



**Northeast
Utilities System**

Northeast Utilities Service Company
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September 17, 2007

Mr. Stephen J. Rourke
Vice President, System Planning
ISO New England, Inc.
One Sullivan Road
Holyoke, MA 01040-2841

Re: TCA Application NU-07-TCA-12 dated May 3,2007

Dear Mr. Rourke,

In your letter of August 24, 2007, ISO-NE requested further clarification of the project's material, engineering and labor costs. ISO-NE had previously noted that this project's costs are significantly higher in comparison to other similar projects constructed by Northeast Utilities ("NU") in the New Hampshire service area. We previously responded that the costs of constructing the Weare Substation are similar to other PSNH projects except for those costs due to the difference in scope. We provided the scope justification in our July 16, 2007 response. Attached please find the table you requested further defining the cost comparison of comparable PTF facilities, including Engineering, Materials, Site Preparation, and Construction.

The salient points brought out in this table are that Material costs have risen each year and the cost of Site Preparation for New Hampshire projects are now apportioned per the ISO New England Open Access Transmission Tariff (OATT), Section B: Rules for Determining Terminal Investment to be Included in PTF, paragraphs 2, 6, and 7. According to the described method, Distribution and Transmission costs for Site Preparation are calculated on the proportion of the site dedicated to PTF relative to Non-PTF facilities. In the case of the Weare Substation, the PTF proportion was roughly 70% of the total cost.

If you have any questions, I can be reached *via* the information listed above.

Sincerely,

Juan S. Santos

| | | | | | | Financial (\$ X 1000) | | | | |
|------------|-----------------|----------------------------|-----------------------------|-------------------------|----------------------------|-----------------------|----------|------------------|--------------|------------|
| Substation | In Service Year | New or Modified Substation | Number of Lines terminating | Substation layout | Scope of Distribution work | Engineering | Material | Site Preparation | Construction | Total Cost |
| Bedford | 2005 | New | 2-115kV Lines | 2 line circuit breakers | 2 Transformers | 400 | 1000 | 0 | 792 | 2192 |
| Brentwood | 2006 | New | 2-115kV Lines | 1 line circuit breaker | 1 Transformer | 347 | 980 | 100 | 680 | 2107 |
| Oak Hill | 2007 | Modified | 2-115kV Lines | 2 line circuit breakers | 2 Transformers | 564 | 1097 | 0 | 1048 | 2709 |
| Weare | 2008 | New | 2-115kV Lines | 2 line circuit breakers | 1 Transformer | 717 | 1367 | 1260 | 1198 | 4542 |