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October 6, 2004

Mary L. Cottrell, Secretary
Department of Telecommunication and Energy
One South Station, 2nd Floor
Boston, MA 02202

Re: D.T.E. 04-61 – Petition of Boston Edison Company and Commonwealth Electric Company for Approvals Relating to the Termination of Power Purchase Agreements with MASSPOWER

Dear Secretary Cottrell:

Enclosed please find the responses of Boston Edison Company d/b/a NSTAR Electric ("Boston Edison") to discovery questions asked by the Attorney General and the Department of Telecommunications and Energy in the above-referenced proceeding, as listed on the following Discovery Log. Please note that certain documents that are responsive to these questions are confidential and are being filed under separate cover with the Attorney General and the Hearing Officer only.

Thank you for your attention to this matter.

Very truly yours,

John K. Habib

John K. Habib

Enclosures

cc: Service List
Joan Foster Evans, Hearing Officer (2)
Colleen McConnell, Assistant Attorney General (2)

LOG OF RESPONSES FILED

D.T.E. 04-61

October 6, 2004

Response	Status	Other
DTE-1-1	Filed October 5	Attachment DTE-1-1 **CONFIDENTIAL CD-ROM**
DTE-1-2	Filed October 5	Attachment DTE-1-2 **CONFIDENTIAL CD-ROM**
DTE-1-3	Filed October 5	Attachment DTE-1-3 **CONFIDENTIAL CD-ROM**
DTE-1-4	Filed October 5	Attachment DTE-1-4 **CONFIDENTIAL CD-ROM**
DTE-1-5	Filed October 5	Attachment DTE-1-5 **CONFIDENTIAL CD-ROM**
DTE-1-6	Filed October 5	
DTE-1-7	Filed October 5	Attachment DTE-1-7 (a) and (b), each **CONFIDENTIAL CD-ROM**
DTE-1-8	Filed October 5	
DTE-1-9	Filed Herewith	Attachment DTE-1-9 **CONFIDENTIAL CD-ROM**
DTE-1-10	Filed October 5	
DTE-1-11	Filed October 5	Exhibit BEC-GOL-2 through 8, each **CONFIDENTIAL CD-ROM**
DTE-1-12	Filed October 5	Exhibit COM-GOL-2 through 8, each **CONFIDENTIAL CD-ROM**
DTE-1-13		
DTE-1-14		
DTE-1-15	Filed Herewith	
DTE-1-16	Filed Herewith	Attachments DTE-1-16 (a) through (e), each **CONFIDENTIAL CD-ROM**
DTE-1-17	Filed October 5	
DTE-1-18	Filed October 5	Attachments DTE-1-18 (a) and (b)
DTE-1-19	Filed October 5	Attachments DTE-1-19 (a) and (b)
DTE-1-20	Filed October 5	
DTE-1-21	Filed October 5	
DTE-1-22	Filed October 5	
DTE-1-23	Filed October 5	
DTE-1-24	Filed October 5	
DTE-1-25	Filed October 5	
DTE-1-26	Filed October 5	
AG-1-1	Filed Herewith	Attachments AG-1-1 (a) through (f)
AG-1-2	Filed Herewith	
AG-1-3	Filed Herewith	
AG-1-4	Filed Herewith	Attachment AG-1-4 (a) Attachment AG-1-4 (b) **CONFIDENTIAL**

Response	Status	Other
AG-1-5		
AG-1-6	Filed Herewith	
AG-1-7	Filed Herewith	
AG-1-8	Filed October 5	
AG-1-9	Filed October 5	Attachment AG-1-9
AG-1-10	Filed Herewith	
AG-1-11		
AG-1-12		
AG-1-13	Filed Herewith	
AG-1-14	Filed Herewith	
AG-1-15	Filed Herewith	
AG-1-16	Filed Herewith	
AG-1-17	Filed Herewith	
AG-1-18	Filed Herewith	
AG-1-19	Filed Herewith	
AG-1-20	Filed Herewith	
AG-1-21	Filed Herewith	Attachment AG-1-21 **CONFIDENTIAL**
AG-1-22	Filed Herewith	
AG-1-23	Filed Herewith	
AG-1-24	Filed Herewith	
AG-1-25	Filed Herewith	
AG-1-26	Filed Herewith	
AG-1-27	Filed Herewith	
AG-1-28	Filed Herewith	
AG-1-29	Filed Herewith	
AG-1-30	Filed Herewith	
AG-1-31	Filed Herewith	
AG-1-32	Filed Herewith	
AG-1-33	Filed Herewith	
AG-1-34	Filed Herewith	
AG-1-35		
AG-1-36	Filed Herewith	Attachment AG-1-36 **BULK**
AG-1-37	Filed October 5	
AG-1-38	Filed October 5	
AG-1-39	Filed Herewith	
AG-1-40		
AG-1-41		

Information Request DTE-1-9

Refer to Exh. NSTAR-RBH at 18, lines 3-5. Please explain how MASSPOWER was involved in the auction process. Provide copies of all communication between CEA, NSTAR and MASSPOWER relating to the auction and the termination or buy down of the contracts.

Response

CEA contacted MASSPOWER in late fall of 2003 and in February 2004, MASSPOWER signed a confidentiality agreement with NSTAR Electric and entered the auction process. MASSPOWER submitted an initial bid to NSTAR in March of 2004 and a final bid in April of 2004. Please see Attachment DTE-1-9 **CONFIDENTIAL CD-ROM** for a copy of communications among CEA, NSTAR and MASSPOWER.

Information Request DTE-1-15

Refer to Exhibit NSTAR-GOL-2, line 7 on page 1. Please provide a narrative explaining why the estimated income tax payments associated with the recovery of securitization principle must be present valued. In addition, please provide a detailed calculation of the present value amount of $117,165.

Response

The objective of the securitization is that all benefits (and costs) flow to the customers and the Company is held harmless from the securitization. All the cash flows associated with the securitization are present valued at the securitization rate to arrive at the securitization amount.

The Company recovers in rates the principal payments of the securitized debt from customers each month over the securitization period of eight years. As the Company receives the revenue, it pays federal and state taxes because the income is taxable but there is no current offsetting tax deductible expense (this is in contrast to the interest revenue which is equally offset by interest expense in the same period – thus no net tax impact). The tax offset to the principal revenue is the tax deductibility of the buyout, which occurs when the buyout takes place (see Information Request DTE-1-14). The amounts differ slightly because the securitization is not exactly the same as the buyout amount due to the difference in present valuing the tax streams. These taxes are cash payments made by the Company that must be recovered from customers so that the Company will be kept whole. The cash payments will be made over an eight year period and are present valued so that their impact can be included in the up front securitization amount.

For a detailed calculation of the present value amount of $117.165 million ($91.712 million for BECo and $25.453 million for COM) on Exhibit NSTAR-GOL-2, line 7 on page 1, please refer to page 2, line 1 columns H & I as shown on the reference. The reference on columns H and J on page 2 state "Cols. K and L * the effective tax rate P.4 line 15". This is incorrect and it should have read "Cols. J and K * the effective tax rate

P.5". The explanation in my testimony page 22 gives a better explanation of how the taxes are calculated[1].

An example of the tax calculation for BECo for the year 2006 may be useful. First the annual revenue is calculated from column J – the principal monthly payments. Since the monthly payment is $2.951678 million (rounded in column J), the annual payment is twelve times the amount or $35.420 million.

- In March 40% (Page 5, line 7, Column B) of the annual state tax is due, which is $921K ($35.420 M times 40% times 6.5%). This number can be seen on page 2, line 14 (Mar-06) column H "BECo".
- In June 25% (Page 5, line 8, Column B) of the annual state tax is due, which is $576K ($35.420 M times 25% times 6.5%). This number can be seen on page 2, line 17 (Jun-06) column H "BECo".
- In September 25% (Page 5, line 9, Column B) of the annual state tax is due, which is $576K ($35.420 M times 25% times 6.5%). This number can be seen on page 2, line 20 (Sep-06) column H "BECo"
- In December $230k State Tax and $11,591k Federal Tax is due totaling $11.821 M This number can be seen on page 2, line 23 (Dec-06) column H "BECo".
    - In December 10% (Page 5, line 10, Column B) of the annual state tax is due, which is $230K ($35.420 M times 10% times 6.5%).
    - In December 100% of the annual Federal tax is due, which is $11,591K ($35.420 M times 32.725% - Page 5 line 25, Column B). This number can be seen on page 2, line 20 (Jun-06) column H BECo.

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[1] Q. What is displayed in each of the columns?

A. Columns B and C show the total buyout amounts and make-whole payments allocated to the two companies as shown on page 1 line 4. Columns D and E show the cash inflow (avoidance of tax cash outflows – i.e., tax shields) to the Company from the deductibility of the buyout and make-whole amounts. The Company must have sufficient income to make the deductions. The tax payments are made quarterly for state tax purposes based on the forecast income for the year as follows: 40 percent in March; 25 percent in June; 25 percent in September; and 10 percent in December (as shown on page 5 lines 7 through 10). Federal tax payments are made on December 15th each year. Columns F and G show the tax shield relating to the issuance costs. The issuance costs on page 1, line 9 are divided by the 96 months over the eight-year period and multiplied by the effective tax rate on page 6. Columns H and I show the tax that is paid on the principal repayment from customers. It is calculated by multiplying the principal repayment for each year as shown on columns J and K and applying the state tax percentage (6.5 percent) for each quarter and applying the federal tax rate (page 5 line 25 being 32.725 percent after the state tax deduction allowed for federal taxes) to arrive at the federal tax in December.

This calculation method is used for the remaining years, except that it is assumed at April for the first year when the securitization is assumed to occur at the end of March, and 100 percent of the tax for 2013 is assumed to occur in March when the securitization ends.

The tax payments are present valued on line 1 at the securitization rate divided by 12 to arrive at a monthly securitization rate.

Information Request DTE-1-16

Refer to Exhibit NSTAR-GOL-2, page 22. Please provide any revisions to the Company's filing which would be necessary assuming that Federal tax payments are also made on April 15, June 15 and September 15.

Response[1]

For illustration purposes only, the results of the Department's assumption regarding Federal tax payments being made on the same schedule and quarterly percentage amount (March 40%; June 25%; September 25%; and December 10%) as State tax payments are shown in the attachments below.

Attached are the following exhibits that have been revised to reflect the Department's assumption:

Attachment DTE-1-16(a) (Exhibit NSTAR-GOL-2) **CONFIDENTIAL CD-ROM**

Attachment DTE-1-16(b) (Exhibit NSTAR-BEC-GOL-2) **CONFIDENTIAL CD-ROM**

Attachment DTE-1-16(c) (Exhibit NSTAR-BEC-GOL-4) **CONFIDENTIAL CD-ROM**

Attachment DTE-1-16(d) (Exhibit NSTAR-COM-GOL-2) **CONFIDENTIAL CD-ROM**

Attachment DTE-1-16(e) (Exhibit NSTAR-COM-GOL-4) **CONFIDENTIAL CD-ROM**

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1 In responding to this information request the Company interprets the question to mean Exhibit NSTAR-GOL, page 22 and Exhibit NSTAR-GOL-2..

Information Request AG-1-1

Please identify and list all contracts, agreements, letters of understanding and amendments thereto between the Company and the owners of the MASSPOWER generating facility since its inception. Please also provide copies of all such documents.

Response

Please refer to Exhibits NSTAR-BEC-GOL-1 for the Power Purchase Agreement dated October 15, 1990 and all Amendments between MASSPOWER and Boston Edison Company; and NSTAR-COM-GOL-1 for: (1) the Power Purchase Agreement dated December 3, 1990 and all Amendments for the Commonwealth 1 Agreement; and (2) the Power Purchase Agreement #2 between Commonwealth and MASSPOWER dated February 14, 1992 (the "MASSPOWER 2 PPA"). The MASSPOWER 2 PPA was submitted to the Department and the Attorney General on September 30, 2004.

Copies of the other requested documents are attached as follows:

Attachment AG-1-1(a)	Escrow Agreement Acct E11342 – Boston Edison Company, dated August 18, 1995.
Attachment AG-1-1(b)	Escrow Agreement Acct E11592 – Boston Edison Company, dated August 18, 1995.
Attachment AG-1-1(c)	Settlement Agreement – Boston Edison Company and Commonwealth Electric Company, dated August 16, 1996.
Attachment AG-1-1(d)	ISO Registration Letter – Boston Edison Company, dated May 24, 2000.
Attachment AG-1-1(e)	Settlement Agreement and Release – Boston Edison Company, dated June 20, 2001.
Attachment AG-1-1(f)	Transmission Letter - Commonwealth Electric Company, dated August 15, 1991.

FILE COPY

August 18, 1995

Escrow Number E11342 (MASSPOWER Escrow Account)

The Chase Manhattan Bank, N.A.
4 Chase MetroTech Center
Third Floor
Brooklyn, NY 11245
Attention: Institutional Trust Group - Escrow Team

Ladies and Gentlemen:

In accordance with arrangements made by MASSPOWER, a Massachusetts general partnership ("MASSPOWER" or the "Depositor"), and Boston Edison Company, a Massachusetts corporation ("Boston Edison"), (hereinafter collectively referred to as the "Parties" or individually as a "Party"), the Depositor will pay or deliver to the Chase Manhattan Bank, N.A. ("Chase" or the "Escrow Agent") the sums demanded of it from time to time pursuant to Section 2 of Appendix A to the Power Purchase Agreement, dated October 15, 1990, as amended, between the Parties, which funds (herein together with any additions, substitutions or other property in which the same may be invested or for which the same may be exchanged, called the "Escrow Account") are to be held by the Escrow Agent, IN ESCROW upon the following terms:

1. The Escrow Account shall be paid or delivered upon the submission to the Escrow Agent of a withdrawal notice, substantially in the form attached as Exhibit A hereto (a "Withdrawal Notice"), on the same business day the Withdrawal Notice is received by the Escrow Agent, so long as it is received by the Escrow Agent prior to 11:00 a.m. on such business day with blanks appropriately completed, in such amount and to such party and/or account as shall be specified in the Withdrawal Notice. The Escrow Account may be paid or delivered only to MASSPOWER.

2. Moneys from time to time held in the Escrow Account shall be invested by the Escrow Agent, but only in such of the following types of investments as may be specified in written, telephonic or facsimile instructions from time to time received by the Escrow Agent at least one business day in advance from MASSPOWER. Boston Edison hereby authorizes MASSPOWER to give the Escrow Agent the following investment instructions.

(i) Securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof),

(ii) Time deposits and certificates of deposit of any domestic commercial bank of recognized standing having capital and surplus in excess of $500,000,000,

(iii) Fully secured repurchase obligations with a term of not more than 7 days for underlying securities of the types described in clause (i) entered into with any bank meeting the qualifications specified in clause (ii) above,

(iv) Commercial paper issued by the parent corporation of any domestic commercial bank of recognized standing having capital and surplus in excess of $500,000,000 and commercial paper rated at least A-1 or the equivalent thereof by Standard & Poor's Corporation or at least P-1 or the equivalent thereof by Moody's Investors Service, Inc.

Unless otherwise expressly provided in this Escrow Agreement, all interest and other earnings and profits upon or in respect of the investment of the Escrow Account ("Escrow Earnings") shall not constitute part of the Escrow Account, but shall be distributed quarterly to MASSPOWER.

3. The Escrow Agent will provide the Parties with a monthly statement of all transactions in the Escrow Account (a "Transaction Statement").

4. The Parties agree as follows;

A. The Escrow Agent shall not be bound in any way by any other agreement or contract between the Parties (whether or not the Escrow Agent has knowledge thereof) unless the Escrow Agent is a party thereto, and the Escrow Agent's only duties and responsibilities shall be to hold the Escrow Account and to dispose of it in accordance with terms of this Escrow Agreement.

B. This Escrow Agreement may be altered or amended only with the written consent of the Parties and with the written consent of the Escrow Agent. The Escrow Agent may resign upon 30 days' prior written notice by the Escrow Agent given to both of the Parties. The Parties may remove the Escrow Agent at any time upon 30 days' prior written notice given by both Parties to the Escrow Agent. In the case of the Escrow Agent's resignation or removal, the Escrow Agent's only duty, until a successor escrow agent shall have been appointed and shall have accepted such appointment, shall be to hold, invest and dispose of the Escrow Account in accordance with the original provisions contained in this Escrow Agreement provided that the

Escrow Agent shall, upon direction of both of the Parties, deliver the entire Escrow Account to the successor escrow agent. The obligations of the Parties to the Escrow Agent and rights of the Escrow Agent under Sections 4D and 4E hereof shall survive the termination of the Escrow Agreement or the resignation or removal of the Escrow Agent.

C. Any notice required to be given by the Escrow Agent (other than Transaction Statements, invoices for fees owed pursuant hereto and receipts concerning accounting activity) shall be effective when delivered in hand, by facsimile or by return receipt mail to the respective Party at its address specified below, namely:

MASSPOWER
One Bowdoin Square
Boston, MA 02114-2910
Telecopy: (617) 227-2690
Attention: Finance Department

Boston Edison Company
800 Boylston Street (P222)
Boston, MA 02199
Telecopy: (617) 424-3407
Attention: Power Contracts Management Division

or such other address as such party may have furnished to the Escrow Agent and to the other party in writing. Any notice to the Escrow Agent shall be effective when received at the Escrow Agent's address at the head of this Escrow Agreement, when delivered in hand, by facsimile or addressed to the attention of the Escrow Division and making reference to the Escrow Number shown at the head of this Escrow Agreement.

D. The Escrow Agent's fees shall be determined in accordance with, and shall be payable as specified in, the Schedule of Fees for Escrow Services attached hereto as Exhibit B, receipt of a copy of which is hereby acknowledged by each Party. The Escrow Agent's fees shall be paid by MASSPOWER within 30 days after the delivery of an invoice to the notice address of MASSPOWER provided pursuant to Paragraph 4.C. hereof. The Escrow Agent shall also be reimbursed by MASSPOWER for any reasonable expenses incurred in connection with this Escrow Agreement, including but not limited to the actual cost of legal services should the Escrow Agent deem it necessary to retain counsel.

E. The Escrow Agent shall have no liability to either MASSPOWER or Boston Edison for any action taken or omitted by the Escrow Agent or its agent in good faith, including but not limited to any action taken by the Escrow Agent or its agents pursuant to a Withdrawal Notice submitted in accordance with Paragraph 1 hereof or upon the instructions given by MASSPOWER in accordance with Paragraph 2 hereof, provided that neither the Escrow Agent nor its agents has acted with gross negligence or willful misconduct.

F. MASSPOWER warrants to and agrees with the Escrow Agent that, unless otherwise expressly set forth in this Escrow Agreement or expressly provided for by the Construction and Term Credit Agreement dated as of August 15, 1991, as amended, (the "Credit Agreement"), between MASSPOWER, the financial institutions which are or may from time to time become a party thereto and The Chase Manhattan Bank, N.A. as agent (including any security interest created pursuant to any agreement contemplated thereby), there is no security interest in the Escrow Account or any part thereof provided, however, that MASSPOWER does not warrant with respect to whether Boston Edison has granted any such security interest and provided further that MASSPOWER warrants that it does not have any knowledge that Boston Edison has granted any such security interest. MASSPOWER further warrants that, except in connection with the Credit Agreement as referenced above, no financing statement under the Uniform Commercial Code is on file in any jurisdiction claiming a security interest in or describing (whether specifically or generally) the Escrow Account or any part thereof. Each Party further agrees that the Escrow Agent shall have no responsibility at any time to ascertain whether or not any security interest exists in the fund or any part thereof or to file any financing statement under the Uniform Commercial Code with respect to the Escrow Account for any part thereof.

5. The Escrow Agent acknowledges and agrees that (a) MASSPOWER is a general partnership; (b) the Escrow Agent shall have no recourse against any partner in MASSPOWER and the Escrow Agent's sole recourse shall be against the partnership assets, irrespective of any failure to comply with applicable law or any provisions of this Escrow Agreement; (c) no claim shall be made against any partner in MASSPOWER except the partners may be joined as nominal parties for the purpose of enforcing the Escrow Agent's rights hereunder; (d) the Escrow Agent shall have no right to any claim in respect of MASSPOWER for any capital contributions from any partner in MASSPOWER; and (e) this representation is made expressly for the benefit of the partners in MASSPOWER.

6. This Escrow Agreement shall be construed in accordance with and governed by the law of the State of New York and shall be binding upon the Escrow Agent and the Parties and their respective successors and assigns; provided that any assignment or transfer of rights under this Escrow Agreement or with respect to the Escrow Account shall be void unless (i) the assignee or transferee shall agree in writing to be bound by the provisions of the Escrow Agreement and (ii) notice thereof shall be given to, and the consent thereto shall be obtained from, both of the Parties, in the case of an assignment by the Escrow Agent, or the Escrow Agent and the other Party, in the case of an assignment by one of the Parties. Nothing contained in this paragraph 6 shall be construed to require any Party to give such consent to assignment. The Parties hereby agree that jurisdiction over such Parties and over the subject matter of any action or proceeding arising under this Escrow Agreement may be exercised by a competent Court of the State of New York or by a Unites States Court sitting in the Southern District of New York.

7. This Escrow Agreement shall not become effective (and the Escrow Agent shall have no responsibility hereunder except to return the Escrow Account to the Depositor)- until the Escrow Agent shall have received the following:

As to MASSPOWER:

__X__ Certified resolution of the board of directors of its general partner authorizing the making and performance of this Escrow Agreement.

__X__ Certificate as to the names and specimen signatures of its officers or representatives authorized to sign the Escrow Agreement and notices, instructions and other communications hereunder.

As to Boston Edison:

X Certificate as to the names and specimen signatures of its officers or representatives authorized to sign the Escrow Agreement and notices, instructions and other communications hereunder.

If the foregoing agreement is satisfactory to you, please so indicate by signing at the place provided below.

T.I.N. #04-3126542

MASSPOWER
A Massachusetts General Partnership

By: MASSPOWER, Inc.
A General Partner

By: _____
Name: KEVIN J. DONOVAN
Title: ASSISTANT TREASURER

T.I.N. #04-1278810

Boston Edison Company
A Massachusetts Corporation

By: _____
Name: JOEL Y. KAMYA
Title: VICE PRESIDENT

Subject to paragraph 7, we accept appointment as Escrow Agent.

The Chase Manhattan Bank, N.A.

By: _____
Name: VALERIE DUNBAR
Title: VICE PRESIDENT

EXHIBIT A

WITHDRAWAL NOTICE

1. [Insert one of the following versions below.]

[Version 1] The undersigned, each an authorized officer of MASSPOWER, Inc., a general partner of MASSPOWER, a Massachusetts general partnership, and Boston Edison Company ("Boston Edison"), a Massachusetts corporation, respectively, do hereby certify to The Chase Manhattan Bank, N.A., in its capacity as escrow agent (the "Escrow Agent") under the Escrow Agreement, dated August 18, 1995, among MASSPOWER, Boston Edison, and the Escrow Agent, as follows:

The Power Purchase Agreement dated October 15, 1990, as amended, between MASSPOWER and Boston Edison (the "PPA") has terminated and, pursuant to Section 2 of Appendix A to the PPA, any and all amounts in the Escrow Account (including, without limitation, accrued interest) are therefore to be paid to MASSPOWER, to its account set forth below.

[Version 2] The undersigned, each an authorized officer of MASSPOWER, Inc., a general partner of MASSPOWER, a Massachusetts general partnership, and Boston Edison Company ("Boston Edison"), a Massachusetts corporation, respectively, do hereby certify to The Chase Manhattan Bank, N.A., in its capacity as escrow agent (the "Escrow Agent") under the Escrow Agreement, dated August 18, 1995, among MASSPOWER, Boston Edison, and the Escrow Agent, as follows:

Pursuant to Section 2 of Appendix A to the Power Purchase Agreement dated October 15, 1990, as amended, between MASSPOWER and Boston Edison, MASSPOWER has substituted a letter of credit or other form of security in form and substance reasonably acceptable to Boston Edison for all or a portion of the balance of the Escrow Account in the amount of $_____, which amount is to be paid to MASSPOWER's account set forth below.

[Version 3] The undersigned, an authorized officer of MASSPOWER, Inc., a general partner of MASSPOWER, a Massachusetts general partnership, does hereby certify to The Chase Manhattan Bank, N.A., in its capacity as escrow agent (the "Escrow Agent") under the Escrow Agreement, dated August 18, 1995, among MASSPOWER, Boston Edison, and the Escrow Agent, as follows:

In accordance with the terms of sections 3 and 4 of Appendix A to the Power Purchase Agreement dated October 15, 1990, as amended, between MASSPOWER and Boston Edison (the "PPA"), MASSPOWER has delivered to Boston Edison calculation results and documentation indicating a Revenue Deficiency (as defined in the PPA) in the amount of $_____. An amount equal to the lesser of (i) 33 1/3% of the Revenue Deficiency or (ii) 100% of the balance of the Escrow Account is to be paid to MASSPOWER's account set forth below.

MASSPOWER
The Chase Manhattan Bank, N.A.
One Chase Manhattan Plaza
New York, NY 10081
MASSPOWER Revenue Account
Account Number 910-2-659134
ABA Number 021000021

IN WITNESS WHEREOF, the undersigned has set his/her hand, this the ____ day of _____, 199__.

[For Versions 1 and 2]

MASSPOWER
A Massachusetts General Partnership

By: MASSPOWER, Inc.
A General Partner

By: _____
Name: _____
Title: _____

Boston Edison Company
A Massachusetts Corporation

By: _____
Name: _____
Title: _____

[For Version 3]

MASSPOWER
A Massachusetts General
Partnership

By: MASSPOWER, Inc.
A General Partner

By: _____
Name: _____
Title: _____

M:\WPDOCS\MPR\BECOESC12

EXHIBIT B

[INSERT SCHEDULE OF FEES FOR ESCROW SERVICES]

FILE COPY

August 18, 1995

Escrow Number E11592 (Boston Edison Company Escrow Account)

The Chase Manhattan Bank, N.A.
4 Chase MetroTech Center
Third Floor
Brooklyn, NY 11245
Attention: Institutional Trust Group - Escrow Team

Ladies and Gentlemen:

In accordance with arrangements made by MASSPOWER, a Massachusetts general partnership ("MASSPOWER" or the "Depositor"), and Boston Edison Company, a Massachusetts corporation ("Boston Edison"), (hereinafter collectively referred to as the "Parties" or individually as a "Party"), the Depositor will pay or deliver to the Chase Manhattan Bank, N.A. ("Chase" or the "Escrow Agent") the sums demanded of it from time to time pursuant to Section 2 of Appendix A to the Power Purchase Agreement, dated October 15, 1990, as amended, between the Parties, which funds (herein together with any additions, substitutions or other property in which the same may be invested or for which the same may be exchanged, called the "Escrow Account") are to be held by the Escrow Agent, IN ESCROW upon the following terms:

1. The Escrow Account shall be paid or delivered upon the submission to the Escrow Agent of a withdrawal notice, substantially in the form attached as Exhibit A hereto (a "Withdrawal Notice"), on the same business day the Withdrawal Notice is received by the Escrow Agent, so long as it is received by the Escrow Agent prior to 11:00 a.m. on such business day with blanks appropriately completed, in such amount and to such party and/or account as shall be specified in the Withdrawal Notice. The Escrow Account may be paid or delivered only to the Parties.

2. Moneys from time to time held in the Escrow Account shall be invested by the Escrow Agent, but only in such of the following types of investments as may be specified in written, telephonic or facsimile instructions from time to time received by the Escrow Agent at least one business day in advance from MASSPOWER. Boston Edison hereby authorizes MASSPOWER to give the Escrow Agent the following investment instructions.

(i) Securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof),

(ii) Time deposits and certificates of deposit of any domestic commercial bank of recognized standing having capital and surplus in excess of $500,000,000,

(iii) Fully secured repurchase obligations with a term of not more than 7 days for underlying securities of the types described in clause (i) entered into with any bank meeting the qualifications specified in clause (ii) above,

(iv) Commercial paper issued by the parent corporation of any domestic commercial bank of recognized standing having capital and surplus in excess of $500,000,000 and commercial paper rated at least A-1 or the equivalent thereof by Standard & Poor's Corporation or at least P-1 or the equivalent thereof by Moody's Investors Service, Inc.

Unless otherwise expressly provided in this Escrow Agreement, all interest and other earnings and profits upon or in respect of the investment of the Escrow Account ("Escrow Earnings") shall not constitute part of the Escrow Account, but shall be distributed quarterly to Boston Edison.

3. The Escrow Agent will provide the Parties with a monthly statement of all transactions in the Escrow Account (a "Transaction Statement").

4. The Parties agree as follows;

A. The Escrow Agent shall not be bound in any way by any other agreement or contract between the Parties (whether or not the Escrow Agent has knowledge thereof) unless the Escrow Agent is a party thereto, and the Escrow Agent's only duties and responsibilities shall be to hold the Escrow Account and to dispose of it in accordance with terms of this Escrow Agreement.

B. This Escrow Agreement may be altered or amended only with the written consent of the Parties and with the written consent of the Escrow Agent. The Escrow Agent may resign upon 30 days' prior written notice by the Escrow Agent given to both of the Parties. The Parties may remove the Escrow Agent at any time upon 30 days' prior written notice given by both Parties to the Escrow Agent. In the case of the Escrow Agent's resignation or removal, the Escrow Agent's only duty, until a successor escrow agent shall have been appointed and shall have accepted such appointment, shall be to hold, invest and dispose of the Escrow Account in accordance with the original provisions contained in this Escrow Agreement provided that the

Escrow Agent shall, upon direction of both of the Parties, deliver the entire Escrow Account to the successor escrow agent. The obligations of the Parties to the Escrow Agent and rights of the Escrow Agent under Sections 4D and 4E hereof shall survive the termination of the Escrow Agreement or the resignation or removal of the Escrow Agent.

C. Any notice required to be given by the Escrow Agent (other than Transaction Statements, invoices for fees owed pursuant hereto and receipts concerning accounting activity) shall be effective when delivered in hand, by facsimile or by return receipt mail to the respective Party at its address specified below, namely:

MASSPOWER
One Bowdoin Square
Boston, MA 02114-2910
Telecopy: (617) 227-2690
Attention: Finance Department

Boston Edison Company
800 Boylston Street (P222)
Boston, MA 02199
Telecopy: (617) 424-3407
Attention: Power Contracts Management Division

or such other address as such party may have furnished to the Escrow Agent and to the other party in writing. Any notice to the Escrow Agent shall be effective when received at the Escrow Agent's address at the head of this Escrow Agreement, when delivered in hand, by facsimile or addressed to the attention of the Escrow Division and making reference to the Escrow Number shown at the head of this Escrow Agreement.

D. The Escrow Agent's fees shall be determined in accordance with, and shall be payable as specified in, the Schedule of Fees for Escrow Services attached hereto as Exhibit B, receipt of a copy of which is hereby acknowledged by each Party. The Escrow Agent's fees shall be paid by MASSPOWER within 30 days after the delivery of an invoice to the notice address of MASSPOWER provided pursuant to Paragraph 4.C. hereof. The Escrow Agent shall also be reimbursed by MASSPOWER for any reasonable expenses incurred in connection with this Escrow Agreement, including but not limited to the actual cost of legal services should the Escrow Agent deem it necessary to retain counsel.

E. The Escrow Agent shall have no liability to either MASSPOWER or Boston Edison for any action taken or omitted by the Escrow Agent or its agent in good faith, including but not limited to any action taken by the Escrow Agent or its agents pursuant to a Withdrawal Notice submitted in accordance with Paragraph 1 hereof or upon the instructions given by MASSPOWER in accordance with Paragraph 2 hereof, provided that neither the Escrow Agent nor its agents has acted with gross negligence or willful misconduct.

F. Boston Edison warrants to and agrees with the Escrow Agent that it has not granted any security interest in the Escrow Account or any part thereof. MASSPOWER warrants to and agrees with the Escrow Agent that, unless otherwise expressly set forth in this Escrow Agreement or expressly provided for by the Construction and Term Credit Agreement dated as of August 15, 1991, as amended, (the "Credit Agreement"), between MASSPOWER, the financial institutions which are or may from time to time become a party thereto and The Chase Manhattan Bank, N.A. as agent (including any security interest created pursuant to any agreement contemplated thereby), there is no security interest in the Escrow Account or any part thereof provided, however, that MASSPOWER does not warrant with respect to whether Boston Edison has granted any such security interest and provided further that MASSPOWER warrants that it does not have any knowledge that Boston Edison has granted any such security interest. Boston Edison further warrants to and agrees with the Escrow Agent that it is not a debtor under, or otherwise a signatory to, any financing statement under the Uniform Commercial Code on file in any jurisdiction claiming a security interest in or describing (whether specifically or generally) the Escrow Account or any part thereof. MASSPOWER further warrants that, except in connection with the Credit Agreement as referenced above, no financing statement under the Uniform Commercial Code is on file in any jurisdiction claiming a security interest in or describing (whether specifically or generally) the Escrow Account or any part thereof. Each Party further agrees that the Escrow Agent shall have no responsibility at any time to ascertain whether or not any security interest exists in the fund or any part thereof or to file any financing statement under the Uniform Commercial Code with respect to the Escrow Account for any part thereof.

5. The Escrow Agent acknowledges and agrees that (a) MASSPOWER is a general partnership; (b) the Escrow Agent shall have no recourse against any partner in MASSPOWER and the Escrow Agent's sole recourse shall be against the partnership assets, irrespective of any failure to comply with applicable law or any provisions of this Escrow Agreement; (c) no claim shall be made against any partner in MASSPOWER except the partners may be joined as nominal parties for the purpose of enforcing the Escrow Agent's rights hereunder; (d) the Escrow Agent shall have no right to any claim in respect of MASSPOWER for any capital contributions from any partner in MASSPOWER; and (e) this representation is made expressly for the benefit of the partners in MASSPOWER.

6. This Escrow Agreement shall be construed in accordance with and governed by the law of the State of New York and shall be binding upon the Escrow Agent and the Parties and their respective successors and assigns; provided that any assignment or transfer of rights under this Escrow Agreement or with respect to the Escrow Account shall be void unless (i) the assignee or transferee shall agree in writing to be bound by the provisions of the Escrow Agreement and (ii) notice thereof shall be given to, and the consent thereto shall be obtained from, both of the Parties, in the case of an assignment by the Escrow Agent, or the Escrow Agent and the other Party, in the case of an assignment by one of the Parties. Nothing contained in this paragraph 6 shall be construed to require any Party to give such consent to assignment. The Parties hereby agree that jurisdiction over such Parties and over the subject matter of any action or proceeding arising under this Escrow Agreement may be exercised by a competent Court of the State of New York or by a Unites States Court sitting in the Southern District of New York.

7. This Escrow Agreement shall not become effective (and the Escrow Agent shall have no responsibility hereunder except to return the Escrow Account to the Depositor). until the Escrow Agent shall have received the following:

As to MASSPOWER:

X Certified resolution of the board of directors of its general partner authorizing the making and performance of this Escrow Agreement.

X Certificate as to the names and specimen signatures of its officers or representatives authorized to sign the Escrow Agreement and notices, instructions and other communications hereunder.

As to Boston Edison:

X Certificate as to the names and specimen signatures of its officers or representatives authorized to sign the Escrow Agreement and notices, instructions and other communications hereunder.

If the foregoing agreement is satisfactory to you, please so indicate by signing at the place provided below.

T.I.N. #04-3126542

MASSPOWER
A Massachusetts General Partnership

By: MASSPOWER, Inc.
A General Partner

By: Kevin J. Donovan
Name: KEVIN J. DONOVAN
Title: ASSISTANT TREASURER

T.I.N. #04-1278810

Boston Edison Company
A Massachusetts Corporation

By: Joel Y. Kamya
Name: JOEL Y. KAMYA
Title: VICE PRESIDENT

Subject to paragraph 7, we accept appointment as Escrow Agent.

The Chase Manhattan Bank, N.A.

By: Valerie Dunbar
Name: VALERIE DUNBAR
Title: VICE PRESIDENT

EXHIBIT A

WITHDRAWAL NOTICE

1. [Insert one of the following versions below.]

[Version 1] The undersigned, each an authorized officer of MASSPOWER, Inc., a general partner of MASSPOWER, a Massachusetts general partnership, and Boston Edison Company ("Boston Edison"), a Massachusetts corporation, respectively, do hereby certify to The Chase Manhattan Bank, N.A., in its capacity as escrow agent (the "Escrow Agent") under the Escrow Agreement, dated August 18, 1995, among MASSPOWER, Boston Edison, and the Escrow Agent, as follows:

The Power Purchase Agreement dated October 15, 1990, as amended, between MASSPOWER and Boston Edison (the "PPA") has terminated and, pursuant to Section 2 of Appendix A to the PPA, any and all amounts in the Escrow Account (including, without limitation, accrued interest) are therefore to be paid to Boston Edison, to its account set forth below.

Boston Edison Company
First National Bank of Boston
100 Federal Street
Boston, MA 02110
BECo Account Number 264-60002
ABA Number 011000390

[Version 2] The undersigned, each an authorized officer of MASSPOWER, Inc., a general partner of MASSPOWER, a Massachusetts general partnership, and Boston Edison Company ("Boston Edison"), a Massachusetts corporation, respectively, do hereby certify to The Chase Manhattan Bank, N.A., in its capacity as escrow agent (the "Escrow Agent") under the Escrow Agreement, dated August 18, 1995, among MASSPOWER, Boston Edison, and the Escrow Agent, as follows:

Pursuant to Section 2 of Appendix A to the Power Purchase Agreement dated October 15, 1990, as amended, between MASSPOWER and Boston Edison, Boston Edison has substituted a letter of credit or other form of security in form and substance reasonably acceptable to MASSPOWER for all or a portion of the balance of the Escrow Account in the amount of $_____, which amount is to be paid to Boston Edison's account set forth below.

Boston Edison Company
First National Bank of Boston
100 Federal Street
Boston, MA 02110
BECo Account Number 264-60002
ABA Number 011000390

[Version 3] The undersigned, each an authorized officer of MASSPOWER, Inc., a general partner of MASSPOWER, a Massachusetts general partnership, and Boston Edison Company ("Boston Edison"), a Massachusetts corporation, respectively, do hereby certify to The Chase Manhattan Bank, N.A., in its capacity as escrow agent (the "Escrow Agent") under the Escrow Agreement, dated August 18, 1995, among MASSPOWER, Boston Edison, and the Escrow Agent, as follows:

In accordance with the terms of sections 3 and 4 of Appendix A to the Power Purchase Agreement dated October 15, 1990, as amended, between MASSPOWER and Boston Edison (the "PPA"), MASSPOWER has delivered to Boston Edison calculation results and documentation indicating a Revenue Deficiency (as defined in the PPA) in the amount of $_____. An amount equal to the lesser of (i) 66 2/3% of the Revenue Deficiency or (ii) 100% of the balance of the Escrow Account is to be paid to MASSPOWER's account set forth below.

The Chase Manhattan Bank, N.A.
One Chase Manhattan Plaza
New York, NY 10081
MASSPOWER Revenue Account
Account Number 910-2-659134
ABA Number 021000021

IN WITNESS WHEREOF, the undersigned has set his/her hand, this the ____ day of _____, 199__.

MASSPOWER
A Massachusetts General
Partnership

By: MASSPOWER, Inc.
A General Partner

By: _____
Name: _____
Title: _____

Boston Edison Company
A Massachusetts Corporation

By: _____
Name: _____
Title: _____

M:\WPDOCS\MPR\BECDESC13

EXHIBIT B

None.

File: MASSPOWER

BOSTON EDISON
Executive Offices
800 Boylston Street
Boston, Massachusetts 02199

Attachment
AG-1-1(c)

Catherine J. Keuthen
Assistant General Counsel

(617) 424-3160

August 16, 1996

RECEIVED
AUG 27 1996
P. D. Vaitkus

Peter Meier, Esq.
J. Makowski Associates, Inc.
One Bowdoin Square
Boston MA 02112-2910

Re: MASSPOWER, Inc. v. Boston Edison Company

Dear Peter:

Enclosed is a fully executed original of the Settlement Agreement and original Release executed by Boston Edison.

Very truly yours,

Catherine Keuthen

cc: C. Brian McDonald, Esq. (by fax)
Michael B. Meyer, Esq. (by fax)

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made this 16th day of August, 1996, by and between MASSPOWER, Inc.; Springfield Generating Company, L.P.; MP Cogen, Inc.; Bay State Energy Development, Inc.; and Tenneco Independent Power I Company, individually and as general partners of MASSPOWER, a Massachusetts general partnership having its principal place of business at One Bowdoin Square, Boston, Massachusetts 02114 (hereinafter collectively referred to a "MASSPOWER") and Boston Edison Company, a Massachusetts corporation having its principal place of business at 800 Boylston Street, Boston, Massachusetts 02199 ("Boston Edison").

WHEREAS, MASSPOWER filed its complaint in the above-captioned matter on or about November 18, 1994 which alleged that Boston Edison had breached the Power Purchase Agreement between Boston Edison Company and MASSPOWER, dated October 5, 1990 (the "Power Purchase Agreement") relating to Boston Edison's obligation to pay for electric capacity provided by MASSPOWER; and

WHEREAS, Boston Edison, on or about May 22, 1995, filed an answer and counterclaim, which counterclaim alleged that MASSPOWER had breached the Power Purchase Agreement relating to MASSPOWER's obligation to supply Boston Edison with electric capacity and associated energy; and

WHEREAS, MASSPOWER and Boston Edison desire to avoid further proceedings and agree to settle any and all liabilities stemming from the litigation;

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein, and in return for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, MASSPOWER and Boston Edison agree as follows:

1. MASSPOWER's complaint and Boston Edison's counterclaim will be dismissed with prejudice and without costs to either party.

2. Boston Edison will retain 100% of the money withheld by it from its capacity payments to MASSPOWER from January 1, 1994 to April 30, 1996.

3. For purposes of capacity billing, the MASSPOWER Facility's MCC for the period May 1, 1996 through August 1, 1996 shall be deemed to have been equal to 231.28 MW summer / 269.62 MW winter. No interest shall be due or paid on the amounts paid pursuant to the preceding sentence.

4. Beginning August 1, 1996 , MASSPOWER will maintain the MASSPOWER Facility's MCC, as determined by Capability Audit conducted pursuant to NEPOOL CRS #4,[1] equal to or greater than 231.28 MW summer/ 269.62 MW winter.[2] Boston Edison will continue to be billed monthly in

---

[1]Subject to Article 3(c) of the Power Purchase Agreement.

[2]231.28 MW = (100 MW/.4434) + 5.75 MW [50,000 lbs. steam/8700 lbs. per MW], and 269.62 MW = (117 MW/.4434) + 5.75 MW [50,000 lbs. steam/8700 lbs. per MW]. 50,000 lbs. of steam per hour is the Annual Average Turbine Steam Quantity pursuant to Article 3.1 of the MASSPOWER/Monsanto Steam Agreement. If said Steam Agreement is amended to increase or decrease the Annual Average Turbine Steam Quantity, or if the average turbine steam delivery to

accordance with the formulas set forth in Article 7(a) of the Power Purchase Agreement, with the Qualified Capacity set at 100 MW of capacity in the Summer Capability Period and 117 MW of capacity in the Winter Capability Period, except as hereinafter provided. In the event the MASSPOWER Facility's MCC is derated, pursuant to NEPOOL CRS #4, below the above-stated MCC levels ("derated winter/summer MCC"), then Boston Edison will continue to be billed monthly in accordance with the formula set forth in Article 7(a) of the Power Purchase Agreement, but with the Qualified Capacity being calculated as follows:

During the summer period: QC = 100 - (.4434 x (231.28 - derated summer MCC))
During the winter period: QC = 117 - (.4434 x (269.62 - derated winter MCC))

5. MASSPOWER and Boston Edison will negotiate in good faith and make all best efforts to agree upon the appropriate location and type of thermocouples utilized to determine ambient air temperature for the MASSPOWER Facility, all in accordance with good utility practice. MASSPOWER will record, on an hourly basis, ambient air temperatures, steam flow and energy output for the Facility, and will provide Boston Edison with this information on a monthly basis.

6. Boston Edison and MASSPOWER will keep the terms of this Agreement confidential and will effectuate the settlement represented by this Agreement as a stand alone agreement.

7. Boston Edison and MASSPOWER expressly deny any wrongdoing and any liability in connection with the claims of the other party and agree that settlement of these claims is in compromise of disputed claims.

8. Desiring to settle permanently the matters covered hereby, Boston Edison and MASSPOWER will execute mutual general releases and agree to take no action inconsistent with the terms of this Agreement or with the terms of the general releases.

BOSTON EDISON COMPANY

By: James J. Judge
Its: Vice President

MASSPOWER, A Massachusetts General Partnership,

By: MASSPOWER, Inc.
A General Partner

By: George F. Dunlock
Its: Vice President

Monsanto is greater than 50,000 lbs per hour in any calendar year, then the numbers used in the foregoing formula (50,000 lbs. of steam per hour and 5.75 MWs) will be adjusted accordingly. In the event that the actual annual average turbine steam delivery exceeds 50,000 lbs/hr. in any calendar year, the capacity payments will be adjusted retroactive to January 1 of that calendar year.

GENERAL RELEASE OF ALL CLAIMS

Boston Edison Company (hereinafter referred to as "Boston Edison") for and in consideration of good and valuable consideration set forth in the Settlement Agreement of even date, the receipt and sufficiency of which is hereby acknowledged, does for itself and its successors and assigns, hereby remise, release, and forever discharge MASSPOWER, Inc.; Springfield Generating Company, L.P.; MP Cogen, Inc.; Bay State Energy Development, Inc. and Tenneco Independent Power I Company, individually and as general partners of MASSPOWER, a Massachusetts general partnership, and each other person and entity with an ownership interest in, or responsibility for the operation of, certain premises located at 750 Worcester Street, Springfield, Massachusetts, (hereinafter referred to as the "Facility") and the predecessors, affiliates, parent corporations, subsidiaries, employees, representatives, associates, agents, servants, officers, directors, shareholders, successors and assigns of any of the foregoing (hereinafter all collectively referred to as "MASSPOWER") of and from any and all actions, causes of action, suits, debts, bonds, monies, accounts, bills, fees (including attorneys' fees), controversies, trespasses, damages, judgments, claims, obligations, costs, losses, and demands, of every name and nature, at Law or in Equity, whether known or unknown ("claims") which against MASSPOWER Boston Edison ever had or now has related to claims arising from facts and events occurring from the beginning of the world to the date hereof including but not limited to:

(1) all claims which were or could have been asserted by Boston Edison in a civil action entitled MASSPOWER, et al. v. Boston Edison Company, Civil Action No. 94-1648, filed in the Hampden County Superior Court in Springfield, Massachusetts, including but not limited to any claim relating to the difference between the Maximum Claimed Capability of the Facility and its

Normal Claimed Capability (as those terms are used in the Power Purchase Agreement and defined in NEPOOL CRS #4) and any claim relating to any difference between the Normal Claimed Capability of the Facility and its actual output;

(2) all claims arising from, on account of, or related to the operation or manner of operation of the Facility prior to or as of the date hereof, including, but not limited to any claim that MASSPOWER's operation of the Facility was or is not in accordance with Good Utility Practice (as used in the Agreement and defined in NEPOOL Criteria, Rules and Standards); and

(3) all claims relating to the construction or interpretation of the Power Purchase Agreement between the parties dated October 15, 1990.

Notwithstanding the foregoing, nothing in this release shall impair or affect the rights and liabilities of the parties or any claims between them arising from events occurring after the date hereof.

Provided further, that the rights, liabilities and remedies of the parties arising from events occurring after the date hereof shall continue to be governed by the Power Purchase Agreement dated October 15, 1990 together with the Settlement Agreement of even date herewith and that, except as specifically provided in said Settlement Agreement, said Power Purchase Agreement is in all respects ratified and confirmed in full.

WITNESS our hand and seal this 16th day of August, 1996.

Witness

Catherine Keuthen

Boston Edison Company

By: James J. Judge
Its:

GENERAL RELEASE OF ALL CLAIMS

MASSPOWER, Inc.; Springfield Generating Company, L.P.; MP Cogen, Inc.; Bay State Energy Development, Inc. and Tenneco Independent Power I Company, individually and as general partners of MASSPOWER, a Massachusetts general partnership, and each other person and entity with an ownership interest in, or responsibility for the operation of, certain premises located at 750 Worcester Street, Springfield, Massachusetts, (hereinafter referred to as the "Facility") and the predecessors, affiliates, parent corporations, subsidiaries, employees, representatives, associates, agents, servants, officers, directors, shareholders, successors and assigns of any of the foregoing (hereinafter all collectively referred to as "MASSPOWER") for and in consideration of good and valuable consideration set forth in the Settlement Agreement of even date, the receipt and sufficiency of which is hereby acknowledged, does for itself and its successors and assigns, hereby remise, release, and forever discharge Boston Edison Company (hereinafter referred to as "Boston Edison") of and from any and all actions, causes of action, suits, debts, bonds, monies, accounts, bills, fees (including attorneys' fees), controversies, trespasses, damages, judgments, claims, obligations, costs, losses, and demands, of every name and nature, at Law or in Equity, whether known or unknown ("claims") which against Boston Edison MASSPOWER ever had or now has related to claims arising from facts and events occurring from the beginning of the world to the date hereof including but not limited to:

(1) all claims which were or could have been asserted by MASSPOWER in a civil action entitled MASSPOWER, et al. v. Boston Edison Company, Civil Action No. 94-1648, filed in the Hampden County Superior Court in Springfield, Massachusetts, including but not limited to any claim relating to payments from Boston Edison for capacity charges based on the Maximum

Claimed Capability of the Facility (as those terms are used in the Power Purchase Agreement and defined in NEPOOL CRS #4); and

(2) all claims relating to the construction or interpretation of the Power Purchase Agreement between the parties dated October 15, 1990.

Notwithstanding the foregoing, nothing in this release shall impair or affect the rights and liabilities of the parties or any claims between them arising from events occurring after the date hereof.

Provided further, that the rights, liabilities and remedies of the parties arising from events occurring after the date hereof shall continue to be governed by the Power Purchase Agreement dated October 15, 1990 together with the Settlement Agreement of even date herewith, and, except as specifically provided in said Settlement Agreement, said Power Purchase Agreement is in all respects ratified and confirmed in full.

WITNESS our hand and seal this 16th day of August, 1996.

Witness

Peter E. Meri

MASSPOWER, A Massachusetts General Partnership,

By: MASSPOWER, INC.,
A General Partner

By: George J. Brunlach
Its: Vice President

NSTAR SERVICES CO.
800 Boylston Street
Boston, Massachusetts 02199

May 24, 2000

Market Asset Registration Agent
ISO-New England, Inc.
One Sullivan Road
Holyoke, MA 01040-2841

Dear Sir/Madam:

This registration letter is being submitted in accordance with the requirement of the New England Power Pool market Rules and Procedures, Appendix 20-I. The following information is provided to satisfy the requirements:

a) MASSPOWER (Asset ID Number 497) has requested that Boston Edison Company, as Lead Participant for their generating facility, submit information to change the ownership percentage in MASSPOWER by ISO-NE participants to 0%, making MASSPOWER 100% pseudo owned. See below where PG & E Energy Trading, which has been listed as an ISO-NE participant owner, has no ownership interest in MASSPOWER. This ownership designation change should be made effective June 1, 2000.

b) The Assigned Meter Reader for MASSPOWER has been and remains Northeast Utilities.

c) The Lead Participant has been and remains Boston Edison Company. Boston Edison Company is a subsidiary of NSTAR

d) MASSPOWER is owned by several entities through a complex organizational structure depicted on Attachment B-2 and Attachment B-3. See below where Mr. Jeffrey Bentz, General Manager of MASSPOWER certifies that the information provided in Attachment A and Attachment B is correct.

Sincerely,

Paul Vaitkus
Vice President
Energy Supply and Transmission

Letter to Market Asset Registration Agent

May 24, 2000

As of the effective date, PG & E Energy Trading has no ownership interest in MASSPOWER and has relinquished any rights that it may have had.

PG&E ENERGY TRADING - POWER, L.P.
By: PG&E Energy Trading - Power Holdings Corporation, its [redacted]

Signature _____
By Sarah M. Barpoulis
Title Senior Vice President
Company _____

By signing this document, I hereby certify that the ownership of MASSPOWER as depicted on Attachment B-2 and Attachment B-3 is correct.

Signature _____
~~Jeffrey Bentz~~ Peter E. Meier
~~General Manager~~ Counsel to
MASSPOWER

Enclosures: Attachment B-2
Attachment B-3

Letter to Market Asset Registration Agent May 24, 2000

As of the effective date, PG & E Energy Trading has no ownership interest in MASSPOWER and has relinquished any rights that it may have had.

Signature_____
By_____
Title_____
Company_____

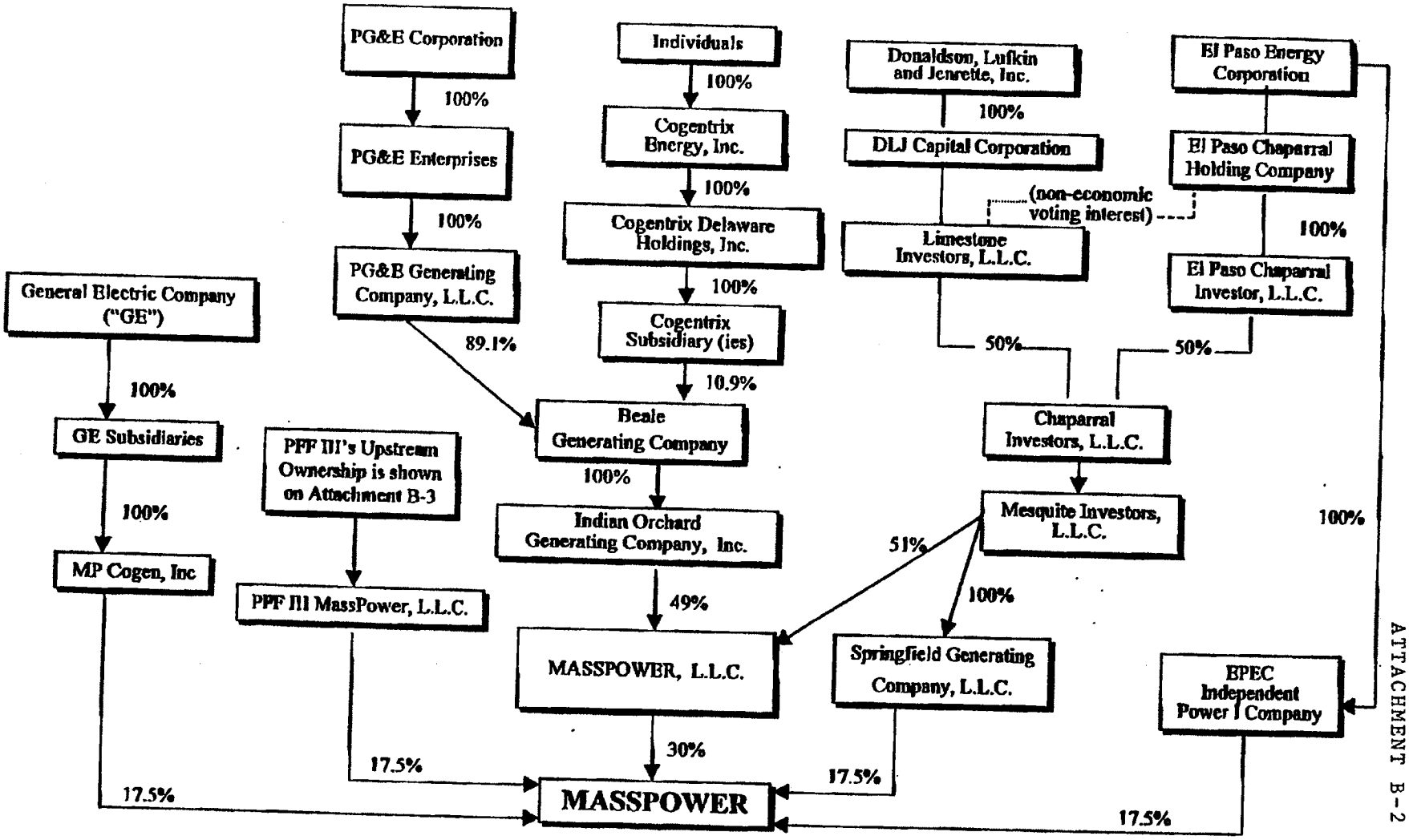
By signing this document, I hereby certify that the ownership of MASSPOWER as depicted on Attachment B-2 and Attachment B-3 is correct.

Signature_____
Jeffrey Bentz
General Manager
MASSPOWER

Enclosures: Attachment B-2
Attachment B-3

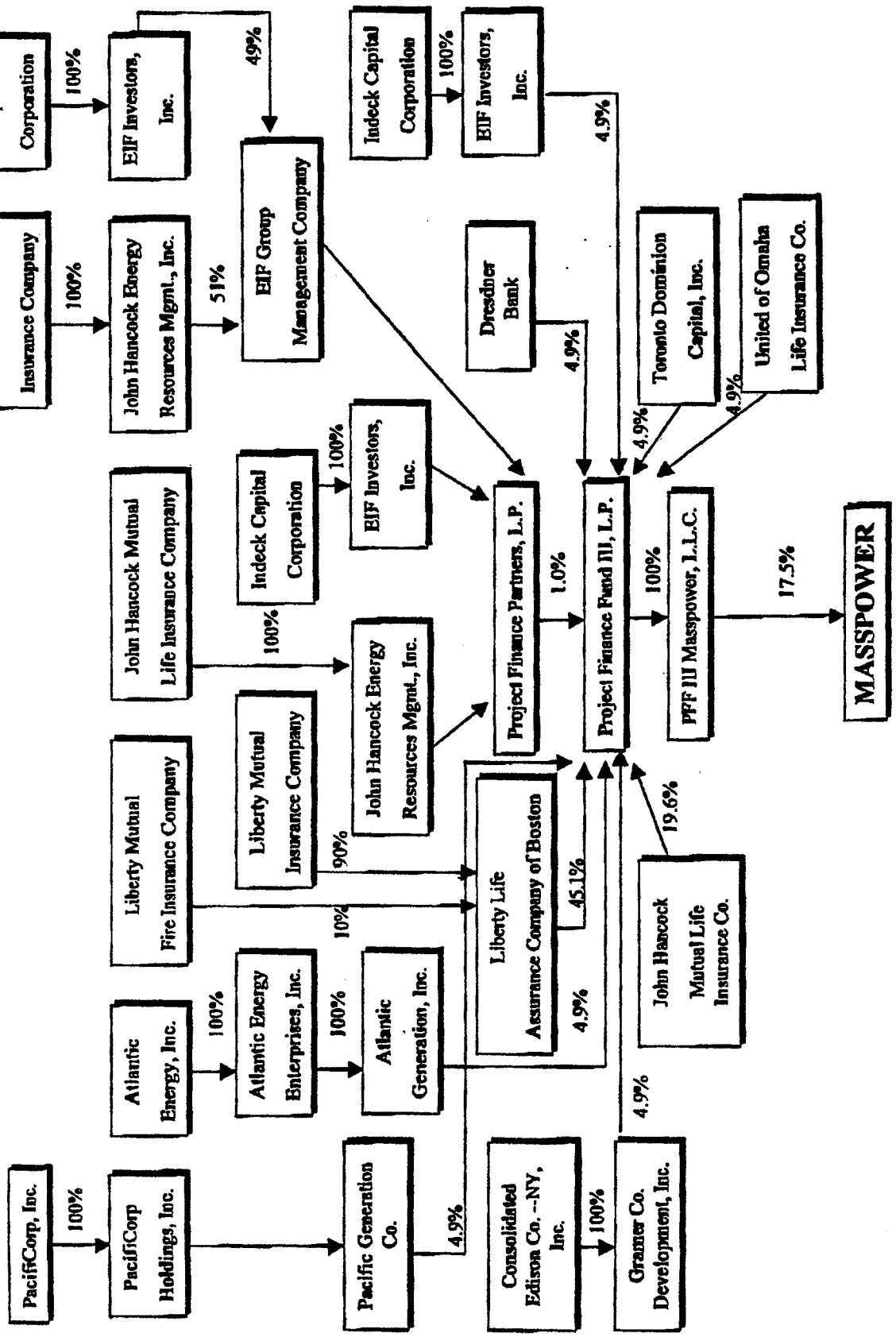
Attachment B-2

Post-Transaction Ownership Structure



ATTACHMENT B-3

Attachment B-3
PFF III MASSPOWER, L.L Ownership Structure



SETTLEMENT AGREEMENT AND RELEASE

THIS SETTLEMENT AGREEMENT AND RELEASE is entered into by and among MASSPOWER, a Massachusetts general partnership, Boston Edison Company, a Massachusetts corporation ("BECo") and Commonwealth Electric Company, a Massachusetts corporation ("Commonwealth").

WHEREAS, MASSPOWER and BECo are parties to that certain Power Purchase Agreement dated October 15, 1990, as amended by the First Amendment dated August 18, 1995 (as further amended, modified or supplemented from time to time, the "BECo PPA");

WHEREAS, MASSPOWER and Commonwealth are parties to that certain Power Purchase Agreement No. 1 dated December 3, 1990, as amended on July 21, 1995 and August 20, 1996 (as further amended, modified or supplemented from time to time, "Commonwealth PPA No. 1") and that certain Power Purchase Agreement No. 2 dated February 14, 1992, and as amended on July 21, 1995 and August 20, 1996 (as further amended, modified or supplemented from time to time, "Commonwealth PPA No. 2");

WHEREAS, MASSPOWER filed Civil Action No. 00-0856 BLS ("the Civil Action") in the Massachusetts Superior Court for Suffolk County against BECo and Commonwealth seeking reimbursement for monies received by BECo and Commonwealth from the New England Power Pool ("NEPOOL") for Automatic Generation Control ("AGC") by virtue of the BECo PPA and Commonwealth PPA No. 2, and a declaratory judgment that further such monies should be paid over to MASSPOWER when received, which action remains pending;

WHEREAS, MASSPOWER commenced arbitration proceedings in the American Arbitration Association, Case No. 71 198 00051 01 ("the Arbitration"), against Commonwealth under the Commonwealth PPA No. 1, seeking a declaration of the appropriate substitute index for the Average Fossil Fuel Cost ("AFFC") index previously prepared by NEPOOL, which arbitration remains pending;

WHEREAS, Commonwealth has filed a counterclaim in the Arbitration, seeking repayment of sums previously paid to MASSPOWER with respect to the substitute for the AFFC index under reservation of rights;

WHEREAS, MASSPOWER and Commonwealth dispute the entitlement to AGC monies received by Commonwealth from NEPOOL by virtue of PPA No. 1, and dispute the appropriate substitute for the AFFC index in Commonwealth PPA No. 2; and

WHEREAS, the parties wish to resolve their disputes.

NOW, THEREFORE, the parties agree as follows, effective upon the Effective Date (as defined in ¶ 17 below):

1. For good and valuable consideration, the receipt of which is hereby acknowledged, Commonwealth and BECo shall pay within three business days after the Effective Date in immediately available funds to MASSPOWER the sum of $ 59,821 and $ 127,372, respectively.

2. Upon receipt of the amount set forth in ¶ 1 above, counsel for the parties shall execute and file with the court a stipulation of dismissal of the Civil Action with prejudice and without costs or fees, waiving all right of appeal.

3. Upon receipt of the amount set forth in ¶ 1 above, counsel for MASSPOWER and Commonwealth shall execute and file with the American Arbitration Association a stipulation of dismissal of the Arbitration claims with prejudice and without costs or fees, waiving all right of appeal. MASSPOWER and Commonwealth shall each bear such fees as are allocated to them by the American Arbitration Association.

4. For sake of certainty, and notwithstanding anything in the BECo PPA to the contrary, MASSPOWER and BECo agree as follows:

(a) Effective for operations on and after April 1, 2001, BECo shall pay over to MASSPOWER twenty-five percent (25%) of all sums received by BECo from NEPOOL or ISO-NE (or successor entity(ies)) or credited with respect to Time on AGC and AGC Service (as each such term is defined in NEPOOL Market Rule 7) for BECo's entitlement under the BECo PPA in respect of the operations of the MASSPOWER unit pursuant to NEPOOL Market Rule 7, or any successor or other market rule or procedure, such payments to be governed by the provisions of the BECo PPA concerning payment. BECo may retain the balance of such sums and one hundred percent (100%) of the funds received from NEPOOL or ISO-NE (or successor entity(ies)) or credited with respect to BECo's entitlement under the BECo PPA pursuant to NEPOOL Market Rule 7, or any successor or other market rule or procedure, for AGC Lost Opportunity (as such term is defined in NEPOOL Market Rule 7).

(b) Article 6(d) of the BECo PPA shall be deemed by the parties to be of no further force and effect. Within three business days of the Effective Date, Buyer shall release to Seller all funds and any letters of credit currently held as a security deposit pursuant to such Article 6(d).

(c) MASSPOWER and BECo agree that for purposes of Paragraph 2 of Appendix A to the BECo PPA, (i) MASSPOWER hereby recalls its letter of credit posted as security for the balance of its Escrow Account and BECo acknowledges and agrees that for such purpose, MASSPOWER's corporate credit satisfies its obligation to provide security in form and substance reasonably acceptable to BECo, and BECo shall within three business days of the Effective Date return such letter of credit to MASSPOWER; and (ii) BECo may elect at any time after the Effective Date upon written notice to MASSPOWER to draw down the balance in its Escrow Account, and MASSPOWER acknowledges and agrees that for such purpose, BECo's corporate credit satisfies its obligation to provide security in form and substance reasonably acceptable to MASSPOWER, and MASSPOWER shall within three business days of receipt of written

notice from BECo execute such documents as BECo may reasonably request to effectuate the payment of such amounts to BECo.

5. For sake of certainty, and notwithstanding anything in the Commonwealth PPA No. 1 to the contrary, MASSPOWER and Commonwealth agree as follows:

   (a) Insofar as the AFFC referenced in Appendix B, Section 4.1 of Commonwealth PPA No. 1 is no longer available, and the parties are required to select a mutually acceptable replacement therefore, the parties agree that those provisions set forth on Attachment 1 hereto shall supersede the corresponding terms contained in Appendix B, Section 4.1 of the Commonwealth PPA No. 1 (which latter provisions shall be of no further force and effect), all as further provided in Attachment 1 hereto.

   (b) All invoices and payments relating to the AFFC component of the Commonwealth PPA No. 1 for the Billing Periods prior to May 1, 2001 shall be deemed final and shall not be subject to challenge by either Commonwealth or MASSPOWER.

   (c) Effective for operations on and after April 1, 2001, Commonwealth shall pay over to MASSPOWER twenty-five percent (25%) of all sums received by Commonwealth from NEPOOL or ISO-NE (or successor entity(ies)) or credited with respect to Time on AGC and AGC Service (as each such term is defined in NEPOOL Market Rule 7) for Commonwealth's entitlement under the Commonwealth PPA No. 1 in respect of the operations of the MASSPOWER unit pursuant to NEPOOL Market Rule 7, or any successor or other market rule or procedure, such payments to be governed by the provisions of the Commonwealth PPA No. 1 concerning payment. Commonwealth may retain the balance of such sums and one hundred percent (100%) of the funds received from NEPOOL or ISO-NE (or successor entity(ies)) or credited with respect to Commonwealth's entitlement under the Commonwealth PPA No. 1 pursuant to NEPOOL Market Rule 7, or any successor or other market rule or procedure, for AGC Lost Opportunity (as such term is defined in NEPOOL Market Rule 7).

6. For sake of certainty, and notwithstanding anything in the Commonwealth PPA No. 2 to the contrary, MASSPOWER and Commonwealth agree as follows:

   (a) Insofar as the AFFC referenced in Appendix B, Sections 4.1 and 4.2 of Commonwealth PPA No. 2 is no longer available, and the parties are required to select a mutually acceptable replacement therefore, the parties agree that those provisions set forth on Attachment 2 hereto shall supersede the corresponding terms contained in Appendix B, Sections 4.1 and 4.2 of the Commonwealth PPA No. 2 (which latter provisions shall be of no further force and effect), all as further provided in Attachment 2 hereto.

(b) All invoices and payments relating to the AFFC component of the Commonwealth PPA No. 2 for the Billing Periods prior to May 1, 2001 shall be deemed final and shall not be subject to challenge by either Commonwealth or MASSPOWER.

(c) Effective for operations on and after April 1, 2001, Commonwealth shall pay over to MASSPOWER twenty-five percent (25%) of all sums received by Commonwealth from NEPOOL or ISO-NE (or successor entity(ies)) or credited with respect to Time on AGC and AGC Service (as each such term is defined in NEPOOL Market Rule 7) for Commonwealth's entitlement under the Commonwealth PPA No. 2 in respect of the operations of the MASSPOWER unit pursuant to NEPOOL Market Rule 7, or any successor or other market rule or procedure, such payments to be governed by the provisions of the Commonwealth PPA No. 2 concerning payment. Commonwealth may retain the balance of such sums and one hundred percent (100%) of the funds received from NEPOOL or ISO-NE (or successor entity(ies)) or credited with respect to Commonwealth's entitlement under the Commonwealth PPA No. 2 pursuant to NEPOOL Market Rule 7, or any successor or other market rule or procedure, for AGC Lost Opportunity (as such term is defined in NEPOOL Market Rule 7). Section 4.1.2 of Commonwealth PPA No. 2 shall be of no further force and effect.

7. For good and valuable consideration, the receipt of which is hereby acknowledged, MASSPOWER hereby irrevocably and unconditionally releases, remises and forever discharges BECo and Commonwealth, their respective affiliates, successors, predecessors, directors, officers, principals, employees, insurers, attorneys, assigns, and agents, to the full extent permitted by law, of and from any and all actions, causes of action, suits, controversies, claims, damages and demands of every kind and nature, both in law and in equity, which MASSPOWER now has, has had, or may in the future have, for and on account of, or for and by reason of, the claims set forth in the Civil Action and the Arbitration, from the beginning of time through and including the date of this Settlement Agreement. This release, however, shall not affect the parties' obligations with respect to AGC for operations on and after April 1, 2001 and the fuel adjustment clause in the Commonwealth power purchase agreements for operations on and after May 1, 2001, such obligations being defined in ¶¶ 4, 5 and 6 above.

8. For good and valuable consideration, the receipt of which is hereby acknowledged, BECo and Commonwealth hereby irrevocably and unconditionally release, remise and forever discharge MASSPOWER, its respective affiliates, successors, predecessors, directors, officers, principals, employees, insurers, attorneys, assigns, agents, and, to the extent of their liability as partners, its partners, to the full extent permitted by law, of and from any and all actions, causes of action, suits, controversies, claims, damages and demands of every kind and nature, both in law and in equity, which MASSPOWER now has, has had, or may in the future have, for and on account of, or for and by reason of, the claims set forth in the Civil Action and the Arbitration, from the beginning of time through and including the date of this Settlement Agreement. This release, however, shall not affect the parties' obligations with respect to AGC for operations on and after April 1, 2001 and the fuel adjustment clause in the

Commonwealth power purchase agreements for operations on and after May 1, 2001, such obligations being defined in ¶¶ 4, 5 and 6 above.

9. This Settlement Agreement and Release shall be a fully binding and complete settlement between the parties. The parties understand and acknowledge that the settlement reflected herein is the compromise of disputed claims and that any payment or credit made is not to be construed as an admission of liability. The settlement reflected herein shall not be deemed in any respect to establish principles or precedent regarding any issue in this proceeding, including but not limited to, the allocation of Installed Capability, Energy and other ISO-New England market products, and shall not be deemed to foreclose either party from making any contention in any future proceedings or negotiations, except for the express agreements made herein.

10. This Settlement Agreement and Release may not be amended except by a writing executed by all the parties and specifically referring hereto.

11. The parties represent that this agreement shall take effect immediately and is not subject to any condition precedent or condition subsequent not expressly stated in this Settlement Agreement and Release, and that in particular no external approvals are required, except as expressly provided in ¶ 17 below. The individuals signing this agreement on behalf of each party represent and warrant that they are authorized to do so to the extent required by the parties' respective articles of organization, charters, bylaws, boards of directors, owners, management, or other supervisory authority.

12. This Settlement Agreement and Release shall be governed by the laws of the Commonwealth of Massachusetts.

13. The parties represent that the terms of this Settlement Agreement and Release, including all attachments hereto, have been carefully read, reviewed and understood by them and that the terms are voluntarily accepted with the purpose of making a full and final compromise, adjustment and settlement of any and all claims, disputed or otherwise, by or against them.

14. The parties further acknowledge and agree that each of their counsel has participated in the drafting of this agreement and its attachments, that they have consulted with their attorneys concerning the meaning of this Settlement Agreement and Release, and that no term of this Settlement Agreement and Release may be interpreted against its drafter by virtue of that party having drafted it.

15. The parties represent and warrant that they have not sold, assigned, transferred, or conveyed any of the claims released by this Settlement Agreement and Release.

16. This Settlement Agreement and Release shall constitute the entire agreement of the parties with regard to the subject matter set forth herein and supersede all prior and contemporaneous agreements, understandings, and representations between or among the parties, oral or written, concerning the subject matter hereof. No representation, promise, condition, inducement or statement of intention, express or implied, that is not set forth in this Settlement Agreement and Release has been made by any party concerning such subject matter, no party has relied upon any representation, promise, condition, inducement or statement of intention, express

or implied, that is not set forth in this Settlement Agreement and Release concerning such subject matter, and no party shall be bound by any purported representation, promise, condition, inducement or statement of intention, express or implied, that is not set forth in this Settlement Agreement and Release concerning such subject matter.

17. MASSPOWER, BECo and Commonwealth each expressly acknowledges and agrees that the effectiveness of this Settlement Agreement and Release is subject to the approval by MASSPOWER's secured parties under MASSPOWER's financing arrangements. MASSPOWER agrees to seek approval hereof, but no party shall have any obligation hereunder until such approval is obtained. MASSPOWER shall provide written notice, signed by an authorized representative of MASSPOWER, that either such approval has been obtained (in which case the date of such notice shall be the "Effective Date" for purposes of this Agreement) or that such approval has been denied or cannot reasonably be expected to be received, in which case this Agreement shall be deemed null and void (except with respect to their agreement set forth in the next following sentence) and the parties shall retain all of their rights at law and in equity with respect to the subject matter hereof. Pending delivery of such notice, MASSPOWER, BECo and Commonwealth agree that the Civil Action and the Arbitration shall be tolled and held in abeyance without prejudice to any party and the parties shall so represent to the jurisdictional bodies as appropriate.

18. Nothing in this Settlement Agreement and Release shall impair or affect the rights and liabilities of the parties or any claims between MASSPOWER on the one hand and either of BECo or Commonwealth on the other hand arising from events occurring after the date hereof. The rights, liabilities and remedies of the parties arising from events occurring after the date hereof shall continue to be governed by the BECo PPA, the Commonwealth PPA No. 1, and the Commonwealth PPA No. 2, as applicable, together with this Settlement Agreement and Release, and, except as specifically provided in this Settlement Agreement and Release, each of the BECo PPA, the Commonwealth PPA No. 1, and the Commonwealth PPA No. 2 is in all respects ratified and confirmed in full.

19. Each party shall keep the terms of this Settlement Agreement and Release confidential, and shall not disseminate such information to any third party (other than on a confidential basis to its counsel, advisors, affiliates and lenders) or use the same for any purpose other than the consummation of the transactions contemplated hereby unless legally compelled by deposition, inquiry, request for documents, subpoena, civil investigative demand or similar process, or by order of a court, commission or tribunal of competent jurisdiction (so long as the party required to provide such disclosure so advises the other parties as soon as practicable to permit them to seek an appropriate protective order prior to disclosure); or in order to comply with applicable rules or requirements of any stock exchange, government department or agency or other regulatory authority, or by requirements of any securities law or regulation or other legal requirement.

20. Each party agrees to take such further action and execute such additional documentation as any of them may reasonably request as being necessary or desirable to effectuate the terms of this Settlement Agreement and Release.

Executed under seal this 20th day of June, 2001.

MASSPOWER

By: _____
David P. Nickerson
Authorized Representative

BOSTON EDISON COMPANY and
COMMONWEALTH ELECTRIC COMPANY

By: _____
Paul D. Vaitkus
Vice President
NSTAR

ATTACHMENT 1

1. Terms used in this Attachment 1 but not otherwise defined shall have the respective meanings set forth in the Commonwealth PPA No. 1.

2. Effective for operations on and after May 1, 2001, the following Section 4.1 shall supersede the provisions of Appendix B, Section 4.1 of the Commonwealth PPA No. 1, which latter provisions shall be of no further force and effect:

4.1 Fuel Cost Rate: The Fuel Cost Rate shall equal the product of (i) the Base Rate, which shall be set equal to one and twenty-seven hundredths cent per kilowatthour (1.27 ¢/kWh); and (ii) a monthly adjustment utilizing the percentage change in the AFFC Replacement Calculation ("AFFCRC"), as defined in section 4.1.1, in accordance with the following formula:

Fuel Cost Rate = Base Rate x $AFFCRC_{(pm)}$ / $AFFCRC_{(base)}$

Where: Base Rate is set to equal 1.27 ¢/kWh;
$AFFCRC_{(pm)}$ equals the weighted average AFFCRC value for the first three (3) months of the four (4) month period immediately preceding the Billing Period, expressed in dollars per megawatthours ($/MWh); and
$AFFCRC_{(Base)}$ is set equal to the weighted average AFFC value of twenty-one dollars and sixty and seven-tenths cents per megawatthour ($21.607/MWh).

The Fuel Cost Rate shall be subject periodically to further adjustment, in accordance with the procedure set in 4.1.2.

4.1.1 The methodology for calculating the monthly AFFCRC shall be as follows:

Average Fossil Fuel Replacement Index Calculation (AFFCRC)

AFFCRC = Coal Component (CC) + Gas Component (GC) + Oil Component (OC)

Coal Component

$$CC = \text{Nov96-Apr99 Coal Weight} * \frac{\text{Nov96-Apr99 AFFC Coal Costs}}{\text{Nov96-Apr99 Published Coal Price}} * \text{Coal Price}$$

CC = 35.8574 % * 0.6711 * Coal Price

Where: The percentage average of NEPOOL coal fired generation from November 1996 to April 1999 equals 35.8574 %.

The average ratio between the NEPOOL AFFC coal costs ($/MWH) from November 1996 to April 1999 and the published Coal Price from November 1996 to April 1999 ($/ton) equals 0.6711.

Coal Price is the average Central Appalachian Region, 12,500 MMBtu, 1.2 pound sulfur FOB CSX price as published in Coal Daily Spot Coal Indices ($/ton).

Gas Component

$$GC = \text{Nov96-Apr99 Gas Weight} * \frac{\text{Nov96-Apr99 AFFC Gas Costs}}{\text{Nov96-Apr99 Published Gas Price}} * \text{Gas Price}$$

GC = 17.0667% * 9.0254 * Gas Price

Where: The percentage average of NEPOOL gas fired generation from November 1996 to April 1999 equals17.0667%.

The average ratio between the NEPOOL AFFC gas costs ($/MWH) from November 1996 to April 1999 and the published Gas Price from November 1996 to April 1999 ($/MMBtu) equals 9.0254.

Gas Price is the monthly N.E. Utility delivered price as published in Natural Gas Week ($/MMBtu).

Oil Component

$$OC = \text{Nov96-Apr99 Oil Weight} * \frac{\text{Nov96-Apr99 AFFC Oil Costs}}{\text{Nov96-Apr99 Published Oil Price}} * \text{Oil Price}$$

OC = 47.0759% * 1.8332 * Oil Price

Where: The percentage average of NEPOOL oil fired generation from November 1996 to April 1999 equals 47.0759%.

The average ratio between the NEPOOL AFFC oil costs ($/MWH) from November 1996 to April 1999 and the published Oil Price from November 1996 to April 1999 ($/Bbl) equals 1.8332.

Oil Price is the average of daily low quotes for 1% sulfur No. 6 oil (cargo), New York Harbor, as reported in Platt's Oil Gram ($/Bbl).

4.1.2 Upon the fifth (5th) anniversary of the Actual In-Service Date, and thereafter at five (5) year intervals, the Comparison Rate shall be calculated in accordance with the following formula, which represents the percentage change in the Alberta Reference Price of gas, as reported each month in "Canadian Natural Gas Focus," published by Brent Friedenberg Associates Ltd. (the "ARP").

$$\text{Comparison Rate} = 1.27\ ¢/\text{kWh} \times ARP_{(pm)} / ARP_{(base)}$$

Where: $ARP_{(pm)}$ equals the average ARP value for the first three (3) months of the four month period immediately preceding the Billing Period, expressed in dollars per million British thermal units ($/MMBtu); and

$ARP_{(base)}$ equals the average ARP value for June, July, and August 1990 of one dollar and thirty-six cents per million British thermal units ($1.36/MMBtu).

4.1.3 If the Comparison Rate is greater than the Fuel Cost Rate, then, for purposes of calculating the Fuel Cost Rate for subsequent Billing Periods, (i) the Base Rate shall be set equal to the Comparison Rate, and (ii) $AFFCRC_{(base)}$ shall be set equal to the value of $AFFCRC_{(pm)}$ that was used in calculating the Fuel Cost Rate for purposes of this comparison.

ATTACHMENT 2

1. Terms used in this Attachment 2 but not otherwise defined shall have the respective meanings set forth in the Commonwealth PPA No. 2.

2. Effective for operations on and after May 1, 2001, the following Sections 4.1 and 4.2 shall supersede the provisions of Appendix B, Sections 4.1 and 4.2 of the Commonwealth PPA No. 2, which latter provisions shall be of no further force and effect:

4.1 Fuel Cost Rate: The Fuel Cost Rate shall equal the product of (i) the Base Rate, which shall be set equal to one and fifty-nine hundredths cent per kilowatthour (1.59 ¢/kWh); and (ii) a monthly adjustment utilizing the percentage change in the AFFC Replacement Calculation ("AFFCRC"), as defined in section 4.1.1, in accordance with the following formula:

Fuel Cost Rate = Base Rate x $AFFCRC_{(pm)}$ / $AFFCRC_{(base)}$

Where: Base Rate is set to equal 1.59 ¢/kWh;
$AFFCRC_{(pm)}$ equals the weighted average AFFCRC value for the first three (3) months of the four (4) month period immediately preceding the Billing Period, expressed in dollars per megawatthours ($/MWh); and
$AFFCRC_{(Base)}$ is set equal to the weighted average AFFC value of twenty one dollars and eighty two and seven hundredths cents per megawatthour ($21.827).

4.1.1 The methodology for calculating the monthly AFFCRC shall be as follows:

Average Fossil Fuel Replacement Index Calculation (AFFCRC)

AFFCRC = Coal Component (CC) + Gas Component (GC) + Oil Component (OC)

Coal Component

$$CC = \text{Nov96-Apr99 Coal Weight} * \frac{\text{Nov96-Apr99 AFFC Coal Costs}}{\text{Nov96-Apr99 Published Coal Price}} * \text{Coal Price}$$

CC = 35.8574 % * 0.6711 * Coal Price

Where: The percentage average of NEPOOL coal fired generation from November 1996 to April 1999 equals 35.8574 %.

The average ratio between the NEPOOL AFFC coal costs ($/MWH) from November 1996 to April 1999 and the published Coal Price from November 1996 to April 1999 ($/ton) equals 0.6711.

Coal Price is the average Central Appalachian Region, 12,500 MMBtu, 1.2 pound sulfur FOB CSX price as published in Coal Daily Spot Coal Indices ($/ton).

Gas Component

$$GC = \text{Nov96-Apr99 Gas Weight} * \frac{\text{Nov96-Apr99 AFFC Gas Costs}}{\text{Nov96-Apr99 Published Gas Price}} * \text{Gas Price}$$

GC = 17.0667% * 9.0254 * Gas Price

Where: The percentage average of NEPOOL gas fired generation from November 1996 to April 1999 equals17.0667%.

The average ratio between the NEPOOL AFFC gas costs ($/MWH) from November 1996 to April 1999 and the published Gas Price from November 1996 to April 1999 ($/MMBtu) equals 9.0254.

Gas Price is the monthly N.E. Utility delivered price as published in Natural Gas Week ($/MMBtu).

Oil Component

$$OC = \text{Nov96-Apr99 Oil Weight} * \frac{\text{Nov96-Apr99 AFFC Oil Costs}}{\text{Nov96-Apr99 Published Oil Price}} * \text{Oil Price}$$

OC = 47.0759% * 1.8332 * Oil Price

Where: The percentage average of NEPOOL oil fired generation from November 1996 to April 1999 equals 47.0759%.

The average ratio between the NEPOOL AFFC oil costs ($/MWH) from November 1996 to April 1999 and the published Oil Price from November 1996 to April 1999 ($/Bbl) equals 1.8332.

Oil Price is the average of daily low quotes for 1% sulfur No. 6 oil (cargo), New York Harbor, as reported in Platt's Oil Gram ($/Bbl).

4.2 The Fuel Cost Rate shall be subject periodically to further adjustment, in accordance with the following procedure:

4.2.1 Upon the fifth (5th) anniversary of the Actual In-Service Date, and thereafter at five (5) year intervals, the Comparison Rate shall be calculated in accordance with the following formula, which represents the evenly weighted average percentage change in the Alberta Reference Price of gas, as reported each month in "Canadian Natural Gas Focus," published by Brent Friedenberg Associates Ltd., and the Henry Hub Composite price as reported in "Gas Daily," published by Pasha Publications Inc. (the "ARP").

Comparison Rate = 1.349 ¢/kWh x $ARP_{(pm)}$ / $ARP_{(base)}$

Where: $ARP_{(pm)}$ equals the average ARP value for the first three (3) months of the four month period immediately preceding the Billing Period, expressed in dollars per million British thermal units ($/MMBtu); and

$ARP_{(base)}$ equals the average ARP value for September, October and November 1989 of one dollar and fifty-one cents per million British thermal units ($1.51/MMBtu).

4.2.2 If the Comparison Rate is greater than the Fuel Cost Rate, then, for purposes of calculating the Fuel Cost Rate for subsequent billing Periods, (i) the Base Rate shall be set equal to the Comparison Rate, and (ii) $AFFCRC_{(base)}$ shall be set equal to the value of $AFFCRC_{(pm)}$ that was used in calculating the Fuel Cost Rate for purposes of this comparison.

Attachment
AG-1-1(f)

COM/Electric

Commonwealth Electric Company
Post Office Box 9150
Cambridge, Massachusetts 02142-9150
Telephone (617) 225-4000

August 15, 1991

MASSPOWER
One Bowdoin Square
Boston, Massachusetts 02114

Ladies and Gentlemen:

This letter agreement refers to the Power Purchase Agreement, dated as of December 3, 1990 (the "Power Purchase Agreement"), between Commonwealth Electric Company (the "Company") and MASSPOWER (the "Seller"). The purpose of this letter agreement is to describe the parties' understanding of the definition of "Delivery Point," which is set forth in Article 1.9 of the Power Purchase Agreement, and to describe the parties' understanding with respect to contemplated transmission arrangements. Unless otherwise defined in this letter agreement, all capitalized terms shall have the meanings set forth in the Power Purchase Agreement.

A. <u>The Card Street Line as an acceptable Delivery Point</u>

Article 1.9 of the Power Purchase Agreement defines the Delivery Point as

> the point at which the Company's transmission or distribution system connects with the transmission or distribution system of an adjacent electric utility that is wheeling the electricity produced by the Seller to be purchased by the Company.

The Company understands that the Seller has made arrangements with Northeast Utilities to wheel the output of the Unit (as such term is defined in the Power Purchase Agreement). Northeast Utilities is not an "adjacent electric utility," as required by Article 1.9. However, the Company does have some limited ability to interconnect with Northeast Utilities. The only point of interconnection between the Company's transmission or distribution system and the transmission or distribution system of Northeast Utilities is the 345 kilovolt so-called "Card Street Line." However, the Company's use rights in the Card Street Line are governed by agreements that are due to expire prior to the full anticipated term of the Power Purchase Agreement. Further, although the Company expects that as of the date of this letter agreement, it would be able to accept delivery of the Company's Entitlement to the Unit's electric output at the Card Street

Line, limited capacity is available on the Card Street Line and the future availability of such capacity is speculative.

Accordingly, while the Company has offered to accommodate the Seller by considering delivery to the Card Street Line as delivery to the Delivery Point under the Power Purchase Agreement, such accommodation can be made only upon certain conditions. The Company's offer of such accommodation is set forth in the June 17, 1991 letter from the Company to the Seller, which is attached as Annex A hereto.

As set forth in such Annex A, the Company will accept delivery at the Card Street Line only upon, inter alia, the following conditions:

1. If at any time the Company incurs any costs under any agreement governing the use of the Card Street Line, or if the Company incurs any costs by virtue of more general expenditures or other costs related to the transmission of electricity for the account of the Seller to the Canal Station switchyard or transmission in the region, then the Seller shall reimburse the Company for such costs up to a maximum representing the transfer of the full amount of power constituting the Company's Entitlement to the Unit's output (expected to be twenty-five megawatts (25 MW) in the Summer Period). The Company may collect such costs from the Seller by means, inter alia, of offset against amounts otherwise due to the Seller under the Power Purchase Agreement.

2. The Company will not accept delivery at the Card Street Line upon the determination by the Company that, either by reason of insufficient available capacity or by reason of requirements imposed under any agreement governing the use of the Card Street Line, the Card Street Line is no longer available for such delivery. The Company will promptly notify the Seller of such determination.

3. In addition to the foregoing condition, the Company will not accept delivery at the Card Street Line after the earlier of (i) the expiration of the Joint Use Agreement, dated as of August 31, 1971 (the "Joint Use Agreement"), among the Company, Boston Edison Company, and Blackstone Valley Electric Company; (ii) August 31, 2001; and (iii) the commencement of service under the Transmission Services Agreement, described below.

4. The Seller shall secure other transmission

arrangements sufficient to deliver the Company's Entitlement to the Unit's output to an acceptable Delivery Point (which shall not be the Card Street Line) after the earlier of (i) the expiration of the Joint Use Agreement, and (ii) August 31, 2001.

5. The Company will not accept delivery at the Card Street Line of any entitlement to the Unit's output pursuant to any future arrangements with the Seller.

The Company makes no representations whatsoever as to the future availability of the Card Street Line.

B. A point of interconnection between the Company's system and that of Montaup Electric Company as an acceptable Delivery Point

At the request of the Seller, the Company has entered into a Transmission Services Agreement (the "Transmission Services Agreement") with Montaup Electric Company, which is attached as Annex B hereto. The Company has entered into the Transmission Services Agreement solely as an accommodation to the Seller. Upon the commencement of service under the Transmission Services Agreement, the Delivery Point shall be a point or points of interconnection between the transmission systems of the Company and of Montaup Electric Company.

The Seller agrees and acknowledges that it is responsible for providing for adequate transmission service of the Company's Entitlement of the Unit's electric output to the Delivery Point at its sole risk and expense. The Seller and the Company agree that the Company shall not bear any financial risk whatsoever as a result of entering into the Transmission Services Agreement. The Seller shall pay to the Company any and all costs incurred by the Company pursuant to the Transmission Services Agreement, including any and all costs of service provided thereunder, any and all costs associated with the termination thereof, any and all costs arising thereunder subsequent to the termination thereof, and any and all costs of regulatory filings with respect thereto. The Company may collect such costs from the Seller by means, inter alia, of offset against amounts otherwise due to the Seller under the Power Purchase Agreement. The Seller shall hold the Company harmless against any liability that may be incurred by the Company by reason of its entering into and performing under the Transmission Services Agreement. The Seller understands that it shall also pay for any and all transmission losses charged pursuant to the Transmission Services Agreement, and that such payment shall in no way affect the right of the

Company to decrease by one percent (1%) the number of kilowatthours metered during each Billing Period, as set forth in Article 1.8 of the Power Purchase Agreement.

The Company will notify Montaup Electric Company that the Company wishes to commence service under the Transmission Services Agreement upon the provision of the Seller of both (i) written notification of the Seller to issue such notice to commence service, and (ii) any indemnification, together with security arrangements acceptable to the Company, reasonably required by the Company to assure that the Company is fully indemnified and held harmless against any liability that may be incurred under the Transmission Services Agreement.

The Company makes no representation whatsoever as to the availability of transmission services under the Transmission Services Agreement.

Unless it expires sooner, the Company will terminate the Transmission Services Agreement by August 31, 2001. The Seller shall immediately inform the Company, both orally and in writing, if the Seller intends to cease operating the Unit prior to such date.

C. Transmission services required after the Company ceases accepting delivery at the Card Street Line and after the expiration or termination of the Transmission Services Agreement

The Seller understands that it is responsible for securing transmission services sufficient to deliver the Company's Entitlement to the Unit's output to an acceptable Delivery Point following the date on which both (i) the Company has ceased accepting delivery at the Card Street Line and (ii) the Transmission Services Agreement has expired or been terminated.

The Company understands that the Seller has entered into a contract for firm transmission service with Montaup Electric Company, dated as of August 1, 1991, pursuant to which the Seller has represented that Montaup Electric Company will provide transmission of the Company's Entitlement to the Unit's electric output to an acceptable Delivery Point from September 1, 2001 through the anticipated expiration date of the Power Purchase Agreement.

D. Adequacy of transmission arrangements

The Company has offered to provide the accommodations discussed in Sections A and B above solely as an accommodation to the Seller. Transmission remains the Seller's responsibility under the Power Purchase Agreement, and nothing contained in this letter agreement should be interpreted as warranting an obligation on the part of the Company to pay for capacity under the Power Purchase Agreement in circumstances where the Seller has failed to provide for the required transmission.

The Company agrees that the arrangements described in this letter resolve the Company's concerns over the Seller's responsibilities with respect to transmission that are articulated in Article 3.2 of the Power Purchase Agreement. Accordingly, the Company hereby waives its right to terminate the Power Purchase Agreement for reason of the failure of the Seller to satisfy its responsibilities with respect to transmission that are so articulated in such Article. The Company waives no other rights whatsoever hereby.

This letter agreement accurately sets forth the understanding of the Company and the Seller with respect to the matters contained herein.

COMMONWEALTH ELECTRIC COMPANY,

By Michael R. Kirkwood,

Its Manager, Power Supply Admin.

Agreed to and accepted,

MASSPOWER, by MASSPOWER, INC.,
a General Partner of MASSPOWER,

By [illegible],

Its Vice President.

X:\UTL\NBE\69MspTrn.NBE

ANNEX A

COM/Electric

Commonwealth Electric Company
2421 Cranberry Highway
Wareham, Massachusetts 02571
Telephone (508) 291-0950

June 17, 1991

Mr. Stan Nowak, Senior Associate
MASSPOWER
One Bowdoin Square
Boston, MA 02114-2910

Re: MASSPOWER Project - Transmission Across Card Street Line

Dear Stan,

This letter is in response to your correspondence of June 11 regarding the transmission of Commonwealth Electric Company's ("Commonwealth") entitlement share in the MASSPOWER unit per your bid into RFP #1.

I am in complete disagreement with the basic premise of your letter, i.e., that Commonwealth acknowledged that it would require wheeling services through only one electric utility to get to Com/Electric's system. Commonwealth has always taken the position that deliveries of power from non-utility generators must occur at the Canal station switchyard, which is considered to be electrically proximate to Commonwealth's connection to the grid at Medway. Commonwealth believes it possible, however, that there may have been some confusion in this matter as we jointly focused on other important issues during the finalizing of the power purchase agreement. Because of this confusion, Commonwealth is willing to offer an accommodation without setting precedent.

Commonwealth obtained ownership rights for a portion of the Card Street Line ("the Line") located between the Medway substation and the Rhode Island-Massachusetts border pursuant to the terms of an agreement between Boston Edison Company ("BECo") and New Bedford Gas and Edison Light Company (subsequently Commonwealth), dated January 2, 1968 (the "Joint Ownership Agreement"). The Line is also subject to a 1971 agreement among BECo, Commonwealth and Blackstone Valley Electric Company (also known as "EUA") which memorializes the terms and conditions by which the three companies are able to make use of the portion of

the Line which runs from the Medway substation to the Rhode Island-Connecticut border. This "Joint Use Agreement" is due to expire prior to the expiration of the MASSPOWER power sales agreement.

In light of the problematic nature of Commonwealth's future rights in this line, and by nature of the limited capacity available on this line, Commonwealth will accept delivery of the MASSPOWER RFP#1 entitlement on the Card Street line, on an as-available and incremental cost basis, at the Connecticut-Rhode Island border subject to the terms of the Joint Use Agreement, the Joint Ownership Agreement and the November 18, 1966 Agreement between Connecticut Light & Power Company (a subsidiary of Northeast Utilities, or "NU"), Blackstone Valley Electric Company and Boston Edison Company, and subject to the following conditions imposed by Commonwealth Electric Company:

1. If at any time Commonwealth incurs costs either by virtue of the Joint Ownership Agreement, the Joint Use Agreement or of any other agreement governing the use of the line, or if Commonwealth incurs costs by virtue of more general expenditures or other costs related to the transmission of electricity for the account of MASSPOWER to the Canal Station switchyard or transmission in the region, then MASSPOWER will be obligated to reimburse Commonwealth for such costs up to a maximum representing the transfer of the 25 megawatt MASSPOWER entitlement (for example, if Commonwealth experiences costs for 50 megawatts on the Card Street line, MASSPOWER will reimburse Commonwealth for 25/50 of that cost.)

2. This accommodation shall terminate upon the expiration of the current Joint Use Agreement, i.e., the accommodation will not be extended in the event of an extension to the Joint Use Agreement.

3. MASSPOWER will be obligated to secure other transmission arrangements upon the expiration of the Joint Use Agreement in order to deliver Commonwealth's entitlement to the Canal station switchyard.

4. This accommodation is only available for Commonwealth's entitlement to the MASSPOWER unit through RFP#1, and not for entitlements of the MASSPOWER unit through any future RFP's or other contractual arrangements.

I hope this accommodation meets your needs, Stan. Another alternative would be for you to arrange with New England Power Company for delivery of Commonwealth's entitlement to the Canal Station switchyard. If you have any questions, please feel free to call me.

Very truly yours,

Mike Kirkwood

Michael Kirkwood

cc. H. G. Sayer, Jr.
M. F. Donlan
M. S. Rosenzweig

ANNEX B

Montaup Electric Company
1606 Riverside Avenue
P.O. Box 248, Somerset, MA 02726
(508) 678-5283

Mr. Michael Kirkwood
Manager Power Supply Administration
Commonwealth Electric Company
2421 Cranberry Highway
Wareham, MA 02571

July 29, 1991

Dear Mr. Kirkwood:

Enclosed is a Transmission Service Agreement ("Agreement") for non-firm transmission service between Montaup Electric Company ("Montaup") and Commonwealth Electric Company ("Com/Elec") under Montaup's transmission tariff. The purpose of this Agreement is to provide transmission service for Com/Elec's entitlement in the MASSPOWER Project ("MASSPOWER") in the event Com/Elec's use rights in the Card Street Line are no longer available to MASSPOWER for such delivery of power and energy from MASSPOWER to Com/Elec. Due to the contingent nature of the service requested, Montaup is willing to provide this service under the following conditions in addition to those stated in the Agreement and the tariff.

1. This Agreement becomes effective as of the execution hereof and the respective obligations of the parties shall commence with the first delivery of power and energy under this Agreement and shall be take or pay until September 1, 2001 unless Com/Elec's power purchase agreement with MASSPOWER terminates prior to 2001 or MASSPOWER ~~permanent-~~

-ly ceases operations prior to such date. In the event of such termination, Com/Elec shall have no further payment obligation under this Agreement except for prior billing adjustments.

2. Montaup makes no representations as to availability of transmission and makes no commitment to reserve transmission capacity for Com/Elec's future use.

3. Com/Elec shall provide to Montaup 30 days notice as to when Com/Elec desires service to commence.

4. Com/Elec's priority of service under this Agreement in the event of curtailment shall be determined on a first-come-first-serve basis based on the time when the first transaction under this Agreement occurs.

5. Com/Elec shall be responsible for paying the cost of filing the Agreement with the Federal Energy Regulatory Commission.

If this letter accurately reflects our understanding regarding non-firm transmission service, please countersign both copies of this letter and return one copy to me.

Montaup Electric Company

Arthur A. Hatch

Executive Vice President

Dated: August 2, 1991

Agreed and Accepted

Commonwealth Electric Company

Vice President

Dated: August 15 1991

MONTAUP ELECTRIC COMPANY
SERVICE AGREEMENT
(UNDER FERC ELECTRIC TARIFF
ORIGINAL VOLUME NO. II)

This service agreement effective as of is entered into by and between (1) Montaup Electric Company, a Massachusetts Corporation ("Company"), and (2) Commonwealth Electric Company, a Massachusetts Corporation ("Customer")

The Company agrees to furnish and the Customer agrees to take and pay for transmission service over the the Company's Pool Transmission Facilities ("PTF") as defined in the NEPOOL Agreement. Details as to the power to be transmitted are set out in Exhibit A. The basis for determining charges and the terms and conditions of service are provided in FERC Electric Tariff, Original Volume No. II ("the tariff").

Exhibit A may be amended as provided in Paragraph D of the tariff terms and conditions.

The PTF transmission service under this service agreement shall be for the period specified in Exhibit A unless terminated earlier under Paragraph D (2) of the tariff terms and conditions. This service agreement shall terminate simultaneously with any termination of PTF transmission service, except that each party shall remain liable to the other for all sums of money owing under the service agreement at the time of its termination.

This service agreement shall inure to the benefit of, and shall bind, the successors of the parties hereto but shall not be assignable.

This service agreement is subject to any present and future state and federal laws, regulations, orders or other requirements duly promulgated.

In accordance with Paragraph F (5) of the tariff, since losses for all or part of these transactions may not be covered by the NEPEX billing procedures, it is agreed that charges to cover that portion of the losses not covered by the NEPEX procedures shall for purposes of billing be in accordance with the following:

1. Assignable transmission losses shall be the quantity determined by multiplying the customer's share of energy from the entitlements in generating units described in Exhibit A for the billing month by a fraction, the numerator of which is the Company's system transmission losses and the denominator of which is the Company's net generated and purchased energy each for the preceding calendar year.

2. The charge for losses shall be the assignable transmission losses multiplied by the Company's average per unit energy cost for the billing month.

IN WITNESS WHEREOF, the parties have caused this service agreement to be executed by their respective authorized officials.

MONTAUP ELECTRIC COMPANY

Dated: August 2, 1991

By: Arthur G. Hatfield

Title: Executive Vice President

COMMONWEALTH ELECTRIC COMPANY

Dated: _____

By: _____

Title: _____

EXHIBIT A
TO
MONTAUP ELECTRIC COMPANY'S
SERVICE AGREEMENT
(UNDER FERC ELECTRIC TARIFF
ORIGINAL VOLUME NO. II)

SPECIFICATION OF POWER TO BE TRANSMITTED *

1. Source of power: MASSPOWER cogeneration facility in Springfield, MA (the "Facility").

2. Amount of power: 25 MW during Summer NEPOOL generation period; 30 MW during Winter NEPOOL generaton period.

3. Period of purchase of transmission service: For the period of time identified in a notice to Company by Commonwealth Electric Company ("Com/Elec") that Com/Elec's use rights in the Card Street line are no longer available to transport ComElec's entitlement in the MASSPOWER facility.

4. Points and voltage at which the power is received on the Company's PTF System:

   345 kV Card Street Line at the Connecticut-Rhode Island border.

5. Points and voltage at which the Company delivers the power to the customer:

   At whatever 115kV and 345kV points of interconnection that exist between Company's Transmission System and Customers Transmission System.

6. Contract under which the Customer purchases the power from supplier:

   Power Purchase Agreement between Commonwealth Electric Company and MASSPOWER, dated December 3, 1990.

* See attached letter dated July 29, 1991;

Montaup Electric Company
FPC Rate Schedule No.___

Original Sheet No. 1
Effective:

EXHIBIT B
TO
MONTAUP ELECTRIC COMPANY'S
SERVICE AGREEMENT FOR
PTF TRANSMISSION SERVICE

RATE SCHEDULE

A. Availability

1. Transmission service is available under this rate schedule from Montaup Electric Company("Company") to an electric utility ("Customer") over the Company's Pool Transmission Facilities ("PTF") as those facilities are defined in the New England Power Pool ("NEPOOL") Agreement, if (1) there is adequate capacity on the PTF for such service and (2) the Customer executes a service agreement incorporating the terms of this rate schedule. If the receiving or delivery point for the power to be transmitted are not on the Company's PTF, the Company will provide a separate rate for any non-PTF transmission service which it provides in connection with PTF transmission service..

2. PTF transmission service under this rate schedule is offered to supplement transmission service under the NEPOOL Agreement, and, to the extent that transmission service is available to the Customer under that Agreement, similar service is not available to the Customer under this rate schedule. This rate schedule does not supersede, modify or affect any rights or obligations under the NEPOOL Agreement.

B. Character of PTF Transmission Service

PTF transmission service will be furnished in the form of three-phase, sixty-cycle alternating current.

C. Obligation of the Customer and Company

The Customer by commencing to take PTF transmission service from the Company agrees to take and pay for, and the Company by commencing to furnish such service agrees to furnish the service, subject to the terms and conditions of this rate schedule as they may be in effect from time to time subject to action of the regulatory commission having jurisdiction. The Company shall be required to transmit and furnish to the Customer only such power as is actually received by it for that purpose.

Montaup Electric Company
FPC Rate Schedule No.___

Original Sheet No. 2
Effective:

D. Notices of Changes in PTF Transmission Service

1. The Customer agrees to notify the Company of any change in its PTF transmission service requirements under this rate schedule at least a month prior to any change, and the Company shall inform the Customer of whether there is adequate capacity on the Company's PTF to accommodate any increase in PTF transmission service requirements. If the Company informs the Customer that there is adequate capacity for such increase, the Company shall provide, and the Customer accept, the increased service; if the Company informs the Customer that there is not adequate capacity for such increase, the Company shall not be obligated to provide such increased service. Any change in the amount of power to be transmitted by the Company to the Customer shall be memoralized by supplement to the service agreement.

2. Any PTF transmission service under this rate schedule may be terminated in whole or in part by the Company's giving the Customer one year's written notice that there no longer will be adequate capacity on the Company's PTF for the Company to serve adequately its service area loads and continue to provide PTF transmission service to the Customer. The Company's notice of total or partial termination of PTF transmission service shall specify the date and amount of service termination. The determination of whether there is adequate capacity on the Company's PTF to provide or continue to provide transmission service under this rate schedule shall be made by the Company on the basis of good engineering practice.

3. If any additions to the Company's PTF are required to provide or continue PTF transmission service under this rate schedule, or if any non-PTF facilities are required to connect the PTF to receiving or delivery points, the Company shall be obligated to provide such facilities only upon agreement with the Customer as to reimbursement for their cost.

E. Amendments of Rate Schedule

Nothing contained in this rate schedule shall be construed as affecting in any way the right of the Company to unilaterally make application to the Federal Power Commission for a change in rates, charges, classification, or service, or any rules, regulations, or terms or conditions of service, under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

Montaup Electric Company
FPC Rate Schedule No.___

Original Sheet No. 3
Effective:

F. Monthly Rate

1. Non-firm power. The monthly rate for PTF transmission service for non-firm power shall be calculated by the following formula:

$$\text{Monthly rate in dollars per kw} = \frac{EHV + LV}{C \times 12}$$

Where:

EHV = the Company's net annual charges for EHV-PTF in the preceding calendar year;

LV = the Company's net annual charges for LV-PTF in the preceding calendar year; and

C = the Company's average net generating capability (including purchases and sales) for the 12 months of the preceding calendar year.

Until the new monthly rate for the current calendar year has been computed, the monthly rate for the preceding calendar year shall continue in effect, but once the new monthly rate for the current calendar year has been completed, the monthly bills for January and subsequent months of the current calendar year shall be revised to reflect the new rate and refunds or increased payments shall be made accordingly.

In calculating annual charges for EHV-PTF and LV-PTF, the Company shall use the procedures specified in Paragraph F (4) hereof. Computations of the monthly rate on the basis of the preceding calendar year data will be furnished annually to the Customer but will not be filed with the Federal Power Commission if they follow the formulas and procedures set out in this rate schedule.

2. Firm Power. The monthly rate for PTF transmission service for firm power shall be calculated by the following formula:

$$\text{Monthly rate in dollars per kw} = \frac{EHV + LV}{C \times 12} \times \frac{C}{F}$$

Where:

EHV, LV and C are the same as in the formula for non-firm power;

P= Average of Montaup's 12-months maximum coincidental peaks for the preceding calendar year.

3. Joint rate. If the firm or non-firm power transmitted by the Company is also transmitted by other electric utilities which charge for such service, the Company will reduce its own monthly charges by the amount of the charges imposed by the other utilities up to a maximum of 50% of the Company's charges under the applicable formula set forth above, provided that the other utilities also offer such reductions.

4. Procedures for computing annual charges. The Company's annual charges for EHV- and LV-PTF in the above formulas shall be determined in accordance with the procedures in effect from time to time for determining such annual charges for NEPOOL transmission service. The procedures currently in effect for determining annual charges for NEPOOL transmission services are filed with the Commission as Recommended Rules for Calculating of LV-PTF Costs under the NEPOOL Agreement, Recommended Rules for Calculating of EHV-PTF Costs under the NEPOOL Agreement under Docket No. 7690.

5. Losses. Losses experienced by the Company as a result of superimposing transmission service under this rate schedule on other transmission service on the Company's PTF shall be borne by the Customer. Losses shall be determined by whatever procedures are used in connection with the NEPOOL Agreement from time to time or, if there are no such procedures, by procedures agreed to by the parties, or, if agreement is not reached, by procedures filed by the Company with the Commission.

G. Interruption of Service

The Company shall not be responsible for any failure to supply electric service, nor for interruption, reversal or abnormal voltage of the supply, if such failure, interruption, reversal or abnormal voltage is without willful default or gross negligence on its part. Whenever the integrity of the Company's system or the supply of electricity is threatened by conditions on its system or on the system with which it is directly or indirectly interconnected, or whenever it is necessary to desirable to aid in the restoration of service, the Company may, in its sole judgment, curtail or interrupt electric service or reduce

reduction shall not constitute willful default by the Company. When the Company interrupts or varies electric service to make repairs to or changes in its facilities, such action shall be taken upon reasonable notice to the Customer, or without notice in an emergency when such notification would be impracticable or would prolong a dangerous situation.

H. The Customer's Responsibilities

The Customer will exercise diligence to use the electric service furnished under this rate schedule with a view to securing efficiency of the Company's apparatus and system in keeping with generally accepted good operating standards, will maintain a power factor as near unity as practicable consistent with good engineering practice, will coordinate its system relaying and fusing with that of the Company so as to preclude unnecessary interruptions, will maintain its lines at all times in a safe operating condition, will operate lines in such manner as not to interfere with the service of the Company to its customers, will coordinate with the Company maintenance which may adversely affect the operation of the Company's facilities, and will use electric service equally from the three phases as nearly as possible. If the Company shall deem it necessary that voltage regulating equipment, including but not limited to the structures and devices associated with such equipment, is required, such equipment shall be provided, owned and maintained by the Customer.

The Customer assumes all responsibility for electricity beyond the point of delivery and the Company shall not be liable for damages to the person or property of the Customer or its employees or any other persons resulting from the use of presence of electricity beyond the point of delivery, except where damage shall have been occasioned by the negligence of the Company, its agents, or employees.

I. Metering

Metering equipment will be supplied, installed, wired, owned and maintained, calibrated and sealed by the Company. Such meters shall be of a type selected by the Company.

When metering is at a point other than the delivery point, the metering equipment shall be compensated to registered values, which would have been recorded if the equipment had been located at the delivery point.

The accuracy of the metering equipment shall be verified by proper test at any time upon reasonable notice given by either of the parties to the other, and each party shall be entitled to have a representative present at such verification.

The work of testing and adjusting any meter for accuracy shall be performed by and at the expense of the Company, provided that such test is not called for by the Customer more often than once in twelve months. If either party shall require more than one verification of any meter in any twelve month period, and the meter proves to be accurate within two (2) percent up or down, the additional verification shall be at the expense of the party requesting it.

If such equipment is found to be inaccurate by more than two (2) percent up or down, the equipment shall be made accurate and the meter readings for the period of inaccuracy shall be adjusted to correct such inaccuracies as far as the same can be reasonably ascertained. If the period of inaccuracy cannot be reasonably ascertained, the period of inaccuracy will be deemed to have encompassed one-half of the time period since the last test of the meter.

In the event that the Company's meters fail to register properly during any billing period, the demand and energy quantities will be estimated by the Company from the best available data.

The Customer agrees to supply, free of cost, at a suitable location for the installation of the Company's metering equipment and such other facilities as are required by the Company in its judgment in providing the requested service. Such location shall be in accordance with specifications as supplied by the Company.

The Customer gives all necessary permission to enable the agents of the Company to carry out the terms of and conditions of this rate schedule and construct and maintain its lines and circuits in and at all places required by the Company and owned, leased or controlled by the Customer. The Customer gives to the Company the right for its duly authorized agents and employees to enter the premises of the Customer at all reasonable times for the purpose of reading meters, keeping in repair or removing its property or inspecting its work incident to rendering service under this rate schedule.

Other arrangements for ownership, testing, installing calibrations may be used as may be mutually agreed to by the Company and the Customer.

Montaup Electric Company
FPC Rate Schedule No.___

Original Sheet No. 7
Effective:

J. Billing

Bills shall be rendered during the first part of the succeeding month and shall be due within ten days of receipt of the bill. If the transmittal of payment is not postmarked by the due date, the Customer shall pay the Company an interest charge on the unpaid balance computed daily from the due date at an annual rate equal to 2% more than the then current prime interest rate charged by The First National Bank of Boston. In order that bills may be rendered promptly after the end of each month, it may be necessary from time to time to estimate certain factors involved in calculating the monthly billing. Adjustments for errors in such estimates shall be included in the bill for the month following the time when information becomes available to make such corrections or adjustments in the billing for the preceding month or months.

Information Request AG-1-2

Please provide copies of all bids that include the MASSPOWER contract. To the extent that later bids were communicated orally, please provide a history of those oral bids.

Response

Please refer to the Company's response to Information Request DTE-1-1 **CONFIDENTIAL CD-ROM** for a copy of all of the bids that include MASSPOWER.

Information Request AG-1-3

Please provide copies of all evaluations of the bids for the MASSPOWER contract done by and for the Company.

Response

Please refer to Attachment DTE-1-2 **CONFIDENTIAL CD-ROM** for copies of all the evaluations of the bids for the MASSPOWER contracts.

Information Request AG-1-4

Please provide copies of all of the bidder questions and answers regarding the contract.

Response

CONFIDENTIAL ATTACHMENT

Please refer to Attachment AG-1-4(a) for a list of all the bidder questions and answers regarding the MASSPOWER contracts. Please see Attachment AG-1-4(b) **CONFIDENTIAL** for a copy of a Claimed Capability Audit that was provided as an attachment to the bidder questions and answers.

MASSPOWER Q&A - NSTAR 2003 Fall Auction

	Question	Answer
1	For the following plants, what are the Heat Rates adjusted for start-up fuel (and steam, if any) and could we be given estimates for variable O&M and major maintenance. -Altresco Power -Dartmouth Power -MassPower -Ocean State	I got your e-mail and your voice mail. The models will likely go late next week, they are not intended for you to rely on developing your bid; they are intended to provide Bidders with our understanding how the pricing provisions work, so that if there is a disconnect between the perspectives of NSTAR and the Bidder we can each see (if Bidders provide their models) where the differences lie and perhaps find a resolution. With regard to specific heat rates the models have not been fully audited so I am reluctant to use numbers embedded in them. Further, some of the contracts you mention do not appear to use heat rate as part of their pricing calculation. Hence we do no have that calculated for our work on this transaction. Although, we have general information on New England and a complete cost-based dispatch model of the ISO, as I am sure you do. The O&M numbers, where they affect the price under the contract should be available from the detailed invoices which are all provided on the CDs.
2	Please provide the delivery node and corresponding load zone for NEA, Altresco and Masspower.	Please see the attached file.
3	Please clarify the delivery point under the contract. The offering memorandum states the point is NEPOOL PTF.	Answers provided verbally at a meeting with the bidder in November 2003.
4	Please explain the variation in the capacity factors in Figure 2.8 showing the historical performance of MassPower. Why were 2001 and 2002 significantly lower than other years, given the high level of availability.	Answers provided verbally at a meeting with the bidder in November 2003.
5	Please provide a copy of the most recent 6-year forecast provided to NSTAR according to Article 3 section d.	Answers provided verbally at a meeting with the bidder in November 2003.
6	Please confirm the Effective Date, and the Commencement Date of Operation of the contract	Answers provided verbally at a meeting with the bidder in November 2003.
7	Please provide the current balances in the Escrow Accounts. It would also be helpful to review the operation of these accounts during our technical due diligence session. Please discuss significant rebates that have been received through the operation of the Escrow Account, as well as any situations where additional payments have been made to MassPower.	Answers provided verbally at a meeting with the bidder in November 2003.
8	Please provide further details on the Environmental Credits (SO2 and Nox) that are received – both in terms of volume and value.	Answers provided verbally at a meeting with the bidder in November 2003.
9	Provide the heat rate for the unit.	Answers provided verbally at a meeting with the bidder in November 2003.
10	Please discuss the letter that was sent by NSTAR to MassPower detailing the delivery points for the contract. Please provide a response letter that affirms MassPowers acceptance of these points.	Answers provided verbally at a meeting with the bidder in November 2003.
11	Please detail the calculation of Delivered Energy. What non-pool transmission losses applicable to the Seller's wheeling agreement need to be incorporated?	Answers provided verbally at a meeting with the bidder in November 2003.
12	Please confirm the Actual In-Service Date.	Answers provided verbally at a meeting with the bidder in November 2003.

MASSPOWER Q&A - NSTAR 2003 Fall Auction

	Question	Answer
13	Please discuss 4.1.2 of the Settlement Agreement – do you expect this clause to change the pricing in July, 2004. Please provide the most recent calculation (Based upon Alberta Reference Price of Gas).	Answers provided verbally at a meeting with the bidder in November 2003.
14	Please discuss the letter that was sent by NSTAR to MassPower detailing the delivery points for the contract. Please provide a response letter that affirms MassPowers acceptance of these points.	Answers provided verbally at a meeting with the bidder in November 2003.
15	Please detail the calculation of Delivered Energy. What non-pool transmission losses applicable to the Seller's wheeling agreement need to be incorporated?	Answers provided verbally at a meeting with the bidder in November 2003.
16	Please confirm the Actual In-Service Date.	Answers provided verbally at a meeting with the bidder in November 2003.
17	Please discuss 4.2 of the Settlement Agreement – do you expect this clause to change the pricing during the term of the agreement. Please provide the most recent calculation. (Based upon Alberta Reference Price and Henry Hub of Gas).	Answers provided verbally at a meeting with the bidder in November 2003.
18	Please explain the calculation in section 1.3 of Appendix B regarding the cap on the Total Purchase Price.	Answers provided verbally at a meeting with the bidder in November 2003.
19	Regarding energy pricing in Masspower 1&2, upon the fifth anniversary of the Actual In-Service was it necessary to re-set the Base Rate? If so, what is the new Base Rate?	**At inception of contract:** ComEl 1: Base rate = $0.0127 AFFC (base) = $21.607 ComEl 2: Base rate = $0.0130 AFFC (base) = $20.8314 **Beginning in August 1998:** ComEl 1: Base rate = $0.0127 AFFC (base) = $21.607 ComEl 2: Base rate = $0.0159 AFFC (base) = $21.827 **Beginning in August 2003:** ComEl 1: Base rate = $0.0412 AFFC (base) = $38.6572 ComEl 2: Base rate = $0.0449 AFFC (base) = $38.6572

Information Request AG-1-6

Please indicate whether Concentric Energy Advisors have been or are presently employed by MASSPOWER or any of its owners. If so, please provide a complete and detailed description of the services provide by Concentric.

Response

CEA has provided and continues to provide confidential services for PG&E, the owner of NEGT in regulatory and litigation matters unrelated to MASSPOWER. CEA has provided certain confidential market assessment services for El Paso Energy with respect to geographic markets unrelated to MASSPOWER. CEA has not provided any services for either Energy Investor Funds or Arclight Capital. Finally in April, 2003, CEA had preliminary discussions with MASSPOWER regarding a confidential assignment, but withdrew from the engagement in anticipation of bidding on the NSTAR RFP for the PPA auction manager.

Information Request AG-1-7

Please indicate whether any of the attorneys of Keegan, Werlin, and Pabian have provided or is providing services to MASSPOWER or any of its owners.

Response

The Company objects to this request insofar as it seeks information that is not relevant to the Department's determination in this proceeding. Whether attorneys from Keegan, Werlin & Pabian, LLP ("KWP") are providing or have provided legal services to MASSPOWER is not material to the disposition of the case and/or the extent to which the Company's proposal maximizes the mitigation of transition costs associated with the MASSPOWER power-purchase agreement.

Without waiving the above-stated objection, no attorneys at KWP are presently engaged by, or are providing legal services to, MASSPOWER; nor have such services been provided by any attorneys at KWP over the past decade.

Information Request AG-1-10

Referring to Exhibit NSTAR-RBH, page 27, lines 7 through 10, please provide copies of all of the series of analyses under different power and fuel price scenarios performed by CEA and / or the Company.

Response

Please refer to Attachment DTE-1-7(a) **CONFIDENTIAL CD-ROM** for the calculation of savings under a 10 percent decrease in energy and fuel prices, and Attachment DTE-1-7(b) **CONFIDENTIAL CD-ROM** for the calculation of an increase of 10 percent in energy and fuel prices. Please refer to the table below for a comparison of the recalculated savings amounts under these scenarios with the original filing.

	Total PV of Above Market Amount	Reduction in Above Market
Original Filing	$(383,832)	5.79%
10 % Decrease	$(398,001)	9.15%
10 % Increase	$(369,671)	2.18%

Information Request AG-1-13

Referring to Exhibit NSTAR-RBH-6, page 2, Column "Total KWh," please provide the workpapers, calculations, formulas, assumptions, and supporting documentation for the KWh amounts shown for each year along with citations to the power agreement where applicable.

Response

Please refer to Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, which is the electronic version of the spreadsheet that contains Exhibit NSTAR-RBH-6 and all of the supporting workpapers, calculations, formulas, assumptions and documentation. For the calculation of Total KWh, please refer to worksheet "MSPWR1AN", column D, rows 24 through 36, as well as worksheet "MASS1", cell AO15. Also, please refer to the First Amendment to Power Purchase Agreement (PPA #1) dated July 21, 1995, Section One.

Information Request AG-1-14

Referring to Exhibit NSTAR-RBH-6, page 2, Column "Energy Charge," please provide the workpapers, calculations, formulas, assumptions, and supporting documentation for the Energy Charge amounts shown for each year along with citations to the power agreement where applicable.

Response

Please refer to Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, worksheet "MASS1", column AJ, rows 41 through 63. Also, the calculation of the Energy Charge is discussed in the Power Purchase Agreement Between MASSPOWER and Commonwealth Electric Company dated December 3, 1990, Appendix B, Section 4, as well as the Settlement Agreement and Release dated June 20, 2001, Attachment 1.

Information Request AG-1-15

Referring to Exhibit NSTAR-RBH-6, page 2, Column "Operating Cost," please provide the workpapers, calculations, formulas, assumptions, and supporting documentation for the Operating Cost amounts shown for each year along with citations to the power agreement where applicable.

Response

Please refer to Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, worksheet "MASS1", column AK, rows 41 through 63. Also, the calculation of the Operating Cost is discussed in the Power Purchase Agreement Between MASSPOWER and Commonwealth Electric Company dated December 3, 1990, Appendix B, Section 2.1.

Information Request AG-1-16

Referring to Exhibit NSTAR-RBH-6, page 2, Column "Wheeling Cost," please provide the workpapers, calculations, formulas, assumptions, and supporting documentation for the Wheeling Cost amounts shown for each year along with citations to the power agreement where applicable.

Response

Please refer to Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, worksheet "MASS1", column AL, rows 41 through 63. Also, the calculation of the Wheeling Cost is discussed in the Power Purchase Agreement Between MASSPOWER and Commonwealth Electric Company dated December 3, 1990, Appendix B, Section 2.2.

Information Request AG-1-17

Referring to Exhibit NSTAR-RBH-6, page 2, Column "Investment Cost," please provide the workpapers, calculations, formulas, assumptions, and supporting documentation for the Investment Cost amounts shown for each year along with citations to the power agreement where applicable.

Response

Please refer to Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, worksheet "MASS1", column AM, rows 41 through 63. Also, the calculation of the Investment Cost is discussed in the Power Purchase Agreement Between MASSPOWER and Commonwealth Electric Company dated December 3, 1990, Appendix B, Section 2.3.

Information Request AG-1-18

Referring to Exhibit NSTAR-RBH-6, page 2, Column "Canadian Pipeline Demand Cost," please provide the workpapers, calculations, formulas, assumptions, and supporting documentation for the Canadian Pipeline Demand Cost amounts shown for each year along with citations to the power agreement where applicable.

Response

Please refer to Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, worksheet "MASS1", column AN, rows 41 through 63. Also, the calculation of the Canadian Pipeline Demand Cost is discussed in the Power Purchase Agreement Between MASSPOWER and Commonwealth Electric Company dated December 3, 1990, Appendix B, Section 2.4.

Information Request AG-1-19

Referring to Exhibit NSTAR-RBH-6, page 2, Column "US Pipeline Demand Cost," please provide the workpapers, calculations, formulas, assumptions, and supporting documentation for the US Pipeline Demand Cost amounts shown for each year along with citations to the power agreement where applicable.

Response

Please refer to Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, worksheet "MASS1", column AO, rows 41 through 63. Also, the calculation of the US Pipeline Demand Cost is discussed in the Power Purchase Agreement Between MASSPOWER and Commonwealth Electric Company dated December 3, 1990, Appendix B, Section 2.5.

Information Request AG-1-20

Referring to Exhibit NSTAR-RBH-6, page 2, Column "Bonus / Penalty Cost Adjustment," please provide the workpapers, calculations, formulas, assumptions, and supporting documentation for the Bonus / Penalty Cost Adjustment amounts shown for each year along with citations to the power agreement where applicable.

Response

Please refer to Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, worksheet "MASS1", column AP, rows 41 through 63. Also, the calculation of the Bonus / Penalty Cost Adjustment is discussed in the Power Purchase Agreement Between MASSPOWER and Commonwealth Electric Company dated December 3, 1990, Appendix B, Section 3.

Information Request AG-1-21

Referring to Exhibit NSTAR-RBH-6, page 2, please provide a complete copy of the source document for the GNP forecasts that were used to estimate the costs on this page.

Response

CONFIDENTIAL ATTACHMENT

Please refer to Attachment AG-1-21 **(CONFIDENTIAL)** for a complete copy of the GNP forecast that was used to escalate the GNP in Exhibit NSTAR-RBH-6. This forecast was purchased by NSTAR Electric from Global Insight

Information Request AG-1-22

Referring to Exhibit NSTAR-RBH-6, page 3, Column "Total KWh," please provide the workpapers, calculations, formulas, assumptions, and supporting documentation for the KWh amounts shown for each year along with citations to the power agreement where applicable.

Response

Please refer to Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, worksheet "MSPWR2AN", column D, rows 24 through 51, as well as worksheet "MASS2", cell AI10. Also, please refer to the First Amendment to Power Purchase Agreement (PPA #2) dated July 21, 1995, Section One.

Information Request AG-1-23

Referring to Exhibit NSTAR-RBH-6, page 3, Column "Energy Charge," please provide the workpapers, calculations, formulas, assumptions, and supporting documentation for the Energy Charge amounts shown for each year along with citations to the power agreement where applicable.

Response

Please refer to Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, worksheet "MASS2", column AD, rows 40 through 67. Also, the calculation of the Energy Charge is discussed in the Power Purchase Agreement No. 2 Between MASSPOWER and Commonwealth Electric Company dated February 14, 1992, Appendix B, Sections 1.3 and 4, as well as the Settlement Agreement and Release dated June 20, 2001, Attachment 2.

Information Request AG-1-24

Referring to Exhibit NSTAR-RBH-6, page 3, Column "Operating Cost," please provide the workpapers, calculations, formulas, assumptions, and supporting documentation for the Operating Cost amounts shown for each year along with citations to the power agreement where applicable.

Response

Please refer to Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, worksheet "MASS2", column AE, rows 40 through 67. Also, the calculation of the Operating Cost is discussed in the Power Purchase Agreement No. 2 Between MASSPOWER and Commonwealth Electric Company dated February 14, 1992, Appendix B, Sections 1.3 and 2.1.

Information Request AG-1-25

Referring to Exhibit NSTAR-RBH-6, page 3, Column "Investment Cost," please provide the workpapers, calculations, formulas, assumptions, and supporting documentation for the Investment Cost amounts shown for each year along with citations to the power agreement where applicable.

Response

Please refer to Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, worksheet "MASS2", column AF, rows 40 through 67. Also, the calculation of the Investment Cost is discussed in the Power Purchase Agreement No. 2 Between MASSPOWER and Commonwealth Electric Company dated February 14, 1992, Appendix B, Sections 1.3 and 2.2.

Information Request AG-1-26

Referring to Exhibit NSTAR-RBH-6, page 3, Column "Pipeline Demand Cost," please provide the workpapers, calculations, formulas, assumptions, and supporting documentation for the Pipeline Demand Cost amounts shown for each year along with citations to the power agreement where applicable.

Response

Please refer to Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, worksheet "MASS2", column AG, rows 40 through 67. Also, the calculation of the Pipeline Demand Cost is discussed in the Power Purchase Agreement No. 2 Between MASSPOWER and Commonwealth Electric Company dated February 14, 1992, Appendix B, Sections 1.3 and 2.3.

Information Request AG-1-27

Referring to Exhibit NSTAR-RBH-6, page 3, Column "Bonus / Penalty Cost Adjustment," please provide the workpapers, calculations, formulas, assumptions, and supporting documentation for the Bonus / Penalty Cost Adjustment amounts shown for each year along with citations to the power agreement where applicable.

Response

Please refer to Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, worksheet "MASS2", column AH, rows 40 through 67. Also, the calculation of the Bonus / Penalty Cost Adjustment is discussed in the Power Purchase Agreement No. 2 Between MASSPOWER and Commonwealth Electric Company dated February 14, 1992, Appendix B, Sections 1.3 and 3.

Information Request AG-1-28

Referring to Exhibit NSTAR-RBH-6, page 4, Column "Total KWh," please provide the workpapers, calculations, formulas, assumptions, and supporting documentation for the KWh amounts shown for each year along with citations to the power agreement where applicable.

Response

Please refer to Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, worksheet "MASS-BEC -AN", column C, rows 24 through 51, as well as worksheet "MASS-BEC", cell B14. Also, for the calculation of the Total KWh, please refer to the Power Purchase Agreement Between MASSPOWER and Boston Edison Company dated October 15, 1990, Article 3, part (b).

Information Request AG-1-29

Referring to Exhibit NSTAR-RBH-6, page 4, Column "Total Energy Charge," please provide the workpapers, calculations, formulas, assumptions, and supporting documentation for the Total Energy Charge amounts shown for each year along with citations to the power agreement where applicable.

Response

Please refer to Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, worksheet "MASS-BEC", column T, rows 59 through 86. Also, the calculation of the Total Energy Charge is discussed in the Power Purchase Agreement Between MASSPOWER and Boston Edison Company dated October 15, 1990, Article 7, and First Amendment to Power Purchase Agreement dated August 18, 1995.

Information Request AG-1-30

Referring to Exhibit NSTAR-RBH-6, page 4, Column "Total Capacity Charge," please provide the workpapers, calculations, formulas, assumptions, and supporting documentation for the Total Capacity amounts shown for each year along with citations to the power agreement where applicable.

Response

Please refer to Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, worksheet "MASS-BEC", column L, rows 127 through 154. Also, the calculation of the Total Capacity Charge is discussed in the Power Purchase Agreement Between MASSPOWER and Boston Edison Company dated October 15, 1990, Article 7.

Information Request AG-1-31

Referring to Exhibit NSTAR-RBH-6, page 5 please provide a complete copy of the Fall 2003 Henwood Energy Services Inc.'s Northeast Electricity and Gas Price Outlook. Please also provide the date that the Fall 2003 Henwood Energy Services Inc.'s Northeast Electricity and Gas Price Outlook was issued.

Response

The Henwood Northeast Electric and Gas Price Forecast was used to develop Exhibit NSTAR-RBH-6. Please refer to Attachment AG-1-31 **(CONFIDENTIAL CD-ROM)** for the pricing data used in this exhibit.

November Henwood Price forecast:

- Fall 2003 Northeast Monthly MCP_dmf
- Fall 2003 Northeast Monthly Natural Gas Price
- Fall 2003 Northeast Retainer Additional Fuel Data

March Henwood Price Forecast

- NE RefCase Short Term Update with Jan04Gas1

May Henwood Price Forecast

- Northeast Short Term Forecast Appendix_May 2004
- Northeast Short Term Forecast OilCoal Prices_May 2004

This is identical to the information provided in D.T.E. 04-60 Attachment AG-1-2 **(CONFIDENTIAL CD-ROM)** and in D.T.E. 04-68 Attachment AG-1-26 **(CONFIDENTIAL CD-ROM).**

The Henwood Forecast was issued to the Company on November 16, 2003.

Information Request AG-1-32

Referring to Exhibit NSTAR-RBH-6, page 5, please provide a complete copy of the May 2004 update to the Fall 2003 Henwood Energy Services Inc.'s Northeast Electricity and Gas Price Outlook.

Response

Please refer to Attachment AG-1-31 **(CONFIDENTIAL CD-ROM)** for a complete copy of the May 2004 update to the Fall 2003 Henwood Energy Services Inc.'s Northeast Electricity and Gas Price Outlook.

This is identical to the information provided in D.T.E. 04-60 Exhibit AG-1-2 **(CONFIDENTIAL CD-ROM)** in D.T.E. 04-68 as Information Request AG-1-26 **(CONFIDENTIAL CD-ROM)**.

Information Request AG-1-33

Please provide an update to the May 2004 market price of energy, capacity, and fuel for the Henwood Energy Service Inc.'s Northeast Electricity and Gas Price Outlook.

Response

The update to the May 2004 market price of energy, capacity and fuel for Henwood Energy Services Inc.'s Northeast Electricity and Gas Price Outlook is not available at this time. The next update to the Henwood Forecast is the Fall Henwood Forecast, which is generally not available until the end of October in a given year.

Information Request AG-1-34

Referring to Exhibit NSTAR-RBH-6, page 5, please provide citations to the Henwood Energy Service Inc.'s Northeast Electricity and Gas Price Outlook for each of the numbers on that page. To the extent that they are not directly shown in the Henwood document, please provide the additional workpapers, calculations, formulas, assumptions, and supporting documentation used to derive those numbers.

Response

Please refer to Attachment AG-1-31 **(CONFIDENTIAL CD-ROM)** for a complete copy of the Henwood Energy Service Inc.'s Northeast Electricity and Gas Price Outlook.

For the 2004 through 2006 power, gas, oil, and coal prices shown on Exhibit NSTAR-RBH-6, page 5, please refer to Attachment AG-1-31 **(CONFIDENTIAL CD-ROM)** file named *Northeast Short Term Forecast Appendix _ May 2004.* The power prices may be found in the worksheet, *Market Clearing Prices*, beginning with cell F31. These SEMA-RI power prices may be found in Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, on the worksheet, *Escalators,* beginning in cell G29. The power prices referred to above are escalated by 2.35 percent annually beginning in cell H29. The gas prices may be found in the same file, *Northeast Short Term Forecast Appendix _ May 2004*, in the worksheet, *Gas Prices*, beginning with cell D7. These gas prices may be found in Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, on worksheet, *Escalators*, in cell Z29. The gas prices referred to above are escalated by 2.35 percent annually beginning in cell AA29.

The No. 6 oil 1 percent sulfur prices may be found in Attachment AG-1-31 **(CONFIDENTIAL CD-ROM)** file named *Northeast Short Term Forecast OilCoal Prices_May 2004,* worksheet, O*il Prices,* beginning with cell E7. These oil prices may be found in Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, on worksheet, *Escalators*, in cell W29. The oil prices referred to above are escalated by 2.35 percent annually beginning in cell X29. The Coal prices my be found in Attachment AG-1-31 **(CONFIDENTIAL CD-ROM)** file named *Northeast Short Term Forecast OilCoal Prices_May 2004*, worksheet, *Coal Prices*, beginning with cell B15. These coal prices may be found in Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, on worksheet, *Escalators,* in cell Q29.

The coal prices referred to above are escalated by 2.35 percent annually beginning with cell R29.

For the 2007 through 2011 power prices shown on Exhibit NSTAR-RBH-6, page 4, please refer to Attachment AG-1-31 **(CONFIDENTIAL CD-ROM)** file named *Fall 2003 Northeast Monthly Prices*, in worksheet *NE-SEMARI,* beginning with cell P21. These SEMA-RI power prices may be found in Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, on the worksheet, *Escalators*, beginning in cell G61. The power prices referred to above are escalated by 2.35 percent annually beginning in cell H61.

For the 2007 through 2011 gas prices shown on Exhibit NSTAR-RBH-6, page 4, please refer to Attachment AG-1-31 **(CONFIDENTIAL CD-ROM)** file named *Fall 2003 Northeast Monthly Natural Gas Price*, worksheet, *NG Nepool*, beginning with cell P11. These gas prices may be found in Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, on worksheet, *Escalators*, in cell Z61. The gas prices referred to above are escalated by 2.35 percent annually beginning in cell AA61.

For the 2007 through 2011 No. 6 oil prices shown on Exhibit NSTAR-RBH-6, page 4, please refer to Attachment AG-1-31 **(CONFIDENTIAL CD-ROM)** file named *Fall 2003 Northeast Additional Fuel Data*, worksheet, *Oil Delivered New England*, beginning with cell P11. These oil prices may be found in Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, on worksheet, *Escalators*, in cell W61. The oil prices referred to above are escalated by 2.35 percent annually beginning in cell X61.

For the 2007 through 2011 coal prices shown on Exhibit NSTAR-RBH-6, page 4, please refer to Attachment AG-1-31 **(CONFIDENTIAL CD-ROM)** file named *Fall 2003 Northeast Additional Fuel Data*, worksheet, *Coal Brayton & Salem Harbor*, beginning with cell J12. These coal prices may be found in Attachment DTE-1-3 **(CONFIDENTIAL CD-ROM)**, on worksheet, *Escalators*, in cell Q61. The coal prices referred to above are escalated by 2.35 percent annually beginning in cell R61.

Information Request AG-1-36

Referring to Exhibit NSTAR-RBH, pages 1 through 4, please provide copies of all generation asset financial valuations done by Mr. Hevert and / or the members of Concentric Energy Advisors, Inc. Please also provide copies of all testimony associated with those valuations.

Response

NSTAR Electric objects to this question because the request is overbroad, unduly burdensome, requests information that is not relevant to this proceeding and requests disclosure of confidential information that is privileged or proprietary to entities that are not parties to this case or in any way connected to this case. Mr. Hevert and members of CEA have advised numerous clients relating to valuing generation assets and it would be unduly burdensome for it to search all of its files to locate responsive documents, research confidentiality requirements and contact present and former clients to notify them that such confidential and proprietary information has been requested. Moreover, some of the material has been produced at the request of counsel and may be covered by the attorney-client privilege. In any event, the information sought has no relevance to this proceeding since it would involve other generation assets at other times. Whatever possible relevance there could be would be significantly outweighed by (1) the burden and cost that would need to be expended to locate the material and coordinate with other clients and (2) the potential harm that would occur if the confidential and proprietary materials were disclosed.

Notwithstanding this objection, Attachment AG-1-36 **BULK** is the testimony and supporting valuations prepared by Mr. Hevert relating to Docket No. EO 03020091, Atlantic City Electric Value of Fossil Generation, and the Verified Petition of Niagara Mohawk Power Corporation. Also included in Attachment AG-2-1 is the direct and rebuttal testimony of John J. Reed in Cause No. 41746 on behalf of Northern Indiana Public Service Company relating to the fair market valuation of generation assets. This information was also provided to the Attorney General and the Department in hard copy as Attachment AG-2-1 **BULK** in the D.T.E. 04-68 proceeding. Accordingly, because of the voluminous nature of the attachment, the Company is providing the documents in this proceeding on CD-ROM only.

Information Request AG-1-39

Please provide an update to Exhibits NSTAR-RBH-5 and -6 using the Fall 2004 Henwood Energy Service Inc.'s Northeast Electricity and Gas Price Outlook, when it becomes available.

Response

As acknowledged by the Attorney General, Henwood Energy Service Inc.'s Fall 2004 Northeast Electricity and Gas Price Outlook (the "Henwood Forecast"), is not available at this time. Moreover, the Fall Henwood Forecast is generally not available until the end of October in a given year. Given the scheduling of evidentiary hearings in this proceeding on October 18, 2004, it is unlikely that the Fall Henwood Forecast prior to the close of the record in this proceeding.