

THE STATE OF NEW HAMPSHIRE  
BEFORE THE  
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DOCKET NO. DE 07-070

**MOTION TO FURTHER AMEND**  
**FINANCE ORDER TO INCREASE AUTHORIZED CREDIT SPREAD**

Pursuant to RSA 365:28, Public Service Company of New Hampshire (“PSNH”) hereby requests that the Commission amend its previous Order Nos. 24,821 and 24,721 in Docket No. DE 07-070, dated January 30, 2008 and August 3, 2007 respectively, with respect to the authorized credit spread over U.S. Treasury rates. PSNH requests authority for a coupon rate consistent with market rates for an instrument of similar maturity and risk, with a credit spread above the U.S. Treasury rate not exceeding 400 basis points (4.00%). The Commission previously authorized a coupon rate consistent with market rates for an instrument of similar maturity and risk, with a credit spread above the U.S. Treasury rate not exceeding 300 basis points (3.00%). No other modification of Order No. 24,781 or of Order No. 24,821 is requested. In support of its Motion, PSNH says the following:

1. In Order No. 24,781, the Commission authorized the issuance of up to \$200 million aggregate principal amount of long-term debt securities through December 31, 2008 for the purposes of repayment of short-term debt and funding working capital needs. Consistent with PSNH’s petition and testimony, the coupon rate of such debt was required to be consistent with market rates for instruments of similar maturity and risk, with the credit spread above the comparable treasury rate not exceeding 200 basis points (2.00%).

2. At the time of the Commission’s approval, the authorized credit spread of 2.00% above treasury rates was higher than the current market spread and intended to allow for any anticipated widening of credit spreads at the time of issuance.

3. During the third and fourth quarters of 2007 the fixed income markets experienced extreme volatility, driven primarily by the impact to the general economy related of the sub-prime mortgage crisis. This led to significant credit tightening along with higher than anticipated credit spreads required by investors to purchase long-term debt in all sectors, including utilities.

4. PSNH experienced the impact of the market credit crunch during the issuance of the Series N Bonds in September, 2007. Credit spreads for thirty-year bonds moved rapidly from the range of 145 to 150 in August, 2007, to 200 to 210 in late September, 2007, resulting in a shortening of the maturity from 30 to 10 years. In response to this development, PSNH requested that the Commission amend its previous Order and authorize a maximum credit spread of 300 basis point (3.00%) to allow for additional

widening of credit spreads in the future. The Commission granted this request by Order No. 24,821, dated January 30, 2008.

5. During the first quarter of 2008, the fixed income markets have been extremely volatile and continue to deteriorate, driven primarily by the ongoing impacts of the sub-prime mortgage credit and liquidity crisis, which have further weakened the financial sector. These factors have led to significant credit tightening in all market sectors, and hence wider credit spreads than had been originally anticipated in December, 2007 when the Company initially requested that the Commission approve an increase in the maximum authorized credit spread.

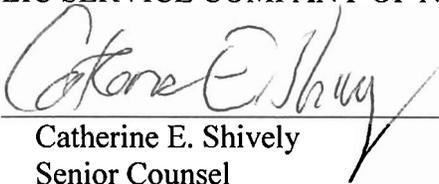
6. As a result, PSNH requests that the Commission amend its previous Order and authorize a maximum credit spread of 400 basis points (4.00%) to allow for additional widening of credit spreads in the future. The Supplemental Testimony of Patricia C. Cosgel attached hereto is offered in support of this Motion to Further Amend.

7. Pursuant to RSA 365:28, the Commission may amend a previous order; however a hearing is required if the previous order was issued as a result of a hearing. Hearings on the merits of PSNH's proposed financing plans and its initial Motion to Amend Finance Order to Increase Authorized Credit Spread were held on July 24, 2007 and January 22, 2008, respectively. PSNH respectfully requests that the Commission notice and schedule a hearing on this request to further amend so as to issue an order as soon as possible, but not later than April 22, 2008, to enable the thirty (30) day rehearing period to run and the Commission's order to become final or before May, 2008.

8. PSNH has discussed this Motion to Amend with the Commission Staff, the only party to Docket No. 07-070. The Commission Staff takes no position regarding this Motion.

WHEREFORE, PSNH respectfully requests that the Commission notice and schedule a hearing on this matter, issue an order which amends the Order and allows a coupon rate consistent with market rates for an instrument of similar maturity and risk, with a credit spread above the treasury rate not exceeding 400 basis points (4.00%), and order such further relief as may be just and reasonable.

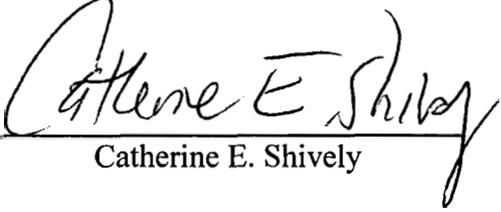
Respectfully submitted,  
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

By:   
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CERTIFICATE OF SERVICE

I hereby certify that, on the date written below, a copy of Public Service Company of New Hampshire's "Motion to Further Amend Finance Order to Increase Authorized Credit Spread" was hand-delivered or sent by First Class U.S. Mail, postage pre-paid, to the persons on the attached Service List.

March 21, 2008

  
Catherine E. Shively