

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

DE 09-035

CERTIFICATION OF EXOGENOUS EVENTS COMPLIANCE FILING

FEDERALLY INITIATED COST CHANGE

HEALTH CARE REFORM ACT--CHANGE IN TAXES- MEDICARE SUBSIDY CREDIT

(Thousands of Dollars)

		Total PSNH Dist	
1			
2			
3	Annual revenue requirement increase to offset the loss of the Medicare subsidy	1,331	RAB-1 ; Pge 2
4	Annual revenue requirement increase to recover the amortization of the deferred		
5	Medicare subsidy, from 2006 through June 2011, over sixty-six months.	1,333	RAB-1 ; Pge 3
6	Total proposed revenue requirement increase, effective July 1, 2011	2,664	
7	Amounts shown above may not add due to rounding.		

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1 Impact on the Test Year (TY) ended December 31, 2008:

2 <u>PSNH</u>	PSNH Allocated.
3	to Dist. Segment
4 Total PSNH Medicare subsidy --TY 12 months ended 12/31/2008 per books	2,307
5 Credit portion allocated to segment 6D (70.82%)	1,634
6 X PSNH deferred tax rate of 39.55%	39.55%
7 Medicare subsidy credited to PSNH distribution deferred taxes in TY	646
8 <u>NUSCO</u>	NUSCO Share
9 PSNH Dist. Share of NUSCO tax billing (credited to acct 409.PM)	222
10 Total NUSCO billed tax credit in TY	1,820
11 PSNH Dist Share of NUSCO tax bill as a percentage of total NUSCO	12.21%
12 NUSCO Medicare subsidy benefit --12 mths 12/31/2008 per books	2,999
13 Allocated based on NUSCO tax allocation--12.21%	366
14 X NUSCO deferred tax rate of 39.77%	39.77%
15 NUSCO portion Medicare subsidy credited to PSNH in TY (acct 409.PM)	146
16 <u>Total--PSNH/NUSCO</u>	Total PSNH Dist.
17 Medicare subsidy credited to PSNH deferred taxes in TY--from above	646
18 NUSCO portion Medicare subsidy credited to PSNH in TY--from above	146
19 Total--Loss of PSNH tax benefits related to the Medicare subsidy in TY	792
20 X the tax gross revenue conversion factor (GRCF)	1.6814
21 Increase in Revenues required	1,331

22 Amounts shown above may not add due to rounding.

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1 Calculation and recovery of the Medicare Subsidy Credit deferral:

2 **1. Write-off and deferral of the existing**
3 **Medicare subsidy asset from 2006 through**
4 **2009 in March 2010.**

PSNH Dist-Total Tax	NUSCO Allocated to Dist	Total PSNH Dist
2,664	857	3,521
1.6814	N/A (1)	
4,478	857	5,336

5 Tax asset written off re Medicare as calculated by Tax
6 X the tax GRCF

7 Estimated balance to be recovered

8 **2. Deferral of the Medicare subsidy based**
9 **on the TY for January 2010 through December 2010**

PSNH Dist-Total Tax	NUSCO Allocated to Dist	Total PSNH Dist
646	146	792
1.6814	1.6814	1.6814
1,086	245	1,331

10 Medicare subsidy deferred in 2010 based on the TY calculation
11 X the tax GRCF

12 Estimated balance to be recovered

13 **3. Deferral of the Medicare subsidy based**
14 **on the TY for January 2011 through June 2011**

PSNH Dist-Total Tax	NUSCO Allocated to Dist	Total PSNH Dist
323	73	396
1.6814	1.6814	1.6814
543	122	666

15 Medicare subsidy deferred in 2011 based on the TY calculation
16 X the tax GRCF

17 Estimated balance to be recovered

18 Sum of deferrals 1, 2, and 3--Total balance to be recovered beginning July 1, 2011

7,333

19 Annual increase in Revenues required over a sixty-six month period beginning July 1, 2011

1,333

20 (1) Excludes NUSCO, amount already grossed up by Tax

21 Amounts shown above may not add due to rounding.