

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-D

**ASSET-BACKED ISSUER
DISTRIBUTION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

**For the semi-annual distribution period from
Issuance to February 1, 2019**

PSNH FUNDING LLC 3

(Exact name of issuing entity as specified in
its charter)

Delaware

(State or other jurisdiction of
incorporation or organization of the issuing entity)

333-223108-01

(Commission File Number of the issuing entity)

0001730300

(Central Index Key Number of the issuing entity)

82-4087442

(I.R.S. Employer
Identification Number)

**PUBLIC SERVICE COMPANY
OF NEW HAMPSHIRE**

(Exact name of depositor and sponsor as specified in
its charter)

New Hampshire

(State or other jurisdiction of
incorporation or organization of depositor and sponsor)

1-6392

(Commission File Number of depositor and sponsor)

0000315256

(Central Index Key Number of depositor and sponsor)

02-0181050

(I.R.S. Employer
Identification Number)

C/O Public Service Company of New Hampshire

Energy Park

780 North Commercial Street

Manchester, New Hampshire 03101-1134

(800) 286-5000

(Address, including zip code, and telephone number, including
area code, of principal executive offices of the issuing entity)

Emilie O'Neil

Assistant Treasurer – Corporate

Finance and Cash Management

Public Service Company of New Hampshire

(781) 441-8127

(Name and telephone number, including area code, of the person to contact in connection with this filing)

Registered/reporting pursuant to (check one)

Title of class	Section 12(b)	Section 12(g)	Section 15(d)	Name of exchange (If Section 12(b))
Rate Reduction Bonds, Series 2018-1, Tranche A-1	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Rate Reduction Bonds, Series 2018-1, Tranche A-2	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Rate Reduction Bonds, Series 2018-1, Tranche A-3	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

PART I - DISTRIBUTION INFORMATION

Item 1. Distribution and Pool Performance Information.

The response to Item 1 is set forth in part herein and in part in Exhibit 99.1.

The determination date for distributions described in Exhibit 99.1 is January 14, 2019.

Introductory and explanatory information regarding the material terms, parties, and distributions described in Exhibit 99.1 is included in the Prospectus, dated May 1, 2018, of PSNH Funding LLC 3, the Issuing Entity, CIK 0001730300, File Number 333-223108-01, relating to the Rate Reduction Bonds, Series 2018-1, the Bonds, filed with the Securities and Exchange Commission pursuant to Rule 424(b)(1) of the Securities Act of 1933, as amended, on May 2, 2018 (the "Prospectus").

As indicated in Exhibit 99.1, all required interest and scheduled principal payments on the Bonds have been made with respect to the February 1, 2019, distribution date.

Item 1A. Asset-Level Information.

Asset-level information related to the Bonds is included in the Prospectus.

The following Item has been omitted pursuant to General Instruction C of Form 10-D:

- Item 1B. Asset Representations Reviewer and Investor Communication.

PART II - OTHER INFORMATION

The following Items have been omitted pursuant to General Instruction C of Form 10-D:

- Item 2. Legal Proceedings.
- Item 3. Sale of Securities and Use of Proceeds.
- Item 4. Defaults Upon Senior Securities.
- Item 5. [Reserved.]
- Item 6. Significant Obligors of Pool Assets.
- Item 7. Change in Sponsor Interest in the Securities.
- Item 8. Significant Enhancement Provider Information.
- Item 9. Other Information.

Item 10. Exhibits.

(a) and (b)

Exhibits filed herewith are designated by an asterisk (*). All exhibits not so designated are incorporated by reference to a prior filing, as indicated.

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
3.1	<u>Certificate of Formation of PSNH Funding LLC 3 (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form SF-1 of Public Service Company of New Hampshire and PSNH Funding LLC 3 (File Nos. 333-223108 and 333-223108-01) filed on February 20, 2018)</u>
3.2	<u>Amended and Restated Limited Liability Company Agreement of PSNH Funding LLC 3, dated and effective as of May 8, 2018 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K of Public Service Company of New Hampshire and PSNH Funding LLC 3 filed on May 11, 2018)</u>
4.1	<u>Indenture, dated as of May 8, 2018, by and between PSNH Funding LLC 3 and The Bank of New York Mellon, as Indenture Trustee and Securities Intermediary (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Public Service Company of New Hampshire and PSNH Funding LLC 3 filed on May 11, 2018)</u>
4.2	<u>Series Supplement, dated as of May 8, 2018, by and between PSNH Funding LLC 3 and The Bank of New York Mellon, as Indenture Trustee and Securities Intermediary (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of the Public Service Company of New Hampshire and PSNH Funding LLC 3 filed on May 11, 2018)</u>
10.1	<u>Servicing Agreement, dated as of May 8, 2018, by and between PSNH Funding LLC 3 and Public Service Company of New Hampshire, as Servicer (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Public Service Company of New Hampshire and PSNH Funding LLC 3 filed on May 11, 2018)</u>
10.2	<u>Purchase and Sale Agreement, dated as of May 8, 2018, by and between PSNH Funding LLC 3 and Public Service Company of New Hampshire as Seller (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Public Service Company of New Hampshire and PSNH Funding LLC 3 filed on May 11, 2018)</u>
10.3	<u>Administration Agreement, dated as of May 8, 2018, by and between PSNH Funding LLC 3 and Public Service Company of New Hampshire as Administrator (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Public Service Company of New Hampshire and PSNH Funding LLC 3 filed on May 11, 2018)</u>
99.1*	<u>Semi-Annual Servicer Certificate, dated January 14, 2019</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: February 19, 2019

PSNH FUNDING LLC 3, as Issuing Entity

BY: PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE,
as Servicer

/s/ Emilie G. O'Neil

Emilie G. O'Neil

Assistant Treasurer — Corporate Finance and Cash Management

SEMI-ANNUAL SERVICER CERTIFICATE

January 14, 2019

Pursuant to Section 4.01(d)(3) of the Servicing Agreement, dated as of May 8, 2018 (the “Agreement”), between Public Service Company of New Hampshire (the “Servicer”), and PSNH Funding LLC 3, the Servicer does hereby certify, for the current Payment Date (February 1, 2019) (the “Current Payment Date”), as follows:

Capitalized terms used herein have their respective meanings as set forth in the Agreement. References herein to certain sections and subsections are references to the respective sections of the Agreement.

1. RRB Charge Collections and Aggregate Amounts Available for the Current Payment Date:

i.	Amount Remitted Jun 18:	\$	4,264,689
ii.	Amount Remitted Jul 18:	\$	7,059,379
iii.	Amount Remitted Aug 18:	\$	7,812,154
iv.	Amount Remitted Sep 18:	\$	7,699,602
v.	Amount Remitted Oct 18:	\$	9,001,473
vi.	Amount Remitted Nov 18:	\$	6,394,650
vii.	Amount Remitted Dec 18:	\$	5,075,782
viii.	Total Amount Remitted for this Period (sum of i. through vii. above):	\$	47,307,729
ix.	Net Earnings on Collection Account (excludes earnings on Capital Subaccount):	\$	197,754
x.	Excess Funds Subaccount Balance:	\$	0
xi.	Capital Subaccount Balance:	\$	3,178,316
xii.	Expenses Paid to Date:	\$	(12,334)
xiii.	Collection Account Balance (sum of viii. through xii. above):	\$	50,671,465

2. Outstanding Principal Balance as of Prior Payment Date by Tranche:

i.	Tranche A-1 Bond Principal Balance Outstanding:	\$	235,900,000.00
ii.	Tranche A-2 Bond Principal Balance Outstanding:	\$	111,600,000.00
iii.	Tranche A-3 Bond Principal Balance Outstanding:	\$	288,163,200.00
iv.	Total Bond Principal Balance:	\$	635,663,200.00

3. Required Funding/Payments as of Current Payment Date:

a) Projected Principal Balances and Payments

	<u>Projected Principal Balance</u>	<u>Semi-Annual Principal Due</u>
i. Tranche A-1 Bond	\$ 205,173,077.96	\$ 30,726,922.04
ii. Tranche A-2 Bond	\$ 111,600,000.00	\$ 0.00
iii. Tranche A-3 Bond	\$ 288,163,200.00	\$ 0.00
iv. Total Projected Principal Amount:	\$ 604,936,277.96	\$ 30,726,922.04

b) Required Interest Payments

	<u>Bond Interest Rate</u>	<u>Days in Applicable Period</u>	<u>Interest Due</u>
i. Tranche A-1 Bond	3.094%	263	\$ 5,332,139.44
ii. Tranche A-2 Bond	3.506%	263	\$ 2,858,441.80
iii. Tranche A-3 Bond	3.814%	263	\$ 8,029,203.31
iv. Total Required Interest Amount:			\$ 16,219,784.55

c) Projected Subaccount Payments and Levels

<u>Subaccount</u>	<u>Projected Level</u>	<u>Funding Required</u>
i. Capital Subaccount:	\$ 3,178,316.00	\$ 0.00
ii. Total Subaccount Payments and Levels:	\$ 3,178,316.00	\$ 0.00

4. Allocation of Remittances as of Current Payment Date Pursuant to Section 8.02(e) of Indenture:

a) Semi-Annual Expenses

Net Expense Amount (Payable on Current Payment Date)

i.	Trustee Fees and Expenses:	\$	0.00
ii.	Semi-Annual Servicing Fee:	\$	232,193.64
iii.	Semi-Annual Administration Fee:	\$	54,791.67
iv.	Operation Expenses:	\$	0.00
v.	Total Expenses:	\$	286,985.31

b) Semi-Annual Interest

		Per \$1000 of Original	Aggregate
i.	Tranche A-1 Bond	\$ 22.60	\$ 5,332,139.44
ii.	Tranche A-2 Bond	\$ 25.61	\$ 2,858,441.80
iii.	Tranche A-3 Bond	\$ 27.86	\$ 8,029,203.31
iv.	Total Semi-Annual Interest:	\$ 76.08	\$ 16,219,784.55

c) Semi-Annual Principal

		Per \$1000 of Original	Aggregate
i.	Tranche A-1 Bond	\$ 130.25	\$ 30,726,922.04
ii.	Tranche A-2 Bond	\$ 0.00	\$ 0.00
iii.	Tranche A-3 Bond	\$ 0.00	\$ 0.00
iv.	Total Semi-Annual Principal:	\$ 130.25	\$ 30,726,922.04

d) Other Payments

i.	Funding of Capital Subaccount (to required amount):	\$	0.00
ii.	Deposits to Excess Funds Subaccount:	\$	259,457.16
iii.	Interest earnings on Capital Account Released to Note Issuer ¹ :	\$	33,280.20

e) Aggregate Payments Pursuant to Section 8.02(e)(i) of Indenture

i.	To Trustee:	\$	0.00
ii.	To other Persons indemnified under Indenture:	\$	0.00

¹ Interest earnings on capital account have previously been released to the Note Issuer.

5. Outstanding Principal Balance and Collection Account Balance as of Current Payment Date (after giving effect to payments to be made on such distribution date):

a) Principal Balance Outstanding:

i.	Tranche A-1 Bond Principal Balance Outstanding:	\$	205,173,077.96
ii.	Tranche A-2 Bond Principal Balance Outstanding:	\$	111,600,000.00
iii.	Tranche A-3 Bond Principal Balance Outstanding:	\$	288,163,200.00
iv.	Total Bond Principal Balance:	\$	604,936,277.96

b) Collection Account Balances Outstanding:

i.	Capital Subaccount:	\$	3,178,316.00
ii.	Excess Funds Subaccount:	\$	259,457.16
iii.	Total Subaccount Amount:	\$	3,437,773.16

6. Sub-Account Draws as of Current Payment Date (if applicable, pursuant to Section 8.02(f) of Indenture):

i.	Capital Subaccount:	\$	0.00
ii.	Excess Funds Subaccount:	\$	0.00
iii.	Total Subaccount Draws:	\$	0.00

7. Shortfalls in Interest and Principal Payments as of Current Payment Date (if applicable):

a) Semi-Annual Interest Shortfall

i.	Tranche A-1 Bond	\$	0.00
ii.	Tranche A-2 Bond	\$	0.00
iii.	Tranche A-3 Bond	\$	0.00
iv.	Total Semi-Annual Interest Shortfall:	\$	0.00

b) Semi-Annual Principal Shortfall

i.	Tranche A-1 Bond	\$	0.00
ii.	Tranche A-2 Bond	\$	0.00
iii.	Tranche A-3 Bond	\$	0.00
iv.	Total Semi-Annual Principal Shortfall:	\$	0.00

8. Shortfalls in Required Subaccount Levels as of Current Distribution Date:

i.	Capital Subaccount	\$	0.00
ii.	Total Subaccount Shortfalls:	\$	0.00

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Semi-Annual Servicer Certificate as of the date first written above.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE, as
Servicer

By: /s/ Emilie G. O'Neil

Name: Emilie G. O'Neil

Title: Assistant Treasurer - Corporate Finance and Cash
Management