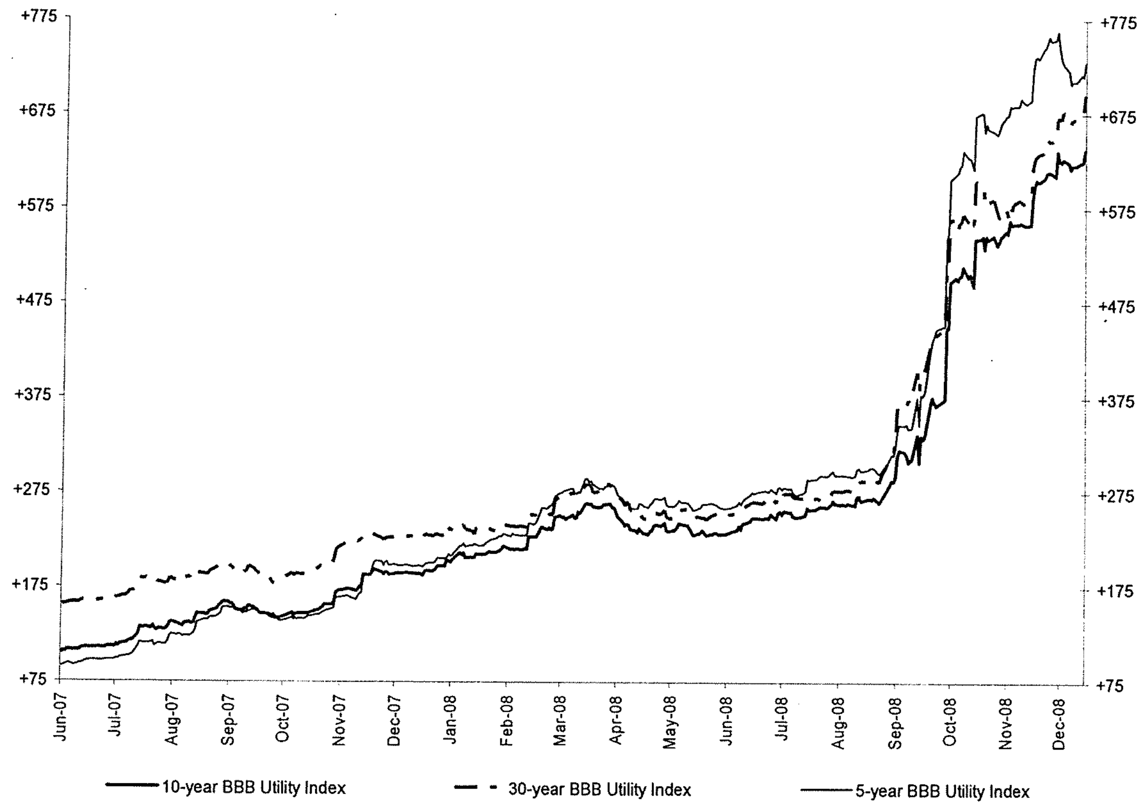
The requested maximum credit spread of 600 basis points (6.00%) in this petition is higher than the current market spreads in the above table, but provides flexibility for any unanticipated widening of credit spreads at the time of issuance due to ongoing market volatility. The Long-term Debt will be issued at prevailing market rates and credit spreads, which are determined by investors in a competitive market at the time of issuance.

**Q. Why is PSNH requesting an increase over its previously allowed credit spread of 400 basis points (4.00%) in April 2008?**

A. PSNH is seeking additional credit spread authority given the extreme volatility and recent deterioration of the fixed income markets, driven primarily by the ongoing impacts of the sub-prime mortgage credit and liquidity crisis which have further weakened the financial sector. Credit has also tightened considerably as a result of the recent failure of various financial institutions. These factors have led to significant credit tightening in all market sectors, and hence wider credit spreads than had been originally anticipated in April 2008 when the Commission approved, in Order No. 24,845, an increase in the maximum authorized credit spread not to exceed 400 basis points (4.00%).

The chart below illustrates the historical movement of indicative credit spreads of Utility BBB indices from January 2008 through December 2008 for 5-year, 10-year and 30-year long-term debt issuances. As you can observe, in the October through December 2008 timeframe, credit spreads were as great as 763 basis points (7.63%) for the 10-year BBB Utility Index.

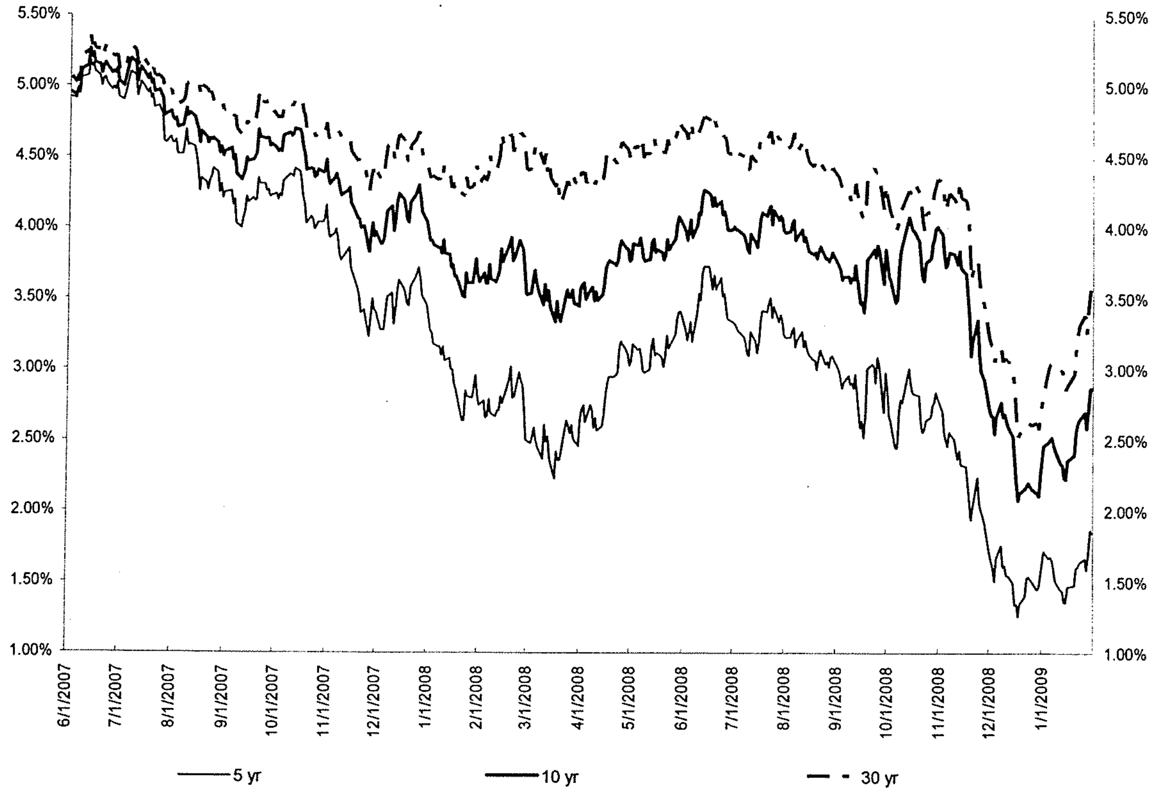
HISTORICAL MOVEMENT OF CREDIT SPREADS UTILITY BBB INDICES




**Q. Has the expected coupon increased proportionately to the increase in credit spreads?**

A. No. While credit spreads have increased significantly, the treasury rates have dropped over the same period, which has somewhat mitigated the impact of higher credit spreads. The treasury rates are currently at historic lows and continue to drop as reflected in the graph below.

HISTORICAL MOVEMENT IN U.S. TREASURIES




**Q. Have any of PSNH's affiliates accessed the capital markets recently?**

A. Yes. On February 13, 2009, The Connecticut Light and Power Company ("CL&P"), a subsidiary of NU, took advantage of favorable market conditions and issued $250 million of First Mortgage Bonds at a credit spread over the 10-year Treasury of 250 basis points (2.50%). However, due to continued concerns about market stability CL&P had requested from its regulators and has been granted an authorized credit spread of 600 basis points (6.00%) over the applicable treasury rate for future borrowings.

**Q. What are the fees associated with the most likely financing scenario?**

A. The following table lists the expected fees associated with the most likely financing structure for the proposed Long-term Debt.

| **Fee** | **Amount** |
|---|---|
| Underwriting [1] | $975,000 |
| Rating Agencies | $186,000 |
| External Auditor [2] | $32,000 |
| Legal | $60,000 |
| Miscellaneous [3] | $43,000 |
| **Total** | **$1,296,000** |

1. Underwriting fees are based upon an anticipated 0.65% commission on an issuance of a ten-year, secured, Institutional Debt.
2. Deloitte & Touche
3. Miscellaneous includes fees for registering the proposed debt with the Securities and Exchange Commission ("SEC"), printing, annual administrative trustee fees and underwriter expenses.

**Q. What are the total estimated proceeds from this financing?**

A. Assuming the full $150 million is issued in the second quarter of 2009, the total estimated proceeds would be approximately $148,704,000.

**Q. What are PSNH's current credit ratings?**

A. PSNH's senior secured debt is currently rated BBB+ by Standard and Poor's ("S&P"), Baa1 by Moody's Investors Service ("Moody's), and BBB+ by Fitch. The Company's corporate credit is currently rated BBB by S&P and Baa2 by Moody's.

**Q. What credit ratings would PSNH expect to receive on the proposed issuance of Long-term Debt?**

A. PSNH expects that the Long-term Debt offering would receive senior secured credit ratings of BBB+ by S&P and Baa1 by Moody's.

**Q. Please explain how bank loans could provide PSNH with Long-term Debt flexibility.**

A. PSNH is party to a Revolving Credit Facility with a number of banks pursuant to which the Company can borrow, under the terms and conditions of the credit agreement, up to $100 million on a short-term basis or, subject to the Commission's approval, on a long-term basis. Under the Revolving Credit Facility, PSNH may borrow at variable rates plus an applicable margin based upon certain debt ratings, as rated by the higher of S&P or Moody's.

This Revolving Credit Facility serves as an additional source of long-term funding for PSNH. Any long-term funding under the Revolving Credit Facility would be available to PSNH up to the unutilized authorized amount outstanding and subject to the terms and conditions of the facility.

## V. POTENTIAL EXECUTION OF AN INTEREST RATE TRANSACTION

**Q. Please describe PSNH's request for approval to use Interest Rate Transactions to manage the interest rate risk associated with the proposed Long-term Debt.**

A. PSNH is seeking authority to enter into an Interest Rate Transaction during the Financing Period to manage interest rate risk associated with the proposed Long-term

Debt. The use of an Interest Rate Transaction would allow PSNH to take advantage of potentially low interest rates.

**Q. Has the Commission previously allowed PSNH's use of Interest Rate Transactions (also known as Rate Locks)?**

A. Yes. Order No. 24,781 issued August 3, 2007, in Docket No. DE 07-070 authorized PSNH to utilize Interest Rate Transactions in connection with a $200 million debt issuance concurrently approved at that time.

**Q. What type of instruments could PSNH use to hedge interest rate risk?**

A. PSNH will consider the use of an interest rate swap or lock, which are commonly used in the capital markets as hedging instruments.

**Q. How would PSNH use an interest rate lock in anticipation of a planned debt issuance?**

A. There are several instruments that can be used to lock in the interest rate of a planned debt issuance. One example is a Treasury Rate Lock, which would be used to hedge against potential increases in the U.S. Treasury portion of the coupon rate. By locking the U.S. Treasury rate in advance of the planned debt issuance, PSNH may eliminate or reduce the risk associated with a rising interest rate environment depending on the percentage of the principal amount of debt that was hedged. Conversely, if actual U.S. Treasury rates were to fall after PSNH entered into the Treasury Rate Lock, the Company's effective interest rate on the hedged portion of the principal would reflect the higher locked-in rate.

Another example of an interest rate lock is a Forward-starting Swap, which functions substantially like a Treasury Lock, except that the Forward-starting Swap is based on expected changes in the U.S. LIBOR swap market instead of the U.S. Treasury market, and mitigates an issuer's credit spread risk in addition to underlying Treasury rate risk. Like a Treasury Lock, at execution, a rate (in this case the LIBOR swap rate vs. the Treasury rate) is locked in advance of the anticipated bond issuance. LIBOR swap rates are often quoted relative to the applicable U.S. Treasury benchmark (i.e., a 30-year LIBOR swap rate would be quoted relative to a 30-year U.S. Treasury) and would therefore capture the U.S. Treasury component of the coupon rate that PSNH realizes on the Long-term Debt, plus a spread that would mitigate the credit spread component of the Company's debt coupon.

**Q. Please provide a hypothetical example of a Treasury Lock.**

A. Using the $150 million of Long-term Debt proposed in this petition as an example, if PSNH were able to issue such debt at a coupon rate of 6% based on an underlying U.S. Treasury rate of 5% at the time of pricing, but previously entered into a Treasury Lock that effectively locked in a U.S. Treasury rate of 4.89%, the cost of debt would be reduced by $165,000 per year [(5.00% - 4.89%) × $150 million] for the life of the debt. The Company would receive a payment from the hedge counterparty at or close to issuance in an amount equal to the present value of these annual savings. This payment would then be amortized over the life of the debt. Similarly, if PSNH had previously locked in a U.S. Treasury rate of 5.11%, and then priced based upon the 5% U.S. Treasury rate, the cost of debt would be effectively increased by the same amount, and the Company would make a payment to the hedge counterparty at issuance in an amount equal to the present value of these annual costs. This payment would also be amortized over the life of the debt.

**Q. Please provide a hypothetical example of a Forward-starting Swap.**

A. Using the preceding hypothetical Treasury Lock example, if PSNH entered into a Forward-starting Swap that effectively locked in a U.S. Dollar swap rate of 5.39% and the U.S. Dollar swap rate increased to 5.50% at the time of pricing, the cost of debt would be reduced by $165,000 per year [(5.50% - 5.39%) × $150 million] for the life of the debt. The Company would receive a payment from the hedge counterparty at issuance in an amount equal to the present value of these annual savings. This payment would then be amortized over the life of the debt. Similarly, if PSNH had previously locked in a U.S. Dollar swap rate of 5.61%, and the U.S. Dollar swap rate dropped to 5.50% by the time of pricing, the cost of debt would be effectively increased by the same amount, and the Company would make a payment to the hedge counterparty at issuance in an amount equal to the present value of these annual costs. This payment would also be amortized over the life of the debt.

**Q. What is the cost of a Treasury Lock or Forward-starting Swap?**

A. There is no upfront cost to the Company to enter into a Treasury Lock or Forward-starting Swap. However, a transaction fee, which is dependent upon the length of the period during which the rate will be locked, is added to the locked rate. For example, the fee to lock in the U.S. Treasury rate or enter into a Forward-starting Swap for three months has historically ranged from approximately 0.05% to 0.15% of the principal amount, but is currently around 0.05%. There are no additional costs or transaction fees that the Company might incur as a result of using a Treasury Lock or Forward-starting Swap.

**Q. Does PSNH plan on entering into an Interest Rate Transaction related to the planned issuance of the Long-term Debt described in this petition?**

A. While we have no specific plans at this time, PSNH requests that the Commission grant the Company the flexibility to enter into an interest rate swap or lock in connection with the proposed Long-term Debt. The ultimate decision will depend on actual market conditions at or near the time of the anticipated issuance of the proposed Long-term Debt.

**Q. Describe the standard by which PSNH will assess whether to enter into an Interest Rate Transaction?**

A. PSNH may utilize an Interest Rate Transaction to manage the risk of rising interest rates with respect to anticipated debt issuances. In doing so, the Company will closely monitor interest rate trends, volatility and the characteristics of its debt portfolio and will enter into these transactions only at market rates. PSNH will only enter into an approved transaction, as determined by the Company's Interest Rate Risk Management Policies and Procedures, and will comply with all hedge accounting guidelines set forth according to generally accepted accounting principles.

**Q. Do you believe the proposed issuance of long term debt and associated mortgaging of property (if applicable), entering into interest rate transactions, and increase in the Company's short-term debt limit are in the public good and**

**that the Company is entitled to issue the securities under RSA 369 for the purposes set up in its petition?**

A. Yes.

**Q. When does PSNH need the Commission's approval for this financing proposal requesting increase in short-term debt limit, issuance of Long-term debt and execution of an Interest Rate Transaction**?

A. PSNH respectfully requests that the Commission issue an order approving the financing proposal by April 15, 2009 so that it may access the markets as early as the second quarter of 2009.

**Q. Does this conclude your testimony?**

A. Yes, it does.

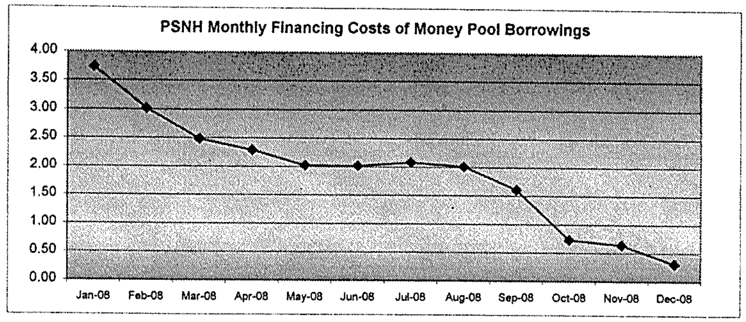
PSNH Financing Application
Docket No. DE-09-[ ]
Exhibit 1

## PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

### PSNH Money Pool Borrowings & Monthly Weighted Average Interest Rate

| Date | MP Borrowings | Daily Rate | Daily Interest | Monthly Wtd Avg Rate |
|---|---|---|---|---|
| 1/1/2008 | $11,900,000 | 3.20 | $104,329 | |
| 1/2/2008 | $10,800,000 | 4.10 | $121,315 | |
| 1/3/2008 | $16,400,000 | 4.25 | $190,959 | |
| 1/4/2008 | $15,300,000 | 4.20 | $176,055 | |
| 1/5/2008 | $15,300,000 | 4.20 | $176,055 | |
| 1/6/2008 | $15,300,000 | 4.20 | $176,055 | |
| 1/7/2008 | $12,200,000 | 4.20 | $140,384 | |
| 1/8/2008 | $9,100,000 | 4.28 | $106,707 | |
| 1/9/2008 | $6,200,000 | 4.27 | $72,532 | |
| 1/10/2008 | $1,700,000 | 4.27 | $19,888 | |
| 1/11/2008 | $400,000 | 4.25 | $4,658 | |
| 1/12/2008 | $400,000 | 4.25 | $4,658 | |
| 1/13/2008 | $400,000 | 4.25 | $4,658 | |
| 1/14/2008 | $400,000 | 4.24 | $4,647 | |
| 1/15/2008 | $3,400,000 | 4.17 | $38,844 | |
| 1/16/2008 | - | | - | |
| 1/17/2008 | - | | - | |
| 1/18/2008 | $8,100,000 | 4.16 | $92,318 | |
| 1/19/2008 | $8,100,000 | 4.16 | $92,318 | |
| 1/20/2008 | $8,100,000 | 4.16 | $92,318 | |
| 1/21/2008 | $8,100,000 | 4.16 | $92,318 | |
| 1/22/2008 | $24,800,000 | 3.68 | $250,038 | |
| 1/23/2008 | $26,300,000 | 3.45 | $248,589 | |
| 1/24/2008 | $23,600,000 | 3.49 | $225,655 | |
| 1/25/2008 | $26,400,000 | 3.55 | $256,767 | |
| 1/26/2008 | $26,400,000 | 3.55 | $256,767 | |
| 1/27/2008 | $26,400,000 | 3.55 | $256,767 | |
| 1/28/2008 | $25,500,000 | 3.50 | $244,521 | |
| 1/29/2008 | $24,100,000 | 3.48 | $229,775 | |
| 1/30/2008 | $21,000,000 | 3.26 | $187,562 | |
| 1/31/2008 | $15,800,000 | 3.20 | $138,521 | 3.73 |
| 2/1/2008 | $16,000,000 | 3.22 | $141,151 | |
| 2/2/2008 | $16,000,000 | 3.22 | $141,151 | |
| 2/3/2008 | $16,000,000 | 3.22 | $141,151 | |
| 2/4/2008 | $12,500,000 | 2.80 | $95,890 | |
| 2/5/2008 | $12,500,000 | 2.78 | $95,205 | |
| 2/6/2008 | $9,700,000 | 2.96 | $78,663 | |
| 2/7/2008 | $5,900,000 | 3.03 | $48,978 | |
| 2/8/2008 | $2,900,000 | 3.05 | $24,233 | |
| 2/9/2008 | $2,900,000 | 3.05 | $24,233 | |
| 2/10/2008 | $2,900,000 | 3.05 | $24,233 | |
| 2/11/2008 | $5,000,000 | 2.99 | $40,959 | |
| 2/12/2008 | $2,800,000 | 2.92 | $22,400 | |
| 2/13/2008 | - | | - | |
| 2/14/2008 | - | | - | |
| 2/15/2008 | $2,600,000 | 3.11 | $22,153 | |
| 2/16/2008 | $2,600,000 | 3.11 | $22,153 | |
| 2/17/2008 | $2,600,000 | 3.11 | $22,153 | |
| 2/18/2008 | $2,600,000 | 3.11 | $22,153 | |
| 2/19/2008 | $17,500,000 | 2.94 | $140,959 | |
| 2/20/2008 | $31,200,000 | 3.04 | $259,858 | |
| 2/21/2008 | $30,000,000 | 3.03 | $249,041 | |
| 2/22/2008 | $27,400,000 | 2.99 | $224,455 | |
| 2/23/2008 | $27,400,000 | 2.99 | $224,455 | |
| 2/24/2008 | $27,400,000 | 2.99 | $224,455 | |
| 2/25/2008 | $31,800,000 | 3.00 | $261,370 | |

| | Monthly Wtd Avg Rate |
|---|---|
| Jan-08 | 3.73 |
| Feb-08 | 3.02 |
| Mar-08 | 2.48 |
| Apr-08 | 2.29 |
| May-08 | 2.02 |
| Jun-08 | 2.02 |
| Jul-08 | 2.09 |
| Aug-08 | 2.01 |
| Sep-08 | 1.61 |
| Oct-08 | 0.73 |
| Nov-08 | 0.64 |
| Dec-08 | 0.30 |



PSNH Financing Application
Docket No. DE-09-[ ]
Exhibit 1

## PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

### PSNH Money Pool Borrowings & Monthly Weighted Average Interest Rate

| Date | MP Borrowings | Daily Rate | Daily Interest | Monthly Wtd Avg Rate |
|---|---|---|---|---|
| 2/26/2008 | $31,800,000 | 2.90 | $252,658 | |
| 2/27/2008 | $31,000,000 | 2.96 | $251,397 | |
| 2/28/2008 | $28,300,000 | 3.09 | $239,581 | |
| 2/29/2008 | $24,500,000 | 3.09 | $207,411 | 3.02 |
| 3/1/2008 | $24,500,000 | 3.09 | $207,411 | |
| 3/2/2008 | $24,500,000 | 3.09 | $207,411 | |
| 3/3/2008 | $25,300,000 | 3.09 | $214,184 | |
| 3/4/2008 | $24,500,000 | 2.97 | $199,356 | |
| 3/5/2008 | $21,300,000 | 2.95 | $172,151 | |
| 3/6/2008 | $17,200,000 | 2.90 | $136,658 | |
| 3/7/2008 | $12,500,000 | 2.94 | $100,685 | |
| 3/8/2008 | $12,500,000 | 2.94 | $100,685 | |
| 3/9/2008 | $12,500,000 | 2.94 | $100,685 | |
| 3/10/2008 | $10,500,000 | 2.98 | $85,726 | |
| 3/11/2008 | $9,300,000 | 2.96 | $75,419 | |
| 3/12/2008 | $6,000,000 | 3.00 | $49,315 | |
| 3/13/2008 | $3,700,000 | 2.98 | $30,208 | |
| 3/14/2008 | $5,400,000 | 3.01 | $44,532 | |
| 3/15/2008 | $5,400,000 | 3.01 | $44,532 | |
| 3/16/2008 | $5,400,000 | 3.01 | $44,532 | |
| 3/17/2008 | $7,900,000 | 2.72 | $58,871 | |
| 3/18/2008 | $37,500,000 | 2.18 | $223,973 | |
| 3/19/2008 | $33,700,000 | 2.18 | $201,277 | |
| 3/20/2008 | $45,800,000 | 2.23 | $279,819 | |
| 3/21/2008 | $45,800,000 | 2.20 | $276,055 | |
| 3/22/2008 | $45,800,000 | 2.20 | $276,055 | |
| 3/23/2008 | $45,800,000 | 2.20 | $276,055 | |
| 3/24/2008 | $50,300,000 | 2.10 | $289,397 | |
| 3/25/2008 | $47,700,000 | 2.44 | $318,871 | |
| 3/26/2008 | $38,200,000 | 2.32 | $242,805 | |
| 3/27/2008 | $34,400,000 | 2.35 | $221,479 | |
| 3/28/2008 | $43,900,000 | 2.38 | $286,252 | |
| 3/29/2008 | $43,900,000 | 2.38 | $286,252 | |
| 3/30/2008 | $43,900,000 | 2.38 | $286,252 | |
| 3/31/2008 | $15,500,000 | 2.52 | $107,014 | 2.48 |
| 4/1/2008 | $15,500,000 | 2.35 | $99,795 | |
| 4/2/2008 | $16,800,000 | 2.25 | $103,562 | |
| 4/3/2008 | $24,200,000 | 2.23 | $147,852 | |
| 4/4/2008 | $14,400,000 | 2.25 | $88,767 | |
| 4/5/2008 | $14,400,000 | 2.25 | $88,767 | |
| 4/6/2008 | $14,400,000 | 2.25 | $88,767 | |
| 4/7/2008 | $27,100,000 | 2.30 | $170,767 | |
| 4/8/2008 | $24,600,000 | 2.24 | $150,970 | |
| 4/9/2008 | $23,600,000 | 2.20 | $142,247 | |
| 4/10/2008 | $21,200,000 | 2.29 | $133,008 | |
| 4/11/2008 | $19,400,000 | 2.33 | $123,841 | |
| 4/12/2008 | $19,400,000 | 2.33 | $123,841 | |
| 4/13/2008 | $19,400,000 | 2.33 | $123,841 | |
| 4/14/2008 | $18,500,000 | 2.33 | $118,096 | |
| 4/15/2008 | $20,800,000 | 2.30 | $131,068 | |
| 4/16/2008 | $20,300,000 | 2.38 | $132,367 | |
| 4/17/2008 | $36,700,000 | 2.36 | $237,293 | |
| 4/18/2008 | $36,700,000 | 2.36 | $237,293 | |
| 4/19/2008 | $36,700,000 | 2.36 | $237,293 | |
| 4/20/2008 | $36,700,000 | 2.36 | $237,293 | |
| 4/21/2008 | $50,900,000 | 2.31 | $322,134 | |

# PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

## PSNH Money Pool Borrowings & Monthly Weighted Average Interest Rate

| Date | MP Borrowings | Daily Rate | Daily Interest | Monthly Wtd Avg Rate |
|---|---|---|---|---|
| 4/22/2008 | $46,600,000 | 2.09 | $266,833 | |
| 4/23/2008 | $50,000,000 | 2.30 | $315,068 | |
| 4/24/2008 | $50,000,000 | 2.26 | $309,589 | |
| 4/25/2008 | $50,000,000 | 2.31 | $316,438 | |
| 4/26/2008 | $50,000,000 | 2.31 | $316,438 | |
| 4/27/2008 | $50,000,000 | 2.31 | $316,438 | |
| 4/28/2008 | $50,000,000 | 2.29 | $313,699 | |
| 4/29/2008 | $50,000,000 | 2.22 | $304,110 | |
| 4/30/2008 | $14,600,000 | 2.39 | $95,600 | 2.29 |
| 5/1/2008 | $19,300,000 | 2.17 | $114,742 | |
| 5/2/2008 | $19,300,000 | 2.00 | $105,753 | |
| 5/3/2008 | $19,300,000 | 2.00 | $105,753 | |
| 5/4/2008 | $19,300,000 | 2.00 | $105,753 | |
| 5/5/2008 | $18,700,000 | 1.91 | $97,855 | |
| 5/6/2008 | $20,300,000 | 1.97 | $109,564 | |
| 5/7/2008 | $17,800,000 | 2.04 | $99,485 | |
| 5/8/2008 | $14,600,000 | 1.99 | $79,600 | |
| 5/9/2008 | $19,400,000 | 2.04 | $108,427 | |
| 5/10/2008 | $19,400,000 | 2.04 | $108,427 | |
| 5/11/2008 | $19,400,000 | 2.04 | $108,427 | |
| 5/12/2008 | $21,100,000 | 1.89 | $109,258 | |
| 5/13/2008 | $22,900,000 | 1.95 | $122,342 | |
| 5/14/2008 | $32,700,000 | 2.03 | $181,866 | |
| 5/15/2008 | $33,200,000 | 2.06 | $187,375 | |
| 5/16/2008 | $31,400,000 | 1.99 | $171,195 | |
| 5/17/2008 | $31,400,000 | 1.99 | $171,195 | |
| 5/18/2008 | $31,400,000 | 1.99 | $171,195 | |
| 5/19/2008 | $28,500,000 | 1.96 | $153,041 | |
| 5/20/2008 | $69,500,000 | 2.00 | $380,822 | |
| 5/21/2008 | $66,000,000 | 2.06 | $372,493 | |
| 5/22/2008 | $63,600,000 | 2.05 | $357,205 | |
| 5/23/2008 | $34,500,000 | 2.07 | $195,658 | |
| 5/24/2008 | $34,500,000 | 2.07 | $195,658 | |
| 5/25/2008 | $34,500,000 | 2.07 | $195,658 | |
| 5/26/2008 | $34,500,000 | 2.07 | $195,658 | |
| 5/27/2008 | - | | - | |
| 5/28/2008 | - | | - | |
| 5/29/2008 | - | | - | |
| 5/30/2008 | - | | - | |
| 5/31/2008 | - | | - | 2.02 |
| 6/1/2008 | - | | - | |
| 6/2/2008 | - | | - | |
| 6/3/2008 | - | | - | |
| 6/4/2008 | - | | - | |
| 6/5/2008 | - | | - | |
| 6/6/2008 | - | | - | |
| 6/7/2008 | - | | - | |
| 6/8/2008 | - | | - | |
| 6/9/2008 | - | | - | |
| 6/10/2008 | - | | - | |
| 6/11/2008 | - | | - | |
| 6/12/2008 | - | | - | |
| 6/13/2008 | - | | - | |
| 6/14/2008 | - | | - | |
| 6/15/2008 | - | | - | |
| 6/16/2008 | - | | - | |

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

## PSNH Money Pool Borrowings & Monthly Weighted Average Interest Rate

| Date | MP Borrowings | Daily Rate | Daily Interest | Monthly Wtd Avg Rate |
|---|---|---|---|---|
| 6/17/2008 | - | | - | |
| 6/18/2008 | - | | - | |
| 6/19/2008 | - | | - | |
| 6/20/2008 | $5,400,000 | 2.00 | $29,589 | |
| 6/21/2008 | $5,400,000 | 2.00 | $29,589 | |
| 6/22/2008 | $5,400,000 | 2.00 | $29,589 | |
| 6/23/2008 | $8,100,000 | 1.99 | $44,162 | |
| 6/24/2008 | $8,100,000 | 1.90 | $42,164 | |
| 6/25/2008 | $8,300,000 | 1.92 | $43,660 | |
| 6/26/2008 | $7,600,000 | 2.07 | $43,101 | |
| 6/27/2008 | $5,000,000 | 2.15 | $29,452 | |
| 6/28/2008 | $5,000,000 | 2.15 | $29,452 | |
| 6/29/2008 | $5,000,000 | 2.15 | $29,452 | |
| 6/30/2008 | - | | - | 2.02 |
| 7/1/2008 | - | | - | |
| 7/2/2008 | - | | - | |
| 7/3/2008 | - | | - | |
| 7/4/2008 | - | | - | |
| 7/5/2008 | - | | - | |
| 7/6/2008 | - | | - | |
| 7/7/2008 | - | | - | |
| 7/8/2008 | - | | - | |
| 7/9/2008 | - | | - | |
| 7/10/2008 | - | | - | |
| 7/11/2008 | - | | - | |
| 7/12/2008 | - | | - | |
| 7/13/2008 | - | | - | |
| 7/14/2008 | - | | - | |
| 7/15/2008 | - | | - | |
| 7/16/2008 | - | | - | |
| 7/17/2008 | - | | - | |
| 7/18/2008 | - | | - | |
| 7/19/2008 | - | | - | |
| 7/20/2008 | - | | - | |
| 7/21/2008 | $13,800,000 | 1.99 | $75,238 | |
| 7/22/2008 | $11,700,000 | 1.98 | $63,468 | |
| 7/23/2008 | $12,700,000 | 2.05 | $71,329 | |
| 7/24/2008 | $11,300,000 | 2.06 | $63,775 | |
| 7/25/2008 | $10,600,000 | 2.18 | $63,310 | |
| 7/26/2008 | $10,600,000 | 2.18 | $63,310 | |
| 7/27/2008 | $10,600,000 | 2.18 | $63,310 | |
| 7/28/2008 | $8,700,000 | 2.03 | $48,386 | |
| 7/29/2008 | $35,800,000 | 2.13 | $208,915 | |
| 7/30/2008 | $33,300,000 | 2.04 | $186,115 | |
| 7/31/2008 | $18,400,000 | 2.12 | $106,871 | 2.09 |
| 8/1/2008 | $16,300,000 | 2.15 | $96,014 | |
| 8/2/2008 | $16,300,000 | 2.15 | $96,014 | |
| 8/3/2008 | $16,300,000 | 2.15 | $96,014 | |
| 8/4/2008 | $13,800,000 | 2.02 | $76,373 | |
| 8/5/2008 | $11,200,000 | 1.97 | $60,449 | |
| 8/6/2008 | $6,400,000 | 2.03 | $35,595 | |
| 8/7/2008 | $9,900,000 | 1.97 | $53,433 | |
| 8/8/2008 | $8,800,000 | 2.02 | $48,701 | |
| 8/9/2008 | $8,800,000 | 2.02 | $48,701 | |
| 8/10/2008 | $8,800,000 | 2.02 | $48,701 | |
| 8/11/2008 | $3,900,000 | 2.00 | $21,370 | |

## PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

### PSNH Money Pool Borrowings & Monthly Weighted Average Interest Rate

| Date | MP Borrowings | Daily Rate | Daily Interest | Monthly Wtd Avg Rate |
|---|---|---|---|---|
| 8/12/2008 | $11,100,000 | 1.96 | $59,605 | |
| 8/13/2008 | $10,300,000 | 1.99 | $56,156 | |
| 8/14/2008 | $8,500,000 | 2.08 | $48,438 | |
| 8/15/2008 | $7,300,000 | 2.14 | $42,800 | |
| 8/16/2008 | $7,300,000 | 2.14 | $42,800 | |
| 8/17/2008 | $7,300,000 | 2.14 | $42,800 | |
| 8/18/2008 | $23,100,000 | 1.92 | $121,512 | |
| 8/19/2008 | $26,100,000 | 1.96 | $140,153 | |
| 8/20/2008 | $43,400,000 | 2.01 | $238,997 | |
| 8/21/2008 | $40,400,000 | 2.01 | $222,477 | |
| 8/22/2008 | $40,400,000 | 2.05 | $226,904 | |
| 8/23/2008 | $40,400,000 | 2.05 | $226,904 | |
| 8/24/2008 | $40,400,000 | 2.05 | $226,904 | |
| 8/25/2008 | $36,500,000 | 2.00 | $200,000 | |
| 8/26/2008 | $43,400,000 | 1.87 | $222,351 | |
| 8/27/2008 | $40,200,000 | 1.99 | $219,173 | |
| 8/28/2008 | $36,400,000 | 2.00 | $199,452 | |
| 8/29/2008 | $17,400,000 | 1.99 | $94,866 | |
| 8/30/2008 | $17,400,000 | 1.99 | $94,866 | |
| 8/31/2008 | $17,400,000 | 1.99 | $94,866 | 2.01 |
| 9/1/2008 | $17,400,000 | 1.99 | $94,866 | |
| 9/2/2008 | $5,400,000 | 1.95 | $28,849 | |
| 9/3/2008 | $10,000,000 | 2.02 | $55,342 | |
| 9/4/2008 | $1,500,000 | 2.00 | $8,219 | |
| 9/5/2008 | - | | - | |
| 9/6/2008 | - | | - | |
| 9/7/2008 | - | | - | |
| 9/8/2008 | - | | - | |
| 9/9/2008 | - | | - | |
| 9/10/2008 | - | | - | |
| 9/11/2008 | - | | - | |
| 9/12/2008 | - | | - | |
| 9/13/2008 | - | | - | |
| 9/14/2008 | - | | - | |
| 9/15/2008 | - | | - | |
| 9/16/2008 | - | | - | |
| 9/17/2008 | - | | - | |
| 9/18/2008 | - | | - | |
| 9/19/2008 | - | | - | |
| 9/20/2008 | - | | - | |
| 9/21/2008 | - | | - | |
| 9/22/2008 | $12,300,000 | 1.79 | $60,321 | |
| 9/23/2008 | $12,900,000 | 1.65 | $58,315 | |
| 9/24/2008 | $9,900,000 | 1.42 | $38,515 | |
| 9/25/2008 | $12,300,000 | 1.32 | $44,482 | |
| 9/26/2008 | $10,100,000 | 1.21 | $33,482 | |
| 9/27/2008 | $10,100,000 | 1.21 | $33,482 | |
| 9/28/2008 | $10,100,000 | 1.21 | $33,482 | |
| 9/29/2008 | $8,100,000 | 1.83 | $40,611 | |
| 9/30/2008 | - | | - | 1.61 |
| 10/1/2008 | - | | - | |
| 10/2/2008 | - | | - | |
| 10/3/2008 | - | | - | |
| 10/4/2008 | - | | - | |
| 10/5/2008 | - | | - | |
| 10/6/2008 | - | | - | |

## PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

### PSNH Money Pool Borrowings & Monthly Weighted Average Interest Rate

| Date | MP Borrowings | Daily Rate | Daily Interest | Monthly Wtd Avg Rate |
|---|---|---|---|---|
| 10/7/2008 | - | | - | |
| 10/8/2008 | - | | - | |
| 10/9/2008 | - | | - | |
| 10/10/2008 | - | | - | |
| 10/11/2008 | - | | - | |
| 10/12/2008 | - | | - | |
| 10/13/2008 | - | | - | |
| 10/14/2008 | - | | - | |
| 10/15/2008 | - | | - | |
| 10/16/2008 | - | | - | |
| 10/17/2008 | - | | - | |
| 10/18/2008 | - | | - | |
| 10/19/2008 | - | | - | |
| 10/20/2008 | - | | - | |
| 10/21/2008 | $1,000,000 | 0.73 | $2,000 | |
| 10/22/2008 | - | | - | |
| 10/23/2008 | - | | - | |
| 10/24/2008 | - | | - | |
| 10/25/2008 | - | | - | |
| 10/26/2008 | - | | - | |
| 10/27/2008 | - | | - | |
| 10/28/2008 | - | | - | |
| 10/29/2008 | - | | - | |
| 10/30/2008 | - | | - | |
| 10/31/2008 | - | | - | 0.73 |
| 11/1/2008 | - | | - | |
| 11/2/2008 | - | | - | |
| 11/3/2008 | - | | - | |
| 11/4/2008 | - | | - | |
| 11/5/2008 | - | | - | |
| 11/6/2008 | - | | - | |
| 11/7/2008 | - | | - | |
| 11/8/2008 | - | | - | |
| 11/9/2008 | - | | - | |
| 11/10/2008 | - | | - | |
| 11/11/2008 | - | | - | |
| 11/12/2008 | - | | - | |
| 11/13/2008 | - | | - | |
| 11/14/2008 | - | | - | |
| 11/15/2008 | - | | - | |
| 11/16/2008 | - | | - | |
| 11/17/2008 | - | | - | |
| 11/18/2008 | $1,100,000 | 0.47 | $1,416 | |
| 11/19/2008 | - | | - | |
| 11/20/2008 | $14,400,000 | 0.60 | $23,671 | |
| 11/21/2008 | $14,400,000 | 0.65 | $25,644 | |
| 11/22/2008 | $14,400,000 | 0.65 | $25,644 | |
| 11/23/2008 | $14,400,000 | 0.65 | $25,644 | |
| 11/24/2008 | $16,800,000 | 0.68 | $31,299 | |
| 11/25/2008 | $18,400,000 | 0.68 | $34,279 | |
| 11/26/2008 | $21,200,000 | 0.62 | $36,011 | |
| 11/27/2008 | $21,200,000 | 0.62 | $36,011 | |
| 11/28/2008 | $21,200,000 | 0.63 | $36,592 | |
| 11/29/2008 | $21,200,000 | 0.63 | $36,592 | |
| 11/30/2008 | $21,200,000 | 0.63 | $36,592 | 0.64 |
| 12/1/2008 | $19,300,000 | 0.63 | $33,312 | |

## PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

### PSNH Money Pool Borrowings & Monthly Weighted Average Interest Rate

| Date | MP Borrowings | Daily Rate | Daily Interest | Monthly Wtd Avg Rate |
|---|---|---|---|---|
| 12/2/2008 | $17,600,000 | 0.67 | $32,307 | |
| 12/3/2008 | $14,100,000 | 0.44 | $16,997 | |
| 12/4/2008 | $10,600,000 | 0.24 | $6,970 | |
| 12/5/2008 | $9,000,000 | 0.16 | $3,945 | |
| 12/6/2008 | $9,000,000 | 0.16 | $3,945 | |
| 12/7/2008 | $9,000,000 | 0.16 | $3,945 | |
| 12/8/2008 | $11,200,000 | 0.22 | $6,751 | |
| 12/9/2008 | $9,500,000 | 0.25 | $6,507 | |
| 12/10/2008 | $11,600,000 | 0.22 | $6,992 | |
| 12/11/2008 | $9,900,000 | 0.23 | $6,238 | |
| 12/12/2008 | $8,900,000 | 0.21 | $5,121 | |
| 12/13/2008 | $8,900,000 | 0.21 | $5,121 | |
| 12/14/2008 | $8,900,000 | 0.21 | $5,121 | |
| 12/15/2008 | $9,400,000 | 0.26 | $6,696 | |
| 12/16/2008 | $40,500,000 | 0.24 | $26,630 | |
| 12/17/2008 | - | | - | |
| 12/18/2008 | - | | - | |
| 12/19/2008 | - | | - | |
| 12/20/2008 | - | | - | |
| 12/21/2008 | - | | - | |
| 12/22/2008 | $9,800,000 | 0.16 | $4,296 | |
| 12/23/2008 | - | | - | |
| 12/24/2008 | - | | - | |
| 12/25/2008 | - | | - | |
| 12/26/2008 | - | | - | |
| 12/27/2008 | - | | - | |
| 12/28/2008 | - | | - | |
| 12/29/2008 | - | | - | |
| 12/30/2008 | - | | - | |
| 12/31/2008 | - | | - | 0.30 |

| Weighted Average Interest Rate for 2008 | 2.24 |
|---|---|

# PSNH - Revolver Loan Interest Expense (Accrual)

**January 01, 2008 to December 31, 2008**

| Dealer | Settlement | Maturity | Term | Principal | Maturity | Interest | Pay Basis | Rate | Active | *Accrued Expense* | *Wtd Avg Rate* |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CITIBANK | Dec-31-07 | Jan-03-08 | 3 | $10,000,000 | $10,005,959 | $5,958.90 | ACT/ACT | 7.2500 | 2 | $3,962 | 0.11% |
| CITIBANK | Mar-26-08 | Mar-27-08 | 1 | $5,000,000 | $5,000,719 | $719.18 | ACT/ACT | 5.2500 | 1 | $717 | 0.01% |
| CITIBANK | Mar-27-08 | Mar-28-08 | 1 | $10,000,000 | $10,001,438 | $1,438.36 | ACT/ACT | 5.2500 | 1 | $1,434 | 0.03% |
| CITIBANK | Mar-31-08 | Apr-30-08 | 30 | $10,000,000 | $10,026,875 | $26,875.00 | ACT360 | 3.2250 | 30 | $26,875 | 0.33% |
| CITIBANK | Mar-31-08 | Apr-02-08 | 2 | $20,000,000 | $20,005,753 | $5,753.42 | ACT/ACT | 5.2500 | 2 | $5,738 | 0.11% |
| CITIBANK | Apr-02-08 | Apr-03-08 | 1 | $10,000,000 | $10,001,438 | $1,438.36 | ACT/ACT | 5.2500 | 1 | $1,434 | 0.03% |
| CITIBANK | Apr-04-08 | Apr-07-08 | 3 | $13,000,000 | $13,005,716 | $5,716.44 | ACT/ACT | 5.3500 | 3 | $5,701 | 0.12% |
| CITIBANK | Apr-14-08 | Apr-15-08 | 1 | $5,000,000 | $5,000,733 | $732.88 | ACT/ACT | 5.3500 | 1 | $731 | 0.01% |
| CITIBANK | Apr-30-08 | May-21-08 | 21 | $10,000,000 | $10,019,542 | $19,541.67 | ACT360 | 3.3500 | 21 | $19,542 | 0.25% |
| CITIBANK | Apr-30-08 | May-06-08 | 6 | $30,000,000 | $30,025,151 | $25,150.68 | ACT/ACT | 5.1000 | 6 | $25,082 | 0.49% |
| CITIBANK | May-06-08 | May-09-08 | 3 | $25,000,000 | $25,010,479 | $10,479.45 | ACT/ACT | 5.1000 | 3 | $10,451 | 0.20% |
| CITIBANK | May-09-08 | May-13-08 | 4 | $19,000,000 | $19,010,619 | $10,619.18 | ACT/ACT | 5.1000 | 4 | $10,590 | 0.21% |
| CITIBANK | May-13-08 | May-14-08 | 1 | $14,000,000 | $14,001,956 | $1,956.16 | ACT/ACT | 5.1000 | 1 | $1,951 | 0.04% |
| CITIBANK | May-14-08 | May-16-08 | 2 | $2,000,000 | $2,000,559 | $558.90 | ACT/ACT | 5.1000 | 2 | $557 | 0.01% |
| CITIBANK | May-21-08 | May-22-08 | 1 | $10,000,000 | $10,001,397 | $1,397.26 | ACT/ACT | 5.1000 | 1 | $1,393 | 0.03% |
| CITIBANK | May-22-08 | May-23-08 | 1 | $10,000,000 | $10,001,370 | $1,369.86 | ACT/ACT | 5.0000 | 1 | $1,366 | 0.03% |
| CITIBANK | May-23-08 | May-27-08 | 4 | $10,000,000 | $10,005,589 | $5,589.04 | ACT/ACT | 5.1000 | 4 | $5,574 | 0.11% |
| CITIBANK | May-23-08 | May-27-08 | 4 | $30,000,000 | $30,016,767 | $16,767.12 | ACT/ACT | 5.1000 | 4 | $16,721 | 0.33% |
| CITIBANK | Jul-31-08 | Aug-20-08 | 20 | $10,000,000 | $10,027,397 | $27,397.26 | ACT/ACT | 5.0000 | 20 | $27,322 | 0.52% |
| CITIBANK | Aug-20-08 | Aug-26-08 | 6 | $15,000,000 | $15,012,329 | $12,328.77 | ACT/ACT | 5.0000 | 6 | $12,295 | 0.23% |
| CITIBANK | Aug-26-08 | Aug-29-08 | 3 | $5,000,000 | $5,002,055 | $2,054.79 | ACT/ACT | 5.0000 | 3 | $2,049 | 0.04% |
| CITIBANK | Aug-29-08 | Sep-02-08 | 4 | $20,000,000 | $20,011,178 | $11,178.08 | ACT/ACT | 5.1000 | 4 | $11,148 | 0.22% |
| CITIBANK | Sep-02-08 | Sep-03-08 | 1 | $30,000,000 | $30,004,192 | $4,191.78 | ACT/ACT | 5.1000 | 1 | $4,180 | 0.08% |
| CITIBANK | Sep-03-08 | Sep-04-08 | 1 | $22,000,000 | $22,003,074 | $3,073.97 | ACT/ACT | 5.1000 | 1 | $3,066 | 0.06% |
| CITIBANK | Dec-17-08 | Jan-27-09 | 41 | $45,227,273 | $45,397,464 | $170,190.85 | ACT/ACT | 3.3500 | 15 | $62,095 | 0.79% |
| **Weighted Average Interest Rate for PSNH** | | | | | | | | | | **$261,975** | **4.39%** |