



**Northeast  
Utilities**

**EEl Financial Conference  
November 11-14, 2012**





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## NU Safe Harbor Provisions

This presentation includes statements concerning NU's expectations, beliefs, plans, objectives, goals, strategies, assumptions of future events, future financial performance or growth and other statements that are not historical facts. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, a listener or reader can identify these forward-looking statements through the use of words or phrases such as "estimate," "expect," "anticipate," "intend," "plan," "project," "believe," "forecast," "should," "could," and other similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual results or outcomes to differ materially from those included in the forward-looking statements. Factors that may cause actual results to differ materially from those included in the forward-looking statements, include, but are not limited to, actions or inaction of local, state and federal regulatory and taxing bodies; changes in business and economic conditions, including their impact on interest rates, bad debt expense and demand for NU's products and services; changes in weather patterns; changes in laws, regulations or regulatory policy; changes in levels or timing of capital expenditures; disruptions in the capital markets or other events that make NU's access to necessary capital more difficult or costly; developments in legal or public policy doctrines; technological developments; changes in accounting standards and financial reporting regulations; fluctuations in the value of our remaining competitive contracts; actions of rating agencies; the possibility that expected merger synergies will not be realized or will not be realized within the expected time period; and other presently unknown or unforeseen factors. Other risk factors are detailed from time to time in NU's and NSTAR's reports filed with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date on which such statement is made, and NU undertakes no obligation to update the information contained in any forward-looking statements to reflect developments or circumstances occurring after the statement is made or to reflect the occurrence of unanticipated events.

All per share amounts in this presentation are reported on a diluted basis. The only common equity securities that are publicly traded are common shares of NU parent. The earnings and EPS of each business do not represent a direct legal interest in the assets and liabilities allocated to such business, but rather represent a direct interest in NU's assets and liabilities as a whole. EPS by business is a non-GAAP (not determined using generally accepted accounting principles) measure that is calculated by dividing the net income or loss attributable to controlling interests of each business by the weighted average diluted NU parent common shares outstanding for the period. In addition, the third quarter and nine months ended September 30, 2012 and 2011 earnings and EPS excluding certain charges related to the April 10, 2012 closing of the merger between NU and NSTAR are non-GAAP financial measures. Management uses these non-GAAP financial measures to evaluate earnings results and to provide details of earnings results by business and to more fully compare and explain NU's third quarter and nine months ended September 30, 2012 and 2011 results without including the impact of the non-recurring merger and related settlement costs. Management believes that these non-GAAP financial measures are useful to investors to evaluate the actual and projected financial performance and contribution of NU's businesses. Non-GAAP financial measures should not be considered as alternatives to NU consolidated net income attributable to controlling interests or EPS determined in accordance with GAAP as indicators of NU's operating performance.

# Agenda



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- Hurricane Sandy
- New NU
- Energy Policy/Gas Expansion
- Transmission Update
- Merger Integration
- Financial Review and Outlook

# Hurricane Sandy Update



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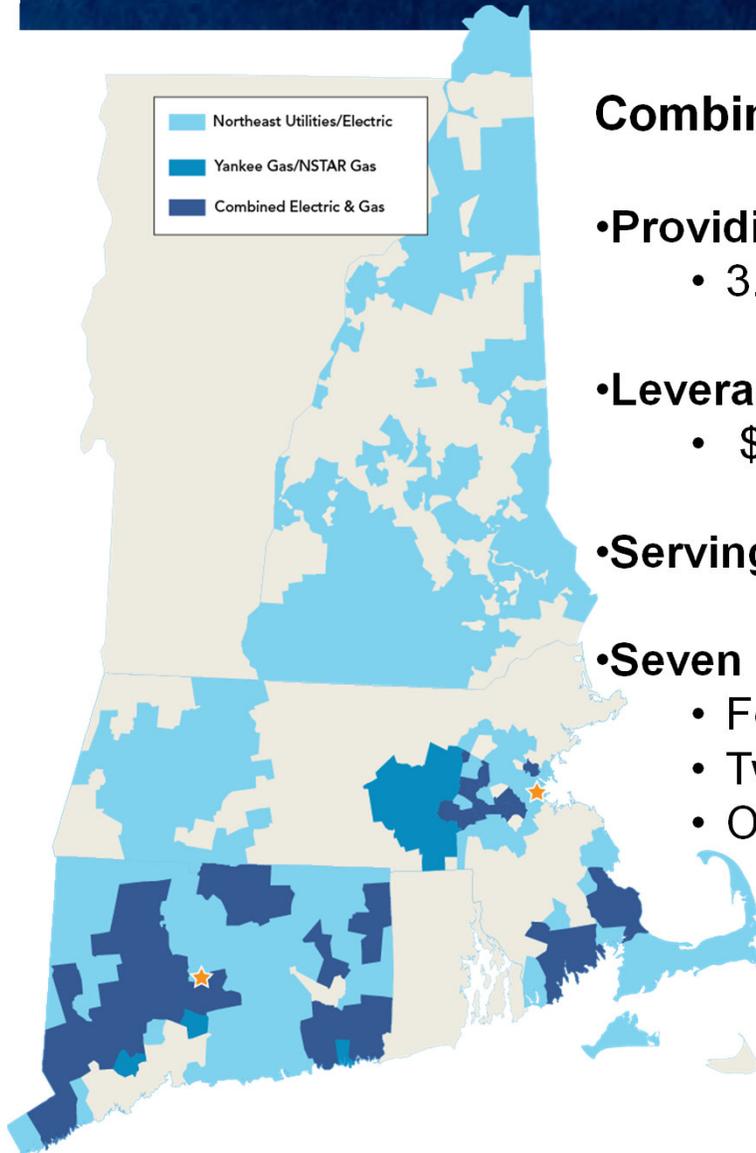
- Devastating storm hit the Eastern Seaboard - late October
  - About half – 1.5M of NU’s electric customers were impacted
- Restoration resources at the ready
  - Over 10,000 FTEs
- Major storm cost deferrals allowed for all 4 electric companies
- NU’s effective restoration response illustrates key benefit of merger



# New NU Has Extensive Scale and Scope



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## Combined, the new NU is now:

- **Providing reliable electric & gas service to:**
  - 3.5 million electric and gas customers
- **Leveraging investments for our customers & shareholders:**
  - \$12.4 billion combined rate base (2011)
- **Serving 525 cities & towns throughout New England**
- **Seven regulated companies:**
  - Four electric companies
  - Two gas companies
  - One three-state electric transmission business



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# "Crown Jewel" of a Service Territory

**BOSTON Herald**

FOR MARKET INSIGHTS GO TO [www.northeastutilities.com](http://www.northeastutilities.com)

Want to charge your customers with a guaranteed service level rather than using a pay-by-the-meter? Find out what you can do at [www.northeastutilities.com](http://www.northeastutilities.com)

**YEAR OF THE CRANE**  
Operators have bird's-eye view of building boom

By **DAVID THAYER**

Construction workers are working hard to get the city's skyline up and the skyline is looking good. The construction boom is in full swing, and the city's skyline is looking good. The construction boom is in full swing, and the city's skyline is looking good.

SATURDAY, SEPTEMBER 29, 2012  
THE BOSTON GLOBE

## Business

'The laws of supply and demand are working more favorably now than they were 24 or 36 months ago.'

JOE FALLON, Cassidy Turley real estate services firm

**CONSTRUCTION SKYROCKETING** ... Seaport District is bustling

Office and lab space under construction in Greater Boston is square feet:

430,000	4.7M	17.4%	9.8%	\$27.85	\$30.43
2011	Today	2011	Today	2011	Today

SOURCE: Research from Jones & Partners, Cassidy Turley Boston

### Office, lab construction rebounding in region

4.7m square feet of space being built in Boston area, up from 430,000 in 2011

By **CAROL BROWN**

The region's office construction market is making a strong comeback, driven by the expansion of medical and biotechnology companies that are finding new buildings going up in Boston's Seaport District, East Cambridge, and suburbs along Route 128.

More than 4.7 million square feet of office and laboratory space is under construction in the Boston area, up from just 430,000 square feet in 2011, according to the real estate firm Richard Beatty Jones & Partners.

The rebound is a welcome sign for the office construction industry, which has lost 5,200 jobs this year and has yet to rebound from a recession that halted building activity. Real estate operators said that it would be a long time before the fundamentals of the market continue to improve, with many companies looking to add space.

"The office market overall is in good shape," said Joe Fallon, managing principal of the Boston office of Cassidy Turley, a national real estate services firm. "Vacancy rates are down and rents are increasing. The laws of supply and demand are working more favorably now than they were 24 or 36 months ago."

The construction boom is largely tied to the growth of biotechnology and medical companies that are building offices because of a lack of existing space in desirable areas such as Cambridge and Boston's Seaport District, which has been rebranded the Innovation District by Mayor Thomas M. Menino.

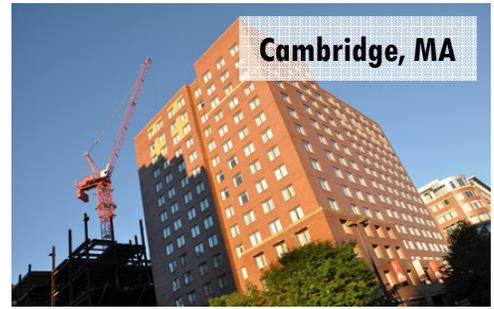
That construction activity is not limited to these types of firms. Liberty Mutual Life Insurance Co. is building a tower in Boston's Back Bay, and State Street Corp. is planning a new complex in the Seaport District. Also, Kowalewski, the office firm, is constructing a headquarters in Burlington, and EP Education First, a for-profit provider of financial and academic programs, broke ground this week on an office building in Cambridge.

Most of the additional space is already leased to specific companies, with developers still

OFFICE SPACE, Page B3



### Seaport District Boston, MA



### Cambridge, MA



### Hospital Expansion Stamford, CT



### The Summer House Stamford, CT



### Under Construction SAFRAN, Production Facility Rochester, NH

# Creating Superior Value



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## Growing the Transmission and Gas Businesses



## Redefining the Customer Service Model



# Connecticut Draft Energy Policy



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## Hartford Courant

A Push For Cheaper, Cleaner Power

*“Converting up to 300,000 households to natural gas by 2020”*

## New Haven Register

*“No other region in the United States has the capacity for natural gas growth that we have in the Northeast”*



*“Malloy’s plan to expand natural gas was proposed Oct. 5 as part of the state Department of Energy & Environmental Protection’s comprehensive energy strategy.”*

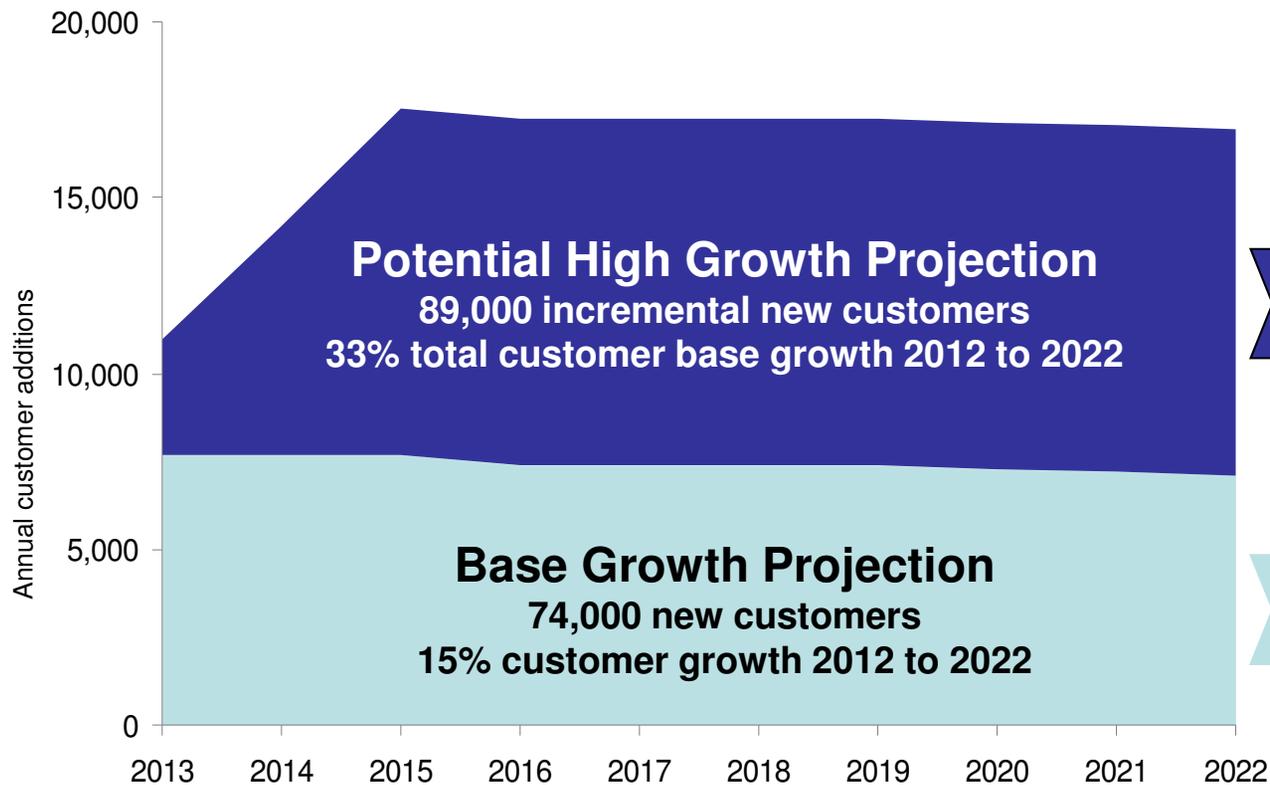


*“New energy strategy focuses on natural gas and efficiency”*



# NU's Gas Business Could Be Significantly Expanded

## NU Gas Business – NSTAR Gas, Yankee Gas 2013-2022 Projected Annual Customer Additions



**Potential High Growth Projection**  
89,000 incremental new customers  
33% total customer base growth 2012 to 2022

- ~\$100M incremental capex/year
- Requires regulatory changes

**Base Growth Projection**  
74,000 new customers  
15% customer growth 2012 to 2022

- ~\$40M capex/year
- No regulatory changes



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## Transmission Update

- \$700M of additional transmission projects
- About \$2B of equity invested in transmission business expected to grow to \$3.5B by 2017
- FERC committed to incentives for needed infrastructure investments



# NEEWS Transmission Update

## Greater Springfield Reliability Project

Under Construction

- Projected in-service: late 2013
- Project 85% complete as of 9/30/12
- Total projected NU cost: \$718 million

## Central Connecticut Reliability Project (Greater Hartford)

In Planning Phase

- ISO NE issued preliminary need results in August with transmission solutions expected in 2013
- Project is expected to morph into a sizable group of projects
- Projected in-service: 2017
- Total projected NU cost: \$301 million

## Interstate Reliability Project

In Siting Phase

- Joint project with National Grid (*NU in CT; NGrid in MA & RI*)
- All major permit applications filed
- CT siting hearings are complete with decision in early 2013
- Projected commencement of construction: late 2013/early 2014
- Projected in-service: late 2015
- Total projected NU cost: \$218 million



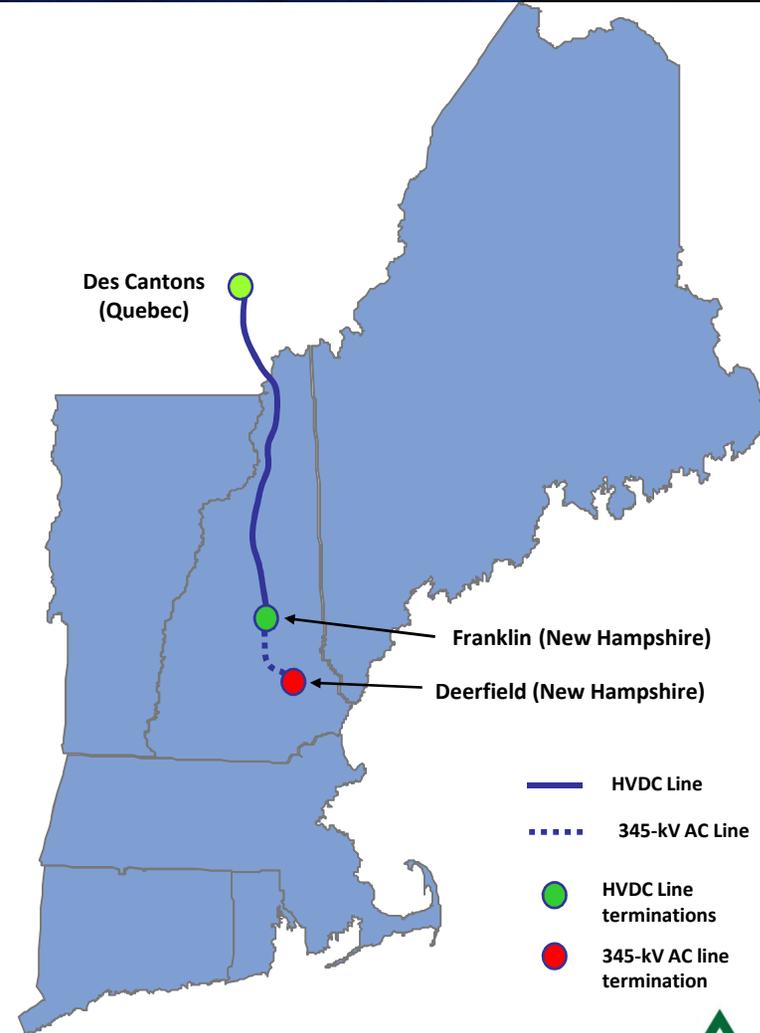


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# Northern Pass Transmission Project Overview

- 1,200 MW clean energy
- \$1.1 billion HVDC line, terminal and AC facilities
- Participant-funded structure; no impact on the Regional Transmission Rate
- Uses HVDC technology at +/- 300-kV with AC/DC converters in Quebec and NH
- AC radial 345-kV line to connect to the New England bulk power grid
- Approximately 180 miles of new transmission (140 HVDC, 40 AC)
- Provides significant benefits to the region
  1. Energy value through reduced wholesale market prices - \$200-\$300 million per year for New England
  2. Environmental value through carbon emissions reductions – up to 5 million tons of CO2 reduction
  3. Economic value through construction jobs and new tax base – 1,200 jobs and \$25 million per year in property taxes





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# Financial Review

Jim Judge

*Executive Vice President &  
Chief Financial Officer*

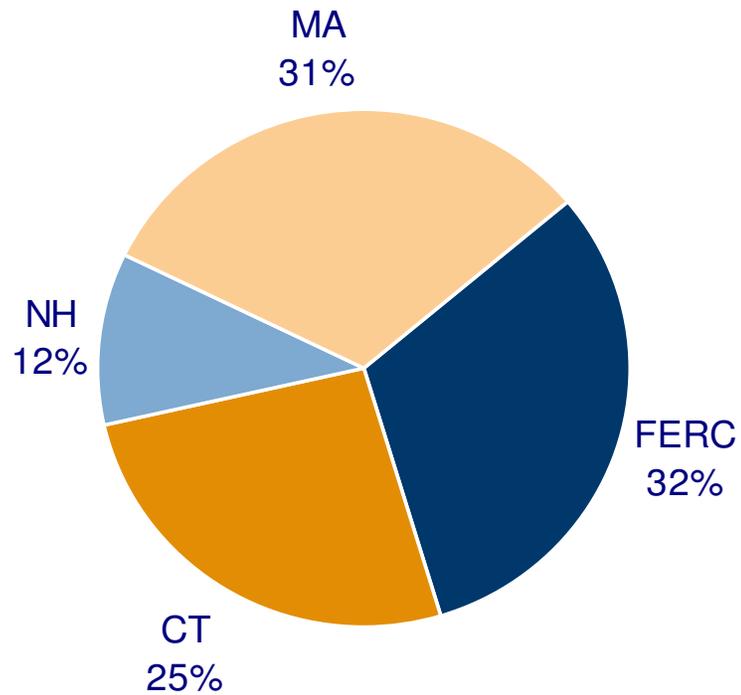


- **A Great Platform for Future Success**
  - Regulatory and business diversity
  - Strong financial condition
  - Merger integration
- **Financial Results and Expectations**
  - Key assumptions
  - Interest savings
  - Full-year 2012 and 2013 projections and third quarter 2012 results
  - Dividend growth

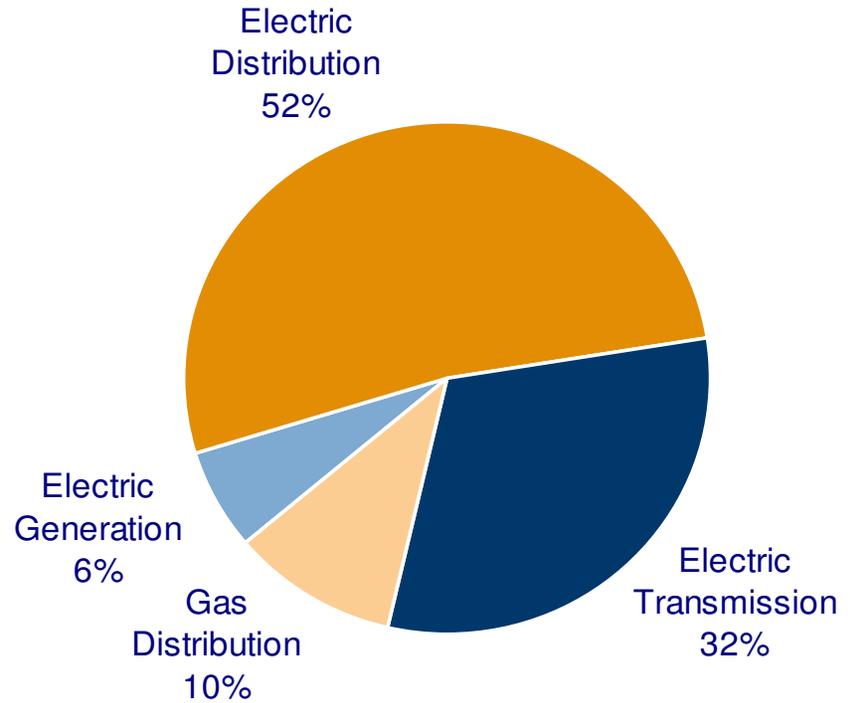


# Regulatory and Business Segment Diversity

**Rate Base By State / Federal**



**Rate Base By Business**



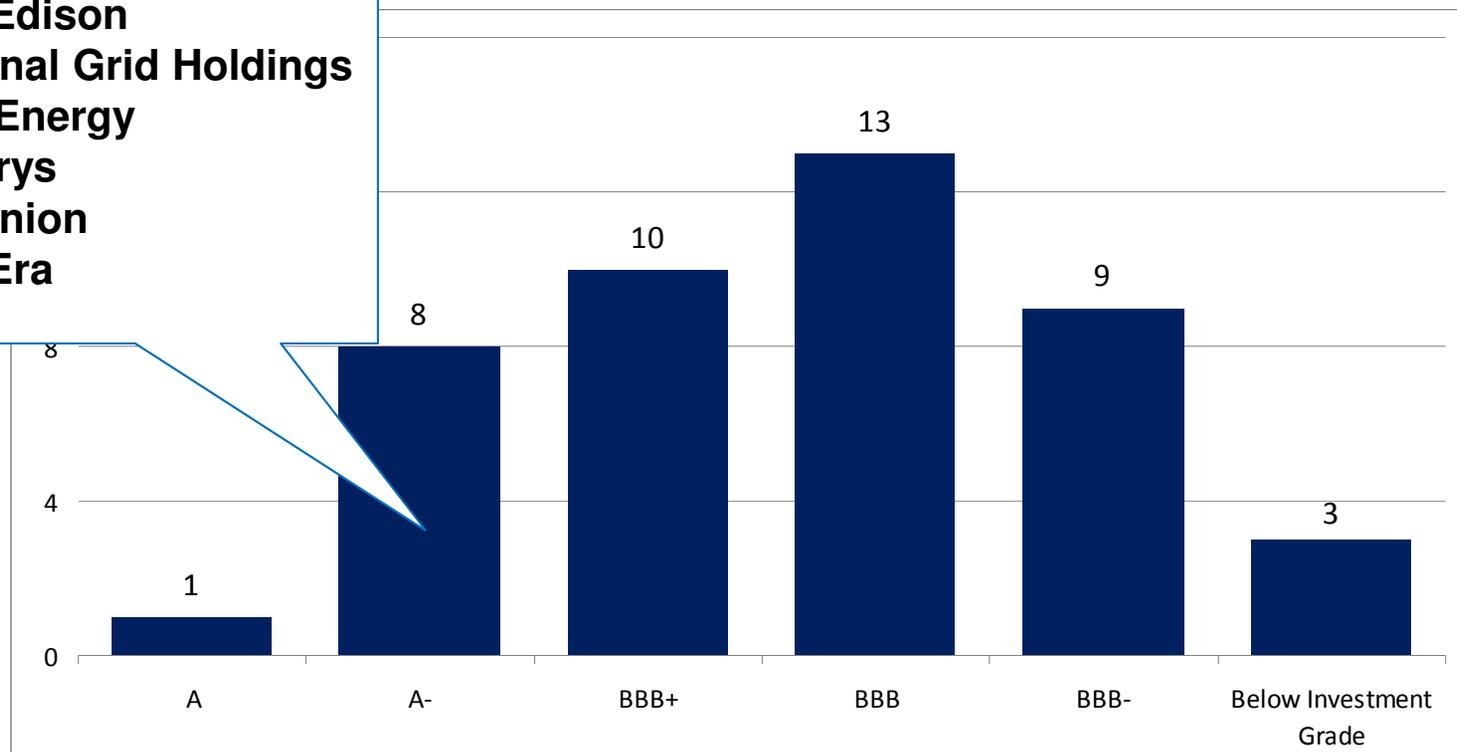
**Combined 2011 Rate Base: \$12.4 billion**



# Very Strong Ratings Rank Highly in the Industry

Utilities Credit Ratings Distribution<sup>(1)</sup>

- 1. Wisconsin Energy
- 2. *Northeast Utilities*
- 3. Con Edison
- 4. National Grid Holdings
- 5. Xcel Energy
- 6. Integrys
- 7. Dominion
- 8. NextEra



1. Source: Standard & Poor's, "Industry Report Card: U.S. Regulated Electric Utilities' Credit Quality Remains Stable" (3/28/12). Long-Term Rating of U.S. Investor-Owned Regulated Electric Utilities, excluding subsidiaries. NU Ratings as of April 5, 2012.

# Merger Integration Priorities



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## Merger integration initiatives

Category	Activity
<b>Staffing Levels</b>	✓ Achieving reductions in staff, vendors and contractors
<b>Information Technology</b>	✓ Consolidating IT infrastructure, data storage, data centers, security ✓ Implementing enterprise-wide application investments across major functional platforms, including finance, HR, operations, customer service
<b>Supply Chain</b>	✓ Achieved significant savings in consolidated vendor and supplier contracts, negotiating most favorable terms ✓ Focus on improving inventory turns, inventory reduction where appropriate, standardization of equipment purchases and stocking processes
<b>Customer Care</b>	✓ Comprehensive assessment of the entire “meter to cash” process
<b>Operations</b>	✓ Initiated a complete review of the operating company processes to drive performance improvement, standardization and cost efficiencies

## Key Assumptions Through 2015



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***Electric sales:*** Annual growth of approximately 0.5% - 1.0%



***Natural gas sales:*** Weather-normalized annual growth of 1%-2%

- Impact of a return to normal weather for 2013 adds approximately 7% to sales



***O&M:*** Annual decreases of approximately 3%

- Cost savings more than offset wage increases and inflation
- Reported 2012 annualized O&M estimated at about \$1.6 billion



## Merger Has Enhanced Opportunities for Financing Savings

### SHORT-TERM

- NSTAR commercial paper program expanded to NU in July
- Effectively lowered short-term borrowing costs on \$700M by 150 basis points
- Renegotiation of \$1.6B of bank lines also lowered revolver fees

**Annualized Interest/Fee  
Savings of Approximately  
\$10 million**



### LONG-TERM

- NSTAR Electric is refinancing \$400M of senior unsecured debt this month. Annual savings of approximately \$10M
- NU Parent has \$250M of 5-year 5.65% notes maturing June 1, 2013. Indicative rate would produce \$9M of annual savings
- \$170M of CL&P and WMECO tax-exempt was called effective October 1, 2012. Annual savings of \$7M

**Annualized Interest Savings of  
Approximately \$26 million**



## Projected 2012 Recurring EPS

### Major Drivers vs. 2011

**\$2.25 - \$2.30**

- NSTAR earnings
- Higher transmission rate base
- Lower interest costs
- Initial cost savings
- PSNH, Yankee Gas distribution rate increases

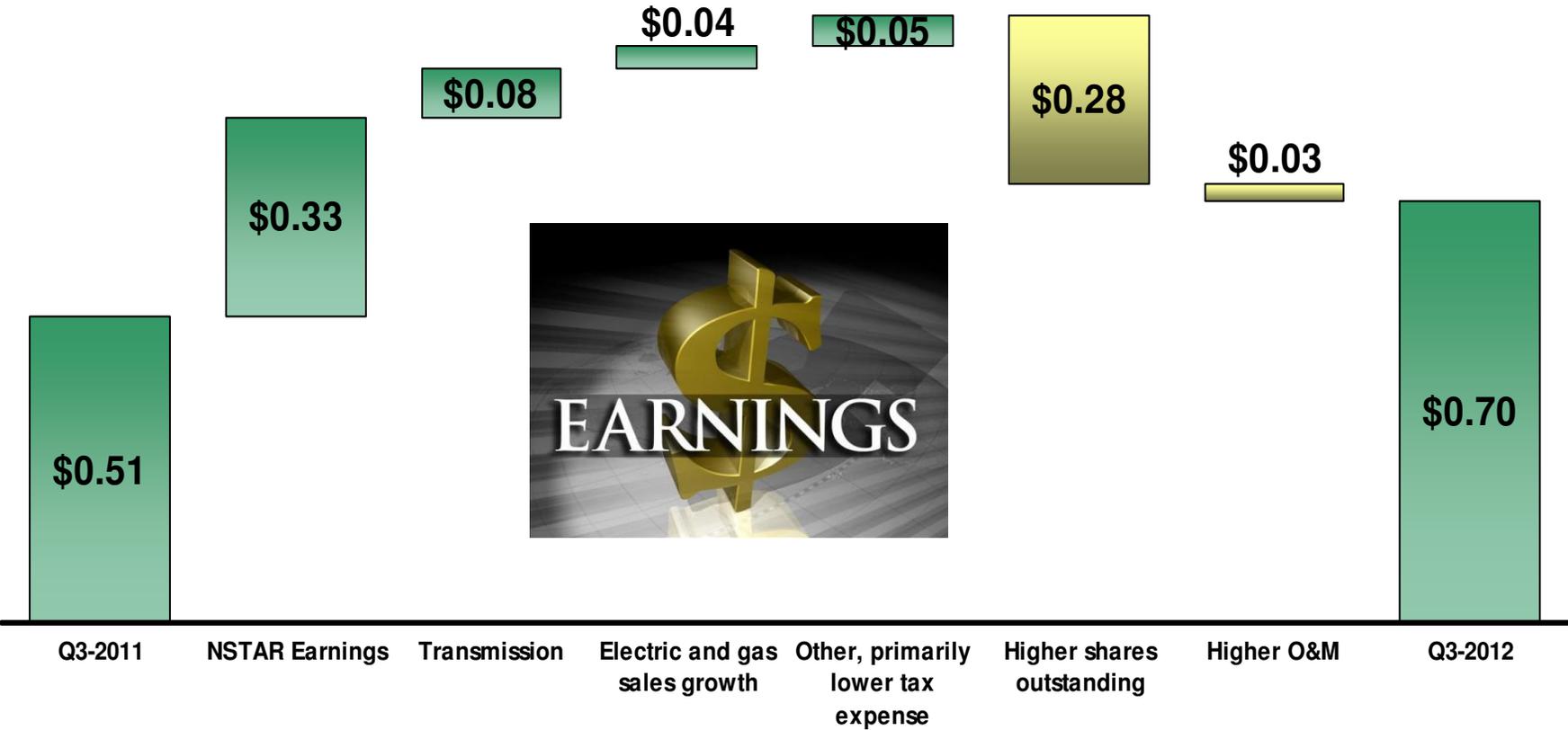
- Higher share count
- Additional emergency preparedness expense at CL&P
- Higher untracked pension, property taxes and depreciation costs



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# Strong Third Quarter Results Support 2012 Guidance (Recurring EPS)





## Projected EPS Range for 2013

### Major Drivers vs. 2012

**\$2.40 - \$2.60**

- Normal weather
- Lower interest costs
- Additional transmission rate base
- PSNH, Yankee Gas distribution rate increases
- Cost savings
- Additional PSNH generation return

- Higher depreciation and property tax expense



## EPS Growth Beyond 2013

### Major Drivers

**Long-term  
6% - 9%  
CAGR off of  
2012**

- Continued investment in transmission reliability projects, including NEEWS
- Northern Pass Transmission
- Increase in gas conversions
- Increased cost savings

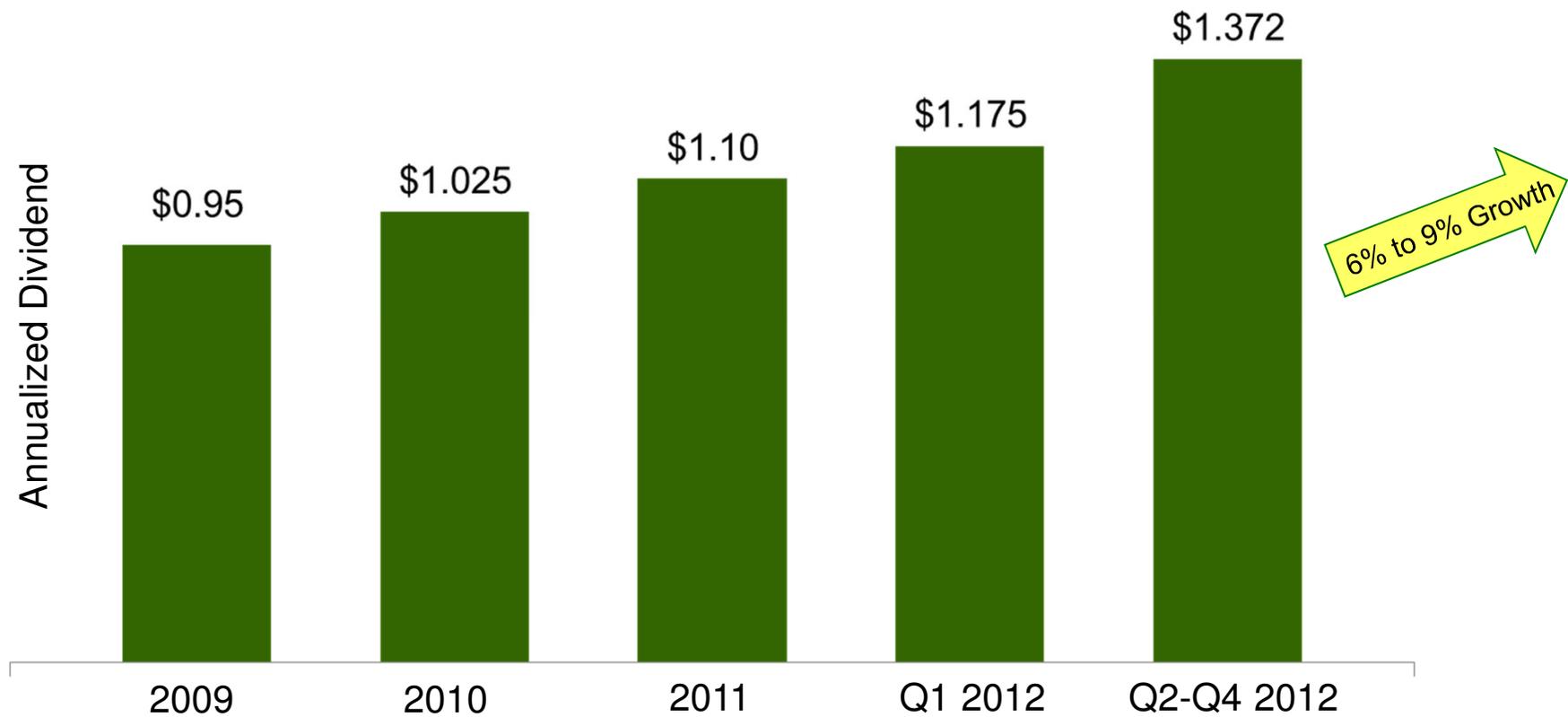
- Higher property tax and depreciation expense



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## Dividend Growth In-Line with Earnings Growth





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## Additional Upside Opportunities Not Reflected in Projections

- Additional natural gas expansion investments
- Additional transmission investments
- Favorable CT energy efficiency/energy policy outcomes
- Accelerated economic recovery





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## Today's Key Takeaways....

- 6% - 9% projected long-term growth rate exceeds peers
- Transmission capital spending increases \$700 million from previous forecast
- Significant interest savings
- Top tier financial condition
- Strong management team that delivers



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Q & A



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# Appendix

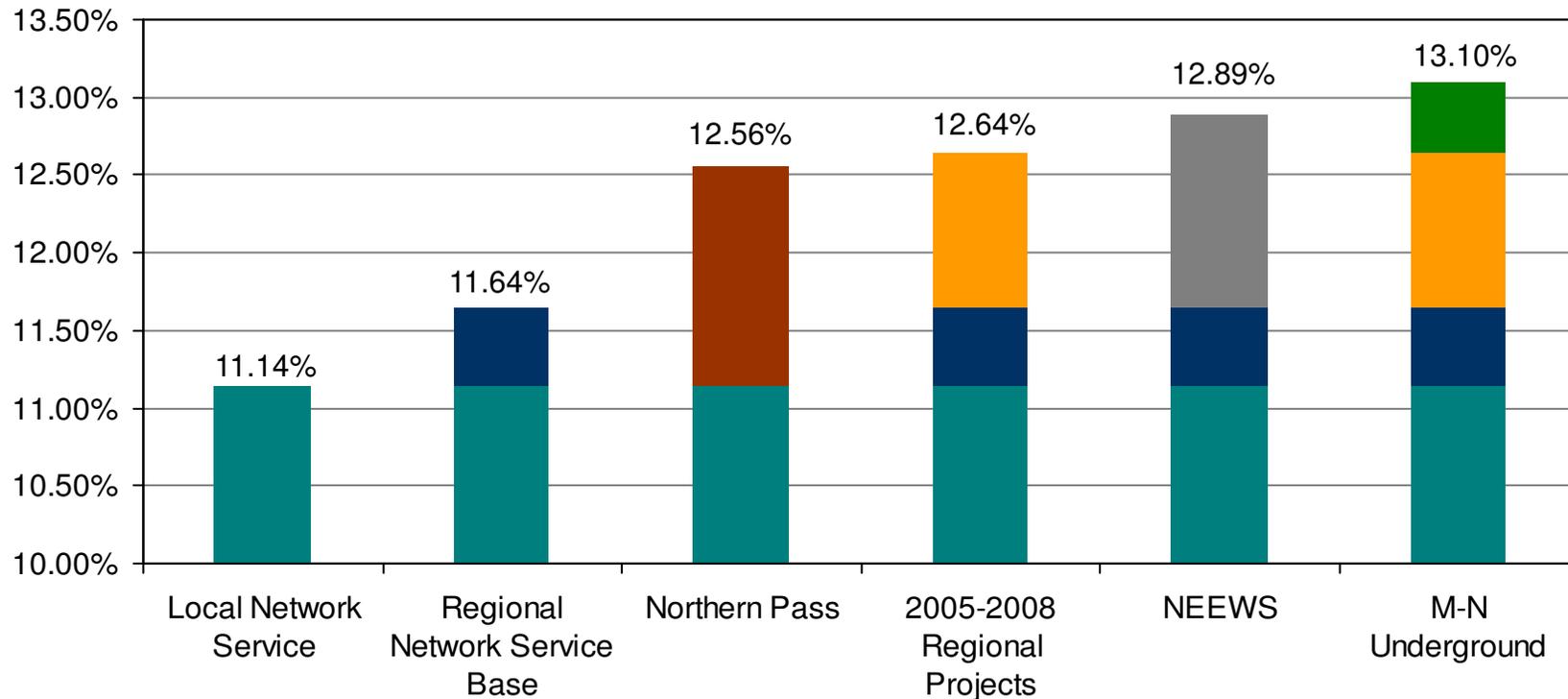


# The Regulatory Environment: NU Business Segments Have a High Level of Rate Certainty

<b>Distribution</b>	NSTAR Electric	Rates frozen through 12/31/15; reconciling adjustments continue to operate
	NSTAR Gas	
	WMECO	
	CL&P	Rates frozen through 11/30/14; reconciling adjustments continue to operate
	Yankee Gas	\$7M rate increase took effect 7/1/12
	PSNH	Multi-year rate plan through 6/30/15. Increases of \$7M took effect 7/1/12, and another \$10M on 7/1/13 anticipated
<b>Transmission</b>		Fully reconciling rates – no general rate cases
<b>Generation</b>	PSNH	Fully reconciling rates – no general rate cases
	WMECO (solar)	



# Review of FERC-Approved Transmission ROEs



- NU's Local Network Service Tariff ROE (this is the New England base ROE that is subject of 9/30/11 complaint proceeding at FERC)
- NE RTO Incentive adder of 50 basis points on regional assets
- ISO-NE Planned Regional projects in-service before 1/1/09 (D.C. Circuit Court rejected appeal on 1/29/10)
- Middletown-Norwalk advanced technology adder of 46 basis points for underground cable system
- 125 basis point NEEWS incentive (request for rehearing denied by FERC on 6/28/11)
- 142 basis point Northern Pass incentive (request for rehearing denied by FERC on 8/5/11)



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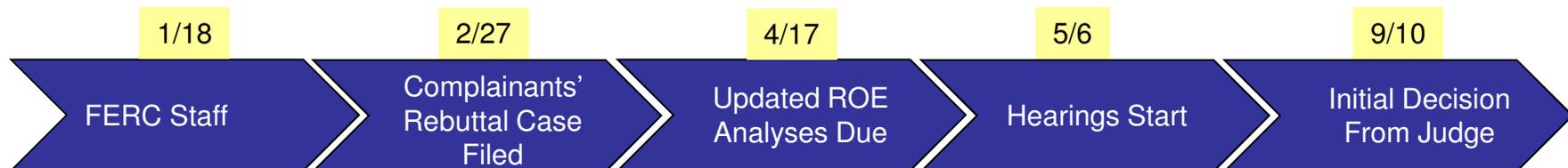


# Schedule for New England Base ROE Complaint

## 2012



## 2013



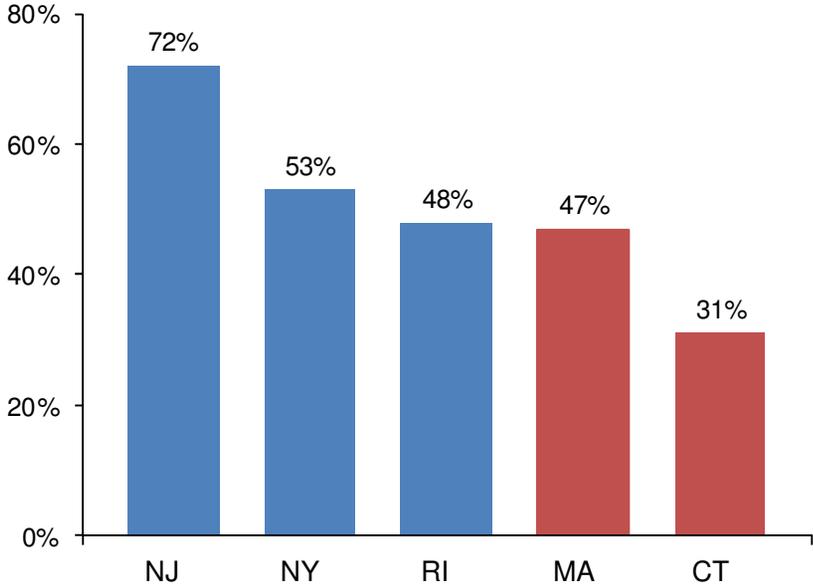
## 2014



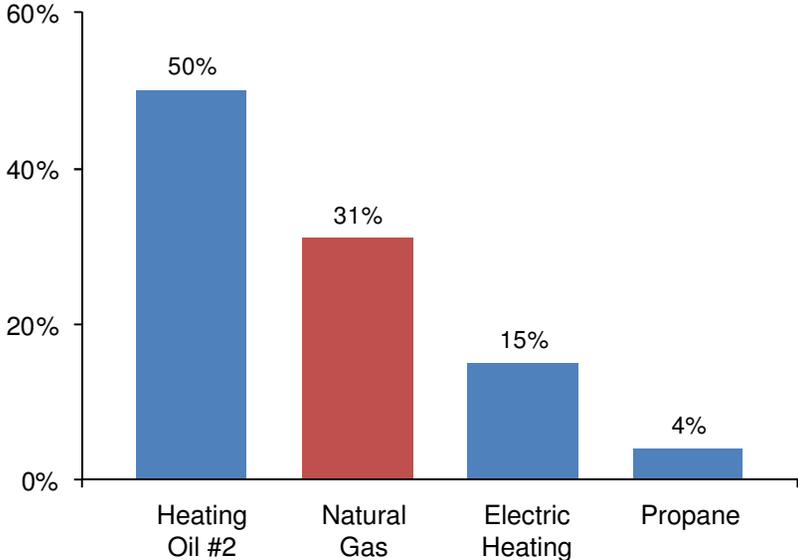


# CT Governor's Energy Policy Addresses State's Dependence on Higher-Cost, Higher-Emission Fuel Oil

### CT & MA Residential Gas Heating Penetration vs. Nearby States



### CT Residential Market Penetration by Heating Source

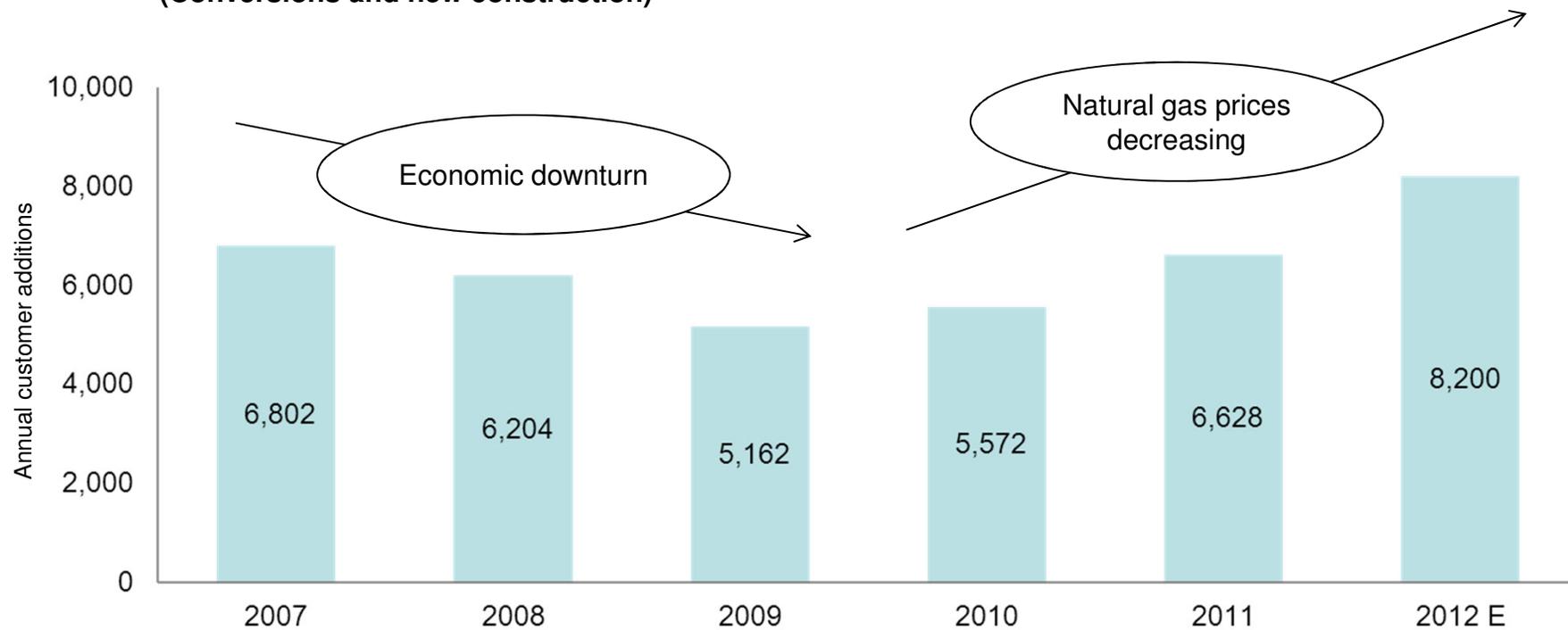


**Key Policy Issues**  
 Incentives to customers to induce conversion, incentives to the utility to incent investment, recovery of capital, financing approaches



# Customer Growth Has Picked Up for NU's Gas Business

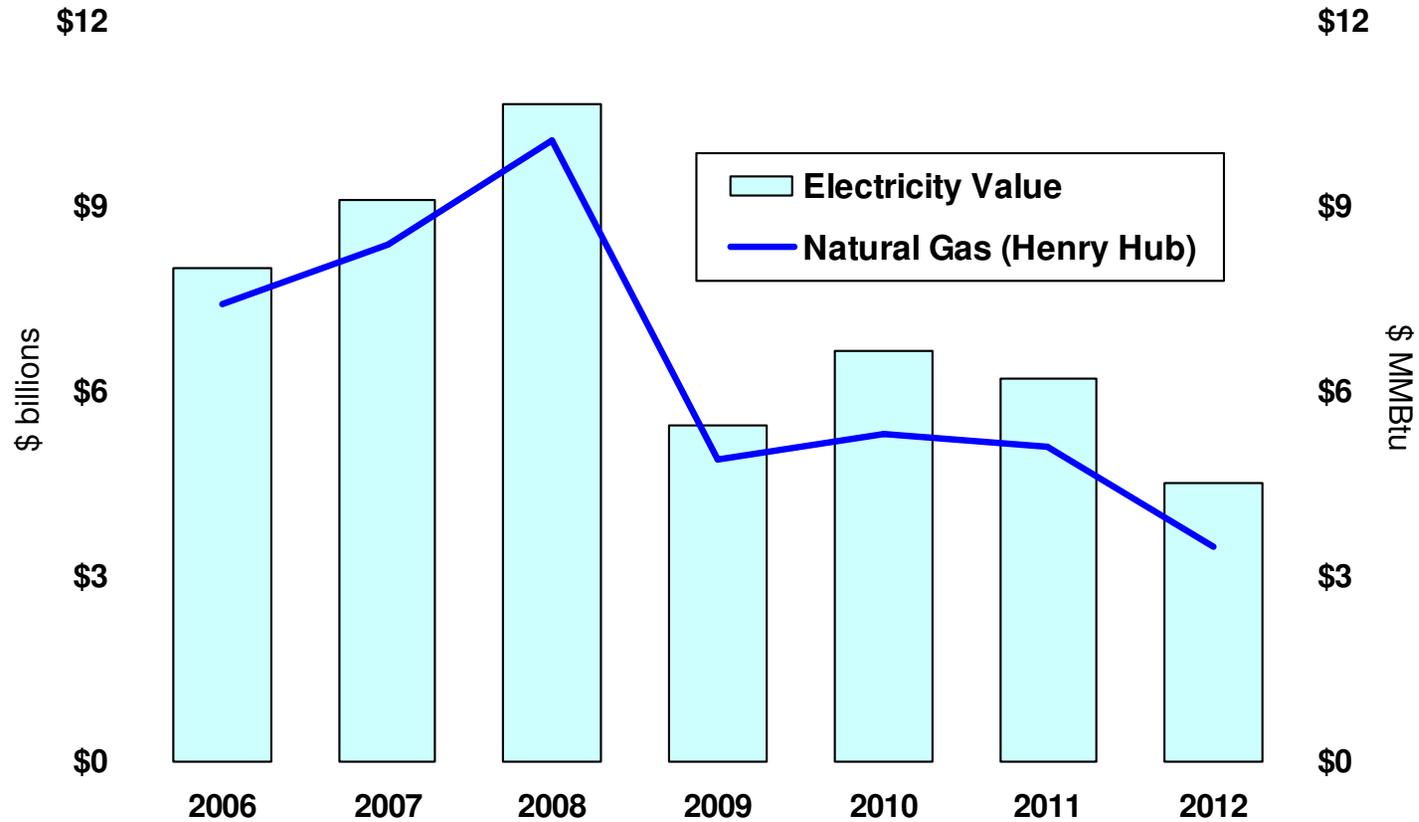
**NU Gas Business – NSTAR, Yankee Gas**  
**2007-2012 Annual Customer Additions**  
(Conversions and new construction)





# Natural Gas Prices Have Reduced New England's Wholesale Electricity Costs By More Than 50%

## ISO-NE Wholesale Market Costs, Energy Component

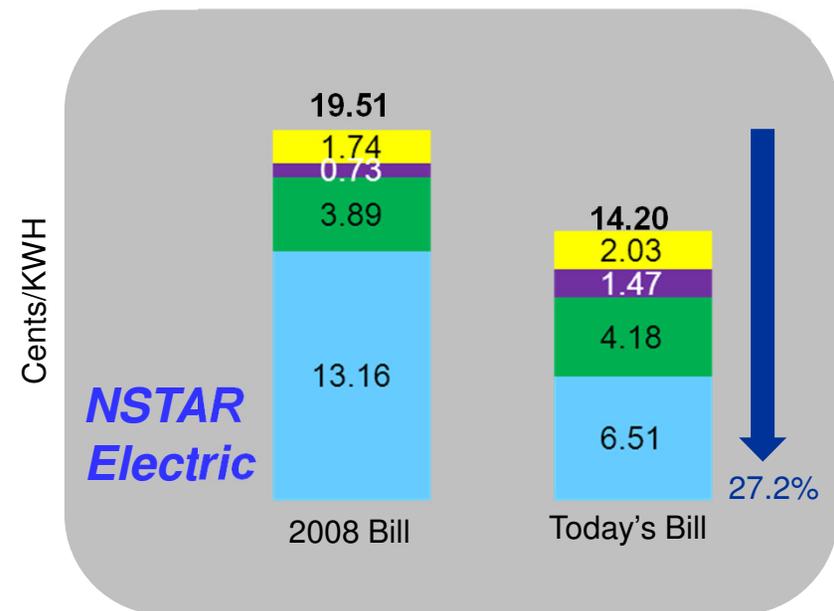
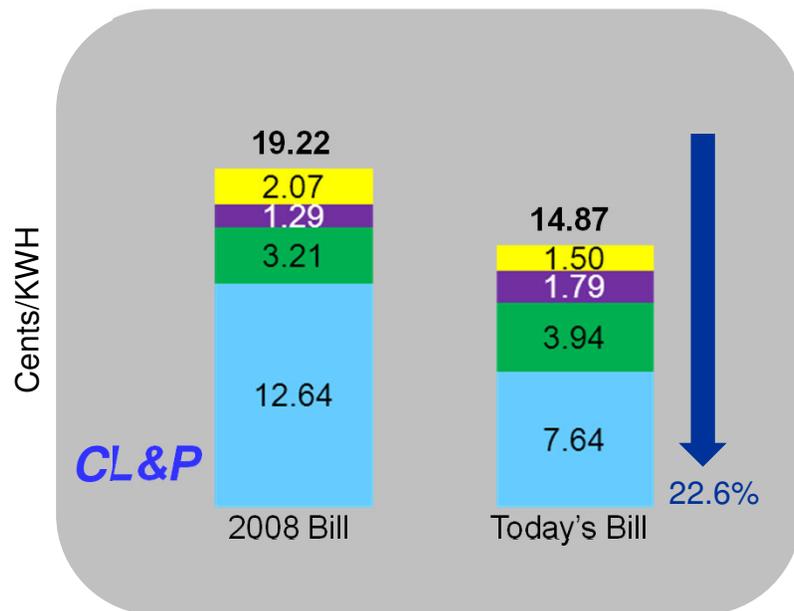


### Average Cost (cents/kWh)

New England Wholesale	6.06	6.76	8.08	4.29	5.10	4.80	3.42
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# Lower Wholesale Prices and Lower Congestion Costs Have Significantly Reduced Our Retail Electric Bills Since 2008



■ Generation/Supply  
■ Transmission

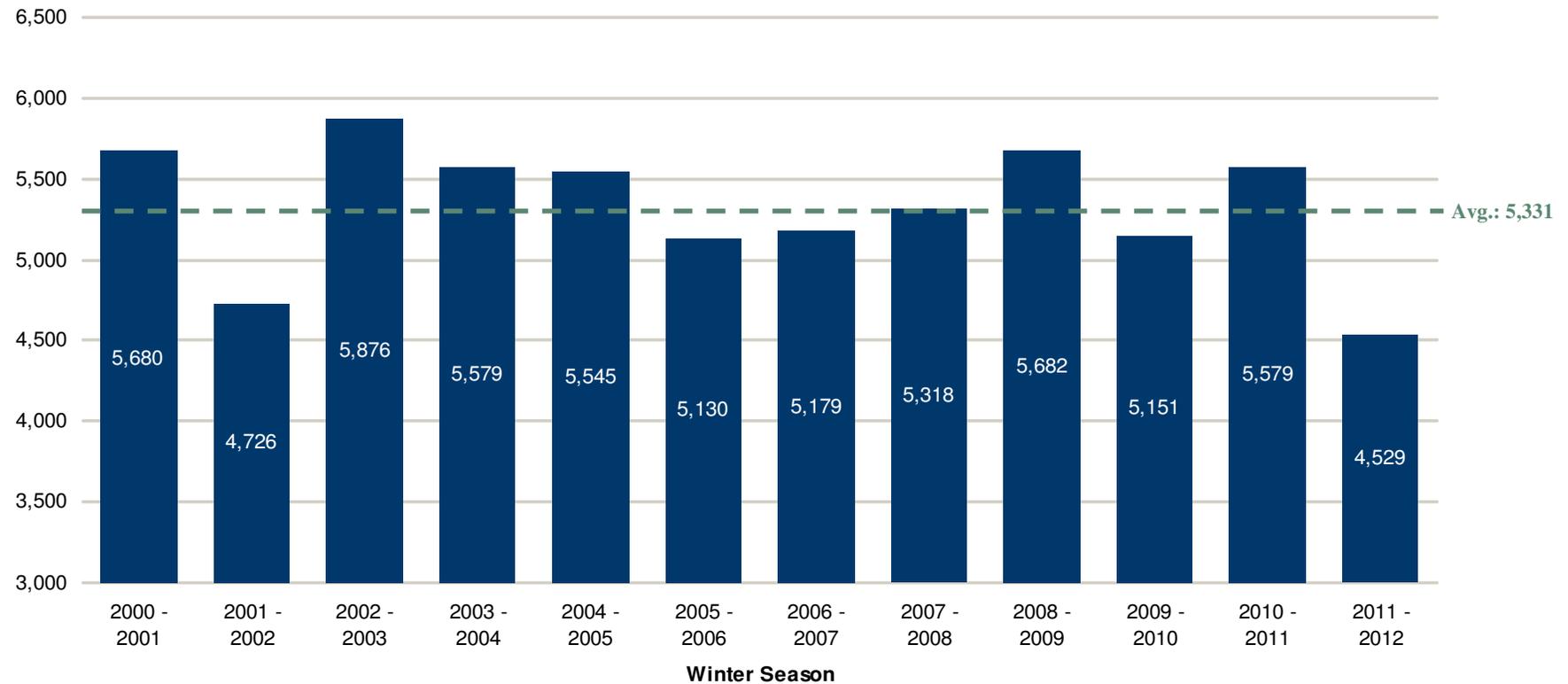
■ Distribution  
■ Other



# Near Term Upside: Record Mild Weather in 2011-2012 Reduced Our Gas Delivery Margins by \$30 Million

### 2000 – Present Winter Heating Degree Days <sup>(1)</sup>

Heating Degree Days

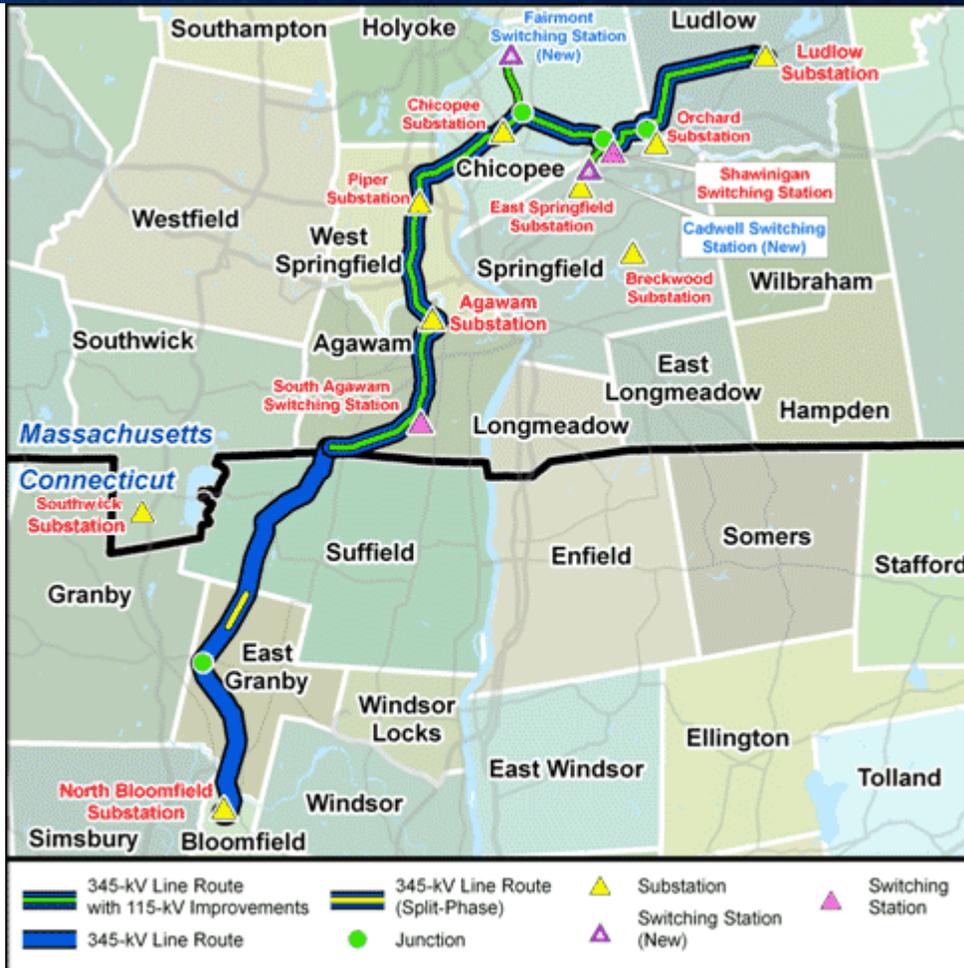


Source: Haver Analytics.  
1. Winter includes October through March of each season.

# NEWS: The Greater Springfield Reliability Project – A Case Study In NU’s Transmission Development Expertise



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**Continued strong relationships and frequent communications with affected communities**

## Greater Springfield Reliability Project (GSRP)

### **Under Construction**

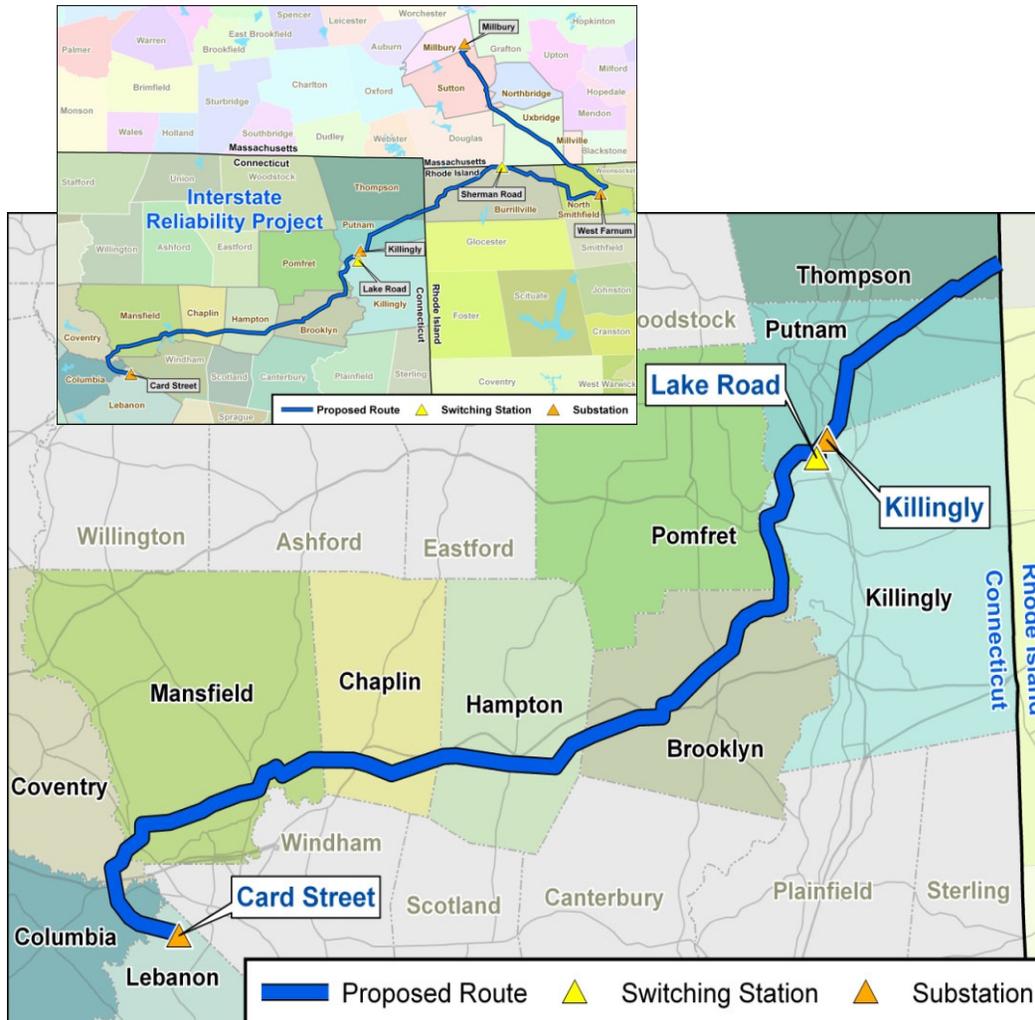
- Projected in-service: late 2013
- Total projected NU cost: \$718 million
- Project 83% complete as of 9/15/12

### GSRP: Massive Scale and Scope

- 38 linear miles spanning 2 states and 8 towns
- 100 transmission circuit miles
- 600 structures
- 13 substations and switching stations (new/rebuilt)



# NEEWS: Interstate Reliability Project



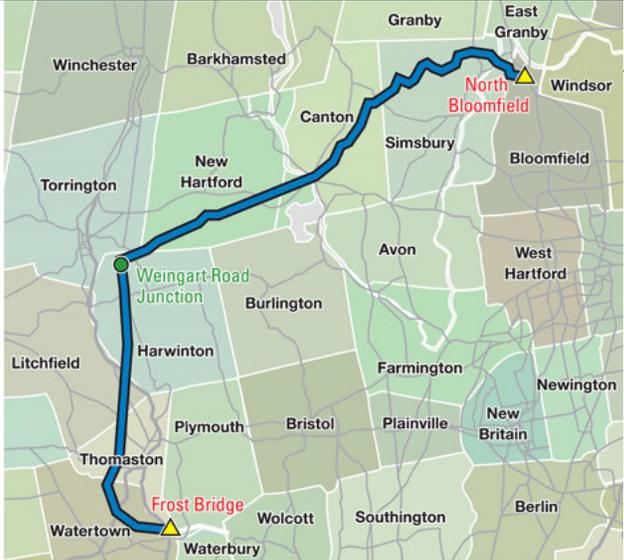
## Interstate Reliability Project

In Siting Phase

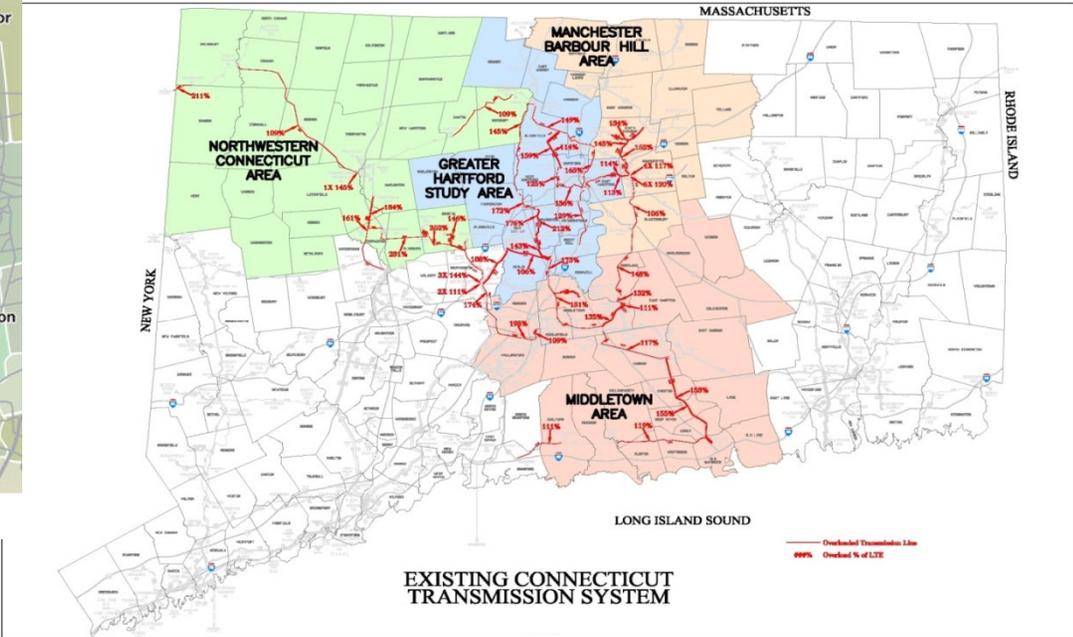
- Joint project with National Grid (*NU in CT; NGrid in MA & RI*)
- All major permit applications filed
- CT siting hearings are complete with decision in early 2013
- Projected commencement of construction: late 2013/early 2014
- Projected in-service: late 2015
- Total projected NU cost: \$218 million



# NEEWS: Greater Hartford Central Connecticut Project (GHCC)



Proposed 345-kV Line Route      Substation      Junction



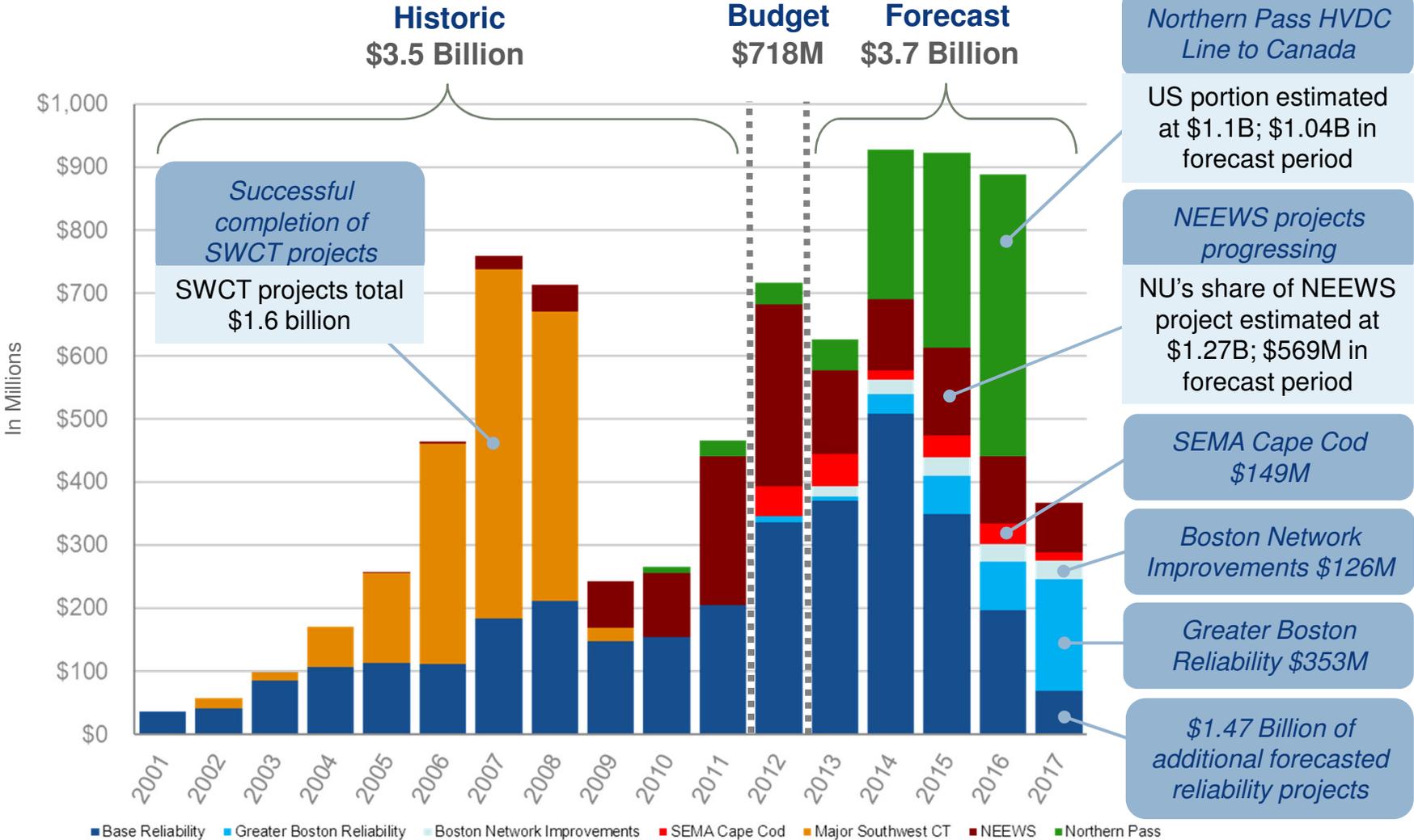
EXISTING CONNECTICUT TRANSMISSION SYSTEM

Overloaded Transmission Line  
#99% Overload % of LTR

- The 345-kV Central Connecticut Reliability Project (CCRP) was designed to address east-to-west power flow constraints across CT
- As expected, ISO has issued its need reassessment for CCRP, expanding the study to include other electricity connected areas inside CT – project is now named the GHCC
- ISO-NE presented the preliminary need results of this GHCC study to the Planning Advisory Committee in August 2012
- The results show severe thermal overloads and voltage violations in each of the four study areas
- 345-kV and 115-kV solutions are being considered to correct these reliability violations
- ISO process expected to provide preferred transmission solutions in 2013
- The previously estimated \$301M cost, with a 2017 in-service date, is a good placeholder for the GHCC solutions



# Transmission's Projected Capital Investment Has Grown by \$700M to \$3.7B from Last Year's Forecast





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# 2013-2017 NU Transmission Capital Program Other Projects – In Millions

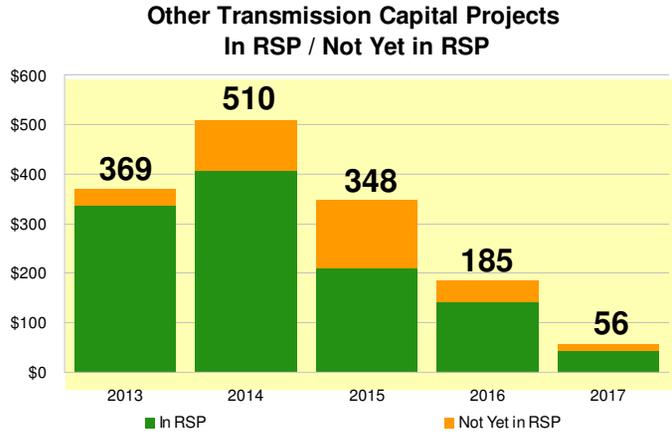
<b>CL&amp;P</b>		<b>NSTAR</b>		<b>PSNH</b>		<b>WMECO</b>	
1990 Line Structure Replacement	62.0	Overhead Infrastructure	101.6	NH 10-Yr Study Reliability Projects	231.2	Pittsfield / Greenfield Area Solution	109.0
Greater Hartford / Central CT	53.2	Obsolete Equipment Replacements	69.6	Scobie Tewksbury Line	40.1	West Springfield SS Rebuild	48.2
Stamford Underground Cable	44.6	New Electric Ave SS and T Interconnect	65.7	Manchester Area Solution	34.4	115 kV Hollow Core Insulator Repl	12.8
Southwest CT Upgrades	30.0	New East Boston SS	42.2	Nashua Area Solution	28.4	OPGW Communications Projects	7.3
Obsolete Relay Replacements	26.9	New Seafood Way SS	39.6	New Peaslee SS & 115kV Line	24.1	Obsolete Relay Replacements	6.1
115 kV Hollow Core Insulator Repl	19.0	Baker - Newton Oil Return Line	31.9	Deerfield 2nd Auto Transformer	18.0	SCADA Upgrades	1.9
Replace Montville 345kV Autos (2)	18.7	Underground Infrastructure	30.4	Maine Power Reliability	15.0	Additional WMECO Reliability Projects	25.4
South Norwalk Electric Works SS	13.0	New Control Houses - K Street, Brighton, Mystic	21.1	115kV NERC Alert	9.0		
OPGW Communications Projects	9.0	BPS Work - Medway, Leland Street	21.1	New Pease Substation	6.0		
Vehicle Purchases	7.1	Additional NSTAR Reliability Projects	69.6	OPGW Communications Projects	3.3		
Obsolete Equipment Repl Prgm.	5.2			Additional PSNH Reliability Projects	37.7		
SCADA Upgrades	2.0						
Additional CL&P Reliability Projects	26.2						
316.9		492.8		447.2		210.7	

Total: \$1.468 Billion

**Total \$1.47 Billion**  
**High confidence level in "Other Projects," 78% in RSP as required.**

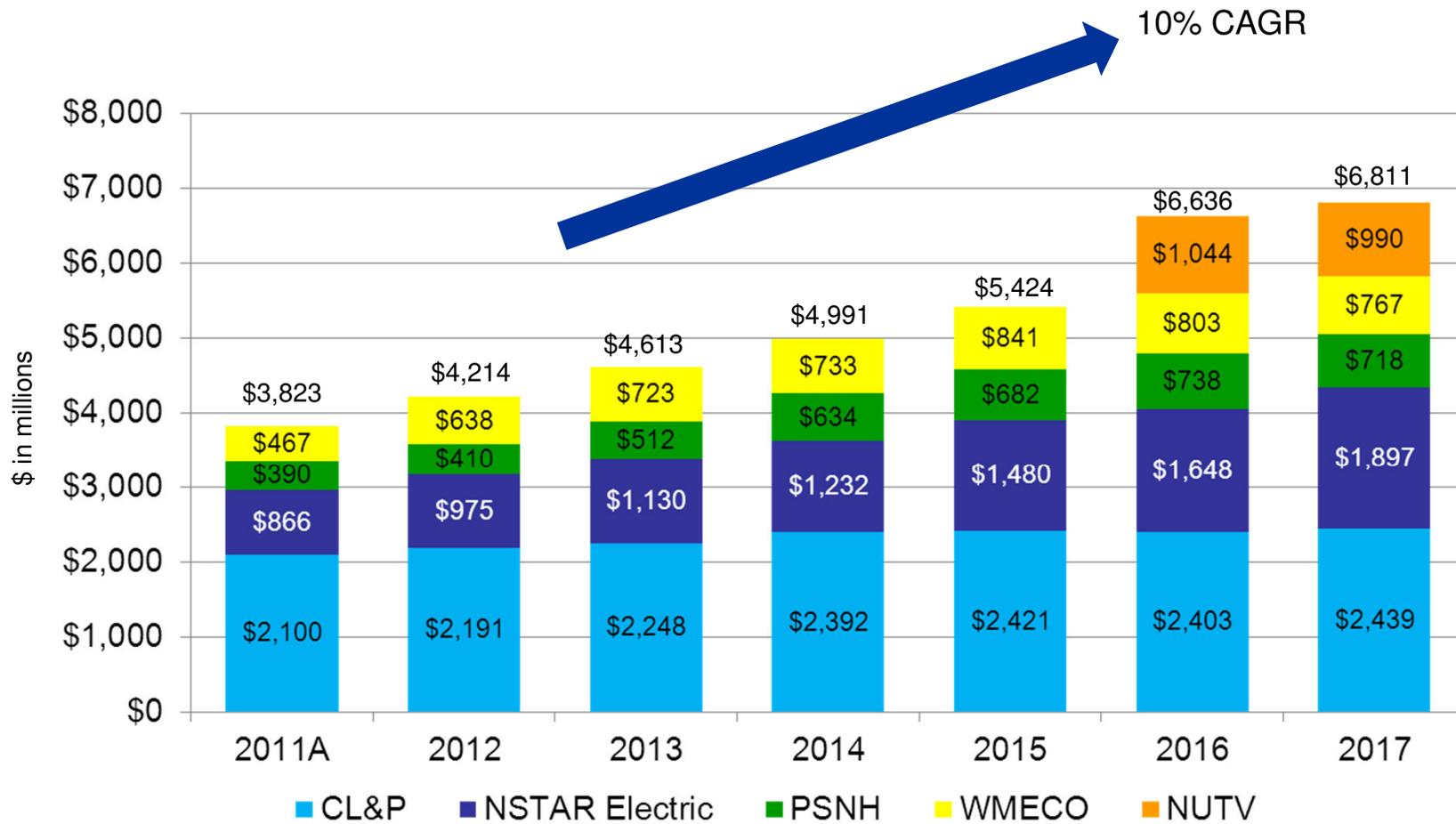
**Breakdown of Other Projects:**

- 78% (\$1.14B) - in RSP
- 22% (\$328M) - not yet in RSP



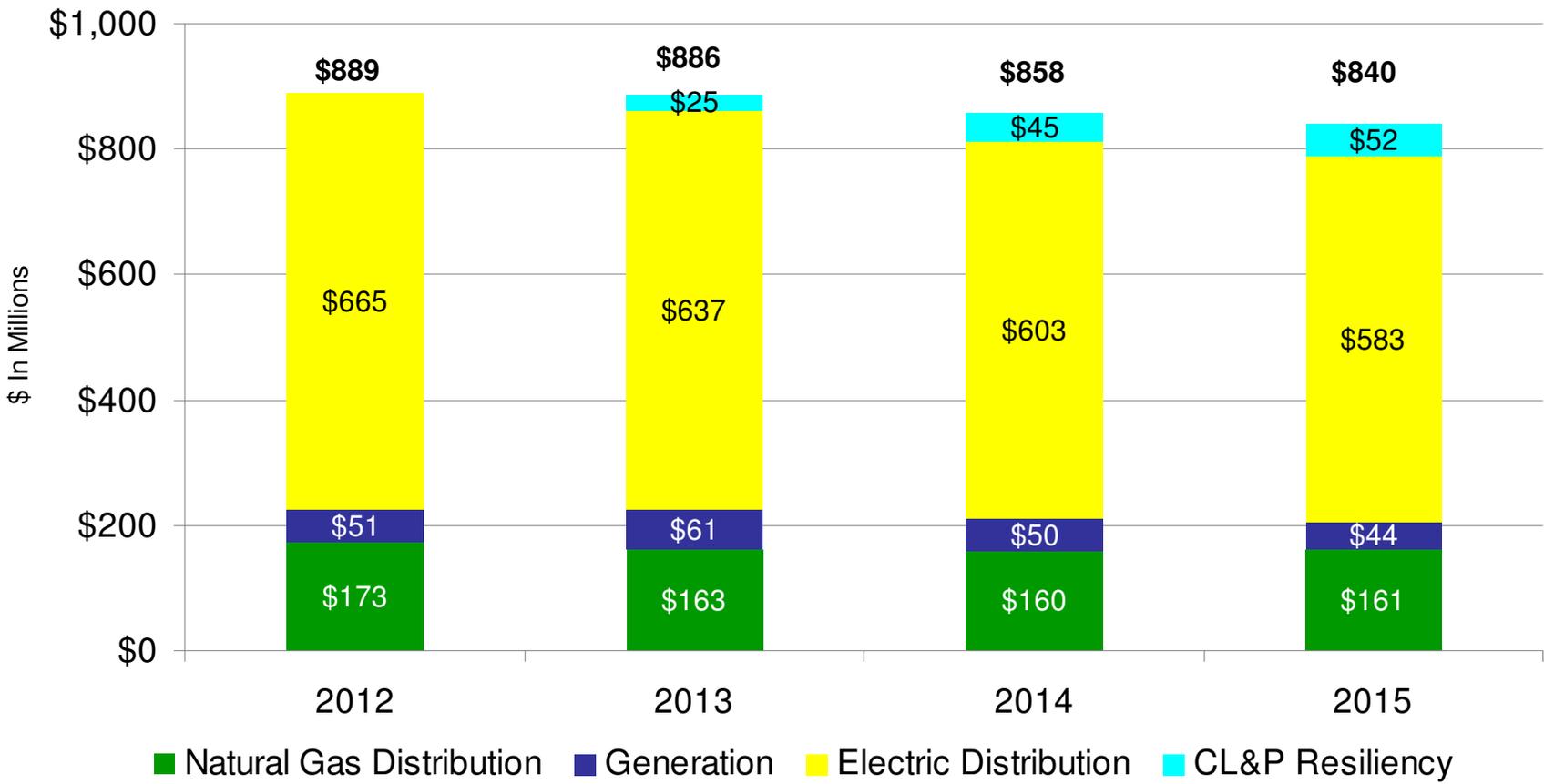


# Transmission Rate Base Growth Projections



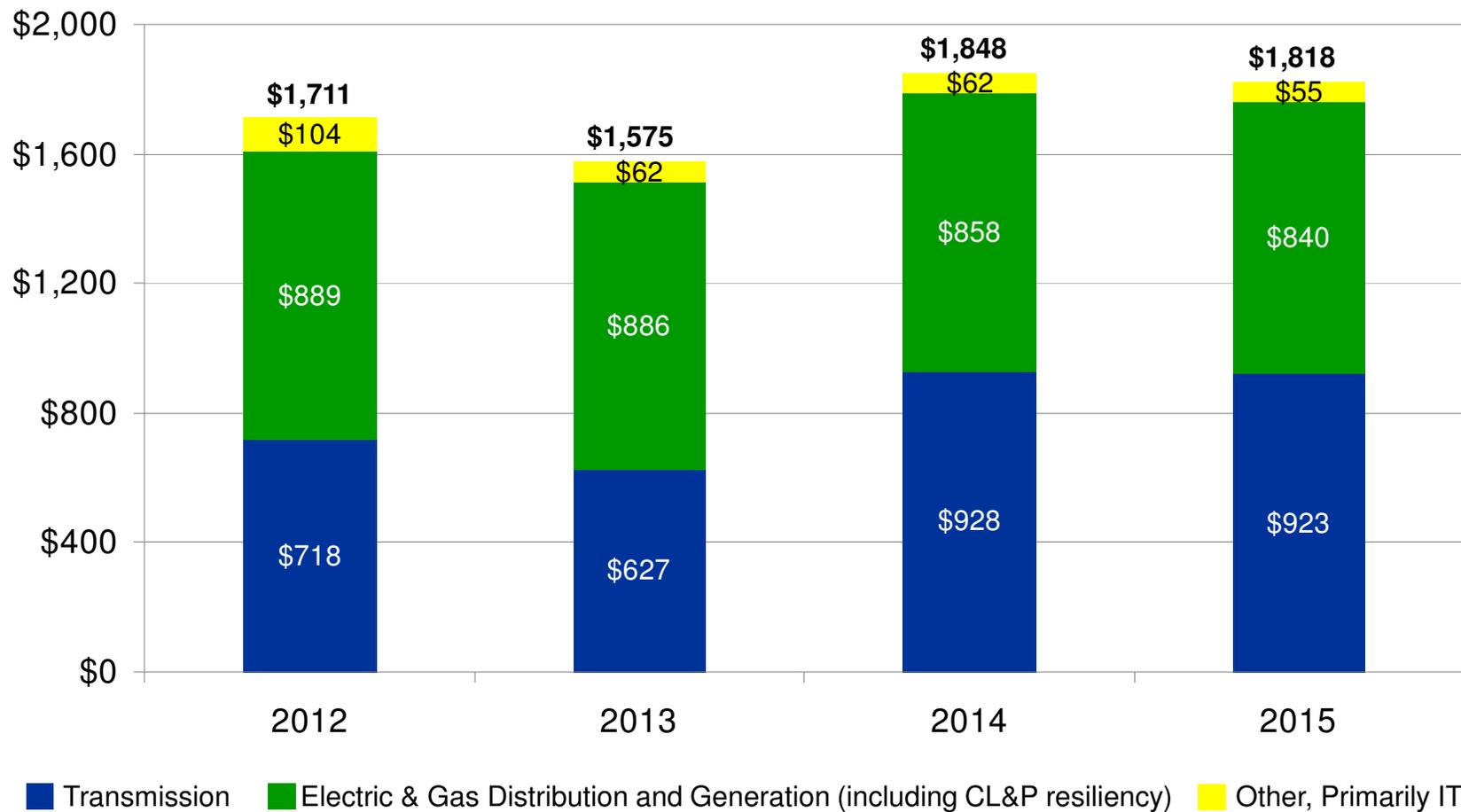


# Projected Distribution/Generation Capital Expenditures





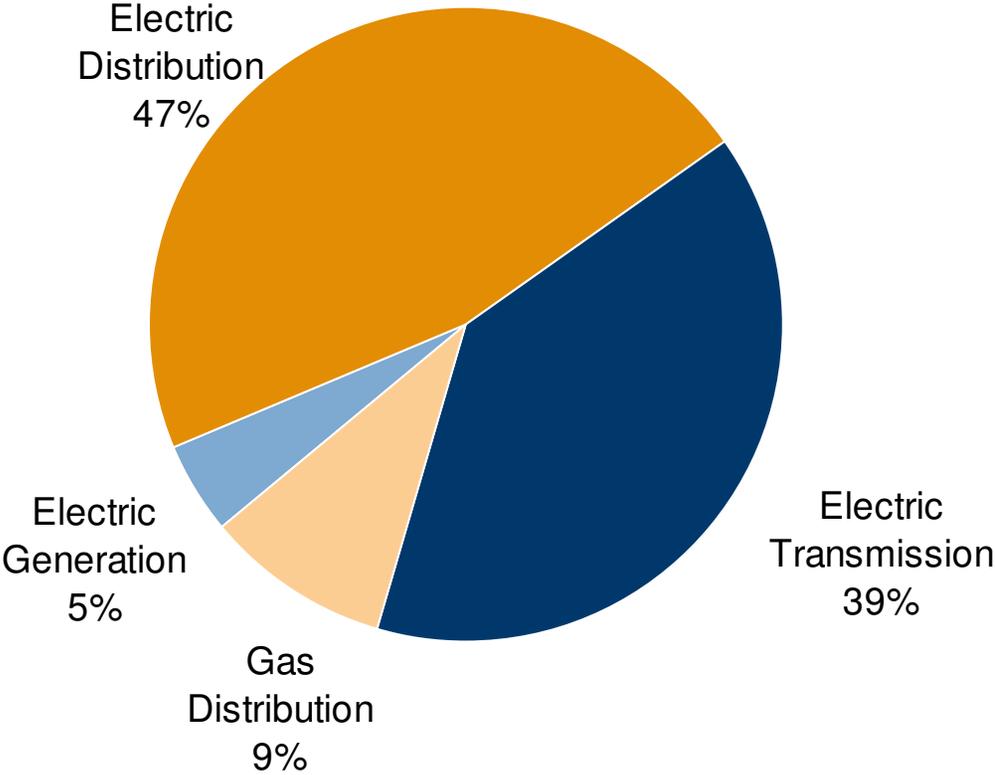
# Total Projected Capital Expenditures





# Projected Rate Base Growth - 2015

## Rate Base By Business\*



**Projected Combined 2015 Rate Base: \$15.6 billion**  
\*Electric Transmission includes projected Northern Pass AFUDC as of 12/31/15