



**Northeast  
Utilities**

**Investor Meetings  
May 2013**





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# NU Safe Harbor Provisions

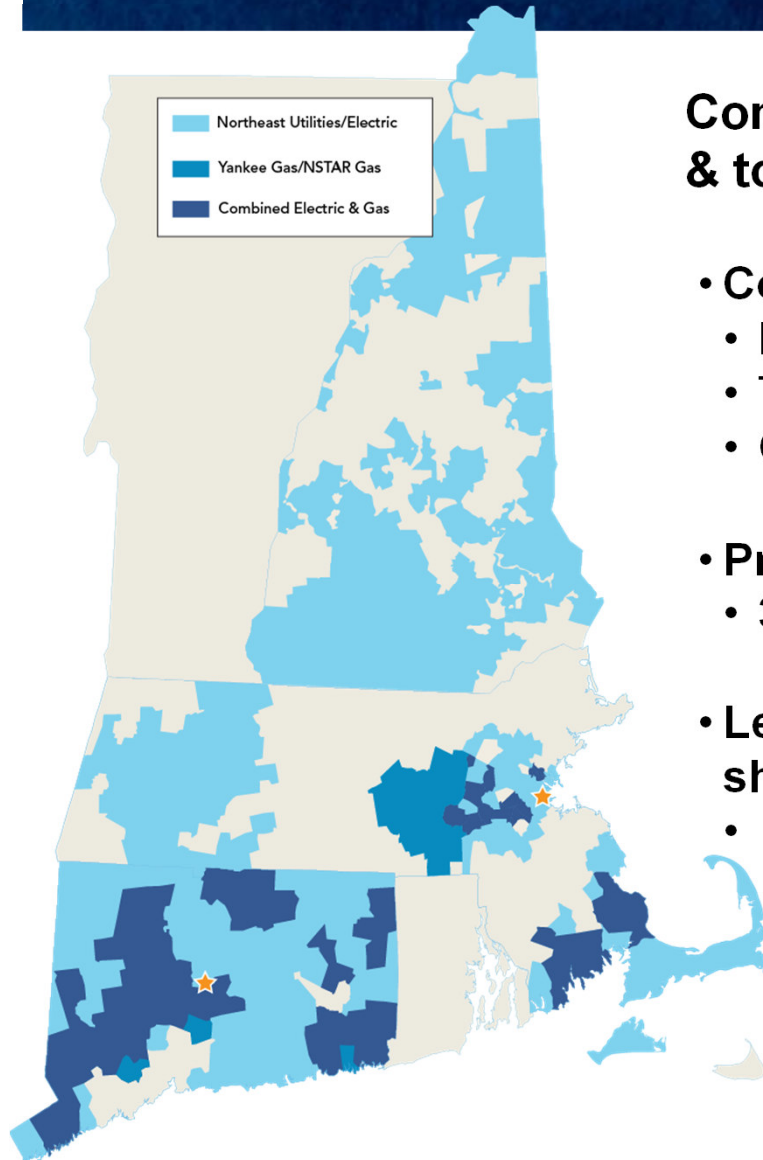
This presentation includes statements concerning NU's expectations, beliefs, plans, objectives, goals, strategies, assumptions of future events, future financial performance or growth and other statements that are not historical facts. These statements are "forward-looking statements" within the meaning 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 the possibility that expected merger synergies will not be realized or will not be realized within the expected time period; cyber breaches, acts of war or terrorism, or grid disturbances; 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 and 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; actions of rating agencies; and other presently unknown or unforeseen factors. Other risk factors are detailed from time to time in NU'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. We encourage you to consult such disclosures.

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 per share (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, recurring 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 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.

# New NU Has Extensive Scale and Scope



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## Combined, the new NU is now serving 525 cities & towns throughout New England

- **Comprised of:**
  - Four electric companies
  - Two natural gas companies
  - One three-state electric transmission business
- **Providing reliable electric & natural gas service to:**
  - 3.6 million electric and natural gas customers
- **Leveraging investments for our customers & shareholders:**
  - \$13 billion combined rate base

# Excellent, Timely Investment Opportunity with a Unique Value Proposition



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Significant  
Transmission &  
Natural Gas  
Opportunities



- \$3.9 billion of transmission cap ex projected for 2013 – 2017
- Increasing conversion activity due to natural gas price advantage vs. oil

Low Near-Term  
Rate Case Risk



- Distribution rates fixed for multiple years
- Transmission and generation rates track costs without general rate case

No Required  
Equity  
Issuances



- Capital program to be funded by internally generated cash and debt issuances
- Credit ratings among industry's highest

Low Payout  
Ratio/Strong  
Dividend  
Growth Outlook



- Payout ratio provides significant flexibility
- Dividends expected to grow at rate of EPS growth
- 7.1% increase effective Q1 2013

Attractive EPS  
Growth  
Potential



- \$2.40 - \$2.60/share range for 2013
- 6% - 9% projected EPS CAGR - well above industry average





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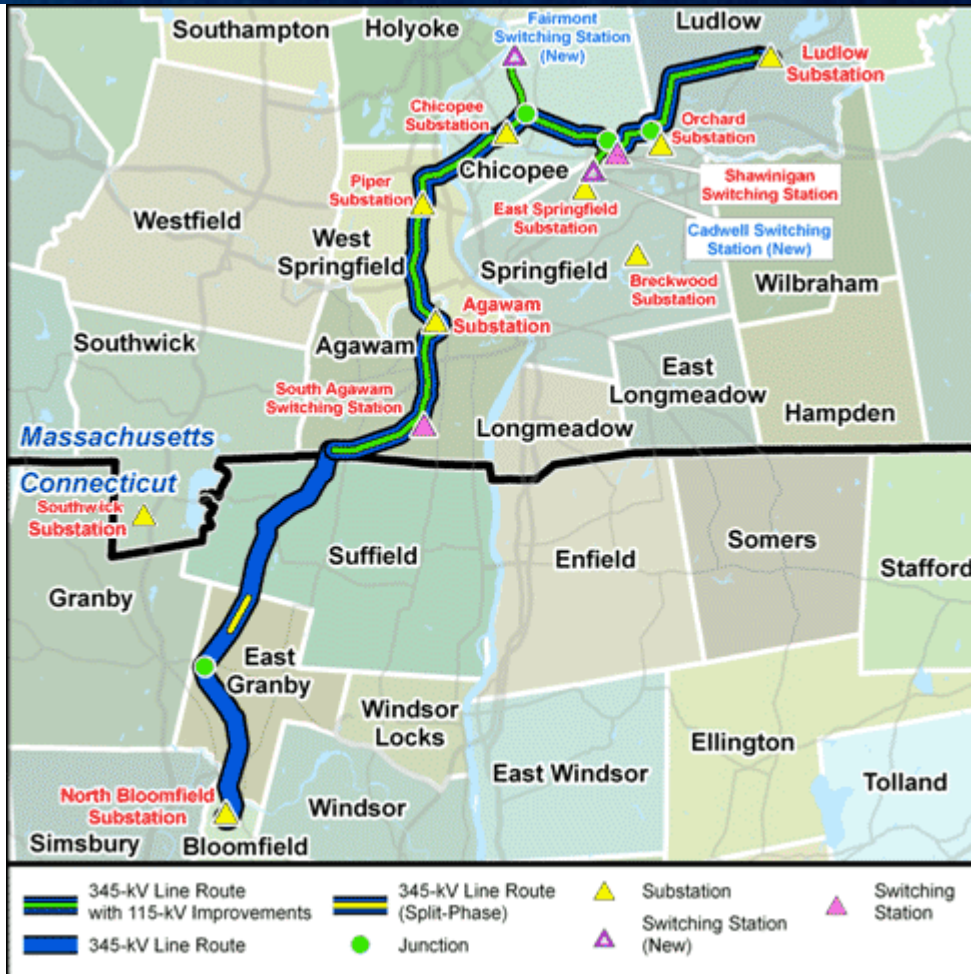
## Transmission Update

- Nearly \$4B of transmission projects in five-year forecast
- About \$2.1B of equity invested in transmission business at end of 2012; expected to grow to \$3.5B by 2017
- FERC committed to incentives for needed infrastructure investments

# 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**

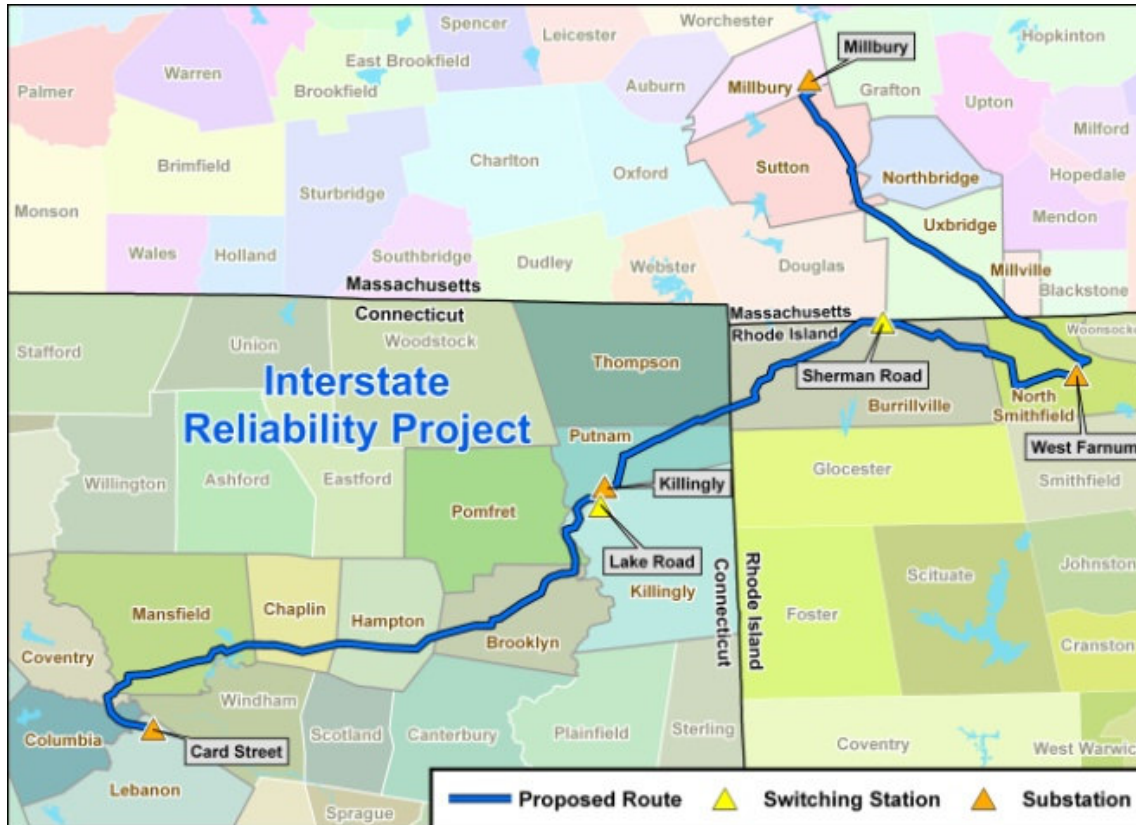
- Projected in-service: late 2013
- Total budgeted NU cost: \$718 million
  - Expected to be approximately 5% below budget
- Project is approximately 95% complete
- Final leg of 345-kV work completed in March; 115-kV line and substation work by year-end

## 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)
- CT section approved by Siting Council in January 2013
- MA & RI permitting process under way – decisions expected around year-end
- Projected commencement of substation construction:
  - Substations: late 2013/early 2014
  - Line work: mid 2014
- Projected in-service: late 2015
- Total projected NU cost: \$218 million

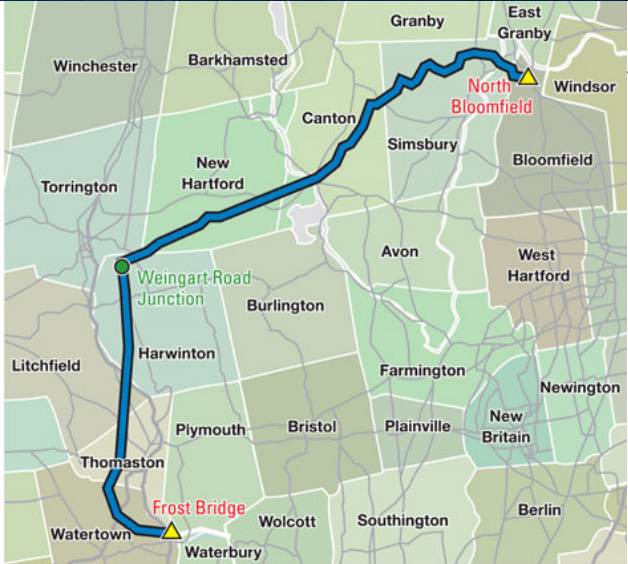




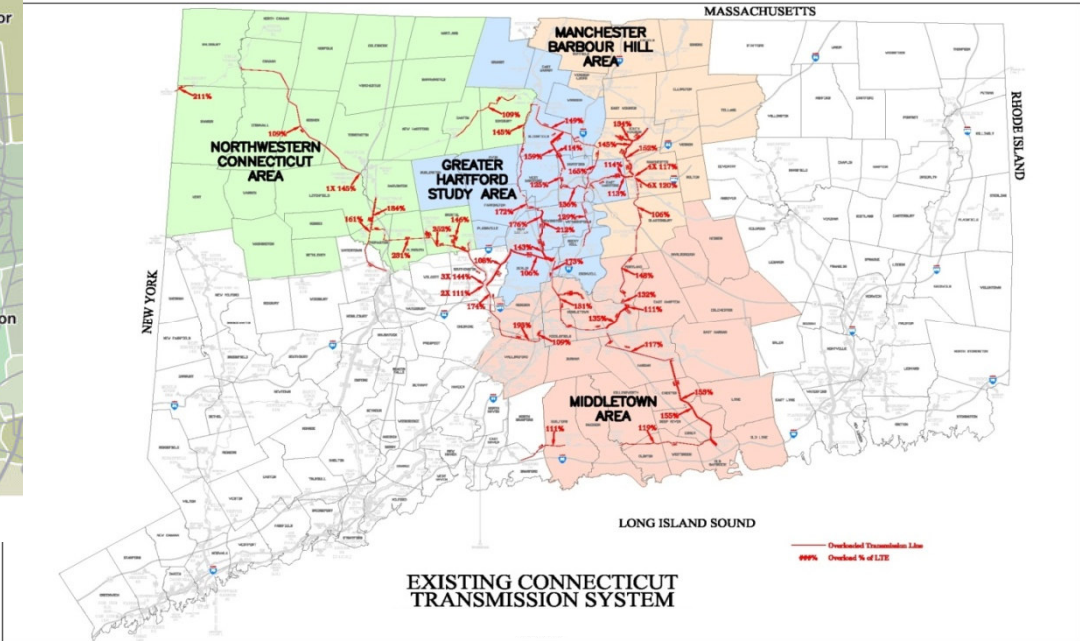
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# NEEWS: Greater Hartford Central Connecticut Project (GHCC)



█ Proposed 345-kV Line Route    
 ▲ Substation    
 ● Junction



EXISTING CONNECTICUT TRANSMISSION SYSTEM

— Overloaded Transmission Line  
% 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-NE 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
- The results show severe thermal overloads and voltage violations in each of the four study areas due to power flows across CT and local problems
- 115-kV solutions are likely to correct these reliability violations
- ISO-NE process expected to provide preferred transmission solutions in late 2013 or early 2014
- The previously estimated \$300M cost, with a 2017 in-service date, is a good placeholder for the GHCC solutions



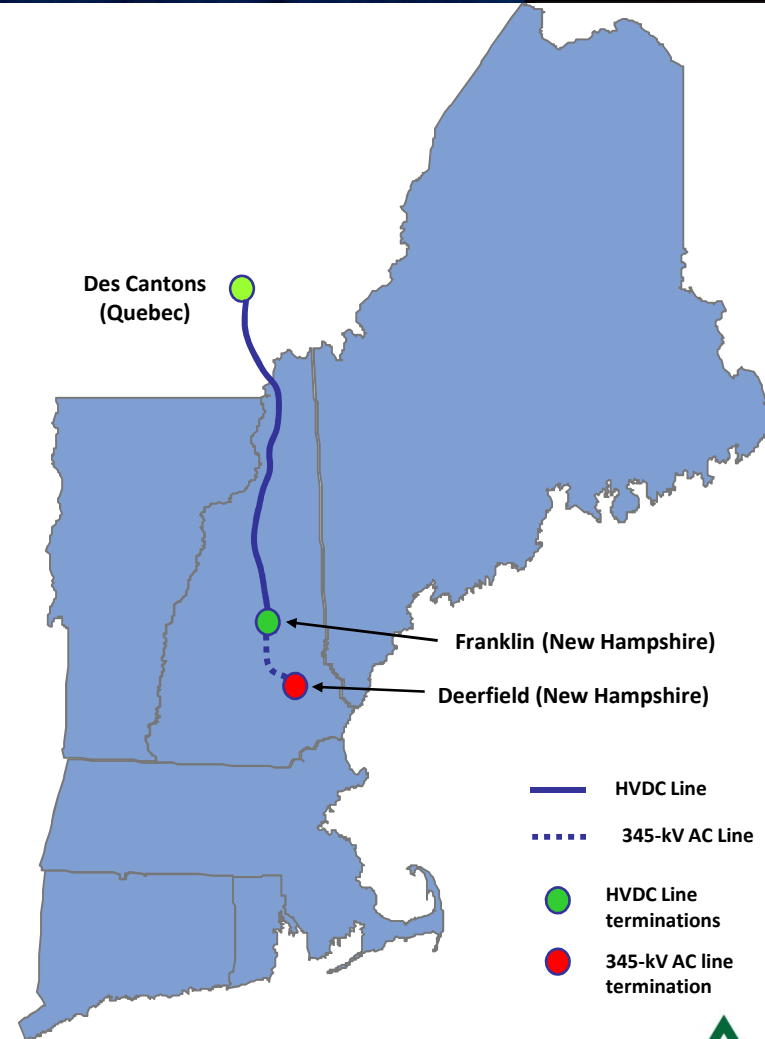


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# Northern Pass Transmission Project Overview

- 1,200 MW of clean energy
- \$1.2 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 CO<sub>2</sub> reduction
  3. Economic value through construction jobs and new tax base – 1,200 jobs and \$25 million per year in property taxes

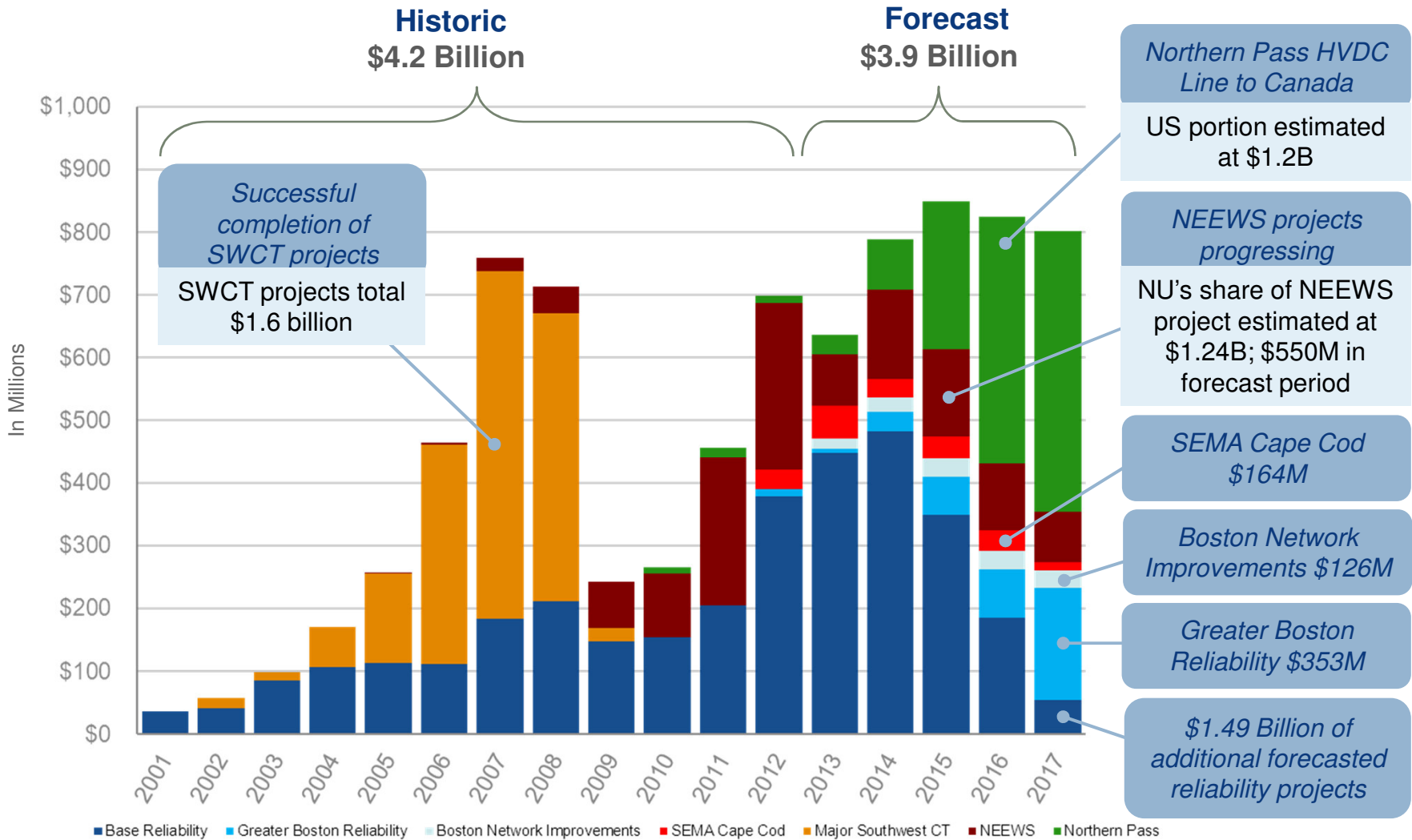




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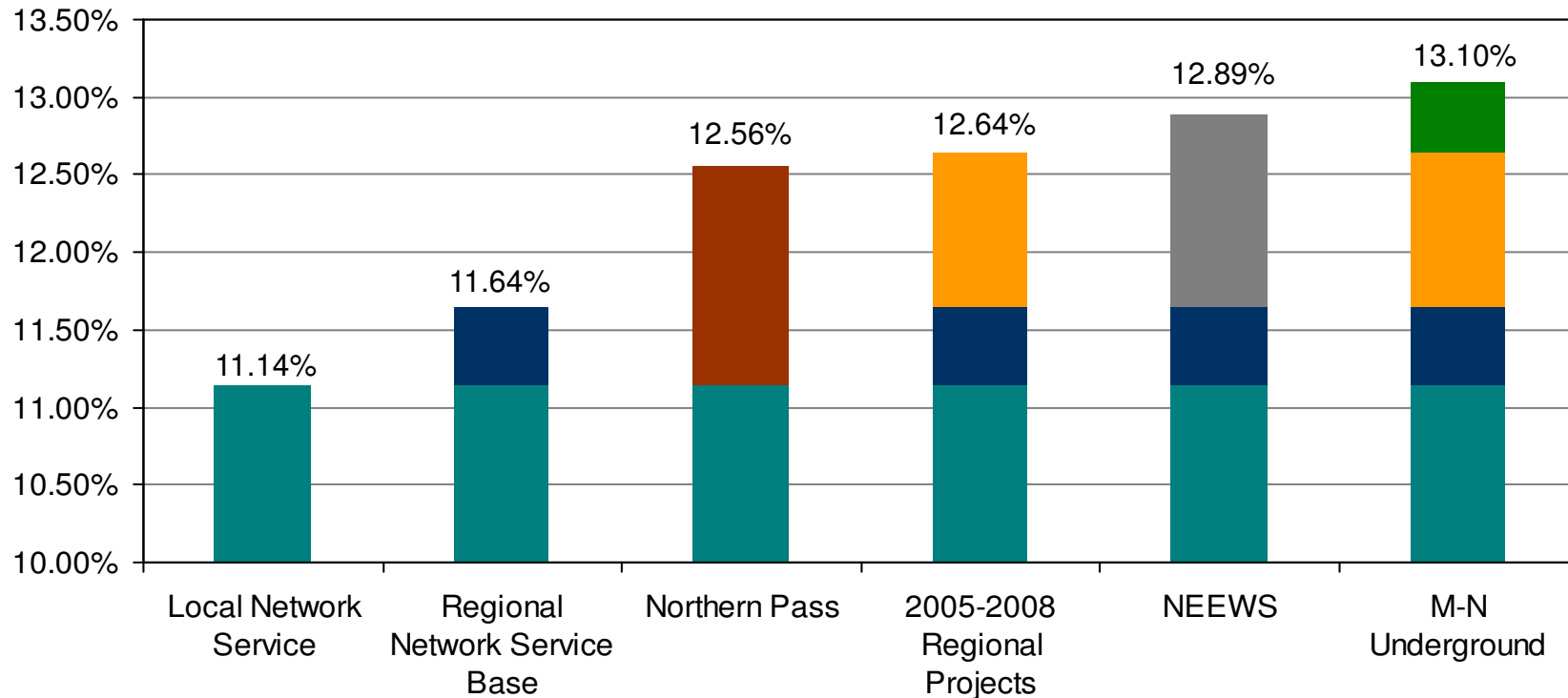


# Transmission's Projected Capital Investment Has Grown by \$900M to \$3.9B from Last Year's Forecast





# Review of FERC-Approved Transmission ROEs



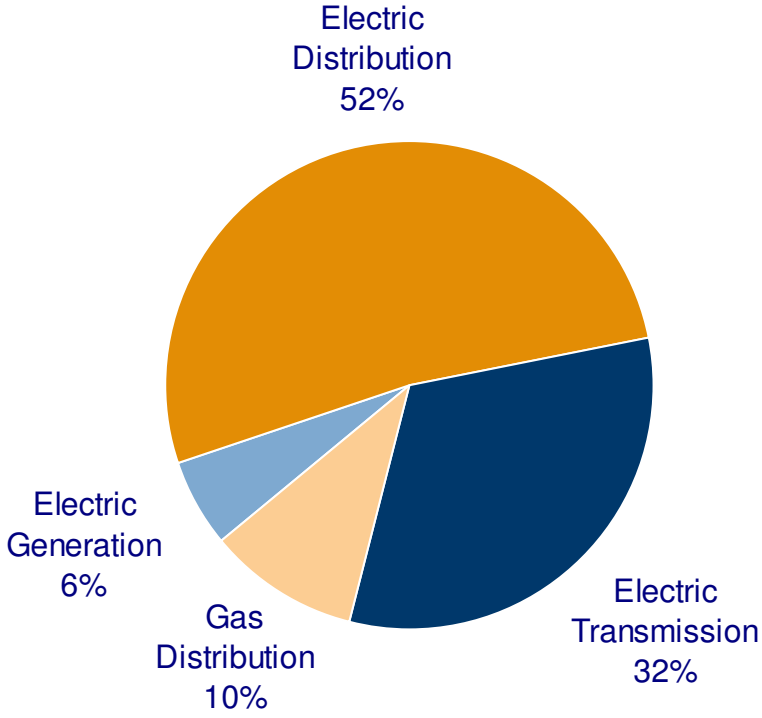
- NU's Local Network Service Tariff ROE (this is the New England base ROE that is subject of 9/30/11 and 12/27/12 complaint proceedings at FERC)
- NE RTO Incentive adder of 50 basis points on regional assets
- ISO-NE Planned Regional projects in-service before 1/1/09 (D.C. Circuit Court rejected appeal 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)





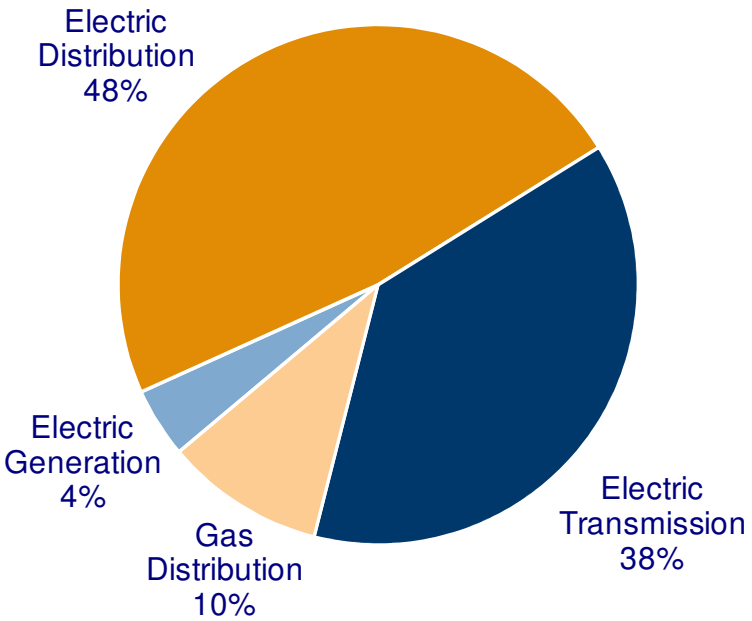
# Regulatory and Business Segment Diversity

### Rate Base By Business



**Combined 2012 Rate Base: \$13.1 billion**

### Rate Base By Business\*



**Projected Combined 2015 Rate Base: \$15.3 billion**  
\*Electric Transmission includes projected Northern Pass AFUDC as of 12/31/15

# Natural Gas Distribution: Growth Opportunities for NU



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- Shale gas is a game changer for the region
- Very attractive opportunities for NU due to natural gas' low saturation, cost and environmental advantages over competing fuels

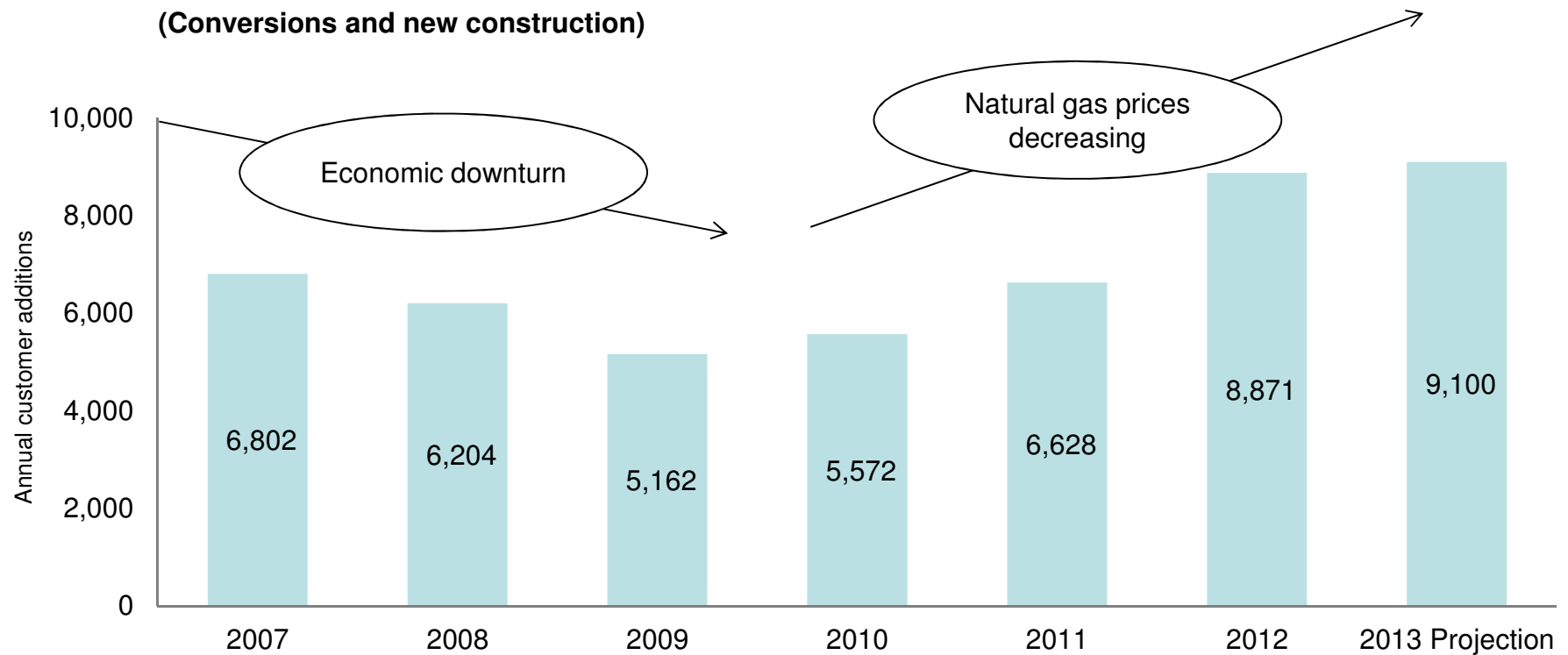
## Home Heating Market Penetration

	<b>U.S.</b>	<b>Connecticut</b>	<b>Massachusetts</b>
<b>Natural Gas</b>	53%	32%	48%
<b>Oil</b>	7%	48%	34%



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

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





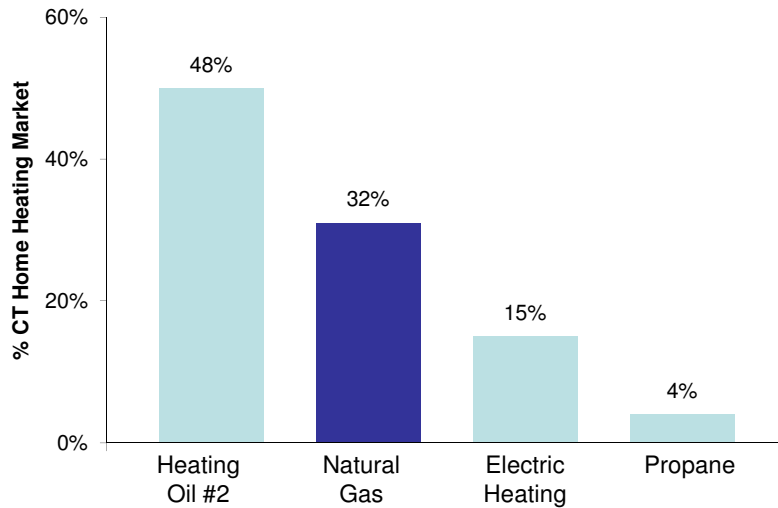
# Natural Gas: Connecticut Has High Growth Potential



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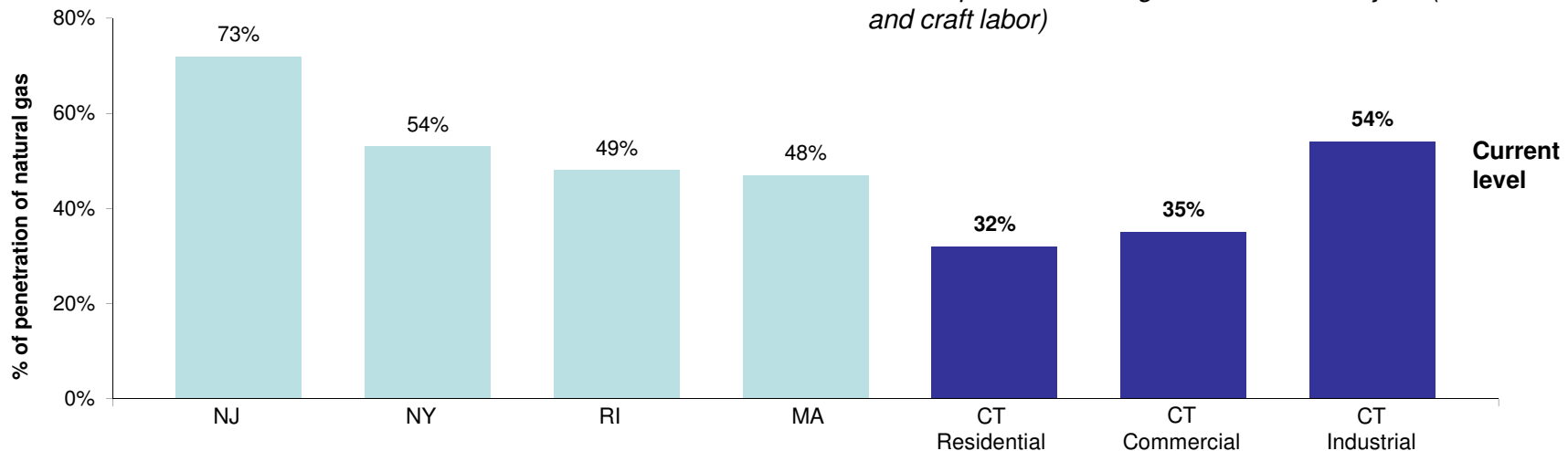


## CT Home Heating Market Penetration



- Connecticut is significantly under-penetrated and relies on higher priced fuels for space heating:
  - Older housing stock
  - Proximity to supply
  - Price advantage is relatively new and made more dramatic by shale gas
- Increasing the penetration of the state would yield:
  - Significant customer savings
  - Increased energy efficiency
  - Reduced emissions
  - More robust business competitiveness
  - Reduction in oil demand
- In the short-term, the investment in infrastructure to support such expansion would generate additional jobs (construction and craft labor)

## Natural gas penetration CT vs. other states



# Summary of CT Comprehensive Energy Strategy With Respect to Gas Growth



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## **Planning**

- Establish planning process for natural gas expansion

## **Marketing**

- Raise customer awareness through marketing

## **Incentives**

- Implement financing mechanisms to make fuel switching affordable
- Provide incentives to drive aggregation of new off-main customers
- Provide incentives to encourage installation of high-efficiency furnaces
- Reduce costs of equipment conversion and main extension

## **Regulatory**

- Change hurdle rate calculation to reduce upfront customer charge for main extensions (25 years)
- Allow an alternative rate rider for new customers to pay customer main extension costs
- Allow greater flexibility when calculating customers' main expansion costs
- Establish a mechanism for timely recovery of capital expenditures made by gas companies

# Northeast Utilities Natural Gas Business Unit Potential



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Yankee Gas and NSTAR Gas Opportunities	Yankee Gas	NSTAR Gas
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**Low-use (e.g. , using natural gas for cooking, but not space heating)**

On-main gross # of Residential potential	26,570	13,000
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**Non-use On-Main (Within 150 feet of main)**

On-main gross # of Residential potential	55,000	27,000
On-main gross # of Commercial potential	14,500	7,100
On-main gross # of Industrial potential	300	150

**Off-main (More than 150 feet from main)**

Off-main total gross # Residential potential	350,000	195,000
Off-main total gross # Commercial potential	37,000	20,500
Off-main total gross # Industrial potential	1,100	600







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## First Quarter 2013 Results

Electric Distribution	\$0.32/share
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Electric Transmission	\$0.25/share
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Natural Gas Distribution	\$0.14/share
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NU Parent & Other	\$0.02/share
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<b>Total Recurring Earnings</b>	<b>\$0.73/share*</b>
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\*Represents recurring earnings. GAAP consolidated earnings were \$0.72/share



## 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

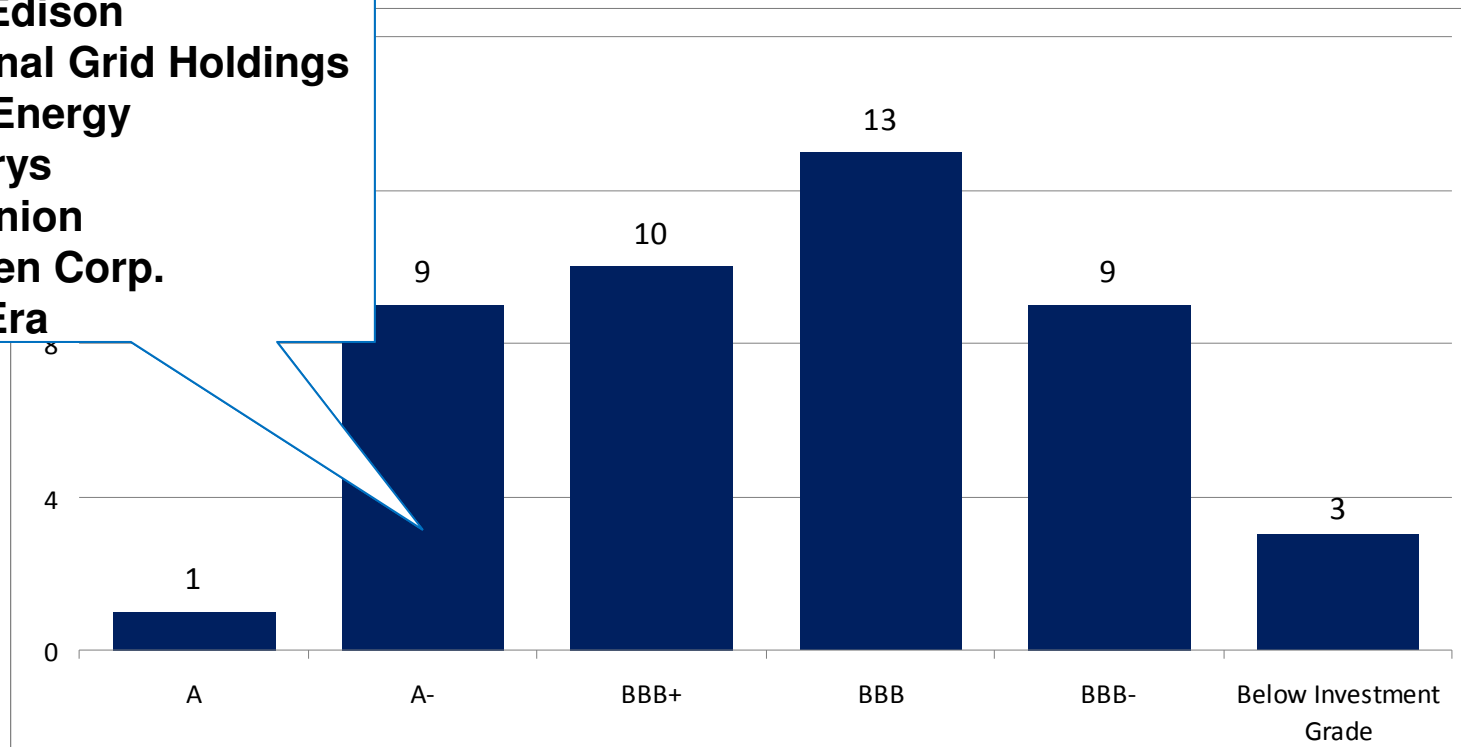
- Higher depreciation and property tax expense



# Very Strong Ratings Help to Lower Interest Costs

### 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. Vectren Corp.
- 9. NextEra



1. Source: Standard & Poor's, "Issuer Ranking: U.S. Electric, Gas, and Water Utilities, Strongest-to-Weakest" (2/1/13). Long-Term Rating of U.S. Investor-Owned Regulated Electric Utilities, excluding subsidiaries.





# Financing Activities Completed or Planned

- *Implemented new commercial paper program at NU*

### DEBT RETIRED SINCE MERGER

Security	\$Millions	Date	Rate
CL&P PCRBs	\$116.4	10/1/12	5.85 – 5.95%
WMECO PCRBs	\$53.8	10/1/12	5.85%
NSTAR Electric Unsecured	\$400	10/15/12	4.875%
PSNH PCRB	\$109	5/1/13	5.45%

### DEBT ISSUED SINCE MERGER

Security	\$Millions	Date	Rate
WMECO Unsecured	\$150	10/4/12	2.673%
NSTAR Electric Unsecured	\$400	10/15/12	2.406%
CL&P Unsecured	\$400	1/15/13	2.574%

### UPCOMING MATURITIES/MANDATORY TENDERS

Security	\$Millions	Date	Rate
NU Unsecured	\$250	6/1/13	5.65%
WMECO Unsecured	\$55	9/1/13	5%
CL&P PCRBs	\$125	9/3/13	1.25%
NU Unsecured	\$300	9/20/13	Variable
Yankee Gas Secured	\$75	1/1/14	4.8%
NSTAR Electric Unsecured	\$300	4/15/14	4.875%



## EPS Growth Beyond 2013

### Major Drivers

**Long-term  
6% - 9%  
CAGR off of  
\$2.28 in 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

## 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%

- An anticipated return to normal weather for 2013 adds approximately 7% to sales



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

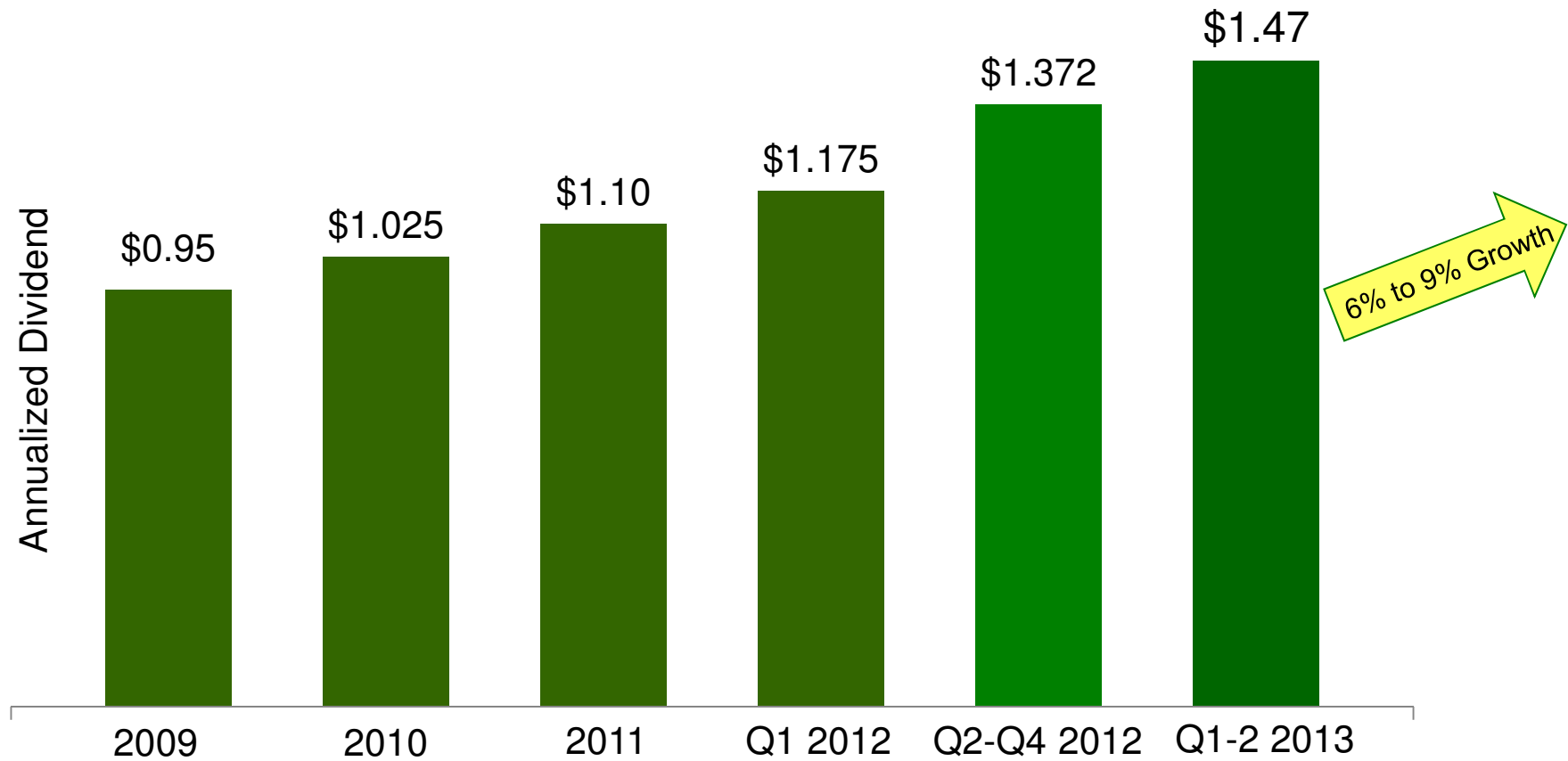
- Cost savings more than offset wage increases and inflation
- Reported 2012 annualized O&M estimated at about \$1.6 billion



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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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# Appendix

# Customer Economics Are Compelling, But Obstacles Exist

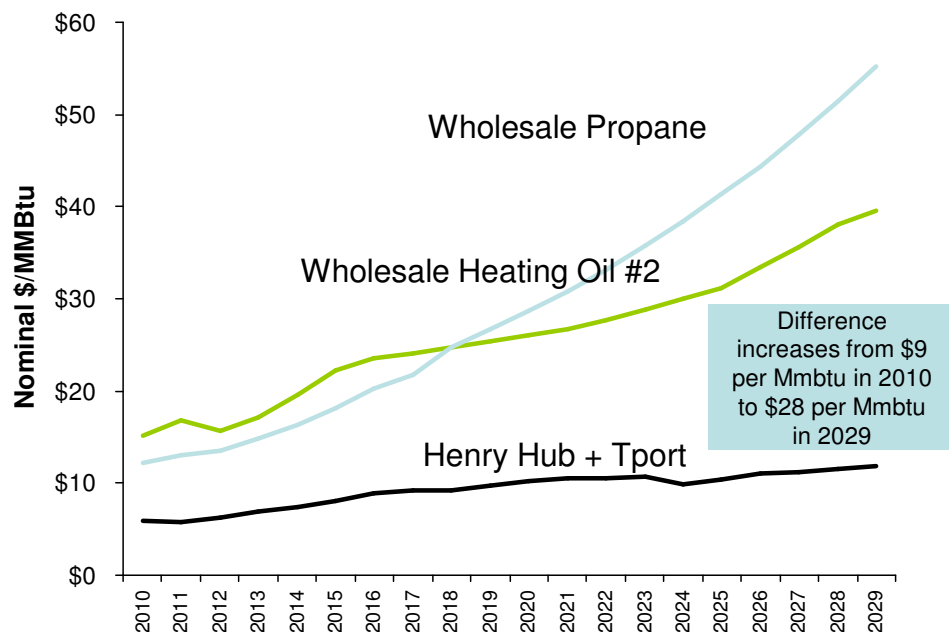


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## Price Differential Forecast

\$ per MMBTU



Price differentials can lead to homeowner savings of \$1,000 - \$1,500 per year

## Heating Conversion Economics

### Type

### Customer Costs

**Service currently available**

~\$7,500 for heating retrofit

**Service not available, but near gas system**

~\$7,500 for retrofit  
~\$0 - \$2,000 for service and meter

**Service not available, line extension required**

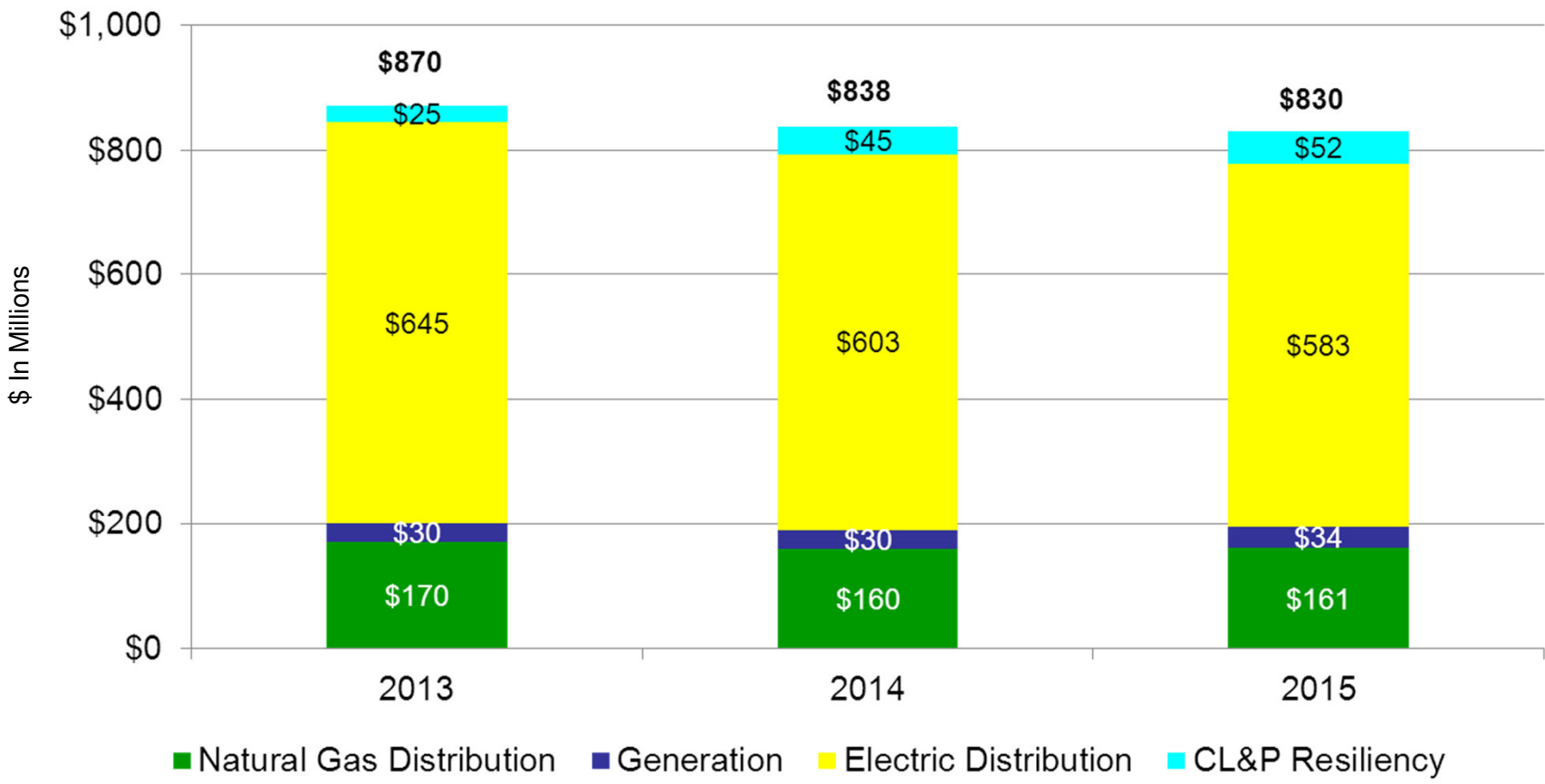
~\$7,500 for retrofit  
~\$2,000 - \$15,000 for service, meter & line extension

### Frequent Conversion Obstacles

- No local natural gas service in place
- Upfront customer capital with long paybacks
- Requirements for upfront customer payments on utility portion of expansion given a “pay as you go” regulatory philosophy



# Projected Distribution/Generation Capital Expenditures







# Total Projected Capital Expenditures

