EVERSOURCE

Open Letter to the Communities of
Madbury, Durham, Newington and Portsmouth
about Eversource's proposed Seacoast Reliability Project

June 3, 2015

Over the last few months, Eversource has been working with town officials, residents, local businesses and other interested parties in discussions about a proposed electric transmission project called the Seacoast Reliability Project (SRP). As a result of these outreach efforts and consultations with industry experts, we are making modifications to address community concerns and input. As part of Eversource's ongoing dialogue, several questions have been asked about the Project, and some common themes have emerged. As we strive to keep open lines of communications with our customers, we developed the following "Q&A" to respond to the questions we've heard.

Why is this Project needed?

The demand for electricity in portions of New Hampshire's Seacoast area are growing at twice the rate of the rest of the state, and the area is expected to represent approximately 25% of New Hampshire's electric demand by 2020.

Even at today's electrical demand levels, the electric transmission system serving the Seacoast area is subject to overload, leading to potential outages under certain high-demand operating conditions, such as prolonged severe cold or heat and humidity.

The Independent System Operator of New England (ISO-NE), which is responsible for the planning and operation of the regional power grid, has determined that the New Hampshire Seacoast Region is in need of additional transmission capacity to support the reliable delivery of electric power to meet the current demand and support the Region's future economic growth. The present system will not be able to adequately support future growth, and the risk of system overloads could lead to power outages for large groups of customers throughout the Seacoast area.

The Seacoast Reliability Project is part of Eversource's $330 million investment to improve our electric infrastructure across the state, including transmission system

upgrades for the Seacoast Region. It is one component of a larger effort among a suite of projects known as the Seacoast Solution, designed to address the growing electricity needs of the region.

Who determines that this Project is needed?

ISO-NE is responsible for overseeing the planning and operation of the regional transmission network. It continually analyzes whether the transmission system meets national and regional reliability standards both now and in the future. Once a need has been identified, ISO-NE, in conjunction with the transmission-owning utilities and other stakeholders, including state regulators, then evaluates proposed alternatives to meet the identified needs. The most cost-effective and reliable solutions are evaluated, with the best overall solution selected. Through this process, the Seacoast Reliability Project was selected as the preferred solution to meet the identified system reliability needs and address the future power needs of area residents and businesses.

What is the proposed Project?

The Seacoast Reliability Project is a new, 115 kilovolt transmission line connecting Eversource's existing Madbury and Portsmouth substations. The proposed transmission line is approximately 13 miles long and includes a combination of overhead, underwater, and underground design. It will be located within existing Eversource electric utility corridors and will traverse portions of the towns of Madbury, Durham, and Newington, and the City of Portsmouth. The proposed line will cross under Little Bay and will include the use of state-of-the-art specialized marine cable within an existing utility corridor in the Bay.

What approvals are needed to construct this Project?

We are required to submit an application to the New Hampshire Site Evaluation Committee (SEC) for a request for a Certificate of Site and Facility. The SEC was established by the New Hampshire legislature to review, approve, monitor, and ensure compliance in the planning, siting, construction and operation of certain energy facilities. The Seacoast Reliability Project meets the defined regulatory criteria which require that Eversource submit an application filing. As part of the overall approval process, certain related environmental permits are also required.

What are the opportunities for public input in the SEC process?

There are multiple opportunities for public input within the SEC process. First, at least 30 days before submitting the SEC application, the applicant must hold a Public Information Session in each county in which a project is proposed to be built. For the Seacoast Reliability Project, these meetings were held in Strafford County (in Durham) on April 22, 2015, and Rockingham County (in Newington) on April 23, 2015.

Once we file our application, the SEC has 60 days to determine whether the filing is complete. Within 45 days after the application is accepted, a second set of public information sessions will be held, this time with the presiding officer of the SEC or his/her designee present. The SEC may also hold additional information sessions as it deems necessary.

Following the second set of public information sessions, the SEC will hold public hearings within 90 days after the SEC accepts the application. This hearing will include the SEC and applicable State agency representatives asking Eversource questions about the Project, the SEC moderating a public question and answer session, and the public having an opportunity to provide additional comments about the proposed Project.

Later in the process, the SEC will hold a public adjudicative hearing(s), at which it will consider evidence and decide whether to issue a Certificate authorizing the Project to be constructed.

Throughout the SEC process, the public can contact the SEC to provide comment about the proposed Project.

What efforts has the Company made to engage with the affected municipalities regarding the development of this Project?

Eversource is in active discussions with local municipal officials, as well as with local residents and businesses, regional Chambers, environmental groups, legislators and other state leaders, and other stakeholders, to discuss the proposed Project and listen to local feedback. Many adjustments are being made as a result of local input and the dialogue has been very important to producing a Project that delivers much needed power to the region while minimizing local impact.

Immediately prior to the SEC-required Public Information Sessions, Eversource held public open houses where the public could learn about the proposed Project, engage in one-on-one discussions with Project representatives, ask property-specific and other questions, and review Project plans, maps and other materials. Personal invitations to the open houses and Public Information Sessions were mailed to property owners along the proposed Project route, notices were placed in local and regional newspapers, a press release about the events was issued to the media, and event information was posted on the Eversource web site.

Eversource is committed to working with municipal officials, local residents and other interested stakeholders regarding the Project. We will provide proactive and transparent communications about the Project during each key phase of the siting and, if approved, construction processes.

What is the expected cost of the Project and how will it be paid for?

New England shares one electric transmission grid. The cost of these transmission facilities are shared by all electric customers in the region based on the level of energy consumed (or "load share"). New Hampshire's regional load share is approximately 9%, meaning that New Hampshire's electric customers pay about 9% for any regional transmission project in New England, including transmission facilities built in New Hampshire, such as the Seacoast Reliability Project.

As part of the transmission cost allocation process, ISO-NE determines whether all or a portion of the costs of a transmission project should be shared by the region. To make this determination, ISO-NE considers the reliability and technical benefits of the project, reasonableness of the proposed design, and construction method, as compared to good utility practice.

ISO-NE considers these factors and determines whether the costs associated with the project meet the good utility practice threshold. Those costs that exceed the threshold – like undergrounding transmission facilities where overhead lines are a viable, cost-effective option – do not qualify for regional cost recovery, and would, instead, be localized.

Since New Hampshire's regional load share is approximately 9%, New Hampshire electric customers would pay about 9% of the approximately $70 million cost for the Seacoast Reliability Project. For the average residential customer in New Hampshire,

and assuming that all the costs are regionalized, that would equate to less than $1 per year.

How are localized costs charged to customers?

While ISO-NE may determine that a portion of a project's costs do not qualify for regional cost recovery, it does not determine the mechanism for how the project sponsor is to recover those "localized" costs. For the Seacoast Reliability Project, any costs that do not qualify for regional cost recovery, as determined by ISO-NE, would require Eversource to submit a localized cost allocation proposal to the Federal Energy Regulatory Commission (FERC). Eversource would consult with state leaders, including the New Hampshire Public Utilities Commission, before filing its proposed localized cost recovery mechanism with FERC.

FERC generally expects that costs be allocated to the "load" benefitting from the transmission upgrade. Depending on the basis for the localized cost, the definition of "localized" could vary. For instance, using the example mentioned above, if ISO-NE determines that undergrounding a line does not meet the requirements for regional cost recovery, FERC could require that the local costs be paid for by all the electric customers in the state, by a certain community, or by another particular geographic area. The final determination as to how the localized costs would be recovered resides with FERC.

Who will receive the power transmitted by this Project?

The proposed transmission line is needed to meet the demands for power in New Hampshire's fastest growing region, the Seacoast area. It will also provide much needed "contingent coverage" to minimize outages. For example, should a problem occur in the Portsmouth area, power will flow from the Madbury terminal into the Portsmouth area. The reverse is also true; a problem in the Madbury area will result in power flowing from Portsmouth.

The transmission grid is a network of lines that work together to allow for the free flow of power throughout the region. The purpose of the network transmission system, as a whole, is to ensure the reliable delivery of power to where and when it's needed under a wide range of system conditions.

What other potential solutions were considered by the ISO-NE?

The leading alternative to the Seacoast Solution was another suite of projects, referred to as the "Gosling Road" or "Gosling Autotransformer" alternative, which proposed adding a new substation on Gosling Road in Portsmouth. The Gosling Road solution set also included a new three-mile line from the Dover Substation to Three Rivers Substation in Eliot, Maine, and other line and station upgrades. The ISO-NE process compared the Gosling Road solution set to the Seacoast Solution suite of projects using a number of criteria including, but not limited to electrical performance, solution benefits, timing, constructability, and cost. The result of this comparison concluded that while both solutions were technically feasible and met the reliability need, the Gosling Road solution was more costly and the additional cost could not be justified.

Why isn't the SRP project all underground?

Eversource follows good utility practice and the related criteria established by ISO-NE, including cost considerations. Generally, overhead line construction is less expensive than underground construction. Underground alternatives are considered when a technically feasible and viable overhead option is not available. Working with local officials and townspeople, Eversource is committed to proposing projects that deliver needed power at the most affordable cost to ratepayers while minimizing local impact.

What *route* alternatives were considered and why weren't they selected?

As part of its route selection process, Eversource studied a variety of potential routes within the general area between the Madbury and Portsmouth substations. The study area was roughly bordered by the Lee area to the west, the Dover and Eliot, ME area to the north, the Kittery ME and New Castle area to the east, and the Stratham area to the south. From its evaluation of the options within the study area, Eversource ultimately determined that the proposed route for the Seacoast Reliability Project was the preferred option because it maximizes the use of an existing electric utility corridor, meets the constructability needs of the Project, minimizes impacts to environmental resources as compared to the other alternatives, meets the timing to address the reliability need, and is the most-effective solution.

Were the following areas considered for potential routes: The Spaulding Turnpike, Arboretum Drive and Route 4?

Early in the design process, the possibility of using state highway corridors, specifically Route 4 and the Spaulding Turnpike, were considered. These options were eliminated for several reasons, including space constraints for co-locating a new transmission line, and safety concerns during construction and future maintenance for the new line.

Eversource also met with members of the Pease Development Authority (PDA) to discuss siting the transmission line through its property along the Portland National Gas Transmission System (PNGTS) easement along Arboretum Drive. While the PDA was agreeable in concept, its representatives raised numerous issues that would present additional challenges to construction in this area, including the potential for encountering soil contamination.

Does an overhead solution pose flight risks in and out of the Pease Airport?

Eversource consulted with the Federal Aviation Administration (FAA) on the proposed Project. The FAA determined that the proposed structure heights will not affect air traffic.

Will the submarine cable installation have an adverse impact to Little Bay?

No, the Project will not have a permanent adverse impact on Little Bay. Eversource is committed to constructing the Project in an acceptable manner that minimizes impacts on all environmental resources, including marine resources in Little Bay. Eversource retained scientists to evaluate the environmental conditions in the Bay and confirm the locations and type of resources, such as intertidal wetlands, eelgrass beds, shellfish beds and bottom-dwelling macro invertebrates, and evaluate the Project's potential for impacts on these resources.

The Project will not have any permanent adverse impact to marine resources in Little Bay. Construction will comply with governing permits, and work activities will be timed to occur in the fall to reduce potential impacts to eelgrass and fish. During the submarine cable installation, silt curtains will be utilized to contain turbidity during hand-jetting operations. During and after construction, the Project will monitor to assess water quality conditions and the recovery of bottom contours and bottom-dwelling species. Eversource will also be salvaging and restoring areas of the fringe salt marsh impacted by the Project. Once construction is completed, and the area restored, the Project will not have any further impact on marine habitats in Little Bay.

Are there increased risks to the public due to electromagnetic fields associated with the project?

No. Based current scientific research and an assessment of the anticipated electric and magnetic fields (EMF) associated with the proposed new transmission line; there is no increased risk to the public. The calculated EMF levels were found to be well below established guidelines, including those issued by the International Council on Non-Ionizing Radiation (ICNIRP) and the International Council on Electromagnetic Safety (ICES).

Eversource also contracted with an independent engineering and scientific consulting firm to conduct a review of the state of the scientific research regarding EMF and potential health effects. This report will be included in the application to the Site Evaluation Committee (SEC), and will be posted on the SEC website and filed with each municipality.

Eversource has a hotline dedicated to questions about EMF. Customers are encouraged to call the hotline at 877-993-6377.

What noise impacts can be expected from the Project?

Noise impacts from the Project will be limited to construction activities. Once constructed, the proposed transmission line and associated substation modifications will result in no notable change in sound for area residents.

Has Eversource evaluated potential effects of the Project on property values?

Yes, based on a large body of research that studies the potential for electric transmission lines to impact property values and the assessment of an independent expert, the Project is not expected to have a discernible adverse effect on property values. Property value effects are a frequently stated concern with proposed high voltage transmission lines (HVTL). These concerns are an important part of the stimulus that has led to more than 100 research studies, employing a variety of methods, that address the question of whether proximity to, or visibility of, HVTL negatively affects property values. Eversource secured an independent real estate industry expert to summarize this research and study the Project's potential for property

value impacts specific to the Seacoast Region. The resulting report, concluding that no such adverse impacts are expected, will be included in the application to the SEC and will be available on the SEC website.

Are any additional real estate needed for the project?

One of the advantages of the proposed route is the ability of Eversource to utilize existing land rights throughout the entire route. In a few discrete locations, supplemental rights may be requested. Eversource is working directly with individual property owners to secure those supplemental rights.

Will the Project require trees to be removed in the right-of-way?

At some locations, Eversource will be required to remove vegetation within the existing corridor. Though the corridor varies in width along the route, the average width is 100 feet, with only a portion (about 60 feet) currently cleared for the existing line. Installation of the new line will require that the entire width of the right-of-way be cleared.

Project clearing activities will be conducted in accordance with a professionally designed harvesting plan that involves removing all trees and a significant amount of lower-growing vegetation. This clearing not only helps with construction, but allows Eversource to manage the growth of compatible species desirable to a shrub land habitat and control incompatible species that would compromise the safe operation and maintenance of the electric system. During the construction clearing activities, no herbicides will be used.

For the portion of the Project along the railroad, clearing will occur generally between the proposed line and the western edge of the right-of-way.

In previously unlandscaped areas, native shrubs and ground cover will be allowed to regrow after construction is complete. In areas that were previously covered with grass, Eversource will restore the area with top soil and grass seed.

What other benefits does this Project provide?

In addition to assuring residents and businesses have a dependable and reliable source of power into capable of expanding to meet the growth of the region, the Project will

also result in economic benefits to the local communities, including long-term property tax revenues in affected towns and the creation of local jobs during construction.

How will Eversource communicate with property owners near the proposed route?

Listening and addressing local concerns wherever possible is part of the ongoing dialogue presently taking place. Eversource remains committed to working with the municipal officials and residents in each of the communities along the Project route. We will provide proactive and transparent communications about all aspects of the Seacoast Reliability Project as it progresses through siting and construction.

If the SEC grants its approval of the Seacoast Reliability Project, Eversource will continue to pursue transparent, proactive dialogue with all Project stakeholders throughout construction. The communications tools we will employ to ensure residents and other stakeholder are fully informed include:

- In person pre-construction briefings with municipalities, special attention property owners, and other stakeholder groups.
- Dedicated Project web page with Project updates, route maps, and contact information.
- Regular email updates for municipal officials.
- A dedicated, toll-free phone line and email address for the general public to ask questions, voice concerns or express compliments about the Project.
- Letters or postcards periodically mailed or hand-delivered to abutters to keep them apprised of milestone construction activities.
- Dedicated field outreach staff that will be available to meet with affected property owners prior to each major stage of construction

Residents and other interested stakeholders are encouraged to visit our web site at www.Eversource.com, and contact our Project Outreach team by emailing TransmissionInfo@eversource.com or calling 1-888-926-5334 with any questions.