

RNS Rate – Five Year Forecast

PTO AC - Rates Working Group - Presentation

NEPOOL Reliability Committee / Transmission Committee – Summer Meeting

August 16-17, 2010

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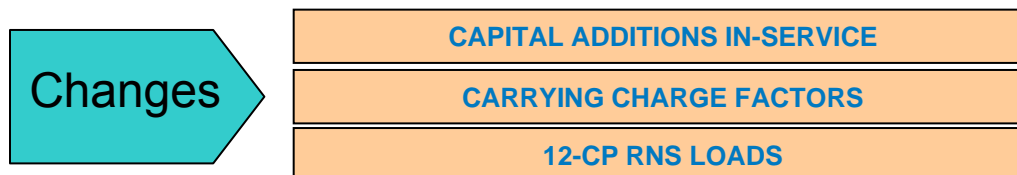
2010 Forecast Comparison - Summary

PTO AC previously estimated \$1.1B of PTF Additions in service in 2010

- ◆ This level of projected PTF Additions resulted in:
 - Forecasted RNS revenue requirement of \$194M with an estimated RNS Rate Impact of \$10/kW-Yr.
 - Based on actual 2008 Carrying Charge Factors & 12CP RNS Load (20,433 MW)
 - Does not include prior year true-up adjustments

RNS Rate effective June 1, 2010 includes an estimated \$778M of PTF Additions in service in 2010

- ◆ This level of projected PTF Additions results in:
 - Forecasted RNS revenue requirement of \$131M with an estimated RNS Rate Impact of \$7/kW-Yr.
 - Based on actual 2009 Carrying Charge Factors & 12CP RNS Load (19,458 MW)
 - Includes prior year true-up adjustments (plus interest)



2010 Forecast Comparison - Detail

Participating Transmission Owner	Preliminary Estimate		June 1, 2010 Rate		Variance Impact (\$/kW-Yr)
	2010 Projected PTF Additions (\$ in Millions)	Forecasted RNS Revenue Requirements (\$ in Millions)	2010 Projected PTF Additions (\$ in Millions)	Forecasted RNS Revenue Requirements (\$ in Millions)	
BHE	37	6	33	6	-
CMP	517	90	205	34	(2.68)
HG&E	-	-	-	-	-
NHT	3	1	2	-	(0.03)
NGRID	111	20	152	25	0.33
NSTAR	41	6	33	5	(0.05)
NU	161	28	134	23	(0.16)
UI	18	3	16	3	0.02
VT Transco	225	40	203	35	(0.20)
Total	1,113	194	778	131	
RNS Rate Impact (\$/kW-Yr)	\$10		\$7		\$(3)

Note: Figures may be off slightly due to rounding

2011 – 2014 Forecast Disclaimer

The 2011-2014 forecast herein provides an indicative RNS rate trend; it should be used for illustrative purposes only.

The estimated data utilized by the PTO AC to develop this forecast of RNS rates is based upon estimated capital additions provided by the Participating Transmission Owners. Estimates for 2011 capital additions will be finalized during the routine annual update to the RNS rate effective June 1, 2011 and will reflect more current information.

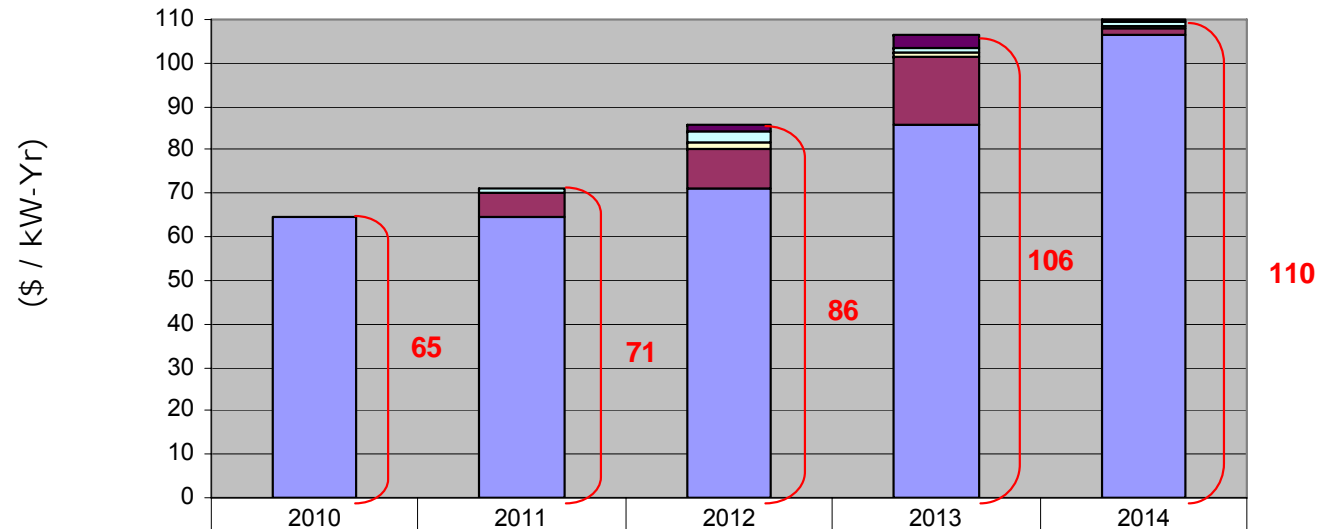
The PTO AC acknowledges that this 2011-2014 forecast is based on a number of assumptions and variables including, among others, estimated project need, design, scope, labor & materials costs, inflation, site & permitting approvals, transmission in-service dates, estimated carrying charges & coincident peak network loads. It is therefore expected that such estimates and assumptions will change over time as more current data becomes available. In addition, the 2011-2014 forecast reflects gross costs and does not include assumptions pertaining to savings (e.g., associated with congestion, unlocked capacity, etc.) or prior year true-up adjustments.

2011-2014 Forecast

	2011	2012	2013	2014
Estimated Additions In-Service (\$M)	766	1,683	2,336	454
Forecasted Revenue Requirement (\$M)	127	281	400	73
Estimated RNS Rate Impact (\$/kW-Yr)	7	14	21	4
Estimated RNS Rate Forecast (\$/kW-Yr)	71	86	106	110
Estimated RNS Rate Forecast (\$/kWh) <i>Assumes a 60% Load Factor</i>	0.014	0.016	0.020	0.021

Note: Figures are indicative only and may be off slightly due to rounding

New England RNS Rate Forecast



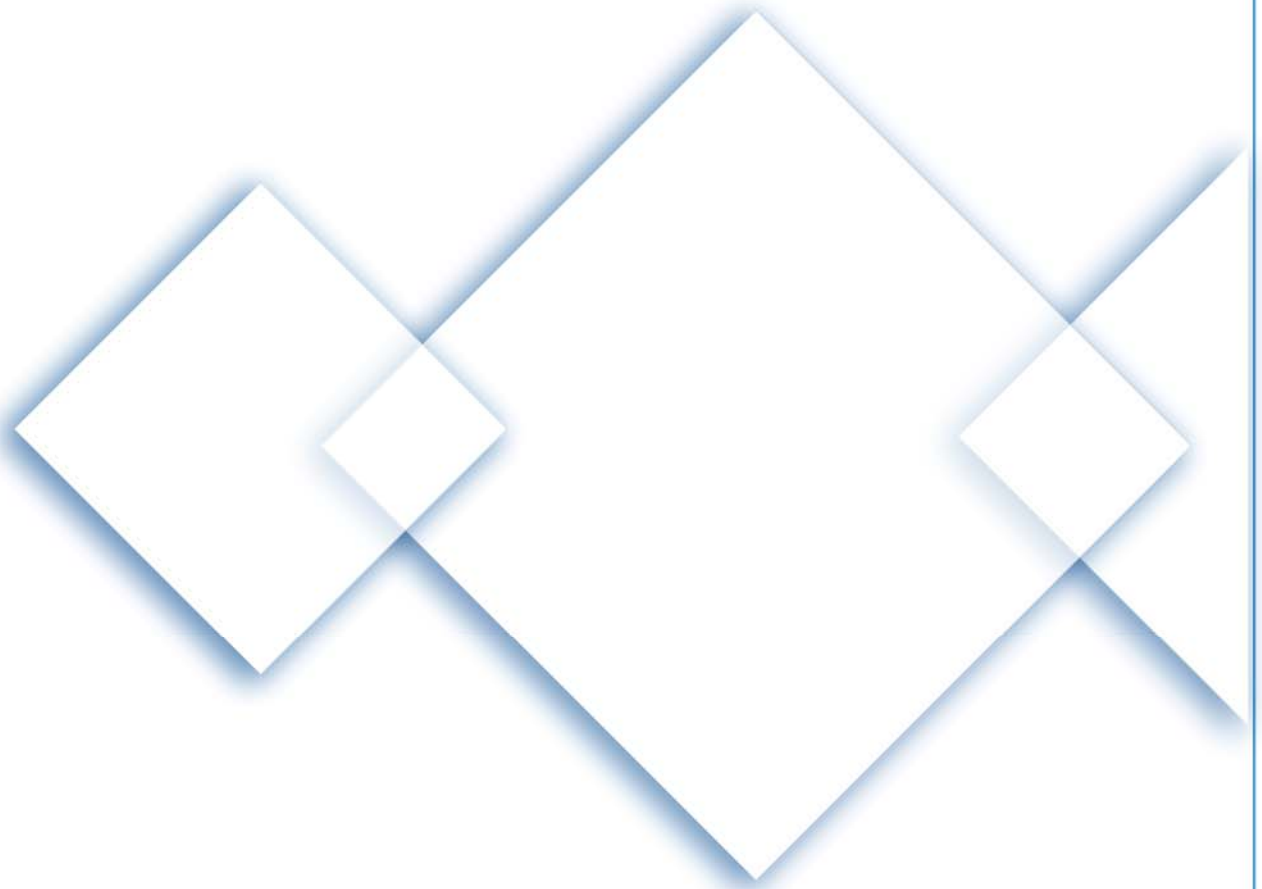
	2010	2011	2012	2013	2014
■ Future RSP		0.35	1.40	3.07	0.48
□ Other PTF		0.83	2.89	1.01	0.86
□ RSP-Concept		0.03	1.07	1.02	0.59
■ RSP-Proposed, Planned, UC		5.33	9.06	15.44	1.81
■ Prior Year Rate	64.83	64.83	71.36	85.79	106.33

Forecasted Rate Effective June 1	71.36	85.79	106.33	110.07
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\$ / kWh *	0.012	0.014	0.016	0.020	0.021
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* Assumes a 60% load factor

Note: Figures are indicative only & may be off slightly due to rounding



Appendix

RNS Rate Forecast Components by Year

2011 Forecast Components

Participating Transmission Owner	2011 Projected PTF Additions (\$ in Millions)	Forecasted RNS Revenue Requirements (\$ in Millions)	RNS Rate Impact (\$/kW-Yr)	Key Drivers - Major Projects >\$50M
BHE	37	7	0.33	
CMP	294	48	2.49	Maine Power Reliability Program ("MPRP")
HG&E	-	-	-	
NHT	1	-	0.01	
NGRID	213	35	1.82	Merrimack Valley/North Shore Reliability Project, Central/Western Massachusetts Upgrades
NSTAR	63	8	0.44	
NU	112	20	1.00	
UI	17	4	0.19	
VT Transco	29	5	0.25	
Total	766	127	6.53	

2012 Forecast Components

Participating Transmission Owner	2012 Projected PTF Additions (\$ in Millions)	Forecasted RNS Revenue Requirements (\$ in Millions)	RNS Rate Impact (\$/kW-Yr)	Key Drivers - Major Projects >\$50M
BHE	66	12	0.60	Down East Reliability Improvement
CMP	423	70	3.58	MPRP
HG&E	8	2	0.11	
NHT	11	2	0.09	
NGRID	501	83	4.27	NEEWS
NSTAR	189	26	1.33	Long Term Lower SEMA Project
NU	328	57	2.94	2 nd Deerfield Autotransformer project, Maine Power Reliability Program
UI	66	14	0.72	Grand Avenue Switching Station Rebuild
VT Transco	91	15	0.79	
Total	1,683	281	14.43	

2013 Forecast Components

Participating Transmission Owner	2013 Projected PTF Additions (\$ in Millions)	Forecasted RNS Revenue Requirements (\$ in Millions)	RNS Rate Impact (\$/kW-Yr)	Key Drivers - Major Projects >\$50M
BHE	-	-	-	
CMP	336	55	2.84	MPRP
HG&E	-	-	-	
NHT	12	2	0.10	
NGRID	190	32	1.62	NEEWS
NSTAR	96	13	0.67	
NU	1,685	294	15.12	NEEWS
UI	16	3	0.17	
VT Transco	1	-	0.01	
Total	2,336	400	20.53	

2014 Forecast Components

Participating Transmission Owner	2014 Projected PTF Additions (\$ in Millions)	Forecasted RNS Revenue Requirements (\$ in Millions)	RNS Rate Impact (\$/kW-Yr)	Key Drivers - Major Projects >\$50M
BHE	-	-	-	
CMP	155	26	1.32	MPRP
HG&E	-	-	-	
NHT	4	1	0.03	
NGRID	107	18	0.91	Greater RI Transmission Reinforcements, Merrimack Valley/ North Shore Reliability Project
NSTAR	121	16	0.84	
NU	53	9	0.48	
UI	11	2	0.12	
VT Transco	3	1	0.03	
Total	454	73	3.73	