Record Request TEC-2 (Tr. 2, at 260)

Please provide the Companies' most recent merger-savings report.

Response

Attachment RR-TEC-2 includes NSTAR Electric's December 4, 2003 Merger Savings Report and the Company's Updated Merger Savings Report, as filed on March 18, 2004. Please note that the attachment represents a bulk document and, as such, only two (2) copies are being provided to the Department. Please also note that the Updated Report filed on March 18, 2004 includes a typographical error on the cover page indicating a date of March 18, 2003.

D.T.E. 03-121

RR-TEC-2

BULK Attachment

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RR-TEC-2

December 5, 2003

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: D.T.E. 99-19, Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company, NSTAR Gas Company, NSTAR Merger Savings Report

Dear Secretary Cottrell:

Enclosed for filing is the Merger Savings Report (the "Report") of Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company and NSTAR Gas Company ("NSTAR" or the "Company") in the above-referenced proceeding. The Company is filing this Report in compliance with an order of the Department of Telecommunications and Energy (the "Department") in BEC Energy-COM/Energy Merger, D.T.E. 99-19 (1999), which directed NSTAR to file a one-time report of cost-savings measures taken and the results achieved during the rate freeze. D.T.E. 99-19, at 86.

This Report presents the actual cost reductions achieved by the Company in 2001 and 2002 and compares those reductions to the savings forecasts presented in D.T.E. 99-19 by the Company's expert witness, Mr. Thomas J. Flaherty. To facilitate this analysis, the Company adhered to the organization and methodology presented by Mr. Flaherty, which were reviewed and accepted by the Department in the rate plan proceeding. See, D.T.E. 99-19, at 68-73. Mr. Flaherty's testimony and exhibits (TJF-1 through TJF-5) from D.T.E. 99-19 are cited in this Report and are presented in Appendix 1. For each cost category, the Report describes:

- the anticipated source of the savings as set forth in D.T.E. 99-19;
- the basis of the savings-forecast calculation in D.T.E. 99-19;
- the actual results, indicating whether the Company achieved the forecast savings;
- the reason for any major deviations from the forecast level (above or below); and
- the methodology used to calculate actual merger savings for each category, which in all cases is consistent with the approach used by Mr. Flaherty

As discussed in the Report, the Company achieved or exceeded the forecasted merger-related savings in almost every cost area. In the aggregate, merger-related savings in operation and maintenance expenses totaled approximately $122 million in 2001-2002, compared to a forecast level of $93 million. The Company achieved an additional $38 million in merger-related energy-supply savings in 2001-2002, compared to a forecast level of $2 million. Merger-related capital savings for 2001-2002 were $63 million, compared to a forecast savings of $46 million.[1]

Please note that in D.T.E. 99-19, the Department granted the Company's Motion for Protective Treatment of sections C and J of Mr. Flaherty's savings analysis. See, Tr. 3, at 130-131, D.T.E. 99-19. These sections were included in copies of the Report delivered to the Department and the Attorney General, but are omitted from the copy filed for the public record.

This filing fulfills the Company's compliance obligations under D.T.E. 99-19. If there are any questions, please do not hesitate to call. Thank you for your attention to this matter.

Sincerely,

Robert J. Keegan

Enclosure

cc: Service List

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1 As discussed in the Report, the achievement of savings in any particular cost category does not necessarily mean that the overall cost level of that category has decreased from year to year. In general, merger-related savings have offset, in whole or in part, cost increases experienced in each category as a result of a number of factors including, but not limited to, inflation, changes in tax rules, legislation, and regulatory requirements and overall economic circumstances. In addition, the Company has experienced significant cost increases in certain categories evaluated by Mr. Flaherty for system-reliability improvements.

NSTAR ELECTRIC & GAS MERGER SAVINGS REPORT

December 5, 2003

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A. Overview

⇨ Purpose and Format

The NSTAR Merger Savings Report (the "Report") is filed in accordance with the directives of the Department of Telecommunications and Energy (the "Department") in BEC/COM Merger, D.T.E. 99-19 (1999). In D.T.E. 99-19, the Department approved a rate plan proposed in conjunction with the merger of BEC Energy and Commonwealth Energy System and directed the Company to file a subsequent report on the merger savings achieved during the rate freeze. Specifically, the Department stated that:

> To confirm the confidence in the forecast of savings and to document for future proceedings that merger-related cost-cutting measures were implemented during the rate freeze, the Department directs the Joint Petitioners to file a one-time report of cost-saving measures taken and results achieved during the rate freeze. That joint report of all four companies will be due not later than 90 days after the end of the rate freeze (or not later than the filing by any of the four companies of a future rate proceeding, should such a proceeding occur first). The report should draw upon contemporaneous documentation developed and maintained through the period of the rate freeze. A thorough and well-documented report can offer sufficient assurance that the savings achieved during the rate freeze can and will persist well beyond the initial period. The savings initiatives described by the Joint Petitioners are of a kind that, once instituted, will serve as a baseline for future rate proceedings.

D.T.E. 99-19, at 86.

In compliance with the Department's directives, this Report presents the actual cost reductions achieved by the Company in 2001 and 2002 and compares those savings to the forecasted cost reductions presented in D.T.E. 99-19 (the "MERGER FILING") by the Company's expert witness, Mr. Thomas J. Flaherty. To facilitate this analysis, the Company adhered to the organization and methodology presented by Mr. Flaherty, which were reviewed and accepted by the Department in D.T.E. 99-19, at 68-73. Mr. Flaherty's testimony and exhibits (TJF-1 through TJF-5) from D.T.E. 99-19 are cited in this Report and are presented in Appendix 1 to this Report. Please note that Exhibits TJF-1 through TJF-5 are bates stamped in a continuous sequence for ease of reference in this Report (i.e., pages 0001 through 00412).

⇨ Methodology

In D.T.E. 99-19, the Company forecast savings in nominal dollars for the ten-year period from 2000 through 2009, with actual savings projected to continue indefinitely into the future. See, D.T.E. 99-19, at 63, 84-85. The Report compares the forecasted savings for 2001 and 2002 with the savings actually achieved by the Company in those years. The Report does not compare data for 2000,

although it is the first full year of the merger, because the Company's integration efforts ramped up following the merger, and therefore, savings calculations are not comparable in this time period.

For each cost category, the Report describes the anticipated source of the savings and the basis of the savings-forecast calculation as presented by Mr. Flaherty in D.T.E. 99-19 (these descriptions are shown in italics at the top of each page). The Report then presents the "Actual Results," indicating whether the Company achieved the forecast savings and providing an explanation of any major deviations from the forecast level (above or below). The Report also indicates the methodology used to calculate actual merger savings for each category, which in all cases is consistent with the approach used by Mr. Flaherty.

⇨ Savings Achieved

As documented below, the forecasted levels of merger-related savings were met or exceeded in almost every area. In the aggregate, operations and maintenance ("O&M") expense savings for 2001-2002 were $122 million as compared to a forecast level of $93 million; energy supply savings were $38 million as compared to a forecast level of $2 million; and capital cost savings were $63 million as compared to the forecast level of $46 million.

It should be noted that the achievement of savings in any particular cost category does not necessarily mean that the overall cost level of that category has decreased from year to year. In general, merger-related savings have offset, in whole or in part, cost increases experienced in each category as a result of a number of factors including, but not limited to, inflation, changes in tax rules, legislation, and regulatory requirements and overall economic circumstances. In addition, the Company has experienced significant cost increases in certain categories evaluated by Mr. Flaherty for system-reliability improvements.

NSTAR Merger Savings Report

B. Savings Summary

As noted above, the Company's analysis shows that:

- Actual savings exceeded forecasted savings in most areas.
- The most significant savings were achieved in energy sourcing, field labor, employee benefit costs and professional services.
- In the area of procurement and contract services, actual savings were less than projected on an overall basis due to increased system-reliability investment.
- The summary comparison of forecasted savings to actual savings in O&M expenses, Energy Sourcing and Capital Spending, is as follows:

(in millions)	**Forecasted Savings (from D.T.E. 99-19)**		**Actual Savings**		**Variance (+/-)**	
	2001	2002	2001	2002	2001	2002
O&M	$45	$48	$54	$68	$9	$20
Energy Sourcing	$1	$1	$19	$19	$18	$18
Capital	$25	$21	$22	$41	($3)	$20
Total	$71	$70	$95	$128	$24	$58

O&M Expenses

The Company achieved savings in O&M expenses that significantly exceeded the forecasted target levels for two primary reasons. First, the Company gained greater efficiencies than expected from the consolidation of field labor in adjacent or proximately located service territories. Second, the Company successfully reduced employee benefit costs by reducing the number of plans, increasing employee contribution levels to be more in line with industry norms, streamlining plan administration and increased bargaining power.

Energy Sourcing
The Company achieved significantly greater savings from energy sourcing than expected because of the increased buying power that resulted from the combined procurement of electric-service supply (default and standard offer) for all three electric companies, as well as increased diversity in the existing purchase power contracts.

Capital
Capital cost savings exceeded the forecast targets because the Company obtained a higher-than-forecast sale value for facilities identified in D.T.E. 99-19. In addition, capital cost savings were realized as a result of the reduction in labor and benefit costs (thereby reducing the capitalized component of labor and benefit costs). The standardization of inventory also reduced capital costs.

Actual capital costs savings were less than projected in terms of procurement costs and contract services because, in the 2001-02 time frame, the Company significantly stepped up its capital investment program, which had the effect of increasing overall expense levels for procurement and contract services. However, even though capital investments increased significantly, the investments increased by less than they would have in the absence of the merger because the per-unit cost decreased as a result of improved bargaining leverage and purchasing power. The Company has not included per-unit cost savings or price/unit savings in the calculation of total merger-related savings set forth in this Report, which means that the merger-savings analysis is a relatively conservative assessment.

NSTAR Merger Savings Report

TABLE A

2002 Synergies Summary

	Merger Filing		Actual		Variance	
O & M	2001 synrg.	2002 synrg.	2001 synrg.	2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G
Labor - Corporate	$23	$24	$22	$26	($1)	$2
Labor - Field	6	7	19	16	13	9
Administrative & General Overhead	1	2	(1)	1	(3)	(1)
Public Relations	1	1	1	1	(0)	0
Benefits Administration	1	1	7	10	6	8
Insurance	1	2	3	2	2	0
Information Systems - O&M/PCs	3	3	7	8	4	5
Professional Services	2	3	2	2	(0)	(1)
Facilities	4	4	(1)	4	(5)	0
Shareholder Services	0	0	1	1	0	0
Vehicles	0	0	0	0	0	0
Directors Fees			0	1	0	1
Association Dues	0	0	0	0	0	0
Credit Facilities	0	0	0	0	0	0
Procurement	1	1	(5)	(3)	(5)	(4)
Contract Services	0	0	(2)	(0)	(2)	(1)
Energy Sourcing	1	1	19	19	18	18
Total O&M	$46	$49	$73	$87	$27	$38
Capital						
Labor - Corporate	$2	$2	$2	$2	($0)	$0
Labor - Field	3	3	8	7	6	4
Administrative & General Overhead	0	0	(0)	0	(0)	(0)
Benefits Administration	0	0	2	3	2	3
Information Systems Capital	15	11	15	11	0	0
Facilities	1		2	15	1	15
Procurement	2	2	(11)	(6)	(13)	(8)
Inventory	1	1	7	8	5	7
Contract Services	1	1	(4)	(1)	(4)	(1)
Total Capital	$25	$21	$22	$41	($3)	$20

B1. Financial Assumptions

In all cost categories evaluated by Mr. Flaherty, the merger-savings forecast incorporated an inflation factor (as described below for each cost category). Table B shows the inflation factors used in the MERGER FILING at Exhibit TJF-5B (00086).

TABLE B

Financial Assumptions (continued)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Escalation Rates (All years)											
Labor (Blended Salary and Benefits)											
Corporate Employees	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%
Field Employees	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%
General											
Administrative and General Overhead	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Advertising	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%
Insurance	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Facilities	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Shareholder Services	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Director's Fees	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Association Dues	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Regulatory Expenses	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Benefits	6.35%	6.35%	6.35%	6.35%	6.35%	6.35%	6.35%	6.35%	6.35%	6.35%	6.35%
MIS (Operating Costs)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
MIS (Development Projects)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Professional Services	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%
Research & Development	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Lines of Credit	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Procurement	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Inventory	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Contract Services	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%	4.69%
Cost to Achieve	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Pre-Merger Initiatives	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Vehicles	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

C. Savings Area: Labor Summary - O&M and Capital

MERGER FILING Rationale for savings: *Corporate and Administrative: Reductions in personnel will result from the elimination of duplicative and overlapping Corporate and Administrative functions performed by the two companies. Savings do not include potential re-engineering or downsizing opportunities that may be available to each company. See, Exhibit TJF-5C (00088). Electric Transmission & Distribution: Electric Transmission & Distribution includes both system operations and field employees. In system operations, savings result primarily in supervisory and support functions from the consolidation of dispatch centers, bulk power operations, and engineering support operations. For field employees, savings occur in subfunctions, such as major facilities and construction and engineering and support, as a result of reconfigured geographic coverage area responsibility, potential utilization of mobile construction crews, and reduced need for supervisory personnel. See, Exhibit TJF-5C (00091-92).*

MERGER FILING Basis for Calculation: *Salary and benefits assumptions were based on internal information unless otherwise noted. Average salaries by function were determined for both companies and loaded for benefits at 42.86%. See, Exhibit TJF-C (00088, 91). Salaries were escalated at 3.5% annually and benefits were escalated by 6.35%. Id. A capitalization percentage of 7.9% was applied for corporate and administrative personnel and 34.0% for electric field personnel. Id. Projected Corporate and Administrative personnel reductions total 252, excluding the Customer Service area (44 positions). See, 00079, 88; D.T.E. 99-19, at 64. Electric Transmission & Distribution and field service personnel reductions total 110, including Customer Service. See, 00079, 91; D.T.E. 99-19, at 64.*

Quantification of Savings: In the MERGER FILING, labor-related savings were determined by multiplying the number of forecast personnel reductions by the average (loaded) salary level in 2000 by function (as presented in Mr. Flaherty's analysis) and then escalating the total through 2001 and 2002 using the relevant inflation factor. See, 00093-94; D.T.E. 99-19, at 64, 69. To calculate savings for this Report, the Company applied the same methodology using the same forecast salary levels by functions and multiplying it by the actual number of personnel reductions. Thus, merger-related savings are the difference between forecasted labor savings and actual labor savings.

Actual Results: The Company achieved the forecast savings for Corporate and Administrative personnel and substantially exceeded the target level for Electric Transmission & Distribution personnel. Significant savings were achieved through the consolidation of electric field labor in adjacent or proximately located service territories as a result of greater than expected productivity gains. No synergies were forecast for gas operations in the MERGER FILING and, in fact, gas operations has increased its workforce to meet service requirements.

NSTAR Merger Savings Report

TABLE C
Synergies Summary - Labor

	Merger Filing		Actual		Variance	
	2001 TJF synrg.	2002 TJF synrg.	2001 synrg.	2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G
Labor & Benefits - O&M						
Corporate	$23.3	$24.4	$21.9	$26.0	-$1.5	$1.6
Electric Field	6.0	7.3	19.9	16.9	13.9	9.6
Gas Field			(0.6)	(0.9)	(0.6)	(0.9)
Total Field	$6.0	$7.3	$19.4	$16.0	$13.3	$8.7
Total O&M & Benefit expense	$29.4	$31.7	$41.2	$42.0	$11.9	$10.3
Labor & Benefits - Capital						
Corporate	$2.0	$2.1	$1.8	$2.2	-$0.1	$0.1
Electric Field	2.6	3.2	8.7	7.4	6.1	4.2
Gas Field			(0.3)	(0.4)	(0.3)	(0.4)
Total Field	$2.6	$3.2	$8.5	$7.0	$5.8	$3.8
Total Capitalized Labor & Benefits	$4.6	$5.2	$10.3	$9.2	$5.7	$3.9
Total Labor and Benefits						
Corporate	$25.3	$26.5	$23.7	$28.2	-$1.6	$1.7
Electric Field	8.7	10.4	28.6	24.3	20.0	13.8
Gas Field			(0.8)	(1.3)	(0.8)	(1.3)
Total Field	$8.7	$10.4	$27.8	$23.0	$19.1	$12.5
Total O&M & Benefit expense	$34.0	$36.9	$51.5	$51.2	$17.6	$14.2

C0. Savings Area: Labor Summary – Employee Levels

MERGER FILING Rationale for savings: *See Section C, above.*

MERGER FILING Basis for Calculation: *See Section C, above.*

Corporate
The Company achieved labor-related merger savings as forecast in most areas with the exclusion of the Information Technology area. Although system-integration efforts commenced on schedule and are ongoing, the Company has not reduced personnel levels as forecast in order to facilitate systems implementation and to provide adequate systems support and training on the new systems.

Field -- Electric
The Company achieved personnel reductions of 169 for field services, as compared to the forecast level of 110 for 2002. These personnel reductions are net of the field personnel added in 2001 and 2002 to improve system reliability. The Company achieved a higher level of workforce reduction in electric field operations by adopting the best practices from both companies as well as leveraging adjacent/proximate service territories to a larger extent than forecasted. In addition, the Company has sold its streetlights to several towns allowing for further personnel reductions.

Customer Service
The results for the Customer Service exclude 77 additional meter readers that were required when Boston Edison changed its meter-reading schedule from bi-monthly to monthly to meet service-quality requirements.

Field -- Gas – No merger-related synergies were forecast for field operations in the gas company.

NSTAR Merger Savings Report

TABLE C0
Labor - Employee Levels

		Merger Filing				Actual				$M Variance	
		2001 Level before synrg.	2002 Level before synrg.	Filing 2001 synrg.	Filing 2002 synrg.	2001	2002	Actual 2001 synrg.	Actual 2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
	Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G	Col.H	Col.I	Col.J	Col.K
C1	Executive Management	38	38	(9)	(9)	31	31	(7)	(7)	$0.7	$0.6
C2	Legal	20	20	(4)	(4)	15	13	(5)	(7)	0.2	0.5
C3	External Relations	35	35	(6)	(6)	32	31	(3)	(4)	(0.3)	(0.2)
C4	Finance Accounting & Planning	157	157	(40)	(40)	112	116	(45)	(41)	0.5	0.1
C5	Human Resources	103	103	(18)	(18)	83	75	(20)	(28)	(0.2)	0.8
C6	Information Systems	238	238	(68)	(68)	197	199	(41)	(39)	(2.9)	(3.3)
C7	Admin & Support	253	253	(43)	(43)	201	193	(52)	(60)	0.6	1.4
C8	Retail Marketing & Sales	182	182	(29)	(29)	149	137	(33)	(45)	0.5	1.6
C9	Purchasing & Materials Mgt	143	143	(35)	(35)	118	105	(25)	(38)	(0.7)	0.3
	Corporate	1,169	1,169	(252)	(252)	938	900	(231)	(269)	($1.6)	$1.7
C10	Customer Service	494	494	(26)	(44)	476	523	(18)	29	3.8	0.3
C11	Electric Transmission	193	193	(31)	(31)	160	162	(33)	(31)	$0.4	$0.2
C12	Electric Distribution	1,462	1,462	(31)	(31)	1,273	1,301	(189)	(161)	15.5	13.2
C13	Electric Systems Tech Support	20	20	(4)	(4)	13	14	(7)	(6)	0.3	0.2
	Field	2,169	2,169	(92)	(110)	1,922	2,000	(247)	(169)	$20.0	$13.9
	Gas Distribution	335	335	0	0	340	349	5	14	($0.0)	($0.8)
	Gas Transmission	56	56	0	0	65	60	9	4	(0.8)	(0.4)
	Gas Supply	7	7	0	0	7	7	0	0	0.0	(0.1)
C14	Gas Total	398	398	0	0	412	416	14	18	($0.8)	($1.3)
	Total	3,736	3,736	(344)	(362)	3,272	3,316	(464)	(420)	$17.6	$14.3
	Excluding Gas	3,338	3,338	(344)	(362)	2,860	2,900	(478)	(438)	$18.4	$15.6

NSTAR Merger Savings Report

Savings Area: Corporate & Administrative Labor Summary

C1. Executive Management

MERGER FILING: *Savings occur as a result of reduction of personnel managing overlapping responsibility areas. Average 2000 loaded salary is $216,411. Reductions of 9 FTEs, or 23.7% of affectable total compares to an average of 25% in recent transactions. See, Exhibit TJF-5C, at 00088.*

Actual Results: Overall savings for Executive Management exceeded the MERGER FILING forecast by $0.6 million in 2002. Although the Company did not reach the target level employee count, the savings exceeded the MERGER FILING forecast because the average salary for positions that were eliminated (Other Officers) was significantly higher than the salary for the positions that were maintained (Support Staff).

Description	Forecast Reductions	Actual Reductions	Variance	Explanation
Executive Council	5	5	-	Reduction as planned
Other Officers	0	4	4	Consolidation of functions
Executive Support Staff	4	-2	-6	Expanded duties to support broader span of control of Other Officers
Total	**9**	**7**	**-2**	

TABLE C1

Merger Filing vs. Actual Labor Savings

		Merger filing				Actual				$M Variance	
C1	**Executive Management**	2001 Level before synrg.	2002 Level before synrg.	Filing 2001 synrg.	Filing 2002 synrg.	2001	2002	Actual 2001 synrg.	Actual 2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
	Col. A	Col. B	Col. C	Col. D	Col. E	Col.F	Col.G	Col.H	Col.I	Col. J	Col. K
A1	Executive Council	12	12	(5)	(5)	6	7	(6)	(5)	$0.4	
A2	Other Officers	11	11			8	7	(3)	(4)	$0.7	$1.0
A3	Executive Support Staff	15	15	(4)	(4)	17	17	2	2	($0.4)	($0.5)
C1	Executive Management	38	38	(9)	(9)	31	31	(7)	(7)	$0.7	$0.6

Savings Area: Corporate & Administrative Labor Summary (continued)

C2. Legal

MERGER FILING: *Savings will result from elimination of duplicative SEC, general corporate, and regulatory legal work. Levelizing of work will also help reduce legal support personnel. Average 2000 loaded salary is $114,336. Reductions of 4 FTEs, or 20% of affectable total compares to an average of 15% in recent transactions. See, Exhibit TJF-5C, at 00088.*

Actual Results: Overall savings for the Legal area exceeded the MERGER FILING forecast by $0.5 million in 2002. In total, the number of employees was reduced by 7 as compared to the MERGER FILING forecasted reduction of 4 employees. Total savings were partially offset by an increase in the work performed by outside counsel, as described under Professional Services.

Description	Forecast Reductions	Actual Reductions	Variance	Explanation
Attorneys	2	4	2	Additional regulatory support from outside counsel
Support Staff	2	2	-	
Corporate Secretary	0	1	1	Duties were taken on by the SVP Strategy & Law eliminating one position
Total	**4**	**7**	**3**	

TABLE C2

Merger Filing vs. Actual Labor Savings

		Merger filing				Actual				$M Variance	
C2	**Legal**	2001 Level before synrg.	2002 Level before synrg.	Filing 2001 synrg.	Filing 2002 synrg.	2001	2002	Actual 2001 synrg.	Actual 2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
	Col. A	Col. B	Col. C	Col. D	Col. E	Col.F	Col.G	Col.H	Col.I	Col. J	Col. K
B1	Attornerys	11	11	(2)	(2)	9	7	(2)	(4)		$0.3
B2	Support Staff	8	8	(2)	(2)	6	6	(2)	(2)		
B3	Corporate Secretary	1	1					(1)	(1)	$0.2	$0.2
C2	Legal	20	20	(4)	(4)	15	13	(5)	(7)	$0.2	$0.5

Savings Area: Corporate & Administrative Labor Summary (continued)

C3. External Relations

MERGER FILING: *Savings occur as a result of reduction of personnel in duplicative operations to be consolidated upon combination. Average 2000 loaded salary is $98,083. Reductions of 6 FTEs or 20.7% of affectable total compares to an average of 24% in recent transactions. See, Exhibit TJF-5C, at 00088.*

Actual Results: Actual results include both External Relations (at 00088) and Economic Development because these areas were integrated. Overall, savings for External Relations were $0.2 million less in 2002 than the MERGER FILING forecast.

Description	Forecast Reductions	Actual Reductions	Variance	Explanation
Public Relations & Economic Development	6	5	-1	Additional focus on local relationships and combining the functional area with economic development
Government Affairs	0	-1	-1	
Total	**6**	**4**	**-2**	

TABLE C3

Merger Filing vs. Actual Labor Savings

		Merger filing				Actual				$M Variance	
C3	**External Relations**	2001 Level before synrg.	2002 Level before synrg.	Filing 2001 synrg.	Filing 2002 synrg.	2001	2002	Actual 2001 synrg.	Actual 2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
	Col. A	Col. B	Col. C	Col. D	Col. E	Col.F	Col.G	Col.H	Col.I	Col. J	Col. K
C1	Public Relations (incl H8 Ec Dev)	28	28	(6)	(6)	25	23	(3)	(5)	($0.3)	($0.1)
C2	Governmental Affairs	7	7			7	8		1		($0.1)
C3	External Relations	35	35	(6)	(6)	32	31	(3)	(4)	($0.3)	($0.2)

NSTAR Merger Savings Report

Savings Area: Corporate & Administrative Labor Summary (continued)

C4. Finance, Accounting and Planning

MERGER FILING: Savings occur as a result of overlapping work activities in those sub-functions that are not volume-driven. Average 2000 loaded salary is $82,807. Merger reductions of 40 FTEs, or 25.5% of affectable total compares to 26% in recent transactions. *See, Exhibit TJF-5C, at 00089.*

Actual Results: Overall savings for Finance, Accounting & Planning exceeded the MERGER FILING forecast by $0.1 million in 2002.

Description	Forecast Reductions	Actual Reductions	Variance	Explanation
Finance and Treasury	4	10	6	Additional savings resulted from the use of lockboxes for receipt of funds for both companies, as was the practice of Boston Edison prior to the merger
Payroll Accounting & Admin	2	4	2	Additional personnel reductions resulted from the implementation of a new company-wide payroll system
Accounts Payable	6	7	1	
Property Accounting	5	4	-1	
GL Accounting	10	9	-1	
Internal Audit	5	5	-	
Tax	2	0	-2	
Budgeting	3	-3	-6	The Company implemented additional revenue controls and review, requiring additional personnel. The increase in personnel is offset by the reduction in "Load and Sales Forecasting" as described in item C8 below;
Financial Planning	1	4	3	
Strategic Planning	0	2	2	
Corporate Performance	0	-3	-3	Increased emphasis on performance management and performance measurement;
Investor Relations	2	2	-	
Total	**40**	**41**	**1**	

TABLE C4

Merger Filing vs. Actual Labor Savings

		Merger filing				Actual				$M Variance	
C4	**Finance Accounting & Planning**	2001 Level before synrg.	2002 Level before synrg.	Filing 2001 synrg.	Filing 2002 synrg.	2001	2002	Actual 2001 synrg.	Actual 2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
	Col. A	Col. B	Col. C	Col. D	Col. E	Col.F	Col.G	Col.H	Col.I	Col. J	Col. K
D1	Financing &Treasury	18	18	(4)	(4)	7	8	(11)	(10)	$0.7	$0.7
D2	Payroll Accounting & Admin	10	10	(2)	(2)	6	6	(4)	(4)	$0.2	$0.2
D3	Accts Payable & Accts	19	19	(6)	(6)	13	12	(6)	(7)		$0.1
D4	Property Accounting	17	17	(5)	(5)	14	13	(3)	(4)	($0.2)	($0.1)
D5	GL & Corporate Accounting	34	34	(10)	(10)	26	25	(8)	(9)	($0.2)	($0.1)
D6	Internal Audit	17	17	(5)	(5)	12	12	(5)	(5)		
D7	Tax	6	6	(2)	(2)	7	6	1		($0.4)	($0.3)
D8	Budgeting	10	10	(3)	(3)	9	13	(1)	3	($0.2)	($0.6)
D9	Financial Planning	6	6	(1)	(1)	3	2	(3)	(4)	$0.3	$0.4
D10	Strategic Planning	4	4			3	2	(1)	(2)	$0.1	$0.2
D11	Corporate Performance	11	11			9	14	(2)	3	$0.2	($0.3)
D12	Investor Relations	5	5	(2)	(2)	3	3	(2)	(2)		
C4	Finance Accounting & Planning	157	157	(40)	(40)	112	116	(45)	(41)	$0.5	$0.1

Savings Area: Corporate & Administrative Labor Summary (continued)

C5. Human Resources

MERGER FILING: *Savings occur as a result of overlapping work in compensation, benefits, training, labor relations, which allow for consolidation of duplicative staff functions. Average 2000 loaded salary is $102,846. Reductions of 18 FTEs, or 17.5% of affectable total, compares to 23% in recent transactions. See, Exhibit TJF-5C, at 00089.*

Actual Results: Overall savings for Human Resources exceeded the MERGER FILING forecast by $0.8 million in 2002, with personnel reductions totaling 28 as compared to the forecast of 18. The incremental reductions resulted from a significant redesign within the Human Resources area that was not contemplated in the original forecast.

Description	Forecast Reductions	Actual Reductions	Variance	Explanation
Compensation	-	-	-	
Benefits	4	-2	-6	The number of benefit programs was reduced, which relieved administration burdens
Staffing	1	-1	-2	Administrative support is assigned directly to the staffing function
Labor Relations	3	5	2	Union consolidation has contributed to the achievement of additional savings
Skills Training	1	1	-	
Management Development	1	4	3	Management Development and Org. Planning & Design are managed within the same group
Employee Relations	3	15	12	Consolidated and streamlined corporate policies are available on the network to all users. Follow up by HR and management reduced the support requirements from HR. Peoplesoft software has also significantly improved employee productivity
Org, Planning & Design	0	-3	-3	
Medical & Health	2	1	-1	Medical & Health was combined with Safety to provide a consolidated service with improved efficiency
Safety	3	4	1	
Administration	0	4	4	
Total	**18**	**28**	**10**	

NSTAR Merger Savings Report

TABLE C5
Merger Filing vs. Actual Labor Savings

		Merger filing				Actual				$M Variance	
C5	**Human Resources**	2001 Level before synrg.	2002 Level before synrg.	Filing 2001 synrg.	Filing 2002 synrg.	2001	2002	Actual 2001 synrg.	Actual 2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
	Col. A	Col. B	Col. C	Col. D	Col. E	Col.F	Col.G	Col.H	Col.I	Col. J	Col. K
E1	Compensation	2	2			2	2				
E2	Benefits	13	13	(4)	(4)	15	15	2	2	($0.6)	($0.7)
E3	Staffing	2	2	(1)	(1)	9	3	7	1	($0.7)	($0.2)
E4	Labor Relations	11	11	(3)	(3)	7	6	(4)	(5)	$0.1	$0.3
E5	Skills Training	24	24	(1)	(1)	15	23	(9)	(1)	$0.7	
E6	Management Development	4	4	(1)	(1)			(4)	(4)	$0.4	$0.4
E7	Employee Relations	20	20	(3)	(3)	5	5	(15)	(15)	$1.1	$1.2
E8	Organizaitonal Planning & Design	3	3			10	6	7	3	($0.9)	($0.4)
E9	Medical & Health	7	7	(2)	(2)	8	6	1	(1)	($0.4)	($0.1)
E10	Safety	13	13	(3)	(3)	12	9	(1)	(4)	($0.2)	$0.1
E11	HR Administration	4	4					(4)	(4)	$0.2	$0.2
C5	Human Resources	103	103	(18)	(18)	83	75	(20)	(28)	($0.2)	$0.8

Savings Area: Corporate & Administrative Labor Summary (continued)

C6. Information Systems

MERGER FILING: *Savings occur as a result of duplicative information systems development and operations personnel. Average 2000 loaded salary is $94,472. Reductions of 68 FTE's (44 FTEs in 2000 and 24 FTEs in 2001), or 28.6% of affectable total compares to an average 27% in recent transactions. See, Exhibit TJF-5C, at 00089.*

Actual Results: Overall savings for Information Systems were $3.3 million less than forecast.

Description	Forecast Reductions	Actual Reductions	Variance	Explanation
Applications System Development	30	16	-14	Information Systems did not achieve the target level of personnel reductions because of the need to provide adequate support and training on the major systems that were integrated to one common system including the Customer Information System, Work Management, Purchasing, General Ledger, Payroll and Human Resources Information System. In addition, significant regulatory requirements such as supplier payment allocation and standard market design have required resources not anticipated in the original estimate of merger savings.
Database Admin.& Security	2	-5	-7	
Computer Operations	25	20	-5	
End User/Information Center	9	4	-5	
Telecommunications	2	4	2	
Total	**68**	**39**	**-29**	

TABLE C6
Merger Filing vs. Actual Labor Savings

		Merger filing				Actual				$M Variance	
C6	**Information Systems**	2001 Level before synrg.	2002 Level before synrg.	Filing 2001 synrg.	Filing 2002 synrg.	2001	2002	Actual 2001 synrg.	Actual 2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
	Col. A	Col. B	Col. C	Col. D	Col. E	Col.F	Col.G	Col.H	Col.I	Col. J	Col. K
F1	Applic Systems Developmt	102	102	(30)	(30)	84	86	(18)	(16)	($1.3)	($1.6)
F2	Database Admin & Security	10	10	(2)	(2)	14	15	4	5	($0.7)	($0.8)
F3	Computer Operations	79	79	(25)	(25)	62	59	(17)	(20)	($0.7)	($0.5)
F4	End User/Information Center	29	29	(9)	(9)	23	25	(6)	(4)	($0.3)	($0.6)
F5	Telecommunications	18	18	(2)	(2)	14	14	(4)	(4)	$0.2	$0.2
C6	Information Systems	238	238	(68)	(68)	197	199	(41)	(39)	($2.9)	($3.3)

NSTAR Merger Savings Report

Savings Area: Corporate & Administrative Labor Summary (continued)

C7. Administrative and Support Services

MERGER FILING: *This function includes Transportation, Real Estate, Facilities Maintenance, and Records Management among others. Savings occur as a result of reductions of personnel in duplicative operations to be consolidated upon combination. Average 2000 loaded salary is $75,464. Merger reductions of 43 FTEs or 17% of affectable total compares to an average of 14% in recent transactions. See, Exhibit TJF-5C, at 00089.*

Actual Results: Overall savings for Administrative & Support Services exceeded the MERGER FILING forecast by $1.4 million in 2002.

Description	Forecast Reductions	Actual Reductions	Variance	Explanation
Transportation	16	24	8	Adopted best practices of both companies
Real Estate	4	-3	-7	Increased leasing sales and development effort
Facilities Management	15	13	-2	
Security	-	1	1	
Claims & Insurance Admin	-	2	2	
Office Services	4	11	7	Exceeded facilities consolidation target
Records Management	2	1	-1	
Investigative Services	-	2	2	
Other	2	9	7	
Total	**43**	**60**	**17**	

TABLE C7
Merger Filing vs. Actual Labor Savings

		Merger filing				Actual				$M Variance	
C7	**Administration & Support Services**	2001 Level before synrg.	2002 Level before synrg.	Filing 2001 synrg.	Filing 2002 synrg.	2001	2002	Actual 2001 synrg.	Actual 2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
	Col. A	Col. B	Col. C	Col. D	Col. E	Col.F	Col.G	Col.H	Col.I	Col. J	Col. K
G1	Transportation	103	103	(16)	(16)	87	79	(16)	(24)		$0.7
G2	Real Estate	17	17	(4)	(4)	15	20	(2)	3	($0.2)	($0.6)
G3	Facilities Maintenance	85	85	(15)	(15)	72	72	(13)	(13)	($0.2)	($0.2)
G4	Security	2	2			1	1	(1)	(1)	$0.1	$0.1
G5	Claims & Insurance Admin.	8	8			6	6	(2)	(2)	$0.2	$0.2
G6	Office Services	22	22	(4)	(4)	15	11	(7)	(11)	$0.2	$0.5
G7	Records Management	4	4	(2)	(2)	2	3	(2)	(1)		($0.1)
G8	Investigative Services	3	3			3	1		(2)		$0.2
G9	Other	9	9	(2)	(2)			(9)	(9)	$0.5	$0.5
C7	Admin & Support	253	253	(43)	(43)	201	193	(52)	(60)	$0.6	$1.4

NSTAR Merger Savings Report

Savings Area: Corporate & Administrative Labor Summary (continued)

C8. Retail Marketing and Sales

MERGER FILING: *Savings occur as a result of the reduction of duplicative functions in marketing. Average 2000 loaded salary was $88,536 for retail marketing and sales. Merger reductions of 29 FTEs or 12% compares to 11% in recent transactions. See, Exhibit TJF-5C, at 00090.*

Actual Results: Overall savings for Marketing & Sales exceeded the MERGER FILING forecast by $1.6 million in 2002.

Description	Forecast Reductions	Actual Reductions	Variance	Explanation
Load & Sales Forecasting	2	8	6	Additional savings are partially offset by the Revenue Control Group in the Budgeting area as mentioned above
Mkt Products & Sales Plan	2	3	1	
Market & Cust. Research	-	4	4	Additional savings are partially offset by the Revenue Control group in the Budgeting area as mentioned above
Rates & Regulatory	3	13	10	Streamlined filings, improved integration with accounting, and employee development;
DSM	6	-5	-11	Additional DSM work because DSM funding was extended by legislation
Marketing/Sales Rep.	13	18	5	The Company achieved additional savings through an organizational review of the Sales and Marketing functions, job reevaluations and consolidation not anticipated in the original study. In particular, certain functions were consolidated into other organizations to better streamline the forecasting and budgeting functions.
Economic Area Devel.				
Management & Admin	3	4	1	
Total	**29**	**45**	**16**	

TABLE C8
Merger Filing vs. Actual Labor Savings

		Merger filing				Actual				$M Variance	
C8	**Retail Marketing & Sales**	2001 Level before synrg.	2002 Level before synrg.	Filing 2001 synrg.	Filing 2002 synrg.	2001	2002	Actual 2001 synrg.	Actual 2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
	Col. A	Col. B	Col. C	Col. D	Col. E	Col.F	Col.G	Col.H	Col.I	Col. J	Col. K
H1	Load and Sales Forecasting	13	13	(2)	(2)	6	5	(7)	(8)	$0.5	$0.6
H2	Mkt Products & Sales Plan	8	8	(2)	(2)	9	5	1	(3)	($0.3)	$0.1
H3	Market & Customer Research	4	4					(4)	(4)	$0.3	$0.3
H4	Rates and Regulatory Affairs/Pricing	21	21	(3)	(3)	8	8	(13)	(13)	$1.1	$1.1
H6	DSM	30	30	(6)	(6)	25	35	(5)	5	($0.1)	($1.2)
H7	Marketing/Sales Representatives	96	96	(13)	(13)	90	78	(6)	(18)	($0.6)	$0.5
H8	Economic/Area Development										
H9	Management & Administration	10	10	(3)	(3)	11	6	1	(4)	($0.4)	$0.1
C8	Retail Marketing & Sales	182	182	(29)	(29)	149	137	(33)	(45)	$0.5	$1.6

Savings Area: Corporate & Administrative Labor Summary (continued)

C9. Purchasing and Materials Management

MERGER FILING: *Savings are attributable to overlapping responsibilities in purchasing, Stores and inventory functions. Average 2000 loaded salary is $77,555. Merger reductions of 35 FTEs or 24.5% of the affectable total were taken. See, Exhibit TJF-5C, at 00090.*

Actual Results: Overall savings for Administrative & Support Services exceeded the MERGER FILING forecast by $0.3 million in 2002. Additional reductions in Management and Administration are the result of job consolidations not anticipated in the original savings study.

Description	Forecast Reductions	Actual Reductions	Variance	Explanation
Buyers	5	4	-1	
Purchasing Mgt & Admin	4	7	3	
Inventory Control & Planning	2	3	1	
Storeroom Personnel	20	20	-	
Management & Admin	4	4	-	
Total	**35**	**38**	**3**	

NSTAR Merger Savings Report

TABLE C9

Merger Filing vs. Actual Labor Savings

		Merger filing				Actual				$M Variance	
C9	**Purchasing & Materials Management**	2001 Level before synrg.	2002 Level before synrg.	Filing 2001 synrg.	Filing 2002 synrg.	2001	2002	Actual 2001 synrg.	Actual 2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
	Col. A	Col. B	Col. C	Col. D	Col. E	Col.F	Col.G	Col.H	Col.I	Col. J	Col. K
	J1 Buyers	19	19	(5)	(5)	15	15	(4)	(4)	($0.1)	($0.1)
	J2 Purchasing Management & Admin	15	15	(4)	(4)	8	8	(7)	(7)	$0.3	$0.4
	J3 Inventory Control & Planning	18	18	(2)	(2)	17	15	(1)	(3)	($0.1)	$0.1
	J4 Storeroom Personnel	80	80	(20)	(20)	69	60	(11)	(20)	($0.7)	
	J6 Materials Management & Admin	11	11	(4)	(4)	9	7	(2)	(4)	($0.2)	
C9	Purchasing & Materials Mgt	143	143	(35)	(35)	118	105	(25)	(38)	($0.7)	$0.3

NSTAR Merger Savings Report

Savings Area: Corporate & Administrative Labor Summary (continued)

C10. Customer Service

MERGER FILING: *Savings occur as a result of the reduction of duplicative functions in customer service. Average 2000 loaded salary was $65,622 for customer service. Merger reductions of 44 FTEs or 12% compares to 11% in recent transactions. See, Exhibit TJF-5C, at 00090.*

Actual Results: Overall savings for Customer Service were $0.3 million above the forecast level, excluding the increase in meter readers (77 positions) required to move from a bi-monthly to a monthly meter reading schedule for Boston Edison.

Description	Forecast Reductions	Actual Reductions	Variance	Explanation
Meter Reading	0	0 (excl. 77 new positions for meter readers)	0	The Company's actual employee level in 2002 for this function showed an increase of 77 positions due to the change in the meter-reading schedule to meet service quality requirements, which was not anticipated in the original study. These positions have been excluded from the financial analysis.
Customer/Revenue Acctg	14	27	13	
Cash Remittance/Bill Processing	11	35	24	Increased efficiency by moving customers to lower cost payment options – electronic or draft
Customer Inquiries	8	-22	-30	Improved service levels
Community Outreach	0	3	3	Better technology support through web
Credit & Collections	10	1	-9	Team segregated from Cash Remittance to service credit customers
Revenue Protection	0	4	4	Higher efficiency
Management & Admin	1	0	-1	
Customer Service Total	**44**	**48**	**4**	

TABLE C10
Merger Filing vs. Actual Labor Savings

		Merger filing				Actual				$M Variance	
C10	**Customer Service**	2001 Level before synrg.	2002 Level before synrg.	Filing 2001 synrg.	Filing 2002 synrg.	2001	2002	Actual 2001 synrg.	Actual 2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
	Col. A	Col. B	Col. C	Col. D	Col. E	Col.F	Col.G	Col.H	Col.I	Col. J	Col. K
	I1 Meter Reading	125	125			184	202	59	77		
	I2 Customer/Revenue Acctg	65	65	(4)	(14)	21	38	(44)	(27)	$2.8	$1.0
	I3 Cash Remittance/Bill proces	75	75	(11)	(11)	38	40	(37)	(35)	$1.9	$1.8
	I4 Customer Inquiry	151	151	(2)	(8)	184	173	33	22	($2.6)	($2.3)
	I5 Community Outreach	8	8			5	5	(3)	(3)	$0.2	$0.2
	I6 Credit & Collections	54	54	(8)	(10)	34	53	(20)	(1)	$0.9	($0.7)
	I7 Revenue Protection	11	11			7	7	(4)	(4)	$0.4	$0.4
	I8 Management & Administration	5	5	(1)	(1)	3	5	(2)		$0.1	($0.1)
C10	Customer Service	494	494	(26)	(44)	476	523	(18)	29	$3.8	$0.3

Savings Area: Electric Field Labor

C11. Electric Transmission

MERGER FILING: *Electric Transmission includes both system operations and transmission related field employees. In system operations, savings result primarily in supervisory and support functions from the consolidation of dispatch centers, bulk power operations, and engineering support operations. For transmission field employees, savings occur in subfunctions, such as major facilities and construction and engineering and support, as a result of reconfigured geographic coverage area responsibility, potential utilization of mobile construction crews, and reduced need for supervisory personnel. Average 2000 loaded salary is $80,215 for electric transmission personnel. Reductions total 31 FTEs, or 12.4% of affectable total. See, Exhibit TJF-5C, at 00091.*

Actual Results: Overall savings exceeded the MERGER FILING forecast by $0.2 million. On an overall basis, the Company achieved forecasted reductions in the Electric Transmission functions, although expected savings in the Systems Operations or Dispatch area did not occur as estimated. This is because the Company did not combine the Dispatch Centers as suggested in the MERGER FILING. Because of significant differences in the complexity of the urban (Boston) system versus the suburban (Cape Area) system, the Company determined that a combination would not be advisable. However, other functions, such as Management and Administration and Other Functions achieved greater savings than planned as a result of job consolidations and organizations restructuring requiring less management.

Description	Forecast Reductions	Actual Reductions	Variance	Explanation
Bulk System Planning	0	-1	-1	See comment above.
Transmission Engineering	10	12	2	
Transmission Line Crews	0	1	1	
Transformer & Substation Maint.	0	-2	-2	
Systems Operations	10	4	-6	
Electric Systems & SCADA	2	1	-1	
Bulk Power Marketing & Sales	6	7	1	
Management & Admin	3	6	3	
Other	0	3	3	
Total	**31**	**31**	**0**	

TABLE C11

Merger Filing vs. Actual Labor Savings

		Merger filing				Actual				$M Variance	
C11	**Electric Transmission**	2001 Level before synrg.	2002 Level before synrg.	Filing 2001 synrg.	Filing 2002 synrg.	2001	2002	Actual 2001 synrg.	Actual 2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
	Col. A	Col. B	Col. C	Col. D	Col. E	Col.F	Col.G	Col.H	Col.I	Col. J	Col. K
		369	369	(26)	(44)	292	321				
	K1 Bulk System Planning	6	6			8	7	2	1	($0.2)	($0.1)
	K2 Transmission Engineering & Suppor	49	49	(10)	(10)	37	37	(12)	(12)	$0.2	$0.2
	K4 Transm.l ine Crews&Mgt	11	11			10	10	(1)	(1)	$0.1	$0.1
	K6 Transformer&Substation Maint	33	33			36	35	3	2	($0.3)	($0.2)
	K8 System Operations	53	53	(10)	(10)	45	49	(8)	(4)	($0.2)	($0.6)
	K9 Elec Systems Com & SCADA	7	7	(2)	(2)	6	6	(1)	(1)	($0.0)	($0.0)
	K11 Bulk Power Mktg & Sales	18	18	(6)	(6)	10	11	(8)	(7)	$0.2	$0.1
	K12 Management & Administration	9	9	(3)	(3)	3	3	(6)	(6)	$0.3	$0.4
	K13 Other combined in K1	7	7			5	4	(2)	(3)	$0.2	$0.4
C11	Electric Transmission	193	193	(31)	(31)	160	162	(33)	(31)	$0.4	$0.2

Savings Area: Electric Field

C12. Electric Distribution

MERGER FILING: *Savings occur primarily in management and supervision of subfunctions, such as major facilities and construction and engineering and support, as a result of reconfigured geographic coverage area responsibility, and reduced need for supervisory personnel. Average 2000 loaded salary of $86,085. Reductions total 31 FTEs, or 1.6% of affectable employees. See, Exhibit TJF-5C, at 00092.*

Actual Results: Overall savings for Electric Field exceeded the MERGER FILING forecast by $13.2 million in 2002.

Description	Forecast Reductions	Actual Reductions	Variance	Explanation
Dist. System Planning	2	7	5	The Company realized significant savings in the area of Electric Distribution as a result of exceeding the target level of reductions by 130, including staffing additions in 2001 and 2002 for reliability purposes. These savings were achieved mainly as a result of utilizing the best practices from both companies and through unanticipated productivity gains made possible by the consolidation of adjacent/proximate service territories. An additional area of note is streetlighting. Approximately 38 of the 88 towns in the electric company service territories now own and maintain their streetlights.
Dist. Engineering&Support	14	70	56	
Dist. Facilities Construction	-	48	48	
Dist. Line Crews & Maint	-	29	29	
Transf. & Substation Maint	-	-7	-7	
Meter Shop & Testing	10	-3	-13	
Streetlight Personnel	-	10	10	
Management & Admin	5	13	8	
Other	-	-6	-6	
Total	**31**	**161**	**130**	

NSTAR Merger Savings Report

TABLE C12

Merger Filing vs. Actual Labor Savings

		Merger filing				Actual				$M Variance	
C12	**Electric Distribution**	2001 Level before synrg.	2002 Level before synrg.	Filing 2001 synrg.	Filing 2002 synrg.	2001	2002	Actual 2001 synrg.	Actual 2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
	Col. A	Col. B	Col. C	Col. D	Col. E	Col.F	Col.G	Col.H	Col.I	Col. J	Col. K
	L1 Distribution System Planning	27	27	(2)	(2)	13	20	(14)	(7)	$1.4	$0.6
	L2 Distrib Engineering & Support	228	228	(14)	(14)	150	158	(78)	(70)	$6.3	$5.8
	L3 Distrib Facilities Construction	199	199			139	151	(60)	(48)	$5.7	$4.7
	L4 Distrib Line Crews & Mgt	704	704			688	675	(16)	(29)	$1.5	$2.8
	L6 Transformer&Substation Maint	134	134			129	141	(5)	7	$0.4	($0.7)
	L8 Meter Shop & Testing	109	109	(10)	(10)	113	112	4	3	($1.2)	($1.1)
	L9 Streetlight Peresonnel	23	23			11	13	(12)	(10)	$1.0	$0.9
	L10 Management & Administration	15	15	(5)	(5)	6	2	(9)	(13)	$0.4	$0.9
	L11 Other	23	23			24	29	1	6	($0.1)	($0.8)
C12	Electric Distribution	1,462	1,462	(31)	(31)	1,273	1,301	(189)	(161)	$15.5	$13.2

Savings Area: Electric Field Labor

C13. Electric Systems Technical Support

MERGER FILING: *Savings can result from the consolidation of dispatch centers, bulk power operations, and engineering support. Average 2000 loaded salary of $101,139. Reduction of 4 FTEs, or 15.8% of affectable total, compares to an average of 17% in recent transactions. See, Exhibit TJF-5C, at 00092.*

Actual Results: Overall savings exceeded the MERGER FILING forecast by $0.2 million in 2002.

Description	Forecast Reductions	Actual Reductions	Variance	Explanation
Environmental	3	4	1	More efficient use of personnel
Test laboratory	1	2	1	Most of the environmental testing is performed by third-party laboratories
Total	**4**	**6**	**2**	

NSTAR Merger Savings Report

TABLE C13
Merger Filing vs. Actual Labor Savings

		Merger filing				Actual				$M Variance	
C13	**Electric Systems Technical Support**	2001 Level before synrg.	2002 Level before synrg.	Filing 2001 synrg.	Filing 2002 synrg.	2001	2002	Actual 2001 synrg.	Actual 2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
	Col. A	Col. B	Col. C	Col. D	Col. E	Col.F	Col.G	Col.H	Col.I	Col. J	Col. K
	S1 Environmental Affairs	14	14	(3)	(3)	9	10	(5)	(4)	$0.2	$0.1
	S2 Test Laboratory	6	6	(1)	(1)	4	4	(2)	(2)	$0.1	$0.1
C13	Electric Systems Tech Support	20	20	(4)	(4)	13	14	(7)	(6)	$0.3	$0.2

Savings Area: Gas Field Labor

C14. Gas Operations

MERGER FILING: *No forecast savings.*

Actual Results: Overall savings for Gas Operations were less than the MERGER FILING forecast by $1.3 million in 2002.

Description	Forecast Reductions	Actual Reductions	Variance	Explanation
Distributions	-	-14	-14	Expansion of the distribution system
Transmission	-	-4	-4	
Supply	-	-	-	
Gas Operations Total	**-**	**-18**	**-18**	

Growth initiatives such as Pine Hills, Ponds of Plymouth and Buttermilk Bay as well as in Somerville, Cambridge and other areas required an increase in workforce. In addition, new regulations like Operator Qualifications has caused increased pressure on the gas operations staffing level. It is also worth noting that Dig Safe orders have increased by 50% from pre-merger levels.

TABLE C14
Merger Filing vs. Actual Labor Savings

		Merger filing				Actual				$M Variance	
C14	**Gas Operations**	2001 Level before synrg.	2002 Level before synrg.	Filing 2001 synrg.	Filing 2002 synrg.	2001	2002	Actual 2001 synrg.	Actual 2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
	Col. A	Col. B	Col. C	Col. D	Col. E	Col.F	Col.G	Col.H	Col.I	Col. J	Col. K
	LG1 Distrib Engineering & Support	34	34			17	18	(17)	(16)	$1.5	$1.5
	LG3 Street Crews & Management	129	129			169	175	40	46	($3.6)	($4.3)
	LG5 Gas Service Pers and Mgmt	138	138			132	137	(6)	(1)	$0.5	$0.1
	LG6 Meter Shop and Testing	11	11			15	14	4	3	($0.3)	($0.3)
	LG7 Corrosion Control	1	1					(1)	(1)	$0.1	$0.1
	LG8 Management & Administration	22	22			7	5	(15)	(17)	$1.8	$2.1
	Gas Distribution	335	335			340	349	5	14	($0.0)	($0.8)
	KG1 Gas Control and Dispatch	15	15			20	16	5	1	($0.4)	($0.1)
	KG2 Gas Measurement SCADA	13	13			6	5	(7)	(8)	$0.7	$0.8
	KG4 Transmission Pipelines	16	16			23	23	7	7	($0.6)	($0.6)
	KG6 Gas Storage	5	5			5	5				
	KG8 Management & Administration	7	7			11	11	4	4	($0.5)	($0.5)
	Gas Transmission	56	56			65	60	9	4	($0.8)	($0.4)
	GSC1 Supply & Transp. Planning	6	6			6	5		(1)		$0.1
	GSC7 Management Administration	1	1			1	2		1		($0.2)
	Gas Supply	7	7			7	7				($0.1)
C14	Gas Total	398	398			412	416	14	18	($0.8)	($1.3)

D. Savings Area: Administrative & General Overhead

MERGER FILING Rationale for savings: *Administrative and general overhead costs include office supplies, telephone expenses, employee business expenses, and other miscellaneous costs. Examples of variable administrative and general overhead costs include office supplies, telephone expenses, and business expenses. Administrative and general overhead will decrease as corporate personnel are reduced. See, Exhibit TJF-5C, at 000159.*

MERGER FILING Basis for Calculation: *Variable costs were estimated based on discussions with the companies. Detailed expenses charged to account 921 were provided and fixed costs were eliminated, the remaining costs were variable. The weighted average cost per employee was applied to the number of personnel reductions to estimated savings. See, Exhibit TJF-5C, at 00159.*

Quantification of Savings: In the MERGER FILING, savings in non-labor overhead costs were determined by separating fixed and variable components. The weighted average variable cost per employee was then multiplied by the total number of A&G corporate position reductions with the total escalated through 2001 and 2002 using the relevant inflation factor. See, 00046, 00159-160. To calculate savings for this Report, the Company compared actual costs in 2001 and 2002 to the forecast expense levels in the MERGER FILING. Therefore, merger savings equal the difference between the forecast expense levels and the actual expense levels.

Actual Results: On an overall basis, actual savings were $0.7 million less in 2002 than the MERGER FILING forecast. An increase in telephone costs resulted from the use of cellular phones on a company-wide basis to facilitate internal communications, which could not be achieved using existing (disparate) radio systems. However, this course of action enabled the Company to avoid a capital project to build a common communications system. The cost of postage increased due to changes enacted by the USPS. Employee and office supply expenses decreased due to staffing level reductions.

NSTAR Merger Savings Report

TABLE D
2002 Synergies Summary

Administrative & General Overhead	Merger Filing				Actual				Variance	
	2001 Level before synrg.	2002 Level before synrg.	2001 synrg.	2002 synrg.	2001	2002	2001 synrg.	2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G	Col.H	Col.I	Col.J	Col.K
Telephone	$5.6	$5.8	$0.5	$0.6	$7.7	$7.2	($2.1)	($1.4)	($2.6)	($2.0)
Employee Expenses	2.8	2.9	0.3	0.3	2.6	1.9	0.2	1.0	(0.1)	0.7
Postage	4.4	4.6	0.4	0.5	5.2	5.0	(0.7)	(0.5)	(1.1)	(0.9)
Office Supplies	3.1	3.1	0.3	0.3	1.9	1.2	1.2	1.9	0.9	1.6
Total	$15.9	$16.3	$1.5	$1.7	$17.3	$15.3	($1.4)	$1.0	($2.9)	($0.7)
O&M	$15.1	$15.5	$1.5	$1.6	$16.4	$14.6	($1.3)	$0.9	($2.8)	($0.6)
Capitalized	$0.8	$0.8	$0.1	$0.1	$0.9	$0.8	($0.1)	$0.0	($0.1)	($0.0)

E. Savings Area: Public Relations

MERGER FILING Rationale for savings: *The combination of public relations programs eliminates the need for duplicative advertising design and production and will reduce agency fees. Some overlapping coverage from various media will also occur. See, Exhibit TJF-5C, at 00175.*

MERGER FILING Basis for Calculation: *Public Relations services savings fixed production and agency costs were estimated to be 25% of the smaller company fees. Public relations savings were estimated at 100% of the smaller company fees. See, Exhibit TJF-5C, at 00175.*

Quantification of Savings: To calculate savings for this Report, the Company compared actual costs in 2001 and 2002 to the forecast expense levels in the MERGER FILING. Therefore, merger savings equal the difference between the forecast expense levels and the actual expense levels.

Actual Results: The Company achieved savings consistent with the levels forecast in the MERGER FILING.

NSTAR Merger Savings Report

TABLE E
2002 Synergies Summary

	Merger Filing				Actual				Variance	
Public Relations	2001 Level before synrg.	2002 Level before synrg.	2001 synrg.	2002 synrg.	2001	2002	2001 synrg.	2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G	Col.H	Col.I	Col.J	Col.K
Donations	$0.3	$0.4			$0.2	$0.3	$0.1	$0.1	$0.1	$0.1
Advertising - Equipment rental	0.2	0.2	0.1	0.1			0.2	0.2	0.1	0.1
Advertising - New Equipment	0.3	0.4	0.1	0.1			0.3	0.4	0.2	0.2
Advertising - Informational Safety	0.1	0.1	0.0	0.0			0.1	0.1	0.1	0.1
Advertising - Misc	1.4	1.5	0.5	0.5	1.7	1.5	(0.2)	(0.0)	(0.7)	(0.6)
Customer Education	0.8	0.9			0.5	0.5	0.3	0.3	0.3	0.3
Special Services/customer surveys	0.1	0.1			0.2	0.1	(0.2)	(0.0)	(0.2)	(0.0)
Public Relations	0.1	0.1	0.0	0.0	0.1	0.1	0.0	0.0	0.0	(0.0)
Communications	0.0	0.0					0.0	0.0	0.0	0.0
Total Public Relations	$3.4	$3.5	$0.7	$0.8	$2.7	$2.5	$0.7	$1.1	($0.0)	$0.3
Lobbying included below the line										
Shanley Flemming					$0.3	$0.3				
Corey Associates										
Total Lobbying					$0.3	$0.3				

F. Savings Area: Benefits Administration

MERGER FILING Rationale for savings: *Cost Savings can occur in several areas, primarily driven by increased purchasing power in negotiating third party administration fees. Savings are also available by reducing the per dollar cost of benefits provided through the combined company through purchasing leverage from the combinations of plans. See, Exhibit TJF-5C, at 00194.*

MERGER FILING Basis for Calculation: *Combined benefit costs were reduced consistent with forecasted personnel reductions. Administrative costs were reduced by 25% to reflect the re-negotiation of administrative fees. In addition, total benefit costs were reduced by 4% to reflect consolidation of provider savings. See, Exhibit TJF-5C, at 00194.*

Quantification of Savings: To calculate savings for this Report, the Company compared actual costs in 2001 and 2002 to the forecast expense levels in the MERGER FILING. Therefore, merger savings equal the difference between the forecast expense levels and the actual expense levels.

Actual Results: Total non-pension benefit costs decreased substantially due to the merger. The benefit cost decrease is a direct function of personnel reductions. Therefore, benefit cost savings were calculated in the savings discussed above in Section C (i.e., employee costs in Section C are grossed up for pensions and benefits). In this section, Mr. Flaherty examined the benefits savings that would result from the reduction in the average cost per employee or per-unit cost (as compared to the total level of savings included in the computations above). In that regard, the MERGER FILING estimated that non-pension benefit costs would escalate at 6.35% (in line with actual increases in regional benefit costs). However, NSTAR costs actually de-escalated at the rate shown below:

Year	Forecast Cost	Actual Cost	Difference
2000	$9.5	$7.7	$1.8
2001	$10.1	$7.1	$3.0
2002	$10.8	$6.8	$4.0

These savings resulted from self insurance of medical plans, lower claims costs, larger employee contributions, elimination of highest cost medical plans, and changes in the design of life insurance plans.

NSTAR Merger Savings Report

TABLE F

2002 Synergies Summary	Merger Filing				Actual				Variance	
Benefits Administration	2001 Level before synrg.	2002 Level before synrg.	Filing 2001 synrg.	Filing 2002 synrg.	2001	2002	Actual 2001 synrg.	Actual 2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G	Col.H	Col.I	Col.J	Col.K
Total	$39.5	$42.0	$1.8	$1.8	$22.9	$21.8	$9.5	$12.8	$7.7	$11.1
O&M (75%)	29.6	31.5	1.4	1.3	17.2	16.3	7.1	9.6	5.8	8.3
Capital (25%)	9.9	10.5	0.5	0.4	5.7	5.4	2.4	3.2	1.9	2.8
Life Insurance - Group Ins.	$1.6	$1.7			$2.2	$2.0				
Life Insurance - Accidental Death Ins.	0.2	0.3								
Life Insurance - Survivor Income Ins.	0.7	0.7								
Total Life Insurance Plans	$2.5	$2.7			$2.2	$2.0	$0.3	$0.7	$0.3	$0.7
Master Medical	$10.5	$11.1			$1.5	$2.3				
HealthFlex Blue	1.6	1.7								
HMO Blue (BC&BS of MA)	0.8	0.9			2.0	1.6				
Blue Care Elect (BC&BS of MA)	8.9	9.4			9.2	7.9				
Blue Cross Blue Shield of Mass.	1.6	1.7								
Tufts Community Health Plan	0.9	0.9			0.5	0.6				
Harvard/Pilgrim Health Care	4.1	4.4			2.0	1.4				
Prescription Drug	3.2	3.4			2.4	3.0				
Medex	0.0	0.1								
Dental										
Active Employees- Delta Dental	3.3	3.5			2.5	2.5				
Active Employees-Dental Blue	0.6	0.7								
Vision	0.5	0.6			0.3	0.3				
Total Health Plans	$36.0	$38.3			$20.4	$19.6	$15.6	$18.7	$15.6	$18.7
Long term disability	$1.0	$1.1			$0.3	$0.3				
Business Travel Accident	0.0	0.0								
Voucher Program	0.0	0.0								
Total Other Plans	$1.1	$1.1			$0.3	$0.3	$0.7	$0.9	$0.7	$0.9
Total Benefits Costs	$39.5	$42.0			$22.9	$21.8	$16.6	$20.3	$16.6	$20.3

G. Savings Area: Insurance

MERGER FILING Rationale for savings: *the combined company will be able to extend its coverage with its carriers over a larger asset and loss experience base, which will reduce its overall cost. Combination of the insurance programs will also provide an opportunity to reassess needed coverage levels and related deductibles based on the loss experience and risk profile of the combined company. . See, Exhibit TJF-5C, at 00201-202.*

MERGER FILING Basis for Calculation: *Property insurance cost savings were computed based on 10% of combined policy costs: 25% was cut from both excess liability and Directors & Officers liability. 100% of the smaller company's fiduciary and crime costs are saved. Excess and bond workers compensation savings are derived from 100% of the smaller company's costs. All of Crimson's (COM/Energy's) Employment Practice and Professional Liability insurance costs are cut with the assumption that they will be covered in Excess Liability. See, Exhibit TJF-5C, at 00194.*

Quantification of Savings: To calculate savings for this Report, the Company compared actual costs in 2001 and 2002 to the forecast expense levels in the MERGER FILING. Therefore, merger savings equal the difference between the forecast expense levels and the actual expense levels.

Actual Results: The Company achieved significant reductions in this area as a result of the merger and changes in the types of policies purchased by the Company. In addition, in the years since the merger, the Company has experienced significant cost increases in insurance premiums because of the terrorist incidents, the collapse of major companies such as Enron, WorldCom and TYCO, and declining returns on investments in the insurance industry. These factors have most directly affected markets for Property, Liability, Workers Compensation and Directors and Officers insurance.

NSTAR Merger Savings Report

TABLE G
2002 Synergies Summary

	Merger Filing				Actual				Variance	
Insurance	2001 Level before synrg.	2002 Level before synrg.	2001 synrg.	2002 synrg.	2001	2002	2001 synrg.	2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G	Col.H	Col.I	Col.J	Col.K
Property	$1.2	$1.3	$0.1	$0.1	$1.7	$2.8	($0.4)	($1.5)	($0.5)	($1.6)
Excess Liability	2.7	2.8	0.7	0.7	0.8	1.6	1.9	1.2	1.2	0.5
General Liability	0.5	0.5	0.2	0.2	0.5	0.2	(0.0)	0.3	(0.2)	0.1
Directors & Officers	1.4	1.4	0.3	0.3	0.4	0.5	1.0	0.9	0.6	0.5
Workers Comp	1.0	1.0	0.1	0.1	0.2	0.2	0.8	0.7	0.6	0.6
Total	$6.7	$6.9	$1.5	$1.5	$3.6	$5.3	$3.1	$1.6	$1.7	$0.1

Ha. Savings Area: Information Systems - Capital

MERGER FILING Rationale for savings: *Capital savings will result from the avoidance and elimination of duplicate or unnecessary system development expenditures and the extension of a common IT infrastructure and architecture across the combined company. Additionally the combined entity will avoid system development costs going forward and realize the benefits of developing applications on a common platform rather than each company expending capital separately. See, Exhibit TJF-5C, at 00205.*

MERGER FILING Basis for Calculation: *Parallel efforts for specific systems by both companies can be avoided. Projected capital expenditures associated with the development of duplicative systems and future applications development have been converted to revenue requirements assuming a 6 year depreciable life converting to a 27.4% annual fixed charge rate. Assumed future expenditures on CIS, financials, work management and trouble management systems beyond 2000 are assumed avoidable for one company with migration to the common architecture and platform. See, Exhibit TJF-5C, at 00205.*

Quantification of Savings: To calculate savings for this Report, the Company compared actual costs in 2001 and 2002 to the forecast expense levels in the MERGER FILING. Therefore, merger savings equal the difference between the forecast expense levels and the actual expense levels.

Actual Results: Significant capital savings were achieved by consolidating systems, as follows:

- **Customer Support**: The Company consolidated all customer information on CIS system, eliminating CIRS and Inerlynx. This avoided the upgrade/replacement for the eliminated systems achieving the forecasted MERGER FILING savings of $15 million.
- **Supply Chain**: NSTAR retired GRACE and now utilizes a common INDUS platform.
- **Human Resources**: NSTAR converted to a modern software program, Peoplesoft, with continued use of BETAs for the time entry system. GEAC, Tesseract and OASIS were retired.
- **Financial Management**: NSTAR converted to Oracle and GRACE was discontinued. This consolidation eliminated the upgrade to the GRACE financials achieving the forecasted MERGER FILING savings of $5 million.
- **Work Management**: The conversion is ongoing – a single common platform is being or will be utilized, saving the replacement/upgrade cost of $2.5 million forecast in the MERGER FILING.
- **Energy Management**: NSTAR integrated the SCADA controls.
- **Shareholder System**: Activity outsourced and system retired.

NSTAR Merger Savings Report

TABLE Ha

2002 Synergies Summary

Information Systems Capital	Merger Filing				Actual				Variance	
	2001 Level before synrg.	2002 Level before synrg.	2001 synrg.	2002 synrg.	2001	2002	2001 synrg.	2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G	Col.H	Col.I	Col.J	Col.K
Work Stations - Pg H9, H23	$2.0	$2.0	$0.2	$0.2	$1.0	$0.6	$0.3	$0.3	$0.1	$0.1
Projects (Development) - Pg HC, H15			14.6	10.8			14.6	10.8	0.0	0.0
Total Capital	$2.0	$2.0	$14.8	$11.0	$1.0	$0.6	$14.9	$11.1	$0.1	$0.1

Hb. Savings Area: Information Systems – O&M/PCs

MERGER FILING Rationale for savings: *Cost savings will be realized from the avoidance of leasing PCs due to the reduced number of positions requiring workstations. Savings will also occur due to the elimination of software and hardware leases, and associated maintenance, resulting from the migration to a common operating platform. See, Exhibit TJF-5C, at 00206.*

MERGER FILING Basis for Calculation: *PC savings were estimated from the corporate and administrative labor position reductions multiplied by the savings per personal computer (hardware and software). Data center and application savings were estimated by increasing Clipper's(BEC Energy's) current costs by 25% to accommodate Crimson's (COM/Energy's) operations, then reducing or eliminating Crimson's(COM/Energy's) non-labor operating expenses. See, Exhibit TJF-5C, at 00206.*

Quantification of Savings: To calculate savings for this Report, the Company compared actual costs in 2001 and 2002 to the forecast expense levels in the MERGER FILING. Therefore, merger savings equal the difference between the forecast expense levels and the actual expense levels.

Actual Results are as follows:

- **Data center** savings were achieved through the elimination of a duplicate data center and the use of the IBM mainframe that allows the Company to pay for only the amount of mainframe usage that it needs. This saved $3.5 million in 2002 compared to the MERGER FILING forecast savings of $2.3 million.
- **Workstation** savings were achieved by the reduction in the number of workstations, (>400), and a change in the life cycle replacement cycle, (an average of 2-3 years to 3-4 years). Workstation costs have significantly declined over the last few years and have also contributed to the savings but are not the result of the Merger. Offsetting these savings is a significant increase in the cost of software licenses for desktop software programs, (Microsoft Office products). Overall savings in 2002 exceeded the MERGER FILING forecast by $0.1 million.
- **Applications:** Savings from the applications arise from the reduction in the number of systems as outlined on the previous page.
- **Telecommunications**: Costs were reduced due to the consolidation of COM/Energy facilities with the internal NSTAR phone system. Prior communications between the Cape/Plymouth, Southboro and Cambridge areas were long distance. There were significant increases in pager prices offset by a reduction in the number of pagers. Phone cost increased due to the increase in the number of cellular phones to field personnel in lieu of a new common radio system that may be scheduled for consolidation in the 2004 timeframe.

NSTAR Merger Savings Report

TABLE Hb
2002 Synergies Summary

	Merger Filing				Actual				Variance	
Information Systems - O&M/PCs	2001 Level before synrg.	2002 Level before synrg.	2001 synrg.	2002 synrg.	2001	2002	2001 synrg.	2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G	Col.H	Col.I	Col.J	Col.K
Category & Page Reference	Note TJF assumed most savings to phase in over three years. This assumes all in year one									
O&M										
Data Center - PG H6, H22	$8.6	$8.6	$2.2	$2.3	$6.9	$5.2	$1.8	$3.5	($0.4)	$1.2
Work Stations - Pg H9, H23	0.2	0.2	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Applications (Maint.) Pg HD, H5, H24	4.1	4.2	0.2	0.2	0.9	1.1	3.2	3.1	3.0	2.9
Telecommunications - Pg H26	5.6	5.6	0.2	0.2	3.9	4.1	1.7	1.5	1.6	1.2
Total O & M	$18.5	$18.6	$2.6	$2.8	$11.7	$10.5	$6.8	$8.2	$4.2	$5.4

NSTAR Merger Savings Report

I. Savings Area: Professional Services

MERGER FILING Rationale for savings: *The combined company will consolidate and reduce professional services activities through economies of scope and elimination of non-recurring duplicate services and increased utilization of a broader skill base. Audit cost savings are similar with additional audit services (e.g. bond insurance letters, pension plan audits, stock issuance) reduced as a result of duplication. Similar legal expenditures (regulatory and corporate) can be reduced due to redundancy and duplication. Professional fees can be reduced due too increased purchasing power and internal expertise of the combined entity. See, Exhibit TJF-5C, at 00249.*

MERGER FILING Basis for Calculation: *Savings for audit fees are based upon estimated 30% reduction in the audit fee expense for the smaller company. Savings for business management are based on a 75% reduction of the smaller company costs. Legal services were reduced by 20% of the total Merger company expense on the basis that duplicative activities can be eliminated, more work can be performed in-house, and external professional fees can be reduced due too increased purchasing power and internal expertise of the combined entity. See, Exhibit TJF-5C, at 00249.*

Quantification of Savings: To calculate savings for this Report, the Company compared actual costs in 2001 and 2002 to the forecast expense levels in the MERGER FILING. Therefore, merger savings equal the difference between the forecast expense levels and the actual expense levels.

Actual Results: Audit expenses increased slightly in comparison to the forecast due to the increased audit requirements and financial controls under federal law because of recent accounting scandals. Business management consultants showed savings of $(0.3) million compared to targeted savings of $0.8 million and legal costs showed savings of $2.0 million compared to a target of $1.7 million.

NSTAR Merger Savings Report

TABLE I
2002 Synergies Summary

Professional Services	Merger Filing				Actual				Variance	
	2001 Level before synrg.	2002 Level before synrg.	2001 synrg.	2002 synrg.	2001	2002	2001 synrg.	2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G	Col.H	Col.I	Col.J	Col.K
Audit	$0.9	$0.9	$0.1	$0.1	$1.0	$1.1	($0.1)	($0.1)	($0.3)	($0.3)
Business Mgt	5.0	5.3	0.8	0.8	4.7	5.6	0.3	(0.3)	(0.5)	(1.1)
Legal	8.0	8.4	1.6	1.7	5.9	6.4	2.1	2.0	0.5	0.3
Total	$14.0	$14.6	$2.5	$2.6	$11.7	$13.0	$2.2	$1.6	($0.3)	($1.1)

J. Savings Area: Facilities

MERGER FILING Rationale for savings: *The combined company will only need one corporate office. The new company will also consolidate other selected facilities: Service Centers, Garages, Data Centers, Meter Shops and Warehousing. Consolidation of corporate and administrative labor and subsequent personnel reductions will result in reduced office space requirements. Savings will be realized from reduced space requirements at the new facility. Additional opportunities exist to relocate certain non-core corporate functions to underutilized, lower cost facilities in the system and further reduce space requirements at the headquarters building. See, Exhibit TJF-5C, at 00264-67.*

MERGER FILING Basis for Calculation: *Geographically proximate field facilities will be consolidated where feasible. Savings will be realized from the elimination of the operating cost of these facilities and through selling or subletting vacant properties (Framingham, Dedham, Blackstone, Third Street). Corporate space savings are based on corporate labor reductions, weighted average space per employee (250 sqft) and assumed rent price for the new corporate facility ($30.0 per sqft). Both companies currently plan to move corporate facilities to new locations by 01/01/01 regardless of Merger plans. The Merger would allow relocation to a single site. Further space savings at this site result from relocating noncore corporate functions to underutilized, lower cost facilities currently in the system. See, Exhibit TJF-5C, at 00264-67.*

Quantification of Savings: To calculate savings for this Report, the Company compared actual costs in 2001 and 2002 to the forecast expense levels in the MERGER FILING. Therefore, merger savings equal the difference between the forecast expense levels and the actual expense levels.

Actual Results: O&M savings of $4.2 million in 2002 slightly exceeded the MERGER FILING forecast level. The bulk of the savings were forecast to be available as a result of the reduction of costs at the Prudential Center offices. The savings have been less than forecast due to a decrease in the market prices for subletting the floors and relocating the 16th floor from the Prudential Center to the new Summit building in late 2002-03. The Blackstone savings are included in the 2002 result because the sale agreement was signed in late 2002. In terms of the sale of properties, the savings ($17.5 million) greatly exceeded the forecast level ($1.0 million), due in great part to the Blackstone property selling for much more than forecast.

NSTAR Merger Savings Report

TABLE J
2002 Synergies Summary

Facilities	Merger Filing				Actual				Variance	
	2001 Level before synrg.	2002 Level before synrg.	2001 synrg.	2002 synrg.	2001	2002	2001 synrg.	2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G	Col.H	Col.I	Col.J	Col.K
Prudential Tower	$4.3	$4.4	$3.0	$3.1	$4.1	$2.1	$0.2	$2.2	($2.9)	($0.8)
Prudential Complex - Customer Service Center	0.0	0.0					0.0	0.0	0.0	0.0
Prudential Tower, Basement - Storage	0.0	0.0					0.0	0.0	0.0	0.0
Dartmouth Street					0.9	0.8	(0.9)	(0.8)	(0.9)	(0.8)
University Ave.					0.8	0.2	(0.8)	(0.2)	(0.8)	(0.2)
Summit					2.2	3.1	(2.2)	(3.1)	(2.2)	(3.1)
West Street	0.1	0.1					0.1	0.1	0.1	0.1
Arlington Meter Reading	0.0	0.0					0.0	0.0	0.0	0.0
West Roxbury Meter Reading	0.0	0.0					0.0	0.0	0.0	0.0
Hyde Park Revenue Recovery	0.0	0.0					0.0	0.0	0.0	0.0
Fields Corner Customer Service	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0
Mystic Mall Customer Service	0.0	0.0			0.0		0.0	0.0	0.0	0.0
Plymouth - Nuclear Training	0.2	0.2					0.2	0.2	0.2	0.2
Framingham Service Center	0.4	0.4	0.4	0.4	0.1	0.2	0.2	0.2	(0.2)	(0.3)
Hyde Park Service Center	0.2	0.2			0.1		0.1	0.2	0.1	0.2
Maynard Service Center										
Somerville Service Center	0.4	0.4			0.4	0.3	(0.0)	0.1	(0.0)	0.1
Walpole Service Center	0.3	0.3			0.2	0.2	0.2	0.1	0.2	0.1
Woburn Service Center	0.0	0.0					0.0	0.0	0.0	0.0
Waltham Service Center	0.3	0.3			0.4	0.3	(0.1)	0.0	(0.1)	0.0
Boston Service Center - Garage	2.4	2.5			1.2	1.7	1.2	0.7	1.2	0.7
Boston Svc Center - Bldg B										
Boston Svc Center - Bldg A										
Boston Svc Center - Energy Management Center										
Watertown Materials Management Center	2.5	2.6			1.3		1.2	2.6	1.2	2.6
Wareham Central Office	0.8	0.9			0.7	0.3	0.1	0.6	0.1	0.6
Wareham Garage/Facilities Shop	0.2	0.2			0.2	0.2	0.0	0.0	0.0	0.0
Wareham - Carver Road										
Cambridge - Blackstone Street	0.2	0.2	0.2	0.2	0.5	0.3	(0.3)	(0.1)	(0.5)	(0.3)
New Bedford	0.7	0.7					0.7	0.7	0.7	0.7
Plymouth - Summer Street	0.4	0.4			0.3	0.3	0.1	0.1	0.1	0.1
Yarmouth - Willow Street	0.5	0.5			0.5	0.5	0.0	(0.0)	0.0	(0.0)
Orleans	0.0	0.0					0.0	0.0	0.0	0.0
Vineyard Haven/Oak Bluffs	0.1	0.1			0.1	0.0	0.0	0.1	0.0	0.1
Cambridge - Main Street					0.3	0.1	(0.3)	(0.1)	(0.3)	(0.1)
Southboro	0.6	0.6			1.2	0.7	(0.6)	(0.1)	(0.6)	(0.1)
Cambridge	0.4	0.4	0.4	0.4	0.3	0.1	0.0	0.3	(0.3)	(0.1)
Dedham/Hydepark	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	(0.0)	(0.0)
New Bedford	0.7	0.7			0.8	0.7	(0.1)	(0.0)	(0.1)	(0.0)
Plymouth - Samoset Street	0.0	0.0					0.0	0.0	0.0	0.0
Worcester	0.2	0.2			0.2	0.2	0.0	0.0	0.0	0.0
Total	$16.1	$16.5	$4.1	$4.2	$17.0	$12.3	($0.9)	$4.2	($5.0)	$0.0
Capital Savings										
Dedham Garage			$0.3						($0.3)	
Church Street - Vineyard Haven								0.7		0.7
Samoset Street - Plymouth							1.0		1.0	
Nason Street - Maynard (1999)							0.3		0.3	
Bay Ridge Road - Orleans							0.6		0.6	
Bussey St - Dedham										
Blackstone			0.3					14.6	(0.3)	14.6
Third Street Cambridge			0.4						(0.4)	
Total Capital Savings			$1.0				$2.0	$15.3	$0.9	$15.3

K. Savings Area: Shareholder Services

MERGER FILING Rationale for savings: *Cost savings will result through the elimination of duplicative shareholder related activities such as conducting the annual shareholder meeting, proxy services and payment of stock exchange fees. The combination will reduce incremental costs per additional shareholder due to economies of scale. Savings due to shareholder overlap are included. See, Exhibit TJF-5C, at 00321.*

MERGER FILING Basis for Calculation: *Duplicative costs are reduced by the percentage savings realizable through consolidation of fixed cost services. Annual report costs were reduced by 100% of the smaller cost. Proxy services costs were reduced by 100% of the smaller cost. & 5% of the smaller company's annual meeting costs were saved. 75% of the smaller NYSE fees were saved. 25% of all other costs of the smaller company were saved. Stock exchange cost was reduced by 10% of the smaller company cost. See, Exhibit TJF-5C, at 00321.*

Quantification of Savings: To calculate savings for this Report, the Company compared actual costs in 2001 and 2002 to the forecast expense levels in the MERGER FILING. Therefore, merger savings equal the difference between the forecast expense levels and the actual expense levels.

Actual Results: Actual savings exceeded the MERGER FILING forecast by $0.5 million. Actual savings have occurred in both labor and non-labor categories associated with Shareholder Services. On the non-labor side, some savings has occurred due to the combined size of NSTAR (such as the NYSE Stock Listing Fee). However, other costs savings have occurred due to productivity improvements, new contracts negotiated since the Merger (example the Stock Transfer Agent Services Contract), changes in how the area operates (example quarterly reports to shareholders have been eliminated and replaced with one mid-year report).

NSTAR Merger Savings Report

TABLE K
2002 Synergies Summary

	Merger Filing				Actual				Variance	
Shareholder Services	2001 Level before synrg.	2002 Level before synrg.	2001 synrg.	2002 synrg.	2001	2002	2001 synrg.	2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G	Col.H	Col.I	Col.J	Col.K
Stock Transfer	$0.7	$0.7	$0.0	$0.0	$0.4	$0.4	$0.3	$0.3	$0.3	$0.3
Annual Meeting - facility	0.1	0.1	0.0	0.0	0.2	0.1	(0.1)	(0.1)	(0.1)	(0.1)
Annual Meeting - Proxy	0.1	0.1	0.0	0.0			0.1	0.1	0.1	0.1
Annual Report	0.2	0.3	0.1	0.1	0.1	0.1	0.2	0.2	0.1	0.1
Quarterly Report	0.0	0.0	0.0	0.0			0.0	0.0	0.0	0.0
Stock Exchange fees	0.1	0.1	0.0	0.0			0.1	0.1	0.1	0.1
Total	$1.2	$1.3	$0.2	$0.2	$0.6	$0.6	$0.6	$0.7	$0.5	$0.5

L. Savings Area: Vehicles

MERGER FILING Rationale for savings: *The combined company will reduce the total number of corporate A&G employees. Due to this reduction, the new company will use fewer passenger cars. Savings will be realized through reduced total operating costs for passenger cars. See, Exhibit TJF-5C, at 00330.*

MERGER FILING Basis for Calculation: *Savings are based on weighted average passenger car cost per corporate employee $338 and corporate labor reduction (252). See, Exhibit TJF-5C, at 00330.*

Quantification of Savings: To calculate savings for this Report, the Company compared actual costs in 2001 and 2002 to the forecast expense levels in the MERGER FILING. Therefore, merger savings equal the difference between the forecast expense levels and the actual expense levels.

Actual Results: The MERGER FILING forecast vehicle savings of 19 (i.e., from 91 vehicles to 72). The actual savings were 39 vehicles. The additional savings were offset, in part, by an increase in the average cost per unit. The higher cost per vehicle appears to be an understatement of the average cost in 1997 rather than an increase in actual cost. The basis for the 1997 costs was not available but it did not appear to include costs for the vehicles share of fleet mechanic costs, insurances and other miscellaneous vehicle costs.

NSTAR Merger Savings Report

TABLE L
2002 Synergies Summary

Vehicles	Merger Filing				Actual				Variance	
	2001 Level before synrg.	2002 Level before synrg.	2001 synrg.	2002 synrg.	2001	2002	2001 synrg.	2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G	Col.H	Col.I	Col.J	Col.K
Total Cars & Trucks $	$0.5	$0.5	$0.1	$0.1	$0.3	$0.3	$0.2	$0.2	$0.1	$0.1
					Number of VEHICLES					
Trucks										
Asset Management	8	8	2	2	4	4	4	4	2	2
Call Center					1	1	(1)	(1)	(1)	(1)
Economic Development	6	6	1	1			6	6	5	5
Employee Development	1	1					1	1	1	1
Executive Vehicles (not included by TJF for BEC(	18	18	4	4	4	3	14	15	10	11
Government Affairs	3	3	1	1			3	3	2	2
Human Resources					2	2	(2)	(2)	(2)	(2)
NIS Client Support	1	1			2	2	(1)	(1)	(1)	(1)
Corporate Pool Cars	7	7	1	1			7	7	6	6
Safety & Health	5	5	1	1	6	6	(1)	(1)	(2)	(2)
Security	8	8	2	2			8	8	6	6
Volume Service - Sales	9	9	2	2			9	9	7	7
Total Trucks	66	66	14	14	19	18	47	48	33	34
Cars										
Asset Management	2	2			4	4	(2)	(2)	(2)	(2)
Economic Development	1	1					1	1	1	1
Environmental Affairs	1	1			2	2	(1)	(1)	(1)	(1)
Employee Development	1	1					1	1	1	1
Executive Vehicles	1	1			3	5	(2)	(4)	(2)	(4)
Mail Room					1	1	(1)	(1)	(1)	(1)
NIS Client Support	4	4	1	1	5	5	(1)	(1)	(2)	(2)
NIS Network Support					1	1	(1)	(1)	(1)	(1)
Coroporate Pool Cars	3	3	1	1			3	3	2	2
Sales Support	3	3	1	1			3	3	2	2
Volume Service - Sales	9	9	2	2	3	3	6	6	4	4
Total Cars	25	25	5	5	19	21	6	4	1	(1)
Total Cars & Trucks	91	91	19	19	38	39	53	52	34	33
Total Cost $M					$0.328	$0.337				
Average cost per vehicle	$0.005	$0.006			$0.009	$0.009	($0.003)	($0.003)	($0.003)	($0.003)

M. Savings Area: Directors' Fees

MERGER FILING Rationale for savings: *Directors' fees savings not present.*

MERGER FILING Basis for Calculation: *None.*

Actual Results: Overall savings for Directors' Fees exceeded the MERGER FILING forecast by $0.6 million in 2002. Although no savings were forecast in the MERGER FILING, there were significant savings due to the reduction in the number of directors from 24 to 12. Based on the reduction in the number of directors, the savings are $0.6 million in 2002. The average cost per director has risen during this period due, in part, to the added responsibility and risk following the Enron situation and other financial market disclosures.

NSTAR Merger Savings Report

TABLE M
2002 Synergies Summary

Directors Fees	Merger Filing				Actual				Variance	
	2001 Level before synrg.	2002 Level before synrg.	2001 synrg.	2002 synrg.	2001	2002	2001 synrg.	2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G	Col.H	Col.I	Col.J	Col.K
Payments	$0.7	$0.7			$0.6	$0.6	$0.3	$0.6	$0.3	$0.6
Total	$0.7	$0.7			$0.6	$0.6	$0.3	$0.6	$0.3	$0.6
Directors #	24.0	24.0			16.0	12.3	8.0	11.7	8.0	11.7
Average Cost/Director	$0.028	$0.029			$0.039	$0.050	$0.039	$0.050	$0.039	$0.050

Note: Savings are based on the reduction in the number of directors

N. Savings Area: Association Dues

MERGER FILING Rationale for savings: *Savings were calculated from both the EEI membership dues model and other dues. EEI's dues model includes decreased rates after the first 500,000 customers and $500 million in electric revenue, decreasing the cost for the combines new company with greater revenue and a larger customer base as compared with two stand-alone companies. See, Exhibit TJF-5C, at 00338.*

MERGER FILING Basis for Calculation: *The new company will have over 367 thousand customers and $500 million dollars of electric revenue that now qualify for the lower rate in the EEI dues calculation model. Of the 1,029,345 million new company combined customers, 500 thousand are subject to the higher rate versus 867 thousand in the combined companies. Of the $2,465 million in electric revenue, $500 million rather than $1 billion is now subject to the higher rate. 10% of the association dues were reduced from the combined company for assumed overlap. See, Exhibit TJF-5C, at 00338.*

Quantification of Savings: To calculate savings for this Report, the Company compared actual costs in 2001 and 2002 to the forecast expense levels in the MERGER FILING. Therefore, merger savings equal the difference between the forecast expense levels and the actual expense levels.

Actual Results: Overall savings for Association Dues exceeded the MERGER FILING forecast by $0.2 million in 2002, primarily because the reduction in EEI dues was greater than forecast. The MERGER FILING summary included Corey Associates in error as this was a public-relations expense and it also excluded several other dues, most of which were associated with the gas business. Therefore, other than EEI dues, there was not significant overlap between the two companies. Additional savings arose mainly from the increases in dues being lower than forecast.

NSTAR Merger Savings Report

TABLE N
2002 Synergies Summary

Association Dues	Merger Filing				Actual				Variance	
	2001 Level before synrg.	2002 Level before synrg.	2001 synrg.	2002 synrg.	2001	2002	2001 synrg.	2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G	Col.H	Col.I	Col.J	Col.K
Edison Electric Institute	$0.8	$0.8	$0.2	$0.2	$0.5	$0.5	$0.2	$0.2	$0.0	$0.0
Greater Boston Chamber of Commerce	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0
AIM	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0
Corey Associates (incl in public relations)			0.0	0.0					(0.0)	(0.0)
Boston Municipal Research Bureau	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)
Massachusetts Business Roundtable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Massachusetts Insight	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)
Mass Taxpayers Foundation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NE Council	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)
Jobs for Mass	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0
Greater Boston C&V Bureau	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0
Env Business Council	0.0	0.0	0.0	0.0			0.0	0.0	0.0	0.0
Flanagan	0.0	0.0	0.0	0.0			0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	$1.0	$1.0	$0.2	$0.2	$0.7	$0.7	$0.3	$0.3	$0.0	$0.0
Items not included in TJF analysis										
American Gas Association	0.2	0.2			0.1	0.2	0.1	0.1	0.1	0.1
New England Gas Association	0.2	0.2			0.2	0.2	0.0	0.0	0.0	0.0
Cambridge Cahmber of Commerce	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0
Massachusetts High Tech Council	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0
National Association of Industrial & Office Pı	0.0	0.0			0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)
Massachusetts Alliance for Economic Develo	0.1	0.1			0.1	0.1	0.0	0.0	0.0	0.0
Worcester Regional Chamber of Commerce	0.0	0.0				0.0	0.0	0.0	0.0	0.0
Worcester Mun Research Bureau	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0
Total	$1.5	$1.5	$0.2	$0.2	$1.1	$1.1	$0.4	$0.4	$0.2	$0.2

O. Savings Area: R&D

MERGER FILING Rationale for savings: *Not applicable.*

MERGER FILING Basis for Calculation: *Not present.*

Actual Results: The Companies had no R&D function and therefore no merger-related synergies

NSTAR Merger Savings Report

TABLE O
2002 Synergies Summary

	Merger Filing				Actual				Variance	
R&D	2001 Level before synrg.	2002 Level before synrg.	2001 synrg.	2002 synrg.	2001	2002	2001 synrg.	2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G	Col.H	Col.I	Col.J	Col.K
R&D	$0.0	$0.0							$0.0	$0.0
Total	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0

P. Savings Area: Credit Facilities

MERGER FILING Rationale for savings: *Neither of the companies fully utilizes their respective credit lines. The combined company will be in a better position to schedule its cash flow needs and will be able to reduce the level of combined credit lines. Savings will be realized through avoided commitment fees on the underway credit lines. See, Exhibit TJF-5C, at 00353.*

MERGER FILING Basis for Calculation: *The reduction in the combined credit lines will be $60 million. The commitment fees for this amount, based on current credit rating is $331,000. See, Exhibit TJF-5C, at 00353.*

Quantification of Savings: The calculation of savings varied from the method used in the majority of the Report where total actual costs are compared to total forecast costs. This is because the overall lines of credit increased significantly, resulting in an increase of total actual commitment fees as compared to the MERGER FILING forecast. However, without the rate decrease commitment fee, costs would have increased by an even larger amount. The total commitment fees increased because the cash requirement increased the required level of the credit lines. The cash flow requirement was driven by the increase in deferrals of Transmission, Transition, Standard Offer and Default Service.

Actual Results: Merger savings were calculated based on the reduction in the commitment fees. The NSTAR commitment fee dropped from 0.14% to 0.125% and the commitment fees for Boston Edison and Commonwealth also declined.

NSTAR Merger Savings Report

TABLE P
2002 Synergies Summary

Credit Facilities	Merger Filing				Actual				Variance	
	2001 Level before synrg.	2002 Level before synrg.	2001 synrg.	2002 synrg.	2001	2002	2001 synrg.	2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G	Col.H	Col.I	Col.J	Col.K
Commitment Fee	$0.6	$0.6	$0.2	$0.2	$1.2	$1.2	$0.2	$0.3	$0.1	$0.1
Total	$0.6	$0.6	$0.2	$0.2	$1.2	$1.2	$0.2	$0.3	$0.1	$0.1

1. Size of Lines

NSTAR			$450	$440	$450	$440
BECo revolver/lines	$200	$200	$350	$350	$350	$350
CES Regul unused portion only	$145	$145	$178	$174	$178	$174
Commitment fee percentages						
NSTAR (assume same as BECo)	0.14%	0.14%	0.125%	0.123%	0.01%	0.02%
BECo	0.14%	0.14%	0.099%	0.087%	0.04%	0.05%
CES Regulated	0.21%	0.21%	0.180%	0.180%	0.03%	0.03%
Commitment Fee Savings						
NSTAR	$0.000	$0.000	$0.570	$0.548	$0.058	$0.081
BECO	0.276	0.283	0.352	0.308	0.134	0.189
CES	0.300	0.308	0.325	0.317	0.047	0.056
Total	$0.576	$0.590	$1.247	$1.173	$0.239	$0.325

NSTAR Merger Savings Report

Q. Savings Area: Purchasing Economies – Materials & Supply Procurement

MERGER FILING Rationale for savings: *Savings will be realized in increased standardization, purchasing power, and vendor consolidation. See, Exhibit TJF-5C, at 00361.*

MERGER FILING Basis for Calculation: *Annual purchases were reduced by 6.7% of combined expenditures. Savings were slightly higher for stock/standard materials (7%) due to differences in the level of standardization possible across these categories. Savings for engineered materials were slightly lower (5%) due to the level of specialization. This savings results from vendor consolidation and increased purchasing power due to higher volume orders for common materials. 70% of procurement savings were capitalized based on a weighted average capitalization rate for the two companies. See, Exhibit TJF-5C, at 00361.*

Actual Results:

Commodity Category	Supplier	2001 Savings over AUP	2002 Savings over AUP	Total Savings by Commodity over AUP
Billing Materials / Envelopes / Checks	Relizon		$98,806	$98,806
Copier Services - Interim Agreement	Ikon	$78,000		$78,000
Gas Service Parts	Connolly Distribution		$2,489	$2,489
Millenium PO/IC/AP Software Maint.	Dun & Bradstreet	$22,663	$22,663	$45,326
Office Supplies	Staples	$20,005	$15,360	$35,365
Plastic Pipe Gas Distribution	Performance Pipe		$18,542	$18,542
Poleline hardware, lighting & hand tools	WESCO	$142,000	$42,000	$184,000
Procurement Card - Incentive Rebate	Bank One	$17,388	$15,323	$32,711
Recycling & Disposal	Browning Ferris Ind. Inc.		$193,672	$193,672
Recycling & Disposal	Transformer Decommissioning	$2,390	$34,655	$37,045
Scrap metals & cable	Bristol Metals		$150,000	$150,000
Transformers CH Distribution	Kuhlman Electric		$365,532	$365,532
Transformers Padmount Distribution	Howard Industries		$104,843	$104,843
Wire & Cable	Rome Cable / Arthur Hurley Co.	$386,465	$373,910	$760,376
Savings Over Average Unit Price (AUP)		$668,912	$1,437,796	$2,106,708
Negotiated Savings - Contracts & PO's *		$678,837	2,317,520	$2,996,357
Total Annual Savings		$1,347,749	$3,755,316	$5,103,065

Although purchasing statistics show that average unit prices have decreased, the total actual overall cost has increased due to an increase in the number of units purchased. The increase in the number of units purchased (and the resulting increased in overall cost) is a function of the Company's system reliability efforts. Capital additions to electrical distribution and general plant increased from $100 million in 1998 to $225 million in 2002. Therefore, although the Company believes that substantial savings have been achieved on a per-unit basis because of increased purchasing power, the Company has not factored these savings into the calculation of savings in this Report. It should also be noted that the increased costs in this area because of increased capital investment reduce overall savings calculated in this Report.

NSTAR Merger Savings Report

Table Q
2002 Synergies Summary

	Merger Filing				Actual				Variance	
Procurement	2001 Level before synrg.	2002 Level before synrg.	2001 synrg.	2002 synrg.	2001	2002	2001 synrg.	2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G	Col.H	Col.I	Col.J	Col.K
Engineered	$6.8	$7.0	$0.3	$0.3	$9.1	$8.3	($2.3)	($1.3)	($2.6)	($1.6)
Stock	36.4	37.3	2.5	2.6	48.5	44.2	(12.1)	(6.9)	(14.7)	(9.5)
Consumables	2.3	2.3	0.2	0.2	3.0	2.8	(0.8)	(0.4)	(0.9)	(0.6)
Total	$45.5	$46.6	$3.0	$3.1	$60.6	$55.2	($15.2)	($8.6)	($18.2)	($11.7)
O&M 30%	13.6	14.0	0.9	0.9	18.2	16.6	(4.5)	(2.6)	(5.5)	(3.5)
Capitalized 70%	31.8	32.6	2.1	2.2	42.4	38.6	(10.6)	(6.0)	(12.7)	(8.2)

R. Savings Area: Purchasing Economies - Inventory

MERGER FILING Rationale for Savings: *A combined entity would realize a one-time inventory reduction due to inventory duplication. See, Exhibit TJF-5C, at 00372.*

MERGER FILING Basis for Calculation: *Transmission and Distribution inventories were combined and then reduced by 2% for low-turn items (spare parts) and 10% for high turn items. A weighted average, fixed charge cost of 10.5% was applied to this amount. This savings results from avoiding the carrying cost of the one time reduction. See, Exhibit TJF-5C, at 00372.*

Quantification of Savings: To calculate savings for this Report, the Company compared actual inventory levels as presented in the Company's FERC Form 1 and 2 to the levels forecast in the MERGER FILING.

Actual Results: The reduction in inventories was significant due to the standardization of inventories and the consolidation of facilities. Consolidation of facilities is discussed in Section J.

NSTAR Merger Savings Report

TABLE R
2002 Synergies Summary

	Merger Filing				Actual				Variance	
Inventory	2001 Level before synrg.	2002 Level before synrg.	2001 synrg.	2002 synrg.	2001	2002	2001 synrg.	2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G	Col.H	Col.I	Col.J	Col.K
Electric Inventory	$27.5	$28.2	$1.4	$1.4	$20.8	$19.9	$6.7	$8.3	$5.3	$6.9
Cable & Wire	3.4	3.5								
Distribution Transformers	2.9	3.0								
Electric Operations	8.2	8.4								
Network Transformers	1.9	2.0								
Meters	1.4	1.4								
Misc Tools & Operating Materials	5.9	6.1								
Spare Parts	3.7	3.8								
Total Inventory	$27.5	$28.2	$1.4	$0.0						
Beco (Ferc Form 1 page 227)					15.5	13.3				
Cambridge(Ferc Form 1 page 227)					0.3	0.3				
Commonwealth(Ferc Form 1 page 227)					5.0	6.3				

S. Savings Area: Contract Services

MERGER FILING Rationale for savings: *The combined company will consolidate and reduce contract services activities through economies of scope and elimination of non-recurring duplicate services, such as tree trimming and construction. See, Exhibit TJF-5C, at 00379.*

MERGER FILING Basis for Calculation: *Contract Services were calculated by reducing the smaller company's costs by 10% to reflecting economies of scale arising from the ability to negotiate a lower unit cost with contractor or replacing existing contracts. This opportunity is available due to the geographical density and overlapping population of contractors. See, Exhibit TJF-5C, at 00379.*

Quantification of Savings: To calculate savings for this Report, the Company compared actual costs in 2001 and 2002 to the forecast expense levels in the MERGER FILING. On an overall basis, the Company experienced an increased in costs in this area because of increased capital investment. In the Report, this increase in costs reduces overall savings and no savings attributable to the per-unit cost savings made possible as a result of the merger are included in the analysis presented in this Report.

Actual Results:

The Company's analysis of purchasing statistics show that average unit prices have decreased as a result of the merger and the increased purchasing power that comes from the combination of the Boston Edison and COM/CAM service territories. However, the total actual overall cost has increased because of the increase in the number of units purchased to meet system reliability requirements. Specifically, capital additions to electrical distribution and general plant increased from $100 million in 1998 to $225 million in 2002. Therefore, although the Company believes that significant savings have been achieved in this area on a per-unit basis, the Company has not incorporated those savings into the calculations set forth in the Report.

The Company's review showed that contract negotiations have resulted in merger-related purchasing economies as follows:

		2001	2002
Negotiated Savings - Contracts & Purchase Orders		$678,837	$2,317,520

Because the quantification of savings is based on actual costs in 2001 and 2002, the overall reduction in costs in this category is less than forecast in the MERGER FILING because of increased purchases.

NSTAR Merger Savings Report

TABLE S
2002 Synergies Summary

Contract Services	Merger Filing				Actual				Variance	
	2001 Level before synrg.	2002 Level before synrg.	2001 synrg.	2002 synrg.	2001	2002	2001 synrg.	2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G	Col.H	Col.I	Col.J	Col.K
O&M Allocation										
Total Expenditure	$58.2	$60.9	$0.8	$0.9	$63.6	$61.7	($5.5)	($0.9)	($6.3)	($1.7)
Total O&M	$20.4	$21.3	$0.3	$0.3	$22.3	$21.6	($1.9)	($0.3)	($2.2)	($0.6)
Total Capital	$37.8	$39.6	$0.5	$0.6	$41.4	$40.1	($3.6)	($0.6)	($4.1)	($1.1)

T. Savings Area: Energy Sourcing

MERGER FILING Rationale for savings: *The combined company will have a lower coincident peak than the sum of the two stand-alone companies. The effect of system diversity allows for a reduction in overall demand charges throughout each year. See, Exhibit TFJ-5C, at 00388.*

MERGER FILING Basis for Calculation: *Hourly load date for the two companies was examined to identify non-coincident and coincident maximum demand. The resulting peak demand reduction (due to diversity) was multiplied by a market demand charge to determine the resultant savings. See, Exhibit TFJ-5C, at 00388.*

Actual Results: Load diversity from the different load and peaking profiles between the Boston Edison and Cambridge/Commonwealth systems provided reductions of 24 megawatts ("MW"), 161 MW and 112 MW for the years 2000, 2001 and 2002 respectively. The monthly value of the capacity is based on a proposal by a qualified vendor dated August 29, 2001 for the period January 2002 through December 2002 values the benefit at $0.1 million, $1.0 million and $0.5 million for the three years. This value is reduced by the percentage of the supply provided by competitive suppliers.

In addition to the savings forecast by Mr. Flaherty, NSTAR identified savings from the additional purchasing power of the combined system. NSTAR was able to obtain additional savings in the Default Service and Standard Offer negotiations in 2002 for service in 2003. The discount obtained was $1.35/MWh for both services for awarding both to one supplier. This resulted in customer savings of $5.3 million for Default Service and $13.1 million for Standard Offer.

NSTAR Merger Savings Report

TABLE T

2002 Synergies Summary

	Merger Filing				Actual				Variance	
Energy Sourcing	2001 Level before synrg.	2002 Level before synrg.	2001 synrg.	2002 synrg.	2001	2002	2001 synrg.	2002 synrg.	2001 Actual vs Merger Filing	2002 Actual vs Merger Filing
Col.A	Col.B	Col.C	Col.D	Col.E	Col.F	Col.G	Col.H	Col.I	Col.J	Col.K
Coincident peak savings			$1.0	$0.9			$0.9	$0.5	($0.0)	($0.4)
Purchasing Savings	1,278.3	1,338.4			1,805.5	1,777.6	18.3	18.3	18.3	18.3
Total	$1,278.3	$1,338.4	$1.0	$0.9	$1,805.5	$1,777.6	$19.2	$18.8	$18.3	$17.9
Workpaper										
Other Power-Total Expenses										
Commonwealth (FF1 Page 321. Line 8)					$344.6	$406.1				
Cambridge(FF1 Page 321. Line 8)					118.9	117.1				
Gas (FF2 page 46 line 14)					251.5	188.1				
BECo(FF1 Page 321. Line 8)					1,090.5	1,066.2				
Total power expense					$1,805.5	$1,777.6				

Peak load reduction MW	161MW	112MW
Purchasing price reduction $1.35/MWh	$18.30	$18.30

U. Savings Area: Costs to Achieve

MERGER FILING Rationale for costs: *Merger savings, in some instances, require a certain level of out of pocket expenditures in order to be achieved. Costs to achieve are an inherent component of any merger transaction and are necessary to complete a transaction successfully and/or produce the level of intended benefits. See, Exhibit TJF-5C, at 00392.*

MERGER FILING Basis for Calculation: *Costs to achieve, estimated at $111 million, are cash expenditures that are directly related to pursuing or executing the transaction and have the effect of reducing the level of distributable benefits. These costs reflect out-of-pocket cash payments and usually are one-time payouts incurred as a result of the merger. The costs to be incurred were estimated in conjunction with the consolidation requirements and cost savings identified to be achieved. Costs to achieve were categorized as follows: separation, systems consolidation, facilities integration, directors and officers tail coverage liability, internal and external communications, transition costs, transaction costs, relocation costs, telecommunications costs and regulatory process costs. See, Exhibit TJF-5C, at 00060-65, 00392.*

- *Separation and relocation costs were anticipated based on the estimated reduction in the work force.*
- *Systems consolidation and telecommunication costs were estimated to integrate the information technology and services functions of the company.*
- *Regulatory process costs were costs incurred for preparation and pursuit of regulatory filings to the Securities and Exchange Commission, Federal Energy Regulatory Commission, the Department of Justice and the Rate Plan before the Department of Telecommunications and Energy.*
- *External and internal communication costs reflect costs incurred to disseminate merger information to various stakeholders of the individual organizations and the combined company.*
- *Transaction costs represent amounts paid to investment bankers for assistance in transaction structuring and negotiation as well as certain legal assistance.*
- *Transition costs include the use of outside professional firms to assist in the integration of the combined company and other expenses.*
- *Facilities integration costs reflect estimated costs to reconfigure workspace.*
- *Directors and offices tail coverage liability covers incremental additions to premiums paid to protect directors and officers.*

Actual Results: Actual costs to achieve the merger totaled $154 million as compared to the MERGER FILING estimate of $135 million. The primary factor for the difference in costs to achieve was greater than forecast number of employees who elected to participate in the Company's voluntary severance program.

a. INTEGRATION COSTS

Separation programs: The separation costs for non-executive employees were greater than forecast. The forecast estimate was based on 357 non-executive employees leaving the Company at the time of the merger. Of the 357 forecast separations, it was estimated that 12 of those employees would leave on their own not collecting severance, for a net total of 345 forecast separations. The Company also estimated that 166 people expected to leave through normal attrition prior to the merger taking place would not stay on to take advantage of the severance program. The average years of service was estimated at 17 years. The weighted average salary was approximately $60,250 for those employees being provided severance. Additional state and federal taxes of 9 percent were added. Lastly, the Company estimated that separating employees would be provided 9 months of benefits at 42.4 percent of base salary. See, Exhibit TJF-5C, at 00392-407.

In fact, 638 individuals elected to take a voluntary separation package and were provided severance payments. Although this resulted in the Company achieving cost savings greater than forecast (in relation to 60 employees), it did not anticipate that those employees that were intending to leave as part of natural attrition would stay on to take advantage of the severance program. The average years of service for these employees was actually 22.5 years with an average salary of approximately $58,800. The severance package offered was generally for 2.5 weeks of pay for each year of service with 9 months of medical insurance at current active employee cost per month. Employees received $43.3 million in cash payments or a combination of cash payments and enhanced pension benefits. Federal and state payroll taxes amounted to $1.4 million. The continuing cost of medical benefits was not measurable because NSTAR is self-insured and employee costs were not easily identifiable. Therefore, no costs for medical benefits were charged as a Cost to Achieve.

Executive separation: The cost of executive separation was estimated based on 5 executives leaving the companies as a result of the merger. The Company estimated that $5.8 million, representing 3 years salary, would be expended as severance for these executives. A total of five senior executives left the Company, of which approximately $1.1 million was charged to Costs to Achieve. In addition, approximately $6 million was booked to goodwill. Individual agreements were made with each executive. These agreements were for three of the senior executives at COM/Energy and were recognized as contingencies at the time of the merger. Under the rules of APB 16, the Company had one year to resolve them, and under GAAP accounting the Company recognized these agreements as adjustments to the purchase price, which therefore, affected goodwill.

NSTAR Merger Savings Report

Separation Assistance Programs: The Company estimated that there would be expenditures of approximately $1,000,000 for outside vendor support for employee separation assistance. The Company devoted additional resources to the separation assistance program to provide the most effective transition for employees primarily through the services of Mercer, Watson Wyatt and Career Planning Management.

Pension Settlement, Pension Curtailment and PBOP Curtailment: The Company also experienced additional costs not included in Mr. Flaherty's original study. As a result of accounting requirements for Pension and Post Retirement Benefit Obligation, certain charges were recognized to account for the significant number of employees leaving the Company.

Retention Costs: The Company managed to retain its key employees through the merger transition period without requiring the use of retention payments, which were forecast to be $30,000 for 100 employees.

Relocation Costs: The Company managed to retain its key employees without paying for relocation, which was forecast to be 20 employees relocating at a cost of $50,000 per employee.

Facilities Reconfiguration: Although the Company incurred expenses for temporary accommodation while consolidating facilities (see "J. Savings Area Facilities" – facilities comments on University avenue and Dartmouth Street), the Company chose to expense those costs thereby limiting the overrun of the forecast for Costs to Achieve. The small amount of money booked to Cost to Achieve is mainly for moving expenses.

Systems Integration Costs: Significant systems consolidation and integration costs were expended as explained in "Ha Savings Area: Information Systems – Capital". Major vendors were IBM ($14 million); INDUS ($7 million); Hunter Cedar ($3 million) and Lucent Technologies ($3 million). In total, however, the costs booked to "Costs to Achieve" are $7 million below the forecast level. Other systems that were contemplated in the forecast were the consolidation of the radio systems (which has not taken place) and the Customer Care operator GUI interface, which will be accomplished through the Galaxy project.

Telecommunications Integration Costs: The cost to bridge the two companies' telecommunications systems was forecast as $100,000 to tie the switches together and $150,000 for the public data networks in the first year, with $50,000 per year in subsequent years for hardware lease costs. These costs were managed and/or absorbed by the Company, with the exception of payments of $140,000 to Verizon; $60,000 to TelCo Research; and other smaller payments totaling $30,000. There are no ongoing costs being booked to Costs to Achieve.

b. **TRANSACTION COSTS**

Bankers Fees: Bank fees were estimated by applying rates developed through contractual fee arrangements to the estimated market value of the transaction, consistent with standard business practice. The fees were accurately estimated.

Legal Fees: The legal fees for the merger were substantially less than projected.

Registration: The MERGER FILING forecast a re-registration of the merged company stock whereas the BEC stock was used for the acquisition of CES. The name was subsequently changed to NSTAR. The only transaction filing costs were $91,000 at the Federal Trade Commission, $14,000 to the Commonwealth of Massachusetts and $31 to the DTE.

Consultants: The costs for consultants were less than projected because of successful communication among the two consultants, Deloitte Touche and Price Waterhouse Coopers, and the merged companies.

c. **OTHER**

Directors and Officers Tail Coverage: The costs for Directors and Officers Tail Insurance Coverage was assumed to be 1.5 times the annual directors and officers liability premiums for the two merging companies. The actual cost was significantly less than projected because of the work of the Company's insurance department. The merger provided significant economies of scale and increased purchasing power. Further details can be found in "G. Insurance".

Internal and External Communications were consistent with the forecast level.

d. **REGULATORY PROCESS COSTS**

Legal Fees: Legal fees for regulatory approvals were significantly below the MERGER FILING forecast of $4 million.

Registration – SEC S4: The costs for registering with the Securities and Exchange Commission were forecast accurately.

Consultants: The costs for consultants relating to regulatory processes were forecast accurately.

e. **TRANSITION COSTS**

Consultants Costs: The costs for consultants engaged in assisting in the implementation of merger-related synergies were as budgeted. Deloitte Touche ($4.5 million of the $7.1 million total cost) led the "process teams" that were set up to identify the synergies and implement the new systems. Additional services were provided by Equiserve for stock transfer agent at $0.7 million; RR Donnelly for printing proxy statements at $0.6 million; DF King for proxy solicitation at $0.6 million; and Covington Burlington for employee benefit matters at $0.3 million.

Other costs were incurred for travel expenses for consultants and meals, which were not forecast and totaled $0.1 million.

TABLE U

Summary of Merger Costs

Cost to achieve analysis All $'s in Millions	Estimated Costs per MERGER TESTIMONY			Actual Costs			Total Variance
	Deductible	Non-Deductible	Total	Deductible	Non-Deductible	Total	to TESTIMONY
Separation Costs							
Separation Programs	10.2	10.2	20.4	45.0		45.0	(24.6)
Executive Separation	2.9	2.9	5.8	1.1		1.1	4.6
Separation Assistance Programs	0.5	0.5	1.0	2.7	0.0	2.7	(1.7)
Pension & PBOP Settlement & Curtailment				32.2		32.2	(32.2)
Retention Costs	3.0		3.0				3.0
Relocation Costs	0.5	0.5	1.0				1.0
Facilities Reconfiguration	0.8	0.8	1.5	0.0		0.0	1.5
Systems Integration Costs	44.7		44.7	37.6		37.6	7.1
Telecommunications Integration Costs	0.7		0.7	0.2		0.2	0.5
Transaction Costs							
Banker's Fees		10.1	10.1	0.2	10.0	10.2	(0.1)
Legal Fees		4.0	4.0	0.7		0.7	3.3
Registration		2.0	2.0	0.1		0.1	1.9
Consultants		1.0	1.0	0.1	0.4	0.4	0.6
Other							
Directors & Officers Tail Coverage	1.9		1.9	0.5		0.5	1.4
Internal and External Communications	2.0		2.0	0.4	1.6	2.0	(0.0)
Regulatory Process Costs							
Legal Fees		4.0	4.0	0.6	1.5	2.1	1.9
Registration - SEC (S4)		0.8	0.8	0.0	0.8	0.8	0.0
Consultants		0.3	0.3	0.2	0.0	0.2	0.0
Transition Costs							
Consultants	7.0		7.0	4.9	2.1	7.1	(0.1)
Other				0.1		0.1	(0.1)
Total - Outside Costs	**74.1**	**37.0**	**111.1**	**126.6**	**16.4**	**143.0**	**(32.0)**
Tax Effected*	**74.1**	**60.8**	**134.9**	**126.6**	**27.1**	**153.6**	**(18.7)**

*Note: a tax effect rate of 1.6454 is applied to non-deductible costs to "gross-up" these costs for ratemaking purposes

NSTAR Merger Savings Report

NSTAR Analysis of Merger Costs **From NSTAR Tax Department**

Vendor	Description	Total Capitalized	BEC	CES
Watson Wyatt	Benefits Consulting	$ 0.0		$ 0.0
Goldman Sachs	Financial Advisors	5.4	5.4	
SG Barr Devlin	Financial Advisors	4.6	0.1	4.5
Clark Goward	Name Change	1.6	1.6	
Reed Consulting	Regulatory Consultants	0.0	0.0	
SEC	Merger Filings	0.8	0.8	
Keegan, Werlin & Pabian	Regulatory Legal Review	0.1	0.0	0.1
LeBeouf Lamb	Merger Legal Review	0.8		0.8
Ropes & Gray	Merger Legal Review	0.6	0.6	0.0
Other Consultants& Misc	Miscellaneous	0.2	0.2	
PricewaterhouseCoopers	Merger Agreement Review	0.1	0.1	
American Bank Note Co.	Prepare Stock Certificates	0.1	0.1	
Federal Trade Commission	Filing Fees	0.1	0.0	0.0
Arthur Andersen	Accounting Review	0.2	0.2	0.0
Deloitte & Touche	Process Team/Synergy Support	0.6	0.4	0.2
DF King	Proxy Solicitation	0.3	0.3	
Equiserve	Proxy Solicitation	0.6	0.6	
RR Donnelly	Proxy Solicitation	0.6	0.6	
		$ 16.4	$ 10.8	$ 5.6