

ATTACHMENT 3 - Revised
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PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PRO FORMA CONSOLIDATED BALANCE SHEET - ASSETS
AS OF DECEMBER 31, 2008
(UNAUDITED)
(THOUSANDS OF DOLLARS)

ASSETS	<u>Per Book</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Giving Effect to Adjustments</u>
Current Assets:			
Cash	\$ 195		\$ 195
Receivables, net	108,857		108,857
Notes receivable from affiliated companies	53,800	104,773 a	158,573
Accounts receivable from affiliated companies	264	5,270 e	5,534
Unbilled revenues	41,449		41,449
Taxes receivable	8,809	1,296 b,c,e	10,105
Fuel, materials and supplies	113,121		113,121
Derivative assets - current	843		843
Accumulated deferred income taxes - current	27,345		27,345
Prepayments and other	15,380		15,380
	<u>370,063</u>	<u>111,339</u>	<u>481,402</u>
Property, Plant and Equipment:			
Electric utility	2,238,515		2,238,515
Less: Accumulated depreciation	771,282		771,282
	<u>1,467,233</u>	<u>-</u>	<u>1,467,233</u>
Construction work in progress	113,752		113,752
	<u>1,580,985</u>	<u>-</u>	<u>1,580,985</u>
Deferred Debits and Other Assets:			
Regulatory assets	549,934		549,934
Derivative assets - long-term	3,826		3,826
Other	124,025	1,166 c,d	125,191
	<u>677,785</u>	<u>1,166</u>	<u>678,951</u>
Total Assets	<u>\$ 2,628,833</u>	<u>\$ 112,505</u>	<u>\$ 2,741,338</u>

Note: Cash transactions related to the payment of debt issuance costs and interest on new and repaid debt and the receipt of interest on notes receivable, is not reflected in pro formas above.

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PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PRO FORMA CONSOLIDATED BALANCE SHEET - LIABILITIES AND CAPITALIZATION
AS OF DECEMBER 31, 2008
(UNAUDITED)
(THOUSANDS OF DOLLARS)

LIABILITIES AND CAPITALIZATION	<u>Per Book</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Giving Effect to Adjustments</u>
Current Liabilities:			
Notes payable to banks	\$ 45,227	\$ (45,227) a	-
Accounts payable	160,692	1,296 c	161,988
Accounts payable to affiliated companies	31,140		31,140
Accrued interest	11,778	7,215 b,e	18,993
Derivative liabilities - current	77,369		77,369
Other	23,422		23,422
	<u>349,628</u>	<u>(36,716)</u>	<u>312,912</u>
Rate Reduction Bonds	<u>235,139</u>		<u>235,139</u>
Deferred Credits and Other Liabilities:			
Accumulated deferred income taxes - long-term	253,670	466 c,d	254,136
Accumulated deferred investment tax credits	355		355
Deferred contractual obligations	23,820		23,820
Regulatory liabilities	111,403		111,403
Derivative liabilities - long-term	14,846		14,846
Accrued pension	236,332		236,332
Accrued postretirement benefits	41,849		41,849
Other	41,297		41,297
	<u>723,572</u>	<u>466</u>	<u>724,038</u>
Capitalization:			
Long-Term Debt	<u>686,779</u>	<u>150,000 a</u>	<u>836,779</u>
Common Stockholder's Equity:			
Common stock, \$1 par value - authorized 100,000,000 shares; 301 shares outstanding in 2008	-		-
Capital surplus, paid in	351,245		351,245
Retained earnings	283,219	(1,244)	281,975
Accumulated other comprehensive loss	(749)		(749)
Common Stockholder's Equity	<u>633,715</u>	<u>(1,244)</u>	<u>632,471</u>
Total Capitalization	<u>1,320,494</u>	<u>148,756</u>	<u>1,469,250</u>
Total Liabilities and Capitalization	<u>\$ 2,628,833</u>	<u>\$ 112,505</u>	<u>\$ 2,741,338</u>

Note: Cash transactions related to the payment of debt issuance costs and interest on new and repaid debt and the receipt of interest on notes receivable, is not reflected in pro formas above.

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PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PRO FORMA CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)
(THOUSANDS OF DOLLARS)

	<u>Per Book</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Giving Effect to Adjustments</u>
Operating Revenues	\$ 1,141,202	\$ -	\$ 1,141,202
Operating Expenses:			
Operation -			
Fuel, purchased and net interchange power	558,313		558,313
Other	215,497		215,497
Maintenance	90,933		90,933
Depreciation	56,321		56,321
Amortization of regulatory assets, net	9,254		9,254
Amortization of rate reduction bonds	45,644		45,644
Taxes other than income taxes	42,291		42,291
Total operating expenses	<u>1,018,253</u>	<u>-</u>	<u>1,018,253</u>
Operating Income	122,949	-	122,949
Interest Expense:			
Interest on long-term debt	32,655	8,730 b	41,385
Interest on rate reduction bonds	15,969		15,969
Other interest	1,539	(1,386) d,e	153
Interest expense, net	<u>50,163</u>	<u>7,344</u>	<u>57,507</u>
Other Income, Net	7,277	5,270 e	12,547
Income Before Income Tax Expense	80,063	(2,074)	77,989
Income Tax Expense	21,996	(830) b,d,e	21,166
Net Income	<u>\$ 58,067</u>	<u>\$ (1,244)</u>	<u>\$ 56,823</u>

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PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PRO FORMA CONSOLIDATED STATEMENT OF RETAINED EARNINGS
AS OF DECEMBER 31, 2008
(UNAUDITED)
(THOUSANDS OF DOLLARS)

	<u>Per Book</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Giving Effect to Adjustments</u>
Balance at beginning of year	\$ 261,528	\$ -	\$ 261,528
Net income	58,067	(1,244)	56,823
Cash dividends on common stock	(36,376)	-	(36,376)
Balance at end of year	<u>\$ 283,219</u>	<u>\$ (1,244)</u>	<u>\$ 281,975</u>

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PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
PRO FORMA CONSOLIDATED CAPITAL STRUCTURE
AS OF DECEMBER 31, 2008
(UNAUDITED)
(THOUSANDS OF DOLLARS)

	<u>Per Book</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Giving Effect to Adjustments</u>
Long-term debt*	\$ 686,779	\$ 150,000	\$ 836,779
Common stockholder's equity	633,715	(1,244)	632,471
Total Capitalization	<u>\$ 1,320,494</u>	<u>\$ 148,756</u>	<u>\$ 1,469,250</u>

*Does not include current portion.

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PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 PRO FORMA ADJUSTMENTS TO CONSOLIDATED FINANCIAL STATEMENTS
 AS OF DECEMBER 31, 2008
 (THOUSANDS OF DOLLARS)

	<u>Debit</u>	<u>Credit</u>
a) Notes receivable from affiliated companies	104,773	
Notes payable to banks	45,227	
Long-term debt		150,000

To record the issuance of long-term debt and apply issuance to the repayment of short-term debt, with the remainder lent to the NU Money Pool.

b) Interest on long-term debt	8,730	
Taxes receivable	3,492	
Accrued interest		8,730
Income tax expense		3,492

To record increase in interest expense associated with long-term debt issued and related income taxes.

c) Deferred debits and other assets -- other	1,296	
Taxes receivable	518	
Accounts payable		1,296
Accumulated deferred income taxes		518

To record deferral of issuance expenses associated with the issuance of long-term debt and related income taxes.

d) Other interest	130	
Accumulated deferred income taxes	52	
Deferred debits and other assets -- other		130
Income tax expense		52

To record 12 months of amortization of issuance expenses associated with the issuance of long-term debt and related income taxes.

e) Accrued interest	1,515	
Accounts receivable from affiliated companies	5,270	
Income tax expense	2,714	
Other interest		1,515
Other income		5,270
Taxes receivable		2,714

To record interest income associated with the repayment of short-term borrowings, lendings to the NU Money Pool and related income taxes.

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PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
SOURCES AND APPLICATION OF FUNDS AND CAPITALIZATION
AS OF DECEMBER 31, 2005, 2006, 2007 AND AS OF DECEMBER 31, 2008
AND PROJECTED^(a) AS OF DECEMBER 31, 2008 AND AS OF DECEMBER 31, 2009, 2010 and 2011

(Thousands of Dollars)

	12 Months 12/31/2005 Per Book	12 Months 12/31/2006 Per Book	12 Months 12/31/2007 Per Book	12 Months 12/31/2008 Per Book	12 Months 12/31/2008 Pro Forma	12 Months 12/31/2009 Projected	12 Months 12/31/2010 Projected	12 Months 12/31/2011 Projected
Operating activities:								
Net income	\$ 41,739	\$ 35,323	\$ 54,434	\$ 58,067	\$ 56,823	67,935	86,329	107,653
Adjustments to reconcile to net cash flows provided by operating activities:								
Bad debt expense	3,904	4,208	3,433	5,661	5,661			
Depreciation	46,467	49,740	53,315	56,321	56,321			
Deferred income taxes	(68,347)	(21,929)	(4,726)	25,001	25,467			
Amortization of investment tax credits	(395)	(353)	(295)	(227)	(227)			
Amortization of regulatory assets, net	144,746	53,156	7,470	9,254	9,254			
Amortization of rate reduction bonds	46,648	49,370	52,344	45,644	45,644			
Allowance for equity funds used during construction	(3,466)	(4,367)	(1,958)	(4,374)	(4,374)			
Pension and PBOP expense and contributions, net of capitalized portic	14,338	17,310	7,258	12,350	12,350			
Regulatory overrecoveries/(underrecoveries)	478	(6,850)	(6,167)	(23,848)	(23,848)			
Net settlement of cash flow hedge instruments	-	-	-	(1,730)	(1,730)			
Deferred contractual obligations	(12,465)	(12,589)	(6,365)	(4,978)	(4,978)			
Decrease in other deferred debits	(19,692)	(9,128)	(7,787)	(19,716)	(19,716)			
(Decrease)/increase in other deferred credits	172	(4,101)	125	(64)	(64)			
Other adjustments	(4,607)	(659)	(1,939)	(2,808)	(2,678)			
Changes in current assets and liabilities:								
Receivables and unbilled revenues, net	(18,799)	27,637	(15,799)	(12,058)	(17,328)			
Taxes accrued/(receivable)	9,684	(11,857)	4,144	(2,117)	(3,413)			
Fuel, materials and supplies	(16,300)	(12,036)	15,882	(26,209)	(26,209)			
Other current assets	1,170	5,106	(1,949)	(1,516)	(1,516)			
Accounts payable	(9,009)	14,073	(8,178)	41,959	43,255			
Other current liabilities	(1,013)	1,764	4,051	8,664	15,879			
Net cash flows provided by operating activities	155,253	173,818	147,293	163,276	164,572	48,937	65,954	187,773
Investing Activities:								
Investments in property and plant	(158,832)	(126,657)	(167,712)	(238,912)	(238,912)	(309,571)	(497,160)	(660,259)
Increase in NU Money Pool lending	-	-	-	(53,800)	(158,573)			
Proceeds from sales of investment securities	3,227	3,788	3,454	5,380	5,380			
Purchases of investment securities	(3,415)	(4,059)	(3,692)	(5,508)	(5,508)			
Net proceeds from sale of property	1,461	-	-	-	-			
Other investing activities	(2,767)	2,564	5,921	4,735	4,735			
Net cash flows used in investing activities	(160,326)	(124,364)	(162,029)	(288,105)	(392,878)	(309,571)	(497,160)	(660,259)
Financing Activities:								
Issuance of long-term debt	50,000	-	70,000	110,000	260,000 ^(b)	150,000	250,000	350,000
Retirement of rate reduction bonds	(46,077)	(48,861)	(51,813)	(46,879)	(46,879)			
Increase/(decrease) in short-term debt	(10,000)	-	10,000	35,227	(10,000)			
(Decrease)/increase in NU Money Pool borrowings	(4,500)	20,600	(25,200)	(11,300)	(11,300)			
Capital contributions from NU parent	53,419	21,693	44,194	75,583	75,583			
Cash dividends on common stock	(42,383)	(41,741)	(30,720)	(36,376)	(36,376)			
Other financing activities	(214)	(1,141)	(1,306)	(1,681)	(2,977)			
Net cash flows provided by/(used in) financing activities	245	(49,450)	15,155	124,574	228,051	236,239	398,832	463,480
Net increase/(decrease) in cash	(4,828)	4	419	(255)	(255)	(24,396)	(32,374)	(9,006)
Cash - beginning of year	4,855	27	31	450	450	8,768	(15,628)	(48,003)
Cash - end of year	\$ 27	\$ 31	\$ 450	\$ 195	\$ 195	\$ (15,628)	\$ (48,003)	\$ (57,008)

(a) Projections dated as of December 31, 2009, 2010 and 2011 are based on latest 5-year forecast, dated February 2, 2009

(b) Full amount of requested debt being pro formed into December 2008 actual financials.

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PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
SOURCES AND APPLICATION OF FUNDS AND CAPITALIZATION
AS OF DECEMBER 31, 2005, 2006, 2007 AND AS OF DECEMBER 31, 2008
AND PROJECTED^(a) AS OF DECEMBER 31, 2008 AND AS OF DECEMBER 31, 2009, 2010 and 2011

(Thousands of Dollars)

	12/31/2005		12/31/2006		12/31/2007		12/31/2008		Pro Forma Adjustments	12/31/2008 Pro Forma Giving Effect to Proposed Transaction	
	Per Books	Percentage	Per Books	Percentage	Per Books	Percentage	Per Books	Percentage		Transaction	Percentage
DEBT:											
Short-term debt	\$ 15,900		\$ 36,500		\$ 21,300		\$ 45,227		\$ 45,227	\$ 90,454	
Long-term debt	507,086		507,099		576,997		686,779		-	686,779	
Long-term debt - current portion	-		-		-		-		-	-	
Total debt	522,986	53.61%	543,599	53.76%	598,297	52.66%	732,006	53.60%	45,227	777,233	55.09% ^(b)
COMMON EQUITY:											
Common stock	-		-		-		-		-	-	
Capital surplus, paid in	209,788		231,171		275,569		351,245		-	351,245	
Retained earnings	242,633		236,215		261,528		283,219		-	283,219	
Accumulated other comprehensive income/(loss)	83		176		770		(749)		-	(749)	
Total common equity	452,504	46.39%	467,562	46.24%	537,867	47.34%	633,715	46.40%	-	633,715	44.91%
Total capital	\$ 975,490	100.00%	\$ 1,011,161	100.00%	\$ 1,136,164	100.00%	\$ 1,365,721	100.00%	\$ 45,227	\$ 1,410,948	100.00%

(a) Projections dated as of December 31, 2009, 2010 and 2011 are based on latest 5-year forecast, dated February 2, 2009

(b) The Company plans to receive equity contributions from NU Parent as needed to maintain targeted debt to capitalization percentage of approximately 55%.

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SOURCES AND APPLICATION OF FUNDS AND CAPITALIZATION
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AND PROJECTED^(a) AS OF DECEMBER 31, 2009, 2010 AND AS OF DECEMBER 31, 2009, 2010 and 2011

(Thousands of Dollars)

	12/31/2009 Projected	Percentage	12/31/2010 Projected	Percentage	12/31/2011 Projected	Percentage
DEBT:						
Short-term debt	\$ 24,396		\$ 56,770		\$ 65,776	
Long-term debt	836,951		1,087,123		1,437,296	
Long-term debt - current portion	-		-		-	
Total debt	<u>861,347</u>	52.23%	<u>1,143,893</u>	52.79%	<u>1,503,072</u>	54.71%
COMMON EQUITY:						
Common stock	127,000		328,000		506,074	
Capital surplus, paid in	350,497		350,497		350,497	
Retained earnings	310,443		344,603		387,663	
Total common equity	<u>787,939</u>	47.77%	<u>1,023,100</u>	47.21%	<u>1,244,233</u>	45.29%
Total capital	<u>\$ 1,649,286</u>	100.00%	<u>\$ 2,166,993</u>	100.00%	<u>\$ 2,747,305</u>	100.00%

(a) Projections dated as of December 31, 2009, 2010 and 2011 are based on latest 5-year forecast, dated February 2, 2009