# ENERGYNORTH NATURAL GAS, INC d/b/a NATIONAL GRID NH

## Cost of Service Exhibits
## Rate of Return
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**ENERGYNORTH NATURAL GAS, INC d/b/a NATIONAL GRID NH**
**Overall Rate of Return**
**For Ratemaking Purposes**

| Line No. | Item | Component Ratio (%) | Component Cost Rate(%) | Weighted Average Cost Rate (%) |
|---|---|---|---|---|
| | (A) | (B) | (C) | (D) |
| 1 | Common Stock [1] | 50.00 | 11.20% | 5.60% |
| 2 | Long Term Debt | 50.00 | 6.99% | 3.49% |
| 4 | Total | 100.00 | | 9.09% |

[1] The Merger Settlement Agreement approved in Docket No. DG 06-107 stipulates that in this rate filing EnergyNorth is to use an imputed common equity ratio of 50% for determining its overall rate of return for ratemaking purposes.

**ENERGYNORTH NATURAL GAS, INC d/b/a NATIONAL GRID NH**
**Capital Structure**
**At June 30, 2009**

| Line No. | Item | Amount ($) | Component Ratio |
|---|---|---|---|
| | (A) | (B) | (C) |
| | Common Equity [1] | | |
| 1 | Stock | $ 157,517,862 | |
| 2 | Surplus | 11,355,804 | |
| 3 | Retained Earnings | 17,106,976 | |
| 4 | Total | 185,980,642 | 0.6652 |
| | Preferred Stock | | |
| 5 | Stock | - | |
| 6 | Total | 0 | 0.0000 |
| | Long Term Debt | | |
| 7 | Mortgage Debt | - | |
| 8 | L-T Notes | 80,000,000 | |
| 9 | PCRB Bonds | - | |
| 10 | Industrial Revenue Bonds | - | |
| 11 | Total | 80,000,000 | 0.2861 |
| 12 | Short-Term Debt | 13,606,294 | 0.0487 |
| 13 | Total Capital | $ 279,586,937 | 1.0000 |

[1] Includes goodwill of $100,238,020.

**ENERGYNORTH NATURAL GAS, INC d/b/a NATIONAL GRID NH**
**Capital Structure Excluding Goodwill**
**At June 30, 2009**

| Line No. | Item | Amount ($) | Component Ratio |
|---|---|---|---|
| | (A) | (B) | (C) |
| 1 | Total Common Equity [1] | $ 85,742,623 | 0.4781 |
| | Preferred Stock | | |
| 2 | Stock | - | |
| 3 | Total | - | 0.0000 |
| | Long Term Debt | | |
| 4 | Mortgage Debt | - | |
| 5 | L-T Notes | 80,000,000 | |
| 6 | PCRB Bonds | - | |
| 7 | Industrial Revenue Bonds | - | |
| 8 | Total | 80,000,000 | 0.4461 |
| 9 | Short-Term Debt | 13,606,294 | 0.0759 |
| 10 | Total Capital | $ 179,348,917 | 1.0000 |

[1] Excludes goodwill of $100,238,020.

**ENERGYNORTH NATURAL GAS, INC d/b/a NATIONAL GRID NH**
**Historical Capital Structure ($)**
**At December 31 of Each Year**

| Line No. | Item | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|---|---|---|---|
| | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) |
| 1 | Common Stock [1] | $ 183,912,126 | $ 178,297,365 | $ 176,372,837 | $ 166,084,732 | $ 167,280,328 | $ 161,500,256 | $ 155,939,949 | $ 150,537,553 |
| 2 | Preferred Stock | - | - | - | - | - | - | - | - |
| 3 | Long Term Debt | 80,000,000 | 80,000,000 | 40,000,000 | 40,000,000 | 40,000,000 | 40,000,000 | 80,186,533 | 80,625,333 |
| 4 | Short Term Debt | 25,576,880 | 30,791,330 | 61,254,589 | 40,153,808 | 53,739,311 | 64,376,873 | 22,741,100 | 3,594,296 |
| 5 | Total Capital | $ 289,489,006 | $ 289,088,694 | $ 277,627,426 | $ 246,238,540 | $ 261,019,639 | $ 265,877,129 | $ 258,867,582 | $ 234,757,182 |

[1] Includes goodwill.

**ENERGYNORTH NATURAL GAS, INC d/b/a NATIONAL GRID NH**
**Capitalization Ratios**
**At December 31 of Each Year**

| Line No. | Item | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|---|---|---|---|
| | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) |
| 1 | Common Stock [1] | 0.6353 | 0.6168 | 0.6353 | 0.6745 | 0.6409 | 0.6074 | 0.6024 | 0.6412 |
| 2 | Preferred Stock | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| 3 | Long Term Debt | 0.2763 | 0.2767 | 0.1441 | 0.1624 | 0.1532 | 0.1504 | 0.3098 | 0.3434 |
| 4 | Short Term Debt | 0.0884 | 0.1065 | 0.2206 | 0.1631 | 0.2059 | 0.2421 | 0.0878 | 0.0153 |
| 5 | Total Capital | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |

[1] Includes goodwill.

**ENERGYNORTH NATURAL GAS, INC d/b/a NATIONAL GRID NH**
**Weighted Average Cost of Long-Term Debt**
**Pro Forma at June 30, 2009**

| Line No. | Long-Term Notes (A) | Term (Yrs) (B) | Issuance Date (C) | Amount Issued @ Face Value (D) | Amount Outstanding @ Face Value (E) | Total Issuance Expense & Call Premium (F) | Unamortized Issuance Expense & Call Premium (G) | Net Proceeds Outstanding (H) | Amortization of Issuance Expense & Call Premium (I) | Annual Interest (J) | Annual Cost (K) | Weighted Average Cost Rate (L) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Inter-Company Promissory | 30 | 4/1/2005 | $ 80,000,000 | $ 80,000,000 | $ - | $ - | $ 80,000,000 | $ - | $ 4,642,400 | $ 4,642,400 | |
| 2 | Note to Parent @ 5.803% | | | | | | | | | | | |
| | First Mortgage Bonds | | | | | | | | | | | |
| 3 | 9.70% Series B Due 2019 | Called on 8/3/2004 | 9/1/1989 | 7,000,000 | 0 | 3,283,950 | 2,744,416 | (2,744,416) | 109,465 | 0 | 109,465 | |
| 4 | 9.75% Series C Due 2020 | Called on 8/3/2004 | 9/1/1990 | 10,000,000 | 0 | 4,805,610 | 4,036,833 | (4,036,833) | 160,187 | 0 | 160,187 | |
| 5 | 8.44% Series D Due 2009 | Called on 8/3/2004 | 1/10/1992 | 5,000,000 | 0 | 518,368 | 178,543 | (178,543) | 16,018 | 0 | 16,018 | |
| 6 | 7.40% Series E Due 2027 | Called on 8/3/2004 | 9/30/1997 | 21,285,000 | 0 | 2,183,644 | 1,700,850 | (1,700,850) | 57,781 | 0 | 57,781 | |
| 7 | Total Long Term Debt | | | $ 123,285,000 | $ 80,000,000 | $ 10,791,572 | $ 8,660,642 | $ 71,339,358 | $ 343,451 | $ 4,642,400 | $ 4,985,851 | 6.99% |

**ENERGYNORTH NATURAL GAS, INC d/b/a NATIONAL GRID NH**
**Cost of Short Term Debt**
**Pro Forma at June 30, 2009**

| Line No. | Item | Cost Rate | Outstanding Amount ($) |
|---|---|---|---|
| | (A) | (B) | (C) |
| 1 | Bank Loans | | - |
| 2 | Loans from Individuals | | - |
| 3 | Commercial Paper | | - |
| 4 | Money Pool [1] | 1.95% | 13,606,294 |
| 5 | Total | 1.95% | 13,606,294 |
| 6 | Weighted Average Cost | 1.95% | |

Notes:
1) Money Pool Cost Rate is a simple average of the daily rates.
2) Approximately 47% of the Money Pool borrowing amount listed above is related to fuel financing with the remainder associated with other than fuel financing related to gas supply working capital and construction work in progress.
3) The difference in the balance to the Filing Requirement 1604 01 (a) 24 is a normal timing difference on a monthly basis due to customer receipts.

# EXHIBIT EN 3-7

## Weighted Average Cost of Preferred Stock
## 1604.08(c)(7)

***Not Applicable***

**ENERGYNORTH NATURAL GAS, INC d/b/a NATIONAL GRID NH**
**Cost of Common Equity Capital**

| Line No. | |
|---|---|
| 1 | See the testimony and exhibits of Company Witness Robert Hevert. |
| 2 | Recommended cost of common equity used in this filing is 11.2%. |

# EXHIBIT EN 3-9

## Report on Proposed Rate Changes
## (1604.08(c)(9))

## *See* 1604.02(a)