STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

In the matter of
Public Service Company of
New Hampshire
Petition for Permanent Rate Increase

Docket No. DE 09-035

DISTRIBUTION RATE CASE

DIRECT TESTIMONY OF
James J. Cunningham

Analyst, Electric Division

January 15, 2010

Q. Please state your name, current position and business address.

A. My name is James J. Cunningham Jr. and I am employed by the New Hampshire Public Utilities Commission (Commission) as a Utility Analyst. My business address is 21 S. Fruit Street, Suite 10, Concord New Hampshire, 03301.

Q. Please summarize your educational and professional background.

A. I am a graduate of Bentley College, Waltham, Massachusetts, and I hold a Bachelor of Science-Accounting Degree. I joined the Commission in 1988. In 1995, I completed the NARUC Annual Regulatory Studies Program and Michigan State University, sponsored by the National Association of Regulatory Utility Commissioners. In 1998 I completed the Depreciation Studies Program, sponsored by the Society of Depreciation Professionals, Washington, D.C. I am a member of the society of depreciation professionals. I have reviewed and provided direct testimony on a variety of topics pertaining to New Hampshire electric, natural gas, steam and water utilities. In 2008, I was promoted to my current position of Utility Analyst IV.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to provide my recommendations on (1) depreciation and amortization expense, (2) medical expenses, (3) pension expenses, and (4) other post employment benefits (OPEB's). In addition, my testimony incorporates certain depreciation-related adjustments to rate base.

Q. Please summarize your recommendations.

A. PSNH is proposing $37,191,280 for depreciation and amortization expense on Plant-In-Service at December 31, 2008. My recommendation for depreciation and amortization is $35,655,174, a reduction of $1,536,106. In addition, PSNH is proposing $1,206,534, for depreciation and amortization for 2009 plant additions. My 2009 plant addition recommendation is $1,183,070, a reduction of $23,464.

With respect to medical expenses, PSNH is proposing $8,435,358. My recommendation is $7,770,664, a reduction of $664,694.

For pension expense, PSNH is proposing $13,973,245. My recommendation is $13,571,056, a reduction of $402,188.

I make no adjustment to PSNH's OPEB expense of $4,113,025.

Finally, I am recommending two reductions to rate base for depreciation-related deferred income tax credits. First, with respect to depreciation and amortization for plant-in-service at December 31, 2008, I am recommending a $622,507 reduction to rate base to reflect the impact of deferred tax credits. Second, with respect to depreciation and amortization for plant additions in 2009, I am recommending a $9,509 reduction to rate base to reflect the impact of deferred tax credits.

Schedule JJC-1 provides a summary of my recommendations.

Q. Are your recommendations incorporated into the testimony and schedules of Mr. Mullen?

A. Yes. All of my recommendations are incorporated into the testimony and schedules of Mr. Mullen

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I. DEPRECIATION AND AMORTIZATION

Q. What is the rationale underlying your depreciation recommendation?

A. My testimony recommends the Whole-Life technique for calculating depreciation rates. The Whole-Life technique is consistent with the Commission's practice for setting depreciation rates for other electric companies and for other natural gas and water utilities; and this technique is the basis for the Commission-approved depreciation accrual rates that are currently in place for PSNH.

The Whole Life technique allocates the original cost less the estimated net salvage[1] over the total estimated life of the investment. The Whole-Life formula is defined as follows:

$$\frac{\text{1-Net Salvage Rate (NSR)}}{\text{Average Service Life (ASL)}}$$

For instance, assuming an average service life of 10 years and a net salvage rate of 20 percent, the Whole-Life depreciation accrual rate is calculated 8 percent, calculated as follows: 1 - 0.20 / 10 = 8 percent.

To the extent that the estimated average service life or the estimated net salvage turn out to be incorrect, the Whole-Life technique will result in a depreciation reserve imbalance. This imbalance is eliminated, going forward, by a special amortization, over a short period of time. The amortization term typically reflects the interval between depreciation studies.

[1] Net salvage represents the estimated gross salvage less the estimated cost of removal at retirement.

Whole-Life depreciation accrual rates are easy to administer since the formula is simple and the rates are fixed until the Commission approves new depreciation accrual rates.

The Whole-Life technique is one of two depreciation techniques endorsed by the National Association of Regulatory Utility Commissioners, the other being the Remaining Life technique.

Q. Are the depreciation accrual rates proposed by PSNH based on the Whole-Life technique?

A. No. The Company is using what it refers to as a Capital Recovery Calculation (CRC) methodology. The rationale describing this methodology is provided in the filing, Volume 3, pages 210-237. I do not recommend the use of the CRC methodology for purposes of establishing depreciation accrual rates for a number of reasons. Unlike the Whole-Life technique, the CRC methodology does not utilize fixed depreciation accrual rates. Rather, the rates continually change. This creates confusion when examining the Company's compliance with Commission approved depreciation rates. In fact, the NHPUC audit report pertaining to this docket found that four out of five depreciation accrual rates tested were different from the rates approved by the Commission.[2] Also, I do not recommend the use of the CRC methodology for purposes of establishing depreciation accrual rates because the CRC methodology develops *combined* depreciation accrual rates – i.e. it combines amortization of the reserve imbalance with depreciation expense. This combination produces depreciation accrual rates that are different from the

[2] NHPUC Audit Report dated December 2, 2009, page 26.

Commission approved depreciation accrual rates. For instance, the CRC depreciation accrual rate for General Plant Account 390 Structures and Improvements is 1.49 percent vs. 1.67 percent per the current Commission-approved accrual rates.[3] Under the Whole-Life technique, the depreciation accrual rates are separately calculated and remain fixed until the Commission authorizes changes – i.e. usually in response to a new depreciation study that is performed by the company in the context of a rate case.[4] In addition, the CRC methodology is a more complicated methodology than the relatively simple Whole-Life formula. Based on the above, I recommend that the Commission continue with its practice of using the Whole-Life technique to establish depreciation accrual rates.

Q. Please continue with your explanation of the Whole-Life technique that you are using.

A. The Whole-Life technique that I am using incorporates the same depreciation accrual rates that were approved by the Commission for PSNH in Docket No. DE 03-200. Since a new depreciation study was not performed since DE 03-200, the parameters for average service lives and net salvage rates that were incorporated

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[3] Source: See PSNH response to Staff 2-66 for current Commission-approved depreciation accrual rate if 1.67 percent (copy provided in Appendix A); see Filing, volume 3, page 212, column I for the CRC combined depreciation accrual rate of 1.49%.

[4] The Commission approved new depreciation accrual rates for PSNH in the context of Docket No. 03-200. In that case, Management Applications Consulting performed a new depreciation study, dated August 28, 2003.

in the prior case (i.e. DE 03-200) are incorporated in my calculation of depreciation expense in this case.[5]

My recommendation for depreciation expense is calculated by multiplying PSNH's plant balances at the end of the test year, December 31, 2008, by the existing Commission approved depreciation accrual rates. Please refer to Schedule JJC-2 for a summary and JJC-3 for the details of my recommendation.[6]

With respect to Schedule JJC-2 and Schedule JJC-3, please note that these schedules contain a provision for amortization accounting for Intangible Plant Accounts, as well as depreciation accounting for Distribution and General Plant Accounts. Specifically, amortization accounting is used for Plant Account 303.92 and 303.93. Amortization relates to the periodic allocation of costs reflecting the expiration of intangible assets and is generally determined on a straight-line basis. The cost to be amortized is divided by the number of periods of use to determine the amount to be charged equally to each period. My use of amortization accounting is consistent with the Company's current accounting practice.[7] Specifically, the Company's practice is to calculate amortization by *vintage year* – i.e. each plant balance is identified by year of purchase *(vintage)* and amortization expense is calculated for the original cost for each vintage. Support for my calculations of amortization is found in Schedule JJC-5 for Plant Account 303.92 and Schedule JJC-6 for Plant Account 303.93. Plant account 303.92 is

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[5] Staff notes certain changes to revenue requirements were made in Docket No. DE 06-028 for PSNH; however, there were no changes proposed or approved by the Commission for depreciation expense in this proceeding.
[6] I provide for depreciation on 2009 plant additions in Schedule JJC-7.
[7] Source: Company response to Staff 2-70 (copy provided in Appendix A).

amortized over a 10-year term and Plant Account 303.93 is amortized over a 5-year term; therefore, amortization of the items in these accounts generally ceases in 10 years and 5 years, respectively. Schedule JJC-6 indicates that 2009 amortization ceases entirely for the 2004 vintage and partially for the 2005 vintage and this amortization is incorporated in my recommendation as a known and measurable adjustment.

In summary, I am recommending $37,504,645 for depreciation and amortization expense. The details of this amount by plant account are summarized in Schedule JJC-3. Please note that this amount does not include amortization of depreciation reserve imbalance; I address amortization of depreciation reserve imbalance in the next section.

Q. In addition to depreciation and amortization expense, you are recommending a provision for amortization of depreciation reserve imbalances for Distribution and General Plant Accounts. Please explain how you calculate the reserve imbalance and the related amortization.

A. First, I calculate the amount of depreciation reserve imbalance; then, I calculate annual amortization based on a term of 5 years. The calculated reserve imbalance is summarized in Schedule JJC-4. This reserve imbalance is a surplus imbalance of ($9,247,354), representing an excess of actual recorded depreciation reserves over proposed depreciation reserves. I am recommending that this surplus depreciation reserve be amortized over a term of 5 years. The 5-year term is based on the approximate interval between the last three depreciation studies filed by the Company. Based on the above, I calculate amortization of credit ($1,849,471) per year (i.e. $9,247,354 / 5). The details of this credit amortization, by plant account, can be found in Schedule JJC-3, in the columns titled "Reserve Imbalance Amortization".

Q. With respect to proposed 2009 plant additions, what is your recommendation for depreciation expense?

A. My recommendation is $1,183,070, a slight reduction from the Company's proposed amount of $1,206,534. My recommendation utilizes the proposed quarterly plant additions, on average, and the current Commission-approved Whole-Life depreciation accrual rates to calculate depreciation expense for 2009 plant additions. Specifically, I calculate depreciation expense for each quarter and sum the four quarters for a full year. Each quarter's depreciation expense is based on a two-point average of the beginning and ending balances of quarterly plant additions. Schedule JJC-7 provides the details of my calculations.

Q. Please explain any depreciation-related rate base adjustments.

A. I have two rate base adjustments. Both pertain to the impact of deferred income taxes. First, with respect to my recommendation for depreciation and amortization for plant-in-service at December 31, 2008, I'm recommending a $622,507 reduction to rate base. This adjustment reflects the impact of deferred tax credits arising from liberalized depreciation.[8] That is, my recommendation for

[8] Liberalized depreciation refers to certain approved methods of computing depreciation expense for state and federal income tax purposes.

depreciation and amortization is $1,536,106 less than the amount proposed by the Company and results in a book versus tax timing difference. The timing difference is calculated using a combined federal and state income tax rate of 40.525 percent, resulting in a deferred tax liability, and related reduction to rate base, of $622,507 (i.e. $1,526,106 x 40.525%).

Second, with respect to my recommendation for depreciation and amortization for the 2009 plant additions, I'm recommending a $9,509 reduction to rate base. This adjustment reflects the impact of deferred tax credits arising from liberalized depreciation. That is, my recommendation for depreciation and amortization is $23,464 less than the amount proposed by the Company and results in a book versus tax timing difference. The timing difference is calculated using a combined federal and state income tax rate of 40.525 percent, resulting in a deferred tax liability, and related reduction to rate base of $9,509. Schedule JJC-11 provides a summary of my calculations.

Q. Do you have any other comments?

A. Yes. The NHPUC Audit Report, dated December 2, 2009, indicates that a review was performed of the Company's calculations pertaining to plant capitalization. The audit report states that "a portion of the labor cost embedded in the formula used to calculate the capital costs relates to "removal" (i.e. cost of removal). The cost of removal, according to the FERC Uniform System of Accounts, requires that cost of removal be charged to accumulated depreciation, not original plant cost; otherwise, plant-in-service will be overstated and depreciation expense, which is calculated based on original cost of plant in service, will be overstated. As noted by the Company in its response to this audit issue, I encourage the Company continue to ensure that cost of removal is charged to accumulated depreciation reserves and not original cost of plant. Also, when the Company files its next depreciation study, I recommend that the study review the plant balances to determine, to what extent, cost of removal might be embedded in the plant accounts so that it can be removed for purposes of calculating depreciation expense.

In addition, I recommend that the Company perform a depreciation study in the context of its next rate case (i.e. in conformance with the projected timing of the rate case as reflected in Mr. Mullen's testimony). Depreciation parameters for average service lives and net salvage rates should be updated periodically to ensure that depreciation accrual rates are kept current. These parameters have not been reviewed since 2003; hence, a new depreciation study in the context of the next rate case would be appropriate and timely.

MEDICAL EXPENSES

Q. What is your recommendation for medical expenses?

A. My recommendation for medical expenses to be recovered in PSNH rates is $7,770,664, a reduction of $664,694 from the proposed amount of $8,435,358.

Q. What is the rationale underlying your recommendation for medical expenses?

Q. My underlying rationale is based on the Company's original proposal. Subsequently, in its December 15, 2009 update, the Company indicated that medical expenses are increasing $665,000 due to higher claims volumes, a greater number of high cost claims and a larger overall claim volume than was originally projected. However, Staff has not had sufficient time to analyze the increase and recommends that the original proposal be adopted in lieu of the updated proposal.

Q. What are your concerns about the updated proposal?

A. I have a number of concerns. First, the increase reflected in the December 15, 2009 update is significant and there is not sufficient documentation to support this increase.

Second, when added to the increase in the original proposal of $718,000, the overall increase in medical costs is now $1,383,000. That is, the original increase projected by the Company was $778,000 above the test year amount of $7,050,787; and the update adds another $665,000, raising the overall increase from the test year to $1,383,000, a 20 percent increase (i.e. $1,383,000 / $7,050,787).

Third, the Company's December 15, 2009 update indicates that there are a greater number of high cost claims in actual 2009 medical costs through October, 2009. I'm concerned that there could be some unusual, non-recurring medical expenses in the 2009 data, as compared to the 2008 data used in the original filing. To address this concern, I'd need to examine the historical medical costs; however, this information was not provided with the December 15, 2009 update.

Fourth, the medical escalation, as provided by the Company's actuary, projected an increase of 8 percent for 2009. Increases in employment numbers accounted for an additional 2%. However, as noted above, the Company is now projecting a 20 percent increase.

Based on the above, I'm recommending an amount for medical costs that is unchanged from the original filing, $7,770,664.

PENSION EXPENSES

Q. What is your recommendation for pension?

A. I recommend $13,571,056 for pension expense for the PSNH Distribution Segment, a reduction of $402,188 from the update filed on December 15, 2009. Please refer to attached schedule JJC-1 for a summary of these amounts.

Q. Please provide an overview of pension expenses for the PSNH Distribution Segment.

A. My testimony pertains to only the Distribution Segment of the Total PSNH Operating Company.[9] Within the Distribution Segment, the vast percentage of PSNH's pension expense pertains to "regular"[10] plans (93%), with a minor percentage (7%) related to other expense – i.e. Supplemental Executive Retirement Plan (SERP), Non-SERP and K-Vantage plan.[11]

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[9] Total Operating Company includes Distribution Segment, Transmission Segment and Generation Segment.

[10] I'm using the term "regular" to define pension plans other than special plans (i.e. Supplemental Executive Retirement Plans (SERP), non-SERP plans and K-Vantage plans).

[11] Based on the 12/15/09 updated proposal, SERP Plans are approximately 3% of total PSNH Distribution Segment Pension plans; Non-SERP plans are approximately 3%; and, K-Vantage Plans are approximately 1%.

Pension expense is further divided into two categories – i.e. direct PSNH and allocated NUSCO. Direct PSNH expenses are based on direct charges for PSNH employee costs and allocated NUSCO charges are based on the allocation of budgeted NUSCO direct payroll in support of PSNH's segments as a percentage of total NUSCO payroll.[12] Schedule JJC-9, page 2 of 2 provides a summary of these pension plans for the Distribution Segment.

Q. Please identify the expense components of pension expenses and provide a definition of each component.

A. The major expense components and definitions are as follows:

Service Costs: actuarially determined present value of benefits attributed to services provided by employees during the current period.

Interest costs: increase in projected benefit obligation due to the passage of time.

Expected Return on Plan Assets: estimated return earned by the accumulated fund assets during the year.

Amortization of costs that are not yet recognized as expense: prior service cost attributable to plan amendments including provisions to increase or decrease benefits for employee service provided in prior years; and the gains or losses attributable to changes in market value of plan assets and changes in actuarial assumptions that affect the amount of projected benefit obligation.

[12] Source: PSNH response to Staff 2-42 (See Appendix A for a copy of this response).

Q. With respect to overall PSNH's Distribution Segment pension expenses, what is the comparison between proposed overall 2009 projected pension expenses and overall 2008 actual test year pension expenses?

A. Based on the December 15, 2009 update, PSNH's overall Distribution Segment pension expenses for 2009 are projected to be approximately 35 percent higher than the overall 2008 actual test year pension expenses. Projected PSNH overall Distribution Segment regular pension expenses for 2009 are $20,971,401, compared to actual 2008 overall test year pension costs of $15,569,877. The difference is $5,401,502, or an increase of 35 percent above the test year. Please refer to Schedule JJC-9, page 2 of 2 for the details of these amounts.

Q. This 35 percent increase from 2008 test year is a significant increase. Can you explain the reasons for this significant increase by cost component?

A. No, I cannot explain this significant increase because the Company's filing does not contain sufficient information to identify the various expense components, i.e. Service costs, Interest Costs, Expected Return on Plan Assets and Amortization. That is, the filing includes a breakdown of expense components for PSNH's regular pension plan for 2009; but, the corresponding expense components for 2008 are not available.[13] Only, summary data, at the PSNH Distribution Segment level, is available for both 2008 and 2009.

Q. Without having comparative data by cost component for the regular pension expenses for the Distribution Segment, can you comment on the

[13] Reference PSNH response to Data Request Staff 4-19 (see Appendix A for a copy).

reasonableness of PSNH's proposed 35% percent increase for pension expenses for the Distribution Segment for 2009?

A. The proposed 35% increase appears to be on the high side. The reason is that I believe the proposal allocates too much of the increase in PSNH's Total Operating Company pension expenses to the Distribution Segment.

Q. Please explain why you believe that the proposal allocates too much of the increase in PSNH Total Operation Company pensions to the Distribution Segment.

A. The proposed increase in Total Operating Company pension expenses is $6,719,094. See Schedule JJC-9, page 1 of 2 for the derivation of this amount. This proposed increase is calculated based on the December 15, 2009 updated filing, wherein the proposed pension expense for the PSNH Total Operating Company is $28,524,094 and the 2008 test year amount for Total PSNH Total Operating Company is $21,805,000. Based on 2008 test year pension expenses, I recommend that approximately seventy-one percent of this increase be allocated to the Distribution Segment, or $4,797,787 (i.e. $6,719,094 x 71.41%). See Schedule JJC-9, page 1 of 2, for the derivation of the 71.49 percent.

Q. How does your recommendation for pension expenses for the PSNH Distribution Segment compare to PSNH's proposal?

A. The difference between the PSNH proposal and my recommendation is $603,737. The filing proposes $20,971,401 for pension expenses for the Distribution

Segment pension expenses. By comparison, my recommendation is $20,367,787, a reduction of $603,414. After applying the estimated expense/capital ratio of 0.6663, per the proposal, my recommended reduction to pension expense for the Distribution Segment is $402,188 (i.e. $603,737 x 0.6663). See Schedule JJC-9, page 2 of 2 for the details supporting my recommendation.

Q. Please summarize your overall recommendation for pension expense.

A. My overall recommendation for pension expense for PSNH's Distribution Segment is $13,571,056, a reduction of $402,188 from the proposed amount of $13,973,244. See Schedule 9, page 1 of 2, for a summary of my overall recommendation.

Q. Please explain why you believe your recommendation is reasonable.

A. As noted above, the details that support pension expenses are not available by cost component for the 2008 test year. Therefore, it is not possible to compare the proposed 2009 pension expenses by cost component to the 2008 baseline. In the absence of specific data by cost component, I believe my methodology is appropriate because it provides an "apples-to-apples" comparison of actual 2008 test year data and it reflects the most recent actuarial data that is available for 2009 pension expenses. I believe this methodology is sound and produces a reasonable recommendation for pension expenses for the PSNH Distribution Segment.

Also, I note that the proposal allocates approximately 80 percent of the increase in PSNH Total Operating Company pension expenses to the Distribution Segment. This is 9 percentage points higher than the actual experience as reflected in the test year. In my judgment, the use of actual test year data is sound and provides a reasonable estimate of the percent relationship between the Distribution Segment and the PSNH Total Operating Company.

Q. Do you have any other comments pertaining to pension expense?

A. Yes, according to the proposal, approximately sixty-seven percent of the pension expense is allocated to expense and the remainder is allocated to capital projects. I have not reviewed this percentage and I'd like to reserve comment pending my future review. For purposes of my testimony, I'm calculating pensions expense based on the proposed sixty-seven percent.

OTHER POST RETIREMENT EMPLOYMENT BENEFITS (OPEB'S)

Q. What is your recommendation for OPEB's?

A. I recommend $4,113,025 for pension expense for the PSNH Distribution Segment, the same amount PSNH proposed. Please refer to attached schedule JJC-1 for a summary of these amounts and JJC-10 for the details supporting my recommendation.

Q. Please provide an overview of OPEB expenses for the PSNH Distribution Segment.

A. The methodology that I'm using to develop OPEB expense for 2009 is the same methodology that I'm using to develop pension expenses. That is, I'm using the actual 2008 test year data to estimate the percent relationship between the PSNH Distribution Segment and the PSNH Total Operating Company and I'm applying this percentage to the *increase* in OPEB expenses identified by the most recent actuarial study for PSNH Total Operating Company. Based on the above, my recommendation for OPEB expense is $6,264,024. In addition, I incorporated an adjustment provided by the Company on January 5, 2010, reducing its December 15, 2009 updated proposal to $6,172,932.

Based on the above, my recommendation for OPEB expense is $6,173,932, the same amount proposed by PSNH. After applying the estimated expense/capital ratio of 0.6663, per the proposal, my recommendation for OPEB expenses is $4,113,025 (i.e. $7,172,932 x .06663). See Schedule JJC-10, page 1 of 2 for a summary of my recommendation.

Q. Does this complete your testimony?

A. Yes, it does, thank you.

DE 09-035
Overall Summary of Staff Recommendations

Schedule JJC-1

	Test Year 2008	Original Filing	12/15/2009 Update		Staff Recommendation Ref.	Staff Recommendation Amount	Staff Recommendation Variance v. 12/15 Upd
Expense Adjustments:							
Depreciation & Amortization (2008 Plant at12/08)	$ 28,837,000	$ 37,191,280	$ 37,191,280		JJC-2	$ 35,655,174	$ (1,536,106)
Depreciation & Amortization - 2009 Capital Additions	$ -	$ 1,489,000	$ 1,206,534		JJC-2	$ 1,183,070	$ (23,464)
Medical Expenses	$ 7,050,787	$ 7,770,613	$ 8,435,358		JJC-8	$ 7,770,664	$ (664,694)
Pension Expense	$ 10,374,209	$ 13,533,219	$ 13,973,244		JJC-9 (1 of 2)	$ 13,571,056	$ (402,188)
OPEB Expense	$ 3,966,484	$ 4,134,392	$ 4,113,025	(1)	JJC-10 (1 of 2)	$ 4,113,025	$ -
Total Expense Adjustments	$ 50,228,480	$ 64,118,504	$ 64,919,441			$ 62,292,989	$ (2,626,452)
Rate Base Adjustments:							
2008 and 2009 ADIT due to Staff recommended reduction in depreciation/amortization expense:							
Year 2008					JJC-11	$ 622,507	
Year 2009					JJC-11	$ 9,509	

footnotes:
(1) Reflects updated information provided on January 5, 2009 (ref. Schedule JJC-10, page 1 of 2, footnote 2).

DE 09-035 (PSNH) Schedule JJC-2

Depreciation / Amortization and Reserve Imbalance Amortization

Staff Recommendation

	Test Year (1)		Original Proposal (2)	Dec. 15, 2009 Update Proposal (3)			Staff Recommend (4)	Ref.
2008 Plant, at December 31, 2008:								
Depreciation and Amortization							$ 37,504,645	JJC-3
Amortization of Depreciation Reserve Imbalance							$ (1,849,471)	JJC-3
Sub-total 2008 Plant	$ 28,837,000		$ 37,191,280	$ 37,191,280		reduction $ (1,536,106)	$ 35,655,174	JJC-3
2009 Plant, at Quarterly Mid-Points Plant:								
Plus: 2009 capital additions, at currently allowed rates			$ 1,236,000	$ 1,006,472	(5)		$ 1,183,070	JJC-7
Plus: 2009 capital additions, at adjusted CRC rates			$ 253,000	$ 200,062	(5)	reduction	$ -	
Sub-Total 2009 Plant	$ -		$ 1,489,000	$ 1,206,534		$ (23,464)	$ 1,183,070	
Total 2008 & 2009	$ 28,837,000	increase $ 9,843,280	$ 38,680,280	$ 38,397,814			$ 36,838,244	

footnotes:

(1) Source: Filing, Vol. 2, page 79, col. 1 ("Distribution"), Line 10.

(2) Source: 2008: $37,191,280: Filing, vol. 2, page 79, col. 3 ("Proforma Distribution") and vol. 3, page 212, col. M, line 40.
2009: $1,489,000: Filing, vol. 2, page 122, line 2, $1,236,000 and line 6, $253,000.

(3) Source: (Year-end 2008): Dec. 15, 2009 Update Filing, page 3 of 4, Revenue Deficiency page, Witness, R.A. Baumann, as follows:

Original Filing, Witness Baumann, Sch. 1, page 1 of 5	$ 38,680
Adjustment in Update Filing, Witness Baumann, Rev. Def., page 3 of 4	$ (283)
Adjusted per December 15, 2009 filing, page 11a and 11b of 15 Baumann/Urban	$ 38,397

(4) 2009 plant additions based on mid-point quarterly plant balances, as reflected in 12/15/09 update at page 11b and 11c of 15.

(5) Source: Update Filing, Witness Baumann, Attachment XXX, page 11b and 11c of 15.

DE 09-035 (PSNH)
Depreciation / Amortization and Reserve Imbalance Amortization

Schedule JJC-3

Staff Recommendation

		Plant Balance At Dec. 31, 2008	ASL	Net Salvage Rate	Depreciation Rate	Dep / Amortiz Expense		Reserve Imbalance	Amortization 5-Years	Dep / Amortiz Res. Imbalance Amortization
		(1)	(2)	(2)	(2)	(2)		(3)	(4)	(5)
2008 Plant Balances:										
	Intangible Plant									
303.92	Intangible Plant-10-Year	$ 27,207,756	10.00	0.00%	10.00%	$ 2,720,776	(6)	$ -	$ -	$ 2,720,776
303.93	Miscellaneous Intangible-5-Year	$ 4,354,625	5.00	0.00%	20.00%	$ 249,444	(6)	$ -	$ -	$ 249,444
	Total Intangible Plant	$ 31,562,381	5.00	0.00%	20 00%	$ 2,970,220	(6)	$ -	$ -	$ 2,970,220
	Distribution Plant									
361.00	Structures and Improvements	$ 11,685,836	55.00	0.00%	1.82%	$ 212,470		$ 183	$ 37	$ 212,506
362.00	Station Equipment	$ 138,601,443	55.00	-10.00%	2.00%	$ 2,772,029		$ 1,381	$ 276	$ 2,772,305
364.00	Poles, Towers and Fixtures	$ 193,122,483	35.00	-12.20%	3.21%	$ 6,190,955		$ (10,020)	$ (2,004)	$ 6,188,951
365.00	Overhead Conductors and Devices	$ 270,722,735	35.00	-12.20%	3.21%	$ 8,678,597		$ (143,204)	$ (28,641)	$ 8,649,957
366 00	Underground Conduit	$ 16,398,437	70.00	-12.20%	1.60%	$ 262,844		$ 203	$ 41	$ 262,884
367.00	Underground Conductors and Devices	$ 87,257,907	40.00	-12.20%	2.81%	$ 2,447,584		$ 4,357	$ 871	$ 2,448,456
368.00	Line Transformers	$ 183,742,213	40.00	0.00%	2 50%	$ 4,593,555		$ 4,847	$ 969	$ 4,594,525
369.32	Services-Overhead	$ 52,494,724	40.00	-12.20%	2.81%	$ 1,472,477		$ 770	$ 154	$ 1,472,631
369.07	Services-Direct Burial	$ 49,579,287	40.00	-12.20%	2.81%	$ 1,390,699		$ 800	$ 160	$ 1,390,859
370.00	Meters	$ 58,741,033	35.00	0.00%	2.86%	$ 1,678,315		$ (222,082)	$ (44,416)	$ 1,633,899
371 00	Installations on Customer Premises	$ 4,814,179	17.00	-12.20%	6.60%	$ 317,736		$ (331,798)	$ (66,360)	$ 251,376
373 00	Street Lighting and Signal Systems	$ 6,094,243	20.00	-12.20%	5 61%	$ 341,887		$ (382,600)	$ (76,520)	$ 265,367
	Total Distribution	$ 1,073,254,520			2.83%	$ 30,359,148		$ (1,077,164)	$ (215,433)	$ 30,143,715
	General Plant									
390.00	Structures and Improvements	$ 54,064,114	45.00	25 00%	1.67%	$ 901,069		$ (685,073)	$ (137,015)	$ 764,054
391.10	Office Furniture and Fixtures-System	$ 13,261,039	20.00	1.60%	4.92%	$ 652,443		$ (1,193,032)	$ (238,606)	$ 413,837
391.20	Office Furniture and Fixtures-PC's	$ 4,518,999	5.00	1.60%	19.68%	$ 889,339		$ (3,573,213)	$ (714,643)	$ 174,696
392 00	Transportation-Auto's	$ 809,945	8.00	9.70%	11.29%	$ 91,423		$ (387,573)	$ (77,515)	$ 13,908
393.00	Stores Equipment	$ 631,691	25.00	0.00%	4.00%	$ 25,268		$ (79,384)	$ (15,877)	$ 9,391
394.00	Tools, Shop and garage Equipment	$ 6,531,287	24 00	11.30%	3.70%	$ 241,385		$ (559,352)	$ (111,870)	$ 129,515
395.00	Laboratory Equipment	$ 3,301,976	28.00	0.30%	3.56%	$ 117,574		$ (312,228)	$ (62,446)	$ 55,128
397.10	Communications Equipment Microwave	$ 3,616,656	18.00	0.00%	5.56%	$ 200,925		$ (218,010)	$ (43,602)	$ 157,323
397.20	Communication Equipment Miscellaneous	$ 17,757,380	18.00	0.00%	5.56%	$ 986,521		$ (1,026,495)	$ (205,299)	$ 781,222
398.00	Miscellaneous	$ 1,387,992	20.00	0.10%	5.00%	$ 69,330		$ (135,829)	$ (27,166)	$ 42,164
	Total General Plant	$ 105,881,079			3.94%	$ 4,175,277		$ (8,170,189)	$ (1,634,038)	$ 2,541,239
	Grand Total	$ 1,210,697,980			3.10%	$ 37,504,645		$ (9,247,354)	$ (1,849,471)	$ 35,655,174

footnotes:
(1) Source: Filing, Volume 3, page 212. Plant balances are adjusted to exclude balances pertaining to fully depreciated assets.
(2) Source: Current Commission approved Depreciation Accrual Rates per DE 03-200 with broad group procedure
(3) See Schedule JJC-4 (note, there is no reserve imbalance for Intangible Plant since Intangible Plant is "amortized" (Staff 2-70) (See Sch JJC-5 and Sch JJC-6 for Intangible Amortization).
(4) Staff recommends that reserve imbalance be amortized over 5 years which is approximately the same as the interval between PSNH Depreciation Studies (ref. Staff 2-64).
(5) Sum of Depreciation on Distribution and General Plant, Amortization of Intangible Plant and Reserve Imbalance Amortization.
(6) Source: Schedule JJC-5 and Schedule JJC-6.

DE 09-035

Schedule JJC-4

Depreciation Expense - Depreciation Reserve Imbalance - Distribution and General Plant

Staff Recommendation

2008 Plant Balances:		Proposed Dep / Amortiz & Res. Imbalance Amortization	Less: Proposed Depreciation Expense Based on Current Commission Approved Depreciation Accrual Rates					Res. Imbalance Amortization	Estimated Reserve Imbalance	
			12-31-08 Balance	ASL	Net Salv	Rate	Expense		Proposed Term	Amount
		(1)	(2)	(3)	(3)	(3)	(4)	(5)	(6)	(6)
	Distribution Plant:									
361.00	Structures and Improvements	$ 212,488	$ 11,685,836	55.00	0.00%	1.82%	$ 212,470	$ 18	10	$ 183
362.00	Station Equipment	$ 2,772,167	$ 138,601,443	55.00	-10.00%	2.00%	$ 2,772,029	$ 138	10	$ 1,381
364.00	Poles, Towers and Fixtures	$ 6,189,953	$ 193,122,483	35.00	-12.20%	3.21%	$ 6,190,955	$ (1,002)	10	$ (10,020)
365.00	Overhead Conductors and Devices	$ 8,664,277	$ 270,722,735	35 00	-12.20%	3.21%	$ 8,678,597	$ (14,320)	10	$ (143,204)
366 00	Underground Conduit	$ 262,859	$ 16,398,137	70.00	-12.20%	1.60%	$ 262,839	$ 20	10	$ 203
367.00	Underground Conductors and Devices	$ 2,448,020	$ 87,257,907	40.00	-12.20%	2 81%	$ 2,447,584	$ 436	10	$ 4,357
368.00	Line Transformers	$ 4,594,040	$ 183,742,213	40.00	0.00%	2.50%	$ 4,593,555	$ 485	10	$ 4,847
369 32	Services-Overhead	$ 1,472,554	$ 52,494,724	40.00	-12.20%	2.81%	$ 1,472,477	$ 77	10	$ 770
369.07	Services-Direct Burial	$ 1,390,779	$ 49,579,287	40.00	-12.20%	2.81%	$ 1,390,699	$ 80	10	$ 800
370.00	Meters	$ 1,656,107	$ 58,741,033	35.00	0.00%	2 86%	$ 1,678,315	$ (22,208)	10	$ (222,082)
371.00	Installations on Customer Premises	$ 284,556	$ 4,814,179	17.00	-12.20%	6.60%	$ 317,736	$ (33,180)	10	$ (331,798)
373 00	Street Lighting and Signal Systems	$ 303,627	$ 6,094,243	20.00	-12.20%	5.61%	$ 341,887	$ (38,260)	10	$ (382,600)
	Total Distribution	$ 30,251,427	$ 1,073,254,220			2.83%	$ 30,359,143	$ (107,716)	10	$ (1,077,164)
	General Plant									
390.00	Structures and Improvements	$ 803,201	$ 54,064,114	45.00	25.00%	1 67%	$ 901,069	$ (97,868)	7	$ (685,073)
391 10	Office Furniture and Fixtures-System	$ 482,010	$ 13,261,039	20.00	1.60%	4.92%	$ 652,443	$ (170,433)	7	$ (1,193,032)
391.20	Office Furniture and Fixtures-PC's	$ 378,880	$ 4,518,999	5.00	1.60%	19 68%	$ 889,339	$ (510,459)	7	$ (3,573,213)
392.00	Transportation-Auto's	$ 36,055	$ 809,945	8.00	9.70%	11 29%	$ 91,423	$ (55,368)	7	$ (387,573)
393.00	Stores Equipment	$ 13,927	$ 631,691	25.00	0.00%	4.00%	$ 25,268	$ (11,341)	7	$ (79,384)
394 00	Tools, Shop and garage Equipment	$ 161,478	$ 6,531,287	24.00	11 30%	3.70%	$ 241,385	$ (79,907)	7	$ (559,352)
395.00	Laboratory Equipment	$ 72,970	$ 3,301,976	28.00	0.30%	3.56%	$ 117,574	$ (44,604)	7	$ (312,228)
397 10	Communications Equipment Microwave	$ 169,781	$ 3,616,656	18.00	0.00%	5.56%	$ 200,925	$ (31,144)	7	$ (218,010)
397.20	Communication Equipment Miscellaneous	$ 839,879	$ 17,757,380	18.00	0.00%	5.56%	$ 986,521	$ (146,642)	7	$ (1,026,495)
398.00	Miscellaneous	$ 49,926	$ 1,387,992	20.00	0.10%	5 00%	$ 69,330	$ (19,404)	7	$ (135,829)
	Total General Plant	$ 3,008,107	$ 105,881,079			3.94%	$ 4,175,277	$ (1,167,170)		$ (8,170,189)
	Grand Total	$ 33,259,534	$ 1,179,135,299			3.15%	$ 34,534,420	$ (1,274,886)		$ (9,247,354)
Reconciliation to December 31, 2008 Balance:										
303.92	Intangible Plant-10-Year	$ 2,876,096	$ 27,207,756 (7)							
303.93	Miscellaneous Intangible-5-Year	$ 1,055,650	$ 4,354,625 (7)							
	Total Intangible Plant	$ 3,931,746	$ 31,562,381 (7)							
	Grand Total Reconciliation	$ 37,191,280	$ 1,210,697,680							

footnotes:

(1) Source: Volume 3 page 212, Column M

(2) Source: Volume 3 page 212, Column D (note, amounts exclude fully depreciated assets).

(3) Source. Current Commission approved depreciation accrual rates (ref Docket No DE 03-200).

(4) December 31, 2008 balance multiplied by Commission approved depreciation accrual rates.

(5) Total Dep/Amortiz and Reserve Imbalance Amortization less Dep/Amortiz equals estimated Reserve Imbalance Amortization.

(6) Estimated Reserve Imbalance is calculated by multiplying Reserve Imbalance Amortization by the term of amortization - i.e 10 years for Distribution and 7 years for General Plant (term per filing at Vol. 3, page 215).

(7) Staff adopts PSNH's proposed amortization accounting for Intangible Plant (Staff 2-70) (see Schedule JJC-5 and Schedule JJC-6).

DE 09-035
Intangible Assets - Account 303.92 (10-Year Life Account)

Schedule JJC-5

Staff Recommendation

Year	Original Cost	2005	2006	2007	Test Year 2008	Rate Year 2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
		10%	*10%*	*10%*	*10%*	*10%*	*10%*	*10%*	*10%*	*10%*	*10%*	*10%*	*10%*	*10%*	*10%*	
2005	$ 4,826,698	$ 482,670	$482,670	$ 482,670	$ 482,670	$ 482,670	$ 482,670	$ 482,670	$ 482,670	$ 482,670	$ 482,670	*fully dep.*	*fully dep.*	*fully dep.*	*fully dep.*	$ 4,826,698
2006	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -				$ -
2007	$ -															$ -
2008	$ 22,381,058				$ 872,170	$ 2,238,106	$ 2,238,106	$ 2,238,106	$2,238,106	$2,238,106	$ 2,238,106	$ 2,238,106	$ 2,238,106	$ 2,238,106	$ 1,365,936	$22,381,058
	$ 27,207,756	$ 482,670	$482,670	$ 482,670	$ 1,354,840	$ 2,720,776	$ 2,720,776	$ 2,720,776	$2,720,776	$2,720,776	$ 2,720,776	$ 2,238,106	$ 2,238,106	$ 2,238,106		$27,207,756
	(1)				(2)											

footnotes:

(1) Source. Total is per Filing, Vol. 3, page 212, col. D, line 36; split is per PSNH response to Staff 2-71.
(2) Source. PSNH response to Staff Data Request 4-35 ($1,354,840) and Staff 3-39 ($872,170)

DE 09-035
Intangible Assets - Account 303.93 (5-Year Life Account)

Schedule JJC-6

Staff Recommendation

Year	Original Cost	2004	2005	2006	2007	Test Year 2008	Rate Year 2009	2010	2011	2012	Total
		20%	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*	
2004	$ 1,854,129	$ 370,826	$ 370,826	$ 370,826	$ 370,826	$ 370,826	*fully dep.*	*fully dep.*	*fully dep.*	*fully dep.*	$ 1,854,129
2005	$ 2,264,765		$ 452,953	$ 452,953	$ 452,953	$ 703,608	$ 202,298	*fully dep.*	*fully dep.*	*fully dep.*	$ 2,264,765
2006	$ 156,152			$ 31,230	$ 31,230	$ 31,230	$ 31,230	$ 31,230	*fully dep.*	*fully dep.*	$ 156,152
2007	$ -										$ -
2008	$ 79,579					$ 15,916	$ 15,916	$ 15,916	$ 15,916	$ 15,916	$ 79,579
Sub-total	$ 4,354,625	$ 370,826	$ 823,779	$ 855,009	$ 855,009	$ 1,121,580	$ 249,444	$ 47,146	$ 15,916	$ 15,916	$ 4,354,625
	(1)					(2)					

footnotes:
(1) Source: Total is per Filing, Vol. 3, page 212, col. D, line 37; split is per PSNH response to Staff 2-71.
(2) Source: PSNH response to Staff 4-35 ($1,121,580).

DE 09-035
Depreciation Expense - 2009 Additions

Schedule JJC-7

Staff Recommendation

		Cumulative Plant Additions During 2009					Dep. Accrual Rates	Quarterly Depreciation Expense (At Qtrly. Mid-point)				
		1st Quarter (1)	2nd Quarter (1)	3rd Quarter (1)	4th Quarter (1)	Total		1st Quarter (2)	2nd Quarter (2)	3rd Quarter (2)	4th Quarter (2)	Total (3)
2009 Plant Balances:												
	Intangible Plant											
303.92	Intangible Plant-10-Year	$ 292,000	$ 781,000	$ 363,000	$ 583,000	$ 2,019,000	10.00%	$ 3,650	$ 17,063	$ 31,363	$ 43,188	$ 95,263
303.93	Miscellaneous Intangible	$ -	$ -	$ -	0	$ -	20.00%	$ -	$ -	$ -	$ -	$ -
	Total Intangible Plant	$ 292,000	$ 781,000	$ 363,000	$ 583,000	$ 2,019,000		$ 3,650	$ 17,063	$ 31,363	$ 43,188	$ 95,263
	Distribution Plant											
361.00	Structures and Improvements	$ -	$ -	$ -	$ -		1.82%	$ -	$ -	$ -	$ -	$ -
362.00	Station Equipment	$ 2,456,000	$ 7,762,000	$ 3,050,000	$ 4,898,000	$ 18,166,000	2.00%	$ 6,140	$ 31,685	$ 58,715	$ 78,585	$ 175,125
364.00	Poles, Towers and Fixtures	$ 1,615,000	$ 4,158,000	$ 1,983,000	$ 3,130,000	$ 10,886,000	3.21%	$ 6,472	$ 29,605	$ 54,213	$ 74,701	$ 164,990
365.00	Overhead Conductors and Devices	$ 3,556,000	$ 9,198,000	$ 4,373,000	$ 6,917,000	$ 24,044,000	3.21%	$ 14,249	$ 65,357	$ 119,737	$ 164,978	$ 364,321
366.00	Underground Conduit	$ 141,000	$ 376,000	$ 175,000	$ 281,000	$ 973,000	1.60%	$ 283	$ 1,318	$ 2,422	$ 3,336	$ 7,359
367.00	Underground Conductors and Devices	$ 942,000	$ 2,516,000	$ 1,170,000	$ 1,879,000	$ 6,507,000	2.81%	$ 3,303	$ 15,428	$ 28,352	$ 39,042	$ 86,124
368.00	Line Transformers	$ 1,350,000	$ 3,605,000	$ 1,677,000	$ 2,693,000	$ 9,325,000	2.50%	$ 4,219	$ 19,703	$ 36,209	$ 49,866	$ 109,997
369.32	Services-Overhead	$ 775,000	$ 2,068,000	$ 962,000	$ 1,545,000	$ 5,350,000	2.81%	$ 2,717	$ 12,686	$ 23,310	$ 32,100	$ 70,812
369.07	Services-Direct Burial	$ -	$ -	$ -	$ -	$ -	2.81%	$ -	$ -	$ -	$ -	$ -
370.00	Meters	$ 256,000	$ 683,000	$ 318,000	$ 511,000	$ 1,768,000	2.86%	$ 914	$ 4,268	$ 7,843	$ 10,804	$ 23,829
371.00	Installations on Customer Premises	$ 64,000	$ 172,000	$ 80,000	$ 128,000	$ 444,000	6.60%	$ 528	$ 2,475	$ 4,554	$ 6,270	$ 13,827
373.00	Street Lighting and Signal Systems	$ 29,000	$ 76,000	$ 35,000	$ 57,000	$ 197,000	5.61%	$ 203	$ 940	$ 1,718	$ 2,363	$ 5,224
	Total Distribution	$ 11,184,000	$ 30,614,000	$ 13,823,000	$ 22,039,000	$ 77,660,000		$ 39,028	$ 183,463	$ 337,073	$ 462,044	$ 1,021,609
	General Plant											
390.00	Structures and Improvements	$ 56,000	$ 148,000	$ 69,000	$ 384,000	$ 657,000	1.67%	$ 117	$ 542	$ 994	$ 1,938	$ 3,590
391.10	Office Furniture and Fixtures-System	$ 111,000	$ 297,000	$ 138,000	$ 222,000	$ 768,000	4.92%	$ 683	$ 3,192	$ 5,867	$ 8,081	$ 17,823
391.20	Office Furniture and Fixtures-PC's	$ -	$ -	$ -	$ -	$ -	19.68%	$ -	$ -	$ -	$ -	$ -
392.00	Transportation-Auto's	$ -	$ -	$ -	$ -	$ -	11.29%	$ -	$ -	$ -	$ -	$ -
393.00	Stores Equipment	$ -	$ -	$ -	$ -	$ -	4.00%	$ -	$ -	$ -	$ -	$ -
394.00	Tools, Shop and garage Equipment	$ 82,000	$ 219,000	$ 102,000	$ 163,000	$ 566,000	3.70%	$ 379	$ 1,769	$ 3,252	$ 4,477	$ 9,877
395.00	Laboratory Equipment	$ -	$ -	$ -	$ -	$ -	3.56%	$ -	$ -	$ -	$ -	$ -
397.10	Communications Equipment Microwave	$ 193,000	$ 515,000	$ 239,000	$ 384,000	$ 1,331,000	5.56%	$ 1,340	$ 6,257	$ 11,493	$ 15,819	$ 34,910
397.20	Communication Equipment Miscellaneous	$ -	$ -	$ -	$ -	$ -	5.56%	$ -	$ -	$ -	$ -	$ -
398.00	Miscellaneous	$ -	$ -	$ -	$ -	$ -	5.00%	$ -	$ -	$ -	$ -	$ -
	Total General Plant	$ 442,000	$ 1,179,000	$ 548,000	$ 1,153,000	$ 3,322,000		$ 2,518	$ 11,760	$ 21,606	$ 30,315	$ 66,199
	Total	$ 11,918,000	$ 32,574,000	$ 14,734,000	$ 23,775,000	$ 83,001,000		$ 45,196	$ 212,286	$ 390,042	$ 535,547	$ 1,183,070

footnotes.
(1) Source: Update Filing, December 15, 2009, page11b of 16.
(2) Beginning plus ending balance x 50% (i.e. mid-point balance) x Dep. Accrual Rate x 25% (i.e. one quarter)
(3) Staff recommendation vs PSNH 12/15/09 Update shows unreconciled variance as follows:

Staff recommendation per above	$ 1,183,070
PSNH 12/15/09 Update, page 11c of 15)	$ 1,206,534
Unreconciled Variance	$ 23,464

DE 09-035
Medical Expense

Schedule JJC-8

Staff Recommendation	Test Yr. 2008		Original Proposal	12/15/2009 Updated Proposal		Staff Recommend
				Adjust	Upd. Amount	
	Filing, vol. 2, p. 108		(1)	(2)	(2)	(3)
PSNH Direct:		*Annualized*				
2008 Actual Health care costs through August 2008		$ 12,634,187	$ 8,422,791			$ 8,422,791
Average Number of PSNH employees (2008)		1,247.3	1,247.3			1,247.3
Average Cost Per PSNH Employee (2008)		10,129.23	$ 10,129			$ 10,129
Medical Inflation for 2009		8.0%	8.0%			8.0%
Average Cost Per PSNH Employee (2009)		$ 10,940	$ 10,940			$ 10,940
Projected Avg. PSNH Employees (2009)		1,265.8	1,265.8			1,265.8
Total Projected PSNH Cost (2009)		$ 13,847,303	$ 13,847,303			$ 13,847,303
Distribution Percentage		70.14%	70.14%			70.14%
PSNH-Distribution Segment		$ 9,712,499	$ 9,712,499			$ 9,712,499
NUSCO Allocation:						
2008 Actual NUSCO Health care costs through August 2008			$ 12,149,127			$ 12,149,127
Average Number of NUSCO employees (2008)			2,145.9			2,145.9
Average Cost Per NUSCO Employee (2008)			$ 8,492			$ 8,492
Medical Inflation for 2009			8.0%			8.0%
Average Cost Per NUSCO Employee (2009)			$ 9,171			$ 9,172
Projected Avg. NUSCO Employees (2009)			2,204.4			2,204.4
Total Projected NUSCO Cost (2009)			$ 20,217,346			$ 20,218,131
Less: "9X" not allocated to PSNH			$ (53,589)			$ (53,589)
Balance Allocable to PSNH-Distribution			$ 20,163,757			$ 20,164,542
PSNH Allocation Percentage			9.67%			9.67%
PSNH Allocation Amount			$ 1,949,835			$ 1,949,911
Grand Total	$ 10,582,000		$ 11,662,334	$ 997,666	$ 12,660,000	$ 11,662,410
			Rounding			
Expense Percentage	66.63%	*Increase*	66.63%	66.63%	66.63%	66.63%
Expense Amount	$ 7,050,787	$ 719,826	$ 7,770,613	$ 664,745	$ 8,435,358	$ 7,770,664
						Rounding

Footnotes:
(1) Source: Original Filing, Volume 2, page 108.
(2) Source: 12/15/09 Update, Mr. Baumann, p 3/4, incl. 2009 October-to-date higher claims volumes and greater number of High Cost Claims.
(3) Based on original filing, Vol. 2, page 108, with no increase for 2009 October-to-date higher claims volumes and greater number of High Cost Claims.

DE 09-035
Pension Expenses

Schedule JJC-9
Page 1 of 2

Staff Recommendation

			Staff Recommendation	
Distribution Segment Test Year Pension Expense			$ 15,570,000	
Proposed PSNH Total Operating Company **Increase** in Pensions:				
2009 Total Operating Company for all pensions, direct & NUSCO allocated, per 12/15/09 Upd.			$ 28,524,094	(1)
2008 Test Year Per Filing Vol. 2, Page 104, Line 2		*proposed*	$ 21,805,000	
Increase for Total Operating Company	$	*6,719,094*	$ 6,719,094	
Recommended Increase for Distribution Segment:				
Estimated Distribution Percentage		*80.4%*	71.41%	(2)
Staff Recommendation Increase	$	*5,401,524*	$ 4,797,787	
Staff recommended Pension Expense			$ 20,367,787	
Expense / Capital split			66.63%	
Staff Recommendation			$ 13,571,056	

footnotes:

(1) "Total Op. Company" pension plans based on 12/15/09 updated actuarial data plus SERP, Non-SERP and K-Advantage plans) as follows:

Total Op. Co.	$	24,174,094	Regular, SERP, Non-SERP, K-Vantage ($23,272,094+$257,000+345,000+$300,000 (SERP, Non-SERP and K-Vantage assume no change from Staff 4-20)
NUSCO Allocation	$	4,350,000	Regular, SERP, Non-SERP, K-Vangage ($3,044,000 per upd actuary $17,394,862 x 17.5% (Staff 4-20)]+$475,000+$531,000 (Staff 4-20) (no change from Staff 4-20 per TS 3-5)+$300,000 K-Vantage (Staff assumes no change)
Grand Total	$	28,524,094	

(2) Calculation of "Distribution Segment" % based on original filing for 2008 Test Year:

Actual Test Year 2008 all pension expense for Distribution Segment-Direct and NUSCO allocated	$	15,569,877
Actual Test Year 2008 all pension expense for Tot. Op. Co.-Direct and NUSCO allocated	$	21,804,942
Distribution Percent		71.4%

DE 09-035
Pensions

Schedule JJC-9
page 2 of 2

Comparisons

PSNH Distribution Segment:	Test Year 2008 *Staff 4-19*		12/15/2009 Updated Proposal 2009 *Upd. Actuarial Staff 4-20*		Staff Recommend (1)
Regular Pension Plan					
Direct			$ 17,579,451		
NUSCO Allocation			$ 1,894,069		
Total	$ 14,245,166		$ 19,473,520		
Supplemental Executive Retirement Plan (SERP)					
Direct			$ 175,256		
NUSCO Allocation			$ 296,211		
Total	$ 412,611		$ 471,467		
Non-SERP					
Direct			$ 296,675		
NUSCO Allocation			$ 331,389		
Total	$ 582,420		$ 628,064		
K-Vantage Plan					
Direct			$ 206,676		
NUSCO Allocation			$ 191,674		
Total (Staff 4-19, Tech 3-5)	$ 329,680		$ 398,350		
		Increase		*Decrease*	
Total Distribution Segment	$ 15,569,877	*$ 5,401,524*	$ 20,971,401	*$ (603,614)*	$ 20,367,787
	100.0%	*34.7%*			
	Baumann Sch. Vol. 2, p. 104		*Baumann Sch. Attachment p.1 of 15*		
Regular Pension Plan	$ 14,245,166		$ 19,473,520	*92.9%*	$ -
Other Pension Plans	$ 1,324,711		$ 1,497,881	*7.1%*	$ -
Total	$ 15,569,877		$ 20,971,401	*100.0%*	$ -
Expense Percentage	66.63%	*Increase*	66.63%	*Decrease*	66.63%
Expense Amount	$ 10,374,209	*$ 3,599,035*	$ 13,973,244	*$ (402,188)*	$ 13,571,056
	100.0%	*34.7%*			

footnotes:
(1) Source: JJC-9, page 1 of 2

Staff Recommendation

		Staff Recommendation	
Distribution Segment Test Year OPEB Expense	$	5,953,000	
Proposed PSNH Total Operating Company Increase in OPEB's:			
2009 Total Op. Company & NUSCO allocated, per 12/15/09 Update	$	8,956,724	(1)
2008 Test Year Per Filing Vol. 2, Page 102, Line 2 for Total Op. Company	$	8,512,000	
Increase in Total Operating Company	$	444,724	
Calculated Increase for Distribution Segment:			
Estimated Distribution Percentage		69.94%	(2)
Staff Recommendation Increase	$	311,024	
Calculated OBEP Expense for Distribution Segment	$	6,264,024	
Staff recommended OPEB Expense based on Company Response to TS 3-4	$	6,172,932	
Expense Related Percentage		66.63%	
Staff Recommendation	$	4,113,025	

footntoes:

(1) "Total Op. Company" OPEB based on 12/15/09 updated actuarial data is as follows:

		Health		Life		Total	Ref.
Total PSNH Operating Company:							
Distribution	$	4,352,124	$	755,035	$	5,107,159	*Upd. Actuarial*
Transmission	$	182,372	$	29,191	$	211,563	*Upd. Actuarial*
Generation	$	1,377,769	$	278,089	$	1,655,858	*Upd. Actuarial*
Sub-Total	$	5,912,265	$	1,062,315	$	6,974,580	
Plus: Nusco Allocation.							
NUSCO	$	8,293,545	$	1,282,028	$	9,575,573	*Upd. Actuarial*
Total Op Co %		20.70%		20.70%		20.70%	*Ref. Staff 3-54 for total Operating company allocation*
	$	1,716,764	$	265,380	$	1,982,144	
Total Op.Co.	$	7,629,029	$	1,327,695	$	8,956,724	

(2) Calculation of "distribution Segment" % based on original filing for 2008 Test Year:

Actual Test Year 2008 for all pension expenses for Distribution Segment-Direct and NUSCO allocated	$	5,953,000
Actual Test Year 2008 for all pension expenses for Tot. Op Co.-Direct and NUSCO allocated	$	8,512,000
Distribution Percent		69.94%

DE 09-035
Other Post Employment Benefits (OPEB's)

Comparisons

	Test Year 2008	12/15/2009 Updated Proposal 2009	Staff Recommend
	Staff 4-21	*Upd. Actuarial corrected ts 3-4*	(1)
PSNH Distribution Segment:			
PSNH Distribution Pension			
Direct	$ 4,994,000	$ 5,107,159	
NUSCO Allocation	$ 959,000	$ 1,065,773	
Total	$ 5,953,000	$ 6,172,932	$ -
Supplemental Executive Retirement Plan (SERP)			
Direct		$ -	
NUSCO Allocation		$ -	
Total	$ -	$ -	$ -
Non-SERP			
Direct		$ -	
NUSCO Allocation		$ -	
Total	$ -	$ -	$ -
Sub-Total Defined Benefit Plan (Tech 1-18, Tech 3-5)	$ 5,953,000	$ 6,172,932	$ -
K-Vantage Plan			
Direct		$ -	
NUSCO Allocation		$ -	
Total (Staff 4-19, Tech 3-5)	$ -	$ -	$ -
Total	$ 5,953,000	$ 6,172,932	$ 6,172,932
	Baumann Sch. Vol. 2, p. 104	*Baumann Sch. Attachment p.1 of 15*	
Expense Percentage	66.63%	66.63%	66.63%
Expense Amount	$ 3,966,484	$ 4,113,025	$ 4,113,025

footnotes:
(1) Source. JJC-10, page 2 of 2

DE 09-035
Accumulated Deferred Income Taxes

Schedule JJC-11

Depreciation Related Rate Based Adjustment

	Amount 2008		Amount 2009	
Depreciation and Amortization - 12/15/09 Updated Proposal	$ 37,191,280		$ 1,206,534	
Depreciation and Amortization - Staff Recommendation.	$ 35,655,174		$ 1,183,070	
Reduction in Depreciation	$ (1,536,106)		$ (23,464)	
Increase in Tax/Book Timing Difference	$ 1,536,106		$ 23,464	
Effective Tax Rate (State + Federal)	40.525%	(1)	40.525%	(1)
Accumulated Deferred Inc. Tax Credit - Dep. Related	$ 622,507		$ 9,509	
	dr. Def. Taxes		*dr. Def. Taxes*	
	cr. ADIT		*cr. ADIT*	

Footnotes:

(1) Calculation of Effective Tax Rate:

Gross Before Tax	100.000%	
State Tax Rate at 8.5%	8.500%	8.500%
Net Before Fed. Tax Rate	91.500%	
Fed. Tax Rate at 35%	32.025%	32.025%
Net After Fed. Tax Rate	59.475%	40.525%

DE 09-035
Testimony of James J. Cunningham Jr.

Appendix A – Data Responses

Table of Contents

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

Data Request STAFF-02

Dated: 08/28/2009
Q-STAFF-042
Page 1 of 1

Witness: Robert A. Baumann
Request from: New Hampshire Public Utilities Commission Staff

Question:
June 30, 2009 Filing, Volume II - Reference Baumann Schedule 1 Attachment, page 12a of 22 (page 104). Please explain how the amount of pension costs attributable to the distribution segment is determined.

Response:
Pension costs attributable to the distribution segment in the test year are based on direct charges for PSNH employee costs and allocation of NUSCO employee costs. The allocation of NUSCO employee costs is based on budgeted NUSCO direct payroll in support of PSNH's segments as a percentage of total directly charged NUSCO payroll.

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

Data Request STAFF-02

Dated: 08/28/2009
Q-STAFF-064
Page 1 of 1

Witness: **Dale R. Urban**
Request from: **New Hampshire Public Utilities Commission Staff**

Question:
June 30, 2009 Filing, Volume III - Reference Urban/Di Pietro, page 210. PSNH filed its last depreciation study in 2003. When does it expect to file its next depreciation study? Also, prior to 2003, what were the dates of the previous two depreciation studies?

Response:
PSNH intends to conduct and file a Depreciation Study in its next distribution rate case filing. The two previous depreciation studies (prior to the study submitted in 2003) were:

> 1995 (conducted by Management Resources International Inc.) and submitted for part of Docket No. DR 97-059 filed with the NHPUC;
>
> 1984 (Stone & Webster Management Consultants) and submitted as part of Docket No. DR 86-122 filed with the NHPUC.

Public Service of New Hampshire

2009 Whole Life Depreciation Rate

	A	B	C
			(1-B)/A
	Average	Net	Whole Life
Distribution Assets	Service Life	Salvage	Depreciation Rate
361	55	0.000%	1.818%
362	55	-10.000%	2.000%
364	35	-12.200%	3.206%
365	35	-12.200%	3.206%
366	70	-12.200%	1.603%
367	40	-12.200%	2.805%
368	40	0.000%	2.500%
369.32	40	-12.200%	2.805%
369.07	40	-12.200%	2.805%
370	35	0.000%	2.857%
371	17	-12.200%	6.600%
373	20	-12.200%	5.610%
General Plant Assets			
390	45	25.000%	1.667% *
391.1	20	1.600%	4.920%
391.2	5	1.600%	19.680%
392	8	9.700%	11.288%
393	25	0.000%	4.000%
394	24	11.300%	3.696%
395	28	0.300%	3.561%
397.1	18	0.000%	5.556%
397.2	18	0.000%	5.556%
398	20	0.100%	4.995%
Intangible Plant Assets			
303.92	10	0.000%	10.000%
303.93	5	0.000%	20.000%

The Average Service Life and Net Salvage parameters are the same as allowed by the Department in its Order No. 24,369 dated September 2, 2004, Docket No. 03-200.

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

Data Request STAFF-02

Dated: 08/28/2009
Q-STAFF-070
Page 1 of 1

Witness: **Dale R. Urban**
Request from: **New Hampshire Public Utilities Commission Staff**

Question:
June 30, 2009 Filing, Volume III - Reference Urban/Di Pietro, Proposed Changes in Depreciation Rates, page 212, Col. D, Line 36-37. Please explain why the Company is depreciation rather than amortizing intangible plant account 303.92 and 303.92.

Response:
Line 36 and 37 are amortized, not depreciated. Intangible plant assets are square curve asset accounts and are amortized (vs. depreciated) over the projected life of the asset account. Once the asset is fully aged (and fully amortized) no further amortization is taken.

STAFF 2-71
EXTRACT

Public Service of New Hampshire
CRC
Calculated Reserve

Asset Account	303.92
Curve	SQ
A.S.L.	10

A	B	C	D	E	F	G	H
	(2008-A)			(D-B)	(E/D)	(C*F)	(C-G)
Vintage	Age	Surviving Plant	Probable Life	Remaining Life	Net Plant Ratio	Computed Net Plant	Calculated Reserve
1986	22.50	-	10.00	-	-	-	-
1987	21.50	-	10.00	-	-	-	-
1988	20.50	-	10.00	-	-	-	-
1989	19.50	-	10.00	-	-	-	-
1990	18.50	-	10.00	-	-	-	-
1991	17.50	-	10.00	-	-	-	-
1992	16.50	-	10.00	-	-	-	-
1993	15.50	-	10.00	-	-	-	-
1994	14.50	-	10.00	-	-	-	-
1995	13.50	-	10.00	-	-	-	-
1996	12.50	-	10.00	-	-	-	-
1997	11.50	-	10.00	-	-	-	-
1998	10.50	-	10.00	-	-	-	-
1999	9.50	-	10.00	0.50	-	-	-
2000	8.50	-	10.00	1.50	-	-	-
2001	7.50	-	10.00	2.50	-	-	-
2002	6.50	-	10.00	3.50	-	-	-
2003	5.50	-	10.00	4.50	-	-	-
2004	4.50	-	10.00	5.50	-	-	-
2005	3.50	$4,826,698	10.00	6.50	0.6500	$3,137,354	$1,689,344
2006	2.50	-	10.00	7.50	-	-	-
2007	1.50	-	10.00	8.50	-	-	-
2008	0.50	22,381,058	10.00	9.50	0.9500	21,262,005	1,119,053
		$27,207,756				$24,399,359	$2,808,397

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

Data Request STAFF-03

Dated: 10/03/2009
Q-STAFF-039
Page 1 of 1

Witness: **Dale R. Urban**
Request from: **New Hampshire Public Utilities Commission Staff**

Question:
Regarding Depreciation - Reference response to Staff 2-71. In 2008 plant additions for Account 303.92 in the amount of $22,381,058 were recorded. What amount of amortization expense was recorded by PSNH for these additions during 2008?

Response:
The amount of the amortization expense for the asset additions of $22,381,058 in 2008 was $872,170.

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

Data Request STAFF-03

Dated: 10/03/2009
Q-STAFF-054
Page 1 of 1

Witness: **Robert A. Baumann**
Request from: **New Hampshire Public Utilities Commission Staff**

Question:
Regarding Pensions and OPEB and Medical Costs - Reference response to Staff 2-41, Baumann Schedule 1, page 11a. With respect to the test year 2008 OPEB expenses, please provide a schedule with supporting detail that shows how the 2008 Distribution Segment expenses ($5,953,000) were split out from the PSNH Total Company amount ($8,512,000).

Response:
PSNH's OPEB expenses consist of PSNH employee direct charges to the distribution segment and the allocation of NUSCO employee costs. The allocation of NUSCO employee costs is based on budgeted NUSCO direct payroll in support of PSNH's segments as a percentage of total budgeted directly charged NUSCO payroll. A summary of PSNH direct costs and the NUSCO allocations are shown below.

PSNH OPEB ($s in 000's)

2008	PSNH	NUSCO Allocation	Total
PSNH Distribution			
Segment 6C	1,037	530	1,567
Segment 6D	3,957	429	4,386
Total Distribution	**4,994**	**959**	**5,953**
Other PSNH Segments			
Segment 6F	1,770	231	2,002
Segment 6T	288	269	557
Total Other Segments	**2,058**	**500**	**2,559**
Total PSNH	**7,052**	**1,459**	**8,512**

Totals may not foot due to rounding

20.7%

PSNH Pension Reconciliation Supporting Workpapers

1. Pension (account 926.01)--Defined benefit plan

Operating Co	NUSCO	Seabrook Pension Settlement	Total PSNH	Total Distribution (1)
CCC	CCC	CCC		
1BN	795	799		
18,113,410	2,040,598	(233,957)	19,920,051	14,245,166

2. Supplemental - Non SERP (account 926.02)

Operating Co	NUSCO	N/A	Total PSNH	Total Distribution (1)
CCC	CCC			
1BN	795			
275,922	503,210	-	779,132	582,420

4. K-Vantage Contributions--Defined Contribution Plan (account 926.04)

Operating Co	NUSCO	N/A	Total PSNH	Total Distribution (1)
CCC	CCC			
033	795			
275,788	222,111	-	497,900	329,680

4. Supplemental Executive Retirement Plan--SERP (926.07)

2008 Per GL at 12/31/08

Operating Co	NUSCO	N/A	Total PSNH	Total Distribution (1)
CCC	CCC			
1BN	795			
243,652	364,206	-	607,858	412,611

5. Total Costs

Operating Co	NUSCO	Seabrook Pension Settlement	Total PSNH	Total Distribution (1)
18,908,772	3,130,126	(233,957)	**21,804,942**	**15,569,877**

(1) Includes the NUSCO allocation to the distribution segment

2009 Estimated Pension Costs

(000's)

		PSNH Dist	PSNH
PSNH Direct Costs:			
Service Cost		6,642	9,309
Interest Cost		18,519	30,539
Expected Return on Assets		(12,033)	(22,810)
Amortization of :			
(Gain)/Loss		2,071	2,924
Prior Service Costs		1,377	1,980
Transition (Asset) Obligation		237	320
Total PSNH Pension		**16,813**	**22,262**
NUSCO Allocation Pension	Page 3	2,007	3,216
PSNH SERP	Page 4	175	257
NUSCO Allocation SERP	Page 5	296	475
PSNH Specials (Non-SERP)	Page 6	297	345
NUSCO Allocation Non-SERP	Page 7	331	531
Total Defined Benefit Plan		**19,920**	**27,086**
PSNH K-Vantage	STF-03; Q-STF-053	225	300
NUSCO Allocation K-Vantage	STF-03; Q-STF-053	167	258
Total		**20,312**	**27,644**

2009 Estimated Pension Costs

(000's except for Pcnt)

	Total NUSCO
Service Cost	13,709
Interest Cost	36,638
Expected Return on Assets	(38,405)
Amortization of :	
(Gain)/Loss	4,335
Prior Service Costs	2,155
Transition (Asset) Obligation	-
Total NUSCO	18,432
Less: Non-regulated portion	87
Allocated to Operating Companies	18,345

NUSCO Allocation	**Amount**	**Pcnt**
PSNH Distribution	2,007	**10.9%**
PSNH -Total Company	3,216	**17.5%**

Public Service Company of New Hampshire	**Data Request STAFF-04**
Docket No. DE 09-035	**Dated: 10/23/2009**
	Q-STAFF-021
	Page 1 of 2

Witness: **Robert A. Baumann,Keith C. Coakley**
Request from: **New Hampshire Public Utilities Commission Staff**

Question:
Regarding Pensions and Other Post Employment Benefits (OPEB's) - Reference 2008 FERC Form-1, page 123.17, Staff 3-51, Staff 3-54, Staff 3-55. Please provide the 2008 PSNH Total Company share for OPEB's, $7.1 million, in the following categories:
Service Cost,
Interest Cost,
Expected Return on Plan Assets,
Amortization (Transition Obligations, Prior Service, (gains)/losses). Other – please specify (i.e. such as any service company allocations, corporate office allocations, or any other allocations)
Please reconcile the $7.1 million with the test year amount of $8.512 million in Volume 2, Schedule 1 Attachment, page 11a of 22. Also, please provide a schedule, in the same format, that reconciles PSNH Total Company with the amount for the Distribution Segment of $5.953 million for the test year. Provide comments on reconciling amounts.

Response:
The 2008 PSNH direct OPEB costs of $7.1 million is broken out based upon actuarial data, as requested, in the schedule below. The difference between the $7.1M disclosed in the FERC filing and the $8.5M in the rate case filing is allocated NUSCO costs.

(000's)

FAS 109 Cost Components	2008
Service Cost	1,662
Interest Cost	5,205
Expected Return on Plan Assets	(4,043)
Amortization	4,228
Total PSNH Direct Costs	**7,052**
NUSCO costs	1,459
Total PSNH Costs	**8,512**

Totals may not foot due to rounding.

The FAS 106 cost components were allocated by company, not segment, and the requested data is not available. As disclosed in our response to Staff 03; Q-STAFF-054, PSNH's OPEB expenses consist of PSNH employee direct charges to the distribution segment and the allocation of NUSCO employee costs. The allocation of NUSCO employee costs is based on budgeted NUSCO direct payroll in support of PSNH's segments as a percentage of total budgeted directly charged NUSCO payroll. A summary of PSNH direct costs and the NUSCO allocations are shown below.

PSNH OPEB ($s in 000's)

2008	PSNH	NUSCO Allocation	Total
PSNH Distribution			
Segment 6C	1,037	530	1,567
Segment 6D	3,957	429	4,386
Total Distribution	**4,994**	**959**	**5,953**
Other PSNH Segments			
Segment 6F	1,770	231	2,002
Segment 6T	288	269	557
Total Other Segments	**2,058**	**500**	**2,559**
Total PSNH	**7,052**	**1,459**	**8,512**

Totals may not foot due to rounding

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

Data Request STAFF-04

Dated: 10/23/2009
Q-STAFF-035
Page 1 of 1

Witness: **Dale R. Urban**
Request from: **New Hampshire Public Utilities Commission Staff**

Question:
Regarding Depreciation and Amortization - Reference Staff 3-39. What was the amount of amortization expense recorded by PSNH in the test year 2008 for Plant account 303.92 and 303.93? Please include in your response the account that was used to record depreciation expense.

Response:
In 2008 the amortization of asset account 303.92 was $1,354,840 and for 303.93 it was $1,121,580.
The amortization expense for these two asset accounts was charged to account 403.00 (depreciation expense) and 108.62 (accumulated amortization).

OPEB Workpapers--Revised Pro forma Adjustments

	[A] Updated Distribution Segment	[B] Updated NUSCO Allocation to Distribution	[A] + [B] =[C] Total	[D] Total Initial Filing	[C] - [D] =[E] Difference	
OPEB--Post-retirement medical						
	4,352,124	923,082	5,275,206	-	N/A	(1)
OPEB--Post-retirement insurance						
	755,035	142,691	897,726	-	N/A	(2)
OPEB--Total						
	5,107,159	**1,065,773**	**6,172,932**	**5,953,254** (3)	**219,678**	

Notes----

The SI page references below refer to actuarial schedules previously filed in TS-02; Q-TECH-021-SP01.

1--PSNH distribution information represents FAS 106 costs as shown in the PSNH column on page SI-13. The NUSCO information is the NUSCO allocation to distribution, which is approximately 11.13 % of the FAS 106 costs as shown in the NUSCO column on page SI-12.

2--PSNH distribution information represents FAS 106 costs as shown in the PSNH column on page SI-15. The NUSCO information is the NUSCO allocation to distribution, which is approximately 11.13 % of the FAS 106 costs as shown in the NUSCO column on page SI-14.

3-- PSNH filing, Volume II, page 000102, line 2

Pension Workpapers--December 15, 2009 Filing Pro forma Adjustments

[A]	[B]	[A] + [B] =[C]	[D]	[C] - [D] =[E]	
Updated Distribution Segment	**Updated NUSCO Allocation to Distribution**	**Total December 15, 2009 Filing**	**Total Initial Filing.**	**Difference**	
1. Pension (926.01)--Defined benefit plan					
17,579,500	1,894,100	19,473,600	18,819,983	653,617	(1)
2. Supplemental Executive Retirement Plan--SERP (926.07)					
175,256	296,211	471,468	471,468	-	(2)
3. Supplemental - Non SERP (926.02)					
296,675	331,389	628,064	628,064	-	(2)
4. K-Vantage Contributions--Defined Contribution Plan (926.04)					
206,676	191,674	398,350	392,009	6,341	(3)
Total Pension		**20,971,482**	**20,311,524**	**659,958**	
Expense portion - based on the PSNH test year payroll capital/expense split				66.63%	
Expense--ties to the pro forma on page 2, line 8				**439,730**	

Note 1--Based on updated actuarial values. The actuarial reports were filed in TS-02; Q-TECH-021-SP01.

Note 2--No change. Actuarial values are the same as filed in Staff-04; Q-STAFF-020

Note 3--Based on actual costs through October with estimates for November/December