

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

National Grid NH
DG 10-017

Late Filed Exhibit

Witness: Ann Leary

Date: January 28, 2010

Question: Please explain how the base rate adjustment that became effective July 1, 2010 and was approved in Docket DG 10-139 for cast iron/bare steel main replacement projects constructed during July 2009 – March 2010 affects the rates proposed in the settlement agreement filed in this case.

Response: Appendix 2 to the settlement agreement in this case sets forth the impact of the \$6.8 million increase agreed to by the parties to the settlement as applied to the rates that were in effect at the time National Grid NH filed this case. After the case was filed on February 26, 2010 and temporary rates became effective on June 1, 2010, the Company's base rates were adjusted to reflect investments made under the cast iron/bare steel ("CIBS") main replacement program. That adjustment was effective July 1, 2010, as approved in Docket DG 10-139. The rates shown on Appendix 2 to the settlement agreement do not reflect this CIBS-related increase. The additional revenue authorized for the CIBS adjustment in DG 10-139 was \$479,462.

In order to provide the Commission with a document that sets forth the final rate levels that will result from approval of the settlement agreement in this case, the Company has prepared the attached schedules. The CIBS-related rate change was applied to the rates set forth in Appendix 2 to the settlement agreement in the manner approved in DG 10-139, i.e. by recovering the additional revenue equi-proportionally from all rate components. Specifically, each base rate component shown in Appendix 2 was increased by 0.9 percent. The details of this calculation can be found on page 3, lines 37-66 of the attached schedules.