

<b>ORIGINAL</b>	
N.H.P.U.C. Case No.	DE 11-082
Exhibit No.	#3
Witness	Panel 1
<b>DO NOT REMOVE FROM FILE</b>	

Docket No. DE 11-082  
Attachment–Storm 1  
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REVISED–June 22, 2011

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
SETTLEMENT AGREEMENT COMPLIANCE

2010 Wind Storm Costs

(Thousands of Dollars)

	AS FILED April 15, 2011 Distribution Segment	REVISED June 22, 2011 Distribution Segment
<b>1 Summary of February 2010 major wind storm costs (1):</b>		
2 Total February 2010 wind storm costs	26,523 (2)	26,523 (2)
3 Less: Storm costs capitalized as of December 31, 2010	5,282	5,282
4 Less: Overhead costs expensed as of December 31, 2010	1,722	1,722
5 Less: Estimated insurance proceeds applied in September 2010	-	6,091 (5)
6 Less: NHPUC Staff/OCA proposed cost adjustments	-	4 (5)
7 Deferred storm costs, net of overheads and capitalized costs, as of December 31, 2010	19,519	13,423
8 Return on storm costs accrued through December 31, 2010	889	797 (6)
9 Storm costs, net December 31, 2010	20,408 (3)	14,220
10 Additional return expected to be accrued by July 1, 2011	438 (7)	370 (6)
11 Less: Additional storm costs adjustments February 2011	47	
12 Less: Additional storm costs adjustments February-May 2011	-	51 (6)
13 Less: Estimated insurance proceeds	6,091 (4)	-
14 Storm costs to be recovered, net at June 30, 2011	14,708	14,539
15 Less: Fifty percent of the projected balance of the Major Storm Costs Reserve at June 30, 2011	3,653	3,653
16 Subtotal	11,055	10,887
17 Return on the average balance over the remaining recovery period (see page 2 of 3)	1,169	1,152
18 Total	12,225	12,039
19 Annual revenue requirements--Recovery of costs over 48 months beginning July 1, 2011.	3,056	3,010

- 20 (1) The numbers shown represent PSNH's best estimates at this time. Any updated values obtained  
21 subsequent to that date will be applied as an adjustment to the storm reserve (i.e. costs or insurance).
- 22 (2) As provided to the Audit Division of the New Hampshire Public Utilities Commission
- 23 (3) Balance as of December 31, 2010, PSNH general ledger account 186.43
- 24 (4) NU has a joint policy that provides \$15M of storm insurance coverage for its operating companies.  
25 Estimated Insurance proceeds for the total 2010 major storm costs were allocated on a storm cost basis  
26 (expense and capital) between CL&P and PSNH using a ratio of 49.32% and 50.68% respectively.
- 27 (5) NHPUC Staff/OCA proposes the elimination of the lost discount and truck billing issue (\$4,248 in total) and  
28 then recognition of estimated insurance proceeds when estimable. See page 3 of 3 for supporting information
- 29 (6) See the recalculation on page 3 of 3
- 30 (7) The "AS FILED" return is an estimate that assumes insurance proceeds were received in March 2011.
- 31 Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
SETTLEMENT AGREEMENT COMPLIANCE

2010 Wind Storm Costs

(Thousands of Dollars)

1 Return on the February 2010 major wind storm costs (1)

	Quarter Ending:																	Total
	June 11	Sept 11	Dec 11	Mar 12	June 12	Sept 12	Dec 12.	Mar 13	June 13	Sept 13	Dec 13	Mar 14	June 14	Sept 14	Dec 14	Mar 15	June 15	
2																		
3																		
4 Revised beginning balance	10,887	10,887	10,270	9,645	9,012	8,370	7,721	7,063	6,397	5,722	5,038	4,346	3,645	2,934	2,215	1,486	748	
5 Amortization		(752)	(752)	(752)	(752)	(752)	(752)	(752)	(752)	(752)	(752)	(752)	(752)	(752)	(752)	(752)	(752)	
6 Balance prior to return	10,887	10,134	9,517	8,892	8,259	7,618	6,969	6,311	5,644	4,970	4,286	3,594	2,892	2,182	1,463	734	(4)	
7 Average balance to calculate return	10,887	10,511	9,894	9,269	8,635	7,994	7,345	6,687	6,021	5,346	4,662	3,970	3,268	2,558	1,839	1,110	372	
8 Def taxes calculated at 39.55%	N/A	(4,157)	(3,913)	(3,666)	(3,415)	(3,162)	(2,905)	(2,645)	(2,381)	(2,114)	(1,844)	(1,570)	(1,293)	(1,012)	(727)	(439)	(147)	
9 Net def costs to calculate return	N/A	6,354	5,981	5,603	5,220	4,833	4,440	4,042	3,639	3,231	2,818	2,400	1,976	1,546	1,111	671	225	
10 x Return (1)	N/A	2.129%	2.129%	2.129%	2.129%	2.129%	2.129%	2.129%	2.129%	2.129%	2.129%	2.129%	2.129%	2.129%	2.129%	2.129%	2.129%	
11 Return on def major storm costs	0	135	127	119	111	103	95	86	77	69	60	51	42	33	24	14	5	
12 Ending balance, including the return	10,887	10,270	9,645	9,012	8,370	7,721	7,063	6,397	5,722	5,038	4,346	3,645	2,934	2,215	1,486	748	0	

13 (1) The 8.5164% annual return (including the gross revenue conversion adjustment on the equity component for  
14 taxes) is the "stipulated return" used to accrue the return on the Major Storm Costs Reserve. The stipulated  
15 return requires an 8% ROE, the actual cost of long-term debt, and a specified debt /equity ratio. The stipulated  
16 return as of December 31, 2010 was calculated as follows :

	<u>[a]</u> Capital Percent	<u>[b]</u> Cost/ Return	<u>[c]</u> Wgted Avg. [a] * [b]	<u>[d]</u> Tax Adj [c]/ [1-TR]	<u>[e]</u> Tax-Adj Return	<u>[f]</u> Return By Qtr
17 Debt	60.00%	5.2267%	3.1360%	N/A	3.1360%	
18 Equity	40.00%	8.0000%	3.2000%	5.3804%	5.3804%	
19 Total	<u>100.00%</u>		<u>6.3360%</u>		<u>8.5164%</u>	<u>2.1291%</u>

20 Amounts shown above may not add due to rounding.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE  
SETTLEMENT AGREEMENT COMPLIANCE

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2010 Wind Storm Costs  
(Thousands of Dollars)

1. Calculation of the return on the February 2010 major wind storm costs as recorded on PSNH's books

	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	June 10	July 10	Aug 10	Sept 10	Oct 10	Nov 10	Dec 10	2010 Return	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Estimated June 11	2011 Return
Beginning balance	-	-	-	8,263	20,008	25,133	24,085	20,415	19,798	19,898	20,071	20,190	20,287		20,408	20,496	20,636	20,699	20,730	20,798	
Net activity	-	-	8,246	11,685	5,028	(1,152)	(3,766)	(702)	15	88	33	10	34		-	53	(26)	(57)	(21)	-	
Balance prior to return	-	-	8,246	19,948	25,037	23,981	20,320	19,712	19,813	19,986	20,104	20,200	20,321		20,408	20,548	20,610	20,642	20,709	20,798	
Average balance to calculate return	-	-	4,123	14,106	22,522	24,557	22,202	20,064	19,806	19,942	20,088	20,195	20,304		20,408	20,522	20,623	20,670	20,720	20,798	
Def taxes calculated at 39.55%	-	-	(1,631)	(5,579)	(8,908)	(9,712)	(8,781)	(7,935)	(7,833)	(7,887)	(7,945)	(7,987)	(8,030)		(8,071)	(8,116)	(8,156)	(8,175)	(8,195)	(8,226)	
Net def costs to calculate return	-	-	2,492	8,527	13,615	14,845	13,421	12,128	11,973	12,055	12,143	12,208	12,274		12,337	12,405	12,467	12,495	12,525	12,572	
x Return (1)	0.00%	0.00%	0.7078%	0.7078%	0.7078%	0.7078%	0.7095%	0.7095%	0.7095%	0.7095%	0.7098%	0.7098%	0.7098%		0.7097%	0.7097%	0.7097%	0.7090%	0.7090%	0.7090%	
Return on def major storm costs	0	0	18	60	96	104	95	86	85	85	86	87	87	889	88	88	88	89	89	89	531
Ending balance, including the return	-	-	8,263	20,008	25,133	24,085	20,415	19,798	19,898	20,071	20,190	20,287	20,408		20,496	20,636	20,699	20,730	20,798	20,887	

2. Recalculation of the storm costs and return for February 2010 major wind storm costs based upon the NHPUC Staff/OCA proposal dated June 21, 2011

	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	June 10	July 10	Aug 10	Sept 10	Oct 10	Nov 10	Dec 10	2010 Return	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Estimated June 11	2011 Return
Beginning balance	-	-	-	8,259	20,004	25,128	24,081	20,410	19,794	19,893	13,962	14,056	14,126		14,220	14,282	14,395	14,431	14,436	14,477	
Net activity	-	-	8,246	11,685	5,028	(1,152)	(3,766)	(702)	15	88	33	10	34		-	53	(26)	(57)	(21)	-	
Proposed adjustments (2)	-	-	(4)	-	-	-	-	-	-	(6,091)	-	-	-		-	-	-	-	-	-	
Balance prior to return	-	-	8,241	19,944	25,032	23,977	20,315	19,708	19,809	13,890	13,996	14,065	14,160		14,220	14,334	14,369	14,374	14,415	14,477	
Average balance to calculate return	-	-	4,121	14,101	22,518	24,553	22,198	20,059	19,801	16,892	13,979	14,061	14,143		14,220	14,308	14,382	14,403	14,425	14,477	
Def taxes calculated at 39.55%	-	-	(1,630)	(5,577)	(8,906)	(9,711)	(8,779)	(7,933)	(7,831)	(6,681)	(5,529)	(5,561)	(5,593)		(5,624)	(5,659)	(5,688)	(5,696)	(5,705)	(5,726)	
Net def costs to calculate return	-	-	2,491	8,524	13,612	14,842	13,419	12,126	11,970	10,211	8,450	8,500	8,549		8,596	8,649	8,694	8,706	8,720	8,751	
x Return (1)	0.00%	0.00%	0.7078%	0.7078%	0.7078%	0.7078%	0.7095%	0.7095%	0.7095%	0.7095%	0.7098%	0.7098%	0.7098%		0.7097%	0.7097%	0.7097%	0.7090%	0.7090%	0.7090%	
Return on def major storm costs	0	0	18	60	96	104	95	86	85	72	60	60	61	797	61	61	62	62	62	62	370
Ending balance, including the return	-	-	8,259	20,004	25,128	24,081	20,410	19,794	19,893	13,962	14,056	14,126	14,220		14,282	14,395	14,431	14,436	14,477	14,539	

(1) Stipulated return based on DE 99-099 (8% ROE, 60% debt/40% equity ratio) with equity grossed up for taxes

(2) NHPUC Staff/OCA propose to eliminate the lost discount and truck billing issue (\$4,248 in total) and recognize estimated insurance proceeds when estimable.