NSTAR 800 Boylston Street, Boston, Massachusetts 02199

D.T.E. 03-121
Attachment NEDGC-5-4

Thomas J. May
Chairman, President & Chief Executive Officer

September 8, 2003

Dr. John Silber
Chancellor
Boston University
1 Sherborn Street
Boston, MA 02215

Dear Dr. Silber:

Re: NSTAR Electric Service to Boston University

Over last several months, Boston University and NSTAR representatives have met to discuss the expansion of electric service to the campus to accommodate BU's new sports and recreation center, dormitories and other new facilities. This campus expansion program is an exciting development for BU, and as your electric delivery service provider, we look forward to working with you and your staff towards ensuring success. Due to the scope of the project, significant redesign and expansion of the NSTAR electric system serving the campus will be required. Integrating the design of and construction of your facilities and ours is a complex process, and it is critical that it be done on a coordinated basis in order to minimize the required investment and at the same time ensure continued reliability of your electric service. I am writing to suggest that we put in place a process to ensure that our teams have a close, cooperative and efficient working relationship.

The complexity of the issues has been illustrated by the discussions that have been held to date. Representatives from our two organizations have discussed various potential service proposals that present various challenges and would require substantial investment in both your system and ours. Regarding the NSTAR system, we have discussed installing a new electric line (in addition to the three lines that presently feed the campus) or the construction of an entirely new 115 kv substation to serve the campus. On the BU side, there has been discussion regarding the installation of a 4 megawatt fuel cell to meet a portion of the new electrical needs, together with a complete redesign of the electrical reconfiguration of its campus buildings so that most of the facilities become networked.

We would like to better understand your plans in more detail so that we may meet your energy needs on a timely basis. One aspect of your plans in particular that we need to clarify is the impact of the proposed fuel cell, as this will add significant operational and financial complexity to both your system and ours. It is operationally significant as the NSTAR delivery system, like other utility systems, is designed primarily for a "one way" flow of power. Adding a new power source at a customer location that could back-feed the utility network necessitates substantial utility system redesign, as well as control and protection requirements.

With regard to financial impacts, there are two fundamentally different aspects to consider. The fuel cell would plainly produce value with respect to energy requirements, which BU would see either through reduced energy charges or additional revenues from sales of the fuel cell output. However, the financial impact on the local deliver network is quite different. Our understanding of the current thinking is that BU would remain interconnected with the NSTAR system and would like our system to be built with sufficient capacity to serve the entire BU load during those occasions when the fuel cell is off line for maintenance or other reasons. Even though these delivery facilities may only be used by BU on a "stand by" basis, NSTAR must build and maintain this capacity and keep it available for service at all times. As a result, the fuel cell will not produce any delivery network cost savings. This may have significant implications for BU's financial analysis of the fuel cell option. We would be glad to discuss with you our thinking on this issue, as well as the current review of stand by rates for self-generation being conducted by the Department of Telecommunications and Energy.

In closing, our goal is to assist BU in implementing its energy needs. I believe that the key to accomplishing this is to ensure seamless integration of our planning efforts. In this regard, designation of a single contact point for NSTAR and BU is recommended. The NSTAR contact has been designated as Paul Vaitkus, Vice President of Engineering, who can be reached at 781-441-8329.

We welcome the opportunity to work with you to develop a cost-effective, reliable energy supply. I look forward to hearing from you shortly.

Sincerely,

Tom May

Thomas J. May
Chairman, President & CEO
NSTAR

xc: Peter J. Cusato
Joseph P. Mercurio