

**Eversource Energy d/b/a Public Service Company of New Hampshire
Distribution Service Revenue Requirement
Revenue Adjustment Due to the Federal and State Income Tax Changes
Effective January 1, 2018
(\$000s)**

Line #	Description	Amount	Source
1	DE 09-035 Reduction Amount for Tax Changes	\$ (9,699)	Page 2 of 3, Line 8
2	DE 11-095 Reduction Amount for Tax Changes	(651)	Page 2 of 3, Line 19
3	DE 12-110 Reduction Amount for Tax Changes	(1,029)	Page 2 of 3, Line 30
4	DE 13-127 Reduction Amount for Tax Changes	(901)	Page 2 of 3, Line 41
5	Total Annual Revenue Reduction for Tax Changes	\$ (12,281)	Sum of Line 1 through Line 4
6	Monthly Deferred Liability	\$ (1,023)	Line 5 / Line 12

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Distribution Service Revenue Requirement
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Line #	DE 09-035 Distribution Rate Case Settlement:	Amount	Source
1	Income Taxes in Operating Income	\$ 151	Attachment CJG-1 Page 3 (Line 13 + Line 14)
2	Income Taxes Included in Revenue Deficiency	21,378	Attachment CJG-1 Page 3 (Line 13)
3	Composite Income Taxes	21,529	Line 1 + Line 2
4	Effective Tax Factor - New	37.440%	Fed = 21% and State = 7.9%
5	Effective Tax Factor - DE 09-035	68.138%	Fed = 35% and State = 8.5%
6	New Effective Tax Rate/Old Effective Tax Rate	54.9%	Line 4/Line 5
7	Income Taxes Effective January 1, 2018	11,830	Line 3 x Line 6
8	Revenue Reduction for Tax Change	(9,699)	Line 7 - Line 3

Line #	DE 11-095 Step Increase (Capital Through 3/31/2011)	Amount	Source
9	Rate Base	28,230	Docket No. DE 11-095: Attachment RAB-1, Page 3 of 7 - Provided As Attachment CJG-5
10	Rate of Return	7.513%	Docket No. DE 11-095: Attachment RAB-1, Page 3 of 7 - Provided As Attachment CJG-5
11	Operating Income Requirement	2,121	Docket No. DE 11-095: Attachment RAB-1, Page 3 of 7 - Provided As Attachment CJG-5
12	Gross Revenue Conversion Factor	1.6814	Fed = 35% and State = 8.5%
13	Total Revenue Requirement	3,566	Line 11 x Line 12
14	Rate Base	28,230	Line 9
15	Rate of Return	7.513%	Line 10
16	Operating Income Requirement	2,121	Line 14 x Line 15
17	Gross Revenue Conversion Factor	1.3744	Fed = 21% and State = 7.9%
18	Total Revenue Requirement	2,915	Line 16 x Line 17
19	Revenue Reduction for Tax Change	(651)	Line 18 - Line 13

Line #	DE 12-110 Step Increase (Capital Through 3/31/2012)	Amount	Source
20	Rate Base	44,626	Docket No. DE 12-110: Attachment RAB-1, Page 3 of 8 - Provided as Attachment CJG-6
21	Rate of Return	7.513%	Docket No. DE 12-110: Attachment RAB-1, Page 3 of 8 - Provided as Attachment CJG-6
22	Operating Income Requirement	3,353	Docket No. DE 12-110: Attachment RAB-1, Page 3 of 8 - Provided as Attachment CJG-6
23	Gross Revenue Conversion Factor	1.6814	Fed = 35% and State = 8.5%
24	Total Revenue Requirement	5,637	Line 22 x Line 23
25	Rate Base	44,626	Line 20
26	Rate of Return	7.513%	Line 21
27	Operating Income Requirement	3,353	Line 25 x Line 26
28	Gross Revenue Conversion Factor	1.3744	Fed = 21% and State = 7.9%
29	Total Revenue Requirement	4,608	Line 27 x Line 28
30	Revenue Reduction for Tax Change	(1,029)	Line 29 - Line 24

Line #	DE 13-127 Step Increase (Capital Through 3/31/2013)	Amount	Source
31	Rate Base	39,087	Docket No. DE 13-127: Attachment SRH/MLS-1, Page 3 of 8 - Provided as Attachment CJG-7
32	Rate of Return	7.513%	Docket No. DE 13-127: Attachment SRH/MLS-1, Page 3 of 8 - Provided as Attachment CJG-7
33	Operating Income Requirement	2,937	Docket No. DE 13-127: Attachment SRH/MLS-1, Page 3 of 8 - Provided as Attachment CJG-7
34	Gross Revenue Conversion Factor	1.6814	Fed = 35% and State = 8.5%
35	Total Revenue Requirement	4,938	Line 33 x Line 34
36	Rate Base	39,087	Line 31
37	Rate of Return	7.513%	Line 32
38	Operating Income Requirement	2,937	Line 36 x Line 37
39	Gross Revenue Conversion Factor	1.3744	Fed = 21% and State = 7.9%
40	Total Revenue Requirement	4,036	Line 38 x Line 39
41	Revenue Reduction for Tax Change	(901)	Line 40 - Line 35

**Eversource Energy d/b/a Public Service Company of New Hampshire
Distribution Service Revenue Requirement
Revenue Adjustment Due to the Federal and State Income Tax Changes
Effective January 1, 2018
(\$000s)**

Source: DE 09-035 Schedule 1 Page 1, Filed June 29, 2009 -
Provided as Attachment CJG-2

Source: DE 09-035 Revenue Deficiency
Update Page 3, Filed Dec 15, 2009 -
Provided as Attachment CJG-3

Settled Permanent Rate
Deficiency(a) - Provided as
Attachment CJG-4

Line #	Description	Twelve Months Ended:			Update Adjustments		Update Adjustments	
		December 31, 2008			December 15, 2009		Per Settlement Agreement(a)	
		Distribution (1)	Proforma Adjustment	Proforma Distribution	Update Adjustments	Update Proforma	Update Adjustments(a)	Settlement Amount
1	Operating Revenues	\$ 259,599	\$ 225	\$ 259,824	\$ -	\$ 259,824	\$ 52,752	\$ 312,576
2	Operating Expenses							
3	Production Expenses	223	-	223	-	223	-	223
4	Transmission Expenses	4,959	565	5,524	-	5,524	-	5,524
5	Distribution Expenses	47,728	267	47,995	-	47,995	-	47,995
6	Customers' Accounting	24,226	242	24,468	-	24,468	-	24,468
7	General Administrative	66,279	7,383	73,662	-	73,662	-	73,662
8	Other	582	176	758	3,617	4,374	-	4,374
9	Sub-Total	143,997	8,633	152,630	3,617	156,246	-	156,246
10	Depreciation	28,837	9,843	38,680	(283)	38,397	-	38,397
11	Amortization of Regulatory Assets, Net	6,011	254	6,265	23	6,287	-	6,287
12	Current Income Tax	(21,888)	(11,749)	(33,637)	(1,390)	(35,027)	21,378	(13,649)
13	Deferred Income Tax, net	32,792	2,386	35,178	-	35,178	-	35,178
14	Investment Tax Credit Adjustments	(132)	-	(132)	-	(132)	-	(132)
15	Other Tax	26,610	3,598	30,208	73	30,281	-	30,281
16	Gain/Loss on Disposal of Utility Plant, Net	-	-	-	-	-	-	-
17	Total Operating Expenses	\$ 216,227	\$ 12,964	\$ 229,191	\$ 2,039	\$ 231,231	\$ 21,378	\$ 252,608
18	Net Operating Income	\$ 43,372	(12,739)	30,633	(2,039)	28,594	31,374	59,968
19	Less:							
20	Donations, Net-of-Tax	293	-	293	116	409	-	409
21	Return on Customers' Deposits	131	-	131	-	131	-	131
22	Net Operating Income Applicable							
23	to Rate Base	\$ 42,948	\$ (12,739)	\$ 30,208	\$ (2,156)	\$ 28,053	\$ 31,374	\$ 59,428

24 (1) Excludes Retail Transmission shown on page 2 as these costs are tracked by Transmission Cost
25 Adjustment Mechanism (TCAM).

26 Amounts shown above may not add due to rounding.

(a) Per Settlement Agreement in DE 09-035: \$40.6M Permanent Rate Deficiency + \$12.2M July 1, 2010 Step Increase

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

OPERATING INCOME STATEMENT

TOTAL DISTRIBUTION

(Thousands of Dollars)

		Twelve Months Ended: December 31, 2008		
		Distribution (1)	Proforma Adjustment	Proforma Distribution
1	Operating Revenues	\$ 259,599	\$ 225	\$ 259,824
2	Operating Expenses			
3	Production Expenses	223	-	223
4	Transmission Expenses	4,959	565	5,524
5	Distribution Expenses	47,728	267	47,995
6	Customers' Accounting	24,226	242	24,468
7	General Administrative	66,279	7,383	73,662
8	Other	582	176	758
9	Sub-Total	143,997	8,633	152,630
10	Depreciation	28,837	9,843	38,680
11	Amortization of Regulatory Assets, Net	6,011	254	6,265
12	Current Income Tax	(21,888)	(11,749)	(33,637)
13	Deferred Income Tax, net	32,792	2,386	35,178
14	Investment Tax Credit Adjustments	(132)	-	(132)
15	Other Tax	26,610	3,598	30,208
16	Gain/Loss on Disposal of Utility Plant, Net	-	-	-
17	Total Operating Expenses	\$ 216,227	\$ 12,964	\$ 229,191
18	Net Operating Income	\$ 43,372	(12,739)	30,633
19	Less:			
20	Donations, Net-of-Tax	293	-	293
21	Return on Customers' Deposits	131	-	131
22	Net Operating Income Applicable			
23	to Rate Base	\$ 42,948	\$ (12,739)	\$ 30,208

24 (1) Excludes Retail Transmission shown on page 2 as these costs are tracked by Transmission Cost
25 Adjustment Mechanism (TCAM).

26 Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
UPDATED COMPUTATION OF DISTRIBUTION REVENUE DEFICIENCY
SUMMARY OF EXPENSE ADJUSTMENTS
(Thousands of Dollars)

Adj. #	Expense Adjustments:		As Filed Pagination Ref.	Reference/Basis for Revision
1	Pension costs	\$ 439	Vol II, 000103	Updated actuarial data
2	Other post employment benefits (OPEB)	221	Vol II, 000101	Updated actuarial data
3	Medical costs	667	Vol II, 000107	Updated data
4	NHPUC assessment	209	N/A	Increased costs in the rate year
5	Rent expense	(28)	Vol II, 000117	OCA-01, Q-OCA-035 and OCA-03, Q-OCA-014
6	Software maintenance agreement	(35)	Vol II, 000095	OCA-01, Q-OCA-T-008 and OCA-01, Q-OCA-052
7	Legal fees	(43)	N/A	OCA-01, Q-OCA-T-013 and OCA-01, Q-OCA-056
8	Uncollectible expense	1,350	Vol II, 000091	Increased costs in the rate year
9	Customer Experience employee expense	857	N/A	Increased call volumes
10	Customer Assistance expense	<u>(20)</u>	N/A	AUDIT-25, Q-AUDIT-044 and AUDIT ISSUE #6
	Total O&M Expense Adjustments	\$ 3,617		Increase to expense
11	Depreciation expense	(283)	Vol II, 000121	TS-01, Q-TECH-008
12	Property taxes	73	Vol II, 000105	Increased costs in the rate year
13	Deferred Environmental Remediation	<u>23</u>	Vol II, 000113	Increased deferrals in the rate year
	Net increase to operating expenses	\$ 3,429		
	Tax Effect (40.525%)	(1,390)		
	Adjusted operating expense after tax	\$ 2,039		
14	Less: Donations, net of tax	<u>(116)</u>	Vol II, 000081	OCA-01, Q-OCA-T-044
	Decrease net operating income applicable to rate base	<u><u>\$ 2,155</u></u>		
15	Deferred Major Storm Recovery	\$ (1,793)	Vol I, 000085-86	STAFF-02, Q-STAFF-022 AUDIT ISSUE- STORM Q-AUDIT ISSUE - STORM - 001 Q-AUDIT ISSUE - STORM - 003



**Public Service
of New Hampshire**

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The Northeast Utilities System

Robert A. Bersak
Assistant Secretary and
Assistant General Counsel

April 30, 2010

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

Re: *Docket No. DE 09-035*
PSNH Distribution Service Rate Case
Settlement Agreement on Permanent Distribution Service Rates

Dear Secretary Howland:

Enclosed please find an original and six copies of a "Settlement Agreement on Permanent Distribution Service Rates" entered into today by and among Public Service Company of New Hampshire ("PSNH"), the Staff of the New Hampshire Public Utilities Commission ("Staff"), and the Office of Consumer Advocate ("OCA") (collectively, the "Settling Parties"). This Settlement will be presented at the hearing scheduled for May 10, 2010.

Copies of this Settlement will be provided to the parties on the Service List for this proceeding.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert Bersak".

Robert A. Bersak
Assistant Secretary and
Assistant General Counsel

cc: Service List

**THE STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

Public Service Company of New Hampshire
Distribution Service Rate Case
Docket No. DE 09-035

**SETTLEMENT AGREEMENT ON
PERMANENT DISTRIBUTION SERVICE RATES**

This Settlement Agreement On Permanent Distribution Service Rates (“Settlement Agreement”) is entered into this 30th day of April, 2010, by and among Public Service Company of New Hampshire (“PSNH”), the Staff of the New Hampshire Public Utilities Commission (“Staff”), and the Office of Consumer Advocate (“OCA”) (collectively, the “Settling Parties”), and is intended to resolve all of the issues in PSNH’s Distribution Service rate case, Docket No. DE 09-035. This Settlement Agreement contains the recommendations of the Settling Parties with respect to the New Hampshire Public Utilities Commission’s approval of PSNH’s permanent distribution service rate levels and specific rate design modifications.

SECTION 1. INTRODUCTION AND PROCEDURAL HISTORY

1.1 On April 17, 2009, PSNH filed a petition and testimony supporting a request for temporary rates pursuant to RSA 378:27. The petition requested an order approving an increase in annual distribution revenues of \$36.4 million, to become effective as temporary rates on July 1, 2009. The original Order of Notice was subsequently reissued and published calling for a prehearing conference on June 10, 2009 and a hearing on temporary rates on July 13, 2009. At the prehearing conference on June 10, Unitil Energy Systems, Inc.’s petition for intervention was granted, subject to its request for only a limited level of participation. OCA was made a statutory party. Discovery requests were answered by PSNH, and the Settling Parties met in technical sessions on the temporary rate request on May 13 and June 10, 2009. Settlement conferences on the temporary rate request were held at the Commission’s headquarters on June 25, 2009 and July 2, 2009, which resulted in PSNH and Staff reaching agreement on temporary rate issues. At the hearing on July 13, 2009, a Stipulation and Settlement Agreement Regarding Temporary Rates was presented asking for Commission approval of a temporary annual rate increase of \$25,611,000, calculated by adjusting all of PSNH’s current distribution rates and charges by a uniform percentage, as computed in the temporary rate Stipulation and Settlement Agreement. The OCA did not oppose the settlement. On July 31, 2009, the Commission issued Order No. 24,997 approving the Stipulation and Settlement on Temporary Rates. PSNH’s annual Delivery Service rates were adjusted on a temporary basis effective August 1, 2009, by \$25,611,000, including the commencement of recovery of \$6,000,000 per year attributable to the December 2008 ice storm.

1.2 On May 29, 2009, pursuant to N.H. Code of Admin. Rules Puc §1604.05, PSNH filed a Notice of Intent to File Rate Schedules and Petition for Permanent Delivery Rates.

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1.3 On June 30, 2009, pursuant to RSA 378:3, RSA 378:28 and N.H. Code Admin. Rule Puc §§1600 *et seq.*, PSNH filed testimony, supporting data, tariff filing requirements and Electric Delivery Service Tariff NHPUC No. 7 (“Tariff No. 7”). The filing requested approval of: (1) a permanent annual base rate increase to its Delivery Service rates of \$51,000,000 effective August 1, 2009, including the temporary rate increase request; (2) a step increase of \$17,000,000 annually effective July 1, 2010; (3) continuation of the Reliability Enhancement Program established in Order No. 24,750 and expansion by an annual amount of \$4,000,000; (4) a proposal to recover approximately \$60,000,000 of expenses incurred in restoring power as a result of the December 2008 ice storm; (5) certain changes to its rate design, including a higher proportional increase to its customer and demand charges; and (6) other changes to select tariff components. On July 30, 2009, the Commission issued Order No. 24,994 suspending Tariff No. 7 pursuant to RSA 378:6, I (a) pending investigation and scheduling a prehearing conference for August 12, 2009.

1.4 A prehearing conference was held on August 12, 2009 at which the intervention requests of the Business and Industry Association (“BIA”), Retail Merchants Association (“RMA”) and the Conservation Law Foundation (“CLF”) were granted. The parties and Staff met following the prehearing conference and recommended a procedural schedule for the Commission’s consideration. On August 17, 2009, the Commission approved the procedural schedule recommended by the parties and Staff. On August 26, 2009, the Commission reaffirmed its grant of the intervention requests of BIA, RMA and CLF, and denied PSNH’s motion to limit CLF’s intervention.

1.5 The Audit Staff of the Commission conducted an investigation and audit of PSNH concerning test year information supplied with PSNH's request for a permanent rate increase. The audit also reviewed the expenses related to the December 2008 ice storm restoration efforts. PSNH responded to several sets of data requests from the Audit Staff. The results of the Audit Staff’s review are included in a Final Audit Report dated December 2, 2009. Certain recommendations of the Audit Staff were accepted by PSNH as reflected in a filing of updated pro forma adjustments made on December 15, 2009.

1.6 On December 15, 2009, PSNH filed an updated calculation of its revenue requirements. This update reduced the original proposed revenue increase by \$358,000.

1.7 The City of Manchester filed a Petition to Intervene on February 19, 2010, and was granted intervention status by the Commission on February 26, 2010.

1.8 The Staff, OCA, and CLF issued numerous discovery requests to which PSNH responded. The Settling Parties met in technical sessions on November 18 and 19, and December 16, 2009. On January 15, 2010, the pre-filed written testimony of Staff witnesses Steven E. Mullen, Assistant Director - Electric Division; Pradip K. Chattopadhyay, Regional Energy Analyst; George R. McCluskey, Utility Analyst; and James J. Cunningham, Utility Analyst, was filed. On the same date, testimony was also filed by OCA witnesses Stephen R. Eckberg, Utility Analyst and Kenneth E. Traum, Assistant Consumer Advocate. Discovery was

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conducted on the Staff and OCA testimony. Settlement discussions between the Settling Parties took place on multiple dates between February and April, which ultimately led to this Settlement Agreement. No other intervenors participated in the settlement discussions.

SECTION 2. RATE CHANGES

2.1 This Settlement Agreement provides for a series of changes to PSNH’s permanent distribution rate level. The first such change will occur on July 1, 2010. It will include a permanent increase in PSNH’s distribution rates related to a distribution revenue deficiency along with a step increase for additional cost recovery commencing as of that date. That rate adjustment will be followed by three additional annual step changes on July 1, 2011, July 1, 2012, and July 1, 2013. Except as provided for specifically under this Settlement Agreement, there will be no other permanent distribution rate level changes for the five-year period (the term of this Settlement Agreement) that begins July 1, 2010.

2.2 While the Settling Parties were unable to agree on every individual component included in the overall distribution rate level, they were able to agree on an overall distribution rate level and rate design. Specifically, the Settling Parties have agreed that PSNH’s distribution rate level will be adjusted by the following amounts on each of the dates specified below:

<u>Date</u>	<u>Annual Change to Rate Level</u> (millions)
July 1, 2010	\$45.5
<u>Projected:</u>	
July 1, 2011	\$(2.9)
July 1, 2012	\$ 9.5
July 1, 2013	\$11.1

These annual changes are described in more detail in Paragraphs 2.3, 2.4, 2.5 and 2.6 below.

2.3 The July 1, 2010 rate change is net of the temporary rate change in effect since August 1, 2009, as authorized by the Commission in Order No. 24,997 dated July 31, 2009 in this docket. A calculation of this increase is shown below:

Permanent Rates deficiency	<u>(millions)</u> \$40.6
Plus: Settlement adjustment not subject to recoupment	4.6
Step Increase	12.2 ¹
Recoupment ²	13.7
Less: Temporary rate relief	<u>(25.6)</u>
Net rate increase, July 1, 2010	<u>\$45.5</u>

¹ \$4.0 million for REP, \$1.8 million increase in Major Storm Cost Reserve, \$4.1 million for 2009 rate base additions, and \$2.3 million for net plant additions made in the first quarter of 2010.

² “Recoupment” refers to the reconciliation of the difference between temporary and permanent rates.

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2.4 The projected July 1, 2011 rate change is the net of the recoupment of the difference between the permanent rate level and the temporary rate level, which will end on June 30, 2011, plus a step increase for the Reliability Enhancement Program (REP), plus a step increase for 80% of changes in non-REP net plant for the period April 1, 2010 to March 31, 2011. A calculation of this rate decrease is shown below:

	<u>(\$millions)</u>
REP Step Increase	\$1.5
Step Increase for 80% of changes to non-REP net plant	9.3
Less: Recoupment	<u>(13.7)</u>
Net rate adjustment, July 1, 2011	<u>\$(2.9)</u>

2.5 The projected July 1, 2012 rate increase of \$9.5 million is a step increase to recover 80% of changes to non-REP net plant for the period April 1, 2011 to March 31, 2012.

2.6 The projected July 1, 2013 rate increase of \$11.1 million is a combination of a \$9.5 million step increase attributable to 80% of changes to non-REP net plant for the period April 1, 2012 to March 31, 2013, plus a \$1.6 million REP step increase.

SECTION 3. COST OF CAPITAL AND CAPITAL STRUCTURE

3.1 In determining the annual changes to distribution rate levels, the Settling Parties utilized an overall capital structure as set forth below, including a 9.67% return on equity:

	<u>Component Percentage</u>	<u>Cost</u>	<u>Weighted Cost</u>
Common Equity	52.40%	9.670%	5.067%
Long Term Debt	45.73%	5.263%	2.407%
Short Term Debt	<u>1.87%</u>	2.100%	<u>0.039%</u>
Total	<u>100.00%</u>		<u>7.513%</u>

3.2 Except as otherwise specified herein, return on any deferred assets or liabilities arising during the term of this agreement will be calculated utilizing the weighted cost of capital specified above.

SECTION 4. EARNINGS SHARING AGREEMENT

4.1 During the term of this Settlement Agreement, an earnings sharing agreement including the use of a return on equity (ROE) collar will be in effect. The ROE collar will limit PSNH's ability to propose changes to its permanent distribution rate level, and will result in the sharing of earnings if PSNH's earned ROE for distribution is greater than a specified level. On a quarterly basis, beginning with the quarter ended June 30, 2011, PSNH will report to the Commission and Settling Parties its actual 12-month rolling average ROE on its distribution rate base. Those reports will be due within 45 days after the end of the quarter and will be subject to review by Staff and the OCA. The Settling Parties will meet to discuss any issues that may arise during their review of PSNH's report. A Settling Party may seek relief from the Commission if, after the review, it disputes PSNH's calculation of the 12-month rolling average ROE.

4.2 The initial period for the twelve-month earnings calculations described in Paragraph 4.1 is the period July 1, 2010 through June 30, 2011. PSNH shall use the F-1 Form (filed quarterly with the Commission) as the basis for its calculation of the 12-month rolling average.

4.3 Unless PSNH's 12-month rolling average ROE for distribution is less than seven percent for two consecutive quarters, PSNH will not be allowed to propose a change to its permanent distribution rates for effect prior to July 1, 2015, except as otherwise provided for under Section 4.4, Section 7.3, Section 12, or under RSA 374-G.

4.4 If PSNH's 12-month rolling average ROE for distribution is greater than ten percent, then revenues equaling seventy-five percent of such difference will be deferred and refunded to customers over a 12-month period. PSNH will calculate the amount of annual change to its distribution revenue that would be necessary to reduce its ROE to ten percent. PSNH's annual distribution revenue will then be reduced by seventy-five percent of that amount. Such reduction to PSNH's distribution revenues will take place coincident with other adjustments to PSNH's rates, will remain in effect for one year and will be applied equi-proportionally to all customer classes.

4.5 During the term of this Settlement Agreement, PSNH will endeavor to maintain a capital structure that is similar, in terms of component percentages, to the capital structure in Section 3.1.

SECTION 5. STEP INCREASES AND REPORTING REQUIREMENTS

5.1 The rate changes specified under this Settlement Agreement include four distinct rate adjustments associated with 80% of non-REP changes to Net Plant and two rate adjustments associated with capital additions under the REP. The timing and amount of these increases are shown below:

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	July 1, 2010 (\$ million)	July 1, 2011 (projected) (\$ million)	July 1, 2012 (projected) (\$ million)	July 1, 2013 (projected) (\$ million)
REP Plant		\$1.5		\$1.6
80% of non-REP plant	<u>\$2.3</u>	<u>\$9.3</u>	<u>\$9.5</u>	<u>\$9.5</u>
Total Plant-Related Adjustments	<u>\$2.3</u>	<u>\$10.8</u>	<u>\$9.5</u>	<u>\$11.1</u>

The four scheduled adjustments are based on PSNH’s forecasted increases to Net Distribution Utility Plant, as described in Paragraph 5.3, below. Net plant amounts used to calculate these step increases shall be provided in sufficient detail to allow for meaningful review. The Settling Parties will work cooperatively to develop a mutually agreeable reporting format.

5.2 By April 30 of the years 2011, 2012 and 2013, PSNH will file financial documentation showing the actual changes to Net Distribution Utility Plant between April 1 of the prior year and March 31 of the current year, as well as the Net Distribution Utility Plant balance as of March 31 for each year. The information filed by PSNH will be subject to review by the Staff and the OCA. Changes to Net Distribution Utility Plant reported annually by PSNH will exclude capital additions made under the REP. In its annual filings, PSNH will explain any material variations between actual increases to Net Distribution Utility Plant and the forecasted increases shown below.

5.3 PSNH shall calculate the actual change to non-REP Net Distribution Utility Plant balance for the step adjustments as follows:

5.3.1 For the 2011 step, PSNH will subtract the total Net Distribution Utility Plant balance as of March 31, 2010 from the total Net Distribution Plant balance as of March 31, 2011.

5.3.2 For the 2012 step, PSNH will subtract the total Net Distribution Utility Plant balance as of March 31, 2011 from the total Net Distribution Plant balance as of March 31, 2012.

5.3.3 For the 2013 step, PSNH will subtract the total Net Distribution Utility Plant balance as of March 31, 2012 from the total Net Distribution Utility Plant as of March 31, 2013.

5.4 The actual change to Net Distribution Utility Plant will then be compared to the following forecasted increases:³

5.4.1 For the 2011 step, if the actual change to Net Distribution Utility Plant (as calculated in Section 5.3.1) is equal to or greater than \$75 million, and the Staff and the

³ Amounts are derived from PSNH’s five-year forecast dated February, 2010.

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OCA agree with PSNH's calculations and inputs to the calculations, then the step increase shall take effect on July 1, 2011, subject to approval by the Commission that the plant additions are prudent, used and useful and providing service to customers. If the actual change to Net Distribution Utility Plant is less than \$75 million, the step increase shall be calculated in the manner described in Section 5.5.

5.4.2 For the 2012 step, if the actual change to Net Distribution Utility Plant (as calculated in 5.3.2) is equal to or greater than \$74 million, and the Staff and the OCA agree with PSNH's calculations and inputs to the calculations, then the step increase shall take effect on July 1, 2012, subject to approval by the Commission that the plant additions are prudent, used and useful and providing service to customers. If the actual change to Net Distribution Utility Plant is less than \$74 million, the step shall be calculated in the manner described in Section 5.5.

5.4.3 For the 2013 step, if the actual change to Net Distribution Utility Plant (as calculated in 5.3.3) is equal to or greater than \$82 million, and the Staff and the OCA agree with PSNH's calculations and inputs to the calculations, then the step increase shall take effect on July 1, 2013, subject to approval by the Commission that the plant additions are prudent, used and useful and providing service to customers. If the actual change to Net Distribution Utility Plant is less than \$82 million, the step shall be calculated in the manner described in Section 5.5.

5.4.4 If the Staff or the OCA do not agree with PSNH's calculations or any input to the calculations, then they may request that the Commission hold a hearing to determine whether the step adjustment should take effect as scheduled, as calculated by PSNH.

5.5 If the actual change to Net Distribution Utility Plant is less than the amounts specified in Sections 5.4.1 (2011 step), 5.4.2 (2012 step), or 5.4.3 (2013), then the actual Net Distribution Utility Plant balance as of March 31 of the step year will be compared to the forecasted amounts for March 31 of the step year, as listed below:

<u>Step Year</u>	<u>Forecasted Net Distribution Utility Plant Balance as of 3/31</u>
2011	\$997 million
2012	\$1,073 million
2013	\$1,149 million

5.5.1 If the actual Net Distribution Utility Plant balance as of March 31 is greater than or equal to the amounts shown in Section 5.5, and the Staff and OCA agree with PSNH's calculations and inputs to the calculations, then the step increase shall take effect as planned, subject to approval by the Commission that the plant additions are prudent, used and useful and providing service to customers.

5.5.2 If the actual Net Distribution Utility Plant balance as of March 31 is less than the amount shown above, the step increase will be adjusted downward and shall take effect as planned, subject to review of the Staff and the OCA and approval by the Commission. The amount of downward adjustment to the step increase will be determined by calculating the revenue requirement associated with the difference between the forecasted and actual Net Distribution Utility Plant balance as of March 31. That revenue requirement will be determined using the cost of capital and capital structure contained in Section 3, and the same methodology used to calculate the step increases shown in Attachment 1.

5.5.3 If the Staff or the OCA do not agree with PSNH's calculations or any input to the calculations, then they may request that the Commission hold a hearing to determine whether the step increase should take effect as scheduled, as calculated by PSNH.

SECTION 6. RELIABILITY ENHANCEMENT PROGRAM

6.1 The Settling Parties agree that PSNH should continue its existing REP. The capital invested in the REP through December 31, 2009 has been included in PSNH's rate base amount used to determine the rate increases specified in Section 2. PSNH will continue to spend \$8.2 million annually in operation and maintenance expense for the existing REP expense programs during the term of this Settlement Agreement.

6.2 In addition to the REP amounts discussed above, the rate increases specified in Section 2 also include \$4 million in annual revenue for additional REP spending, referred to as "REP II." Under REP II, as described in PSNH witness Johnson's testimony, PSNH will invest approximately \$12.8 million per year in new reliability-related capital projects, and will also spend approximately \$2.4 million per year in reliability-related operation and maintenance expense through June 30, 2012, and approximately \$0.8 million per year in reliability-related operation and maintenance expense from July 1, 2012 through June 30, 2014. As shown in Section 2, the July 1, 2011 and July 1, 2013 step increases include revenue requirements associated with REP II capital. The \$4 million of annual revenue will continue through the term of this agreement to recover the revenue requirements associated with REP capital additions and provide operation and maintenance spending, as available.

6.3 On or about April 1 of each year, PSNH will provide an annual report to the Commission, Staff and OCA showing actual REP activities and costs for the previous calendar year and its planned activities and costs for the current calendar year, consistent with the process established previously for REP I. Actual and planned REP costs shown in the report will include the revenue requirements associated with the actual and planned capital additions under REP II and with expenses under both the original REP and REP II.

6.4 Upon approval of the Settlement Agreement, PSNH will initiate and complete a High Level Design for the GIS project by July 1, 2011. The High Level Design will include project management details sufficient to establish milestones, base schedules, budget expenditures, and the vendor selection. PSNH commits to install and have operational those

elements identified in accordance with the schedule established in the High Level Design by December 31, 2014. On a semi-annual calendar year basis commencing on July 1, 2011, PSNH will provide a progress report to the Settling Parties detailing project milestones and achievements for the prior 6-month project period. Additionally, the semi-annual reports shall include key project dates for the remainder of the project, comparison of capital and O&M expenditures to planned REP II budget amounts and a detailed definition of tasks for the upcoming 6-month and 12-month periods. The High Level Design will also incorporate design of a GIS-based Outage Management System (OMS), including an implementation schedule. Prior to the implementation of a GIS-based OMS, PSNH will continue to implement enhancements to its existing OMS that will provide improved outage restoration information to customers, state officials and the general public.

SECTION 7. STORM RESERVE ACCRUAL AND RECOVERY OF CERTAIN OTHER STORM RESTORATION COSTS

7.1 The rate levels resulting from the rate adjustments specified in Section 2 include an annual accrual of \$3.5 million effective July 1, 2010 for the Major Storm Cost Reserve.

7.2 The \$43.845 million cost of the December 2008 ice storm projected to be remaining on PSNH's books as of June 30, 2010 will be amortized on a straight-line basis and recovered over a period of seven years. Any unamortized balance will accrue carrying charges at an annual rate of 4.5%.

7.3 None of the costs of the February 2010 wind storm are included in the rate increases specified in Sections 2.3 through 2.6. The Settling Parties will meet once the final costs of that recent storm are known to review the costs and will work cooperatively to determine an appropriate method for recovery of the prudently incurred costs, and to review and assess the appropriate funding level going forward for the Major Storm Cost Reserve. The Settling Parties may recommend a modification to one or more of the rate changes specified in Sections 2.4 through 2.6 in order to provide for recovery of the cost of the February 2010 wind storm and/or for a revision to the funding level of the Major Storm Cost Reserve.

SECTION 8. UNCOLLECTIBLE EXPENSE

8.1 The Settling Parties agree that the amount of uncollectible expense included in the rate adjustments will be set at the amount actually experienced by PSNH during 2009, unless changed as described below. The Settling Parties will use a competitive bidding process and a simple ranked voting method to select an independent consultant. The selected independent consultant shall review and analyze the recent trends in PSNH's uncollectible expense, the underlying reasons for the increased level of expense that has occurred, PSNH's collection practices, the Commission's rules and practices regarding credit and collection activities, and PSNH's deposit and credit policy for large customers, as well as to develop recommendations for dealing with uncollectible expense going forward. The study will also include an analysis of the impact of SB 300 (shifting System Benefits Charge revenue from energy efficiency to low-

income assistance) on uncollectible expense. The total cost of the study shall not exceed \$100,000, and PSNH shall be allowed to defer and recover the cost of the study over a 12-month period by including such cost in one of the step adjustments described in Sections 2.4 through 2.6. Although the recommendations of the consultant shall not be binding, the Settling Parties will work cooperatively to determine a course of action in accordance with good utility practice for addressing uncollectible expense. Any potential adjustment to the level of uncollectible expense arising from that review will take place coincident with one of the step adjustments described in Sections 2.4 through 2.6.

SECTION 9. DEPRECIATION EXPENSE AND PLANT RETIREMENTS

9.1 Depreciation expense included in the rate increases specified in Section 2 was calculated using Commission-approved whole-life depreciation rates, with the reserve imbalance amortized in accordance with Staff witness Cunningham's testimony. During the term of this agreement, PSNH will continue to record depreciation expense using the whole-life depreciation rates as contained in Staff witness Cunningham's testimony.

9.2 PSNH will prepare a new depreciation study as part of its next distribution rate proceeding.

9.3 PSNH agrees to continue to be vigilant in its timely recording of retirements of plant assets and in its accuracy in accounting for cost of removal related to retired plant. (See Staff witness Mullen's testimony at page 24 and Staff witness Cunningham's testimony at pages 9-10.)

SECTION 10. RATE DESIGN

10.1 The Settling Parties agree to phase in changes to the revenue requirement for Primary General Delivery Service Rate GV (Rate GV) in three increments such that the Rate GV rate of return (ROR) is within 1.5% points of the system average ROR⁴ by the third increment. Specifically, the Settling Parties agree that the phase-in will be implemented in the following manner:

10.1.1 Coincident with the 2010 step adjustment, one-third of the difference between the ROR for Rate GV and the system average ROR plus 1.5% will be re-allocated and recovered equi-proportionally from the other classes;

10.1.2 Coincident with the 2011 step adjustment, an amount equal to two-thirds of the difference between the ROR for Rate GV and the system average ROR plus 1.5% will be re-allocated and recovered equi-proportionally from the other classes; and

⁴ Calculated based on the methodology employed in PSNH Response to Staff 5-11.

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10.1.3 Coincident with the 2012 step adjustment, an amount equal to the difference between the ROR for Rate GV and the system average ROR plus 1.5% will be re-allocated and recovered equi-proportionally from the other classes.

10.2 The resulting class revenue requirement targets are presented in Attachment 2. The rates and charges contained in Attachment 3 are designed to recover the class revenue requirement targets in Attachment 2, including the proposed step adjustments provided for in Section 5. Rates for residential customers (Rate R) will be based upon the same percentage change for the customer charge and the usage rate.

10.3 The rates will become effective on the dates specified unless the proposed step increases are changed pursuant to the provisions of Sections 4, 5 or 12 of this Settlement Agreement. In that event, the rates and charges in Attachment 3 will be proportionally adjusted based on the amount of change to overall distribution rate level calculated pursuant to Sections 4, 5 or 12.

10.4 PSNH will monitor the effects of the rate design contained in Attachment 3 and will report to the Settling Parties if that rate design exacerbates rate continuity issues with respect to the transition between Primary General Delivery Service Rate GV and Large General Delivery Service Rate LG. Such issues include an abrupt change in bill amount for a customer whose billing demand is at or near the demarcation point between the two rate classes and who is required to receive service under a different rate class as a result of a change to the customer's monthly billing demand. If such issues arise, the Settling Parties agree to work cooperatively to determine a revised rate design for the GV and/or LG rate classes to address rate continuity issues.

SECTION 11. OTHER TARIFF CHANGES

11.1 The Settling Parties recommend that the Commission approve PSNH's proposed midnight outdoor lighting service option.

11.2 The Settling Parties recommend that the Commission approve PSNH's proposal to add language to the Apparatus section of Primary General Delivery Service Rate GV and Large General Delivery Service Rate LG to indicate that PSNH is not required to rent pole-mounted apparatus to customers. PSNH agrees to revise the language of that section as suggested in the testimony of Staff witness McCluskey. The revised language is included as Attachment 4 hereto.

11.3 The Settling Parties recommend that the Commission approve PSNH's proposal to remove the option available to government and civic groups to pay over time for excess costs associated with new installations, extensions or replacements under Outdoor Lighting Delivery Service Rate OL.

11.4 The Settling Parties were unable to agree on PSNH's proposed revision to add language to the Meters section of the Terms and Conditions for Delivery Service section of

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PSNH's Tariff to clarify that master metering of new or renovated residential buildings was prohibited. The Staff maintains that the Commission rules require master metering except in a limited number of circumstances. PSNH's position is that master metering is inconsistent with the International Energy Conservation Code 2000 adopted by statute and the Commission's rules. In order to resolve this disagreement, PSNH will file a request for interpretation of the existing rule, and, if necessary, a waiver from that portion of the Commission's rules that the Staff believes requires master metering.

11.5 Due to the growing interest in light emitting diode (LED) lighting technology, PSNH agrees to monitor developments with the technology and the applicable rating standards. Nothing in this agreement shall prohibit PSNH or another party from proposing the implementation of tariff pages applicable to LED outdoor lighting.

SECTION 12. EXOGENOUS EVENTS

12.1 During the term of this Settlement Agreement, PSNH will be allowed to adjust distribution rates upward or downward resulting from Exogenous Events, as defined below.

12.2 For any of the events defined as a State Initiated Cost Change, Federally Initiated Cost Change, Regulatory Cost Reassignment, or Externally Imposed Accounting Rule Change, during the term of this Settlement Agreement, PSNH will be allowed to adjust distribution rates upward or downward (to the extent that the revenue impact of such event is not otherwise captured through another rate mechanism that has been approved by the Commission) if the total distribution revenue impact (positive or negative) of all such events exceeds \$1,000,000 (Exogenous Events Rate Adjustment Threshold) in any calendar year beginning with 2010.

12.2.1 "State Initiated Cost Change" shall mean:

(i) any externally imposed changes in state or local law or regulatory mandates or changes in other precedents governing income, revenue, sales, franchise, or property or any new or amended regional, state or locally imposed fees (but excluding the effects of routine annual changes in municipal, county and state property tax rates and revaluations), which impose new obligations, duties or undertakings, or remove existing obligations, duties or undertakings, and which individually decrease or increase PSNH's distribution costs, revenue, or revenue requirement.

12.2.2 "Federally Initiated Cost Change" shall mean:

(i) any externally imposed changes in the federal tax rates, laws, regulations, or precedents governing income, revenue, or sales taxes or any changes in federally imposed fees, which impose new obligations, duties or undertakings, or remove existing obligations, duties or undertakings, and which individually decrease or increase PSNH's distribution costs, revenue, or revenue requirement.

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12.2.3 Regulatory Cost Reassignment: The distribution rate changes shown in Section 2 are based on the separation of costs among generation, transmission, and distribution functions of PSNH in place on the date of this Settlement Agreement. “Regulatory Cost Reassignment” shall mean the reassignment of costs and/or revenues now included in the generation, transmission, or distribution functions to or away from the distribution function by the Commission, FERC, NEPOOL, the ISO or any other official agency having authority over such matters.

12.2.4 “Externally Imposed Accounting Rule Change” shall be deemed to have occurred if the Financial Accounting Standards Board or the Securities and Exchange Commission adopts a rule that requires utilities to use a new accounting rule that is not being utilized by PSNH as of January 1, 2010.

12.3 Excessive Inflation: If the average rate of inflation from January 1, 2011 through December 31, 2013, measured by annual changes in the “Gross Domestic Product Implicit Price Deflator,” exceeds 4%, or if the average annual rate of inflation from January 1, 2011 through December 31, 2014 exceeds 4%, PSNH will be allowed, pursuant to the procedure described below, to increase its distribution revenues effective July 1, 2014 and/or July 1, 2015, respectively. The amount of increase to distribution revenue shall be equal to the amount by which such average inflation rate exceeds 4% multiplied by actual O&M expense in calendar year 2012 and/or 2013, respectively, excluding O&M expenses under PSNH’s REP.

12.4 No later than March 31 of each year during the term of this Settlement Agreement, PSNH shall file with the Commission, Staff and OCA a Certification of Exogenous Events for the prior calendar year. If, in the prior calendar year, PSNH incurs any changes in distribution costs, revenue, or revenue requirement in excess of the Exogenous Events Rate Adjustment Threshold in connection with any Exogenous Event as defined in Paragraph 12.2, PSNH shall provide specific and sufficient detail supporting each change and the Exogenous Event(s) associated with each change for the Commission, Staff and OCA to assess the proposed Exogenous Event rate adjustment. If no Exogenous Events causing changes in excess of the Exogenous Events Rate Adjustment Threshold occurred during the prior calendar year, PSNH shall certify that fact in its annual Certification of Exogenous Events. On or before May 1 of each year during the term of this Settlement Agreement, the Staff and the OCA may make a filing requesting an Exogenous Event rate decrease or contesting an Exogenous Event rate increase proposed by PSNH. Any adjustments to revenue requirements for Exogenous Events: (1) shall be subject to review and approval as deemed necessary by the Commission; (2) shall be implemented for usage on and after July 1 of that year; and (3) shall be allocated among PSNH’s rate classes on a proportional basis based on total distribution revenue by class in effect at the time of the adjustment. Any such filings are limited to one per calendar year, provided that any costs incurred or saved due to such Exogenous Events shall be deferred for consolidation in the single filing.

12.5 PSNH will not make any filing seeking an adjustment that increases the rates under this Section during any period in which the provisions of Section 4.4 have been triggered.

12.6 Any Exogenous Event adjustment made during the term of this Settlement Agreement will remain in rates only through the effective date of the new rates determined in the Commission's first distribution rate proceeding following the end of the term of this Settlement Agreement.

SECTION 13. TERM

13.1 This Settlement Agreement shall become effective upon Commission approval for the implementation of new permanent distribution rates on July 1, 2010 and terminate on June 30, 2015, unless terminated sooner under the provisions of Section 4 herein or by mutual agreement of the Settling Parties and approval by the Commission.

SECTION 14. MISCELLANEOUS PROVISIONS

14.1 PSNH shall account for and recover the costs associated with programs funded by the System Benefits Charge (SBC) (i.e., low-income electric assistance program, CORE energy efficiency programs) through the budgets related to these respective programs. Costs related to the SBC-funded programs shall not be recovered through distribution rates.

14.2 The rate base proposed in this proceeding includes the PSNH Energy Park solar photovoltaic installation in Manchester. The revenue requirements under this Settlement Agreement have been reduced to reflect the value of the energy and Renewable Energy Certificates produced by the solar array. The Settling Parties were unable to agree on the issue of whether PSNH was required to seek and obtain Commission approval of this investment prior to installation, or the issue of whether the investment in this project was prudent. Parties may raise these issues in the future. In the event that the costs associated with this project are disallowed by the Commission, PSNH may retain the value of the energy and Renewable Energy Certificates produced by the project.

14.3 PSNH will file both an embedded cost of service study and a marginal cost of service study with the filing of its next distribution rate case.

14.4 PSNH will annually file a report on executive compensation in the same format and with the same type of information as required in Connecticut for that state's regulated utilities. *See* CT DPUC Order in Docket 08-01-16, Petition of Richard Blumenthal, Attorney General for the State of Connecticut, for Standardized Disclosure of Utility Executive and Officers Compensation, dated December 3, 2008.

SECTION 15. GENERAL PROVISIONS

15.1 This Settlement Agreement is expressly conditioned upon the Commission's acceptance of all its provisions, without change or condition. If the Commission does not accept this Settlement Agreement in its entirety, without change or condition, or if the Commission makes any findings that go beyond the scope of this Settlement Agreement, and any of the Settling Parties is unable to agree with the changes, conditions or findings, this Settlement Agreement shall be deemed to be withdrawn and shall not constitute any part of the record in this proceeding and shall not be used for any other purpose.

15.2 Under this Settlement Agreement, the Settling Parties agree to this joint submission to the Commission as a resolution of the issues specified herein only.

15.3 The Settling Parties agree that the Commission's acceptance of this Settlement Agreement does not constitute continuing approval of, or precedent for, any particular issue in this proceeding other than those specified herein. Acceptance of this Settlement Agreement by the Commission shall not be deemed to restrain the Commission's exercise of its authority to promulgate future orders, regulations or rules that resolve similar matters affecting other parties in a different fashion.

15.4 This Settlement Agreement shall not be deemed an admission by any of the Settling Parties that any allegation or contention in this proceeding by any other party, other than those specifically agreed to herein, is true and valid. This Settlement Agreement shall not be construed to represent any concession by any Settling Party hereto regarding positions taken with respect to PSNH's permanent rate request in this docket, nor shall this Settlement Agreement be deemed to foreclose any Settling Party in the future from taking any position in any subsequent proceedings. The revenue requirement amounts associated with each of the rate adjustments detailed herein are liquidated amounts that reflect a compromise of all the issues in this proceeding.

15.5 The Settling Parties agree that all pre-filed testimony and supporting documentation should be admitted as full exhibits for the purpose of consideration of this Settlement Agreement, and be given whatever weight the Commission deems appropriate. Consent by the Settling Parties to admit all pre-filed testimony without challenge does not constitute agreement by any of the Settling Parties that the content of the pre-filed testimony is accurate or that the views of the witnesses should be assigned any particular weight by the Commission. In addition, the resolution of any specific issue in this Settlement Agreement does not indicate the Settling Parties' agreement to such resolution for purposes of any future proceedings.

15.6 The rights conferred and the obligations imposed on the Settling Parties by this Settlement Agreement shall be binding on or inure to the benefit of any successors in interest or assignees as if such successor or assignee was itself a signatory party. The Settling Parties agree to cooperate in advocating that this Settlement Agreement be approved by the Commission in its entirety and without modification.

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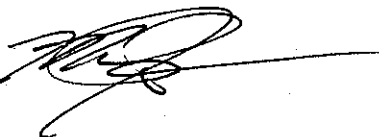
15.7 This Settlement Agreement is the product of confidential settlement negotiations. The content of these negotiations, including any documents prepared during such negotiations for the purpose of reaching a settlement, shall be privileged and all offers of settlement shall be without prejudice to the position of any party presenting such offer.

15.8 This Settlement Agreement may be executed in multiple counterparts, which together shall constitute one agreement.

SECTION 16. CONCLUSION

16.1. The Parties affirm that the proposed Settlement Agreement will result in just and reasonable rates and should be approved.

STAFF OF THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

By: 

OFFICE OF THE CONSUMER ADVOCATE

By: 

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

By: 

Determination of Step Increases Due to Net Plant Additions
(\$ millions)

	As filed 12/31/2009	2010	2011	2012	2013
Total Utility Plant in Service	1,309	1,374	1,471	1,574	1,662
Accum. Prov. For Depreciation	(420)	(399)	(420)	(441)	(469)
Net Utility Plant	889	975	1,051	1,133	1,193
Less: REP Capital Additions		(11)	(13)	(13)	(13)
Net Plant w/o REP	889	964	1,038	1,120	1,180
Net Non-REP Plant Change (year over year)		75	74	82	60
Net Plant @ 80%		60	59	66	48
ROR per settlement (a)		0.07513	0.07513	0.07513	0.07513
GRCF		1.6814	1.6814	1.6814	1.6814
Return		7.6	7.5	8.3	6.1
Depreciation @ 2.95%		1.8	1.7	1.9	1.4
Total Revenue Requirement		9.3	9.2	10.2	7.5

Revenue Requirements related to step increases and net plant allowed for these step increases (b):

Revenue Requirement	Rev. Req. Step 1 07/01/2010	Net Plant Allowed	Rev. Req. Step 2 07/01/2011	Net Plant Allowed	Rev. Req. Step 3 07/01/2012	Net Plant Allowed	Rev. Req. Step 4 07/01/2013	Net Plant Allowed
1/1/10 - 3/31/10	2.3	18.8						
4/1/10 - 12/31/10			7.0	56.3				
1/1/11 - 3/31/11			2.3	18.5				
4/30/11 - 12/31/11					6.9	55.5		
1/1/12 - 3/31/12					2.6	20.5		
4/1/12 - 12/31/12							7.7	61.5
1/1/13 - 3/31/13							1.9	15.0
Revenue increase	2.3		9.3		9.5		9.5	

2009 Net plant (b) **889**
Add: \$14 million of new vehicle purchases (replace leases) **14**
Total net plant allowed for step 1 at 3/31/10 **922**

Step 1 net plant allowed **922**
Total net plant allowed for step 2 at 3/31/11 **997**

Step 2 net plant allowed **997**
Total net plant allowed for step 3 at 3/31/12 **1,073**

Step 3 net plant allowed **1,073**
Total net plant allowed for step 4 at 3/31/13 **1,149**

(a) ROR includes 9.67% ROE and removal of ice storm-related debt

(b) Net plant allowed began with the 2009 projected net utility plant at 12/31/2009 of \$889 million which was used to determine the permanent rate increase. The revenue requirements reflected in the step increases then allowed 80% net plant additions, net of REP.

Allocation of Proposed Distribution Revenue to Rate Class
 (\$000's)

	Current <u>Aug. 2009</u>	Reflecting Expired Special Pricing	July 2010 Excluding <u>Recompment</u>	July 2010 Including <u>Recompment</u>	Reflecting Expired Special Pricing	<u>July 2011</u>	<u>July 2012</u>	<u>July 2013</u>
Revenue targets	\$ 264,938		\$ 296,701	\$ 310,397		\$ 307,501	\$ 317,001	\$ 328,101
Equal percentage allocation to each class:								
Residential Rates R, R-OTOD	\$ 147,799	\$ 147,799	\$ 165,593	\$ 173,237	\$ 173,237	\$ 171,677	\$ 176,981	\$ 183,178
General Service Rates G, G-OTOD	63,633	63,633	71,294	74,585	74,585	73,913	76,197	78,865
Primary General Service Rate GV	30,086	30,086	33,708	35,264	35,264	34,947	36,026	37,288
GV Rate B	133	133	149	155	155	154	159	164
Large General Service Rate LG	14,042	14,194	15,903	16,638	16,728	16,577	17,089	17,687
LG Rate B	1,170	1,170	1,311	1,371	1,371	1,359	1,401	1,450
Outdoor Lighting Rate OL	4,207	4,207	4,713	4,931	4,931	4,886	5,037	5,214
Outdoor Lighting Rate EOL	3,433	3,433	3,846	4,024	4,024	3,988	4,111	4,255
Total Standard Tariff	\$ 264,502	\$ 264,655	\$ 296,518	\$ 310,206	\$ 310,296	\$ 307,501	\$ 317,001	\$ 328,101
Rate LG Special Pricing	436	163	182	191	-	-	-	-
Total Retail	\$ 264,938	\$ 264,818	\$ 296,701	\$ 310,397	\$ 310,296	\$ 307,501	\$ 317,001	\$ 328,101

Proposed revenue targets to bring Rate GV rate of return within 1.5% of retail average, in three steps:

Residential Rates R, R-OTOD	\$ 166,020	\$ 172,531	\$ 178,262
General Service Rates G, G-OTOD	71,516	74,356	76,861
Primary General Service Rate GV	32,981	33,491	33,843
Large General Service Rate LG (incl. special pricing)	16,131	16,667	17,225
Rate B (GV and LG)	1,461	1,516	1,565
Outdoor Lighting Rates OL and EOL	8,592	8,939	9,246
Total Retail	\$ 296,701	\$ 307,501	\$ 317,001

Proposed revenue targets with further breakdown for Rate B, outdoor lighting and special pricing classes

Residential Rates R, R-OTOD	\$ 166,020	\$ 173,684	\$ 172,531	\$ 178,262	\$ 184,504
General Service Rates G, G-OTOD	71,516	74,817	74,356	76,861	79,552
Primary General Service Rate GV	32,981	34,503	33,491	33,843	35,028
GV Rate B	149	156	154	159	165
Large General Service Rate LG	15,949	16,685	16,667	17,225	17,828
LG Rate B	1,312	1,373	1,362	1,405	1,455
Outdoor Lighting Rate OL	4,731	4,950	4,922	5,091	5,269
Outdoor Lighting Rate EOL	3,861	4,039	4,017	4,155	4,300
Total Standard Tariff	\$ 296,518	\$ 310,206	\$ 307,501	\$ 317,001	\$ 328,101
Rate LG Special Pricing	182	191	-	-	-
Total Retail	\$ 296,701	\$ 310,397	\$ 307,501	\$ 317,001	\$ 328,101

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

SUMMARY OF CURRENT AND PROPOSED DISTRIBUTION RATES

<u>Rate</u>	<u>Blocks</u>	<u>Current Rates Aug. 2009</u>	<u>Equal % July 2010 Incl Recoup.</u>	<u>Proposed Customer, Demand Charges (1)</u>	<u>1/2 of Difference Between Equal % and Proposed</u>	<u>Proposed July 2010 Incl Recoup.</u>	<u>Proposed July 2011</u>	<u>Proposed July 2012</u>	<u>Proposed July 2013</u>
R	Customer charge	\$ 9.87	\$ 11.60			\$ 11.60	\$ 11.52	\$ 11.90	\$ 12.32
	All KWH	\$ 0.03220	\$ 0.03784			\$ 0.03784	\$ 0.03759	\$ 0.03884	\$ 0.04020
Uncontrolled									
Water	Meter charge	\$ 3.48	\$ 4.09			\$ 4.09	\$ 4.06	\$ 4.19	\$ 4.34
Heating	All KWH	\$ 0.01578	\$ 0.01854			\$ 0.01854	\$ 0.01842	\$ 0.01903	\$ 0.01970
Controlled									
Water	Meter charge	\$ 6.13	\$ 7.20			\$ 7.20	\$ 7.15	\$ 7.39	\$ 7.65
Heating	All KWH	\$ 0.00094	\$ 0.00110			\$ 0.00110	\$ 0.00109	\$ 0.00113	\$ 0.00117
R-OTOD	Customer charge	\$ 22.92	\$ 26.93			\$ 26.93	\$ 26.75	\$ 27.64	\$ 28.61
	On-peak KWH	\$ 0.10291	\$ 0.12093			\$ 0.12093	\$ 0.12012	\$ 0.12411	\$ 0.12847
	Off-peak KWH	\$ 0.00150	\$ 0.00176			\$ 0.00176	\$ 0.00175	\$ 0.00181	\$ 0.00187
G	Single phase customer charge	\$ 11.12	\$ 13.07	\$ 13.50	\$ 0.22	\$ 13.29	\$ 13.50	\$ 13.96	\$ 14.45
	Three phase customer charge	\$ 22.24	\$ 26.15	\$ 27.00	\$ 0.43	\$ 26.58	\$ 27.00	\$ 27.91	\$ 28.88
	Load charge (over 5 KW)	\$ 6.73	\$ 7.91	\$ 7.91	\$ -	\$ 7.91	\$ 7.91	\$ 8.18	\$ 8.46
	First 500 KWH	\$ 0.05568	\$ 0.06547			\$ 0.06495	\$ 0.06339	\$ 0.06553	\$ 0.06781
	Next 1,000 KWH	\$ 0.01380	\$ 0.01623			\$ 0.01610	\$ 0.01571	\$ 0.01624	\$ 0.01680
	All additional KWH	\$ 0.00488	\$ 0.00574			\$ 0.00569	\$ 0.00555	\$ 0.00574	\$ 0.00594
Space Heating	Meter charge	\$ 2.22	\$ 2.61	\$ 2.70	\$ 0.05	\$ 2.66	\$ 2.70	\$ 2.79	\$ 2.89
	All KWH	\$ 0.02730	\$ 0.03210			\$ 0.03185	\$ 0.03108	\$ 0.03213	\$ 0.03325
G-OTOD	Single phase customer charge	\$ 28.83	\$ 33.90	\$ 35.00	\$ 0.55	\$ 34.45	\$ 35.00	\$ 36.18	\$ 37.44
	Three phase customer charge	\$ 41.14	\$ 48.37	\$ 50.00	\$ 0.82	\$ 49.19	\$ 50.00	\$ 51.69	\$ 53.49
	Load charge	\$ 9.38	\$ 11.03	\$ 11.03	\$ -	\$ 11.03	\$ 11.03	\$ 11.40	\$ 11.80
	On-peak KWH	\$ 0.03906	\$ 0.04593			\$ 0.04557	\$ 0.04447	\$ 0.04597	\$ 0.04757
	Off-peak KWH	\$ 0.00612	\$ 0.00720			\$ 0.00714	\$ 0.00697	\$ 0.00721	\$ 0.00746
LCS	Radio-controlled option	\$ 7.09	\$ 8.33			\$ 8.33	\$ 8.27	\$ 8.54	\$ 8.84
	8, 10 or 11-hour option	\$ 6.13	\$ 7.20			\$ 7.20	\$ 7.15	\$ 7.39	\$ 7.65
	Switch option	\$ 7.09	\$ 8.33			\$ 8.33	\$ 8.27	\$ 8.54	\$ 8.84
	Radio-controlled option	\$ 0.00094	\$ 0.00110			\$ 0.00110	\$ 0.00109	\$ 0.00113	\$ 0.00117
	8-hour option	\$ 0.00094	\$ 0.00110			\$ 0.00110	\$ 0.00109	\$ 0.00113	\$ 0.00117
	10 or 11-hour option	\$ 0.01902	\$ 0.02235			\$ 0.02235	\$ 0.02220	\$ 0.02294	\$ 0.02375

Notes:

(1) Customer and demand charges are those shown in PSNH's June 30, 2009 filing in Attachment SRH-8, except where the equiproportional method produces a higher charge. Energy charges have been adjusted as necessary to produce the required revenue. Rate GV demand charges have been increased and partially flattened, and energy charges have been decreased and partially flattened in order to ease the transition to Rate LG.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

SUMMARY OF CURRENT AND PROPOSED DISTRIBUTION RATES

<u>Rate</u>	<u>Blocks</u>	<u>Current Rates Aug. 2009</u>	<u>Equal % July 2010 Incl Recoup.</u>	<u>Proposed Customer, Demand Charges (1)</u>	<u>1/2 of Difference Between Equal % and Proposed</u>	<u>Proposed July 2010 Incl Recoup.</u>	<u>Proposed July 2011</u>	<u>Proposed July 2012</u>	<u>Proposed July 2013</u>
GV	Customer charge	\$ 149.74	\$ 171.72	\$ 180.00	\$ 4.14	\$ 175.86	\$ 180.00	\$ 181.90	\$ 188.34
	First 100 KW	\$ 4.14	\$ 4.75			\$ 5.18	\$ 5.18	\$ 5.23	\$ 5.42
	All additional KW	\$ 3.81	\$ 4.37			\$ 4.95	\$ 4.95	\$ 5.00	\$ 5.18
	First 200,000 KWH	\$ 0.00674	\$ 0.00773			\$ 0.00629	\$ 0.00562	\$ 0.00568	\$ 0.00588
	All additional KWH	\$ 0.00559	\$ 0.00641			\$ 0.00528	\$ 0.00472	\$ 0.00477	\$ 0.00494
LG	Customer charge	\$ 455.10	\$ 534.88	\$ 550.00	\$ 7.56	\$ 542.44	\$ 550.00	\$ 568.40	\$ 588.68
	Demand charge	\$ 3.67	\$ 4.31	\$ 4.31	\$ -	\$ 4.31	\$ 4.31	\$ 4.45	\$ 4.61
	On-peak KWH	\$ 0.00403	\$ 0.00474			\$ 0.00473	\$ 0.00461	\$ 0.00476	\$ 0.00493
	Off-peak KWH	\$ 0.00339	\$ 0.00398			\$ 0.00398	\$ 0.00388	\$ 0.00401	\$ 0.00415
B	Administrative charge	\$ 256.59	\$ 301.57	\$ 310.00	\$ 4.22	\$ 305.79	\$ 310.00	\$ 320.37	\$ 331.80
	Translation charge	\$ 42.75	\$ 50.24	\$ 52.00	\$ 0.88	\$ 51.12	\$ 52.00	\$ 53.74	\$ 55.66
	Demand charge (below 115kV)	\$ 3.45	\$ 4.05	\$ 4.06	\$ 0.00	\$ 4.06	\$ 4.06	\$ 4.20	\$ 4.35
	All KWH (below 115kV)								----- Energy charges in the standard rate -----

Notes:

- (1) Customer and demand charges are those shown in PSNH's June 30, 2009 filing in Attachment SRH-8, except where the equiproportional method produces a higher charge. Energy charges have been adjusted as necessary to produce the required revenue. Rate GV demand charges have been increased and partially flattened, and energy charges have been decreased and partially flattened in order to ease the transition to Rate LG.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
SUMMARY OF CURRENT AND PROPOSED DISTRIBUTION RATES
Outdoor Lighting Service Rate OL

	<u>Lumens</u>	<u>Watts</u>	<u>Current Rates</u> <u>Aug. 2009</u>	<u>Proposed</u> <u>July 2010</u> <u>Incl Recoup.</u>	<u>Proposed</u> <u>July 2011</u>	<u>Proposed</u> <u>July 2012</u>	<u>Proposed</u> <u>July 2013</u>
For new and existing installations							
High Pressure Sodium	4,000	50	\$ 12.27	\$ 14.44	\$ 14.36	\$ 14.85	\$ 15.37
	5,800	70	12.27	14.44	14.36	14.85	15.37
	9,500	100	16.31	19.19	19.08	19.73	20.42
	16,000	150	23.07	27.14	26.99	27.91	28.89
	30,000	250	23.64	27.81	27.66	28.61	29.61
	50,000	400	23.90	28.12	27.97	28.93	29.95
	130,000	1,000	38.37	45.14	44.89	46.43	48.06
Metal Halide	5,000	70	12.81	15.07	14.99	15.50	16.04
	8,000	100	17.51	20.60	20.49	21.19	21.93
	13,000	150	24.04	28.28	28.12	29.08	30.10
	13,500	175	24.55	28.88	28.72	29.70	30.74
	20,000	250	24.55	28.88	28.72	29.70	30.74
	36,000	400	24.77	29.14	28.98	29.97	31.02
	100,000	1,000	37.12	43.67	43.43	44.92	46.50
For existing installations only							
Incandescent	600	105	7.07	8.32	8.27	8.55	8.85
	1,000	105	7.89	9.28	9.23	9.55	9.89
	2,500	205	10.12	11.91	11.84	12.25	12.68
	6,000	448	17.37	20.44	20.33	21.03	21.77
Mercury	3,500	100	10.83	12.74	12.67	13.10	13.56
	7,000	175	13.01	15.31	15.23	15.75	16.30
	11,000	250	16.10	18.94	18.84	19.49	20.17
	15,000	400	18.42	21.67	21.55	22.29	23.07
	20,000	400	19.87	23.38	23.25	24.05	24.89
	56,000	1,000	31.58	37.16	36.96	38.23	39.57
Fluorescent	20,000	330	26.94	31.70	31.53	32.61	33.76
High Pressure Sodium in existing mercury luminaires							
	12,000	150	16.86	19.84	19.73	20.41	21.13
	34,200	360	21.58	25.39	25.25	26.12	27.04

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
SUMMARY OF CURRENT AND PROPOSED DISTRIBUTION RATES
Energy Efficient Outdoor Lighting Service Rate EOL

	<u>Lumens</u>	<u>Watts</u>	<u>Current Rates Aug. 2009</u>	<u>Proposed July 2010 Incl Recoup.</u>	<u>Proposed July 2011</u>	<u>Proposed July 2012</u>	<u>Proposed July 2013</u>
High Pressure Sodium	4,000	50	\$ 6.53	\$ 7.68	\$ 7.64	\$ 7.90	\$ 8.18
	5,800	70	6.53	7.68	7.64	7.90	8.18
	9,500	100	8.02	9.44	9.39	9.71	10.05
	16,000	150	8.82	10.38	10.32	10.67	11.05
	30,000	250	8.82	10.38	10.32	10.67	11.05
	50,000	400	9.11	10.72	10.66	11.02	11.41
	130,000	1,000	17.28	20.33	20.22	20.91	21.65
Metal Halide	5,000	70	6.77	7.97	7.93	8.20	8.49
	8,000	100	8.96	10.54	10.48	10.84	11.22
	13,000	150	9.56	11.25	11.19	11.57	11.98
	13,500	175	10.08	11.86	11.80	12.20	12.63
	20,000	250	10.24	12.05	11.98	12.39	12.83
	36,000	400	10.53	12.39	12.32	12.74	13.19
	100,000	1,000	18.77	22.08	21.96	22.71	23.51

Attachment 4

Revised Tariff Language for Rates GV and LG

APPARATUS

Substation foundations, structures, and all necessary controlling, regulating, transforming, and protective apparatus shall be furnished, owned, and maintained by the Customer at the Customer's expense. However, controlling, regulating, and transforming apparatus may be rented from the Company at a charge of eighteen percent (18.0%) per year of the equipment cost. The cost of installing such equipment shall be paid in full at the time service is initiated. In no event shall the Company be required to rent apparatus to the Customer the total cost of which shall exceed \$10,000. The Company may refuse to rent pole-mounted apparatus based on environmental and other immediate hazards that are present. In the event the Company refuses to rent a pole-mounted apparatus, the Company shall inform the Customer of the environmental and other immediate hazards that are present and shall provide the Customer with the opportunity to remove the hazards. In the event the environmental and the other immediate hazards are removed by the Customer, the Company shall agree to rent pole-mounted apparatus to the Customer. If a Customer-owned structure supporting a Company owned pole-mounted transformer is deemed insufficient or threatened by trees or other hazards, the Company shall inform the Customer of the hazards and shall provide the Customer with the opportunity to repair or remove the hazard. In the event the Customer refuses to repair or remove the hazard or does not repair or remove the hazard in a timely manner, the Company is authorized to terminate the existing rental agreement and to remove the transformer upon 90 days written notice to the Customer. When a Customer elects to rent apparatus from the Company, the Customer shall guarantee, in addition to any other guarantees, to continue to pay rental therefor for a period of not less than four (4) years. Should the Customer discontinue service before four (4) years shall have elapsed, the guaranteed rental then unpaid shall immediately become due and payable.



**Public Service
of New Hampshire**

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The Northeast Utilities System

Stephen R. Hall
Rate & Regulatory Services Manager

E-Mail: hallsr@psnh.com

April 29, 2011

Debra A. Howland
Executive Director and Secretary
State of New Hampshire
Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301-2429

Re: Step Increase for Changes in Net Plant in Service for the Period April 1, 2010 to March 31, 2011

Dear Ms. Howland:

Enclosed for filing with the Commission are an original and six copies of the technical statement and attachments of Robert A. Baumann describing the changes to PSNH's Net Plant in Service from March 31, 2010 to March 31, 2011.

The Settlement Agreement approved by the Commission in Docket No. DE 09-035 (PSNH Distribution Rate Case) provides for a series of projected increases to PSNH's permanent distribution rate level. Under the Settlement, PSNH is required to file financial documentation by April 30 of each year showing the actual changes to Net Distribution Utility Plant between April 1 of the prior year and March 31 of the current year. The projected rate increases are subject to downward revision to the extent that certain financial measurements are not met.

As shown in the enclosed technical statement and attachments, PSNH has calculated the July 1, 2011 step increase to be approximately \$4.4 million, a decrease from the projected step increase specified in the Settlement of \$9.3 million.

PSNH requests that the Commission open a docket to examine the information contained in this filing and issue an order approving PSNH's proposed \$4.4 million annual increase to its distribution rates effective for service rendered on and after July 1, 2011

Sincerely,

Stephen R. Hall
Rate & Regulatory Services Manager

SRH:kd
Enclosures
cc: Meredith A. Hatfield, OCA

**STATE OF NEW HAMPSHIRE
before the
PUBLIC UTILITIES COMMISSION**

Public Service Company of New Hampshire

**Request for Permanent Distribution Rates Change
Docket No. DE 09-035**

**Step Increase for 80% of change in non-REP net plant for the period
April 1, 2010 to March 31, 2011**

Technical Statement of Robert A. Baumann

I. Introduction

The approved Settlement Agreement on Permanent Distribution Service Rates (“Settlement Agreement”) established a series of permanent distribution rates for PSNH beginning on July 1, 2010 and terminating on June 30, 2015. SECTION 2 of the Settlement Agreement entitled RATE CHANGES, provided for three additional annual step changes to the Distribution rates on July 1, 2011, July 1, 2012 and July 1, 2013 (see SECTION 2.1). The first of these step changes would reflect an increase for 80% of actual changes in non-REP net plant for the period April 1, 2010 to March 31, 2011 (see SECTION 2.4). This Technical Statement, along with supporting calculations on Attachment RAB-1, is being filed in support of PSNH’s request for a rate change.

II. Background

The Settlement Agreement contained a projected step increase on July 1, 2011 of \$9.3 million associated with a budgeted level of non-REP net plant of \$997 million as of March 31, 2011. This produced a budgeted change in net plant of \$75 million from April 1, 2010 to March 31, 2011 (reconciliation period). The actual level of non-REP net plant as of March 31, 2011 is \$957 million. This produced a change in actual net plant for this reconciliation period of \$35 million. The revenue requirements associated with this actual change in net plant for the reconciliation period is \$4.4 million¹.

¹ REP capital additions have been removed from these calculations and the calculated revenue requirement values include only 80% of the additional net plant changes during the reconciliation period, consistent with SECTION 2.4 and Attachment 1 of the Settlement Agreement.

III. Explanation of the requested increase of \$4.4 million versus the projected value in the Settlement Agreement of \$9.3 million.

Under the Settlement Agreement, the projected step increase for 2011 is subject to downward adjustment if: a) the actual change to Net Distribution Plant is less than \$75 million; and b) the actual Net Distribution Plant balance is less than \$997 million. If both of those conditions exist, then the actual step increase is adjusted downward by the revenue requirement associated with the difference between the forecasted and actual Net Distribution Plant balance as of March 31, 2011.

As stated above, PSNH's actual change to Net Distribution Plant was less than \$75 million, and the actual balance of Net Utility Plant as of March 31, 2011 was less than \$997 million. Therefore, PSNH is proposing a \$4.4 million increase in revenue requirements in accordance with the Settlement Agreement. The calculation of the \$4.4 million contained in Attachment RAB-1 reflects the revenue requirements needed to keep pace with 80% of the increases to actual net plant over the period April 1, 2010 to March 31, 2011.

There are two major reasons why the proposed actual increase is less than the projected increase in the Settlement Agreement. First, the projected step increase of \$9.3 million contained in the Settlement Agreement was based on budget information. The Settlement Agreement also used simple averages of this budget information to project the step increase associated with the last 3 quarters of 2010 and the first quarter of 2011. The actual values used to calculate the appropriate step increase of \$4.4 million were different from the budget based on the timing of when plant additions were actually put into service and reflected on the books of PSNH. Regardless of what the projected step increase was in the Settlement Agreement or how that projection was estimated, the value requested in this filing is based on actual net plant data, in accordance with the Settlement Agreement.

Secondly, as part of PSNH's routine review of its capital spending levels, decisions were made throughout 2010 to decrease these levels and therefore actual capital additions for 2010 were lower than budget. One significant driver contributing to the decreased spending levels was lower actual peak loads than originally forecasted.

IV. PSNH's Proposal

Pursuant to the Settlement Agreement, PSNH proposes a permanent increase to its Distribution rates of \$4.4 million on July 1, 2011 associated with the change in actual net plant values during the reconciliation period. We request that this rate change be effective with service rendered on and after July 1, 2011.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

Step Increase--Net Plant, Excluding Additions to the Reliability Enhancement Program (REP)

Summary--Revenue Requirements Increase

(Millions of Dollars)

		<u>Reference</u>
Proposed increase to revenue requirements based on the actual increase in net plant at March 31, 2011, consistent with the DE 09-035 Settlement Agreement (Note 1)	<u>\$ 4.4</u>	page 3

Note 1-- As shown on page 2, the DE 09-035 Settlement Agreement projected a revenue requirements increase of \$9.3 million based on the budgeted increase to the net plant balance at March 31, 2011.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

Step Increase--Net Plant, Excluding Additions to the Reliability Enhancement Program (REP)

(Millions of Dollars)

Per the DE 09-035 Settlement

	<u>Dec. 31, 2009</u>	<u>Dec. 31, 2010</u>	<u>Dec. 31, 2011</u>
Total Utility Plant in Service	1,309	1,374	1,471
Accum Provision for Depreciation	<u>(420)</u>	<u>(399)</u>	<u>(420)</u>
	<u>889</u>	<u>975</u>	<u>1,051</u>
Less: REP Capital Additions		<u>(11)</u>	<u>(13)</u>
Net Plant w/o REP	<u>889</u>	<u>964</u>	<u>1,038</u>
Net Non-REP Plant Change (year over year)		<u>75</u>	<u>74</u>
Net Plant @ 80%		60	59
ROR per Settlement		0.07513	0.07513
GRCF		<u>1.6814</u>	<u>1.6814</u>
Return		7.6	7.5
Depreciation @2.95%		<u>1.8</u>	<u>1.7</u>
Total Revenue Requirement		<u>9.3</u>	<u>9.2</u>

Settlement
 Agreement
 Values

Revenue Requirements related to step increase and net plant allowed for these step increases:

<u>Revenue Requirement</u>	<u>Rev. Req. Step 1 07/01/2010</u>	<u>Net Plant Allowed</u>	<u>Rev. Req. Step 2 07/01/2011</u>	<u>Net Plant Allowed</u>
01/01/2010-03/31/2010	2.3	18.8		
04/01/2010-12/31/2010			7.0	56.3
01/01/2011-03/31/2011			2.3	18.5
Revenue Increase	<u>2.3</u>		<u>9.3</u>	
2009 Net Plant		889		
Add: \$14 M of new vehicle purchases to replace leases		14		
Step 1 Net Plant Allowed		<u>922</u>		922
Total net plant allowed for Step 2 at 03/31/2011				<u>997</u>

Amounts shown above may not add due to rounding.

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PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

Step Increase--Net Plant, Excluding Additions to the Reliability Enhancement Program (REP)

(Millions of Dollars)

	<u>Actual</u>			
	<u>Dec. 31, 2009</u>	<u>March 31, 2010</u>	<u>Dec. 31, 2010</u>	<u>March 31, 2011</u>
Total Utility Plant in Service	1,307	1,315	1,367	1,378
Accum Provision for Depreciation	<u>(393)</u>	<u>(394)</u>	<u>(404)</u>	<u>(409)</u>
	915	922	963	969
Less: REP Capital Additions (a)			<u>(11)</u>	<u>(12)</u>
Net Plant w/o REP	915	922	952	957
Net Non-REP Plant Change Jan. 2010 to Dec. 2010 (\$952 - \$922)			31	
Net Non-REP Plant Change (Jan. 2011 to March 2011 (\$957 - \$952))				<u>4</u>
Net Plant @ 80%			25	3
ROR per Settlement			0.07513	0.07513
GRCF			<u>1.6814</u>	<u>1.6814</u>
Return			3.1	0.4
Depreciation @2.95%			<u>0.7</u>	<u>0.1</u>
Total Revenue Requirement			<u><u>3.9</u></u>	<u><u>0.5</u></u>

Actual
Values

Revenue Requirements related to step increase:

<u>Revenue Requirement</u>	<u>Rev. Req. Step 2 07/01/2011</u>
04/01/2010-12/31/2010	3.9
01/01/2011-03/31/2011	0.5
Revenue Increase	<u><u>4.4</u></u>

(a) REP at December 31, 2010 is for the 12 month period January 2010 through December 2010, and REP at March 31, 2011 is for the 12 month period April 2010 through March 2011. See page 7.

Amounts shown above are based on the values from pages 4 through 7 and may not add due to rounding.

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PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

(Thousands of Dollars)

Actuals At 3/31/2011				
Plant Account	Account Description	Plant Total	Accumulated Reserve	Net Book Value
301	Organization	45	0	45
303	Miscellaneous Intangible Plant	30,422	7,710	22,712
360	Land and Land Rights	4,459	0	4,459
361	Structures and Improvements	14,283	4,366	9,917
362	Station Equipment	166,484	39,565	126,919
364	Poles, Towers and Fixtures	209,898	105,188	104,711
365	Overhead Conductors and Devices	314,650	77,097	237,553
366	Underground Conduit	18,484	3,304	15,180
367	Underground Conductors and Devices	94,123	24,037	70,086
368	Line Transformers	197,134	55,156	141,978
369	Services	112,724	19,947	92,778
370	Meters	61,006	25,886	35,120
371	Installation on Customer Premises	4,826	1,389	3,437
373	Street Lighting and Signal Systems	6,230	3,496	2,734
389	Land and Land Rights	3,909	0	3,909
390	Structures and Improvements	63,024	8,104	54,920
391	Office Furniture and Equipment	18,444	15,463	2,981
392	Transportation Equipment	19,246	2,636	16,610
393	Stores Equipment	1,439	165	1,275
394	Tools, Shop and Garage Equipment	7,266	2,999	4,267
395	Laboratory Equipment	3,664	1,662	2,001
396	Power Operated Equipment	201	23	178
397	Communication Equipment	23,680	9,764	13,916
398	Miscellaneous Equipment	1,546	605	941
	Subtotal--Plant Account Level	1,377,188	408,561	968,627
	Asset Retirement Obligation	350	144	206
	Provision for Amortization - Plt in Service	0	259	(259)
	Total	1,377,538	408,964	968,574

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

(Thousands of Dollars)

Actuals At 3/31/2010				
Plant Account	Account Description	Plant Total	Accumulated Reserve	Net Book Value
301	Organization	45	-	45
303	Miscellaneous Intangible Plant	34,891	11,165	23,726
360	Land and Land Rights	4,355	-	4,355
361	Structures and Improvements	12,848	3,887	8,961
362	Station Equipment	155,301	31,263	124,038
364	Poles, Towers and Fixtures	203,208	88,029	115,179
365	Overhead Conductors and Devices	293,954	85,753	208,202
366	Underground Conduit	17,248	3,424	13,824
367	Underground Conductors and Devices	91,038	25,680	65,358
368	Line Transformers	189,185	51,698	137,487
369	Services	106,821	20,248	86,573
370	Meters	59,864	27,381	32,483
371	Installation on Customer Premises	4,937	2,313	2,624
373	Street Lighting and Signal Systems	6,247	3,849	2,398
389	Land and Land Rights	3,909	-	3,909
390	Structures and Improvements	63,212	233	62,979
391	Office Furniture and Equipment	18,245	14,602	3,643
392	Transportation Equipment	15,002	1,340	13,662
393	Stores Equipment	561	141	420
394	Tools, Shop and Garage Equipment	6,853	2,809	4,043
395	Laboratory Equipment	3,525	1,689	1,836
396	Power Operated Equipment	54	5	49
397	Communication Equipment	22,200	17,343	4,857
398	Miscellaneous Equipment	1,508	584	924
	Subtotal--Plant Account Level	1,315,011	393,435	921,575
	Asset Retirement Obligation	339	134	205
	Provision for Amortization - Plt in Service	0	235	(235)
	Total	1,315,350	393,804	921,546

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

(Thousands of Dollars)

Change Between Periods				
Plant Account	Account Description	Plant Total	Accumulated Reserve	Net Book Value
301	Organization	-	-	-
303	Miscellaneous Intangible Plant	(4,469)	(3,455)	(1,014)
360	Land and Land Rights	105	-	105
361	Structures and Improvements	1,436	480	956
362	Station Equipment	11,183	8,301	2,881
364	Poles, Towers and Fixtures	6,690	17,159	(10,469)
365	Overhead Conductors and Devices	20,696	(8,656)	29,351
366	Underground Conduit	1,236	(120)	1,356
367	Underground Conductors and Devices	3,085	(1,643)	4,728
368	Line Transformers	7,950	3,458	4,492
369	Services	5,903	(301)	6,205
370	Meters	1,142	(1,494)	2,636
371	Installation on Customer Premises	(111)	(924)	813
373	Street Lighting and Signal Systems	(17)	(352)	336
389	Land and Land Rights	-	-	-
390	Structures and Improvements	(189)	7,871	(8,059)
391	Office Furniture and Equipment	200	861	(662)
392	Transportation Equipment	4,243	1,296	2,948
393	Stores Equipment	878	24	854
394	Tools, Shop and Garage Equipment	414	190	224
395	Laboratory Equipment	139	(27)	166
396	Power Operated Equipment	147	17	129
397	Communication Equipment	1,480	(7,579)	9,059
398	Miscellaneous Equipment	38	21	17
	Subtotal--Plant Account Level	62,177	15,126	47,051
	Asset Retirement Obligation	10	10	1
	Provision for Amortization - Plt in Service	0	24	(24)
	Total	62,188	15,160	47,028

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

(Thousands of Dollars)

PSNH Reliability Enhancement Program Projects (REP 2) July 1, 2010 through Mar 31, 2011, and
 PSNH REP Base Projects (REP 1) January 1, 2010 through June 30, 2010

Project	Project Description	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	Total
A04S34	DIRECT BURIED CABLE REPLACEMENT	159	5	(16)	11	(6)	21	841	(17)	30	1,029
A07DL41	REPLACE LEGACY ASW POLE TOP RTU'S	3	-	(4)	71	-	(2)	0	2	17	87
A07SS41	REPL SUBSTATION RTU REPLACEMENT	2	0	1	-	-	193	1	1	2	201
A07WI42	ENABLE SCADA TO WINDSOR BACKUP	37	72	1	0	94	180	40	39	3	467
A07X44	REPLACE 34.5KV CIRCUIT BREAKER PROGRAM	-	-	-	256	318	(65)	75	2	-	585
A07X45	REJECT POLE REPLACEMENT	60	86	121	185	93	348	276	161	75	1,404
A07X98	NESC CAPITAL REPAIRS	76	74	211	113	60	107	112	184	101	1,037
A07X99	POLE REINFORCEMENT	-	-	-	-	-	-	21	-	-	21
A08X44	AIR BRAKE SWITCH REPLACEMENT PROGRAM	(0)	0	-	8	25	127	4	(0)	-	164
A10X06	DIS LINE WIRE UPGRADE / ELIMINATE NARROW	-	-	-	-	-	56	22	1	90	168
C10ETT	2010 ENHANCED TREE TRIMMING FOR PSNH	103	170	77	137	344	247	1	1	0	1,080
C11ETT	2011 ENHANCED TREE TRIMMING FOR PSNH	-	-	-	-	-	-	-	227	245	472
DR9A	RELIABILITY IMPROVEMENTS - LANCASTER	-	-	-	-	-	-	-	-	-	-
DR9C	RELIABILITY IMPROVEMENTS - CHOCORUA	(0)	-	-	0	91	12	14	-	0	117
DR9D	RELIABILITY IMPROVEMENTS - DERRY	3	-	1	0	0	-	0	1	2	7
DR9E	RELIABILITY IMPROVEMENTS - EPPING	(2)	2	0	1	0	-	(0)	0	12	13
DR9H	RELIABILITY IMPROVEMENTS - HILLSBORO	7	3	1	33	20	14	2	9	-	90
DR9K	RELIABILITY IMPROVEMENTS - KEENE	5	0	37	(1)	-	-	-	11	53	105
DR9L	RELIABILITY IMPROVEMENTS - LACONIA	16	65	14	78	0	18	68	49	16	324
DR9M	RELIABILITY IMPROVEMENTS - MILFORD	0	-	0	3	1	2	0	0	-	6
DR9N	RELIABILITY IMPROVEMENTS - NASHUA	3	-	5	9	9	5	7	17	1	57
DR9P	RELIABILITY IMPROVEMENTS - PORTSMOUTH	59	7	2	(0)	30	45	1	1	1	146
DR9R	RELIABILITY IMPROVEMENTS - PSNH	0	-	-	15	(4)	13	0	-	-	24
DR9S	RELIABILITY IMPROVEMENTS - ROCHESTER	1	8	3	14	(0)	5	7	1	(0)	38
DR9W	RELIABILITY IMPROVEMENTS - NEWPORT	9	88	8	13	0	22	77	26	30	274
DR9Z	RELIABILITY IMPROVEMENTS - BEDFORD	0	1	8	3	0	9	6	17	19	64
UB3CAD	PORCELAIN CHANGE-OUT	93	115	212	309	132	136	68	109	85	1,260
Total		634	698	682	1,259	1,208	1,494	1,641	843	781	9,241

(REP 2 Dollars)

REP by time period--

At December 31, 2010--

Total REP 1 In Service--January 1, 2010 Through March 31, 2010 (Note 1)	2,500
Total REP 1 In Service--April 1, 2010 Through June 30, 2010 (Note 1)	2,500
Total REP 2 In Service-- July 1, 2010 through December 31, 2010	5,975

Total REP 1 and 2 In Service-- January 1, 2010 Through December 31, 2010 10,975 to Page 3

At March 31, 2010--

Total REP 1 In Service--April 1, 2010 Through June 30, 2010 (Note 1)	2,500
Total REP 2 In Service-- July 1, 2010 through December 31, 2010	5,975
Total REP 2 In Service-- January 1, 2011 through March 31, 2011	3,265

Total REP 1 and 2 In Service-- April 1, 2010 Through March 31, 2011 11,741 to Page 3

Note 1-- REP 1 annual spending was \$10 million. Specific projects or programs were not identified. For the purpose of this filing PSNH is including \$2.5 million of REP 1 capital spending for each of the periods January 1, 2010 through March 31, 2010 and April 1, 2010 through June 30, 2010.



**Public Service
of New Hampshire**

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A Northeast Utilities Company

Sarah B. Knowlton
Senior Counsel

April 27, 2012

By Hand Delivery and Electronic Mail

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

Re: DE 12-___; Public Service Company of New Hampshire: Petition For Step Adjustment to Reflect Change in Net Plant, Consultant Costs and Major Storm Cost Reserve

Dear Secretary Howland:

On behalf of Public Service Company of New Hampshire, I enclose for filing with the Commission an original and six copies of a Petition For Step Adjustment to Reflect Change in Net Plant, Consultant Costs and Major Storm Cost Reserve and the Technical Statement of Robert A. Baumann and Stephen R. Hall describing the changes PSNH is proposing to its distribution rate level effective July 1, 2012.

Thank you for your assistance with this matter. If you have any questions about this matter, please do not hesitate to contact me.

Very truly yours,

Sarah B. Knowlton

Enclosures

cc: Rorie Hollenberg, Acting Consumer Advocate

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Docket #: 11-095-1 Printed: April 27, 2012

FILING INSTRUCTIONS:

a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:

DEBRA A HOWLAND
EXECUTIVE DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429

b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.

c) Serve a written copy on each person on the service list not able to receive electronic mail.

PURSUANT TO N.H. ADMIN RULE PUC 203.09 (d), FILE DISCOVERY

DIRECTLY WITH THE FOLLOWING STAFF

RATHER THAN WITH THE EXECUTIVE DIRECTOR

DISCOVERY
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429

SUZANNE AMIDON
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AMANDA NOONAN
NHPUC
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BULK MATERIALS:

Upon request, Staff may waive receipt of some of its multiple copies of bulk materials filed as data responses. Staff cannot waive other parties' right to receive bulk materials.

STATE OF NEW HAMPSHIRE
before the
PUBLIC UTILITIES COMMISSION

Public Service Company of New Hampshire
Request for Permanent Distribution Rates Change
Docket No. DE 12-___

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE'S PETITION FOR STEP
ADJUSTMENT TO REFLECT CHANGE IN NET PLANT, CONSULTANT COSTS AND
MAJOR STORM COST RESERVE**

Pursuant to N.H. Code Admin. Rule Puc 202.01 and Puc 203.06, Public Service Company of New Hampshire ("PSNH" or "the Company") hereby petitions for an increase to its base delivery rates to recover (a) the revenue requirements associated with 80% of the value of additions to net plant that are not associated with the Reliability Enhancement Program ("REP"), (b) the cost of an independent consultant engaged to analyze PSNH's uncollectible expense, and (c) expenses associated with two Major Storms either through the step adjustment anticipated for July 1, 2012 or through an adjustment to the Major Storm Cost Reserve. In support of this Petition, PSNH states as follows:

1. On June 28, 2010, the Commission issued Order 25,123 approving a Settlement Agreement on Permanent Distribution Service Rates (the "Settlement Agreement") in DE 09-035, the Company's last distribution rate case. The Settlement Agreement provided for a series of step adjustments to the Company's Delivery Service rates on July 1, 2011, July 1, 2012 and July 1, 2013. The Commission approved the first of those step agreements on June 24, 2011. See Order 25,240 in DE 11-095. PSNH now seeks the second of those step increases.

Section 2 of the Settlement Agreement sets forth the series of changes to PSNH's permanent distribution rate level, including a projected step increase in distribution rates of \$9.5 million for effect on July 1, 2012 to recover the revenue requirements associated with 80% of changes to

non-REP net plant balances for the period April 1, 2011 through March 31, 2012. *See* Settlement Agreement, Section 2.5. As described in the Technical Statement of Robert A. Baumann and Stephen R. Hall, which is attached to this Petition as Attachment A, the value of the actual additions to non REP delivery plant rate base for the year ending March 31, 2012 was lower than projected by the Settling Parties who executed the Settlement Agreement. The actual 80% value of the changes to non-REP net plant balances results in a step increase request of \$7,000,000. The Company is thus seeking a permanent increase to its distribution rates of \$7.0 million on a service rendered basis as of July 1, 2012 associated with the change in actual net plant values during the reconciliation period.

2. In addition to this step increase, the Company is requesting that the Commission implement two addition rate changes that also arise out of the Settlement Agreement. The first relates to certain consultant costs associated with a review of the Company's uncollectible expense. Specifically, Section 8.1 of the Settlement Agreement provides that the Company shall retain an independent consultant to review and analyze recent trends in the Company's uncollectible expense, the underlying reasons for the increase level of expense incurred by the Company, the Company's collection practices, the Commission's rules and practices regarding credit and collection activities, and the Company's deposit and credit policy language for large customers. The Settlement Agreement further provided that "...PSNH shall be allowed to defer and recover the cost of the study over a 12-month period by including such costs in one of the step adjustments described in Sections 2.4 through 2.6." *Id.*

3. The Company now seeks recovery of the consultant expense given that the consultant has completed his review and analysis and will report his findings and recommendations in a final report before July 1, 2012. Because the consultant's work will be

completed before July 1, 2012, it is appropriate to include recovery of that expense as part of the second distribution rate step increase. Attachment A describes the calculation of this proposed adjustment in detail, which reflects that the consultant's expense is well within the \$100,000 cost provided for in the Settlement Agreement. *See* Attachment A, pp. 3-5.

4. The second additional rate change PSNH seeks relates to its Major Storm Cost Reserve which was originally established in PSNH's Restructuring Settlement. The amount of the Major Storm Cost Reserve was most recently set in the Settlement Agreement in DE 09-035, which provided that the Company would accrue \$3.5 million annually effective July 1, 2010. However, the Settlement Agreement acknowledged that the \$3.5 million accrual amount did not take into account any of the costs of the February 2010 wind storm, and provided that the Settling Parties could "recommend a modification to one or more of the rate changes specified in Sections 2.4 through 2.6 in order to provide for recovery of the cost of the February 2010 wind storm and/or for a revision of the funding level of the Major Storm Reserve." Settlement Agreement, Section 7.3.

5. As described in the Technical Statement, PSNH is requesting that the Commission increase the Major Storm Cost Reserve annual accrual from \$3.5 million to \$7.0 million in light of the costs of the February 2010 wind storm, and two other storms which could not have been contemplated at the time of the Settlement Agreement. In August/September 2011, the Company incurred \$7.1 million in expense associated with restoration efforts from Hurricane Irene, and in October 2011, incurred \$15.7 million in expense associated with restoration efforts from the October snow storm. As a result of those two storms alone, PSNH has \$14.6 million in unrecovered storm expense net of the \$8.2 million in the Major Storm Cost Reserve. *See* Attachment A, pp.5-6. PSNH is proposing that the Commission

increase the annual accrual for the Major Storm Cost Reserve to \$7.0 million in order to recover the \$14.6 million in unrecovered costs and to create a \$6 million fund for future storms.

6. For the reasons stated above and in the attached Technical Statement, PSNH requests that the Commission approve the step adjustment, the inclusion of the consultant expense in rates, and the increase in the annual accrual of the Major Storm Cost Reserve.

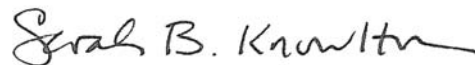
WHEREFORE, PSNH respectfully requests that the Commission:

- A. Grant this Petition For Step Adjustment to Reflect Change in Net Plant, Consultant Costs and Major Storm Cost Reserve Such further relief as may be just and equitable; and
- B. Grant such further relief as is just and equitable.

Respectfully submitted,

Public Service Company of New Hampshire

By Its Attorneys



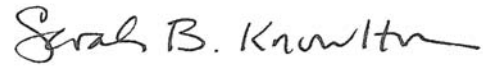
Dated: April 27, 2012

By: _____

Sarah B. Knowlton
Senior Counsel
Public Service Company of New Hampshire
780 No. Commercial Street, P.O. Box 330
Manchester, NH 03105-0330
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sarah.knowlton@nu.com

Certificate of Service

I hereby certify that a copy of this Petition has been served electronically on the persons on the Commission's service list in this docket in accordance with Puc 203.11 this 27th day of April, 2012.



Sarah B. Knowlton

STATE OF NEW HAMPSHIRE
before the
PUBLIC UTILITIES COMMISSION

Public Service Company of New Hampshire
Request for Permanent Distribution Rates Change
Docket No. DE 12-____

Step Increase for 80% of change in non-REP net plant for the period
April 1, 2011 to March 31, 2012 (Part A)

Cost of Consultant's Review of Uncollectible Expense (Part B)

Revision to Funding Level of Major Storm Cost Reserve (Part C)

Technical Statements of Robert A. Baumann and Stephen R. Hall

Part A – Step Increase

I. Introduction

The Settlement Agreement on Permanent Distribution Service Rates (“Settlement Agreement”) approved by the Commission in Docket No. DE 09-035 established a series of permanent distribution rates for PSNH beginning on July 1, 2010 and terminating on June 30, 2015. SECTION 2 of the Settlement Agreement entitled RATE CHANGES, provided for three additional annual step changes to the Distribution rates on July 1, 2011, July 1, 2012 and July 1, 2013 (see SECTION 2.1). The first of these step changes took effect July 1, 2011, resulting in a distribution rate increase of \$4.4 million for 80% of actual changes in non-REP net plant for the period of April 1, 2010 through March 31, 2011. The second of these step changes effective July 1, 2012, would reflect an increase for 80% of actual changes in non-REP net plant for the period April 1, 2011 to March 31, 2012 (see SECTION 2.5).

II. Background

The Settlement Agreement (see SECTION 2.5) contained a projected step increase on July 1, 2012 of \$9.5 million associated with a budgeted level of non-REP net plant of \$1,073 million as of March 31, 2012. The \$9.5 million increase was supported by a budgeted change in net plant of \$76 million from April 1, 2011 to March 31, 2012 (reconciliation period). The actual level of non-REP net plant as of March 31, 2012 is \$1,013 million. This produced a change in actual net plant for this reconciliation period of \$56 million. The revenue requirement associated with this

actual change in net plant for the reconciliation period is \$7.0 million.¹ A calculation of the projected \$9.5 million included in the Settlement Agreement is contained on Attachment RAB-1, page 2 of 8 of this Technical Statement for reference purposes.

III. Explanation of the requested increase of \$7.0 million versus the projected value in the Settlement Agreement of \$9.5 million.

Under the Settlement Agreement, the projected step increase for 2012 of \$9.5 million is subject to downward adjustment if: a) the actual change to Net Distribution Plant is less than \$74 million; and b) the actual Net Distribution Plant balance is less than \$1,073 million. If both of those conditions exist, then the actual step increase is adjusted downward by the revenue requirement associated with the difference between the forecasted and actual Net Distribution Plant balance as of March 31, 2012.

As stated above, PSNH's actual change to Net Distribution Plant was less than \$74 million, and the actual balance of Net Utility Plant as of March 31, 2011 was less than \$1,073 million. Therefore, PSNH is proposing a \$7.0 million increase in revenue requirements in accordance with the Settlement Agreement. The calculation of the \$7.0 million contained in Attachment RAB-1, reflects the revenue requirements needed to keep pace with 80% of the increases to actual plant over the reconciliation period in accordance with the Settlement Agreement.

There are two major reasons why the proposed actual increase is less than the projected increase in the Settlement Agreement.

First, the projected step increase of \$9.5 million contained in the Settlement Agreement was based on 2011-2012 budget information from the 2009 forecast. The Settlement Agreement also used simple averages of this budget information to project the step increase associated with the last three quarters 2011 and the first quarter of 2012. The actual values used to calculate the actual proposed increase of \$7.0 million were different from the budget based on the timing of when plant additions were actually put into service and reflected on the books of PSNH. Regardless of what the projected step increase was in the Settlement Agreement or how that projection was estimated, the value requested in this filing is based on actual net plant data, in accordance with the Settlement Agreement.

Secondly, as part of PSNH's routine review of its capital spending levels, decisions were made throughout 2011 and the first quarter of 2012 to decrease these levels, resulting in actual capital additions for the 2011-2012 period that were lower than what was budgeted. One significant driver contributing to the decreased spending levels was lower actual peak loads than originally forecasted. In addition, storm clean up from both Tropical Storm Irene and the late October Nor'easter snowstorm had a significant impact on PSNH's budgeted distribution capital program. Also, the sluggish economy continued to impact new customer and new service work.

¹ REP capital additions have been removed from these calculations (see Attachment RAB-1, page 3 of 8 of this Technical Statement) and the calculated revenue requirement values include only 80% of the additional net plant changes during the reconciliation period, consistent with SECTION 2.4 and Attachment 1 of the Settlement Agreement.

IV. PSNH's Proposal

Pursuant to the Settlement Agreement, PSNH proposes a permanent increase to its Distribution rates of \$7.0 million on July 1, 2012 associated with the change in actual net plant values during the reconciliation period. The Company is requesting that this rate change be effective with service rendered on and after July 1, 2012.

Part B – Uncollectible Expense

In accordance with the Settlement Agreement, the Settling Parties agreed to use a competitive bidding process to select an independent consultant to review trends in PSNH's uncollectible expense. As described below and in Section 8.1 of the Settlement Agreement, the consultant was retained to review recent trends, the underlying reasons for any increases, collection practices, the Commission's rules and numerous other contributing factors to the level of the Company's uncollectible expense. The required work was to be performed in accordance with the Settlement which provided as follows:

SECTION 8. UNCOLLECTIBLE EXPENSE

8.1 The Settling Parties agree that the amount of uncollectible expense included in the rate adjustments will be set at the amount actually experienced by PSNH during 2009, unless changed as described below. The Settling Parties will use a competitive bidding process and a simple ranked voting method to select an independent consultant. The selected independent consultant shall review and analyze the recent trends in PSNH's uncollectible expense, the underlying reasons for the increased level of expense that has occurred, PSNH's collection practices, the Commission's rules and practices regarding credit and collection activities, and PSNH's deposit and credit policy for large customers, as well as to develop recommendations for dealing with uncollectible expense going forward. The study will also include an analysis of the impact of SB 300 (shifting System Benefits Charge revenue from energy efficiency to low income assistance) on uncollectible expense. The total cost of the study shall not exceed \$100,000, and PSNH shall be allowed to defer and recover the cost of the study over a 12-month period by including such cost in one of the step adjustments described in Sections 2.4 through 2.6. Although the recommendations of the consultant shall not be binding, the Settling Parties will work cooperatively to determine a course of action in accordance with good utility practice for addressing uncollectible expense. Any potential adjustment to the level of uncollectible expense arising from that review will take place coincident with one of the step adjustments described in Sections 2.4 through 2.6.”

After consulting with the Settling Parties, PSNH issued a Request for Proposal (RFP) on June 15, 2011 to obtain bids from consulting services providers experienced in the field of analyzing credit and collections policies and practices. The scope of services to be provided

were to include, but not be limited to, advice and counsel regarding recommendations supported by analysis related to trends for uncollectible expense, PSNH's collection practices, the Commission's rules and practices, and deposit and credit policies. Based on the quality of their bid proposals, prospective vendors were evaluated in depth on their experience, quality of the proposal, ability to meet contract requirements, overall price and other factors that the Settling Parties deemed relevant. After completion of the review a contract was awarded to Monticello Consulting Group, Limited located in North Charleston, South Carolina. Monticello documented extensive experience and a proven track record in performing the type of work which the Settling Parties requested in the RFP. Over the last several years, Monticello has successfully assisted several Public Utility Commissions, including the Staff of the NHPUC, as well as numerous utility companies with similar credit and collections audits or analysis. Monticello has been extensively involved and actively working with PSNH since June 2011 to complete the specific work requirements contained in their proposal, including:

1. Document, record and track all information and data requests submitted to, and responses from, PSNH; and maintain a document request log.
2. Keep interested parties apprised of audit/project progress, providing oral and written reports as requested.
3. Identify delinquency, charge-off, account attributes and customer behavioral patterns which will assist in identifying areas of opportunity for improvement
4. Identify policies, procedures, work practices, programs, account workflows and rules and regulations that contribute to delinquency levels, financial risk and charge-offs.
5. Recommend improvements to practices, procedures, programs and delinquent account workflows to improve performance relative to future uncollectible expense
6. Prepare recommendations which include estimated implementation costs, estimated impact on uncollectible expense and the supporting ROI analysis.
7. Prepare a draft report of the recommendations.
8. Prepare an objective, comprehensive final report, including findings, conclusions and a list of recommendations for PSNH, the NHPUC and the OCA.
9. Present final project results and recommendations to PSNH, the NHPUC and the OCA.

As of this filing date, Monticello has effectively completed the first six tasks and is currently working to complete items seven and eight. PSNH has been in contact with the Staff and OCA in order to arrange a meeting which would complete item 9. At this time, PSNH anticipates that the final meeting with the Staff and OCA will occur sometime in mid-May which would allow Monticello to prepare and submit a final invoice to PSNH. This would be the final invoice and would complete the payments due and payable under the terms of the contract.

PSNH has received and processed invoices from Monticello Consulting totaling approximately \$65,860 which covers all direct time and travel expenses. Monticello has provided a cost projection for time and expenses for contract completion, including a meeting with the Staff and OCA, which would result in a final cost of approximately \$72,000 which is well within the not-to-exceed cost under Section 8.1 of the Settlement Agreement of \$100,000. PSNH has included

this projected cost in its workpapers and will provide a final actual total once the last invoice is processed.

Part C – Revision to Funding Level of Major Storm Cost Reserve

I. Introduction

Section 7 of the Settlement Agreement titled STORM RESERVE ACCRUAL AND RECOVERY OF CERTAIN OTHER STORM RESTORATION COSTS provided for adjustments to the approved rates if there was a future need to change the funding level of the Major Storm Cost Reserve embedded in Distribution rates. Specifically Sections 7.1 and 7.3 states:

7.1 The rate levels resulting from the rate adjustments specified in Section 2 include an annual accrual of \$3.5 million effective July 1, 2010 for the Major Storm Cost Reserve.

7.3 None of the costs of the February 2010 wind storm are included in the rate increases specified in Sections 2.3 through 2.6. The Settling Parties will meet once the final costs of that recent storm are known to review the costs and will work cooperatively to determine an appropriate method for recovery of the prudently incurred costs, and to review and assess the appropriate funding level going forward for the Major Storm Cost Reserve. The Settling Parties may recommend a modification to one or more of the rate changes specified in Sections 2.4 through 2.6 in order to provide for recovery of the cost of the February 2010 wind storm and/or for a revision to the funding level of the Major Storm Cost Reserve.

In support of Section 7.3 above, PSNH is making this filing to request a distribution rate increase associated with the funding level of the Major Storm Cost Reserve. Such a request is supported in the last line of Section 7.3 which supports that the Settling Parties may recommend a revision to the funding level of the Major Storm Cost Reserve.

II. PSNH's Proposal

As noted in Section 7.1, the current level of recovery in distribution rates for the funding of the Major Storm Cost Reserve is \$3.5 million per year. With respect to this level of recovery, PSNH proposes an increase to Distribution rates on July 1, 2012 of \$3.5 million, which will provide a more appropriate level of storm cost recovery over the next few years. Specifically, effective July 1, 2012, the proposed level of funding would then be \$7.0 million per year.

A \$7.0 million funding level is appropriate when considering the unrecovered costs associated with the two major storms in 2011. The relevant costs are as follows:

Hurricane Irene	\$ 7.1
October snow storm	15.7
Major storm reserve	<u>(8.2)</u> (est. balance as of June 30, 2012)
Net unrecovered storm costs	\$14.6 million

III. Background on PSNH's proposal

Beginning July 1, 2012, the remaining life of the Settlement Agreement is three years. Absent any additional major storms during that time period, the proposed \$7 million funding level would recover all of the \$14.6 million unrecovered costs and would create a fund for future storms of about \$6 million (\$21 million in total). If there are additional major storms during the three year period, there would be an additional \$6 million of funds available to apply to those new storm costs if needed.

PSNH is not seeking final approval to recover the storm costs noted above, recognizing the Commission will review all storm costs and determine the exact level that is appropriate for recovery in separate proceedings. PSNH is only proposing to increase the funding level of the Major Storm Cost Reserve in order to begin recovery of the unrecovered storm balance, and therefore reduce carrying charges on the unrecovered balance.

Finally, the storm costs noted above do not contain any insurance deductions. Beginning with Hurricane Irene, PSNH, along with all of the other operating companies of Northeast Utilities (NU), discontinued the use of the existing insurance program for Major Storms. This program was retrospectively rated. Retrospective rating is a method of establishing a premium based on the insured's actual loss experience during the policy term and can be viewed as a form of self-funding. Prior to Hurricane Irene, the program provided PSNH customers substantial credits in the past that were applied against storm costs incurred. Because this insurance program was directly impacted by adverse loss experience, it was no-longer sustainable due to both the frequency and severity of Major Storms experienced by NU during the period 2008 through 2011.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

Step Increase--Net Plant, Excluding Additions to the Reliability Enhancement Program (REP)

Summary--Revenue Requirements Increase

(Millions of Dollars)

		<u>Reference</u>
Proposed increase to revenue requirements based on the actual increase in net plant at March 31, 2012, consistent with the DE 09-035 Settlement Agreement (Note 1)	<u>\$ 7.0</u>	page 3

Note 1: As shown on page 2, the DE 09-035 Settlement Agreement projected a revenue requirements increase of \$9.5 million based on the budgeted increase to the net plant balance at March 31, 2012.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

Step Increase--Net Plant, Excluding Additions to the Reliability Enhancement Program (REP)

(Millions of Dollars)

Settlement
Agreement

	<u>Per the DE 09-035 Settlement</u>			
	<u>Dec. 31, 2009</u>	<u>Dec. 31, 2010</u>	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2012</u>
Total Utility Plant in Service	1,309	1,374	1,471	1,574
Accum Provision for Depreciation	(420)	(399)	(420)	(441)
	<u>889</u>	<u>975</u>	<u>1,051</u>	<u>1,133</u>
Less: REP Capital Additions		(11)	(13)	(13)
Net Plant w/o REP	<u>889</u>	<u>964</u>	<u>1,038</u>	<u>1,120</u>
Net Non-REP Plant Change (year over year)		<u>75</u>	<u>74</u>	<u>82</u>
Net Plant @ 80%		60	59	66
ROR per Settlement		0.07513	0.07513	0.07513
GRCF		<u>1.6814</u>	<u>1.6814</u>	<u>1.6814</u>
Return		7.6	7.5	8.3
Depreciation @2.95%		<u>1.8</u>	<u>1.7</u>	<u>1.9</u>
Total Revenue Requirement		<u><u>9.3</u></u>	<u><u>9.2</u></u>	<u><u>10.2</u></u>

Revenue Requirements related to step increase and net plant allowed for these step increases:

<u>Revenue Requirement</u>	<u>Rev. Req. Step 1 07/01/2010</u>	<u>Net Plant Allowed</u>	<u>Rev. Req. Step 2 07/01/2011</u>	<u>Net Plant Allowed</u>	<u>Rev. Req. Step 3 07/01/2012</u>	<u>Net Plant Allowed</u>
01/01/2010-03/31/2010	2.3	18.8				
04/01/2010-12/31/2010			7.0	56.3		
01/01/2011-03/31/2011			2.3	18.5		
04/30/2011-12/31/2011					6.9	55.5
01/01/2012-03/31/2012					2.6	20.5
Revenue Increase	<u>2.3</u>		<u>9.3</u>		<u>9.5</u>	
2009 Net Plant		889				
Add: \$14 M of new vehicle purchases to replace leases		14				
Step 1 Net Plant Allowed		<u>922</u>				
Total net plant allowed for Step 2 at 03/31/2011				<u>997</u>		
Step 2 Net Plant Allowed						997
Total net plant allowed for Step 3 at 03/31/2012						<u>1,073</u>

Amounts shown above may not add due to rounding.

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PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

Step Increase--Net Plant, Excluding Additions to the Reliability Enhancement Program (REP)

(Millions of Dollars)

	<u>Actual</u>			
	<u>Dec. 31, 2010</u>	<u>March 31, 2011</u>	<u>Dec. 31, 2011</u>	<u>March 31, 2012</u>
Total Utility Plant in Service	1,367	1,378	1,442	1,455
Accum Provision for Depreciation	(404)	(409)	(429)	(431)
	<u>963</u>	<u>969</u>	<u>1,013</u>	<u>1,024</u>
Less: REP Capital Additions (a)	(11)	(12)	(12)	(11)
Net Plant w/o REP	<u>952</u>	<u>957</u>	<u>1,001</u>	<u>1,013</u>
Net Non-REP Plant Change March 2011 to Dec. 2011 (\$1,001 - \$957)			44	
Net Non-REP Plant Change Jan. 2012 to March 2012 (\$1,012 - \$1,001)				12
Net Plant @ 80%			35	9
ROR per Settlement			0.07513	0.07513
GRCF			<u>1.6814</u>	<u>1.6814</u>
Return			4.5	1.2
Depreciation @2.95%			<u>1.0</u>	<u>0.3</u>
Total Revenue Requirement			<u>5.5</u>	<u>1.5</u>

Actual
Values

Revenue Requirements related to step increase:

<u>Revenue Requirement</u>	<u>Rev. Req. Step 2 07/01/2011</u>
04/01/2011-12/31/2011	5.5
01/01/2011-03/31/2011	1.5
Revenue Increase	<u>7.0</u>

(a) REP at December 31, 2011 is for the 12 month period January 2011 through December 2011, and REP at March 31, 2012 is for the 12 month period April 2011 through March 2012. See pages 7 and 8.

Amounts shown above are based on the values from pages 4 through 8 and may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

(Thousands of Dollars)

Actuals At 3/31/2012				
Plant Account	Account Description	Plant Total	Accumulated Reserve	Net Book Value
301	Organization	45	0	45
303	Miscellaneous Intangible Plant	31,292	10,590	20,702
360	Land and Land Rights	4,522	0	4,522
361	Structures and Improvements	14,362	4,602	9,760
362	Station Equipment	179,937	41,224	138,713
364	Poles, Towers and Fixtures	214,243	108,921	105,321
365	Overhead Conductors and Devices	335,842	81,888	253,954
366	Underground Conduit	20,755	3,516	17,238
367	Underground Conductors and Devices	98,429	25,840	72,589
368	Line Transformers	206,234	57,812	148,421
369	Services	118,430	21,420	97,010
370	Meters	62,076	26,461	35,615
371	Installation on Customer Premises	4,928	1,301	3,627
373	Street Lighting and Signal Systems	5,684	3,186	2,498
389	Land and Land Rights	4,418	0	4,418
390	Structures and Improvements	71,434	8,421	63,013
391	Office Furniture and Equipment	18,344	14,831	3,513
392	Transportation Equipment	23,187	4,668	18,519
393	Stores Equipment	1,993	296	1,697
394	Tools, Shop and Garage Equipment	7,896	3,145	4,751
395	Laboratory Equipment	3,738	1,717	2,021
396	Power Operated Equipment	136	16	119
397	Communication Equipment	25,389	10,789	14,600
398	Miscellaneous Equipment	1,604	655	949
	Subtotal--Plant Account Level	1,454,917	431,300	1,023,617
	Asset Retirement Obligation	386	165	221
	Provision for Amortization - Plt in Service	0	288	(288)
	Total	1,455,302	431,753	1,023,549

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

(Thousands of Dollars)

Actuals At 3/31/2011				
Plant Account	Account Description	Plant Total	Accumulated Reserve	Net Book Value
301	Organization	45	0	45
303	Miscellaneous Intangible Plant	30,422	7,710	22,712
360	Land and Land Rights	4,459	0	4,459
361	Structures and Improvements	14,283	4,366	9,917
362	Station Equipment	166,484	39,565	126,919
364	Poles, Towers and Fixtures	209,898	105,188	104,711
365	Overhead Conductors and Devices	314,650	77,097	237,553
366	Underground Conduit	18,484	3,304	15,180
367	Underground Conductors and Devices	94,123	24,037	70,086
368	Line Transformers	197,134	55,156	141,978
369	Services	112,724	19,947	92,778
370	Meters	61,006	25,886	35,120
371	Installation on Customer Premises	4,826	1,389	3,437
373	Street Lighting and Signal Systems	6,230	3,496	2,734
389	Land and Land Rights	3,909	0	3,909
390	Structures and Improvements	63,024	8,104	54,920
391	Office Furniture and Equipment	18,444	15,463	2,981
392	Transportation Equipment	19,246	2,636	16,610
393	Stores Equipment	1,439	165	1,275
394	Tools, Shop and Garage Equipment	7,266	2,999	4,267
395	Laboratory Equipment	3,664	1,662	2,001
396	Power Operated Equipment	201	23	178
397	Communication Equipment	23,680	9,764	13,916
398	Miscellaneous Equipment	1,546	605	941
	Subtotal--Plant Account Level	1,377,188	408,561	968,627
	Asset Retirement Obligation	350	144	206
	Provision for Amortization - Plt in Service	0	259	(259)
	Total	1,377,538	408,964	968,574

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

(Thousands of Dollars)

Change Between Periods				
Plant Account	Account Description	Plant Total	Accumulated Reserve	Net Book Value
301	Organization	(0)	-	(0)
303	Miscellaneous Intangible Plant	870	2,880	(2,010)
360	Land and Land Rights	63	-	63
361	Structures and Improvements	78	236	(157)
362	Station Equipment	13,453	1,660	11,794
364	Poles, Towers and Fixtures	4,344	3,734	611
365	Overhead Conductors and Devices	21,192	4,792	16,401
366	Underground Conduit	2,271	212	2,059
367	Underground Conductors and Devices	4,305	1,803	2,502
368	Line Transformers	9,099	2,657	6,443
369	Services	5,706	1,473	4,233
370	Meters	1,070	574	495
371	Installation on Customer Premises	102	(88)	190
373	Street Lighting and Signal Systems	(547)	(311)	(236)
389	Land and Land Rights	509	-	509
390	Structures and Improvements	8,410	317	8,093
391	Office Furniture and Equipment	(100)	(632)	532
392	Transportation Equipment	3,942	2,032	1,909
393	Stores Equipment	553	131	422
394	Tools, Shop and Garage Equipment	629	146	484
395	Laboratory Equipment	75	55	20
396	Power Operated Equipment	(65)	(6)	(59)
397	Communication Equipment	1,709	1,025	685
398	Miscellaneous Equipment	58	50	8
	Subtotal--Plant Account Level	77,728	22,738	54,990
	Asset Retirement Obligation	36	21	15
	Provision for Amortization - Plt in Service	0	29	(29)
	Total	77,764	22,789	54,975

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

(Thousands of Dollars)

PSNH Reliability Enhancement Program Projects (REP 2) April 1, 2011 through March 31, 2012

Project	Project Description	Apr 2011	May 2011	June 2011	July 2011	Aug 2011	Sept 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Total
A04S34	DIRECT BURIED CABLE REPLACEMENT	2	722	(137)	5	(15)	-	289	59	192	15	(3)	4	1,132
A07DL41	REPLACE LEGACY ASW POLE TOP RTU'S	280	34	3	61	(42)	97	63	30	1	2	74	59	661
A07SS41	REPL SUBSTATION RTU REPLACEMENT	-	-	-	-	-	-	114	-	205	9	(2)	-	326
A07WI42	ENABLE SCADA TO WINDSOR BACKUP	(12)	0	2	0	-	-	-	-	-	-	-	24	14
A07X44	REPLACE 34.5KV CIRCUIT BREAKER PROGRAM	-	-	-	-	-	-	-	-	538	5	4	210	758
A07X45	REJECT POLE REPLACEMENT	80	62	36	68	196	63	31	28	40	199	131	(6)	927
A07X98	NESC CAPITAL REPAIRS	177	129	74	45	85	27	77	11	37	41	93	91	887
A07X99	POLE REINFORCEMENT	-	-	-	-	-	-	-	-	-	7	-	-	7
A08X44	AIR BRAKE SWITCH REPLACEMENT PROGRAM	-	20	(0)	3	(0)	-	-	-	25	0	-	220	269
A10X04	DIRECT BURIED CABLE INJECTION	-	-	7	32	(14)	3	72	0	50	(0)	-	83	230
A10X06	DIS LINE WIRE UPGRADE / ELIMINATE NARROW	1	-	-	105	3	(1)	0	-	-	103	(0)	(3)	207
C10ETT	2010 ENHANCED TREE TRIMMING FOR PSNH	-	0	0	(51)	59	(51)	55	-	-	-	-	-	13
C11ETT	2011 ENHANCED TREE TRIMMING FOR PSNH	333	75	313	204	143	36	195	40	231	0	0	0	1,571
C12ETT	2012 ENHANCED TREE TRIMMING FOR PSNH	-	-	-	-	-	-	-	-	-	-	264	305	568
DR9A	RELIABILITY IMPROVEMENTS - LANCASTER	-	2	3	0	-	-	-	-	-	-	-	-	5
DR9C	RELIABILITY IMPROVEMENTS - CHOCORUA	0	-	(0)	-	0	-	-	-	8	0	0	0	9
DR9D	RELIABILITY IMPROVEMENTS - DERRY	1	0	-	(0)	3	0	(0)	-	-	1	5	3	14
DR9E	RELIABILITY IMPROVEMENTS - EPPING	68	1	0	0	-	-	0	0	-	-	-	-	70
DR9H	RELIABILITY IMPROVEMENTS - HILLSBORO	12	7	1	1	6	2	3	0	-	10	0	0	42
DR9K	RELIABILITY IMPROVEMENTS - KEENE	42	5	0	0	-	-	0	-	-	3	31	1	82
DR9L	RELIABILITY IMPROVEMENTS - LACONIA	17	46	0	(1)	0	7	0	-	3	0	9	27	107
DR9M	RELIABILITY IMPROVEMENTS - MILFORD	1	0	6	1	0	(0)	-	-	-	-	-	2	10
DR9N	RELIABILITY IMPROVEMENTS - NASHUA	0	0	0	0	0	-	-	0	6	0	0	14	20
DR9P	RELIABILITY IMPROVEMENTS - PORTSMOUTH	(1)	6	0	0	-	-	-	0	-	-	77	5	88
DR9R	RELIABILITY IMPROVEMENTS - PSNH	65	-	-	0	-	-	-	-	-	7	(1)	46	118
DR9S	RELIABILITY IMPROVEMENTS - ROCHESTER	3	1	0	-	-	-	-	-	56	61	11	2	133
DR9W	RELIABILITY IMPROVEMENTS - NEWPORT	41	13	3	7	1	1	(0)	1	35	0	45	(0)	147
DR9Y	RELIABILITY IMPROVEMENTS - MANCH EAST	5	1	0	5	6	4	0	0	-	26	48	2	98
DR9Z	RELIABILITY IMPROVEMENTS - BEDFORD	15	2	2	0	1	1	1	-	0	-	9	16	48
UB3CAD	PORCELAIN CHANGE-OUT	359	279	139	121	440	130	281	78	688	102	144	64	2,824
Total		1,488	1,403	453	609	873	318	1,181	245	2,116	591	939	1,174	11,389 (REP 2 Dollars)

REP by time period--

At December 31, 2011:

Total REP 2 In Service - January 1, 2011 Through March 31, 2011 (Page 8 of 8) 3,265
 Total REP 2 In Service - April 1, 2011 through December 31, 2011 8,685

Total REP 2 In Service - January 1, 2011 Through December 31, 2011 11,950

At March 31, 2012:

Total REP 2 In Service - April 1, 2011 Through March 31, 2012 (Note 1) 11,389

Note 1: PSNH anticipates it will meet its annual REP spending target.

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

(Thousands of Dollars)

PSNH Reliability Enhancement Program Projects (REP 2) July 1, 2010 through Mar 31, 2011, as filed in DE 11-095

Project	Project Description	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	Total
A04S34	DIRECT BURIED CABLE REPLACEMENT	159	5	(16)	11	(6)	21	841	(17)	30	1,029
A07DL41	REPLACE LEGACY ASW POLE TOP RTU'S	3	-	(4)	71	-	(2)	0	2	17	87
A07SS41	REPL SUBSTATION RTU REPLACEMENT	2	0	1	-	-	193	1	1	2	201
A07WI42	ENABLE SCADA TO WINDSOR BACKUP	37	72	1	0	94	180	40	39	3	467
A07X44	REPLACE 34.5KV CIRCUIT BREAKER PROGRAM	-	-	-	256	318	(65)	75	2	-	585
A07X45	REJECT POLE REPLACEMENT	60	86	121	185	93	348	276	161	75	1,404
A07X98	NESC CAPITAL REPAIRS	76	74	211	113	60	107	112	184	101	1,037
A07X99	POLE REINFORCEMENT	-	-	-	-	-	-	21	-	-	21
A08X44	AIR BRAKE SWITCH REPLACEMENT PROGRAM	(0)	0	-	8	25	127	4	(0)	-	164
A10X06	DIS LINE WIRE UPGRADE / ELIMINATE NARROW	-	-	-	-	-	56	22	1	90	168
C10ETT	2010 ENHANCED TREE TRIMMING FOR PSNH	103	170	77	137	344	247	1	1	0	1,080
C11ETT	2011 ENHANCED TREE TRIMMING FOR PSNH	-	-	-	-	-	-	-	227	245	472
DR9A	RELIABILITY IMPROVEMENTS - LANCASTER	-	-	-	-	-	-	-	-	-	-
DR9C	RELIABILITY IMPROVEMENTS - CHOCORUA	(0)	-	-	0	91	12	14	-	0	117
DR9D	RELIABILITY IMPROVEMENTS - DERRY	3	-	1	0	0	-	0	1	2	7
DR9E	RELIABILITY IMPROVEMENTS - EPPING	(2)	2	0	1	0	-	(0)	0	12	13
DR9H	RELIABILITY IMPROVEMENTS - HILLSBORO	7	3	1	33	20	14	2	9	-	90
DR9K	RELIABILITY IMPROVEMENTS - KEENE	5	0	37	(1)	-	-	-	11	53	105
DR9L	RELIABILITY IMPROVEMENTS - LACONIA	16	65	14	78	0	18	68	49	16	324
DR9M	RELIABILITY IMPROVEMENTS - MILFORD	0	-	0	3	1	2	0	0	-	6
DR9N	RELIABILITY IMPROVEMENTS - NASHUA	3	-	5	9	9	5	7	17	1	57
DR9P	RELIABILITY IMPROVEMENTS - PORTSMOUTH	59	7	2	(0)	30	45	1	1	1	146
DR9R	RELIABILITY IMPROVEMENTS - PSNH	0	-	-	15	(4)	13	0	-	-	24
DR9S	RELIABILITY IMPROVEMENTS - ROCHESTER	1	8	3	14	(0)	5	7	1	(0)	38
DR9W	RELIABILITY IMPROVEMENTS - NEWPORT	9	88	8	13	0	22	77	26	30	274
DR9Z	RELIABILITY IMPROVEMENTS - BEDFORD	0	1	8	3	0	9	6	17	19	64
UB3CAD	PORCELAIN CHANGE-OUT	93	115	212	309	132	136	68	109	85	1,260
Total		634	698	682	1,259	1,208	1,494	1,641	843	781	9,241 (REP 2 Dollars)

At March 31, 2011:

Total REP 2 in service January 1, 2011 through March 31, 2011 - \$3,265 (to page 7 of 8).

Amounts shown above may not add due to rounding.



**Public Service
of New Hampshire**

780 N. Commercial Street, Manchester, NH 03109 Page 1 of 19

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A Northeast Utilities Company

Matthew J. Fossum
Counsel

By Electronic and Hand Delivery

April 30, 2013

Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

RE: DE 13-XXX, Public Service Company of New Hampshire
Petition for Step Adjustment to Reflect Changes in Net Plant, Reliability Enhancement
Program, Major Storm Cost Reserve, and Renewable Default Energy Service and
Consultant Costs

Dear Ms. Howland:

On behalf of Public Service Company of New Hampshire, I enclose for filing with the Commission an original and six copies of a Petition for Step Adjustment to Reflect Changes in Net Plant, Reliability Enhancement Program, Major Storm Cost Reserve, and Renewable Default Energy Service and Consultant Costs, and the Technical Statement of Michael L. Shelnitz and Stephen R. Hall describing the changes PSNH is proposing to its distribution rate level effective July 1, 2013.

Thank you for your assistance with this matter. If you have any questions about this matter, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Matthew J. Fossum", with a horizontal line underneath.

Matthew J. Fossum

Enclosures

STATE OF NEW HAMPSHIRE
before the
PUBLIC UTILITIES COMMISSION

Public Service Company of New Hampshire
Request for Permanent Distribution Rates Change
Docket No. DE 13-____

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE'S
PETITION FOR STEP ADJUSTMENT TO REFLECT CHANGES IN NET PLANT,
RELIABILITY ENHANCEMENT PROGRAM, MAJOR STORM COST RESERVE AND
RENEWABLE DEFAULT ENERGY SERVICE AND CONSULTANT COSTS**

Pursuant to N.H. Code Admin. Rule Puc 202.01 and Puc 203.06, Public Service Company of New Hampshire (“PSNH” or “the Company”) hereby petitions for a change to its base delivery rates to address: (a) the revenue requirements associated with 80% of the value of additions to net plant that are not associated with the Reliability Enhancement Program (“REP”), (b) the revenue requirements associated with certain net plant associated with the REP; (c) an adjustment to the Major Storm Cost Reserve (“MSCR”) to account for the recovery of storm and certain pre-staging costs; and (d) the completion of recovery of marketing costs relating to the Company’s Renewable Default Energy Service (“RDES”) rate and consulting fees related to an analysis of PSNH’s uncollectible expense. In support of this Petition, PSNH states as follows:

1. On June 28, 2010, the Commission issued Order 25,123 approving a Settlement Agreement on permanent distribution service rates (the “Settlement Agreement”) in Docket No. DE 09-035, the Company’s last distribution rate case. The Settlement Agreement provided for a series of step adjustments to the Company’s delivery service rates on July 1, 2011, July 1, 2012 and July 1, 2013. The Commission approved the first of those step adjustments on June 24, 2011, *see* Order No. 25,240 in Docket No. DE 11-095, and the second on June 27, 2012, *see* Order No. 25,382 in Docket No. DE 12-110. PSNH now seeks the third of those step increases.

Section 2 of the Settlement Agreement sets forth a series of changes to PSNH's permanent distribution rate level, including a projected step increase in distribution rates of \$9.5 million for effect on July 1, 2013 to recover the revenue requirements associated with 80% of changes to non-REP net plant balances for the period April 1, 2012 through March 31, 2013. *See* Settlement Agreement, Section 2.6. As described in the Technical Statement of Michael L. Shelnitz and Stephen R. Hall, which is attached to this Petition as Attachment A, the value of the actual additions to non-REP delivery plant rate base for the year ending March 31, 2013 was lower than projected by the Settling Parties who executed the Settlement Agreement. The 80% value of the actual changes to non-REP net plant balances results in a step increase request of \$6,100,000. The Company is thus seeking a permanent increase to its distribution rates of \$6.1 million on a service rendered basis as of July 1, 2013 associated with the change in actual net plant values during the reconciliation period.

2. In addition to this step increase, the Company is requesting that the Commission implement four additional rate changes. The first relates to an adjustment based upon a change in funding for the MCSR. Currently, the MCSR is funded at a level of \$7 million annually as approved in Order No. 25,382. Subsequent to approval of the annual \$7 million level, the Company deferred \$11.2 million in costs associated with the October 2012 Storm "Sandy". Additionally, on February 26, 2013, the Commission issued Order No. 25,465 in Docket No. DE 12-320 approving PSNH's recovery of pre-staging costs through the MCSR for storms that do not ultimately develop into major storms, if certain predictive criteria are met. Consequently, PSNH deferred \$2.6 million in costs associated with four pre-staging events occurring between December 2012 and March 2013. As a result of these issues, PSNH proposes to increase the annual funding level by \$5.0 million effective July 1, 2013, resulting in total annual funding of

the MSCR of \$12.0 million. As described in the Technical Statement, a \$12.0 million funding level will provide for more adequate recovery of storm costs over the next few years considering the unrecovered balances associated with major storms and storm pre-staging in 2011, 2012 and 2013. Also as noted in the Technical Statement, PSNH is not seeking final approval to recover the storm costs noted above, since the Commission's Staff will audit all storm costs and determine the exact level that is appropriate for recovery, but is only proposing to increase the funding level of the MSCR to begin recovery of the unrecovered storm balance, and therefore reduce carrying charges on the unrecovered balance.

3. The second change relates to additions of REP-related plant. Pursuant to sections 2.6 and 5.1 of the Settlement Agreement, PSNH is permitted to increase its distribution rates by \$1.6 million effective July 1, 2013 to reflect changes in its net plant related to its REP. By this petition, PSNH is requesting to implement that change.

4. The third change relates to the Company's recovery of costs relating to the marketing of the RDES rate. The RDES rate was established pursuant to Order No. 25,080 in Docket No. DE 09-186. Following the establishment of the RDES rate, in Order No. 25,246 (June 30, 2011) in Docket No. DE 11-082, PSNH was permitted to recover approximately \$73,000 annually to cover the incremental marketing cost for the RDES rate. PSNH has a proposal pending before the Commission in Docket No. DE 12-358 to discontinue offering the RDES rate option. Should the Commission accept PSNH's request, PSNH would not incur any additional marketing costs, and would propose to remove those costs from its rates.

5. Lastly, pursuant to Section 8.1 of the Settlement Agreement, PSNH was to retain an independent consultant to review and analyze recent trends in the Company's uncollectible expense. The Settlement Agreement further provided that PSNH would be permitted to defer

and recover the cost of the study over a 12-month period by including the costs in one of the step adjustments. Pursuant to Order No. 25,382, PSNH recovered those costs through its last step adjustment. In that PSNH has now recovered the costs of the study, PSNH would decrease its rates to remove those costs from its rates.

For the reasons stated above, and in the attached Technical Statement, PSNH requests that the Commission approve the step adjustments for non-REP and REP-related costs, the increase to the annual accrual of the MSCR and the removal of the marketing and consultant expenses from rates.

WHEREFORE, PSNH respectfully requests that the Commission:

- A. Grant this Petition for Step Adjustment to Reflect Changes in Net Plant, Reliability Enhancement Program, Major Storm Cost Reserve, and Marketing and Consultant Costs; and
- B. Grant such further relief as is just and equitable.

Respectfully submitted,

Public Service Company of New Hampshire

By Its Attorneys

Dated: 4/30/13

By: 

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STATE OF NEW HAMPSHIRE
before the
PUBLIC UTILITIES COMMISSION

Public Service Company of New Hampshire
Request for Permanent Distribution Rates Change
Docket No. DE 13-___

Step Increase for 80% of change in non-REP net plant for the period
April 1, 2012 to March 31, 2013 (Part A)

Revision to Funding Level of Major Storm Cost Reserve (Part B)

Other Distribution Rate Changes Effective 7/1/2013 related to the Settlement (Part C)

Technical Statement of Stephen R. Hall and Michael L. Shelnitz

A. Net Distribution Plant Step Increase

I. Introduction

The Settlement Agreement on Permanent Distribution Service Rates (“Settlement Agreement”) approved by the Commission in Docket No. DE 09-035 established a series of permanent distribution rates for PSNH beginning on July 1, 2010 and terminating on June 30, 2015. SECTION 2 of the Settlement Agreement entitled RATE CHANGES, provided for three additional annual step changes to Distribution rates on July 1, 2011, July 1, 2012 and July 1, 2013 (see SECTION 2.1). The first of these step changes took effect July 1, 2011 and the second of these step changes took effect July 1, 2012. The final step change, effective July 1, 2013, will incorporate an increase for 80% of actual changes in non-REP net plant for the period April 1, 2012 to March 31, 2013 (see SECTION 2.6).

II. Background

The Settlement Agreement (see SECTION 2.6) contained a projected step increase on July 1, 2013 of \$9.5 million associated with a budgeted level of non-REP net plant of \$1,149 million as of March 31, 2013. The \$9.5 million increase was supported by a budgeted change in net plant of \$76.5 million from April 1, 2012 to March 31, 2013 (reconciliation period). The actual level of non-REP net plant as of March 31, 2013 is \$1,061 million. This produced a change in actual net plant for this reconciliation period of \$49 million. The revenue requirement associated with this change in net plant for the reconciliation period is \$6.1 million.¹ A calculation of the

¹ REP capital additions have been removed from these calculations (see Attachment SRH/MLS-1, page 3 of 8 of this Technical Statement), and the calculated revenue requirement values include only 80% of

projected \$9.5 million included in the Settlement Agreement is contained on Attachment SRH/MLS-1, page 2 of 8 of this Technical Statement for reference purposes.

III. Explanation of the requested increase of \$6.1 million versus the projected value in the Settlement Agreement of \$9.5 million.

Under the Settlement Agreement, the projected step increase for 2013 of \$9.5 million is subject to downward adjustment if: a) the actual change to Net Distribution Plant is less than \$82 million; and b) the actual Net Distribution Plant balance as of March 31, 2013 is less than \$1,149 million. If both of those conditions exist, then the actual step increase is adjusted downward by the revenue requirement associated with the difference between the forecasted and actual Net Distribution Plant balance as of March 31, 2013.

As stated in section II above, PSNH's actual change to Net Distribution Plant was \$49 million, and the actual balance of Net Plant as of March 31, 2013 was \$1,061 million. Since both amounts are less than the settlement conditions above, PSNH is proposing to reduce the step increase to \$6.1 million. The calculation of the \$6.1 million is contained in Attachment SRH/MLS-1, and reflects the revenue requirements needed to keep pace with 80% of the increases to actual plant over the reconciliation period in accordance with the Settlement Agreement.

The cause of the less than forecasted change to Net Distribution Plant and less than forecasted Net Distribution Plant balance at March 31, 2013 was the sluggish economy, which continued to impact new customer and new service work. In addition, routine review of PSNH's capital spending, along with prudent management of such spending, resulted in decreased capital spending levels as compared to the levels forecasted in the Settlement Agreement.

IV. PSNH's Proposal

Pursuant to the Settlement Agreement, PSNH proposes an annual increase to its Distribution rates of \$6.1 million on July 1, 2013 associated with the change in actual net plant values during the reconciliation period. PSNH is requesting that this rate change be effective with service rendered on and after July 1, 2013.

B. Revision to Funding Level of Major Storm Cost Reserve

I. Introduction

Section 7 of the Settlement Agreement titled STORM RESERVE ACCRUAL AND RECOVERY OF CERTAIN OTHER STORM RESTORATION COSTS provided for adjustments to the approved rates if there was a future need to change the funding level of the Major Storm Cost Reserve embedded in Distribution rates. Specifically Sections 7.1 and 7.3 state:

the additional net plant changes during the reconciliation period, consistent with SECTION 2.6 and Attachment 1 of the Settlement Agreement.

7.1 The rate levels resulting from the rate adjustments specified in Section 2 include an annual accrual of \$3.5 million effective July 1, 2010 for the Major Storm Cost Reserve.

7.3 None of the costs of the February 2010 wind storm are included in the rate increases specified in Sections 2.3 through 2.6. The Settling Parties will meet once the final costs of that recent storm are known to review the costs and will work cooperatively to determine an appropriate method for recovery of the prudently incurred costs, and to review and assess the appropriate funding level going forward for the Major Storm Cost Reserve. The Settling Parties may recommend a modification to one or more of the rate changes specified in Sections 2.4 through 2.6 in order to provide for recovery of the cost of the February 2010 wind storm and/or for a revision to the funding level of the Major Storm Cost Reserve.

In the last step filing PSNH requested a \$3.5 million annual increase to the funding level of the Major Storm Cost Reserve consistent with Section 7.3 above. In Order No. 25,382 dated June 27, 2012 the Commission approved the increase effective July 1, 2012, resulting in the current annual funding level of \$7.0 million.

On February 26, 2013, in Order No. 25,465, the Commission also approved deferral of pre-staging costs through the Major Storm Cost Reserve for storms that do not ultimately develop into major storms if certain predictive criteria are met.

Subsequent to approval of the annual \$7.0 million level, the Company deferred \$11.2 million in costs associated with the October 2012 Storm Sandy and \$2.6 million in costs associated with four pre-staging events occurring between December 2012 and March 2013.²

II. PSNH's Proposal

In this filing PSNH is requesting an increase to the annual funding level of the Major Storm Cost Reserve consistent with Section 7.3 above and the Commission's previous Order No. 25,382. PSNH proposes to increase the annual funding level by \$5.0 million effective July 1, 2013, resulting in total annual funding of \$12.0 million.

In view of the unprecedented magnitude and number of major storms the region has experienced over the last few years, an increase in the funding of the reserve is necessary in order for PSNH to recover its major storm costs. A \$12.0 million annual funding level will provide for more adequate recovery of storm costs over the next few years considering the unrecovered balances associated with major storms and storm pre-staging in 2011, 2012 and 2013. The actual and projected unrecovered storm balances as of March 31, 2013 and June 30, 2013 are \$24.0 million and \$22.7 million, respectively. (See Attachment SRH/MLS-2)

² The dates and costs associated with those events were as follows: December 27, 2012: \$0.71 million; February 8, 2013: \$1.60 million; February 27, 2013: \$0.23 million; and March 19, 2013: \$0.03 million.

III. Background on PSNH's Proposal

Beginning July 1, 2013, the remaining life of the Settlement Agreement is two years. Absent any additional major storms or storm pre-staging events, the proposed \$12 million annual funding level will collect all of the referenced \$22.7 million in unrecovered costs as well as \$1.0 million of additional projected carrying charges through June 30, 2015. If there are additional major storms or pre-staging events during the two year period, there would be approximately \$0.3 million of funds available to apply to those new storm costs. (See Attachment SRH/MLS-2.) Without an increase in the funding level, PSNH's net unrecovered balance of major storm costs will be approximately \$10 million as of June 30, 2015, assuming there are no major storms during the next two years.

PSNH is not seeking final approval to recover the storm costs noted above, since the Commission's Staff will audit all storm costs and determine the exact level that is appropriate for recovery. PSNH is only proposing to increase the funding level of the Major Storm Cost Reserve in order to begin recovery of the unrecovered storm balance, and therefore reduce carrying charges on the unrecovered balance.

C. Other Distribution Rate Changes Effective 7/1/2013 Related to the Settlement

I. REP plant increase

In accordance with Sections 2.6 and 5.1 of the Settlement Agreement, PSNH will increase distribution rates by \$1.6 million for the July 1, 2013 step associated with REP plant.

II. Uncollectible cost study fees

PSNH will decrease distribution rates by \$72,000 to remove the consultant costs associated with the uncollectible expense study referred to in Section 8.1 of the Settlement Agreement. These costs were approved and collected through distribution rates from July 1, 2012 to June 30, 2013.

III. Marketing expense for Renewable Default Energy Service rate

On July 1, 2011, PSNH increase distribution rates by \$73,000 to recover marketing expenses associated with its Renewable Default Energy Service rate, as authorized by the Commission's Order No. 25,246 in Docket No. DE 11-082. PSNH has a pending proposal before the Commission in Docket No. DE 12-358 to discontinue the rate if participation thereunder does not meet a specified level. PSNH has ceased its marketing efforts for the rate, and if the Commission accepts PSNH's proposal in that docket, PSNH will not incur any additional marketing costs for the rate. Therefore, PSNH is proposing to remove these costs from its distribution rates.

D. Summary of Proposed Rate Changes

PSNH's proposed rate changes in this docket are summarized below:

	Annual Revenue Impact <u>(Millions)</u>
Changes to Net Distribution Plant	\$6.100
Additional MSCR Funding	5.000
REP Plant	1.600
Consultant Expense	(0.072)
RDES Marketing Expense	<u>(0.073)</u>
Net Increase	\$12.555

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

Step Increase--Net Plant, Excluding Additions to the Reliability Enhancement Program (REP)

Summary--Revenue Requirements Increase

(Millions of Dollars)

		<u>Reference</u>
Proposed increase to revenue requirements based on the actual increase in net plant at March 31, 2013, consistent with the DE 09-035 Settlement Agreement (Note 1)	<u>\$ 6.1</u>	page 3

Note 1: As shown on page 2, the DE 09-035 Settlement Agreement projected a revenue requirements increase of \$9.5 million based on the budgeted increase to the net plant balance at March 31, 2013.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

Step Increase--Net Plant, Excluding Additions to the Reliability Enhancement Program (REP)

(Millions of Dollars)

Per the DE 09-035 Settlement

	<u>Dec. 31, 2009</u>	<u>Dec. 31, 2010</u>	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2012</u>	<u>Dec. 31, 2013</u>
Total Utility Plant in Service	1,309	1,374	1,471	1,574	1,662
Accum Provision for Depreciation	<u>(420)</u>	<u>(399)</u>	<u>(420)</u>	<u>(441)</u>	<u>(469)</u>
	<u>889</u>	<u>975</u>	<u>1,051</u>	<u>1,133</u>	<u>1,193</u>
Less: REP Capital Additions		<u>(11)</u>	<u>(13)</u>	<u>(13)</u>	<u>(13)</u>
Net Plant w/o REP	<u>889</u>	<u>964</u>	<u>1,038</u>	<u>1,120</u>	<u>1,180</u>
Net Non-REP Plant Change (year over year)		<u>75</u>	<u>74</u>	<u>82</u>	<u>60</u>
Net Plant @ 80%		<u>60</u>	<u>59</u>	<u>66</u>	<u>48</u>
ROR per Settlement		<u>0.07513</u>	<u>0.07513</u>	<u>0.07513</u>	<u>0.07513</u>
GRCF		<u>1.6814</u>	<u>1.6814</u>	<u>1.6814</u>	<u>1.6814</u>
Return		<u>7.6</u>	<u>7.5</u>	<u>8.3</u>	<u>6.1</u>
Depreciation @2.95%		<u>1.8</u>	<u>1.7</u>	<u>1.9</u>	<u>1.4</u>
Total Revenue Requirement		<u>9.3</u>	<u>9.2</u>	<u>10.2</u>	<u>7.5</u>

Settlement
 Agreement

Revenue Requirements related to step increase and net plant allowed for these step increases:

<u>Revenue Requirement</u>	<u>Rev. Req. Step 1 07/01/2010</u>	<u>Net Plant Allowed</u>	<u>Rev. Req. Step 2 07/01/2011</u>	<u>Net Plant Allowed</u>	<u>Rev. Req. Step 3 07/01/2012</u>	<u>Net Plant Allowed</u>	<u>Rev. Req. Step 4 07/01/2013</u>	<u>Net Plant Allowed</u>
01/01/2010-03/31/2010		2.3		18.8				
04/01/2010-12/31/2010			7.0	56.3				
01/01/2011-03/31/2011			2.3	18.5				
04/01/2011-12/31/2011					6.9	55.5		
01/01/2012-03/31/2012					2.6	20.5		
04/01/2012-12/31/2012							7.7	61.5
01/01/2013-03/31/2013							1.9	15.0
Revenue Increase	<u>2.3</u>		<u>9.3</u>		<u>9.5</u>		<u>9.5</u>	

2009 Net Plant		889						
Add: \$14 M of new vehicle purchases to replace leases		14						
Step 1 Net Plant Allowed at 3/31/2010		<u>922</u>						
Step 2 Net Plant Allowed at 3/31/2011			<u>922</u>					
Step 3 Net Plant Allowed at 3/31/2012				<u>997</u>				
Step 4 Net Plant Allowed at 3/31/2013					<u>997</u>			
						<u>1,073</u>		
							<u>1,073</u>	
								<u>1,149</u>

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

Step Increase--Net Plant, Excluding Additions to the Reliability Enhancement Program (REP)

(Millions of Dollars)

	<u>Actual</u>			
	<u>Dec. 31, 2011</u>	<u>March 31, 2012</u>	<u>Dec. 31, 2012</u>	<u>March 31, 2013</u>
Total Utility Plant in Service	1,442	1,455	1,511	1,526
Accum Provision for Depreciation	<u>(429)</u>	<u>(431)</u>	<u>(448)</u>	<u>(451)</u>
	<u>1,013</u>	<u>1,024</u>	<u>1,063</u>	<u>1,075</u>
Less: REP Capital Additions (a)	<u>(12)</u>	<u>(11)</u>	<u>(12)</u>	<u>(14)</u>
Net Plant w/o REP	<u>1,001</u>	<u>1,013</u>	<u>1,051</u>	<u>1,061</u>
Net Non-REP Plant Change April 2012 to Dec. 2012 (\$1,051 - \$1,013)			38	
Net Non-REP Plant Change Jan. 2013 to March 2013 (\$1,061 - \$1,051)				<u>11</u>
Net Plant @ 80%			30	9
ROR per Settlement			0.07513	0.07513
GRCF			<u>1.6814</u>	<u>1.6814</u>
Return			3.8	1.1
Depreciation @2.95%			<u>0.9</u>	<u>0.3</u>
Total Revenue Requirement			<u>4.7</u>	<u>1.4</u>

Actual Values

Revenue Requirements related to step increase:

<u>Revenue Requirement</u>	<u>Rev. Req. Step 4 07/01/2013</u>
04/01/2012-12/31/2012	4.7
01/01/2013-03/31/2013	1.4
Revenue Increase	<u>6.1</u>

(a) REP at December 31, 2012 is for the 12 month period January 2012 through December 2012, and REP at March 31, 2013 is for the 12 month period April 2012 through March 2013. See pages 7 and 8.

Amounts shown above are based on the values from pages 4 through 8 and may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

(Thousands of Dollars)

Actuals At 3/31/2013				
Plant Account	Account Description	Plant Total	Accumulated Reserve	Net Book Value
301	Organization	45	0	45
303	Miscellaneous Intangible Plant	31,889	16,754	15,135
360	Land and Land Rights	5,695	0	5,695
361	Structures and Improvements	15,008	4,814	10,195
362	Station Equipment	201,302	43,503	157,799
364	Poles, Towers and Fixtures	222,837	112,118	110,719
365	Overhead Conductors and Devices	348,169	85,362	262,807
366	Underground Conduit	21,642	3,726	17,916
367	Underground Conductors and Devices	104,100	26,693	77,407
368	Line Transformers	213,749	60,445	153,304
369	Services	123,599	23,246	100,354
370	Meters	63,343	27,449	35,894
371	Installation on Customer Premises	5,007	1,110	3,897
373	Street Lighting and Signal Systems	5,788	3,324	2,463
389	Land and Land Rights	4,432	0	4,432
390	Structures and Improvements	72,310	8,160	64,150
391	Office Furniture and Equipment	19,839	11,370	8,469
392	Transportation Equipment	25,569	7,013	18,555
393	Stores Equipment	2,164	360	1,803
394	Tools, Shop and Garage Equipment	8,736	3,309	5,428
395	Laboratory Equipment	3,637	1,647	1,990
396	Power Operated Equipment	136	29	106
397	Communication Equipment	25,331	9,647	15,684
398	Miscellaneous Equipment	1,657	695	962
	Subtotal--Plant Account Level	1,525,983	450,773	1,075,210
	Asset Retirement Obligation	372	168	204
	Provision for Amortization - Plt in Service	0	321	(321)
	Total	1,526,355	451,261	1,075,093

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

(Thousands of Dollars)

Actuals At 3/31/2012				
Plant Account	Account Description	Plant Total	Accumulated Reserve	Net Book Value
301	Organization	45	0	45
303	Miscellaneous Intangible Plant	31,292	10,590	20,702
360	Land and Land Rights	4,522	0	4,522
361	Structures and Improvements	14,362	4,602	9,760
362	Station Equipment	179,937	41,224	138,713
364	Poles, Towers and Fixtures	214,243	108,921	105,321
365	Overhead Conductors and Devices	335,842	81,888	253,954
366	Underground Conduit	20,755	3,516	17,238
367	Underground Conductors and Devices	98,429	25,840	72,589
368	Line Transformers	206,234	57,812	148,421
369	Services	118,430	21,420	97,010
370	Meters	62,076	26,461	35,615
371	Installation on Customer Premises	4,928	1,301	3,627
373	Street Lighting and Signal Systems	5,684	3,186	2,498
389	Land and Land Rights	4,418	0	4,418
390	Structures and Improvements	71,434	8,421	63,013
391	Office Furniture and Equipment	18,344	14,831	3,513
392	Transportation Equipment	23,187	4,668	18,519
393	Stores Equipment	1,993	296	1,697
394	Tools, Shop and Garage Equipment	7,896	3,145	4,751
395	Laboratory Equipment	3,738	1,717	2,021
396	Power Operated Equipment	136	16	119
397	Communication Equipment	25,389	10,789	14,600
398	Miscellaneous Equipment	1,604	655	949
	Subtotal--Plant Account Level	1,454,917	431,300	1,023,617
	Asset Retirement Obligation	386	165	221
	Provision for Amortization - Plt in Service	0	288	(288)
	Total	1,455,302	431,753	1,023,549

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

(Thousands of Dollars)

Change Between Periods (3/31/12 - 3/31/13)				
Plant Account	Account Description	Plant Total	Accumulated Reserve	Net Book Value
301	Organization	0	-	0
303	Miscellaneous Intangible Plant	597	6,164	(5,567)
360	Land and Land Rights	1,173	-	1,173
361	Structures and Improvements	647	212	435
362	Station Equipment	21,365	2,279	19,086
364	Poles, Towers and Fixtures	8,594	3,196	5,398
365	Overhead Conductors and Devices	12,327	3,474	8,853
366	Underground Conduit	888	210	678
367	Underground Conductors and Devices	5,671	853	4,818
368	Line Transformers	7,515	2,632	4,883
369	Services	5,169	1,826	3,343
370	Meters	1,267	988	279
371	Installation on Customer Premises	79	(191)	270
373	Street Lighting and Signal Systems	104	139	(34)
389	Land and Land Rights	13	-	13
390	Structures and Improvements	876	(261)	1,137
391	Office Furniture and Equipment	1,495	(3,461)	4,956
392	Transportation Equipment	2,382	2,345	36
393	Stores Equipment	171	65	106
394	Tools, Shop and Garage Equipment	841	164	677
395	Laboratory Equipment	(101)	(70)	(31)
396	Power Operated Equipment	0	13	(13)
397	Communication Equipment	(58)	(1,142)	1,084
398	Miscellaneous Equipment	52	39	13
	Subtotal--Plant Account Level	71,066	19,473	51,593
	Asset Retirement Obligation	(14)	3	(17)
	Provision for Amortization - Plt in Service	0	33	(33)
	Total	71,052	19,508	51,544

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE-INTERIM RATE ADJUSTMENT FILING

(Thousands of Dollars)

PSNH Reliability Enhancement Program Projects (REP 2) April 1, 2012 through March 31, 2013

Project	Project Description	Apr 2012	May 2012	June 2012	July 2012	Aug 2012	Sept 2012	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013	Total
A04S34	DIRECT BURIED CABLE REPLACEMENT	8	1	15	8	(0)	10	5	9	162	578	13	7	817
A07DL41	REPLACE LEGACY ASW POLE TOP RTU'S	4	1	92	3	15	78	(3)	(28)	(0)	64	59	4	290
A07SS41	REPL SUBSTATION RTU REPLACEMENT	69	3	66	4	-	75	0	-	-	-	-	-	217
A07WI42	ENABLE SCADA TO WINDSOR BACKUP	1	-	(0)	-	-	-	-	-	-	-	-	-	1
A07X44	REPLACE 34.5KV CIRCUIT BREAKER PROGRAM	144	3	(12)	(0)	-	-	-	-	-	-	-	-	135
A07X45	REJECT POLE REPLACEMENT	33	18	26	30	21	50	44	30	41	110	80	62	546
A07X98	NESC CAPITAL REPAIRS	126	129	177	97	71	256	250	84	152	287	181	362	2,172
A07X99	POLE REINFORCEMENT	-	10	-	0	-	0	-	-	-	28	-	-	38
A08X44	AIR BRAKE SWITCH REPLACEMENT PROGRAM	(16)	10	2	32	(10)	1	142	73	0	2	9	0	246
A10X04	DIRECT BURIED CABLE INJECTION	115	(1)	-	5	30	10	0	67	398	583	(0)	9	1,216
A10X06	DIS LINE WIRE UPGRADE / ELIMINATE NARROW	(0)	-	-	56	4	107	3	(0)	58	2	-	35	264
A13X04	HAZARD TREE REMOVAL	-	-	-	-	-	-	-	-	-	-	264	156	420
C11ETT	2011 ENHANCED TREE TRIMMING FOR PSNH	-	2	0	0	0	0	-	-	(49)	-	-	-	(47)
C12ETT	2012 ENHANCED TREE TRIMMING FOR PSNH	439	384	172	197	176	210	225	303	102	2	0	-	2,212
C13ETT	ETT (REP II)	-	-	-	-	-	-	-	-	-	-	351	208	559
DR9A	RELIABILITY IMPROVEMENTS - LANCASTER	0	-	-	-	20	0	1	-	-	0	2	(0)	24
DR9C	RELIABILITY IMPROVEMENTS - CHOCORUA	-	-	-	30	(2)	-	0	-	-	0	-	-	28
DR9D	RELIABILITY IMPROVEMENTS - DERRY	3	0	4	0	3	9	2	0	1	6	0	1	30
DR9E	RELIABILITY IMPROVEMENTS - EPPING	3	-	0	0	-	-	0	-	-	-	8	2	13
DR9H	RELIABILITY IMPROVEMENTS - HILLSBORO	0	-	1	1	8	10	1	0	19	1	3	(0)	44
DR9K	RELIABILITY IMPROVEMENTS - KEEENE	1	9	1	0	7	(0)	0	-	0	-	19	1	38
DR9L	RELIABILITY IMPROVEMENTS - LACONIA	15	0	0	2	0	0	8	(0)	1	2	0	-	28
DR9M	RELIABILITY IMPROVEMENTS - MILFORD	0	0	14	1	(6)	0	0	0	-	-	-	-	9
DR9N	RELIABILITY IMPROVEMENTS - NASHUA	5	(0)	1	11	0	(0)	0	-	-	3	4	4	27
DR9P	RELIABILITY IMPROVEMENTS - PORTSMOUTH	3	1	0	0	3	-	43	1	2	(0)	2	-	55
DR9R	RELIABILITY IMPROVEMENTS - PSNH	0	-	0	0	-	-	-	-	-	-	-	-	0
DR9S	RELIABILITY IMPROVEMENTS - ROCHESTER	1	1	-	(1)	-	1	(0)	-	0	3	0	(0)	5
DR9W	RELIABILITY IMPROVEMENTS - NEWPORT	19	2	4	7	9	0	0	0	2	0	0	-	43
DR9Y	RELIABILITY IMPROVEMENTS - MANCH EAST	(3)	57	8	(0)	0	-	(0)	0	2	10	0	35	109
DR9Z	RELIABILITY IMPROVEMENTS - BEDFORD	1	3	-	0	(0)	0	(0)	(0)	-	0	2	9	15
UB1231	HAZARD TREE REMOVAL TREE TRIMMIN	-	-	-	-	-	-	-	2,808	(1,601)	(0)	35	-	1,243
UB1233	FULL WIDTH ROW CLEARING TREE TRM	-	-	-	-	-	-	-	2,695	(780)	-	-	-	1,915
UB3CAD	PORCELAIN CHANGE-OUT	46	94	58	186	72	88	75	7	3	26	37	122	813
Total		1,019	727	630	670	423	906	795	6,049	(1,488)	1,707	1,070	1,016	13,525 (REP 2 Dollars)

REP by time period:

At December 31, 2012:

Total REP 2 In Service - January 1, 2012 Through March 31, 2012 (Page 8 of 8) 2,704
 Total REP 2 In Service - April 1, 2012 through December 31, 2012 9,732

Total REP 2 In Service - January 1, 2012 Through December 31, 2012 12,436

At March 31, 2013:

Total REP 2 In Service - April 1, 2012 Through March 31, 2013 13,525

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

(Thousands of Dollars)

PSNH Reliability Enhancement Program Projects (REP 2) April 1, 2011 through March 31, 2012

Project	Project Description	Apr 2011	May 2011	June 2011	July 2011	Aug 2011	Sept 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Total
A04S34	DIRECT BURIED CABLE REPLACEMENT	2	722	(137)	5	(15)	-	289	59	192	15	(3)	4	1,132
A07DL41	REPLACE LEGACY ASW POLE TOP RTU'S	280	34	3	61	(42)	97	63	30	1	2	74	59	661
A07SS41	REPL SUBSTATION RTU REPLACEMENT	-	-	-	-	-	-	114	-	205	9	(2)	-	326
A07WI42	ENABLE SCADA TO WINDSOR BACKUP	(12)	0	2	0	-	-	-	-	-	-	-	24	14
A07X44	REPLACE 34.5KV CIRCUIT BREAKER PROGRAM	-	-	-	-	-	-	-	-	538	5	4	210	758
A07X45	REJECT POLE REPLACEMENT	80	62	36	68	196	63	31	28	40	199	131	(6)	927
A07X98	NESC CAPITAL REPAIRS	177	129	74	45	85	27	77	11	37	41	93	91	887
A07X99	POLE REINFORCEMENT	-	-	-	-	-	-	-	-	-	-	7	-	7
A08X44	AIR BRAKE SWITCH REPLACEMENT PROGRAM	-	20	(0)	3	(0)	-	-	-	25	0	-	220	269
A10X04	DIRECT BURIED CABLE INJECTION	-	-	7	32	(14)	-	72	0	50	(0)	-	83	230
A10X06	DIS LINE WIRE UPGRADE / ELIMINATE NARROW	1	-	-	105	3	(1)	0	-	-	103	(0)	(3)	207
C10ETT	2010 ENHANCED TREE TRIMMING FOR PSNH	-	0	0	(51)	59	(51)	55	-	-	-	-	-	13
C11ETT	2011 ENHANCED TREE TRIMMING FOR PSNH	333	75	313	204	143	36	195	40	231	0	0	0	1,571
C12ETT	2012 ENHANCED TREE TRIMMING FOR PSNH	-	-	-	-	-	-	-	-	-	-	264	305	568
DR9A	RELIABILITY IMPROVEMENTS - LANCASTER	-	2	3	0	-	-	-	-	-	-	-	5	10
DR9C	RELIABILITY IMPROVEMENTS - CHOCORUA	0	-	(0)	-	0	-	-	-	8	0	0	0	9
DR9D	RELIABILITY IMPROVEMENTS - DERRY	1	0	-	(0)	3	0	(0)	-	-	1	5	3	14
DR9E	RELIABILITY IMPROVEMENTS - EPPING	68	1	0	0	-	-	0	0	-	-	-	-	70
DR9H	RELIABILITY IMPROVEMENTS - HILLSBORO	12	7	1	1	6	2	3	0	-	10	0	0	42
DR9K	RELIABILITY IMPROVEMENTS - KEENE	42	5	0	0	-	-	0	-	-	3	31	1	82
DR9L	RELIABILITY IMPROVEMENTS - LACONIA	17	46	0	(1)	0	7	0	-	3	0	9	27	107
DR9M	RELIABILITY IMPROVEMENTS - MILFORD	1	0	6	1	0	(0)	-	-	-	-	-	2	10
DR9N	RELIABILITY IMPROVEMENTS - NASHUA	0	0	0	0	0	-	-	0	6	0	0	14	20
DR9P	RELIABILITY IMPROVEMENTS - PORTSMOUTH	(1)	6	0	0	-	-	-	0	-	-	77	5	88
DR9R	RELIABILITY IMPROVEMENTS - PSNH	65	-	-	0	-	-	-	-	-	7	(1)	46	118
DR9S	RELIABILITY IMPROVEMENTS - ROCHESTER	3	1	0	-	-	-	-	-	56	61	11	2	133
DR9W	RELIABILITY IMPROVEMENTS - NEWPORT	41	13	3	7	1	1	(0)	1	35	0	45	(0)	147
DR9Y	RELIABILITY IMPROVEMENTS - MANCH EAST	5	1	0	5	6	4	0	0	-	26	48	2	98
DR9Z	RELIABILITY IMPROVEMENTS - BEDFORD	15	2	2	0	1	1	1	-	0	-	9	16	48
UB3CAD	PORCELAIN CHANGE-OUT	359	279	139	121	440	130	281	78	688	102	144	64	2,824
Total		1,488	1,403	453	609	873	318	1,181	245	2,116	591	939	1,174	11,389 (REP 2 Dollars)

REP by time period--

Total REP 2 in service January 1, 2012 through March 31, 2012 (to page 7 of 8).

2,704

Total REP 2 In Service - April 1, 2011 Through March 31, 2012

11,389

Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 DISTRIBUTION SEGMENT RATE CASE--INTERIM RATE ADJUSTMENT FILING

MSCR / Storm Cost Status

	Actual Balance 03/31/2013	Current MSCR Funding 4/1/13-6/30/13 (\$7M/yr)	Projected Carrying Charges 4/1/13-6/30/13	Projected Balance 06/30/2013	Proposed MSCR funding 7/1/13-6/30/15 \$12M/Yr	Projected Carrying Charges 7/1/13-6/30/15	Projected Balance 06/30/2015
	(millions)						
Tropical Storm Irene (2011)	\$ 7.4	\$ -	\$ 0.1	\$ 7.5	\$ -	\$ 0.8	\$ 8.3
October Snowstorm (2011)	16.5	-	0.3	16.8	-	1.7	18.5
Storm Sandy (2012)	11.2	-	0.2	11.4	-	1.1	12.5
Pre-Staging Costs (12/27/12, 2/8/13, 2/27/13, 3/19/13)	2.6	-	0.0	2.6	-	0.3	2.9
Total deferred MSCR storm costs	37.7	-	0.6	38.3	-	3.9	42.2
Less MSCR balance	13.7	1.8	0.1	15.6	24.0	2.9	42.5
Net unrecovered MSCR storm costs	\$ 24.0	\$ (1.8)	\$ 0.5	\$ 22.7	\$ (24.0)	\$ 1.0	\$ (0.3)

Note: Assumes no new storm or pre-staging costs through 6/30/2015.

Eversource Energy d/b/a Public Service Company of New Hampshire
Estimated Excess Deferred Income Taxes ("EDIT")
December 31, 2017
(\$000s)

Line #	Description	Amount
1	Estimated Non Depreciable EDIT	\$ 16,075
2	Estimated Depreciable EDIT	124,865
3	Total EDIT	<u>140,940</u>

Eversource Energy d/b/a Public Service Company of New Hampshire
Estimated Excess Deferred Income Taxes ("EDIT")
Estimated Amortization of Depreciable EDIT*
(\$000s)

Line #	Tax Year	Amount
1	2018	\$ 2,621
2	2019	2,640
3	2020	2,804
4	2021	2,978
5	2022	3,162
6	2023	3,358
7	2024	3,567
8	2025	3,788
9	2026	4,023
10	2027	4,272
11	2028	4,537
12	2029	4,818
13	2030	5,117
14	2031	5,434
15	2032	5,771
16	2033	6,129
17	2034	6,509
18	2035	6,912
19	2036	7,341
20	2037	7,796
21	2038	7,796
22	2039	7,796
23	2040	7,796
24	2041	7,796
25	2042	101
26		<u>\$ 124,865</u>

*ARAM Assumption= 24.1 years