In reply refer to: Responsible Officers: TAL_18 Released: December 2, 2005

Re: Interest Rate on Customer Deposits PART Puc 1203.03(i)(3)

I. INTRODUCTION:

The purpose of this letter is to inform all NH Incumbent Local Exchange Carriers (ILEC) that the December 2, 2005 issue of the <u>Wall Street Journal</u> reported the Prime Rate to be 7%. This rate shall be effective for the time period of January 1, 2006 through March 31, 2006.

II. BACKGROUND:

Pursuant to PART Puc 1203.03, relative to terms and conditions required for customer deposits, interest shall accrue at a rate equal to the prime rate. Interest accrued shall be applied from the date of deposit to date of termination. Further, in accordance with regulations established in Docket DRM 93-221, effective May 14, 1996, utilities shall apply the simple annual rate as reported in the Wall Street Journal.

If you have any questions, please contact Jody Carmody, Administrative Assistant at (603) 271-2431.