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July 14, 2006

Gordon van Welie  
President and CEO  
ISO-New England, Inc.  
One Sullivan Road  
Holyoke, MA 01040-4000

Re: TCA Application #NU-04-TCA-04

Dear Mr. van Welie:

On June 15, 2006, ISO-New England issued a draft determination letter on the transmission cost allocation for Connecticut Light and Power Company's ("CL&P") Bethel-Norwalk 345-kV transmission project in Southwest Connecticut. ISO-New England established a 30-day period for comments. The Massachusetts Department of Telecommunications and Energy ("Massachusetts DTE") commends ISO-New England for its thorough, comprehensive, and unbiased analysis of the Project proposed by CL&P. The Massachusetts DTE appreciates the opportunity to provide comments on the ISO-New England transmission cost allocation draft determination.

ISO-New England considered several alternatives to the proposed Project. The Massachusetts DTE supports ISO-New England's decision to determine localized costs based on a comparison of the Project to Alternative 5a. CL&P developed Alternative 5a in response to ISO-New England's data requests. Alternative 5a provides for an all-overhead transmission project, in contrast with the Project, which proposes to construct facilities underground at a significant additional cost. ISO-New England reasonably found that underground construction is not necessary from an engineering design and construction perspective, and that Alternative 5a presents a feasible and practical transmission alternative, consistent with the existing utility standards and practices. It is less expensive to build and provides the same reliability benefits to the system as the Project. After review of the costs of the Project that exceed those of the alternate feasible and practical alternative upgrades, ISO-New England reasonably determined that \$119.9 million of the proposed Project costs constitute Localized Costs.

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As you know, Massachusetts customers' share of the Pool-Supported PTF will amount to approximately 46 percent of the overall project cost. As such, Massachusetts ratepayers have a significant interest in the development of a least-cost alternative that meets the identified reliability standards. Thus, ISO-New England should ensure that any Project costs that exceed the costs necessary to meet the PTF requirements of a practical, lower cost, all-overhead alternative be allocated to the local area.

The detailed analysis presented by ISO New England demonstrates that very significant costs (approximately \$75.5 million) would be incurred to relocate underground approximately 10 miles of the existing 115 kV overhead transmission line. The Massachusetts DTE agrees with ISO-New England that the Project's proposal to relocate the 115 kV lines underground is motivated by aesthetic reasons, rather than for engineering or construction purposes, and that the associated additional costs, which add no reliability benefit to the system, should be localized. In addition, certain segments of the new 345 kV line of the Project are proposed to be buried for aesthetic reasons as well, whereas Alternative 5a features overhead lines at a much lower cost.

In conclusion, the Massachusetts DTE would like to thank ISO-New England again for its adherence to the principles of the regional standards and guidelines, such as Schedule 12C and Planning Procedure 4, which were established after much debate and negotiation and, notably, with the support of the State of Connecticut. ISO-New England should not deviate from these agreed-upon principles.

Sincerely,  
The Massachusetts Department of  
Telecommunications and Energy,

  
Judith F. Judson, Chairman

  
James Connelly, Commissioner

  
W. Robert Keating, Commissioner

  
Brian Paul Golden, Commissioner