



**Northeast
Utilities**



Barclays CEO Energy-Power Conference New York

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NU Safe Harbor Provisions

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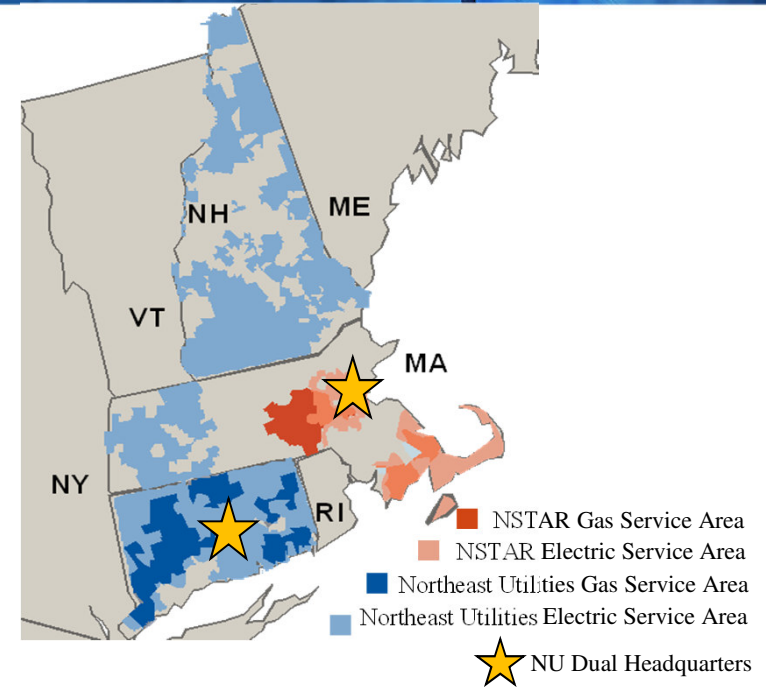
Topics for Today

- The New Northeast Utilities
- NU's Transmission Program
- NU's Distribution Program
- Focus on Natural Gas Expansion

New NU Operations Has Extensive Scale and Scope

Combined, the new NU now has:

- **Seven regulated companies**
 - Four electric companies
 - Two gas companies
 - One three-state electric transmission company
- **Serving 525 cities and towns throughout New England**
- **Providing reliable electric and gas service to:**
 - 3,000,000 electric customers
 - 500,000 natural gas customers
- **Leveraging investments for our customers and shareholders:**
 - \$12.4 billion combined rate base (2011)



Transmission

- 4,500 miles of transmission line
- \$3.8B rate base
- NEEWS Projects \$1.3 billion
- Northern Pass \$1.1 billion
- Southeastern Massachusetts (SEMA) 345-kV Line \$110 million
- \$160 million/year of smaller projects

Electric Distribution

- 72,000 miles of distribution line
- \$6.5 billion rate base

Gas Distribution

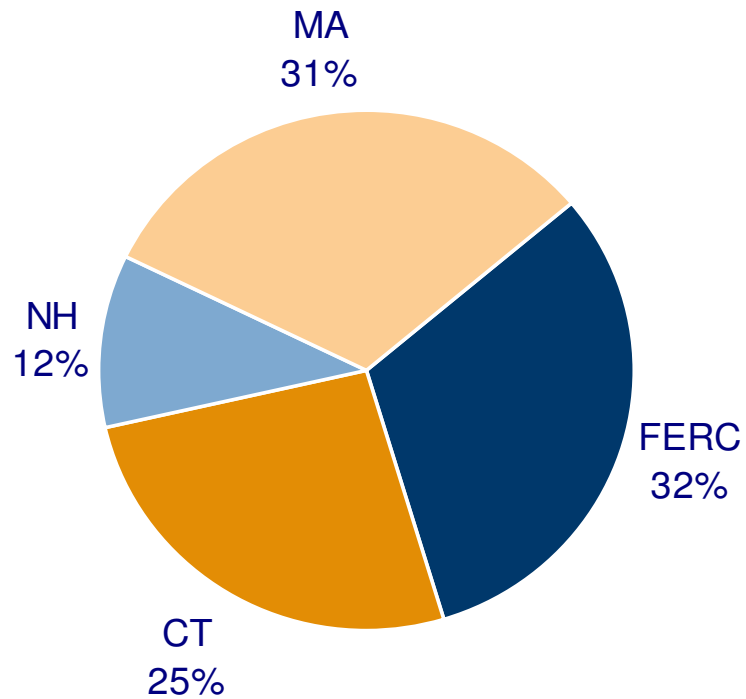
- 6,300 miles of gas distribution line
- \$1.3 billion rate base

Generation

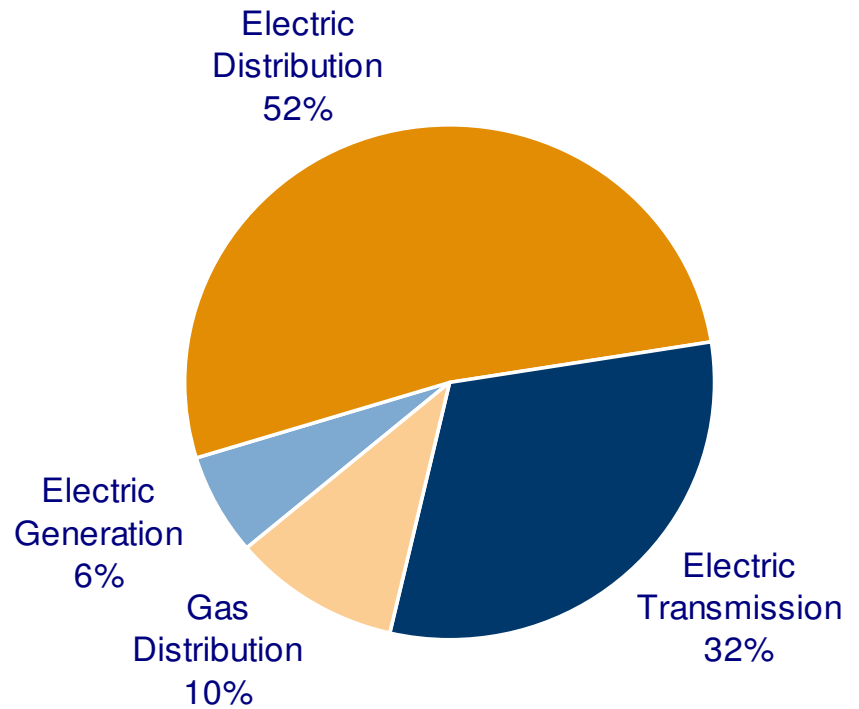
- 1,200 megawatts of generation
 - 50 MW biomass
 - 4 MW solar
- \$0.8B rate base

The Merger Has Created a More Diverse Business

Rate Base By State / Federal



Rate Base By Business



Combined 2011 Rate Base: \$12.4 billion

NU Transmission Shows Continued Excellence in Planning, Siting, Building and Operating High-Voltage Grid



- Since 2001, NU has sited and built highly complex and varied transmission projects in densely populated, congested areas
 - ✓ High-voltage, long distance underground (Middletown-Norwalk)
 - ✓ Undersea (Long Island Replacement Cable)
 - ✓ Combination overhead/underground in challenging communities (Bethel-Norwalk, Middletown-Norwalk)
 - ✓ Urbanized underground (Glenbrook Cables)
 - ✓ Densely populated, multi-state (Greater Springfield)
- Projects continue to be built on or ahead of schedule and on or below budget
- NU's transmission program has achieved national recognition as an industry leader and excellence in execution

Major Transmission Projects Advance Current Status Report - NEEWS

Greater Springfield Reliability Project \$718M

Under Construction

- Substation construction commenced in MA in December 2010; in CT in summer 2011
- Projected in-service: late 2013
- Total projected NU cost: \$718 million
- Project 78% complete as of 7/31/12

Interstate Reliability Project \$218M

In Siting Phase

- Joint project with National Grid (*NU in CT; NGrid in MA & RI*)
- ISO-NE confirmed need: August 2010
- All major permit and siting applications filed
- Commence construction: late 2013/early 2014
- Projected in-service: late 2015
- Total projected NU cost: \$218 million

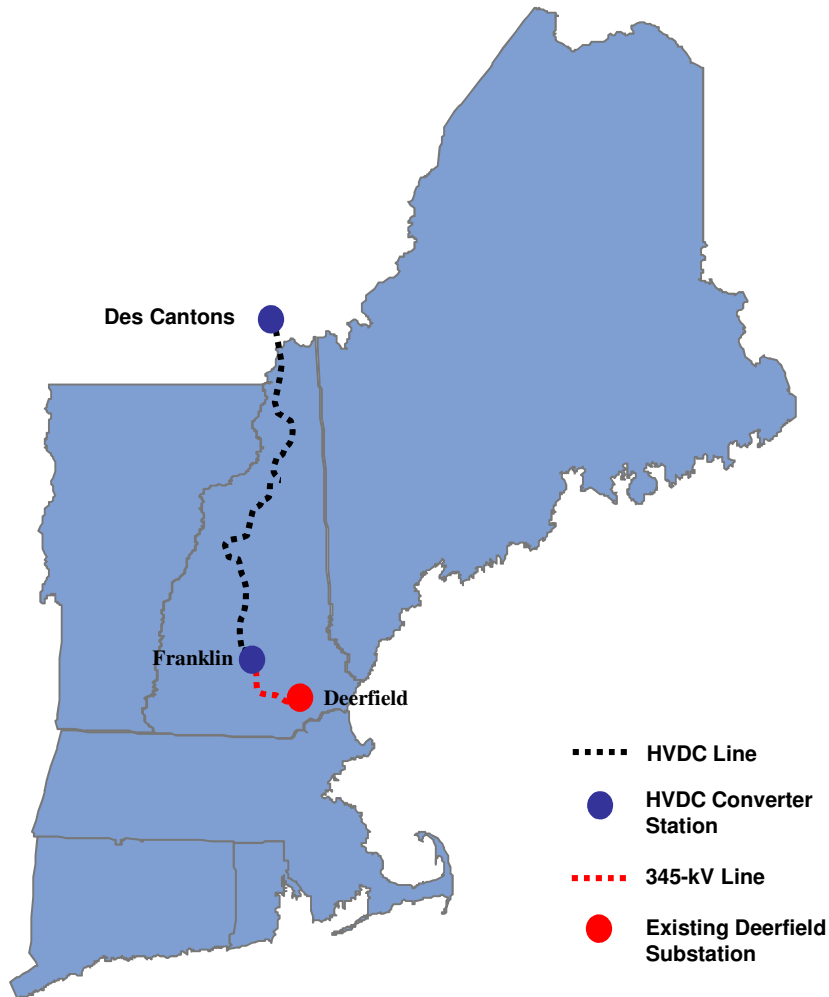


Central Connecticut Reliability Project \$301M (Greater Hartford)

In Planning Phase

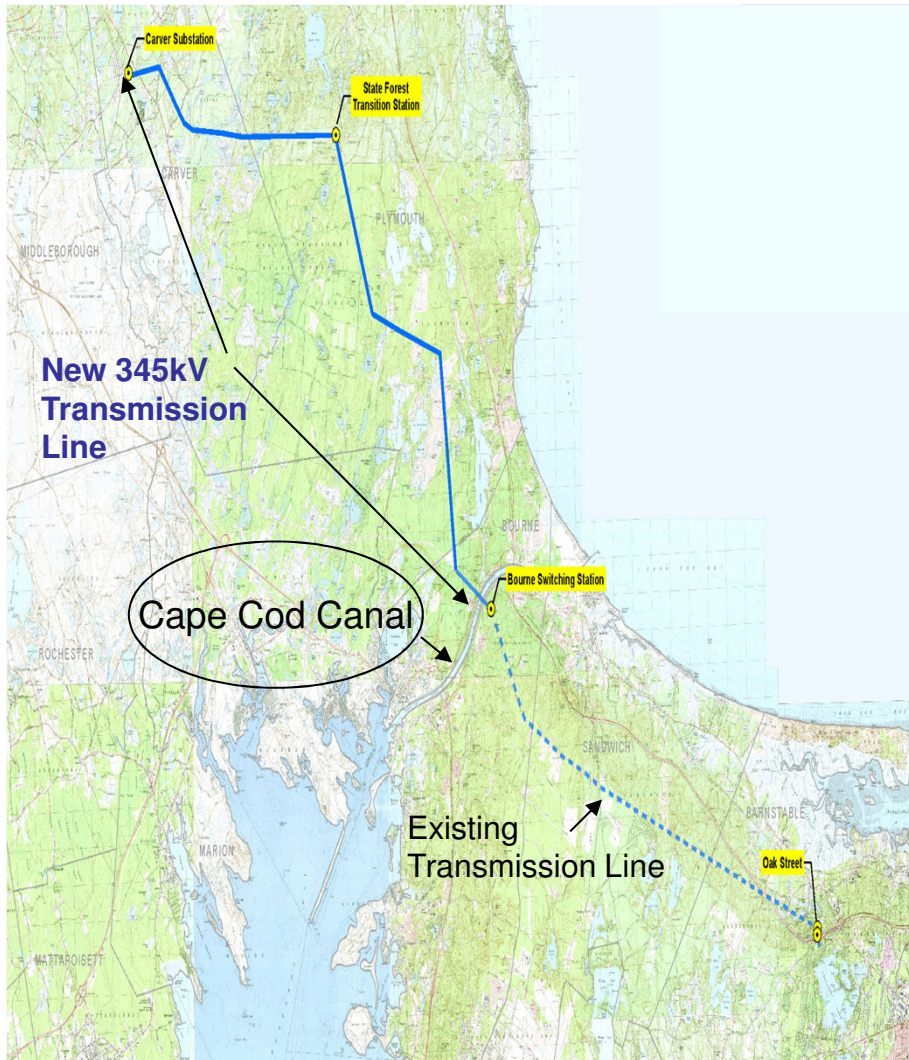
- ISO NE issued preliminary need results in August with transmission solutions expected in 2013
- Project is expected to evolve into a sizable group of projects
- Projected in-service: 2017
- Total projected NU cost: \$301 million

Current Status Report - Northern Pass



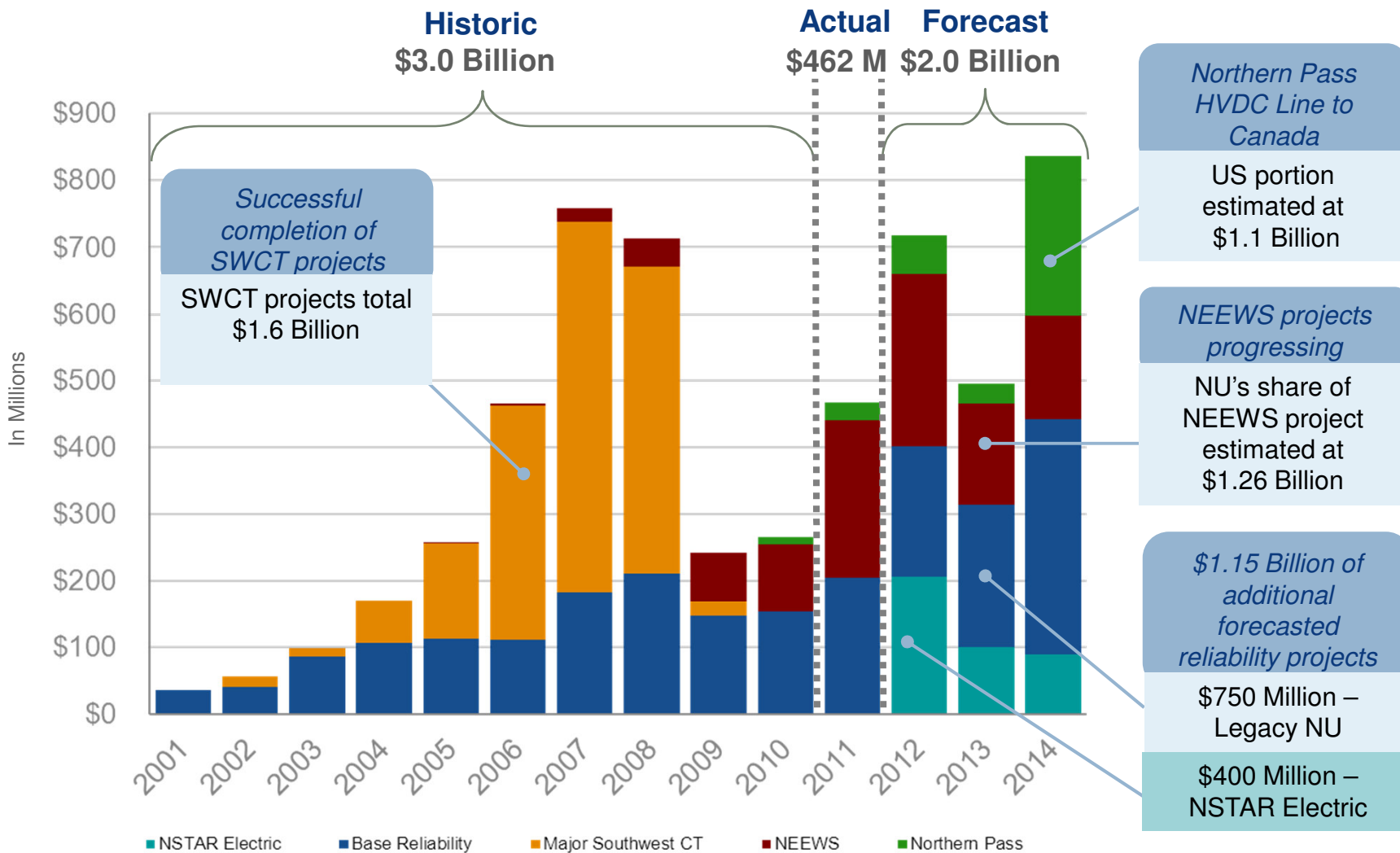
- To be owned by Northern Pass Transmission LLC
- 1,200 MW transfer capability
- Significant environmental and economic benefits for New England
- Northern terminus of DC line at Des Cantons (Québec), southern terminus in Franklin (New Hampshire)
- 345kV AC leg from Franklin to Deerfield, NH
- TSA accepted by FERC
- Permitting process continues with U.S. DOE, U.S. Forest Service
- Continued progress in securing alternate route in northern New Hampshire
 - Community outreach ongoing
- Eminent domain legislation signed
- Capital cost estimate for US segment: \$1.1 billion
 - Completion projected for fourth quarter 2016

Current Status Report – Cape Cod Canal Transmission Line

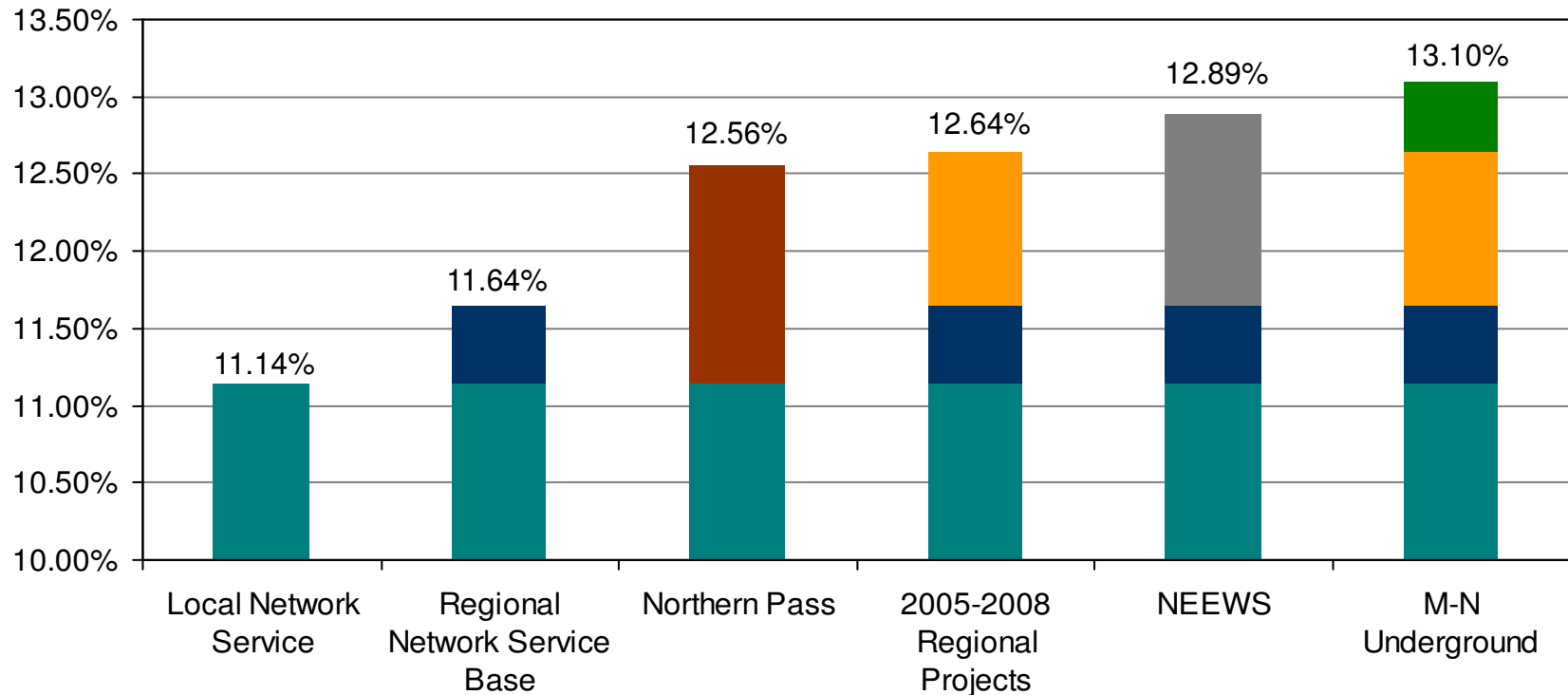


- New 345-kV, 18-mile overhead transmission line
- ISO-NE approved the line for reliability
- January 2012: Cape Cod Commission approval
- April 2012: EFSB approval
- Cost estimated at \$110M
- Construction 2012-2013
- Projected in-service: mid-2013
- FERC ROE of 11.64%

Transmission Growth Strategy Invests \$2 Billion in Customer-Beneficial Infrastructure



Review of FERC-Approved Transmission ROEs



- NU's Local Network Service Tariff ROE (subject of states' 9/30/11 Section 206 complaint to FERC)
- NE RTO Incentive adder of 50 basis points on PTF assets
- ISO-NE Planned Regional PTF projects in-service before 1/1/09 (D.C. Circuit Court rejected appeal on 1/29/10)
- Middletown-Norwalk advanced technical underground cable system
- 125 basis point NEEWS incentive (request for reconsideration denied by FERC on 6/28/11)
- 142 basis point Northern Pass incentive (request for reconsideration denied by FERC on 8/5/11)

NU Distribution: Improving Reliability and Customer Service Under Fixed Rates



- Strong 2012 reliability across all four companies
- Implement synergies to improve customer service, lower costs
- Work closely with states to achieve their energy policy goals
- Implement best practices in emergency preparedness and response
- Operate successfully under multi-year fixed rate plans

NU Business Segments Have a High Level of Rate Certainty

Distribution	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; 2011 storm recovery to begin 12/1/14
	Yankee Gas	\$7 million rate increase effective 7/1/12
	PSNH	Multi-year rate plan through 6/30/15. Increases of \$7 million effective 7/1/12 and another \$10 million on 7/1/13 anticipated
Transmission		Fully reconciling rates – no general rate cases
Generation	PSNH	Fully reconciling rates – no general rate cases
	WMECO (solar)	

NU's Natural Gas Distribution Business

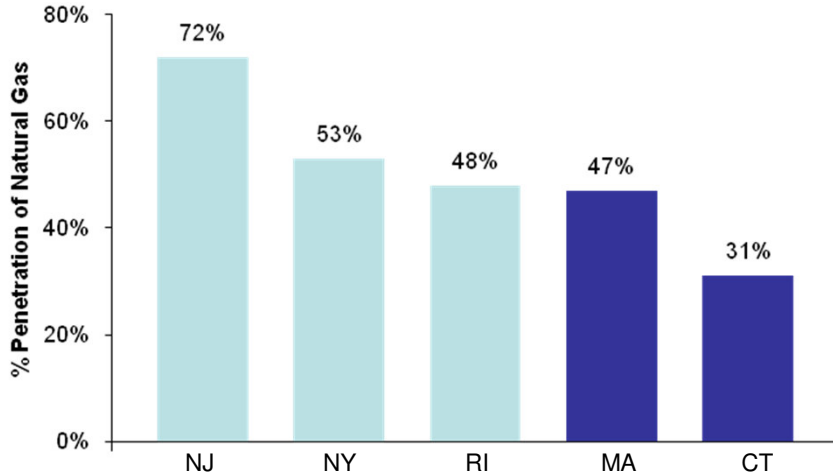


- NU has the second largest natural gas distribution system in New England; 17th largest nationwide among combination electric and gas utilities
- Tremendous opportunity to bring economic benefits to customers and environmental benefits to the region by aggressively pursuing conversions
- Situation is unique to New England due to heavy reliance on imported heating oil
- Natural gas prices, low natural gas penetration and high heating oil prices are driving record conversion activity

Natural Gas: A Compelling Infrastructure Growth Opportunity

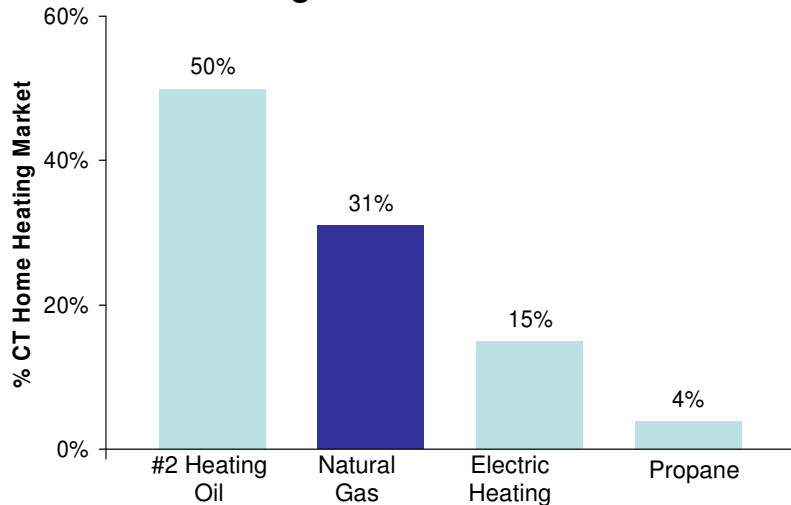


Natural gas penetration MA and CT vs. other states



- CT and MA have relatively low penetration of natural gas in home heating market

CT Home Heating Market Penetration

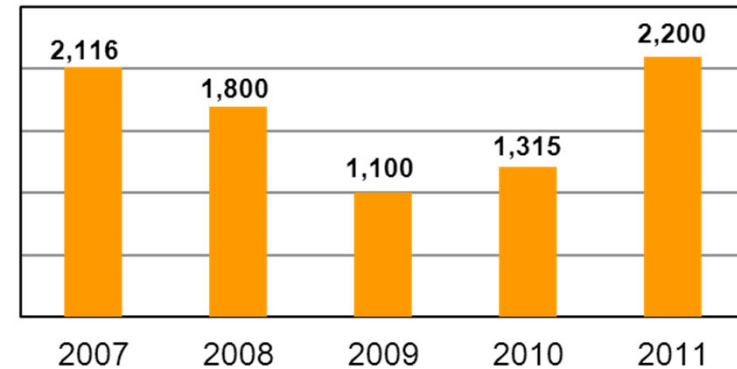


- Economics have swung meaningfully in favor of natural gas
- Environmental factors also favor natural gas

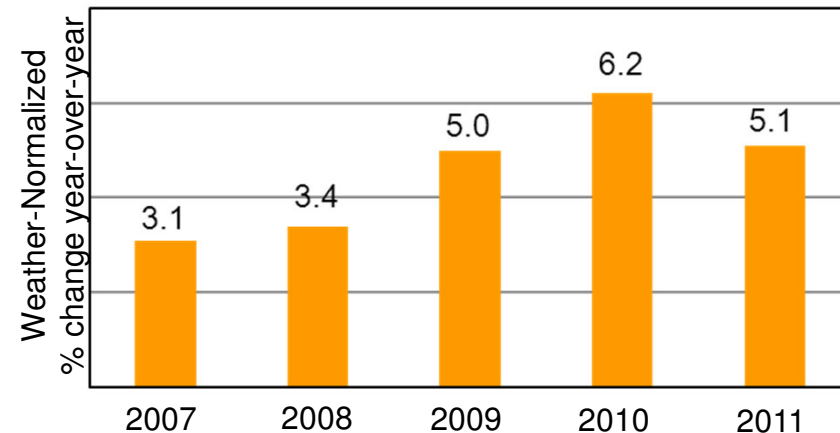
Growth Accelerating at NSTAR Gas and Yankee Gas

- Growth has begun, but significant opportunities remain for NSTAR Gas, Yankee Gas
- 90,000 non-gas homes and businesses within 150 feet of existing mains
- 38,000 existing customers are low-use – do not use natural gas for space heating
- 2,350 of these customers installed natural gas heating in the first six months of 2012; 6,500 expected by year-end
- 1,400 new customers added in the first six months of 2012 due to new construction and expect number to grow to 3,000 by end of year;
 - Additive to the 6,500 conversions, so we expect a total of 9,500 new natural gas heating customers in 2012

NSTAR Gas New Services



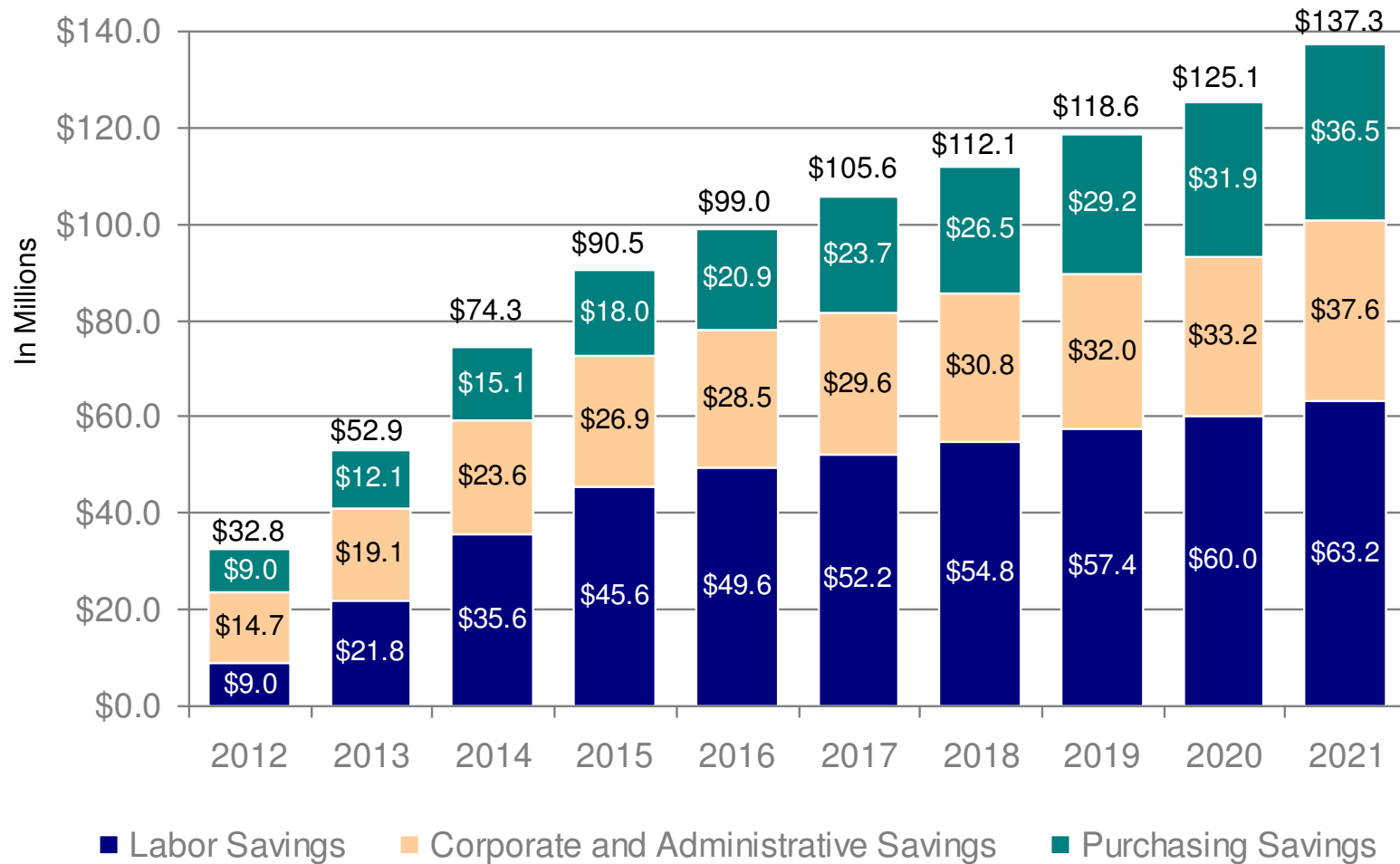
Yankee Gas Sales (firm)



Appendix

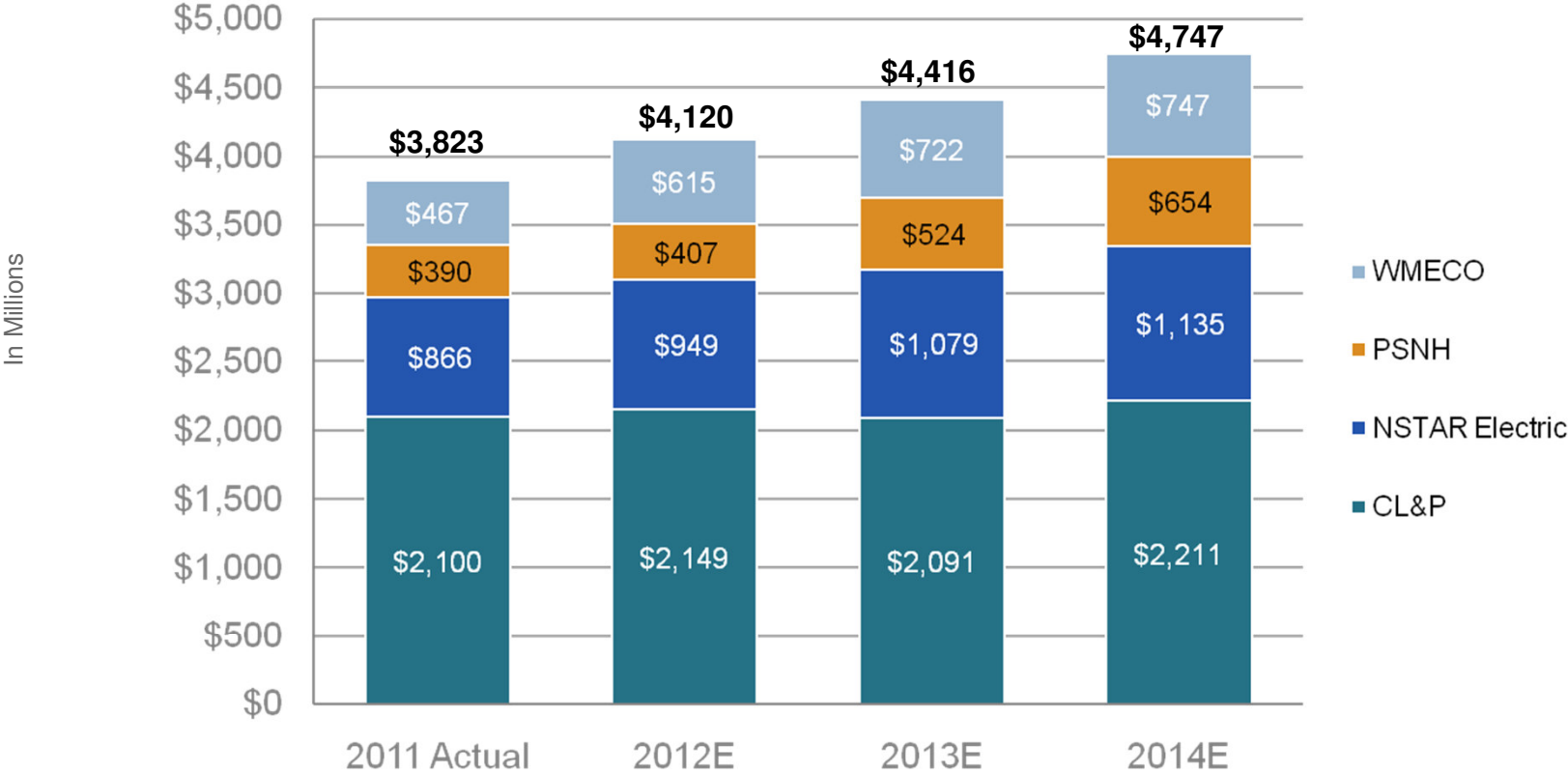


Net Benefit Analysis Shows Significant Savings are Achievable



Note: Savings reflected above exclude \$164.3 million merger integration costs.

Transmission Year-End Rate Base Forecast Allows Us to Add \$300 Million/Year to Rate Base Over 3 Years



Emergency Preparedness a Critical Focus in CT

- Final order issued on August 1 by the CT Public Utilities Regulatory Authority (PURA) in response to 2011 storms
- CL&P will file for storm cost recovery (\$285 million)
 - ✓ 6-year period beginning December 2014
 - ✓ Amount subject to PURA review
 - ✓ \$40 million of the \$285 million to be absorbed by CL&P, per merger settlement
- Continuing to make significant steps to improve emergency preparedness and response
 - Expanded tree-trimming and removal program
 - Implemented a number of organizational changes
- \$300 million distribution resiliency program filed with PURA
 - Five-year period, 2013-2017
 - Majority of investment will be spent on routine and enhanced tree trimming; remainder invested in structural and electrical hardening of our system
 - Costs, return on investment to be recovered through new tracking mechanism