

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 UPDATED - COMPUTATION OF DISTRIBUTION REVENUE DEFICIENCY
 FOR TEST YEAR ENDED DECEMBER 31, 2008
 (Thousands of Dollars)

				<u>As filed Actual Distribution Segment</u>			
1	Rate Base			\$ 723,882			
2	Rate of Return			<u>5.933%</u>			
3	Required Net Operating Income			42,948			
4	Actual TY Net Operating Income Applicable						
5	to Rate Base			<u>\$ 42,948</u>			
6	Deficiency			<u>(0)</u>			
7	Tax Effect (.59475)						
8	Revenue Deficiency	GRCF(1) ==>	1.6814	<u>\$ -</u>			
				<u>AS FILED Proformed TY at 12/31/09 Distribution Segment</u>	<u>UPDATED PRO FORMA ADJUSTMENTS Distribution Segment</u>	<u>UPDATED Distribution Segment</u>	
9	Rate Base			\$ 777,118	\$ 453 (2)	\$ 777,571	
10	Required Rate of Return			<u>8.108%</u>	<u>-0.190%</u>	<u>7.918%</u>	
11	Required Net Operating Income			63,009		61,568	
12	Net Operating Income Applicable						
13	to Rate Base			<u>\$ 30,208</u>	<u>\$ (2,155) (3)</u>	<u>\$ 28,053</u>	
14	Pre-Tax Deficiency			<u>32,801</u>		<u>33,515</u>	
15	Tax Effect (.59475)						
16	Sub-Total	GRCF (1) ==>	1.6814	<u>\$ 55,152</u>		<u>\$ 56,352</u>	
17	Deferred Major Storm Costs			9,085	(1,793) (3)	7,292	
18	Reliability Enhancement Program			<u>4,000</u>	<u>-</u>	<u>4,000</u>	
19	Total Revenue Deficiency - Proforma Rate Year						
20	(L16 + L17 + L18)			<u>\$ 68,237</u>		<u>\$ 67,644</u>	
21	Less: Rate Year Adjustments effective 7/1/2010 (4)			<u>17,129</u>	\$ (358)	<u>16,771</u>	
22	Total Revenue Deficiency effective 8/1/2009			<u>\$ 51,108</u>		<u>\$ 50,873</u>	
23	Per Notice of Intent						
24	(1) Gross Revenue Conversion Factor (GRCF) =		<u>1</u>				
25			(1 - Tax Rate)				

(2) Updated Rate Base from page 4 of 4.
 (3) Updated pro forma adjustments from page 3 of 4.
 (4) Updated adjustment from page 2 of 4.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
 UPDATED COMPUTATION OF DISTRIBUTION REVENUE DEFICIENCY
 FOR TEST YEAR ENDED DECEMBER 31, 2008
 (Thousands of Dollars)

Summary of Rate Year Adjustments effective 7/1/2010

	<u>Amount</u>	<u>Reference</u>
1 Reliability Enhancement Program	\$ 4,000	See Testimony of S.M. Johnson and
2		Table on page 19
3 Capital Recovery Calculation	5,760	See Schedule 1 Attachment, page 21a of 22 and
4		SFR PUC 1604.01 (12)
5 Major Storms Reserve	2,700	See Schedule 1 Attachment, page 18 of 22
6 Net 2009 Capital Additions to Rate Base	<u>4,311</u>	See calculation below (1)
7 and Depreciation		
8 Total Rate Year Adjustments	<u>\$ 16,771</u>	
9 Effective 7/1/2010		

10 (1) The Return on net 2009 Capital Additions to Rate Base and Depreciation is shown below:

11 2009 Rate Base Additions	\$ 23,332	Schedule 3, page 2
12 Required Rate of Return	7.918%	Updated Schedule I, page 2
13 Gross Revenue Conversion Factor	<u>1,6814</u>	Revenue Deficiency, page 1 of 4
14 Return on 2009 Capital Additions		
15 (L11 x L12 x L13)	\$ 3,105	
16 Depreciation on 2009 Capital Additions	<u>1,206</u>	See Updated Attachment, Page 11a of 15, lines 2 + 6
17 Net adjustment for 2009 additions	<u>\$ 4,311</u>	
18 to Rate Base (L15 + L16)		

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
UPDATED COMPUTATION OF DISTRIBUTION REVENUE DEFICIENCY
SUMMARY OF EXPENSE ADJUSTMENTS
 (Thousands of Dollars)

Adj. #	Expense Adjustments:	As Filed Pagination Ref.	Reference/Basis for Revision
1	Pension costs	\$ 439	Vol II, 000103 Updated actuarial data
2	Other post employment benefits (OPEB)	221	Vol II, 000101 Updated actuarial data
3	Medical costs	667	Vol II, 000107 Updated data
4	NHPUC assessment	209	N/A Increased costs in the rate year
5	Rent expense	(28)	Vol II, 000117 OCA-01, Q-OCA-035 and OCA-03, Q-OCA-014
6	Software maintenance agreement	(35)	Vol II, 000095 OCA-01, Q-OCA-T-008 and OCA-01, Q-OCA-052
7	Legal fees	(43)	N/A OCA-01, Q-OCA-T-013 and OCA-01, Q-OCA-056
8	Uncollectible expense	1,350	Vol II, 000091 Increased costs in the rate year
9	Customer Experience employee expense	857	N/A Increased call volumes
10	Customer Assistance expense	(20)	N/A AUDIT-25, Q-AUDIT-044 and AUDIT ISSUE #6
	Total O&M Expense Adjustments	\$ 3,617	Increase to expense
11	Depreciation expense	(283)	Vol II, 000121 TS-01, Q-TECH-008
12	Property taxes	73	Vol II, 000105 Increased costs in the rate year
13	Deferred Environmental Remediation	23	Vol II, 000113 Increased deferrals in the rate year
	Net increase to operating expenses	\$ 3,429	
	Tax Effect (40.525%)	(1,390)	
	Adjusted operating expense after tax	\$ 2,039	
14	Less: Donations, net of tax	(116)	Vol II, 000081 OCA-01, Q-OCA-T-044
	Decrease net operating income applicable to rate base	<u>\$ 2,155</u>	
15	Deferred Major Storm Recovery	\$ (1,793)	Vol I, 000085-86 STAFF-02, Q-STAFF-022 AUDIT ISSUE- STORM Q-AUDIT ISSUE - STORM - 001 Q-AUDIT ISSUE - STORM - 003

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

UPDATED RATE BASE

PROFORMED TO 12/31/09

(Thousands of Dollars)

	PRO FORMA AS FILED	UPDATED (1)		UPDATED PRO FORMA
1 Electric Plant In Service	\$ 1,309,326	\$ -		\$ 1,309,326
2 Less: Accum. Provision for Depreciation	420,450	(283)	(1)	420,167
3 Plant Held For Future Use	-	-		-
4 Net Utility Plant	888,876	(283)		889,159
5 Plus: Working Capital Allowance	26,805	446	(2)	27,251
6 Material and Supplies	7,171	-		7,171
7 Prepayments	2,743	(514)	(3)	2,229
8 Regulatory Asset	16,225	-		16,225
9 Less: Accum. Deferred Income Taxes	153,829			153,829
10 Accumulated Investment Tax Credit	238	(238)	(4)	-
11 Deferred Credits	7,496	-		7,496
12 Customer Deposits	3,139	-		3,139
13 Rate Base	<u>\$ 777,118</u>	<u>\$ 453</u>		<u>\$ 777,571</u>

(1) TS-01, Q-TECH-008 and page 11a of 15. See Updated Pro Forma Adjustment Explanations.

(2) Working capital allowance was increased as O&M costs were increased. See updated pro forma adjustment, Page 3 of 4: $[3,617 * (45/365)] = 446$

(3) Audit Issue #1. See Updated Pro Forma Adjustment Explanations.

(4) Elimination of ITC. See Updated Pro Forma Adjustment Explanations.

Amounts shown above may not add due to rounding.