

Via Overnight Mail and E-Mail

May 15, 2009

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

Re: **DG 06-107 National Grid/ KeySpan Corporation Merger**

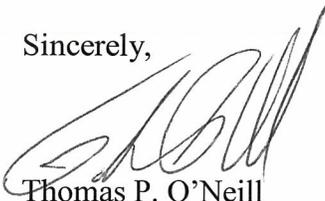
Dear Ms Howland:

In accordance with the Rate Plan Settlement Exhibit EN-3 section D-1 as approved by the Commission in Order No. 24,777 dated July 12, 2007, Energy North Natural Gas, Inc. d/b/a National Grid NH (the "Company") is hereby providing a spreadsheet marked as Exhibit A detailing the actual amount of capital investments made in accordance with implementing its Cast Iron Bare Steel ("CIBS") Replacement program for the fiscal year ending March 31, 2009. Prior to submitting this report to the Commission, the Company met with Commission Staff, on May 8, 2009, to review the results of the program for the fiscal year ended March 31, 2009. As a result of that meeting, and as shown on Exhibit A, certain costs were removed as being beyond the scope of the agreed upon plan. Line 37 column G shows agreed upon actual expenditures of \$2,465,616.01. After removing the CIBS base amount of \$500,000 from the actual expenditures, the total incremental expenditures to be include in rate base amounts to \$2,165,616.01.

Exhibit B is a calculation of the revenue requirement of \$314,318 associated with the addition of these investments to rate base. Because the Commission has not yet issued its order in the Company's first rate case following the merger (Docket DG 08-009), the Company has used its last allowed return on equity as a proxy for this calculation, which it will update once a final Commission order is issued in docket DG 08-009. Section D-2 of The Rate Plan Settlement provides that the Company will be allowed to recover the annual revenue requirement for these investments that were made in accordance with the CIBS plan through a permanent increase in its base distribution delivery rates to take effect for usage on and after July 1, 2009. For purposes of administrative ease and efficiency and in order to avoid multiple changes to its distribution rates and tariffs that would be confusing to customers, the Company proposes to include this additional revenue requirement as part of its compliance filing following the Commission's order in docket DG 08-009.

Please do not hesitate to contact me if you have any questions.

Sincerely,



Thomas P. O'Neill

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Ms. Debra A. Howland

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cc: Edward N. Damon, Esq., Director, Legal Division  
Stephen P. Frink, Assistant Director, Gas and Water Division  
Meredith A. Hatfield, Esq., Consumer Advocate  
Randall S. Knepper, Director, Safety Division