

THE STATE OF NEW HAMPSHIRE

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PUBLIC UTILITIES COMMISSION

21 S. Fruit Street, Suite 10
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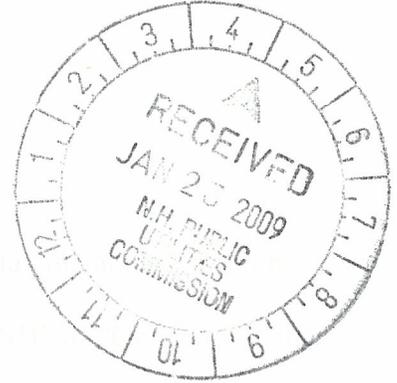
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January 23, 2009

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



Re: DG 08-009 EnergyNorth Natural Gas, Inc. d/b/a National Grid NH
Notice of Intent to File Rate Schedules
Partial Settlement Agreement

Dear Ms. Howland:

Consistent with my letter filed on January 20, 2009, I am enclosing an executed Partial Settlement Agreement including appendices. Please let me know if you have any questions. The parties and Staff understand that the hearing will begin at 10 am.

Sincerely,

A handwritten signature in blue ink that reads "Edward N. Damon".

Edward N. Damon
Director, Legal Division

cc Service List

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Re: EnergyNorth Natural Gas, Inc. d/b/a National Grid NH

Docket DG 08-009

Partial Settlement Agreement

This Partial Settlement Agreement is entered into as of the 23rd day of January, 2009 by EnergyNorth Natural Gas, Inc. d/b/a National Grid NH (“National Grid NH” or “Company”), the staff (“Staff”) of the New Hampshire Public Utilities Commission (“Commission”), the Office of Consumer Advocate (“OCA”) and Pamela Locke (“Ms. Locke”). (Collectively, the parties to this agreement are referred to as Staff and the parties.)

I. Background

1. On February 25, 2008, National Grid NH filed a request to implement new permanent natural gas service delivery rates. In addition, consistent with the Commission’s Order No. 23,675 in Docket DG 00-063, approval of National Grid NH’s filing would result in changes in certain gas supply related costs that are recovered through its cost of gas rates (referred to as “indirect gas costs”), which are the subject of semi-annual filings by the Company. On February 28, 2008, the Office of Consumer Advocate (OCA) entered its appearance on behalf of residential ratepayers consistent with RSA 363:28. On March 14, 2008, the Commission issued Order No. 24,830, suspending the tariffs included in the Company’s delivery rate filing and scheduling a prehearing conference. At the prehearing conference, the Commission granted motions to intervene by Ms. Locke, represented by New Hampshire Legal Assistance, and Unitil Energy Systems, Inc., but held a request for intervention by Robert

Giordano in abeyance pending clarification of his intentions regarding intervention.

Subsequently, the Commission approved the procedural schedule proposed by the parties and Staff as well as certain modifications proposed thereafter. By letter filed on May 20, 2008, Staff recommended that the Commission accept the withdrawal of Robert Giordano's intervention request.

2. At a hearing on August 5, 2008, Staff and the Company jointly presented testimony supporting temporary rates that were intended to yield an increase of \$6,620,440 in annual operating revenue, with temporary rates to be implemented beginning August 24, 2008 on a service rendered basis. In addition, the difference between revenues generated based on temporary rates and the revenues that would have been generated based on the finally approved delivery rates in this case would be recovered or returned to customers. On August 18, 2008, the Commission issued its Order No. 24,888, approving the proposed level of temporary rates. The Order also found the proposed tariff revisions changing customer billing from a wet therm to a dry therm basis to be appropriate. Subsequent to the issuance of the order, the Company filed tariff pages implementing the change.

3. On October 31, 2008, Staff and the intervenors submitted testimony from various witnesses, and on December 15, 2008 the Company submitted testimony in rebuttal. During the course of this proceeding, the Company responded to multiple rounds of data requests from Staff and the intervenors, the Company propounded data requests to Staff and the intervenors based on their October 31 testimony, and the Staff and parties held two technical sessions to conduct discovery. On January 14, 15 and 16, 2009, Staff and the parties held settlement discussions at

the Commission's office. As a result of those discussions, Staff and the parties¹ have agreed to and recommend approval by the Commission of the terms of this Partial Settlement Agreement, which resolves all but one issue. The Staff and parties believe that the terms of this agreement are consistent with the public interest and will provide a basis for the Commission's determination, following its decision on the one contested issue, of just and reasonable rates, based upon assets that are used and useful in providing service to the Company's customers.

II. Stipulated Issues

A. Rate of Return; Revenue Requirement; Separation of Delivery and Gas Cost Components

1. In Docket DG 06-107, the Commission approved a settlement agreement that established a debt to equity ratio of 50:50 for purposes of determining the Company's authorized overall rate of return in this proceeding. In Docket DG 06-122, the Commission approved another settlement that established the Company's weighted average cost of debt at 7.02% for purposes of this proceeding. Staff and the parties were unable to agree upon a recommended authorized return on equity in this proceeding and, therefore, do not recommend an overall weighted average cost of capital to be applied for purposes of determining the Company's delivery rates and indirect gas costs. Rather, Staff and the parties agree to present their witnesses and arguments on return on equity to the Commission for its determination of the issue. The return on equity determined by the Commission shall then be used to determine the Company's authorized overall rate of return, which shall in turn be applied to the ratemaking components stipulated to in this agreement for purposes of determining the Company's delivery service revenue requirement and indirect gas costs.

¹ Unitil Energy Systems, Inc. did not actively participate in this case, and therefore was not asked to join in this Agreement.

2. Because the Company's rates are unbundled, the costs associated with certain rate base investments and operating expenses are recovered as indirect gas costs through the Company's cost of gas rates, rather than through its delivery rates. Although only the Company's delivery rates are being established in this proceeding, it is Staff and the parties' intention that the Company's indirect gas cost rate components be determined in this proceeding for use in determining cost of gas rates beginning with the Company's off-peak 2009 cost of gas filing, which is due to be filed March 15, 2009, with rates effective May 1, 2009. To clearly distinguish between delivery rates and cost of gas rates, Staff and the parties have agreed to allocate the Company's agreed upon rate base, operating expenses and other relevant ratemaking components between delivery service and supply service. For purposes of illustration only, Staff and the parties have included in this agreement calculations of the Company's delivery revenue requirement and indirect gas costs (based on test year direct gas costs) using the return on equity set forth in the Company's and the Staff's testimony in this case. (See Appendix 1 and Appendix 2.)

B. Delivery Rates

Staff and the parties agree to the following pro forma test year amounts for purposes of determining the Company's delivery rates:

Rate Base--\$140,239,771;

Firm Revenues--\$42,224,238;

Operating Income (after federal and state taxes)--\$9,702,677; and

Tax Factor—1.6814.

C. Cost of Gas Rates

1. In addition to direct gas costs, the Company's cost of gas rates include four categories of indirect gas costs—production and storage investment, cash working capital, miscellaneous overhead and allowance for bad debt. Staff and the parties agree that the indirect gas costs to be used in the Company's cost of gas proceedings should be as follows, with the amounts for cash working capital and the allowance for bad debt to be determined consistent with the terms of this agreement, but based upon the applicable gas costs in each cost of gas proceeding:

- a. Production and Storage Costs—to be determined as set forth in Appendices 1 and 2. The rate of return to be applied to the investment in Production and Storage shall be determined using the return on equity determined by the Commission in this proceeding.
- b. Cash Working Capital—to be determined as set forth in Appendices 1 and 2. The rate of return to be applied to cash working capital for supply purposes shall be the rate of return established in DG 07-072.
- c. Miscellaneous Overhead—to be determined as set forth in Appendices 1 and 2. The rate of return to be applied to the investment relating to Miscellaneous Overhead shall be determined using the return on equity determined by the Commission in this proceeding.
- d. Allowance for Bad Debt—see below

2. To recover the supply-related portion of its uncollectible accounts, the Company is allowed to include in its cost of gas a percentage of its gas supply-related costs, which is referred to as the supply-related bad debt percentage. Staff and the parties agree that the Company should use the following supply-related bad debt percentages, effective with its cost of gas filing for the off-peak 2009 period, to determine its allowance for supply-related bad debt.

May 2009 – April 2010	2.54%
May 2010 – April 2011	2.40%

May 2011 – April 2012 2.00%

May 2012 – April 2013 1.75%

3. The foregoing supply-related bad debt rates will not be adjusted prior to or after April 2013, whether for purposes of determining the Company's cost of gas rates or otherwise, unless and until a different bad debt rate is determined by the Commission as part of a base rate proceeding, at which point the rate determined by the Commission shall apply.

D. Depreciation

1. Staff and the parties agree that the Company should use the depreciation accrual rates and related depreciation and amortization expense proposed in its filing in this proceeding, with the following modifications:

- a. Depreciation accrual rate for the Services Account 359 will be 4.00%;
- b. Net salvage rate for the Services Account 359 will be negative 60%; and
- c. Depreciation reserve surplus amount is \$12,401,522 and the annual amortization is \$933,588.

The depreciation rates to be used are set forth on Appendix 3.

2. In addition, the Company agrees to (a) utilize vintage year accounting for all plant accounts (except low dollar value, high volume plant accounts) on a going-forward basis when sufficient data is available, (b) adopt a first in first out accounting policy when such data is not available, and (c) segregate Mains Account 356 and Services Account 359 by type of material (i.e., plastic, etc.) on a going-forward basis. In its next delivery rate case, the Company shall submit a depreciation study that was performed no more than five years prior to the filing of such case.

E. Lead/Lag Study

1. The Company agrees to perform a lead/lag study on purchased gas costs every three years for purposes of adjusting the Company's cash working capital allowance included in its cost of gas rates. No other component of the Company's rates shall be adjusted based on the results of the study except in a general rate case or as otherwise be determined by the Commission. The first study shall be prepared using data for the twelve months ending October 31, 2011 and shall be submitted to the Commission with the Company's off-peak 2012 cost of gas filing. The results of the lead/lag study, as approved by the Commission, will be used to establish the off-peak 2012 cost of gas rates; provided that if the Company files an intervening base rate case, the study prepared for the base rate case shall be reviewed in the base rate proceeding and the three year schedule shall be reset accordingly.

2. Lead/lag studies are comprised of two major components: the calculation of a revenue lag and the calculation of an expense lead. In preparing the lead/lag study, the Company shall use the same methodology used in DG 07-050, modified to use the accounts receivable turnover method to calculate the collections lag component of its revenue lag as was done for purposes this proceeding.

3. The reasonable costs of such study and any other reasonable costs of any Commission investigation of such study over and above the usual costs attributable to a routine cost of gas proceeding shall be recovered through rates through the Company's local distribution adjustment charge.

F. Rate Design

1. Staff and the parties agree that the Company's rate design shall be designed based on the following principles.

2. While not all parties agree that marginal costs should be used to allocate class revenue requirements or design rates, the rate design in this case will more closely approximate the marginal costs to serve as calculated by the Company.

3. Rate class revenue targets will be capped at 112.5% of the overall Company average delivery rate increase, but in no case shall a rate class receive a decrease.

4. Volumetric charges for R-3 (residential heating) and R-4 (residential heating discounted rate) shall be designed to reduce the current declining block price differential by half. This change will reduce the rate impact disparity between customers who are lower than average users and customers who are higher than average users that resulted from the Company's initial rate design proposal. For all other classes, volumetric charges shall be adjusted proportionately to achieve the class revenues targets, except R-1 non-heating residential, where the block differential will be eliminated and replaced with a flat volumetric rate. All customer charges shall be increased by no more than 45%, but in no event should any customer charge be higher than the customer cost to serve.

5. For illustrative purposes, a Summary of the Proposed Delivery Rates and Report of Proposed Rate Changes, including overall class percentage increases at the Staff's recommended 9.01% proposed return on equity, are provided in Appendix 4. A Summary of the Proposed Delivery Rates and Report of Proposed Rate Changes, including overall class percentage increases at the Company's recommended 12.25% proposed return on equity, are provided in Appendix 5. In designing the approved delivery rates, the Company will prorate all rates components (customer charge, head block, and tail block rates) based upon percent variance between the proposed distribution class revenue targets contained in Appendices 4 and 5 and the final approved class distribution revenue targets.

6. In addition, the Company agrees to meet with Staff and the parties during the summer of 2009 to discuss whether the R-4 discount level (currently, a 60% discount to the R-3 delivery rate) should be increased. The parties anticipate that the discussions would include representatives from Northern Utilities, Inc. (Unitil). Staff agrees to convene and facilitate these discussions. The Company also agrees to meet with Staff and the parties during the spring of 2009 to discuss the Company's outreach plan for informing customers and state and local agencies, and other public and private organizations, such as the Community Action Agencies, of the R-4 discount rate, and possible enhanced outreach to R-3 customers concerning the R-4 rate. Staff agrees to convene and facilitate these discussions.

G. Enhanced Collections Efforts

1. As part of its efforts to manage collection lag and uncollectible account expense, the Company agrees that in its next fiscal year it will increase its staffing in the area of collections above current levels, and that it will begin implementing measures designed to reduce its bad debt rate. The Staff and parties understand that such efforts may initially cause the bad debt ratio to increase, as additional accounts are written off, but are expected ultimately to lower the Company's bad debt rate.

2. The Company agrees to meet with New Hampshire Legal Assistance, counsel for Ms. Locke in this proceeding, by May 1, 2009 to discuss the Company's collection activities and uncollectibles rate. The Company agrees to consider suggestions offered by New Hampshire Legal Assistance and its expert witness pertaining to the above; however, the Company retains complete discretion with respect to its collection activities. The Company will notify Staff and the OCA of the scheduling of the above discussions and shall invite Staff and OCA to participate.

H. Tariff Language/Provisions

Staff and the parties also agree to the following changes relating to the tariff language and provisions addressed by the Company's initial filing:

1. Main extension policy—The Company may modify its existing main extension policy to eliminate the provision for extensions of 80 feet or less at no charge to the customer by deleting Section 7(B) of NHPUC No. 5 and amending Section 7(C) so that it applies to all customers. In all other respects, the main extension policy shall remain unchanged. Sample revised tariff language is included with this agreement as Appendix 6.
2. G-63 and G-54 Classes—The Company's G-63 and G-54 classes of service shall be combined into a single class of service, consistent with the proposal in the Company's initial filing.
3. Bad Check Charge—The Company may increase the bad check charge provided for in its tariff from \$5 to \$15.
4. Service Agreements—The Company may remove the 280 day and interruptible transportation service agreements from its tariff, consistent with the proposal in its initial filing.
5. Name—The Company's tariff shall be updated to reflect the name National Grid NH on a consistent basis throughout.
6. Unauthorized Gas Use—The Company may increase the penalty for unauthorized volumes of gas taken by a customer during periods of supply and capacity curtailment from \$1.50 per therm to five times the daily index, as defined on page 94 of the tariff, as described in the Company's initial filing.
7. 280 Day/Interruptible Sales—The Company withdraws its request to eliminate 280 day/interruptible sales service. If the Company wishes to renew this request, it will include the request in its next integrated resource plan filing with the Commission or as otherwise agreed with the Commission staff.
8. R-1 Availability Clause—The Company may modify the availability clause for service to the R-1 class to read as follows: "This rate is available to all residential customers who do not have gas space heating equipment, who consume less than 80% of their annual usage in the six winter months of November through April and whose monthly usage does not exceed 100 therms in any winter month."

I. Other Dockets

The Company, Staff and the OCA have also agreed upon a settlement of all issues in two pending dockets to which the Company is a party, DG 07-050 (Accrual Accounting) and DG 07-072 (Carrying Charge Rate for Cash Working Capital). Those settlements will be documented and filed in the respective dockets following Commission approval of the settlement in this docket.

J. Rate Recoupment/Rate Case Expense

Any difference between the delivery revenues obtained from the rates prescribed in the temporary rate order, No. 24,888, and the delivery revenues which would have been obtained under the rates finally determined, if applied during the period such temporary rate order was in effect, will be recovered from, or returned to, customers on a volumetric basis across all current rate classes based on the Company's currently effective rate design, over a period of six months and net of approved rate case expenses. The net surcharge or credit shall be included in the Company's local distribution adjustment charge. The Company agrees to submit an accounting of its rate case expense, with appropriate supporting documentation, for review by Staff and the OCA upon the conclusion of this proceeding.

III. Miscellaneous

1. This agreement is expressly conditioned upon the Commission's acceptance of all its terms, without change or further condition. If the Commission does not accept the agreement in its entirety, without change or condition, or if the Commission makes any findings that go beyond the scope of this agreement, and the Company, Staff, OCA or Pamela Locke does not agree with any such changes, conditions or findings, the agreement shall be deemed to be

withdrawn and shall not constitute any part of the record in this proceeding and shall not be used for any other purpose.

2. Staff and the parties agree that the Commission's approval of this agreement will not constitute continuing approval of, or precedent for, any particular issue or resolution thereof in this proceeding, except that the matters set forth in this agreement shall be binding to the extent expressly set forth herein.

3. All offers of settlement and settlement discussions relating to this docket shall be considered confidential and shall not be disclosed to any person or party outside the participants in such discussions and shall not be admissible as evidence in this proceeding.

4. Staff and the parties agree that all pre-filed testimony and supporting documentation should be admitted as full exhibits for purposes of consideration of this agreement. Furthermore, in light of the fact that they have entered into this Partial Settlement Agreement, the Staff and the parties have agreed to forego cross-examining witnesses regarding their pre-filed testimony, except to the extent that such witness appears at the hearing on the merits and presents oral testimony regarding the issue of return on equity. Given that Staff and the parties have agreed to forego cross examination, the admission into evidence of any witness's testimony or supporting documentation shall not be deemed in any respect to constitute an admission by any party to this agreement that any allegation or contention in this proceeding is true or false, except that the sworn testimony of any witness shall constitute an admission by such witness. Notwithstanding the foregoing, with regard to the testimony of any witness who testifies in person regarding the issue of return on equity, the usual rules of evidence and administrative procedure shall apply.

5. This agreement may be executed by facsimile and in counterparts, each of which shall be deemed to be an original, and all of which, taken together, shall constitute one agreement binding on all parties hereto.

WHEREFORE, this Partial Settlement Agreement has been executed by Staff and the

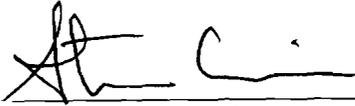
parties on the dates set forth beside their names.

ENERGYNORTH NATURAL GAS, INC.

d/b/a NATIONAL GRID NH

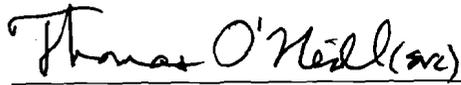
By its attorneys

McLane, Graf, Raulerson & Middleton, Professional Association



Steven V. Camerino, Esq.

Date: January 23, 2009



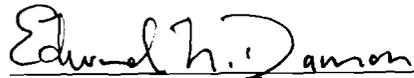
Thomas P. O'Neill, Esq.

Senior Counsel

Date: January 23, 2009

STAFF OF THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

By their attorney,



Edward N. Damon, Esq.

Date: January 23, 2009

OFFICE OF CONSUMER ADVOCATE



Meredith A. Hatfield, Esq.

Date: January 23, 2009

PAMELA LOCKE

By her attorneys

New Hampshire Legal Assistance



Alan Linder, Esq.

Daniel Feltes, Esq.

Date: January 23, 2009

ENERGYNORTH NATURAL GAS, INC d/b/a NATIONAL GRID NH
Attachment - Summary of Pro Forma Adjustment Income or Expense based on Staff's recommendation of 9.01% ROE

	12 Months Ending June 30, 2007	Pro Forma Adjustments	Pro Forma Test Year	Supply Breakdown							
				Delivery	Supply	Production & Storage	Miscellaneous Gas Costs	Bad Debts	Working Capita	Gas Costs	Total
1 Operating Revenues	176,520,190	4,339,111	180,859,301	43,468,393	137,390,907	1,040,983	773,614	3,414,395	(952,315)	133,114,231	137,390,907
2											
3 Sales Revenues			178,812,382	42,224,238	136,588,144	1,030,855	(19,022)	3,414,395	(952,315)	133,114,231	136,588,144
4 Late Payment Revenues			2,046,919	1,244,155	802,764	10,128	792,636				802,764
5											
6											
7 Operation & Maintenance Expenses	156,342,800	2,625,071	158,967,872	20,330,802	138,637,068	1,324,280	784,162	3,414,395	-	133,114,231	138,637,068
8											
9 Depreciation	8,824,109	(2,133,397)	6,690,712	6,515,197	175,518	161,881	13,637	0	0	0	175,518
10											
11 Amortization	-	-	-	0	0						-
12											
13 Loss from Disposition of Property	113,812	(113,812)	-	0	0						-
14											
15 Taxes Other Than Income Taxes	3,762,548	45,540	3,808,087	3,621,136	186,951	179,986	6,965	0	0	0	186,951
16											
17 Total Operating Revenue Deductions	169,043,269	423,402	169,466,671	30,467,135	138,999,536	1,666,147	804,764	3,414,395	-	133,114,231	138,999,536
18											
19											
20 Operating Income Before Income Taxes	7,476,921	3,915,709	11,392,630	13,001,258	(1,608,629)	(625,164)	(31,150)	-	(952,315)	-	(1,608,629)
21											
22 State Income Taxes	194,223	340,602	534,825								
23											
24 Federal Income Taxes	1,449,455	565,576	2,015,031								
25											
26 Total Income Taxes	1,643,678	906,178	2,549,855	3,298,581	(748,725)	(348,732)	(14,067)	-	(385,926)	-	(748,725)
27											
28 Operating Income After Federal & State I	5,833,244	3,009,531	8,842,775	9,702,677	(859,904)	(276,432)	(17,083)	-	(566,390)	-	(859,904)
29											
30											
31 Rate Base	148,037,338	(2,128,017)	145,909,321	140,239,771	5,669,552	1,822,580	112,631	-	3,734,340	-	5,669,552
32											
33											
34 Rate of Return	3.94%		6.06%								
35											

37 Calculation of Final Revenue Requirement based upon approved ROE.										
38										
39										
40 Approved ROE (input from DG 08-009 Order)										
	9.01%	9.01%	9.01%	9.01%	9.01%	9.01%	9.01%	9.01%	9.01%	9.01%
41 Calculated Rate of Return (Line 64)	8.02%	8.02%	8.02%	8.02%	8.02%	8.02%	8.02%	8.02%	8.02%	8.02%
42 Pre-Tax Rate of Return (Line 64)	11.08%	11.08%	11.08%	11.08%	11.08%	11.08%	11.08%	11.08%	11.08%	11.08%
43										
44 Operating Revenues (Line 1)		180,859,301	43,468,393	137,390,907	1,040,983	773,614	3,414,395	(952,315)	133,114,231	137,390,907
45 Operating Income after Federal & State Taxes (Line 28)		8,842,775	9,702,677	(859,904)	(276,432)	(17,083)	-	(566,390)	-	(859,904)
46 Tax Effect		1,6814	1,6814	1,6814	1,6814	1,6814	1,6814	1,6814	1,6814	1,6814
47										
48 Pro forma Rate Base (Line 31)		145,909,321	140,239,771	5,669,552	1,822,580	112,631	-	3,734,340	-	5,669,552
49 Final Rate Year Operating Income After Federal & State Income Tax (Line 48*Line 41)		11,694,632	11,240,218	454,415	146,080	9,027	-	299,307	-	454,415
50										
51 Increase Return on Rate Base (Line 49-Line 45)		2,851,857	1,537,541	1,314,319	422,512	26,110	-	865,697	-	1,314,319
52 Increase in associated State & Federal Taxes (Line 51 * (Line 46-1))		1,943,255	1,047,680	895,577	287,899	17,791	-	589,886	-	895,577
53 Total Rate Increase (Line 51 + Line 52)		4,795,113	2,585,221	2,209,895	710,411	43,902	-	1,455,583	-	2,209,895
54										
55 Final Sales Revenues (Line 53+Line 3)		183,607,495	44,809,459	138,798,039	1,741,266	24,880	3,414,395	503,267	133,114,231	138,798,039
56										
57										
58										
59										
60 Calculation of Return on Rate Base	Component Ratio (%)	Component Cost Rate(%)	Average Cost Rate (%)	Tax Effect	Pre-Tax ROR					
61 Common	50	9.01%	4.51%	1.6814	7.57%					
62 Long Term Debt	50	7.02%	3.51%		3.51%					
63										
64 Total	100.00		8.02%		11.08%					

ENERGYNORTH NATURAL GAS, INC d/b/a NATIONAL GRID NH
Attachment - Summary of Pro Forma Adjustment Income or Expense based on Company's recommendation of 12.25% ROE

	12 Months Ending June 30, 2007	Pro Forma Adjustments	Pro Forma Test Year	Supply Breakdown							
				Delivery	Supply	Production & Storage	Miscellaneous Gas Costs	Bad Debts	Working Capita	Gas Costs	Total
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8											
9 Depreciation	8,824,109	(2,133,397)	6,690,712	6,515,197	175,518	161,881	13,637	0	0	0	175,518
10											
11 Amortization	-	-	-	0	0						-
12											
13 Loss from Disposition of Property	113,812	(113,812)	-	0	0						-
14											
15 Taxes Other Than Income Taxes	3,762,548	45,540	3,808,087	3,621,136	186,951	179,986	6,965	0	0	0	186,951
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17 Total Operating Revenue Deductions	169,043,269	423,402	169,466,671	30,467,135	138,999,536	1,666,147	804,764	3,414,395	-	133,114,231	138,999,536
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22 State Income Taxes	194,223	340,602	534,825								
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24 Federal Income Taxes	1,449,455	565,576	2,015,031								
25											
26 Total Income Taxes	1,643,678	906,178	2,549,855	3,298,581	(748,725)	(348,732)	(14,067)	-	(385,926)	-	(748,725)
27											
28 Operating Income After Federal & State I	5,833,244	3,009,531	8,842,775	9,702,677	(859,904)	(276,432)	(17,083)	-	(566,390)	-	(859,904)
29											
30											
31 Rate Base	148,037,338	(2,128,017)	145,909,321	140,239,771	5,669,552	1,822,580	112,631	-	3,734,340	-	5,669,552
32											
33											
34 Rate of Return	3.94%		6.06%								
35											
37 Calculation of Final Revenue Requirement based upon approved ROE.											
38											
39											
40 Approved ROE (input from DG 08-009 Order)			12.25%	12.25%	12.25%	12.25%	12.25%	12.25%	12.25%	12.25%	12.25%
41 Calculated Rate of Return (Line 64)			9.64%	9.64%	9.64%	9.64%	9.64%	9.64%	9.64%	9.64%	9.64%
42 Pre-Tax Rate of Return (Line 64)			13.81%	13.81%	13.81%	13.81%	13.81%	13.81%	13.81%	13.81%	13.81%
43											
44 Operating Revenues (Line 1)			180,859,301	43,468,393	137,390,907	1,040,983	773,614	3,414,395	(952,315)	133,114,231	137,390,907
45 Operating Income after Federal & State Taxes (Line 28)			8,842,775	9,702,677	(859,904)	(276,432)	(17,083)	-	(566,390)	-	(859,904)
46 Tax Effect			1,6814	1,6814	1,6814	1,6814	1,6814	1,6814	1,6814	1,6814	1,6814
47											
48 Pro forma Rate Base (Line 31)			145,909,321	140,239,771	5,669,552	1,822,580	112,631	-	3,734,340	-	5,669,552
49 Final Rate Year Operating Income After Federal & State Income Tax (Line 48*Line 41)			14,058,363	13,512,102	546,261	175,606	10,832	-	359,804	-	546,261
50											
51 Increase Return on Rate Base (Line 49-Line 45)			5,215,588	3,809,425	1,406,165	452,037	27,935	-	926,193	-	1,406,165
52 Increase in associated State & Federal Taxes (Line 51 * (Line 46-1)			3,553,902	2,595,742	958,161	308,018	19,035	-	631,108	-	958,161
53 Total Rate Increase (Line 51 + Line 52)			8,769,490	6,405,167	2,364,327	760,056	46,969	-	1,557,301	-	2,364,327
54											
55 Final Sales Revenues (Line 53+Line 3)			187,581,872	48,629,405	138,952,470	1,790,911	27,947	3,414,395	604,986	133,114,231	138,952,470
56											
57											
58											
59											
60 Calculation of Return on Rate Base	Component	Component Cost	Average Cost	Pre-Tax							
61 Common	Ratio (%)	Rate(%)	Rate (%)	ROR	Tax Effect						
62 Long Term Debt	50	12.25%	6.13%	10.30%	1,6814						
63	50	7.02%	3.51%	3.51%							
64 Total	100.00		9.64%	13.81%							

DG 08-009 (Energy North)
Depreciation and Amortization

Depreciation:	Balance at 6/30/07 [1]	Settlement			
		Average Serv. Life	Net Salvage Rates	Dep. Accr. Rate	Dep. Expense [2]
308.1 Production Plant Structures	\$ 1,251,458	30.0	0.0%	3.33%	\$ 41,715
308.6 Distribution Plant Structures	\$ 544,322	30.0	0.0%	3.33%	\$ 18,144
308.7 General and Miscellaneous Structures	\$ 2,248,237	30.0	0.0%	3.33%	\$ 74,941
Total Structures	\$ 4,044,017				\$ 134,801
330 Other Production Equipment	\$ 8,993,569	30.0	0.0%	3.33%	\$ 299,786
356 Mains	\$ 138,162,939	60.0	-15.0%	1.92%	\$ 2,648,123
358 Pumping and Regulating Equipment	\$ 2,542,007	30.0	0.0%	3.33%	\$ 84,734
359 Services	\$ 84,479,802	40.0	-60.0%	4.00%	\$ 3,379,192
360 Customer's Meters and Installations	\$ 21,558,883	35.0	0.0%	2.86%	\$ 615,968
Total Distribution Equipment	\$ 246,743,631				\$ 6,728,017
372.1 Office Equipment	\$ 7,274,205	18.0	5.0%	5.28%	\$ 383,916
374 Stores Equipment	\$ 42,012	30.0	0.0%	3.33%	\$ 1,400
376 Laboratory Equipment	\$ 285,262	16.0	0.0%	6.25%	FULLY DEP
377 General Tools and Implements	\$ 767,601	19.0	0.0%	5.26%	\$ 40,400
378 Communications Equipment	\$ 361,674	15.0	0.0%	6.67%	\$ 24,112
379 Miscellaneous General Equipment	\$ 178,024	15.0	0.0%	6.67%	\$ 11,868
Total General Equipment	\$ 8,908,778				\$ 461,697
Total Depreciation Expense	\$ 268,689,995				\$ 7,624,300
Amortization of Depreciation Reserve Surplus (\$12,401,522)					\$ (933,588)
Grand Total Depreciation and Amortization					\$ 6,690,712

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**National Grid NH
Rate Design Filing
Summary of Proposed Rates**

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Line No.	Description	RESIDENTIAL			C & I High Winter Use			C & I Low Winter Use					Large Load Factor >110%
		Non-Heat	Heat	Low Income (Prior to	Small High Winter Use	Med High Winter Use	Large High Winter Use	Small Low Winter Use	Med Low Winter Use	Large Load Factor <90%	Large Load Factor <110%	Large Load Factor >110%	
		RNSH R-1	RSH R-3	RLIAP R-4	SH G-41	MH G-42	LH G-43	SL G-51	ML G-52	LLL90 G-53	LLL110 G-54	LLG110 G-63	LLG90 G-54+G-63
	Eligibility												
1	Annual Usage, Therms	N/A	N/A	N/A	<=10,000	<=100,000	>100,000	<=10,000	<=100,000	>100,000	>100,000	>100,000	>100,000
2	Summer Usage, % of Annual	N/A	N/A	N/A	<=33%	<=33%	<=33%	>33%	>33%	>33%	>33%	>33%	>33%
3	Load Factor, Avg Use/Dec - Feb Avg Use	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	<90%	<110%	>=110%	>=90%
4													
5	Customer Charge, \$/Month	\$9.58	\$13.76	\$5.50	\$34.40	\$98.29	\$412.83	\$34.40	\$98.29	\$422.66	\$422.66	\$422.66	\$422.66
6													
7	Winter Rate												
8	Head Block Size	N/A	100	100	100	1,000	N/A	100	1,000	N/A	N/A	N/A	N/A
9	Head Block Rate	\$ 0.1477	\$ 0.2420	\$ 0.0968	\$ 0.2916	\$ 0.2590	\$ 0.1560	\$ 0.1891	\$ 0.1475	\$ 0.1066	\$ 0.0760	\$ 0.0339	\$ 0.0348
10	Tail Block Rate	\$ 0.1477	\$ 0.1823	\$ 0.0729	\$ 0.1896	\$ 0.1711	\$ 0.1560	\$ 0.1221	\$ 0.1001	\$ 0.1066	\$ 0.0760	\$ 0.0339	\$ 0.0348
11													
12	Summer Rate												
13	Head Block Size	N/A	20	20	20	400	N/A	100	1,000	N/A	N/A	N/A	N/A
14	Head Block Rate	\$ 0.1477	\$ 0.2420	\$ 0.0968	\$ 0.2916	\$ 0.2590	\$ 0.0714	\$ 0.1891	\$ 0.1085	\$ 0.0510	\$ 0.0390	\$ 0.0185	\$ 0.0188
15	Tail Block Rate	\$ 0.1477	\$ 0.1823	\$ 0.0729	\$ 0.1896	\$ 0.1711	\$ 0.0714	\$ 0.1221	\$ 0.0625	\$ 0.0510	\$ 0.0390	\$ 0.0185	\$ 0.0188

Proposed Rates and Class Average Bill Increase at Staffs recommended 9.01% ROE

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National Grid NH
Rate Design Filing
Revenue Proof

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Line No.	Description	Residential			C&H High Winter Use			C&H Low Winter Use			Total	Combined Large Load Factor >90%	
		Non-Heat	Heat	Low Income (Prior to Discount)	Small High Winter Use	Med High Winter Use	Large High Winter Use	Small Low Winter Use	Med Low Winter Use	Large Low Winter Use			Large Load Factor >110%
	Rate Designation	RNSH	RSH	RLIAP	SH	MH	LH	SL	ML	LLL90	LLL110	LLG110	
		R-1	R-3	R-4	G-41	G-42	G-43	G-51	G-52	G-53	G-54	G-63	G-54 + G-63
1													
2	Proposed Rates (Dry) - No R-4 Discount												
3	Winter Head Block Size	10	100	100	100	1,000	0	100	1,000	0	0	0	
4	Summer Head Block Size	10	20	20	20	400	0	100	1,000	0	0	0	
5	Proposed Customer Charge	\$9.58	\$13.76	\$13.76	\$34.40	\$98.29	\$412.83	\$34.40	\$98.29	\$422.66	\$422.66	\$422.66	\$600.00
6	Proposed Winter Head Block Rate	\$0.14770	\$0.24200	\$0.24200	\$0.29160	\$0.29900	\$0.15600	\$0.18910	\$0.14750	\$0.10660	\$0.07600	\$0.03390	\$0.03240
7	Proposed Winter/Tail Block Rate	\$0.14770	\$0.18230	\$0.18230	\$0.18960	\$0.17110	\$0.15600	\$0.12210	\$0.10010	\$0.10660	\$0.07600	\$0.03390	\$0.03240
8	Proposed Summer Head Block Rate	\$0.14770	\$0.24200	\$0.24200	\$0.29160	\$0.25900	\$0.07140	\$0.18910	\$0.10650	\$0.05100	\$0.03900	\$0.01850	\$0.01680
9	Proposed Summer/Tail Block Rate	\$0.14770	\$0.18230	\$0.18230	\$0.18960	\$0.17110	\$0.07140	\$0.12210	\$0.06250	\$0.05100	\$0.03900	\$0.01850	\$0.01680
10													
11	Total Sales and Transportation (Dry)												
12	Test Year Normal (After Weather Normalization)												
13	Winter Bills	29,521	379,317	26,528	43,909	8,727	268	8,107	1,792	229	6	98	498,500
14	Summer Bills	30,183	379,332	27,830	43,421	8,843	243	8,166	1,805	231	7	94	500,154
15	Winter Sales, Therms	746,836	45,070,549	3,184,873	16,046,271	25,404,411	4,240,672	2,859,928	4,229,696	5,835,457	117,040	5,439,240	5,596,279
16	Summer Sales, Therms	408,059	10,670,053	749,027	2,643,854	5,899,979	1,257,325	1,361,841	2,564,508	3,862,939	111,654	7,743,029	7,854,683
17	Total Annual Sales	1,154,894	55,740,602	3,933,900	18,692,125	31,304,390	5,497,997	4,021,769	6,794,203	9,818,096	228,693	13,182,269	13,410,962
18	Winter Head Block Therms	255,717	30,949,946	2,308,077	3,732,828	8,479,992	-	623,753	1,741,368	-	-	-	0
19	Summer Head Block Therms	230,961	6,272,924	390,880	452,628	2,279,752	-	436,742	1,475,361	-	-	-	0
20													
21													
22	Billed Revenue												
23	Winter Customer Charge Revenue	282,811	5,219,396	385,028	1,510,462	857,731	110,446	278,892	176,093	96,719	2,423	41,308	8,841,308
24	Summer Customer Charge Revenue	289,149	5,219,603	382,840	1,493,680	869,195	100,331	280,921	177,420	97,564	2,804	39,617	8,953,225
25	Subtotal Customer Charge Revenue	571,960	10,438,999	747,868	3,004,142	1,726,926	210,777	559,813	353,513	194,283	5,227	80,925	17,894,533
26													
27	Winter Head Block Revenue	37,769	7,489,887	558,555	1,058,493	2,196,318	-	117,952	256,851	622,060	-	-	11,745,825
28	Tail Block Winter Therm Revenue	72,553	2,574,165	159,840	2,335,008	2,895,768	661,545	246,617	249,082	622,060	8,885	184,390	10,011,943
29	Subtotal Winter Therm Revenue	110,322	10,064,073	718,394	3,423,501	5,092,086	661,545	366,569	505,933	622,060	8,895	184,390	21,757,768
30													
31	Summer Head Block Revenue	34,113	1,518,048	92,173	131,986	590,456	-	82,588	160,077	-	-	-	2,609,440
32	Tail Block Summer Therm Revenue	26,157	801,597	67,113	415,457	619,421	89,773	112,965	68,072	203,115	4,354	143,246	2,551,259
33	Subtotal Summer Therm Revenues	60,270	2,319,644	159,286	547,443	1,209,877	89,773	195,543	228,148	203,115	4,354	143,246	5,160,699
34													
35	Total Annual Revenues	742,553	22,822,716	1,625,649	6,975,085	8,028,888	962,095	1,121,924	1,087,595	1,019,457	18,476	408,562	44,813,000
36													
37													
38	Target Revenues												
39	Total Target Base Revenue	742,800	22,823,257	1,619,020	6,975,883	8,030,238	961,790	1,122,071	1,087,862	1,019,081	18,477	408,881	44,809,459
40													
41													
42	Variance, \$	(247)	(541)	6,629	(768)	(1,350)	305	(147)	(267)	376	(1)	(419)	3,541
43	Variance, %	0.0%	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.0%
44													

**National Grid NH
Rate Design Filing
Report of Proposed Rate Changes**

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Line No.	Puc 1604.02 (a)(2)	RESIDENTIAL			C & I High Winter Use			C & I Low Winter Use					Combined
		Non-Heat	Heat	Low Income (After Discount)	Small High Winter Use	Med High Winter Use	Large High Winter Use	Small Low Winter Use	Med Low Winter Use	Large Load Factor <90%	Large Load Factor <110%	Large Load Factor >110%	Large Load Factor >90%
		RNSH	RSH	RLIAP	SH	MH	LH	SL	ML	LLL90	LLL110	LLG110	LLG90
		R-1	R-3	R-4	G-41	G-42	G-43	G-51	G-52	G-53	G-54	G-63	G-63
1	a. Rate Class Designation												
2													
3	b. Effect of Proposed Change												
4	Increase (Decrease)	\$ 61,918	\$ 2,174,479	\$ 91,945	\$ 685,287	\$ 727,135	\$ 128,670	\$ 34,662	\$ 81,997	\$ 197,124	\$ 4,156	\$ 200,441	\$ 204,738
5													
6													
7	c. Average Number of Customers	4,975	63,221	4,530	7,277	1,356	1,464	300	43	38	1	16	17
8													
9													
10	d. Estimated Annual Revenue												
11	Present Rates	1,946,667	83,205,785	4,973,714	27,265,040	42,206,428	6,930,198	5,473,436	8,374,193	11,427,237	258,391	14,072,584	14,330,975
12	Proposed Rates	2,008,585	85,380,264	5,065,659	27,950,327	42,933,562	7,058,869	5,508,098	8,456,190	11,624,362	262,547	14,273,025	14,535,713
13													
14	e. Proposed Rates, \$/bill												
15	Present Rates	\$ 32.61	\$ 109.68	\$ 91.50	\$ 312.21	\$ 2,593.55	\$ 394.44	\$ 1,521.82	\$ 16,401.76	\$ 24,859.83	\$ 20,894.25	\$ 73,498.82	\$ 70,307.29
16	Proposed Rates	\$ 33.64	\$ 112.54	\$ 93.19	\$ 320.06	\$ 2,638.23	\$ 401.76	\$ 1,531.46	\$ 16,562.36	\$ 25,288.67	\$ 21,230.31	\$ 74,545.69	\$ 71,311.73
17	Increase (Decrease)	\$ 1.04	\$ 2.87	\$ 1.69	\$ 7.85	\$ 44.68	\$ 7.32	\$ 9.64	\$ 160.60	\$ 428.84	\$ 336.06	\$ 1,046.87	\$ 1,004.44
18	Percentage Increase (Decrease)	3.18%	2.61%	1.85%	2.51%	1.72%	1.86%	0.63%	0.98%	1.73%	1.61%	1.42%	1.43%

NOTES:

Data above imputes gas supply costs for transportation customers equal to CGC rates for both present and proposed rates.
Analysis above reflects the impact on CGC and LDAC rates for conversion from wet to dry them billing.

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**National Grid NH
Rate Design Filing
Summary of Proposed Rates**

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Line No.	Description	RESIDENTIAL			C & I High Winter Use			C & I Low Winter Use					Large Load Factor >110%
		Non-Heat	Heat	Low Income (Prior to)	Small High Winter Use	Med High Winter Use	Large High Winter Use	Small Low Winter Use	Med Low Winter Use	Large Load Factor <90%	Large Load Factor <110%	Large Load Factor >110%	
		RNSH R-1	RSH R-3	RLIAP R-4	SH G-41	MH G-42	LH G-43	SL G-51	ML G-52	LLL90 G-53	LLL110 G-54	LLG110 G-63	LLG90 G-54+G-63
	Eligibility												
1	Annual Usage, Therms	N/A	N/A	N/A	<=10,000	<=100,000	>100,000	<=10,000	<=100,000	>100,000	>100,000	>100,000	>100,000
2	Summer Usage, % of Annual	N/A	N/A	N/A	<=33%	<=33%	<=33%	>33%	>33%	<33%	>33%	>33%	>33%
3	Load Factor, Avg Use/Dec - Feb Avg Use	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	<90%	<110%	>=110%	>=90%
4													
5	Customer Charge, \$/Month	\$10.40	\$14.93	\$5.97	\$37.34	\$106.67	\$448.03	\$37.34	\$106.67	\$458.69	\$458.69	\$458.69	\$458.69
6													
7	Winter Rate												
8	Head Block Size	N/A	100	100	100	1,000	N/A	100	1,000	N/A	N/A	N/A	N/A
9	Head Block Rate	\$ 0.1603	\$ 0.2626	\$ 0.1050	\$ 0.3164	\$ 0.2811	\$ 0.1693	\$ 0.2052	\$ 0.1601	\$ 0.1157	\$ 0.0825	\$ 0.0368	\$ 0.0378
10	Tail Block Rate	\$ 0.1603	\$ 0.1979	\$ 0.0792	\$ 0.2058	\$ 0.1857	\$ 0.1693	\$ 0.1325	\$ 0.1087	\$ 0.1157	\$ 0.0825	\$ 0.0368	\$ 0.0378
11													
12	Summer Rate												
13	Head Block Size	N/A	20	20	20	400	N/A	100	1,000	N/A	N/A	N/A	N/A
14	Head Block Rate	\$ 0.1603	\$ 0.2626	\$ 0.1050	\$ 0.3164	\$ 0.2811	\$ 0.0775	\$ 0.2052	\$ 0.1177	\$ 0.0554	\$ 0.0423	\$ 0.0201	\$ 0.0204
15	Tail Block Rate	\$ 0.1603	\$ 0.1979	\$ 0.0792	\$ 0.2058	\$ 0.1857	\$ 0.0775	\$ 0.1325	\$ 0.0678	\$ 0.0554	\$ 0.0423	\$ 0.0201	\$ 0.0204

Proposed Rates and Class Average Bill Increase at Company's recommended 12.25% ROE

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Rate Design Filing
Revenue Proof

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Line No.	Description	Residential			C&I High Winter Use			C&I Low Winter Use					Total	Combined Large Load Factor >90%
		Non-Heat	Heat	Low Income (Prior to Discount)	Small High Winter Use	Med High Winter Use	Large High Winter Use	Small Low Winter Use	Med Low Winter Use	Large Load Factor <90%	Large Load Factor <110%	Large Load Factor >110%		
	Rate Designation	RNSH R-1	RSH R-3	RLIAP R-4	SH G-41	MH G-42	LH G-43	SL G-51	ML G-52	LLL90 G-53	LLL110 G-54	LLG110 G-63		LLG90 G-54 + G-63
1														
2	Proposed Rates (Dry) - No R-4 Discount													
3	Winter Head Block Size	10	100	100	100	1,000	0	100	1,000	0	0	0		-
4	Summer Head Block Size	10	20	20	20	400	0	100	1,000	0	0	0		-
5	Proposed Customer Charge	\$10.40	\$14.93	\$14.93	\$37.34	\$106.67	\$448.03	\$37.34	\$106.67	\$458.69	\$458.69	\$458.69		\$600.00
6	Proposed Winter Head Block Rate	\$0.16030	\$0.26260	\$0.26260	\$0.31640	\$0.28110	\$0.16930	\$0.20520	\$0.16010	\$0.11570	\$0.08250	\$0.03680		\$0.03240
7	Proposed Winter/Tail Block Rate	\$0.16030	\$0.19790	\$0.19790	\$0.20580	\$0.18570	\$0.16930	\$0.13250	\$0.10870	\$0.11570	\$0.08250	\$0.03680		\$0.03240
8	Proposed Summer Head Block Rate	\$0.16030	\$0.26260	\$0.26260	\$0.31640	\$0.28110	\$0.07750	\$0.20520	\$0.11770	\$0.05540	\$0.04230	\$0.02010		\$0.01680
9	Proposed Summer/Tail Block Rate	\$0.16030	\$0.19790	\$0.19790	\$0.20580	\$0.18570	\$0.07750	\$0.13250	\$0.06780	\$0.05540	\$0.04230	\$0.02010		\$0.01680
10														
11	Total Sales and Transportation (Dry)													
12	Test Year Normal (After Weather Normalization)													
13	Winter Bills	29,521	379,317	26,528	43,909	8,727	268	8,107	1,792	229	6	98	498,500	103
14	Summer Bills	30,183	379,332	27,830	43,421	8,843	243	8,168	1,805	231	7	94	500,154	100
15	Winter Sales, Therms	746,936	45,070,549	3,184,873	16,048,271	25,404,411	4,240,672	2,659,928	4,229,696	5,835,457	117,040	5,439,240	112,977,070	5,556,279
16	Summer Sales, Therms	408,059	10,670,053	749,027	2,643,854	5,899,979	1,257,325	1,361,841	2,564,508	3,982,639	111,654	7,743,029	37,391,968	7,854,683
17	Total Annual Sales	1,154,994	55,740,602	3,933,900	18,692,125	31,304,390	5,497,997	4,021,769	6,794,203	9,818,096	228,693	13,182,269	150,369,039	13,410,962
18	Winter Head Block Therms	255,717	30,949,946	2,308,077	3,732,828	8,479,992	-	623,753	1,741,366	-	-	-	48,091,679	0
19	Summer Head Block Therms	230,961	6,272,924	380,880	452,628	2,279,752	-	436,742	1,475,361	-	-	-	11,529,249	0
20														
21														
22	Billed Revenue													
23	Winter Customer Charge Revenue	307,018	5,663,196	396,066	1,639,553	930,859	119,863	302,728	191,106	104,964	2,630	44,829	9,702,812	47,459
24	Summer Customer Charge Revenue	313,899	5,663,421	415,501	1,621,338	943,301	108,886	304,930	192,546	105,881	3,043	42,995	9,715,740	46,037
25	Subtotal Customer Charge Revenue	620,917	11,326,617	811,567	3,260,891	1,874,160	228,749	607,657	383,653	210,845	5,672	87,824	19,418,553	93,496
26														
27	Winter Head Block Revenue	40,991	8,127,456	606,101	1,181,067	2,383,726	-	127,994	278,793	-	-	-	12,746,128	0
28	Tail Block Winter Therm Revenue	78,742	2,794,467	173,518	2,534,518	3,142,865	717,946	269,793	270,481	675,162	9,656	200,164	10,867,313	209,820
29	Subtotal Winter Therm Revenue	119,734	10,921,923	779,619	3,715,585	5,526,590	717,946	397,787	549,274	675,162	9,656	200,164	23,613,440	209,820
30														
31	Summer Head Block Revenue	37,023	1,647,270	100,019	143,211	640,838	-	89,620	173,650	-	-	-	2,831,631	0
32	Tail Block Summer Therm Revenue	28,389	870,192	72,856	450,954	672,276	97,443	122,576	73,844	220,638	4,723	155,635	2,769,526	160,358
33	Subtotal Summer Therm Revenues	65,412	2,517,462	172,875	594,166	1,313,114	97,443	212,195	247,494	220,638	4,723	155,635	5,601,157	160,358
34														
35	Total Annual Revenues	806,062	24,766,002	1,764,062	7,570,642	8,713,865	1,044,138	1,217,640	1,180,421	1,106,645	20,051	443,623	48,633,150	463,674
36														
37														
38	Target Revenues													
39	Total Target Base Revenue	806,122	24,768,909	1,757,039	7,570,567	8,714,806	1,043,781	1,217,726	1,180,600	1,105,957	20,052	443,846	48,629,405	463,898
40														
41														
42	Variance													
43	Variance, \$s	(60)	(2,907)	7,023	74	(941)	357	(86)	(179)	689	(1)	(223)	3,745	(224)
44	Variance, %	0.0%	0.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	-0.1%	0.0%	0.0%

**National Grid NH
Rate Design Filing
Report of Proposed Rate Changes**

**National Grid NH
DG 08-009
Page 1 of 1**

Line No.	Puc 1604.02 (a)(2)	RESIDENTIAL			C & I High Winter Use			C & I Low Winter Use					Combined
		Non-Heat	Heat	Low Income (After Discount)	Small High Winter Use	Med High Winter Use	Large High Winter Use	Small Low Winter Use	Med Low Winter Use	Large Load Factor <90%	Large Load Factor <110%	Large Load Factor >110%	Large Load Factor >90%
		RNSH	RSH	RLIAP	SH	MH	LH	SL	ML	LLL90	LLL110	LLG110	LLG90
		R-1	R-3	R-4	G-41	G-42	G-43	G-51	G-52	G-53	G-54	G-63	G-63
1	a. Rate Class Designation												
2													
3	b. Effect of Proposed Change												
4	Increase (Decrease)	\$ 125,428	\$ 4,117,765	\$ 147,386	\$ 1,280,844	\$ 1,412,111	\$ 210,713	\$ 130,377	\$ 174,824	\$ 284,312	\$ 5,731	\$ 235,502	\$ 241,318
5													
6													
7	c. Average Number of Customers	4,975	63,221	4,530	7,277	1,356	1,464	300	43	38	1	16	17
8													
9													
10	d. Estimated Annual Revenue												
11	Present Rates	1,946,667	83,205,785	4,973,714	27,265,040	42,206,428	6,930,198	5,473,436	8,374,193	11,427,237	258,391	14,072,584	14,330,975
12	Proposed Rates	2,072,095	87,323,550	5,121,100	28,545,883	43,618,539	7,140,911	5,603,813	8,549,016	11,711,550	264,121	14,308,086	14,572,293
13													
14	e. Proposed Rates, \$/bill												
15	Present Rates	\$ 32.61	\$ 109.68	\$ 91.50	\$ 312.21	\$ 2,593.55	\$ 394.44	\$ 1,521.82	\$ 16,401.76	\$ 24,859.83	\$ 20,894.25	\$ 73,498.82	\$ 70,307.29
16	Proposed Rates	\$ 34.71	\$ 115.10	\$ 94.21	\$ 326.87	\$ 2,680.32	\$ 406.43	\$ 1,558.07	\$ 16,744.17	\$ 25,478.35	\$ 21,357.65	\$ 74,728.81	\$ 71,491.19
17	Increase (Decrease)	\$ 2.10	\$ 5.43	\$ 2.71	\$ 14.67	\$ 86.77	\$ 11.99	\$ 36.25	\$ 342.41	\$ 618.52	\$ 463.40	\$ 1,229.99	\$ 1,183.90
18	Percentage Increase (Decrease)	6.44%	4.95%	2.96%	4.70%	3.35%	3.04%	2.38%	2.09%	2.49%	2.22%	1.67%	1.68%

NOTES:

Data above imputes gas supply costs for transportation customers equal to CGC rates for both present and proposed rates.
Analysis above reflects the impact on CGC and LDAC rates for conversion from wet to dry therm billing.

Appendix 6

7 - SERVICE AND MAIN EXTENSIONS

7(A) Service and Main Extensions. In areas where the Company is authorized to operate, subject to the Application for Service provisions of this tariff, service is available as follows:

~~7(B) Residential. The following applies to service pipeline ("service") and main pipeline ("main") extensions in the case of residences [as hereinafter defined in Clause (J)].~~

~~1) No contribution in Aid of Construction Required. Residential service is available without a contribution ("contribution in aid of construction") by the applicant ("customer") when the meter(s) is (are) located within 80 feet of the property line (as measured along the service) and within 5 feet of the closest corner of the residence to the street, there are no abnormal costs and either of the following conditions is satisfied~~

~~a) no main extension is involved; or~~

~~b) the 25 percent test [as hereinafter described in Clause (J)] is met. The cost of the service is not included in the 25 percent test in the case of residences~~

~~2) Contribution in Aid of Construction Required. A contribution in aid of construction is required when the conditions in paragraph (B)(1) are not satisfied. Except as provided in the following clause (1), the contribution is required before installation of the service, and/or main extension ("installation").~~

~~7(C) Other Than Residential. The following applies to service and main extensions in the case of buildings other than residences [as hereinafter defined in Clause (J)]~~

~~1) No Contribution in Aid of Construction Required. Service ~~other than for a residence~~ is available without a contribution in aid of construction when the 25 percent test is met and there are no abnormal costs. ~~The cost of the service is included in the 25 percent test for buildings other than residences~~~~

~~2) Contribution in Aid of Construction Required. A contribution in aid of construction is required when the 25 percent test is not met or when there are abnormal costs. Except as provided hereinafter, the contribution is required to be made prior to installation.~~

~~7(BD) Failure to Use Gas Facilities. If a customer fails, within nine months after the date a service requested by him is installed, either in whole or in part, to make use of the service, the customer will reimburse the Company for all costs of constructing, removing and retiring the service less any contribution in aid of construction made by him for the service, which will be forfeited.~~

~~7(CE) Easements, Etc. The Company is not required to construct extensions other than in public ways unless the customer provides, in advance and without expense or cost to the Company, all necessary permits, consents, authorizations and right-of-way easements, satisfactory to the Company, for the construction, maintenance and operation of the pipeline.~~

Appendix 6

7(DF) Shortest Distance. Services are run the shortest practical safe distance to the meter location. However, a customer may have the Company install a longer alternate service provided that the customer defrays in advance of installation the extra expense.

7(DG) Extra Footage. The charge (contribution in aid of construction) for extra footage is the historical average cost per foot for the most recent twelve month period for which such cost has been computed by the Company; the cost will be updated annually; and the most recent annual computation will be used in calculating extra footage charges.

7(EH) Winter Construction. Ordinarily, no new service pipes or main extensions are installed during the winter conditions (when frost is in the ground) unless the customer defrays the extra expenses.

7(EI) Time For, and Refund Of, Contribution. Except as otherwise agreed by the Company under unusual circumstances, any required contributions in aid of construction will be made prior to installation by the Company of a service. To help cover the Company's expenses, damages and lost business, ten percent (10%) of the contribution will be forfeited to the Company and not be subject to being returned, where substantial construction of the building or buildings for which gas service has been sought is not commenced by the earlier of (1) November 30th next following submission of the application; and (2) the date when the Company commences construction of the main and service concerned prior to withdrawal of the application. Except as provided in the last preceding sentence and in Clause (BD) above, the entire contribution will be refunded if and when the application is withdrawn. A new application may be submitted at any time.

~~7(J) Definitions. The following are definitions of terms used in these provisions relative to main and service extensions and are applicable only in such provisions~~

~~1) Residence; Residential. A "residence" is any free standing building in which each dwelling unit is separately metered, or a duplex residential building (whether or not it is individually metered); and "residential" means pertaining to a "residence", as so defined.~~

~~2) Building Other Than a Residence; Other Than Residential. A "building other than a residence" is any building other than a "residence", as defined above; and "other than residential" means pertaining to a "building other than a residence", as so defined.~~

3) 25 Percent Test. The 25 percent test is calculated as follows:

The estimated annual margin must be equal to or greater than 25 percent of the estimated construction costs for the main and service extension, subject to the provision of the next two sentences. ~~The cost of the service is included in the construction costs in the case of an extension for a building other than a residence, but not in the case of an extension for a residence.~~ Abnormal costs are charged separately and are not included in the cost of the extension for the purpose of calculating the 25 percent test.

Subject to the provision of the last preceding paragraph, the customer(s) requesting the extension will be required to pay to the Company, in advance, any

Appendix 6

amount by which the estimated construction cost of the main and service extension exceeds four times the estimated annual margin. The contribution will be required to be made by the customers requesting the extension proportionally according to their respective estimated annual gas use.

Upon completion of the work and the expiration of twelve (12) months thereafter, the Company will recalculate the required contribution based upon the actual construction costs incurred and the actual annual margin. In the event that the recalculation results in a required contribution that is less than that originally made by the customer(s), the excess will be refunded to the customer(s) who originally made the contribution. In the event that the recalculation results in a required contribution that is more than that originally made by the customer(s), the difference shall be promptly contributed to the Company by the customer(s) who requested the extension.

If, during the period five (5) years immediately following the date of completion of construction of a particular main and/or service extension for which a contribution was required and made because of the 25 percent test, additional customers are connected to the extension, the contribution requirements will be recalculated, taking into account the estimated annual margin from the new customers; and the new customers will be required to pay the Company their proportional share of the contribution. The Company will make pro rata refunds to the customers who made the original payments, to the extent of the total amount of such shares of such new customers less any forfeitures. If the inclusion of such new customers would increase the estimated annual margin to such an extent that the 25 percent test is met, all unforfeited contribution payments will be returned to the customers who made them if and when the actual annual margin satisfies the 25 percent test

- 4) Estimated Annual Margin. The estimated annual margin is equal to the estimated revenue to be derived from the monthly Customer Charge and delivery charge to be received from the customer for gas service utilizing the particular main and/or service extension concerned during the first twelve (12) months after completion of the extension. The estimated annual margin does not include revenue received by the Company for the cost of gas and local distribution adjustment factor. The Company shall recalculate the estimated annual margin for a twelve (12) month period at least once within a year of completion of the installation.
- 5) Cost of Construction. The cost of construction of mains and/or services ~~for both residences and buildings other than residences~~ includes not only the cost of labor and materials for such construction, but also miscellaneous costs incidental thereto or associated therewith.

Appendix 6

- 6) Abnormal Costs. Abnormal costs are service and/or main construction costs that are attributable to frost, ledge, ditching, backfill and/or other conditions not uniformly encountered in service and/or main construction and that are peculiar to the particular service and/or main construction concerned. Abnormal costs are to be paid by the customer.
- 7) Main and Service Extensions. This term refers to the service and, if a main is required to be extended, the main extension, required to be constructed to provide requested gas service.
- 7(K) Reasonable Duration and Non-Discrimination. Under none of the foregoing provisions will the Company be required to install service pipes or to contract main extensions where the business to be secured may not be of reasonable duration or will tend, in any way, to constitute unreasonable discrimination.
- 7(L) Title. Title of all extensions constructed in accordance with the above shall be vested in the Company.
- 7(M) Other Requirements. The Company generally will not approve any application or, if it shall have given such approval, will not proceed or continue with main and/or service construction unless the Company is satisfied
- (1) That the final site plans, sub-division plans and plans and specification for building or buildings to be served by the main and/or service concerned, including plans for waste disposal, water and other associated systems and facilities, have been prepared and approved by owner;
 - (2) That all permits, exceptions, approvals and authorizations of governmental bodies or agencies required for construction of such building or buildings and associated systems and facilities have been obtained;
 - (3) That the customer is proceeding or plans promptly to proceed with such construction; and
 - (4) That nothing has occurred or failed to occur which will or is likely to prevent or interfere with such construction.

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