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# **Gabelli Best Ideas Conference**

December 13, 2012





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## NU Safe Harbor Provisions

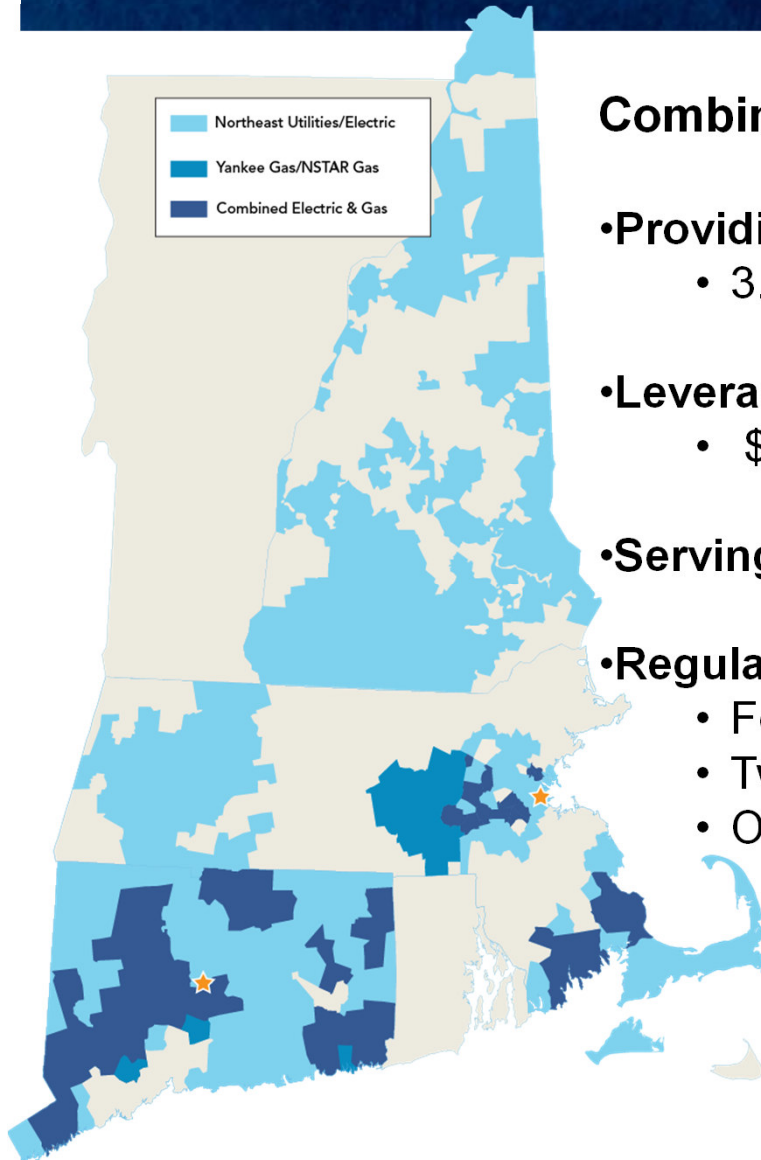
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All per share amounts in this presentation are reported on a diluted basis. The only common equity securities that are publicly traded are common shares of NU parent. The earnings and EPS of each business do not represent a direct legal interest in 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.

# New NU Has Extensive Scale and Scope



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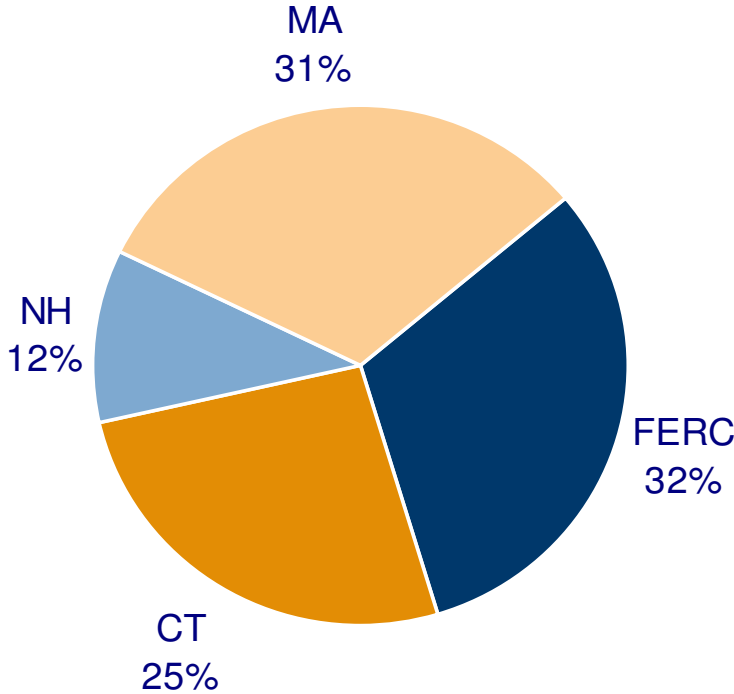
## Combined, the new NU is now:

- **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**
- **Regulated companies:**
  - Four electric companies
  - Two gas companies
  - One three-state electric transmission business

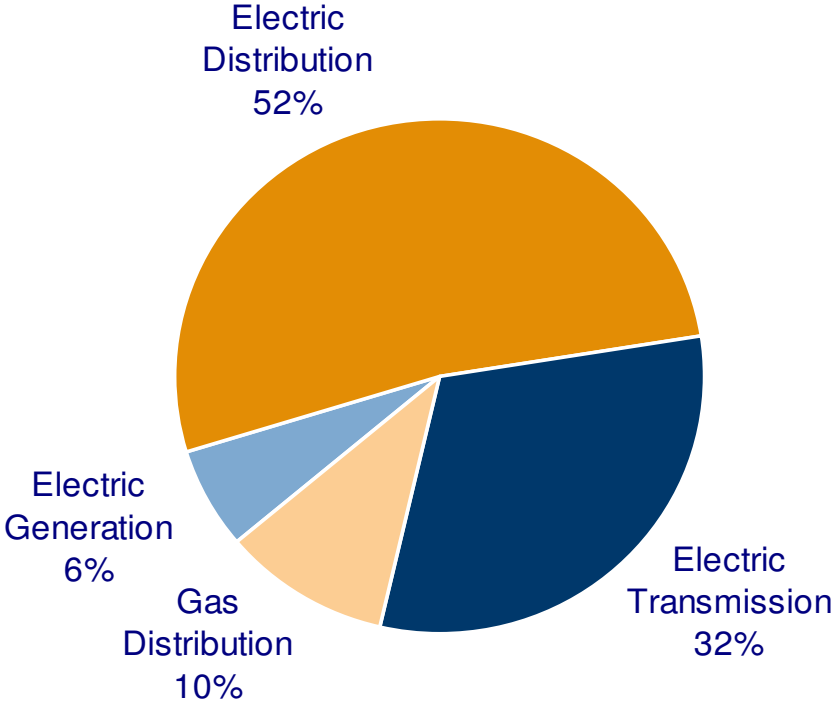


# Regulatory and Business Segment Diversity

**Rate Base By State / Federal**



**Rate Base By Business**



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

# Creating Superior Value



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## Growing the Transmission and Gas Businesses



## Redefining the Customer Service Model



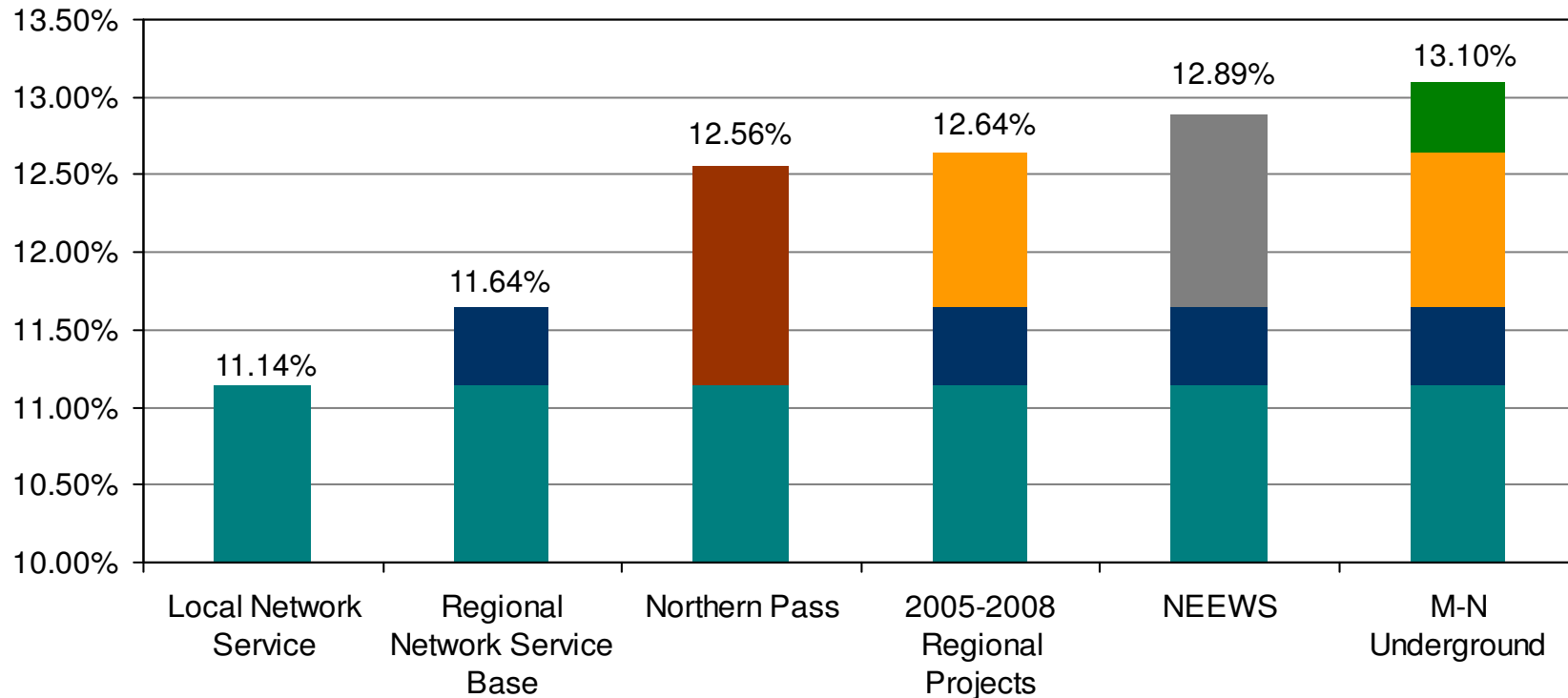


# The Regulatory Environment: NU Business Segments Have a High Level of Rate Certainty

<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)



# 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





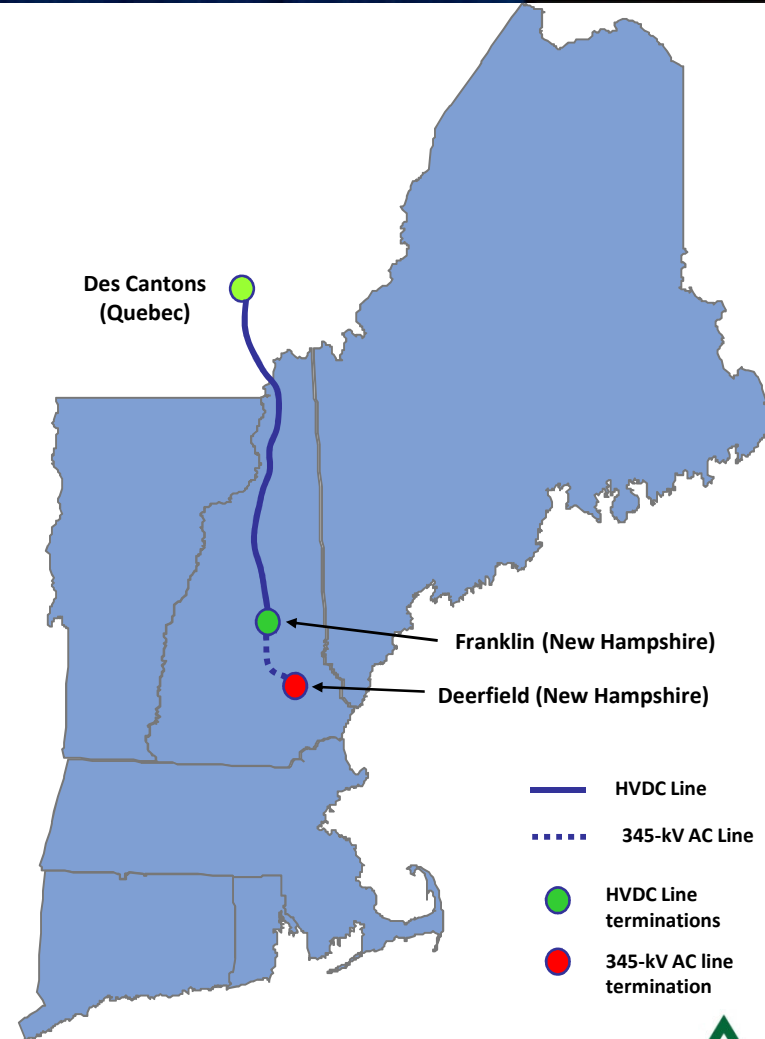


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# Northern Pass Transmission Project Overview

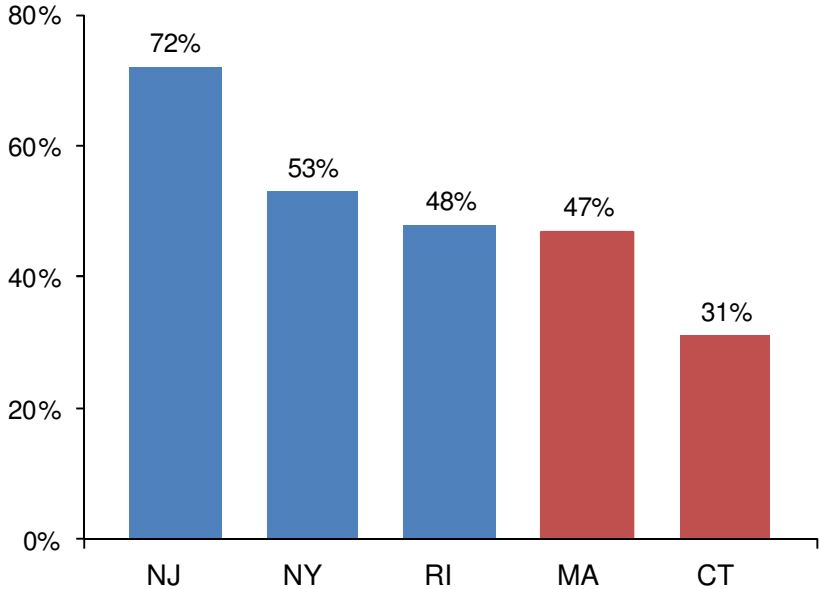
- 1,200 MW clean energy
- \$1.1 billion HVDC line, terminal and AC facilities
- Participant-funded structure; no impact on the Regional Transmission Rate
- Uses HVDC technology at +/- 300-kV with AC/DC converters in Quebec and NH
- AC radial 345-kV line to connect to the New England bulk power grid
- 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



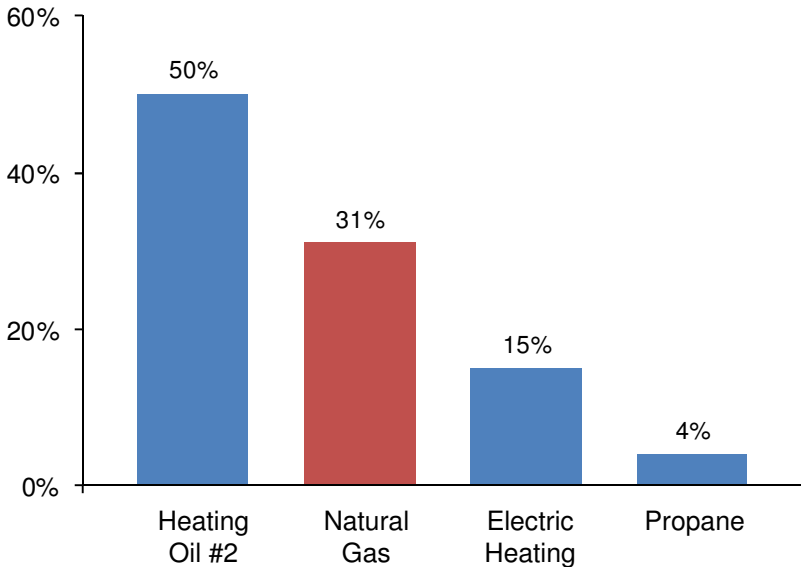


# CT Governor's Energy Policy Addresses State's Dependence on Higher-Cost, Higher-Emission Fuel Oil

### 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



## Projected EPS Growth in 2013 and Beyond

### Major Drivers vs. 2012

- 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

**\$2.40 - \$2.60**

### Major Drivers Beyond 2013

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

- Higher property tax and depreciation expense

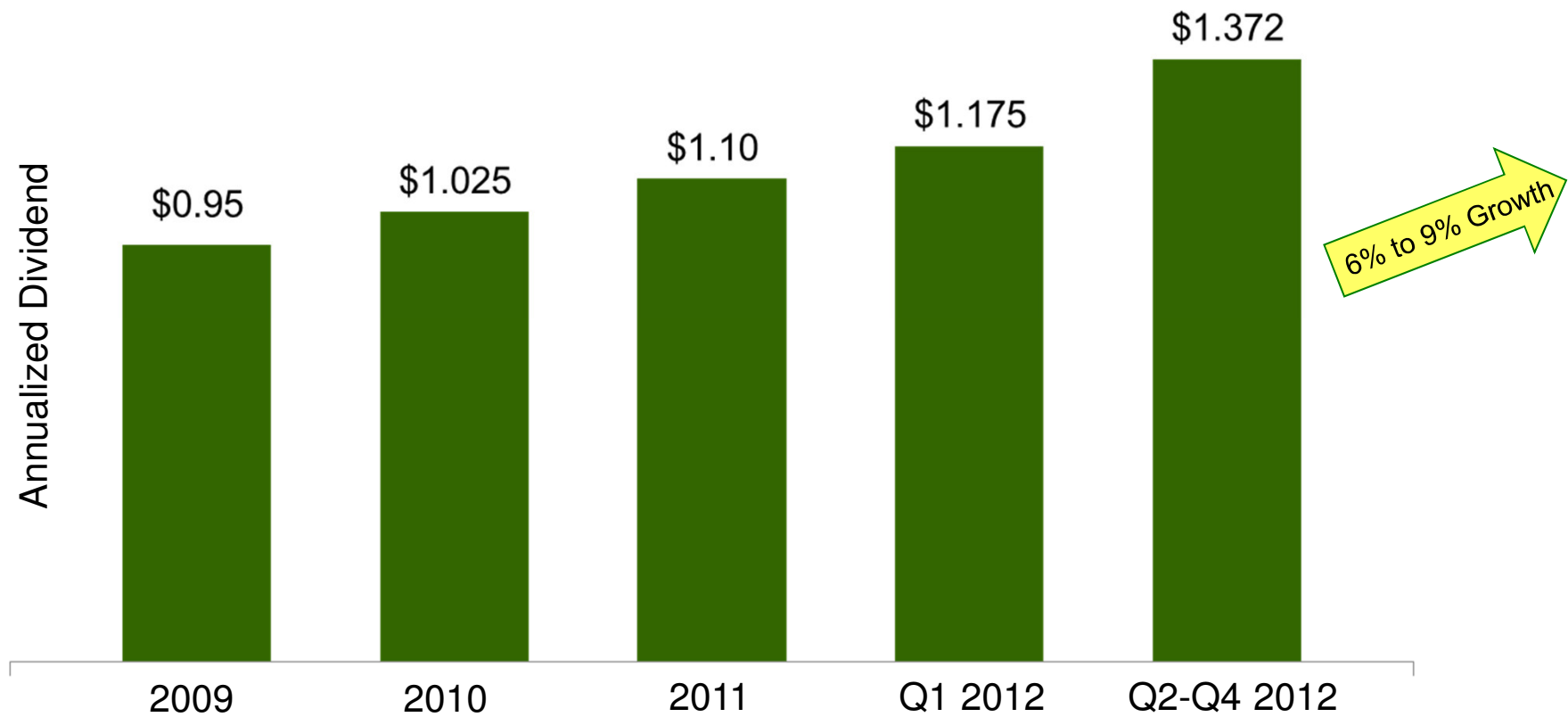
**Long-term  
6% - 9% CAGR  
off of 2012**



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## Dividend Growth In-Line with Earnings Growth



# 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
- Total incremental cost to NU’s four electric companies approximately \$195 million (approximately \$145 million at CL&P)
- Major storm cost deferrals allowed for each company
- NU’s effective restoration response illustrates key benefit of merger

