DE 10-299
Exhibit No. #4
Witness Panel 1
DO NOT REMOVE FROM FILE

Public Service Company of New Hampshire
Docket No. DE 10-299

~~Data~~ Request STAFF-01
Dated: 12/29/2010
Q-STAFF-002
Page 1 of 1

Witness: Susan B. Weber
Request from: New Hampshire Public Utilities Commission Staff

Question:
Reference page 2, paragraph 3 and Weber Testimony, page 235, line 19 through page 236, line 3. Please explain why PSNH believes it is reasonable to request an authorization period for the refinancing transactions that extends through December 31, 2012. If current market conditions have caused PSNH to believe that it is advantageous to pursue the refinancing transactions, please explain what circumstances would cause PSNH to delay consummating the transactions. Please also explain how PSNH would know the proper point in time to "pull the trigger" and proceed with the transactions.

Response:
As shown in the response to Q-STAFF-006, current indicative pricing of taxable debt issued with a term through the scheduled May 1, 2021 maturity of the Series D Bonds and Series E Bonds is 4.14%. This is 49 basis points (0.49%) higher than the indicative pricing noted on page 8 of the Weber Testimony, resulting in an estimated reduction of approximately $5.5 million to the total NPV savings associated with refinancing both Bonds. Although based on this current rate indication it is still economic to refinance the Series D Bonds and Series E Bonds today (total NPV of approximately $16.3 million), PSNH cannot predict future interest rates or changes in market conditions and the impact on potential savings benefits. The authorization period through year-end 2012 would provide the Company with a period of time within which it had the ability to monitor the market and refinance the Bonds.

It should also be noted that the completion of a transaction is dependent on other factors such as general market conditions, the timing of PSNH's 2011 long-term debt transaction, availability of PSNH's latest public financial information as well as general investor interest in the transaction. No single specific point in time can be pre-determined as the point to "pull the trigger" to complete a transaction.

Public Service Company of New Hampshire
Docket No. DE 10-299

Data Request STAFF-01
Dated: 12/29/2010
Q-STAFF-003

Witness: Susan B. Weber
Request from: New Hampshire Public Utilities Commission Staff

Question:
Reference page 5, paragraph 11 and page 242, lines 3-5. Please confirm that if PSNH elects to refinance the Series A bonds it is seeking open ended authorization for such refinancing transaction through the May 1, 2021 current maturity date of the Series A bonds.

Response:
In order to best respond to changing market conditions, PSNH is requesting the ability to refinance the Series A Bonds at any time through their existing May 1, 2021 maturity. As noted on page 16 of the Weber Testimony, "As of November 9, 2010, the interest rate on the Series A Bonds was 0.40%, which is extremely favorable to customers." Any refinancing of the Series A Bonds would only occur if it was anticipated that customers would benefit as a result of lower interest costs over the life of the Bonds. PSNH cannot predict the timing of any refinancing with certainty since the Company cannot predict future interest rates.

In addition, as noted on page 16 of the Weber Testimony, lines 18 through 21, PSNH has authorization to remarket the Series A Bonds at any time through the existing May 1, 2021 maturity for the purpose of converting the interest rate on the bonds to other modes of interest in accordance with the loan documentation. The request for refinancing authorization (as taxable debt) through May 1, 2021 simply parallels the existing authorization for a tax-exempt remarketing while providing PSNH with the ability to access either the tax-exempt or the taxable market.

Public Service Company of New Hampshire
Docket No. DE 10-299

Data Request STAFF-01
Dated: 12/29/2010
Q-STAFF-008

Witness: Susan B. Weber
Request from: New Hampshire Public Utilities Commission Staff

Question:
Reference Weber Testimony, page 231, lines 3-10. Given the description of the estimated NPV savings on lines 3-8, please explain under what circumstances PSNH would opt instead to issue the New Bonds with a maturity of up to 40 years. Please also explain how PSNH would undertake that analysis.

Response:
At the time of refinancing, PSNH will evaluate then current market conditions, review the Company's debt maturity profile and consult with its investment banks in order to determine the optimal tenor of, and investor interest in, the New Bonds. Irrespective of the tenor, PSNH will only execute the refinancing of the Series D Bonds and Series E Bonds if the transactions will result in positive NPV savings for customers over the remaining term of the existing bonds. As noted in response to Q-Staff-006, 40-year tenor taxable debt issued in the institutional markets currently has an indicative rate of 5.73%. As the taxable break-even coupon rates for the Series D Bonds and Series E Bonds are 5.75% and 5.72% respectively, a refinancing with 40-year institutional debt would currently produce only minimal savings for the Series D Bonds and no savings for the Series E Bonds. Thus, such a transaction would not be pursued by PSNH if those rates remained at that level or increased as of the time of refinancing.

Witness: Susan B. Weber
Request from: New Hampshire Public Utilities Commission Staff

Question:
Reference Weber Testimony, page 235, lines 13-17 and page 241, lines 20-24. Please provide the amount of estimated unamortized issuance fees associated with the Series D , Series E and Series A bonds. Please also explain why PSNH is requesting to amortize those previously incurred issuance fees over the term of the New Bonds rather than over the remainder of the original live of the issue retired (see paragraph C (2) of General Instruction 17 of the FERC Uniform System of Accounts).

Response:
The table below summarizes the unamortized issuance fees associated with the Series D Bonds, Series E Bonds and Series A Bonds as of December 31, 2010.

Unamortized Issuance Fees	
Series D Bonds	$563,636
Series E Bonds	$343,263
Series A Bonds	$1,202,220

Per FERC's "Uniform System of Accounts" contained in 18 CFR, Part 101, General Instruction 17, PSNH is requesting to amortize the previously incurred issuance fees over the term of the New Bonds rather than over the remainder of the original life of the issue retired because the regulation indicates that once an election is made, it shall be applied on a consistent basis. Amortizing the previously incurred issuance fees over the term of the New Bonds is a consistent application of the election (i.e., the same as the treatment utilized in connection with the refinancing of the 1991 Series A, B and C PCRBs).

Public Service Company of New Hampshire
Docket No. DE 10-299

Witness: Susan B. Weber
Request from: New Hampshire Public Utilities Commission Staff

Question:
Reference Weber Testimony, page 237, line 7. Please provide a copy of the November 2010 issue of Global Insights referenced in the testimony as well as the most current issue in which the interest rate applicable to the Series A bonds is forecasted.

Response:
Attached are the November 2010 and January 2011 Global Insights interest rate forecasts. As noted in the January 2011 forecast, the non-financial commercial paper rate is currently forecasted to reach 2.995% by Q4 2012. This translates to a projected interest rate under the failed auction process of 5.99% (=2.995% x 200% Auction Multiple).

Global Insights November 2010 Interest Rate Forecast

Year	Effective Federal Funds Rate	Discount Rate on 3-Month Treasury Bills	Discount Rate on 6-Month Treasury Bills	Treasury Bill Avg Mkt Yield (52-Week)	Treasury Bill Avg Mkt Yield (2-Year)	Treasury Notes Avg Mkt Yield (5-Year)	Treasury Notes Avg Mkt Yield (10-Year)	Treasury Bonds Avg Mkt Yield (30-Year)	LIBOR (3-Month)	Prime Commercial Paper (90-Days)	Yield on Corporate Bonds Aaa-rated	Yield on Corporate Bonds Baa-rated	Public Utility Bonds Aa-rated	Prime Rate
2009	0.160%	0.151%	0.282%	0.471%	0.957%	2.191%	3.257%	4.068%	0.691%	0.262%	5.312%	7.296%	5.752%	3.250%
2010	0.168%	0.138%	0.197%	0.313%	0.675%	1.853%	3.141%	4.183%	0.346%	0.233%	4.897%	5.988%	5.173%	3.250%
2011	0.144%	0.278%	0.365%	0.442%	0.649%	1.516%	2.578%	3.652%	0.469%	0.345%	4.476%	5.541%	4.674%	3.274%
2012	1.269%	1.433%	1.559%	1.714%	1.941%	2.696%	3.431%	4.193%	1.940%	1.722%	5.042%	6.125%	5.325%	4.290%
2013	3.427%	3.390%	3.488%	3.618%	3.818%	4.274%	4.624%	5.024%	4.030%	3.810%	6.029%	7.049%	6.249%	6.427%
2014	3.619%	3.612%	3.709%	3.851%	4.022%	4.425%	4.765%	5.136%	4.234%	4.014%	6.148%	7.168%	6.385%	6.619%
2015	4.677%	4.540%	4.638%	4.788%	4.958%	5.285%	5.615%	5.965%	5.160%	4.940%	6.836%	7.856%	7.216%	7.677%
2016	4.750%	4.600%	4.699%	4.849%	5.019%	5.342%	5.672%	6.022%	5.220%	5.000%	6.872%	7.892%	7.272%	7.750%
2017	4.750%	4.600%	4.699%	4.849%	5.019%	5.342%	5.672%	6.022%	5.220%	5.000%	6.872%	7.892%	7.272%	7.750%
2018	4.750%	4.600%	4.699%	4.849%	5.019%	5.342%	5.672%	6.022%	5.220%	5.000%	6.872%	7.892%	7.272%	7.750%
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Yr:Qtr	Effective Federal Funds Rate	Discount Rate on 3-Month Treasury Bills	Discount Rate on 6-Month Treasury Bills	Treasury Bill Avg Mkt Yield (52-Week)	Treasury Bill Avg Mkt Yield (2-Year)	Treasury Notes Avg Mkt Yield (5-Year)	Treasury Notes Avg Mkt Yield (10-Year)	Treasury Bonds Avg Mkt Yield (30-Year)	LIBOR (3-Month)	Prime Commercial Paper (90-Days)	Yield on Corporate Bonds Aaa-rated	Yield on Corporate Bonds Baa-rated	Public Utility Bonds Aa-rated	Prime Rate
2009:1	0.183%	0.211%	0.389%	0.567%	0.907%	1.763%	2.737%	3.453%	1.240%	0.387%	5.270%	8.216%	6.088%	3.250%
2009:2	0.180%	0.171%	0.324%	0.520%	1.013%	2.233%	3.313%	4.168%	0.840%	0.257%	5.512%	7.982%	6.186%	3.250%
2009:3	0.157%	0.162%	0.256%	0.447%	1.033%	2.467%	3.517%	4.321%	0.414%	0.237%	5.266%	6.660%	5.373%	3.250%
2009:4	0.120%	0.062%	0.161%	0.350%	0.873%	2.300%	3.460%	4.332%	0.268%	0.167%	5.199%	6.326%	5.361%	3.250%
2010:1	0.133%	0.107%	0.188%	0.367%	0.917%	2.423%	3.717%	4.623%	0.257%	0.160%	5.293%	6.287%	5.628%	3.250%
2010:2	0.193%	0.147%	0.219%	0.380%	0.870%	2.253%	3.490%	4.369%	0.439%	0.277%	5.043%	6.177%	5.383%	3.250%
2010:3	0.187%	0.154%	0.197%	0.270%	0.540%	1.547%	2.787%	3.857%	0.388%	0.253%	4.580%	5.777%	4.825%	3.250%
2010:4	0.157%	0.145%	0.186%	0.236%	0.372%	1.188%	2.570%	3.884%	0.300%	0.241%	4.671%	5.711%	4.857%	3.250%
2011:1	0.120%	0.180%	0.223%	0.277%	0.427%	1.250%	2.450%	3.600%	0.310%	0.247%	4.440%	5.490%	4.590%	3.250%
2011:2	0.120%	0.207%	0.280%	0.340%	0.523%	1.373%	2.480%	3.607%	0.357%	0.257%	4.440%	5.497%	4.597%	3.250%
2011:3	0.135%	0.296%	0.399%	0.473%	0.709%	1.589%	2.559%	3.640%	0.509%	0.363%	4.463%	5.537%	4.677%	3.265%
2011:4	0.200%	0.428%	0.558%	0.678%	0.935%	1.852%	2.822%	3.761%	0.698%	0.515%	4.560%	5.640%	4.833%	3.330%
2012:1	0.257%	0.589%	0.755%	0.925%	1.182%	2.105%	3.095%	3.981%	0.945%	0.732%	4.799%	5.895%	5.095%	3.344%
2012:2	0.712%	0.847%	0.992%	1.146%	1.386%	2.289%	3.239%	4.132%	1.337%	1.117%	4.962%	6.057%	5.257%	3.712%
2012:3	1.583%	1.704%	1.800%	1.950%	2.160%	2.824%	3.457%	4.223%	2.268%	2.048%	4.997%	6.150%	5.350%	4.583%
2012:4	2.522%	2.590%	2.686%	2.834%	3.034%	3.564%	3.931%	4.437%	3.210%	2.990%	5.411%	6.400%	5.600%	5.522%

Global Insights November 2010 Interest Rate Forecast

Year	Effective Federal Funds Rate	Discount Rate on 3-Month Treasury Bills	Discount Rate on 6-Month Treasury Bills	Treasury Bill Avg Mkt Yield (52-Week)	Treasury Bill Avg Mkt Yield (2-Year)	Treasury Notes Avg Mkt Yield (5-Year)	Treasury Notes Avg Mkt Yield (10-Year)	Treasury Bonds Avg Mkt Yield (30-Year)	LIBOR (3-Month)	Prime Commercial Paper (90-Days)	Yield on Corporate Bonds Aaa-rated	Yield on Corporate Bonds Baa-rated	Public Utility Bonds Aa-rated	Prime Rate
2013:1	3.209%	3.213%	3.310%	3.443%	3.643%	4.113%	4.463%	4.863%	3.853%	3.633%	5.883%	6.903%	6.103%	6.209%
2013:2	3.500%	3.437%	3.533%	3.667%	3.867%	4.323%	4.673%	5.073%	4.077%	3.857%	6.073%	7.093%	6.293%	6.500%
2013:3	3.500%	3.450%	3.548%	3.680%	3.880%	4.330%	4.680%	5.080%	4.090%	3.870%	6.080%	7.100%	6.300%	6.500%
2013:4	3.500%	3.460%	3.560%	3.680%	3.880%	4.330%	4.680%	5.080%	4.100%	3.880%	6.080%	7.100%	6.300%	6.500%
2014:1	3.500%	3.487%	3.587%	3.710%	3.883%	4.333%	4.693%	5.093%	4.117%	3.897%	6.093%	7.113%	6.313%	6.500%
2014:2	3.500%	3.510%	3.607%	3.754%	3.924%	4.353%	4.693%	5.073%	4.130%	3.910%	6.093%	7.113%	6.313%	6.500%
2014:3	3.527%	3.558%	3.654%	3.804%	3.974%	4.377%	4.707%	5.060%	4.178%	3.958%	6.100%	7.120%	6.327%	6.527%
2014:4	3.950%	3.892%	3.987%	4.137%	4.307%	4.637%	4.967%	5.317%	4.512%	4.292%	6.307%	7.327%	6.587%	6.950%
2015:1	4.460%	4.374%	4.470%	4.620%	4.790%	5.120%	5.450%	5.800%	4.994%	4.774%	6.730%	7.750%	7.070%	7.460%
2015:2	4.750%	4.587%	4.684%	4.834%	5.004%	5.334%	5.664%	6.014%	5.207%	4.987%	6.871%	7.891%	7.249%	7.750%
2015:3	4.750%	4.600%	4.699%	4.849%	5.019%	5.342%	5.672%	6.022%	5.220%	5.000%	6.872%	7.892%	7.272%	7.750%
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Global Insights January 2011 Interest Rate Forecast

Year	Effective Federal Funds Rate	Discount Rate on 3-Month Treasury Bills	Discount Rate on 6-Month Treasury Bills	Treasury Bill Avg Mkt Yield (52-Week)	Treasury Bill Avg Mkt Yield (2-Year)	Treasury Notes Avg Mkt Yield (5-Year)	Treasury Notes Avg Mkt Yield (10-Year)	Treasury Bonds Avg Mkt Yield (30-Year)	LIBOR (3-Month)	Prime Commercial Paper (90-Days)	Yield on Corporate Bonds Aaa-rated	Yield on Corporate Bonds Baa-rated	Public Utility Bonds Aa-rated	Prime Rate
2010	0.176%	0.136%	0.197%	0.319%	0.703%	1.927%	3.213%	4.252%	0.344%	0.230%	4.944%	6.039%	5.235%	3.250%
2011	0.172%	0.274%	0.363%	0.463%	0.794%	2.080%	3.282%	4.447%	0.467%	0.342%	5.019%	6.093%	5.292%	3.250%
2012	1.277%	1.441%	1.567%	1.722%	1.949%	2.717%	3.526%	4.557%	1.948%	1.730%	5.156%	6.240%	5.440%	4.282%
2013	3.431%	3.393%	3.491%	3.620%	3.820%	4.277%	4.627%	5.033%	4.033%	3.813%	6.032%	7.052%	6.252%	6.431%
2014	3.622%	3.614%	3.712%	3.854%	4.025%	4.428%	4.768%	5.139%	4.237%	4.017%	6.151%	7.171%	6.388%	6.622%
2015	4.681%	4.543%	4.641%	4.791%	4.961%	5.288%	5.618%	5.968%	5.163%	4.943%	6.839%	7.859%	7.219%	7.681%
2016	4.750%	4.600%	4.699%	4.849%	5.019%	5.342%	5.672%	6.022%	5.220%	5.000%	6.872%	7.892%	7.272%	7.750%
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Yr:Qtr	Effective Federal Funds Rate	Discount Rate on 3-Month Treasury Bills	Discount Rate on 6-Month Treasury Bills	Treasury Bill Avg Mkt Yield (52-Week)	Treasury Bill Avg Mkt Yield (2-Year)	Treasury Notes Avg Mkt Yield (5-Year)	Treasury Notes Avg Mkt Yield (10-Year)	Treasury Bonds Avg Mkt Yield (30-Year)	LIBOR (3-Month)	Prime Commercial Paper (90-Days)	Yield on Corporate Bonds Aaa-rated	Yield on Corporate Bonds Baa-rated	Public Utility Bonds Aa-rated	Prime Rate
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2010:2	0.193%	0.147%	0.219%	0.380%	0.870%	2.253%	3.490%	4.369%	0.439%	0.277%	5.043%	6.177%	5.383%	3.250%
2010:3	0.187%	0.154%	0.197%	0.270%	0.540%	1.547%	2.787%	3.857%	0.388%	0.253%	4.580%	5.777%	4.825%	3.250%
2010:4	0.189%	0.137%	0.183%	0.258%	0.483%	1.483%	2.860%	4.158%	0.293%	0.229%	4.859%	5.915%	5.105%	3.250%
2011:1	0.167%	0.160%	0.210%	0.330%	0.700%	2.057%	3.300%	4.437%	0.320%	0.247%	5.017%	6.087%	5.286%	3.250%
2011:2	0.160%	0.203%	0.277%	0.363%	0.740%	2.073%	3.250%	4.430%	0.370%	0.273%	5.000%	6.070%	5.270%	3.250%
2011:3	0.161%	0.301%	0.405%	0.478%	0.800%	2.083%	3.277%	4.450%	0.483%	0.340%	5.020%	6.093%	5.293%	3.250%
2011:4	0.200%	0.430%	0.560%	0.680%	0.937%	2.107%	3.300%	4.470%	0.696%	0.506%	5.040%	6.120%	5.320%	3.250%
2012:1	0.272%	0.600%	0.767%	0.937%	1.193%	2.170%	3.320%	4.487%	0.957%	0.743%	5.043%	6.140%	5.340%	3.293%
2012:2	0.720%	0.856%	1.001%	1.154%	1.394%	2.298%	3.367%	4.500%	1.346%	1.126%	5.057%	6.151%	5.351%	3.720%
2012:3	1.593%	1.714%	1.810%	1.960%	2.170%	2.833%	3.483%	4.553%	2.277%	2.057%	5.104%	6.257%	5.457%	4.593%
2012:4	2.523%	2.595%	2.691%	2.839%	3.039%	3.569%	3.935%	4.687%	3.215%	2.995%	5.422%	6.411%	5.611%	5.523%

Global Insights January 2011 Interest Rate Forecast

Year	Effective Federal Funds Rate	Discount Rate on 3-Month Treasury Bills	Discount Rate on 6-Month Treasury Bills	Treasury Bill Avg Mkt Yield (52-Week)	Treasury Bill Avg Mkt Yield (2-Year)	Treasury Notes Avg Mkt Yield (5-Year)	Treasury Notes Avg Mkt Yield (10-Year)	Treasury Bonds Avg Mkt Yield (30-Year)	LIBOR (3-Month)	Prime Commercial Paper (90-Days)	Yield on Corporate Bonds Aaa-rated	Yield on Corporate Bonds Baa-rated	Public Utility Bonds Aa-rated	Prime Rate
2013:1	3.223%	3.223%	3.319%	3.453%	3.653%	4.123%	4.473%	4.896%	3.863%	3.643%	5.893%	6.913%	6.113%	6.223%
2013:2	3.500%	3.439%	3.535%	3.669%	3.869%	4.325%	4.675%	5.075%	4.079%	3.859%	6.075%	7.095%	6.295%	6.500%
2013:3	3.500%	3.450%	3.548%	3.680%	3.880%	4.330%	4.680%	5.080%	4.090%	3.870%	6.080%	7.100%	6.300%	6.500%
2013:4	3.500%	3.460%	3.560%	3.680%	3.880%	4.330%	4.680%	5.080%	4.100%	3.880%	6.080%	7.100%	6.300%	6.500%
2014:1	3.500%	3.487%	3.587%	3.710%	3.883%	4.333%	4.693%	5.093%	4.117%	3.897%	6.093%	7.113%	6.313%	6.500%
2014:2	3.500%	3.510%	3.607%	3.754%	3.924%	4.353%	4.693%	5.073%	4.130%	3.910%	6.093%	7.113%	6.313%	6.500%
2014:3	3.530%	3.562%	3.658%	3.808%	3.978%	4.381%	4.711%	5.064%	4.182%	3.962%	6.104%	7.124%	6.331%	6.530%
2014:4	3.957%	3.899%	3.994%	4.144%	4.314%	4.644%	4.974%	5.324%	4.519%	4.299%	6.314%	7.334%	6.594%	6.957%
2015:1	4.473%	4.383%	4.480%	4.630%	4.800%	5.130%	5.460%	5.810%	5.003%	4.783%	6.740%	7.760%	7.080%	7.473%
2015:2	4.750%	4.589%	4.686%	4.836%	5.006%	5.336%	5.666%	6.016%	5.209%	4.989%	6.873%	7.893%	7.251%	7.750%
2015:3	4.750%	4.600%	4.699%	4.849%	5.019%	5.342%	5.672%	6.022%	5.220%	5.000%	6.872%	7.892%	7.272%	7.750%
2015:4	4.750%	4.600%	4.699%	4.849%	5.019%	5.342%	5.672%	6.022%	5.220%	5.000%	6.872%	7.892%	7.272%	7.750%
2016:1	4.750%	4.600%	4.699%	4.849%	5.019%	5.342%	5.672%	6.022%	5.220%	5.000%	6.872%	7.892%	7.272%	7.750%
2016:2	4.750%	4.600%	4.699%	4.849%	5.019%	5.342%	5.672%	6.022%	5.220%	5.000%	6.872%	7.892%	7.272%	7.750%
2016:3	4.750%	4.600%	4.699%	4.849%	5.019%	5.342%	5.672%	6.022%	5.220%	5.000%	6.872%	7.892%	7.272%	7.750%
2016:4	4.750%	4.600%	4.699%	4.849%	5.019%	5.342%	5.672%	6.022%	5.220%	5.000%	6.872%	7.892%	7.272%	7.750%
2017:1	4.750%	4.600%	4.699%	4.849%	5.019%	5.342%	5.672%	6.022%	5.220%	5.000%	6.872%	7.892%	7.272%	7.750%
2017:2	4.750%	4.600%	4.699%	4.849%	5.019%	5.342%	5.672%	6.022%	5.220%	5.000%	6.872%	7.892%	7.272%	7.750%
2017:3	4.750%	4.600%	4.699%	4.849%	5.019%	5.342%	5.672%	6.022%	5.220%	5.000%	6.872%	7.892%	7.272%	7.750%
2017:4	4.750%	4.600%	4.699%	4.849%	5.019%	5.342%	5.672%	6.022%	5.220%	5.000%	6.872%	7.892%	7.272%	7.750%
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2020:4	4.750%	4.600%	4.699%	4.849%	5.019%	5.342%	5.672%	6.022%	5.220%	5.000%	6.872%	7.892%	7.272%	7.750%

Public Service Company of New Hampshire
Docket No. DE 10-299

Data Request STAFF-01
Dated: 12/29/2010
Q-STAFF-013

Witness: Susan B. Weber
Request from: New Hampshire Public Utilities Commission Staff

Question:
Reference Weber Testimony, pages 243-244. Does the existence of the MBIA insurance policy and NPFGC's current credit ratings create a situation where the interest rate on the Series A bonds (without remarketing or refinancing) is adversely affected? Please explain.

Response:
Yes. NPFGC's current credit ratings adversely affect the interest rate on the Series A Bonds. Under the failed auction process, the interest rate on the Series A Bonds is determined by multiplying the rate for Seven-Day Non-Financial Commercial Paper by the Auction Multiple, which is grid based and subject to NPFGC's current credit rating. When the Series A Bonds were originally issued, MBIA was rated AAA/Aaa by S&P and Moody's. Over time, the deterioration of NPFGC's credit ratings has resulted in higher Auction Multiples which have adversely impacted the interest rate on the Series A Bonds. As shown in the table below, based on NPFGC's current BBB/Baa1 credit ratings from S&P and Moody's, the current Auction Multiple is 200%. However, should S&P or Moody's downgrade NPFGC's credit rating below BBB/Baa, the Auction Multiple would increase to 225%. Despite the increase in the Auction Multiple, the effect on the interest rate of the Series A Bonds has been mitigated by the sustained low rate for Seven-Day Non-Financial Commercial Paper. As of December 14, 2010, based on an Auction Multiple of 200% and a Seven-Day Non-Financial Commercial Paper rate of 0.18%, the interest rate on the Series A Bonds was set at 0.36%, which is extremely favorable to customers.

Prevailing Rating	Auction Multiple
AAA/Aaa	125%
AA/Aa	150%
A/A	175%
BBB/Baa	200%
Below BBB/Baa	225%

Witness: Susan B. Weber
Request from: New Hampshire Public Utilities Commission Staff

Question:
Reference Weber Testimony, page 244, line 18 through page 245, line 5. Although PSNH mentions a contractual obligation to make annual insurance policy payments to MBIA, PSNH does indicate that termination of the policy is possible (at least with regard to remarketing). Has PSNH explored whether terminating the MBIA policy is possible even under the current status of the Series A bonds ? Please provide the "terms and conditions associated with policy termination" mentioned on page 245, lines 2-3.

Response:
The MBIA insurance policy will remain in effect so long as the Series A Bonds remain outstanding. Therefore, if PSNH pursues a refinancing, the Series A Bonds would cease to exist, and as such, the MBIA insurance policy would terminate.

If PSNH pursues a remarketing (instead of a refinancing), the Series A Bonds would remain outstanding, and as such, the MBIA insurance policy would remain in effect. However, if market conditions favor remarketing the Series A Bonds without the MBIA policy, the Company will need to notify MBIA of the proposed termination and negotiate the terms and conditions associated with policy termination as these are not specified in the existing documentation. Although PSNH has not held direct discussions with MBIA related to the termination of the policy, the attached conditions represent the Company's current understanding of what would be required to terminate the policy. It is also the Company's understanding that MBIA cancelled other policies consistent with these terms.

BOND INSURER will agree to terminate/cancel its policy under the following conditions:

1. There is a mandatory tender of all BOND INSURER-insured auction rate bonds or variable rate bonds. (Sub-series to be included)

2. The remarketing agent/placement agent for the new bonds consents to the termination/cancellation of the policy as bond holder as part of the execution of a Termination Agreement along with the Issuer, Trustee and Obligor.

3. All documents related to the transaction (i.e., trust indenture, paying agent and remarketing agreements, etc.) are amended to strip references to insurance (BOND INSURER must sign off on the Amendments).[1]

4. There is a reoffering document disseminated to new holders which clearly references the fact that there is no credit enhancement on the securities. The Public Finance Risk Officer, Derivatives Officer and Deputy General Counsel all must sign off on the new disclosure document. There should also be a NRMSIR filing and/or Bloomberg release.

5. New cusips are assigned.

6. New ratings are assigned from the rating agencies then rating the bonds.

7. The policy (or a lost policy affidavit) is returned to BOND INSURER or its Insurance Trustee.

8. The borrower/issuer agrees to pay BOND INSURER's legal expenses for outside counsel (firms approved by the General Counsel to represent BOND INSURER)

9. BOND INSURER receives opinions satisfactory to it, including an unqualified opinion from bond/borrower counsel affirming a) that the actions in connection with the termination of the Policy (Debt Service Reserve Surety Bond and Swap Policy) do not have adverse impact on tax exemption on the BOND INSURER Insured Bonds (and if a reissuance for tax purposes also on uninsured BOND INSURER Bonds) and b) that the Termination Agreement is a legal, valid and binding obligation of parties thereto.

10. Any Debt Service Reserve Surety Bond and related Financial Guaranty Agreement (including Surety Bonds for parity reserve funds) will be terminated/cancelled and returned (subject to satisfaction of the requirements set forth above for the Bond Policies).

11. Related swap insurance policies (if applicable) will also be terminated/cancelled and returned to BOND INSURER (subject to satisfaction of the requirements set forth above for the Bond Policies).

12. Transactions paying BOND INSURER's insurance premium on a per annum basis will be required to pay the PV of the remaining premiums over the remaining life of the bonds, if so contemplated by the original Committment.

13. Notice to applicable Reinsurers and Regulators shall be delivered by the appropriate parties.

[1] The Insurance Agreement should be confirmed to remain in place, at least through the end of any preference period or else indemnification of BOND INSURER should be included in the Termination Agreement. Any request from a borrower for the return of a master note securing Insurance Agreement amounts due will not be accommodated until the end of any preference period.