Northeast Utilities

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10−Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2010
OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number	Registrant; State of Incorporation; Address; and Telephone Number	I.R.S. Employer Identification No.
1−5324	**NORTHEAST UTILITIES** (a Massachusetts voluntary association) One Federal Street Building 111−4 Springfield, Massachusetts 01105 Telephone: (413) 785−5871	04−2147929
0−00404	**THE CONNECTICUT LIGHT AND POWER COMPANY** (a Connecticut corporation) 107 Selden Street Berlin, Connecticut 06037−1616 Telephone: (860) 665−5000	06−0303850
1−6392	**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE** (a New Hampshire corporation) Energy Park 780 North Commercial Street Manchester, New Hampshire 03101−1134 Telephone: (603) 669−4000	02−0181050
0−7624	**WESTERN MASSACHUSETTS ELECTRIC COMPANY** (a Massachusetts corporation) One Federal Street Building 111−4 Springfield, Massachusetts 01105 Telephone: (413) 785−5871	04−1961130

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days:

Yes	No
✓	

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S−T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes	No
✓	

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non−accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b−2 of the Exchange Act. (check one):

	Large Accelerated Filer	Accelerated Filer	Non−accelerated Filer
Northeast Utilities	✓		
The Connecticut Light and Power Company			✓
Public Service Company of New Hampshire			✓
Western Massachusetts Electric Company			✓

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b−2 of the Exchange Act):

	Yes	No
Northeast Utilities		✓
The Connecticut Light and Power Company		✓
Public Service Company of New Hampshire		✓
Western Massachusetts Electric Company		✓

Indicate the number of shares outstanding of each of the issuers' classes of common stock, as of the latest practicable date:

Company − Class of Stock	Outstanding as of July 30, 2010
Northeast Utilities Common shares, $5.00 par value	176,150,636 shares
The Connecticut Light and Power Company Common stock, $10.00 par value	6,035,205 shares
Public Service Company of New Hampshire Common stock, $1.00 par value	301 shares
Western Massachusetts Electric Company Common stock, $25.00 par value	434,653 shares

Northeast Utilities holds all of the 6,035,205 shares, 301 shares, and 434,653 shares of the outstanding common stock of The Connecticut Light and Power Company, Public Service Company of New Hampshire and Western Massachusetts Electric Company, respectively.

Public Service Company of New Hampshire and Western Massachusetts Electric Company each meet the conditions set forth in General Instructions H(1)(a) and (b) of Form 10−Q, and each is therefore filing this Form 10−Q with the reduced disclosure format specified in General Instruction H(2) of Form 10−Q.

GLOSSARY OF TERMS

The following is a glossary of abbreviations or acronyms that are found in this report.

CURRENT OR FORMER NU COMPANIES, SEGMENTS OR INVESTMENTS:

Boulos	E.S. Boulos Company
CL&P	The Connecticut Light and Power Company
HWP	HWP Company, formerly the Holyoke Water Power Company
NGS	Northeast Generation Services Company and subsidiaries
NGS Mechanical	NGS Mechanical, Inc.
NPT	Northern Pass Transmission LLC
NUTV	NU Transmission Ventures, Inc.
NU or the Company	Northeast Utilities and subsidiaries
NU Enterprises	NU Enterprises, Inc., the parent company of Select Energy, NGS, NGS Mechanical, SECI and Boulos
NUSCO	Northeast Utilities Service Company
NU parent and other companies	NU parent and other companies is comprised of NU parent, NUSCO and other subsidiaries, including HWP, RRR (a real estate subsidiary), and the non−energy−related subsidiaries of Yankee (Yankee Energy Services Company, and Yankee Energy Financial Services Company)
PSNH	Public Service Company of New Hampshire
Regulated companies	NU's Regulated companies, comprised of the electric distribution and transmission segments of CL&P, PSNH and WMECO, the generation activities of PSNH, Yankee Gas, a natural gas local distribution company, and NPT
RRR	The Rocky River Realty Company
SECI	Select Energy Contracting, Inc.
Select Energy	Select Energy, Inc.
SESI	Select Energy Services, Inc., a former subsidiary of NU Enterprises
WMECO	Western Massachusetts Electric Company
Yankee	Yankee Energy System, Inc.
Yankee Gas	Yankee Gas Services Company

REGULATORS:

DOE	U.S. Department of Energy
DPU	Massachusetts Department of Public Utilities
DPUC	Connecticut Department of Public Utility Control
FERC	Federal Energy Regulatory Commission
NHPUC	New Hampshire Public Utilities Commission
SEC	Securities and Exchange Commission

OTHER:

2009 Form 10−K	The Northeast Utilities and subsidiaries combined 2009 Annual Report on Form 10−K as filed with the SEC
2010 Healthcare Act	Patient Protection and Affordable Care Act
AFUDC	Allowance For Funds Used During Construction
AMI	Advanced metering infrastructure
ARO	Asset Retirement Obligation
C&LM	Conservation and Load Management
CfD	Contract for Differences
CSC	Connecticut Siting Council
CTA	Competitive Transition Assessment
CWIP	Construction work in progress
EFSB	Massachusetts Energy Facilities Siting Board
EPS	Earnings Per Share
ES	Default Energy Service
ESOP	Employee Stock Ownership Plan
FASB	Financial Accounting Standards Board
Fitch	Fitch Ratings
First Quarter 2010 Form 10−Q	The Northeast Utilities and subsidiaries combined first quarter 2010 Quarterly Report on Form 10−Q
FMCC	Federally Mandated Congestion Charge
FTR	Financial Transmission Rights

GAAP	Accounting principles generally accepted in the United States of America
GSC	Generation Service Charge
GSRP	Greater Springfield Reliability Project
GWh	Gigawatt Hours
HG&E	Holyoke Gas and Electric, a municipal department of the town of Holyoke
HQ	Hydro−Québec, a corporation wholly−owned by the Québec government, including its divisions that produce, transmit and distribute electricity in Québec, Canada
HVDC	High voltage direct current
IPP	Independent Power Producers
ISO−NE	ISO New England, Inc., the New England Independent System Operator
KV	Kilovolt
KWh	Kilowatt−Hours
LBCB	Lehman Brothers Commercial Bank, Inc.
LNG	Liquefied natural gas
LOC	Letter of Credit
LRS	Last resort service
MA DEP	Massachusetts Department of Environmental Protection
MGP	Manufactured Gas Plant
MMBtu	One million British thermal units
Money Pool	Northeast Utilities Money Pool
Moody's	Moody's Investors Services, Inc.
MW	Megawatt
MWh	Megawatt−Hours
NEEWS	New England East−West Solution
Northern Pass	The high voltage direct current transmission line project from Canada to New Hampshire
NU supplemental benefit trust	The NU Trust Under Supplemental Executive Retirement Plan
NYMEX	New York Mercantile Exchange
PBOP	Postretirement Benefits Other Than Pension
PBOP Plan	Postretirement Benefits Other Than Pension Plan that provides certain retiree health care benefits, primarily medical and dental, and life insurance benefits
PCRBs	Pollution Control Revenue Bonds
Pension Plan	Single uniform noncontributory defined benefit retirement plan
PGA	Purchased Gas Adjustment
PPA	Pension Protection Act
Regulatory ROE	The average cost of capital method for calculating the return on equity related to the distribution and generation business segments excluding the wholesale transmission segment
ROE	Return on Equity
RFP	Request for Proposal
RRB	Rate Reduction Bond or Rate Reduction Certificate
RSUs	Restricted share units
S&P	Standard & Poor's Financial Services LLC
SBC	Systems Benefits Charge
SCRC	Stranded Cost Recovery Charge
SERP	Supplemental Executive Retirement Plan
SS	Standard service
TCAM	Transmission Cost Adjustment Mechanism
TSA	Transmission Services Agreement
UI	The United Illuminating Company
VIE	Variable interest entity
Yankee Companies	Connecticut Yankee Atomic Power Company, Yankee Atomic Electric Company and Maine Yankee Atomic Power Company

NORTHEAST UTILITIES AND SUBSIDIARIES
THE CONNECTICUT LIGHT AND POWER COMPANY AND SUBSIDIARIES
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES
WESTERN MASSACHUSETTS ELECTRIC COMPANY AND SUBSIDIARY

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NORTHEAST UTILITIES AND SUBSIDIARIES

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NORTHEAST UTILITIES AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	June 30, 2010	December 31, 2009
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 88,775	$ 26,952
Receivables, Net	495,640	512,770
Unbilled Revenues	178,838	229,326
Fuel, Materials and Supplies	226,200	277,085
Marketable Securities	72,684	66,236
Derivative Assets	28,887	31,785
Prepayments and Other Current Assets	121,835	123,700
Total Current Assets	1,212,859	1,267,854
Property, Plant and Equipment, Net	9,142,320	8,839,965
Deferred Debits and Other Assets:		
Regulatory Assets	3,183,982	3,244,931
Goodwill	287,591	287,591
Marketable Securities	47,995	54,905
Derivative Assets	160,380	189,751
Other Long−Term Assets	194,596	172,682
Total Deferred Debits and Other Assets	3,874,544	3,949,860
Total Assets	$ 14,229,723	$ 14,057,679

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NORTHEAST UTILITIES AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	June 30, 2010	December 31, 2009
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Banks	$ 157,313	$ 100,313
Long−Term Debt − Current Portion	66,286	66,286
Accounts Payable	390,046	457,582
Accrued Taxes	55,071	50,246
Accrued Interest	87,784	83,763
Derivative Liabilities	41,176	37,617
Other Current Liabilities	167,948	183,605
Total Current Liabilities	965,624	979,412
Rate Reduction Bonds	313,835	442,436
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	1,456,537	1,380,143
Accumulated Deferred Investment Tax Credits	20,666	22,145
Regulatory Liabilities	444,957	485,706
Derivative Liabilities	1,009,849	955,646
Accrued Pension	799,762	781,431
Other Long−Term Liabilities	806,393	823,723
Total Deferred Credits and Other Liabilities	4,538,164	4,448,794
Capitalization:		
Long−Term Debt	4,635,851	4,492,935
Noncontrolling Interest in Consolidated Subsidiary:		
Preferred Stock Not Subject to Mandatory Redemption	116,200	116,200
Equity:		
Common Shareholders' Equity:		
Common Shares	978,429	977,276
Capital Surplus, Paid In	1,767,904	1,762,097
Deferred Contribution Plan	–	(2,944)
Retained Earnings	1,313,848	1,246,543
Accumulated Other Comprehensive Loss	(41,805)	(43,467)
Treasury Stock	(359,392)	(361,603)
Common Shareholders' Equity	3,658,984	3,577,902
Noncontrolling Interest	1,065	–
Total Equity	3,660,049	3,577,902
Total Capitalization	8,412,100	8,187,037
Total Liabilities and Capitalization	$ 14,229,723	$ 14,057,679

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NORTHEAST UTILITIES AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars, Except Share Information)	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Operating Revenues	$ 1,111,426	$ 1,224,431	$ 2,450,845	$ 2,817,914
Operating Expenses:				
Fuel, Purchased and Net Interchange Power	442,230	583,599	1,045,578	1,422,519
Other Operating Expenses	206,664	234,821	454,937	482,266
Maintenance	66,817	56,367	112,454	105,203
Depreciation	79,075	77,768	157,731	154,751
Amortization of Regulatory Assets/(Liabilities), Net	8,893	(13,039)	566	8,652
Amortization of Rate Reduction Bonds	54,997	51,305	114,567	107,202
Taxes Other Than Income Taxes	74,406	54,424	160,005	140,853
Total Operating Expenses	933,082	1,045,245	2,045,838	2,421,446
Operating Income	178,344	179,186	405,007	396,468
Interest Expense:				
Interest on Long−Term Debt	58,522	56,774	115,791	112,458
Interest on Rate Reduction Bonds	5,633	9,607	12,324	20,232
Other Interest (Note 1l)	3,042	(1,423)	6,343	3,245
Interest Expense	67,197	64,958	134,458	135,935
Other Income, Net	1,552	12,409	9,608	16,591
Income Before Income Tax Expense	112,699	126,637	280,157	277,124
Income Tax Expense	39,351	42,394	119,209	93,817
Net Income	73,348	84,243	160,948	183,307
Net Income Attributable to Noncontrolling Interests	1,402	1,389	2,792	2,779
Net Income Attributable to Controlling Interests	$ 71,946	$ 82,854	$ 158,156	$ 180,528
Basic and Fully Diluted Earnings Per Common Share	$ 0.41	$ 0.47	$ 0.90	$ 1.07
Dividends Declared Per Common Share	$ 0.26	$ 0.24	$ 0.51	$ 0.48
Weighted Average Common Shares Outstanding:				
Basic	176,571,189	175,175,936	176,460,476	168,758,206
Fully Diluted	176,736,532	175,675,388	176,637,003	169,300,277

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NORTHEAST UTILITIES AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	Six Months Ended June 30, 2010	2009
Operating Activities:		
Net Income	$ 160,948	$ 183,307
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Bad Debt Expense	17,176	17,986
Depreciation	157,731	154,751
Deferred Income Taxes	37,850	73,202
Pension and PBOP Expense, Net of PBOP Contributions	25,529	13,052
Regulatory Overrecoveries, Net	21,569	20,732
Amortization of Regulatory Assets/(Liabilities), Net	566	8,652
Amortization of Rate Reduction Bonds	114,567	107,202
Allowance for Equity Funds Used During Construction	(6,934)	(3,366)
Derivative Assets and Liabilities	(5,640)	(19,243)
Other	(22,773)	1,164
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	34,703	158,175
Fuel, Materials and Supplies	52,024	35,582
Taxes Receivable/(Accrued)	(3,856)	(8,244)
Other Current Assets	14,682	7,139
Accounts Payable	(53,480)	(211,445)
Other Current Liabilities	(10,883)	(30,309)
Net Cash Flows Provided by Operating Activities	533,779	508,337
Investing Activities:		
Investments in Property and Plant	(442,404)	(420,894)
Proceeds from Sales of Marketable Securities	95,452	147,702
Purchases of Marketable Securities	(96,546)	(149,482)
Other Investing Activities	(4,369)	2,939
Net Cash Flows Used in Investing Activities	(447,867)	(419,735)
Financing Activities:		
Issuance of Common Shares	–	387,411
Cash Dividends on Common Shares	(90,194)	(78,921)
Cash Dividends on Preferred Stock	(2,779)	(2,779)
Increase/(Decrease) in Short−Term Debt	57,000	(124,908)
Issuance of Long−Term Debt	145,000	312,000
Retirements of Long−Term Debt	(4,286)	(54,286)
Retirements of Rate Reduction Bonds	(128,600)	(120,326)
Financing Fees	(1,482)	(15,456)
Other Financing Activities	1,252	(5)
Net Cash Flows (Used in)/Provided by Financing Activities	(24,089)	302,730
Net Increase in Cash and Cash Equivalents	61,823	391,332
Cash and Cash Equivalents − Beginning of Period	26,952	89,816
Cash and Cash Equivalents − End of Period	$ 88,775	$ 481,148

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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THE CONNECTICUT LIGHT AND POWER COMPANY AND SUBSIDIARIES

THE CONNECTICUT LIGHT AND POWER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	June 30, 2010	December 31, 2009
ASSETS		
Current Assets:		
Cash	$ 8,999	$ 45
Receivables, Net	321,297	327,969
Accounts Receivable from Affiliated Companies	2,255	2,362
Notes Receivable from Affiliated Companies	–	97,775
Unbilled Revenues	112,210	140,632
Materials and Supplies	60,855	65,623
Derivative Assets	19,757	24,593
Prepayments and Other Current Assets	13,432	18,385
Total Current Assets	538,805	677,384
Property, Plant and Equipment, Net	5,433,896	5,340,561
Deferred Debits and Other Assets:		
Regulatory Assets	2,020,901	2,068,778
Derivative Assets	150,179	183,231
Other Long−Term Assets	83,900	94,610
Total Deferred Debits and Other Assets	2,254,980	2,346,619
Total Assets	$ 8,227,681	$ 8,364,564

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	June 30, 2010	December 31, 2009
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Affiliated Companies	$ 15,625	$ –
Long−Term Debt − Current Portion	62,000	62,000
Accounts Payable	188,843	242,853
Accounts Payable to Affiliated Companies	46,723	48,795
Accrued Taxes	48,032	36,860
Accrued Interest	50,854	49,867
Derivative Liabilities	14,037	9,770
Other Current Liabilities	101,301	100,846
Total Current Liabilities	527,415	550,991
Rate Reduction Bonds	99,320	195,587
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	940,535	901,527
Accumulated Deferred Investment Tax Credits	15,228	16,355
Regulatory Liabilities	285,590	316,160
Derivative Liabilities	972,480	913,349
Accrued Pension	46,764	51,319
Other Long−Term Liabilities	385,963	409,532
Total Deferred Credits and Other Liabilities	2,646,560	2,608,242
Capitalization:		
Long−Term Debt	2,520,711	2,520,361
Preferred Stock Not Subject to Mandatory Redemption	116,200	116,200
Common Stockholder's Equity:		
Common Stock	60,352	60,352
Capital Surplus, Paid In	1,602,116	1,601,792
Retained Earnings	657,937	714,210
Accumulated Other Comprehensive Loss	(2,930)	(3,171)
Common Stockholder's Equity	2,317,475	2,373,183
Total Capitalization	4,954,386	5,009,744
Total Liabilities and Capitalization	$ 8,227,681	$ 8,364,564

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Operating Revenues	$ 707,917	$ 784,937	$ 1,502,897	$ 1,739,440
Operating Expenses:				
Fuel, Purchased and Net Interchange Power	290,553	383,153	653,374	897,539
Other Operating Expenses	120,293	131,174	255,106	270,585
Maintenance	32,821	27,783	54,660	54,898
Depreciation	47,944	47,048	95,469	93,481
Amortization of Regulatory Assets, Net	20,640	3,633	22,311	16,640
Amortization of Rate Reduction Bonds	38,924	36,192	82,207	76,749
Taxes Other Than Income Taxes	50,585	37,899	108,114	96,088
Total Operating Expenses	601,760	666,882	1,271,241	1,505,980
Operating Income	106,157	118,055	231,656	233,460
Interest Expense:				
Interest on Long−Term Debt	33,630	34,286	67,262	65,972
Interest on Rate Reduction Bonds	2,243	5,088	5,275	10,887
Other Interest (Note 1l)	1,334	(1,627)	3,197	(1,418)
Interest Expense	37,207	37,747	75,734	75,441
Other Income, Net	745	8,170	5,678	10,878
Income Before Income Tax Expense	69,695	88,478	161,600	168,897
Income Tax Expense	25,610	30,076	69,102	57,360
Net Income	$ 44,085	$ 58,402	$ 92,498	$ 111,537

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

THE CONNECTICUT LIGHT AND POWER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	Six Months Ended June 30, 2010	2009
Operating Activities:		
Net Income	$ 92,498	$ 111,537
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Bad Debt Expense	5,494	4,927
Depreciation	95,469	93,481
Deferred Income Taxes	11,624	43,664
Regulatory Overrecoveries, Net	30,459	11,152
Amortization of Regulatory Assets/(Liabilities), Net	22,311	16,640
Amortization of Rate Reduction Bonds	82,207	76,749
Allowance for Equity Funds Used During Construction	(2,475)	(1,615)
Other	(23,367)	(15,420)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	15,679	90,947
Materials and Supplies	4,767	(4,232)
Taxes Receivable/(Accrued)	12,694	15,133
Other Current Assets	9,102	6,147
Accounts Payable	(38,735)	(106,597)
Other Current Liabilities	13,239	(5,497)
Net Cash Flows Provided by Operating Activities	330,966	337,016
Investing Activities:		
Investments in Property and Plant	(191,667)	(226,892)
Decrease/(Increase) in NU Money Pool Lending	97,775	(162,488)
Other Investing Activities	1,463	(282)
Net Cash Flows Used in Investing Activities	(92,429)	(389,662)
Financing Activities:		
Cash Dividends on Common Stock	(145,992)	(56,925)
Cash Dividends on Preferred Stock	(2,779)	(2,779)
Decrease in Short−Term Debt	–	(74,000)
Issuance of Long−Term Debt	–	312,000
Increase/(Decrease) in NU Money Pool Borrowings	15,625	(102,725)
Retirements of Rate Reduction Bonds	(96,267)	(89,875)
Capital Contributions from NU Parent	–	77,000
Other Financing Activities	(170)	(2,861)
Net Cash Flows (Used in)/Provided by Financing Activities	(229,583)	59,835
Net Increase in Cash	8,954	7,189
Cash − Beginning of Period	45	–
Cash − End of Period	$ 8,999	$ 7,189

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	June 30, 2010	December 31, 2009
ASSETS		
Current Assets:		
Cash	$ 11,285	$ 1,974
Receivables, Net	83,914	89,337
Unbilled Revenues	46,703	49,358
Taxes Receivable	20,544	22,600
Fuel, Materials and Supplies	97,872	127,447
Prepayments and Other Current Assets	20,879	36,673
Total Current Assets	281,197	327,389
Property, Plant and Equipment, Net	1,937,877	1,814,714
Deferred Debits and Other Assets:		
Regulatory Assets	483,982	494,077
Other Long−Term Assets	88,701	61,011
Total Deferred Debits and Other Assets	572,683	555,088
Total Assets	$ 2,791,757	$ 2,697,191

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	June 30, 2010	December 31, 2009
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Affiliated Companies	$ 7,800	$ 26,700
Accounts Payable	100,109	109,521
Accounts Payable to Affiliated Companies	21,311	20,083
Accrued Interest	10,296	10,255
Derivative Liabilities	18,020	18,785
Other Current Liabilities	20,807	27,983
Total Current Liabilities	178,343	213,327
Rate Reduction Bonds	163,546	188,113
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	292,789	275,669
Regulatory Liabilities	67,708	69,872
Derivative Liabilities	5,907	7,635
Accrued Pension	281,518	272,905
Other Long−Term Liabilities	110,409	105,970
Total Deferred Credits and Other Liabilities	758,331	732,051
Capitalization:		
Long−Term Debt	836,310	836,255
Common Stockholder's Equity:		
Common Stock	–	–
Capital Surplus, Paid In	535,739	420,169
Retained Earnings	320,123	307,988
Accumulated Other Comprehensive Loss	(635)	(712)
Common Stockholder's Equity	855,227	727,445
Total Capitalization	1,691,537	1,563,700
Total Liabilities and Capitalization	$ 2,791,757	$ 2,697,191

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Operating Revenues	$ 238,322	$ 262,931	$ 496,890	$ 570,584
Operating Expenses:				
Fuel, Purchased and Net Interchange Power	83,253	128,494	187,024	274,719
Other Operating Expenses	56,073	58,476	119,199	121,204
Maintenance	25,625	20,852	41,627	36,374
Depreciation	16,020	15,390	31,988	30,561
Amortization of Regulatory Liabilities, Net	(11,627)	(12,760)	(17,322)	(4,813)
Amortization of Rate Reduction Bonds	12,246	11,528	24,637	23,214
Taxes Other Than Income Taxes	13,348	9,769	26,426	22,013
Total Operating Expenses	194,938	231,749	413,579	503,272
Operating Income	43,384	31,182	83,311	67,312
Interest Expense:				
Interest on Long−Term Debt	9,268	8,266	18,780	16,370
Interest on Rate Reduction Bonds	2,516	3,406	5,237	7,064
Other Interest (Note 1I)	185	(1,129)	364	(337)
Interest Expense	11,969	10,543	24,381	23,097
Other (Loss)/Income, Net	(197)	2,805	2,215	4,230
Income Before Income Tax Expense	31,218	23,444	61,145	48,445
Income Tax Expense	9,602	6,874	23,719	14,380
Net Income	$ 21,616	$ 16,570	$ 37,426	$ 34,065

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	Six Months Ended June 30, 2010	2009
Operating Activities:		
Net Income	$ 37,426	$ 34,065
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Bad Debt Expense	4,282	3,210
Depreciation	31,988	30,561
Deferred Income Taxes	15,486	6,305
Pension and PBOP Expense, Net of PBOP Contributions	9,606	8,206
Regulatory (Underrecoveries)/Overrecoveries, Net	(5,459)	3,889
Amortization of Regulatory Assets/(Liabilities), Net	(17,322)	(4,813)
Amortization of Rate Reduction Bonds	24,637	23,214
Allowance for Equity Funds Used During Construction	(4,207)	(1,661)
Insurance Proceeds	10,000	10,066
Other	(16,850)	4,493
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	3,338	5,876
Fuel, Materials and Supplies	30,714	4,427
Taxes Receivable/(Accrued)	2,057	(6,119)
Other Current Assets	2,599	1,284
Accounts Payable	(12,305)	(72,536)
Other Current Liabilities	(7,157)	(4,835)
Net Cash Flows Provided by Operating Activities	108,833	45,632
Investing Activities:		
Investments in Property and Plant	(141,709)	(112,356)
Proceeds from Sales of Marketable Securities	1,564	4,133
Purchases of Marketable Securities	(1,620)	(4,161)
Decrease in NU Money Pool Lending	–	44,800
Other Investing Activities	(4,311)	833
Net Cash Flows Used in Investing Activities	(146,076)	(66,751)
Financing Activities:		
Cash Dividends on Common Stock	(25,292)	(20,422)
Decrease in NU Money Pool Borrowings	(18,900)	–
Retirements of Rate Reduction Bonds	(24,568)	(23,168)
Capital Contributions from NU Parent	115,428	67,000
Other Financing Activities	(114)	(386)
Net Cash Flows Provided by Financing Activities	46,554	23,024
Net Increase in Cash	9,311	1,905
Cash − Beginning of Period	1,974	195
Cash − End of Period	$ 11,285	$ 2,100

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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WESTERN MASSACHUSETTS ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	June 30, 2010	December 31, 2009
ASSETS		
Current Assets:		
Cash	$ 1	$ 1
Receivables, Net	37,700	38,415
Notes Receivable from Affiliated Companies	22,000	–
Unbilled Revenues	15,283	16,090
Taxes Receivable	4,272	4,192
Materials and Supplies	9,080	8,314
Marketable Securities	35,747	28,261
Prepayments and Other Current Assets	1,939	1,965
Total Current Assets	126,022	97,238
Property, Plant and Equipment, Net	746,623	705,760
Deferred Debits and Other Assets:		
Regulatory Assets	234,784	240,804
Marketable Securities	21,092	28,500
Other Long−Term Assets	35,893	29,498
Total Deferred Debits and Other Assets	291,769	298,802
Total Assets	$ 1,164,414	$ 1,101,800

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

WESTERN MASSACHUSETTS ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of Dollars)	June 30, 2010	December 31, 2009
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Notes Payable to Affiliated Companies	$ –	$ 136,100
Accounts Payable	39,854	36,680
Accounts Payable to Affiliated Companies	8,335	7,924
Accrued Interest	6,732	5,274
Other Current Liabilities	7,118	8,873
Total Current Liabilities	62,039	194,851
Rate Reduction Bonds	50,970	58,735
Deferred Credits and Other Liabilities:		
Accumulated Deferred Income Taxes	217,723	211,391
Regulatory Liabilities	20,439	21,683
Other Long−Term Liabilities	60,143	62,858
Total Deferred Credits and Other Liabilities	298,305	295,932
Capitalization:		
Long−Term Debt	400,206	305,475
Common Stockholder's Equity:		
Common Stock	10,866	10,866
Capital Surplus, Paid In	248,054	145,400
Retained Earnings	94,016	90,549
Accumulated Other Comprehensive Loss	(42)	(8)
Common Stockholder's Equity	352,894	246,807
Total Capitalization	753,100	552,282
Total Liabilities and Capitalization	$ 1,164,414	$ 1,101,800

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

WESTERN MASSACHUSETTS ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Thousands of Dollars)	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Operating Revenues	$ 92,473	$ 95,120	$ 192,680	$ 213,201
Operating Expenses:				
Fuel, Purchased and Net Interchange Power	36,720	46,298	80,352	109,533
Other Operating Expenses	23,067	22,817	46,293	45,481
Maintenance	5,367	5,135	9,909	8,241
Depreciation	5,868	5,621	11,821	11,149
Amortization of Regulatory Liabilities, Net	(721)	(4,009)	(2,290)	(3,339)
Amortization of Rate Reduction Bonds	3,827	3,586	7,722	7,240
Taxes Other Than Income Taxes	4,080	2,517	8,163	6,414
Total Operating Expenses	78,208	81,965	161,970	184,719
Operating Income	14,265	13,155	30,710	28,482
Interest Expense:				
Interest on Long−Term Debt	4,726	3,554	8,607	6,997
Interest on Rate Reduction Bonds	874	1,112	1,811	2,280
Other Interest (Note 1l)	57	(233)	183	394
Interest Expense	5,657	4,433	10,601	9,671
Other Income, Net	161	1,089	765	935
Income Before Income Tax Expense	8,769	9,811	20,874	19,746
Income Tax Expense	3,520	4,004	9,966	7,793
Net Income	$ 5,249	$ 5,807	$ 10,908	$ 11,953

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

WESTERN MASSACHUSETTS ELECTRIC COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands of Dollars)	Six Months Ended June 30, 2010	2009
Operating Activities:		
Net Income	$ 10,908	$ 11,953
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities:		
Bad Debt Expense	3,304	3,862
Depreciation	11,821	11,149
Deferred Income Taxes	5,061	12,249
Regulatory (Underrecoveries)/Overrecoveries, Net	(8,181)	4,139
Amortization of Regulatory Assets/(Liabilities), Net	(2,290)	(3,339)
Amortization of Rate Reduction Bonds	7,722	7,240
Other	(3,136)	(4,821)
Changes in Current Assets and Liabilities:		
Receivables and Unbilled Revenues, Net	(1,762)	6,057
Materials and Supplies	(767)	39
Taxes Receivable/(Accrued)	(80)	(4,412)
Other Current Assets	495	(587)
Accounts Payable	605	(24,426)
Other Current Liabilities	(102)	(2,618)
Net Cash Flows Provided by Operating Activities	23,598	16,485
Investing Activities:		
Investments in Property and Plant	(46,354)	(41,478)
Proceeds from Sales of Marketable Securities	69,196	78,334
Purchases of Marketable Securities	(69,350)	(79,635)
Increase in NU Money Pool Lending	(22,000)	–
Other Investing Activities	(170)	548
Net Cash Flows Used in Investing Activities	(68,678)	(42,231)
Financing Activities:		
Cash Dividends on Common Stock	(7,441)	(11,101)
Increase in Short−Term Debt	–	45,227
Issuance of Long−Term Debt	95,000	–
Decrease in NU Money Pool Borrowings	(136,100)	100
Retirements of Rate Reduction Bonds	(7,765)	(7,282)
Capital Contributions from NU Parent	102,600	–
Other Financing Activities	(1,214)	(37)
Net Cash Flows Provided by Financing Activities	45,080	26,907
Net Increase in Cash	–	1,161
Cash − Beginning of Period	1	–
Cash − End of Period	$ 1	$ 1,161

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NORTHEAST UTILITIES AND SUBSIDIARIES
THE CONNECTICUT LIGHT AND POWER COMPANY AND SUBSIDIARIES
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES
WESTERN MASSACHUSETTS ELECTRIC COMPANY AND SUBSIDIARY

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Presentation

Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with GAAP have been omitted pursuant to the rules and regulations of the SEC. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the entirety of this combined Quarterly Report on Form 10−Q, the first quarter 2010 combined Quarterly Report on Form 10−Q, and the combined 2009 Annual Report on Form 10−K of Northeast Utilities (NU or the Company), CL&P, PSNH, and WMECO, which was filed with the SEC (NU 2009 Form 10−K). The accompanying unaudited condensed consolidated financial statements contain, in the opinion of management, all adjustments (including normal, recurring adjustments) necessary to present fairly NU's and the above companies' financial positions as of June 30, 2010 and December 31, 2009, the results of operations for the three and six months ended June 30, 2010 and 2009, and cash flows for the six months ended June 30, 2010 and 2009. The results of operations for the three months ended June 30, 2010 and 2009, and the results of operations and cash flows for the six months ended June 30, 2010 and 2009, are not necessarily indicative of the results expected for a full year.

Refer to the Glossary of Terms included in this combined Quarterly Report on Form 10−Q for abbreviations and acronyms used throughout the combined notes to the unaudited condensed consolidated financial statements.

The unaudited condensed consolidated financial statements of NU, CL&P, PSNH and WMECO include the accounts of all their respective subsidiaries. Intercompany transactions have been eliminated in consolidation.

In accordance with accounting guidance on the consolidation of VIEs, the Company evaluates its variable interests to determine if it has a controlling financial interest in a VIE that would require consolidation. The Company’s variable interests outside of the consolidated group consist of contracts with developers of power plants that are required by regulation and provide for regulatory recovery of contract costs and benefits through customer rates. The Company would consolidate a VIE if it had both the power to direct the activities of a VIE that most significantly impact the entity’s economic performance and the obligation to absorb losses of, or receive benefits from, the entity that could potentially be significant to the VIE.

For each variable interest in a power plant, NU evaluates the activities of that particular power plant that most significantly impact the VIE’s economic performance to determine whether it has control over those activities. NU’s assessment of control includes an analysis of who operates and maintains the power plant including dispatch rights and who controls the activities of the power plant after the expiration of its power purchase agreement with NU. NU also evaluates its exposure to potentially significant losses and benefits of the VIE. As of June 30, 2010, NU held variable interests in VIEs through agreements with certain entities that are single power plant owners of renewable energy, peaking generation and other independent power producers. NU does not control the activities that are economically significant to these VIEs or provide financial or other support to these VIEs. NU does not have financial exposure because the costs and benefits of all of these arrangements are fully recoverable from, or refundable to, NU’s customers. As of June 30, 2010, NU was not identified as the primary beneficiary of, and therefore does not consolidate, any power plant VIEs. The Company does not have any variable interest in a VIE that is material to the accompanying unaudited condensed consolidated financial statements.

The preparation of the unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the unaudited condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain reclassifications of prior period data were made in the accompanying unaudited condensed consolidated balance sheets for CL&P, PSNH, and WMECO and the statements of cash flows for NU, CL&P, PSNH and WMECO. These reclassifications were made to conform to the current period's presentation.

NU evaluates events and transactions that occur after the balance sheet date but before financial statements are issued and recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed as of the balance sheet date and discloses but does not recognize in the financial statements subsequent events that provide evidence about the conditions that arose after the balance sheet date but before the financial statements are issued. See Note 1C, "Summary of Significant Accounting Policies – Regulatory Accounting," for further information.

B.
Fair Value Measurements

NU, including CL&P, PSNH, and WMECO, applies fair value measurement guidance to all derivative contracts recorded at fair value and to the marketable securities held in the NU supplemental benefit trust and WMECO's spent nuclear fuel trust. Fair value measurement guidance is also applied to investment valuations used to calculate the funded status of NU's Pension and PBOP plans and non−recurring fair value measurements of NU's non−financial assets and liabilities, such as AROs and Yankee Gas' goodwill.

Fair Value Hierarchy: In measuring fair value, NU uses observable market data when available and minimizes the use of unobservable inputs. Unobservable inputs are needed to value certain derivative contracts due to complexities in the terms of the contracts. Inputs used in fair value measurements are categorized into three fair value hierarchy levels for disclosure purposes. The entire fair value measurement is categorized based on the lowest level of input that is significant to the fair value measurement. NU evaluates the classification of assets and liabilities measured at fair value on a quarterly basis, and NU's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period. The three levels of the fair value hierarchy are described below:

Level 1 − Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 − Inputs are quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model−derived valuations in which all significant inputs are observable.

Level 3 − Quoted market prices are not available. Fair value is derived from valuation techniques in which one or more significant inputs or assumptions are unobservable. Where possible, valuation techniques incorporate observable market inputs that can be validated to external sources such as industry exchanges, including prices of energy and energy−related products. Significant unobservable inputs are used in the valuations, including items such as energy and energy−related product prices in future years for which observable prices are not yet available, future contract quantities under full−requirements or supplemental sales contracts, and market volatilities. Items valued using these valuation techniques are classified according to the lowest level for which there is at least one input that is significant to the valuation. Therefore, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable.

Determination of Fair Value: The valuation techniques and inputs used in NU's fair value measurements are described in Note 2, "Derivative Instruments," and Note 9, "Marketable Securities," to the unaudited condensed consolidated financial statements. There were no changes to the valuation methodologies for derivative instruments or marketable securities as of June 30, 2010 and December 31, 2009.

C.
Regulatory Accounting

The Regulated companies continue to be rate−regulated on a cost−of−service basis, therefore, the accounting policies of the Regulated companies conform to GAAP applicable to rate−regulated enterprises and historically reflect the effects of the rate−making process.

Management believes it is probable that the Regulated companies will recover their respective investments in long−lived assets, including regulatory assets. All material net regulatory assets are earning a return, except for the majority of deferred benefit cost assets, regulatory assets offsetting derivative liabilities, securitized regulatory assets and income tax regulatory assets, all of which are not in rate base. Amortization and deferrals of regulatory assets/(liabilities) are primarily included on a net basis in Amortization of Regulatory Assets/(Liabilities), Net on the accompanying unaudited condensed consolidated statements of income.

Regulatory Assets: The components of regulatory assets are as follows:

	As of June 30, 2010	As of December 31, 2009
(Millions of Dollars)	NU	NU
Deferred Benefit Costs	$ 1,099.9	$ 1,132.1
Regulatory Assets Offsetting Derivative Liabilities	899.3	855.6
Securitized Assets	304.4	432.9
Income Taxes, Net	374.1	363.2
Unrecovered Contractual Obligations	138.8	149.5
Regulatory Tracker Deferrals	128.7	104.1
Storm Cost Deferral	63.9	60.0
Asset Retirement Obligations	44.5	42.9
Losses on Reacquired Debt	22.9	24.0
Regulatory Assets Offsetting Environmental Liabilities	36.1	24.6
Other Regulatory Assets	71.4	56.0
Totals	$ 3,184.0	$ 3,244.9

(Millions of Dollars)	As of June 30, 2010 CL&P	PSNH	WMECO	As of December 31, 2009 CL&P	PSNH	WMECO
Deferred Benefit Costs	$ 486.7	$ 146.2	$ 100.7	$ 502.4	$ 154.2	$ 104.9
Regulatory Assets Offsetting Derivative Liabilities	874.5	23.9	–	828.6	26.4	–
Securitized Assets	99.2	155.5	49.7	195.4	180.1	57.4
Income Taxes, Net	308.7	26.6	17.1	304.1	21.9	16.9
Unrecovered Contractual Obligations	109.7	–	29.1	118.0	–	31.5
Regulatory Tracker Deferrals	67.7	37.7	19.8	70.3	19.0	11.3
Storm Cost Deferral	5.5	43.8	14.6	–	50.8	9.2
Asset Retirement Obligations	25.0	14.3	2.9	23.8	14.0	2.8
Losses on Reacquired Debt	12.1	8.8	0.4	12.7	9.2	0.4
Regulatory Assets Offsetting Environmental Liabilities	–	8.5	–	–	1.3	–
Other Regulatory Assets	31.8	18.7	0.5	13.5	17.2	6.4
Totals	$ 2,020.9	$ 484.0	$ 234.8	$ 2,068.8	$ 494.1	$ 240.8

Additionally, the Regulated companies had $45.6 million ($0.4 million for CL&P, $25.7 million for PSNH, and $11.6 million for WMECO) and $27.1 million ($9.9 million for CL&P and $9.1 million for WMECO) of regulatory costs as of June 30, 2010 and December 31, 2009, respectively, which were included in Other Long−Term Assets on the accompanying unaudited condensed consolidated balance sheets. These amounts represent incurred costs that have not yet been approved for recovery by the applicable regulatory agency. Management believes these costs are probable of recovery in future cost−of−service regulated rates.

Of the total June 30, 2010 amount, $8.1 million ($5.3 million for PSNH and $2.8 million for WMECO) relates to the probable recovery in future rates of previously recognized tax benefits lost as a result of a provision in the 2010 Healthcare Act that eliminated the tax deductibility of actuarially equivalent Medicare Part D benefits for retirees. On June 30, 2010, the DPUC issued a decision that rejected CL&P's request for the establishment of a regulatory asset that was recorded in Other Long−Term Assets in the first quarter of 2010 for the recovery of future tax benefits lost as a result of the 2010 Healthcare Act. On July 14, 2010, CL&P filed with the DPUC a request to reconsider its ruling on this issue. On July 28, 2010, the DPUC granted CL&P's request for reconsideration of its decision and the DPUC allowed the creation of a regulatory asset by CL&P, subject to review in its next rate case. As a result, NU has concluded that these costs are probable of recovery and has recorded regulatory assets of $16.3 million ($13.7 million for CL&P and $2.6 million for Yankee Gas) as of June 30, 2010, which are reflected in Other Regulatory Assets in the table above.

The $25.7 million at PSNH also includes $20.4 million of costs incurred for the February 2010 winter storm restorations that met the NHPUC specified criteria for deferral to a major storm cost reserve.

Regulatory Liabilities: The components of regulatory liabilities are as follows:

(Millions of Dollars)	As of June 30, 2010 NU	As of December 31, 2009 NU
Cost of Removal	$ 205.0	$ 209.2
Regulatory Liabilities Offsetting Derivative Assets	55.8	109.4
Regulatory Tracker Deferrals	76.5	62.5
AFUDC Transmission Incentive (Note 1F)	55.0	51.1
Pension and PBOP Liabilities − Yankee Gas Acquisition	13.8	15.0
Overrecovered Natural Gas Costs	5.4	7.1
Other Regulatory Liabilities	33.5	31.4
Totals	$ 445.0	$ 485.7

(Millions of Dollars)	As of June 30, 2010 CL&P	PSNH	WMECO	As of December 31, 2009 CL&P	PSNH	WMECO
Cost of Removal	$ 81.3	$ 58.9	$ 15.2	$ 82.2	$ 60.5	$ 16.6
Regulatory Liabilities Offsetting Derivative Assets	55.8	–	–	109.0	0.4	–
Regulatory Tracker Deferrals	70.7	5.4	0.4	56.0	4.4	2.1
AFUDC Transmission Incentive (Note 1F)	53.1	–	1.9	50.4	–	0.7
WMECO Provision For Rate Refunds	–	–	2.0	–	–	2.0
Other Regulatory Liabilities	24.7	3.4	0.9	18.6	4.6	0.3
Totals	$ 285.6	$ 67.7	$ 20.4	$ 316.2	$ 69.9	$ 21.7

D.
Property, Plant and Equipment and Accumulated Depreciation
The following tables summarize the NU, CL&P, PSNH, and WMECO investments in utility plant as of June 30, 2010 and December 31, 2009:

(Millions of Dollars)	As of June 30, 2010 NU	As of December 31, 2009 NU
Distribution − Electric	$ 6,035.7	$ 5,893.9
Distribution − Natural Gas	1,088.8	1,071.1
Transmission	3,270.7	3,219.2
Generation	678.0	660.1
Electric and Natural Gas Utility	11,073.2	10,844.3
Other [1]	279.2	265.6
Total Property, Plant and Equipment, Gross	11,352.4	11,109.9
Less: Accumulated Depreciation		
Electric and Natural Gas Utility	(2,798.6)	(2,721.3)
Other	(126.4)	(120.3)
Total Accumulated Depreciation	(2,925.0)	(2,841.6)
Property, Plant and Equipment, Net	8,427.4	8,268.3
Construction Work In Progress	714.9	571.7
Total Property, Plant and Equipment, Net	$ 9,142.3	$ 8,840.0

[1] These assets are primarily owned by RRR ($144.4 million and $143.8 million) and NUSCO ($122 million and $109 million) as of June 30, 2010 and December 31, 2009, respectively.

	As of June 30, 2010			As of December 31, 2009		
(Millions of Dollars)	CL&P	PSNH	WMECO	CL&P	PSNH	WMECO
Distribution	$ 4,069.1	$ 1,334.1	$ 663.9	$ 3,960.1	$ 1,309.2	$ 654.9
Transmission	2,603.0	460.3	207.4	2,573.2	450.2	195.7
Generation	–	678.0	–	–	660.1	–
Total Property, Plant and Equipment, Gross	6,672.1	2,472.4	871.3	6,533.3	2,419.5	850.6
Less: Accumulated Depreciation	(1,474.7)	(820.9)	(224.9)	(1,426.6)	(805.5)	(218.2)
Property, Plant and Equipment, Net	5,197.4	1,651.5	646.4	5,106.7	1,614.0	632.4
Construction Work in Progress	236.5	286.4	100.2	233.9	200.7	73.4
Total Property, Plant and Equipment, Net	$ 5,433.9	$ 1,937.9	$ 746.6	$ 5,340.6	$ 1,814.7	$ 705.8

E.
Provision for Uncollectible Accounts
NU, including CL&P, PSNH and WMECO, maintains a provision for uncollectible accounts to record receivables at an estimated net realizable value. This provision is determined based upon a variety of factors, including applying an estimated uncollectible account percentage to each receivable aging category, based upon historical collection and write−off experience and management's assessment of collectibility from individual customers. Management reviews at least quarterly the collectibility of the receivables, and if circumstances change, collectibility estimates are adjusted accordingly. Receivable balances are written−off against the provision for uncollectible accounts when these balances are deemed to be uncollectible and the accounts are terminated.

The provision for uncollectible accounts as of June 30, 2010 and December 31, 2009, which are included in Receivables, Net on the accompanying unaudited condensed consolidated balance sheets, were as follows:

(Millions of Dollars)	As of June 30, 2010	As of December 31, 2009
NU	$ 57.2	$ 55.3
CL&P	28.3	26.1
PSNH	5.9	5.1
WMECO	7.7	7.2

F.
Allowance for Funds Used During Construction
AFUDC is included in the cost of the Regulated companies' utility plant and represents the cost of borrowed and equity funds used to finance construction. The portion of AFUDC attributable to borrowed funds is recorded as a reduction of Other Interest Expense, and the AFUDC related to equity funds is recorded as Other Income, Net on the accompanying unaudited condensed consolidated statements of income.

(Millions of Dollars, except percentages)	For the Three Months Ended June 30, 2010 NU	For the Three Months Ended June 30, 2009 NU	For the Six Months Ended June 30, 2010 NU	For the Six Months Ended June 30, 2009 NU
AFUDC:				
Borrowed Funds	$ 2.3	$ 1.4	$ 4.2	$ 3.5
Equity Funds	3.8	2.5	6.9	3.4
Totals	$ 6.1	$ 3.9	$ 11.1	$ 6.9
Average AFUDC Rates	7.0%	6.6%	6.8%	5.9%

(Millions of Dollars, except percentages)	For the Three Months Ended June 30, 2010 CL&P	PSNH	WMECO	June 30, 2009 CL&P	PSNH	WMECO
AFUDC:						
Borrowed Funds	$ 0.7	$ 1.5	$ 0.1	$ 0.6	$ 0.7	$ –
Equity Funds	1.2	2.4	0.2	1.7	0.8	–
Totals	$ 1.9	$ 3.9	$ 0.3	$ 2.3	$ 1.5	$ –
Average AFUDC Rates	8.0%	6.7%	6.7%	8.2%	6.1%	1.1%*

*The AFUDC rate applies to WMECO's portion of CWIP that is currently recovered in rate base, as further described below.

(Millions of Dollars, except percentages)	For the Six Months Ended June 30, 2010 CL&P	PSNH	WMECO	June 30, 2009 CL&P	PSNH	WMECO
AFUDC:						
Borrowed Funds	$ 1.4	$ 2.6	$ 0.1	$ 1.5	$ 1.6	$ 0.1
Equity Funds	2.5	4.2	0.2	1.6	1.7	–
Totals	$ 3.9	$ 6.8	$ 0.3	$ 3.1	$ 3.3	$ 0.1
Average AFUDC Rates	8.0%	6.5%	4.1%	5.7%	7.0%	2.5%

The Regulated companies' average AFUDC rate is based on a FERC−prescribed formula that produces an average rate using the cost of a company's short−term financings as well as a company's capitalization (preferred stock, long−term debt and common equity). The average rate is applied to average eligible CWIP amounts to calculate AFUDC. AFUDC is recorded on 100 percent of CL&P's and WMECO's CWIP for their NEEWS projects, all of which is being reserved as a regulatory liability to reflect current rate base recovery for 100 percent of the CWIP as a result of FERC−approved transmission incentives.

G.
Other Income, Net
The pre−tax components of other income/(loss) items are as follows:

(Million of Dollars)	For the Three Months Ended June 30, 2010 NU	For the Three Months Ended June 30, 2009 NU	For the Six Months Ended June 30, 2010 NU	For the Six Months Ended June 30, 2009 NU
Other Income:				
Investment Income	$ –	$ 6.1	$ –	$ 3.1
Interest Income	1.3	2.0	2.1	4.0
AFUDC − Equity Funds	3.8	2.5	6.9	3.4
Energy Independence Act Incentives	0.9	0.7	2.3	4.3
Other	2.2	1.1	2.9	2.0
Total Other Income	8.2	12.4	14.2	16.8
Other Loss:				
Investment Losses	(4.0)	–	(2.0)	–
Other	(2.6)	–	(2.6)	(0.2)
Total Other Loss	(6.6)	–	(4.6)	(0.2)
Total Other Income, Net	$ 1.6	$ 12.4	$ 9.6	$ 16.6

	For the Three Months Ended						For the Six Months Ended					
	June 30, 2010			June 30, 2009			June 30, 2010			June 30, 2009		
(Millions of Dollars)	CL&P	PSNH	WMECO	CL&P	PSNH	WMECO	CL&P	PSNH	WMECO	CL&P	PSNH	WMECO
Other Income:												
Investment Income	$ −	$ −	$ −	$ 4.1	$ 1.0	$ 0.9	$ −	$ −	$ −	$ 2.1	$ 0.5	$ 0.4
Interest Income	1.4	0.5	0.2	1.1	0.8	0.1	2.0	0.7	0.4	1.9	1.8	0.2
AFUDC − Equity Funds	1.2	2.4	0.2	1.7	0.8	−	2.5	4.2	0.2	1.6	1.7	−
Energy Independence Act Incentives	0.9	−	−	0.7	−	−	2.3	−	−	4.3	−	−
Other	−	0.1	0.4	0.6	0.2	0.1	0.3	0.1	0.5	1.0	0.2	0.4
Total Other Income	3.5	3.0	0.8	8.2	2.8	1.1	7.1	5.0	1.1	10.9	4.2	1.0
Other Loss:												
Investment Loss	(2.7)	(0.7)	(0.6)	−	−	−	(1.4)	(0.3)	(0.3)	−	−	(0.1)
Other	(0.1)	(2.5)	−	−	−	−	−	(2.5)	−	−	−	−
Total Other Loss	(2.8)	(3.2)	(0.6)	−	−	−	(1.4)	(2.8)	(0.3)	−	−	(0.1)
Total Other Income/(Loss), Net	$ 0.7	$ (0.2)	$ 0.2	$ 8.2	$ 2.8	$ 1.1	$ 5.7	$ 2.2	$ 0.8	$ 10.9	$ 4.2	$ 0.9

Other Income − Other includes equity in earnings, which relates to the Company's investments, including investments of CL&P, PSNH and WMECO, in the Yankee Companies and NU's investment in two regional transmission companies. Equity in earnings was de minimis for NU, CL&P, PSNH and WMECO for both the three months ended June 30, 2010 and 2009, and a de minimis amount and $1 million for NU (de minimis amounts for CL&P and PSNH in both periods, and a de minimis amount and $0.1 million for WMECO) for the six months ended June 30, 2010 and 2009, respectively. Income tax expense associated with the equity in earnings was de minimis for NU, CL&P, PSNH and WMECO for the three and six months ended June 30, 2010 and 2009.

Dividends received from the Yankee Companies and the regional transmission companies investments were recorded as a reduction to NU's, including CL&P, PSNH and WMECO, investment. Dividends received were $0.5 million (zero for CL&P, PSNH and WMECO) for both the three months ended June 30, 2010 and June 30, 2009, respectively. Dividends received were $0.6 million and $3.3 million (zero and $1.5 million for CL&P, zero and $0.2 million for PSNH and zero and $0.4 million for WMECO) for the six months ended June 30, 2010 and June 30, 2009, respectively.

Included in Other Loss − Other for NU and PSNH for the three and six months ended June 30, 2010 is a $2.5 million write−off of carrying charges related to storm costs incurred during the December 2008 ice storm. This write−off was part of the multi−year rate case settlement agreement that was effective July 1, 2010.

H.
Special Deposits and Counterparty Deposits

NU, including CL&P, PSNH, and WMECO, records special deposits and counterparty deposits posted under master netting agreements as an offset to a derivative asset or liability if the related derivatives are recorded in a net position. As of June 30, 2010, Select Energy had $3.7 million of collateral posted under master netting agreements and netted against the fair value of the derivatives. As of December 31, 2009, CL&P and Select Energy had $0.5 million and $2.1 million, respectively, of collateral posted under master netting agreements and netted against the fair value of the derivatives.

Special deposits paid by Select Energy to unaffiliated counterparties and brokerage firms not subject to master netting agreements totaled $27.2 million and $28.1 million as of June 30, 2010 and December 31, 2009, respectively. These amounts are included in Prepayments and Other Current Assets on the accompanying unaudited condensed consolidated balance sheets. There were no counterparty deposits for Select Energy as of June 30, 2010 and December 31, 2009.

NU, CL&P, PSNH and WMECO have established credit policies regarding counterparties to minimize overall credit risk. These policies require an evaluation of potential counterparties, financial condition, collateral requirements and the use of standardized agreements that allow for the netting of positive and negative exposures associated with a single counterparty. These evaluations result in established credit limits prior to entering into a contract. As of June 30, 2010 and December 31, 2009, there were no counterparty deposits for these companies.

I.
Income Taxes

On March 23, 2010, President Obama signed into law the 2010 Healthcare Act. The 2010 Healthcare Act was amended by a Reconciliation Bill signed into law on March 30, 2010. The 2010 Healthcare Act includes a provision that eliminated the tax deductibility of certain PBOP contributions equal to the amount of the federal subsidy received by companies like NU, which sponsor retiree health care benefit plans with a prescription drug benefit that is actuarially equivalent to Medicare Part D. NU recorded approximately $18 million in charges to Income Tax Expense on the accompanying unaudited condensed consolidated statement of income for the three months ended March 31, 2010 as a result of the 2010 Healthcare Act. This represented the loss of previously recognized accumulated deferred income tax assets. Since the electric and natural gas distribution companies are cost−of−service and rate regulated, some of these costs are able to be deferred and recovered through future rates. As a result, NU recognized approximately $15 million in after−tax deferrals ($24.4 million pre−tax) in Other Long−Term Assets on the accompanying unaudited condensed consolidated balance sheet as of March 31, 2010 with an offset to Amortization of Regulatory (Liabilities)/Assets, Net on the accompanying unaudited condensed consolidated statement of income, which reflects the anticipated recovery in future rates of these previously recognized lost tax benefits. Therefore, the write−down of existing tax assets resulting from this law change reduced 2010 earnings on a net basis by approximately $3 million. In addition, as a result of the elimination of the tax deduction in 2010, NU was not able to recognize approximately $2 million of net current period benefits.

Tax Positions: In June 2009, the Internal Revenue Service completed its audit of NU federal tax years 2005 through 2007, bringing closure to, and effective settlement of, issues concerning the timing of certain deductions through 2007. The audit closure reduced pre−tax interest expense by $5.4 million ($3.1 million for CL&P, $1.6 million for PSNH, and $0.5 million for WMECO), while the income tax expense impact resulted in a $1 million tax benefit.

J.
Other Taxes

Certain excise taxes levied by state or local governments are collected by CL&P and Yankee Gas from their respective customers. These excise taxes are shown on a gross basis with collections in revenues and payments in expenses. Gross receipts taxes, franchise taxes and other excise taxes were included in Operating Revenues and Taxes Other Than Income Taxes on the accompanying unaudited condensed consolidated statements of income as follows:

	For the Three Months Ended		For the Six Months Ended	
(Millions of Dollars)	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
NU	$ 33.1	$ 30.8	$ 72.0	$ 69.8
CL&P	30.2	27.7	62.2	58.6

Certain sales taxes are also collected by CL&P, WMECO, and Yankee Gas from their respective customers as agents for state and local governments and are recorded on a net basis with no impact on the accompanying unaudited condensed consolidated statements of income.

K.
Common Shares

The following table sets forth the NU common shares and the shares of CL&P, PSNH and WMECO common stock authorized and issued and the respective par values as of June 30, 2010 and December 31, 2009:

		Shares		
		Authorized	Issued	
	Per Share Par Value	As of June 30, 2010 and December 31, 2009	As of June 30, 2010	As of December 31, 2009
NU	$ 5	225,000,000	195,685,837	195,455,214
CL&P	$ 10	24,500,000	6,035,205	6,035,205
PSNH	$ 1	100,000,000	301	301
WMECO	$ 25	1,072,471	434,653	434,653

As of June 30, 2010 and December 31, 2009, 19,587,635 and 19,708,136 NU common shares were held as treasury shares, respectively.

L.
Restricted Cash

As of December 31, 2009, PSNH had $10 million of restricted cash held with a trustee related to insurance proceeds received on bondable property, which was included in Prepayments and Other Current Assets on the accompanying unaudited condensed consolidated balance sheet. These funds were released from the trustee during the second quarter of 2010 and there was no restricted cash held as of June 30, 2010.

M.
Supplemental Cash Flow Information

Non−cash investing activities include capital expenditures incurred but not paid as follows:

(Millions of Dollars)	As of June 30, 2010	As of December 31, 2009
NU	$ 109.9	$ 125.5
CL&P	27.8	48.2
PSNH	50.2	46.5
WMECO	12.9	10.3

The majority of the short−term borrowings of NU, including CL&P, PSNH, and WMECO, have original maturities of three months or less. Accordingly, borrowings and repayments are shown net on the statement of cash flows. In December 2008, NU parent borrowed $127 million under its revolving credit agreement that had original maturities in excess of 90 days. These amounts were repaid in March 2009 and are included in the net activity for the six−month period ended June 30, 2009 in the unaudited condensed consolidated statement of cash flows. For the six month period ended June 30, 2010, NU, CL&P, PSNH, and WMECO had no such borrowings.

2.
DERIVATIVE INSTRUMENTS

The costs and benefits of derivative contracts that meet the definition of and are designated as "normal purchases or normal sales" (normal) are recognized in Operating Expenses or Operating Revenues on the accompanying unaudited condensed consolidated statements of income, as applicable, as electricity or natural gas is delivered.

Derivative contracts that are not recorded as normal under the applicable accounting guidance, are recorded at fair value as current or long−term derivative assets or liabilities. Changes in fair values of NU Enterprises' derivatives are included in Net Income. For the Regulated companies, regulatory assets or liabilities are recorded for the changes in fair values of derivatives, as these contracts are part of current regulated operating costs, or have an allowed recovery mechanism, and management believes that these costs will

continue to be recovered from or refunded to customers in cost−of−service, regulated rates. See below for discussion of "Derivatives not designated as hedges."

The Regulated companies are exposed to the volatility of the prices of energy and energy−related products in procuring energy supply for their customers. The costs associated with supplying energy to customers are recoverable through customer rates. The Company manages the risks associated with the price volatility of energy and energy−related products through the use of derivative contracts, many of which are accounted for as normal (for WMECO all derivative contracts are accounted for as normal) and the use of nonderivative contracts.

CL&P mitigates the risks associated with the price volatility of energy and energy−related products through the use of standard or last resort service contracts, which fix the price of electricity purchased for customers for periods of time ranging from three months to three years and are accounted for as normal. CL&P has entered into derivatives, including FTR contracts and bilateral basis swaps, to manage the risk of congestion costs associated with its SS and LRS contracts. As required by regulation, CL&P has also entered into derivative and nonderivative contracts for the purchase of energy and energy−related products and contracts related to capacity. While the risks managed by these contracts are regional congestion costs and capacity price risks that are not specific to CL&P, Connecticut's electric distribution companies, including CL&P, are required to enter into these contracts. Management believes any costs or benefits from these contracts are recoverable from or will be refunded to CL&P's customers, and, therefore any changes in fair value are recorded as Regulatory Assets and Regulatory Liabilities on the accompanying unaudited condensed consolidated balance sheets.

WMECO mitigates the risks associated with the volatility of the prices of energy and energy−related products in procuring energy supply for its customers through the use of default service contracts, which fix the price of electricity purchased for customers for periods of time ranging from three months to three years and are accounted for as normal.

PSNH mitigates the risks associated with the volatility of energy prices in procuring energy supply for its customers through its generation facilities and the use of derivative contracts, including energy forward contracts, options and FTRs. PSNH enters into these contracts in order to stabilize electricity prices for customers. Management believes any costs or benefits from these contracts are recoverable from or will be refunded to PSNH's customers, and, therefore any changes in fair value are recorded as Regulatory Assets and Regulatory Liabilities on the accompanying unaudited condensed consolidated balance sheets.

NU mitigates the risks associated with supply availability and volatility of natural gas prices through the use of storage facilities and long−term agreements to purchase natural gas supply for customers that include nonderivative contracts and contracts that are accounted for as normal. Yankee Gas enters into contracts to meet required demand levels throughout the heating season and manages supply risk through the use of options contracts. Management believes any costs or benefits from these contracts are recoverable from or will be refundable to Yankee Gas' customers, and, therefore, any changes in fair value are recorded as Regulatory Assets and Regulatory Liabilities on the accompanying unaudited condensed consolidated balance sheets.

NU Enterprises, through Select Energy, has one remaining fixed price forward sales contract to serve electrical load that is part of its wholesale energy marketing portfolio. NU Enterprises mitigates the price risk associated with this contract through the use of forward purchase and sales contracts. NU Enterprises' derivative contracts are accounted for at fair value, and changes in their fair values are recorded in Operating Expenses on the accompanying unaudited condensed consolidated statements of income.

NU is also exposed to interest rate risk associated with its long−term debt. From time to time, various subsidiaries of the Company enter into forward starting interest rate swaps, accounted for as cash flow hedges, to mitigate the risk of changes in interest rates when they expect to issue long−term debt. NU parent has also entered into an interest rate swap on fixed rate long−term debt in order to manage the balance of fixed and floating rate debt. This interest rate swap mitigates the interest rate risk associated with the fixed rate long−term debt and is accounted for as a fair value hedge.

The gross fair values of derivative assets and liabilities with the same counterparty are offset and reported as net Derivative Assets or Derivative Liabilities, with appropriate current and long−term portions, in the accompanying unaudited condensed consolidated balance sheets. The following tables present the gross fair values of contracts and the net amounts recorded as current or long−term derivative assets or liabilities, by primary underlying risk exposures or purpose:

	As of June 30, 2010					
	Derivatives Not Designated as Hedges					
(Millions of Dollars)	Commodity and Capacity Contracts Required by Regulation	Commodity Sales Contract and Related Price and Supply Risk Management	Other Commodity Price and Supply Risk Management	Hedging Instruments−Interest Rate Risk Management	Collateral and Netting	Net Amount Recorded as Derivative Asset/(Liability)
Current Derivative Assets:						
Level 2:						
NU Parent	$ −	$ −	$ −	$ 7.3	$ −	$ 7.3
Level 3:						
NU Enterprises	−	1.8	−	−	−	1.8
CL&P	17.6	−	2.2	−	−	19.8
Total Current Derivative Assets	$ 17.6	$ 1.8	$ 2.2	$ 7.3	$ −	$ 28.9
Long−Term Derivative Assets:						
Level 2:						
NU Parent	$ −	$ −	$ −	$ 8.0	$ −	$ 8.0
Level 3:						
NU Enterprises	−	2.2	−	−	−	2.2
CL&P (1)	228.2	−	−	−	(78.0)	150.2
Total Long−Term Derivative Assets	$ 228.2	$ 2.2	$ −	$ 8.0	$ (78.0)	$ 160.4
Current Derivative Liabilities:						
Level 2:						
PSNH	$ −	$ −	$ (18.0)	$ −	$ −	$ (18.0)
Level 3:						
NU Enterprises (2)	−	(12.4)	−	−	3.7	(8.7)
CL&P	(13.7)	−	(0.3)	−	−	(14.0)
Yankee Gas	−	−	(0.5)	−	−	(0.5)
Total Current Derivative Liabilities	$ (13.7)	$ (12.4)	$ (18.8)	$ −	$ 3.7	$ (41.2)
Long−Term Derivative Liabilities:						
Level 2:						
PSNH	$ −	$ −	$ (5.9)	$ −	$ −	$ (5.9)
Level 3:						
NU Enterprises (1)	−	(31.4)	−	−	0.3	(31.1)
CL&P	(972.5)	−	−	−	−	(972.5)
Yankee Gas	−	−	(0.3)	−	−	(0.3)
Total Long−Term Derivative Liabilities	$ (972.5)	$ (31.4)	$ (6.2)	$ −	$ 0.3	$ (1,009.8)

	As of December 31, 2009					
	Derivatives Not Designated as Hedges					
(Millions of Dollars)	Commodity and Capacity Contracts Required by Regulation	Commodity Sales Contract and Related Price and Supply Risk Management	Other Commodity Price and Supply Risk Management	Hedging Instruments−Interest Rate Risk Management	Collateral and Netting	Net Amount Recorded as Derivative Asset/(Liability)
Current Derivative Assets:						
Level 2:						
NU Parent	$ −	$ −	$ −	$ 6.7	$ −	$ 6.7
Level 3:						
CL&P	20.1	−	4.5	−	−	24.6
PSNH (3)	−	−	0.4	−	−	0.4
Yankee Gas	−	−	0.1	−	−	0.1
Total Current Derivative Assets	$ 20.1	$ −	$ 5.0	$ 6.7	$ −	$ 31.8
Long−Term Derivative Assets:						
Level 2:						
NU Parent	$ −	$ −	$ −	$ 6.5	$ −	$ 6.5
Level 3:						
CL&P (1)	259.0	−	−	−	(75.8)	183.2
Total Long−Term Derivative Assets	$ 259.0	$ −	$ −	$ 6.5	$ (75.8)	$ 189.7
Current Derivative Liabilities:						
Level 2:						
PSNH	$ −	$ −	$ (18.8)	$ −	$ −	$ (18.8)
Level 3:						
NU Enterprises (2)	−	(13.0)	−	−	4.3	(8.7)
CL&P (4)	(10.3)	−	−	−	0.5	(9.8)
Yankee Gas	−	−	(0.4)	−	−	(0.4)
Total Current Derivative Liabilities	$ (10.3)	$ (13.0)	$ (19.2)	$ −	$ 4.8	$ (37.7)
Long−Term Derivative Liabilities:						
Level 2:						
PSNH	$ −	$ −	$ (7.6)	$ −	$ −	$ (7.6)
Level 3:						
NU Enterprises (1)	−	(41.1)	−	−	6.7	(34.4)
CL&P	(913.3)	−	−	−	−	(913.3)
Yankee Gas	−	−	(0.3)	−	−	(0.3)
Total Long−Term Derivative Liabilities	$ (913.3)	$ (41.1)	$ (7.9)	$ −	$ 6.7	$ (955.6)

(1) Amounts in Collateral and Netting represent derivative contracts that are netted against the fair value of the gross derivative asset/liability.

(2) Collateral and Netting amounts as of June 30, 2010 for NU Enterprises current derivative liabilities represent cash collateral posted that is under master netting agreements. As of December 31, 2009, Collateral and Netting included derivative assets of $2.2 million that are netted against the fair value of derivative liabilities and cash collateral of $2.1 million posted under master netting agreements.

(3) On PSNH's accompanying unaudited condensed consolidated balance sheet, the current portion of the net derivative asset is shown in Prepayments and Other Current Assets.

(4) Collateral and Netting amounts represent cash posted under master netting agreements.

For further information on the fair value of derivative contracts, see Note 1B, "Summary of Significant Accounting Policies − Fair Value Measurements," to the unaudited condensed consolidated financial statements.

The following provides additional information about the derivatives included in the tables above, including volumes and cash flow information.

Derivatives not designated as hedges

NU Enterprises' commodity sales contract and related price and supply risk management: As of June 30, 2010 and December 31, 2009, NU Enterprises had approximately 0.3 million MWh and 0.4 million MWh, respectively, of supply volumes remaining in its wholesale portfolio when expected sales to an agency that is comprised of municipalities are compared with contracted supply, both of which extend through 2013.

CL&P commodity and capacity contracts required by regulation: As of June 30, 2010 and December 31, 2009, CL&P had contracts with two IPPs to purchase electricity monthly in amounts aggregating approximately 1.5 million MWh per year through March 2015 under one of these contracts and 0.1 million MWh per year through December 2020 under the second contract. CL&P also has two capacity−related CfDs to increase energy supply in Connecticut relating to one generating project that has been modified and one

generating plant to be built. The total capacity of these CfDs and two additional CfDs entered into by UI is expected to be approximately 787 MW. CL&P has an agreement with UI, which is also accounted for as a derivative, under which they will share the costs and benefits of the four CfDs, with 80 percent allocated to CL&P and 20 percent to UI. The four CfDs obligate the utilities to pay/receive monthly the difference between a set capacity price and the forward capacity market price that the projects receive in the ISO−NE capacity markets for periods of up to 15 years beginning in 2009.

Commodity price and supply risk management: As of June 30, 2010 and December 31, 2009, CL&P had 1.5 million and 2.7 million MWh, respectively, remaining under FTRs that extend through December 2010 and require monthly payments or receipts.

PSNH has electricity procurement contracts with delivery dates through 2011 to purchase an aggregate amount of 0.7 million and 1 million MWh of power as of June 30, 2010 and December 31, 2009, respectively, that is used to serve customer load and manage price risk of its electricity delivery service obligations. These contracts are settled monthly. PSNH also has two energy call options that it received in exchange for assigning its transmission rights in a direct current transmission line. The options give PSNH the right to purchase 0.3 million and 0.6 million MWh of electricity through December 2010 as of June 30, 2010 and December 31, 2009, respectively. In addition, PSNH has entered into FTRs to manage the risk of congestion costs associated with its electricity delivery service. As of June 30, 2010 and December 31, 2009, there were 0.2 million and 0.4 million MWh, respectively, remaining under FTRs that extend through December 2010 and required monthly payments or receipts. The purpose of the PSNH derivative contracts is to provide stable rates for customers by mitigating price uncertainties associated with the New England electricity spot market.

As of June 30, 2010 and December 31, 2009, Yankee Gas had two peaking supply option contracts to purchase up to 17 thousand MMBtu of natural gas on up to 20 days per season to manage natural gas supply price risk related to winter load obligations. One contract for three thousand MMBtu expires on October 31, 2010 and the other contract for 14 thousand MMBtu expires on April 1, 2012. Demand fees on these contracts are paid annually and are included in Yankee Gas' PGA clause for recovery.

The following table presents the realized and unrealized gains/(losses) associated with derivative contracts not designated as hedges:

Derivatives Not Designated as Hedges	Location of Gain or Loss Recognized on Derivative	Amount of Gain/(Loss) Recognized on Derivative Instrument For the Three Months Ended June 30, 2010	For the Three Months Ended June 30, 2009	For the Six Months Ended June 30, 2010	For the Six Months Ended June 30, 2009
(*Millions of Dollars)*					
NU Enterprises:					
Commodity Sales Contract and Related Price and Supply Risk Management	Fuel, Purchased and Net Interchange Power	$ 0.7	$ 2.4	$ 0.5	$ 7.8
Regulated Companies:					
CL&P Energy and Capacity Contracts Required by Regulation	Regulatory Assets/Liabilities	(23.1)	61.2	(91.8)	50.2
Other Commodity Price and Supply Risk Management:					
CL&P	Regulatory Assets/Liabilities	(0.6)	(1.1)	(3.6)	(7.0)
PSNH	Regulatory Assets/Liabilities	1.9	(8.3)	(15.7)	(50.8)
Yankee Gas	Regulatory Assets/Liabilities	−	(1.2)	(0.4)	(2.1)

For the Regulated companies, monthly settlement amounts are recorded as receivables or payables and as Operating Revenues or Fuel, Purchased and Net Interchange Power on the accompanying unaudited condensed consolidated financial statements. Regulatory assets/liabilities are established with no impact to Net Income.

Derivatives designated as hedging instruments

Interest Rate Risk Management: To manage the interest rate risk characteristics of NU parent's fixed rate long−term debt, NU parent has a fixed to floating interest rate swap on its $263 million, 7.25 percent fixed rate senior notes maturing on April 1, 2012. This interest rate swap qualifies and was designated as a fair value hedge and requires semi−annual cash settlements. The changes in fair value of the swap and the interest component of the hedged long−term debt instrument are recorded in Interest Expense on the accompanying unaudited condensed consolidated statements of income. There was no ineffectiveness recorded for the six months ended June 30, 2010 and 2009. The cumulative changes in fair values of the swap and the Long−Term Debt are recorded as a Derivative Asset/Liability and an adjustment to Long−Term Debt. Interest receivable is recorded as a reduction of Interest Expense and is included in Prepayments and Other Current Assets.

For the three and six months ended June 30, 2010 and 2009, the realized and unrealized gains/(losses) related to changes in fair value of the swap and Long−Term Debt as well as pre−tax Interest Expense, recorded in Net Income, were as follows:

	For the Three Months Ended			
	June 30, 2010		June 30, 2009	
(Millions of Dollars)	Swap	Hedged Debt	Swap	Hedged Debt
Changes in Fair Value	$ 3.5	$ (3.5)	$ (3.8)	$ 3.8
Interest Recorded in Net Income	–	2.5	–	2.4

	For the Six Months Ended			
	June 30, 2010		June 30, 2009	
(Millions of Dollars)	Swap	Hedged Debt	Swap	Hedged Debt
Changes in Fair Value	$ 7.4	$ (7.4)	$ (3.3)	$ 3.3
Interest Recorded in Net Income	–	5.3	–	3.8

There were no cash flow hedges outstanding as of or during the three or six months ended June 30, 2010 and 2009 and no ineffectiveness was recorded during these periods. From time to time, NU, including CL&P, PSNH and WMECO, enters into forward starting interest rate swap agreements on proposed debt issuances that qualify and are designated as cash flow hedges. Cash flow hedges are recorded at fair value, and the changes in the fair value of the effective portion of those contracts are recognized in Accumulated Other Comprehensive Loss. Cash flow hedges impact Net Income when hedge ineffectiveness is measured and recorded, when the forecasted transaction being hedged is improbable of occurring or when the transaction is settled. When a cash flow hedge is terminated, the settlement amount is recorded in Accumulated Other Comprehensive Loss and is amortized into Net Income over the term of the underlying debt instrument.

Pre−tax gains/(losses) amortized from Accumulated Other Comprehensive Loss into Interest Expense on the accompanying unaudited condensed consolidated statements of income were as follows:

	For the Three Months Ended		For the Six Months Ended	
(Millions of Dollars)	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
CL&P	$ (0.2)	$ (0.2)	$ (0.4)	$ (0.4)
PSNH	–	–	(0.1)	(0.1)
WMECO	–	–	0.1	0.1
Other	0.1	0.1	0.2	0.2
NU	$ (0.1)	$ (0.1)	$ (0.2)	$ (0.2)

For further information, see Note 5, "Comprehensive Income," to the unaudited condensed consolidated financial statements.

Credit Risk

Certain derivative contracts that are accounted for at fair value, including PSNH's electricity procurement contracts, CL&P's bilateral agreements and NU Enterprises' electricity sourcing contracts, contain credit risk contingent features. These features require these companies or, in NU Enterprises' case, NU parent, to maintain investment grade credit ratings from the major rating agencies and to post cash or standby LOCs as collateral for contracts in a net liability position over specified credit limits. NU parent provides standby LOCs under its revolving credit agreement for NU subsidiaries to post with counterparties. The following summarizes the fair value of derivative contracts that are in a liability position and subject to credit risk contingent features and the fair value of cash collateral and standby LOCs posted with counterparties as of June 30, 2010 and December 31, 2009:

	As of June 30, 2010		
(Millions of Dollars)	Fair Value Subject to Credit Risk Contingent Features	Cash Collateral Posted	Standby LOCs Posted
PSNH	$ (23.9)	$ –	$ 29.0
NU Enterprises	(21.0)	3.7	–
NU	$ (44.9)	$ 3.7	$ 29.0

	As of December 31, 2009		
(Millions of Dollars)	Fair Value Subject to Credit Risk Contingent Features	Cash Collateral Posted	Standby LOCs Posted
PSNH	$ (26.4)	$ –	$ 25.0
NU Enterprises	(20.0)	2.1	–
NU	$ (46.4)	$ 2.1	$ 25.0

Additional collateral is required to be posted by NU Enterprises, CL&P or PSNH, respectively, if the respective unsecured debt credit ratings of NU parent, CL&P or PSNH are downgraded below investment grade. As of June 30, 2010, no additional cash collateral

would have been required to be posted if credit ratings had been downgraded below investment grade. However, if the senior unsecured debt of NU parent had been downgraded to below investment grade, additional standby LOCs in the amount of $17.5 million would have been required to be posted on derivative contracts for Select Energy. As of December 31, 2009, no additional cash collateral would have been required to be posted if credit ratings had been downgraded below investment grade. However, if the senior unsecured debt of PSNH or NU parent had been downgraded to below investment grade, additional standby LOCs in the amount of $1.8 million and $17.8 million would have been required to be posted on derivative contracts for PSNH and Select Energy, respectively.

For further information, see Note 1H, "Summary of Significant Accounting Policies − Special Deposits and Counterparty Deposits," to the unaudited condensed consolidated financial statements.

Fair Value Measurements of Derivative Instruments:
Valuation of Derivative Instruments: Derivative contracts classified as Level 2 in the fair value hierarchy include Other Commodity Price and Supply Risk Management contracts and Interest Rate Risk Management contracts. Other Commodity Price and Supply Risk Management contracts include PSNH forward contracts to purchase energy for periods for which prices are quoted in an active market. Prices are obtained from broker quotes and based on actual market activity. The contracts are valued using the mid−point of the bid−ask spread. Valuations of these contracts also incorporate discount rates using the yield curve approach. Interest Rate Risk Management contracts represent interest rate swap agreements and are valued using a market approach provided by the swap counterparty using a discounted cash flow approach utilizing forward interest rate curves.

The derivative contracts classified as Level 3 in the tables below include NU Enterprises' Sales Contract and Related Price and Supply Risk Management contracts, the Regulated companies' Commodity and Capacity Contracts Required by Regulation (including CL&P's CfDs and contracts with certain IPPs), and Other Commodity Price and Supply Risk Management contracts (PSNH and Yankee Gas physical options, and CL&P and PSNH FTRs.) For Commodity and Capacity Contracts Required by Regulation and NU Enterprises' Commodity Sales contract, fair value is modeled using income techniques such as discounted cash flow approaches adjusted for assumptions relating to exit price. Significant observable inputs for valuations of these contracts include energy and energy−related product prices for which quoted prices in an active market exist. Significant unobservable inputs used in the valuations of these contracts include energy and energy−related product prices for future years for long−dated derivative contracts and future contract quantities under requirements and supplemental sales contracts. Discounted cash flow valuations incorporate estimates of premiums or discounts that would be required by a market participant to arrive at an exit price, using available historical market transaction information. Valuations of derivative contracts include assumptions regarding the timing and likelihood of scheduled payments and also reflect nonperformance risk, including credit, using the default probability approach based on the counterparty's credit rating for assets and the company's credit rating for liabilities.

Other Commodity Price and Supply Risk Management contracts classified as Level 3 in the tables below are valued using income approaches including a Black−Scholes option pricing model. Observable inputs used in valuing options include prices for energy and energy−related products for years for which quoted prices in an active market exist. Unobservable inputs included in the valuation of options contracts include market volatilities related to future energy prices and the estimated likelihood that the option will be exercised. FTRs are valued using broker quotes based on prices in an inactive market.

Valuations using significant unobservable inputs: The following tables present changes for the three and six months ended June 30, 2010 and 2009 in the Level 3 category of derivative assets and derivative liabilities measured at fair value on a recurring basis. The derivative assets and liabilities are presented on a net basis. The Company classifies assets and liabilities in Level 3 of the fair value hierarchy when there is reliance on at least one significant unobservable input to the valuation model. In addition to these unobservable inputs, the valuation models for Level 3 assets and liabilities typically also rely on a number of inputs that are observable either directly or indirectly. Thus the gains and losses presented below include changes in fair value that are attributable to both observable and unobservable inputs. There were no transfers into or out of Level 3 assets and liabilities for the three or six months ended June 30, 2010 or 2009:

(Millions of Dollars)	For the Three Months Ended June 30, 2010 NU			
	Commodity and Capacity Contracts Required By Regulation	Commodity Sales Contracts and Related Price and Supply Risk Management	Other Commodity Price and Supply Risk Management	Total Level 3
Derivatives, Net:				
Fair Value as of Beginning of Period	$ (792.9)	$ (42.6)	$ 1.6	$ (833.9)
Net Realized/Unrealized Gains/(Losses) Included in:				
Net Income [1]	–	0.7	–	0.7
Regulatory Assets/Liabilities	(23.1)	–	(0.6)	(23.7)
Purchases, Issuances and Settlements	(2.3)	2.4	–	0.1
Fair Value as of End of Period	$ (818.3)	$ (39.5)	$ 1.0	$ (856.8)
Period Change in Unrealized Gains Included in Net Income Relating to Items Held as of End of Period	$ –	$ 0.5	$ –	$ 0.5

(Millions of Dollars)	For the Three Months Ended June 30, 2010 CL&P			PSNH
	Commodity and Capacity Contracts Required By Regulation	Other Commodity Price and Supply Risk Management	Total Level 3	Other Commodity Price and Supply Risk Management
Derivatives, Net:				
Fair Value as of Beginning of Period	$ (792.9)	$ 2.4	$ (790.5)	$ –
Net Realized/Unrealized Losses Included in:				
Regulatory Assets/Liabilities	(23.1)	(0.6)	(23.7)	–
Purchases, Issuances and Settlements	(2.3)	–	(2.3)	–
Fair Value as of End of Period	$ (818.3)	$ 1.8	$ (816.5)	$ –

(Millions of Dollars)	For the Six Months Ended June 30, 2010 NU			
	Commodity and Capacity Contracts Required By Regulation	Commodity Sales Contracts and Related Price and Supply Risk Management	Other Commodity Price and Supply Risk Management	Total Level 3
Derivatives, Net:				
Fair Value as of Beginning of Period	$ (720.3)	$ (45.2)	$ 4.3	$ (761.2)
Net Realized/Unrealized Gains/(Losses) Included in:				
Net Income [1]	–	0.5	–	0.5
Regulatory Assets/Liabilities	(91.8)	–	(4.2)	(96.0)
Purchases, Issuances and Settlements	(6.2)	5.2	0.9	(0.1)
Fair Value as of End of Period	$ (818.3)	$ (39.5)	$ 1.0	$ (856.8)
Period Change in Unrealized Losses Included in Net Income Relating to Items Held as of End of Period	$ –	$ (0.1)	$ –	$ (0.1)

(Millions of Dollars)	For the Six Months Ended June 30, 2010 CL&P			PSNH
	Commodity and Capacity Contracts Required By Regulation	Other Commodity Price and Supply Risk Management	Total Level 3	Other Commodity Price and Supply Risk Management
Derivatives, Net:				
Fair Value as of Beginning of Period	$ (720.3)	$ 4.5	$ (715.8)	$ 0.4
Net Realized/Unrealized Losses Included in:				
Regulatory Assets/Liabilities	(91.8)	(3.6)	(95.4)	(0.2)
Purchases, Issuances and Settlements	(6.2)	0.9	(5.3)	(0.2)
Fair Value as of End of Period	$ (818.3)	$ 1.8	$ (816.5)	$ –

(Millions of Dollars) Derivatives, Net:	For the Three Months Ended June 30, 2009 NU	CL&P	PSNH	For the Six Months Ended June 30, 2009 NU	CL&P	PSNH
Fair Value as of Beginning of Period	$ (680.3)	$ (633.3)	$ 1.4	$ (669.2)	$ (611.1)	$ 4.1
Net Realized/Unrealized Gains/(Losses) Included in:						
Net Income (1)	2.4	–	–	7.8	–	–
Regulatory Assets/Liabilities	58.8	60.1	(0.1)	38.3	43.2	(2.8)
Purchases, Issuances and Settlements	5.1	2.7	–	9.1	(2.6)	–
Fair Value as of End of Period	$ (614.0)	$ (570.5)	$ 1.3	$ (614.0)	$ (570.5)	$ 1.3
Period Change in Unrealized Gains Included in Net Income Relating to Items Held as of End of Period	$ 2.2	$ –	$ –	$ 7.4	$ –	$ –

(1) Realized and unrealized gains and losses on derivatives included in Net Income relate to the remaining NU Enterprises' marketing contracts and are reported in Fuel, Purchased and Net Interchange Power on the accompanying unaudited condensed consolidated statements of income.

3. PENSION BENEFITS AND POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

NUSCO, a subsidiary of NU, sponsors the Pension Plan, a single uniform noncontributory defined benefit retirement plan, which is subject to the provisions of the Employee Retirement Income Security Act. The Pension Plan covers nonbargaining unit employees (and bargaining unit employees, as negotiated) of NU, including CL&P, PSNH, and WMECO, hired before 2006 (or as negotiated, for bargaining unit employees). On behalf of NU's retirees, NUSCO also sponsors plans that provide certain retiree health care benefits, primarily medical and dental, and life insurance benefits through a PBOP Plan. In addition, NU maintains a SERP, which provides benefits to eligible participants who are officers of NU. This plan primarily provides benefits that would have been provided to these employees under the Pension Plan if certain Internal Revenue Code limitations were not imposed.

The components of net periodic expense/(income) for the Pension Plan, PBOP Plan and SERP for the three and six months ended June 30, 2010 and 2009 are as follows:

NU	For the Three Months Ended June 30, Pension Benefits		PBOP Benefits		SERP Benefits	
(Millions of Dollars)	2010	2009	2010	2009	2010	2009
Service Cost	$ 12.2	$ 11.3	$ 2.0	$ 1.8	$ 0.2	$ 0.2
Interest Cost	37.7	38.3	6.7	7.2	0.6	0.6
Expected Return on Plan Assets	(45.7)	(47.3)	(5.5)	(5.3)	–	–
Net Transition Obligation Cost	–	6.8	2.9	2.4	–	–
Prior Service Cost	2.5	2.4	–	–	–	–
Actuarial Loss/(Gain)	13.6	(1.6)	4.4	3.2	0.2	0.1
Total − Net Periodic Expense	$ 20.3	$ 9.9	$ 10.5	$ 9.3	$ 1.0	$ 0.9
CL&P − Net Periodic Expense/(Income)	$ 2.2	$ (1.4)	$ 4.2	$ 3.8	$ 0.1	$ 0.1
PSNH − Net Periodic Expense	$ 7.0	$ 5.8	$ 2.0	$ 1.7	$ 0.1	$ 0.1
WMECO − Net Periodic (Income)/Expense	$ *	$ (0.7)	$ 0.8	$ 0.7	$ *	$ *

NU	For the Six Months Ended June 30, Pension Benefits		PBOP Benefits		SERP Benefits	
(Millions of Dollars)	2010	2009	2010	2009	2010	2009
Service Cost	$ 25.1	$ 22.5	$ 4.3	$ 3.6	$ 0.4	$ 0.4
Interest Cost	75.2	76.8	13.4	14.5	1.1	1.1
Expected Return on Plan Assets	(91.3)	(94.7)	(10.8)	(10.4)	–	–
Net Transition Obligation Cost	–	6.9	5.7	5.2	–	–
Prior Service Cost/(Credit)	4.9	4.9	(0.1)	–	–	0.1
Actuarial Loss	26.3	3.5	8.3	5.7	0.5	0.2
Total − Net Periodic Expense	$ 40.2	$ 19.9	$ 20.8	$ 18.6	$ 2.0	$ 1.8
CL&P − Net Periodic Expense/(Income)	$ 4.3	$ (2.8)	$ 8.5	$ 7.8	$ 0.2	$ 0.2
PSNH − Net Periodic Expense	$ 14.0	$ 11.6	$ 3.9	$ 3.5	$ 0.1	$ 0.1
WMECO − Net Periodic (Income)/Expense	$ (0.1)	$ (1.4)	$ 1.5	$ 1.4	$ *	$ *

*A de minimis amount of net periodic expense was recorded for WMECO.

Not included in the Pension Plan, PBOP Plan and SERP amounts above for CL&P, PSNH and WMECO are related intercompany allocations as follows:

	For the Three Months Ended June 30,					
	CL&P		PSNH		WMECO	
(Millions of Dollars)	2010	2009	2010	2009	2010	2009
Pension Benefits	$ 6.0	$ 3.0	$ 1.4	$ 0.7	$ 1.1	$ 0.4
PBOP Benefits	2.1	2.0	0.5	0.5	0.4	0.3
SERP Benefits	0.5	0.5	0.1	0.1	0.1	0.1

	For the Six Months Ended June 30,					
	CL&P		PSNH		WMECO	
(Millions of Dollars)	2010	2009	2010	2009	2010	2009
Pension Benefits	$ 11.6	$ 6.7	$ 2.7	$ 1.5	$ 2.1	$ 1.0
PBOP Benefits	4.0	3.7	1.0	0.9	0.7	0.6
SERP Benefits	1.0	0.9	0.3	0.2	0.2	0.1

A portion of the pension amounts is capitalized related to employees who are working on capital projects. Amounts capitalized, including intercompany allocations, for NU, CL&P, PSNH and WMECO were as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(Millions of Dollars)	2010	2009	2010	2009
NU	$ 4.4	$ 1.5	$ 8.8	$ 3.1
CL&P	1.8	(0.1)	3.5	(0.1)
PSNH	2.1	1.5	4.1	2.9
WMECO	0.1	(0.2)	0.3	(0.3)

The amounts for the three and six months ended June 30, 2009 for CL&P and WMECO offset capital costs, as pension income was recorded related to these capital projects.

4.
COMMITMENTS AND CONTINGENCIES

A.
Environmental Matters (NU, PSNH)

NU, CL&P, PSNH and WMECO are subject to environmental laws and regulations intended to mitigate or remove the effect of past operations and improve or maintain the quality of the environment. These laws and regulations require the removal or the remedy of the effect on the environment of the disposal or release of certain specified hazardous substances at current and former operating sites. MGP sites comprise the largest portion of the Company's environmental liabilities. MGP sites are sites where the process of producing manufactured gas from coal created certain byproducts that may pose a risk to human health and the environment.

Environmental Matters Impacting Net Income:
HWP is a subsidiary of NU that remains in the process of evaluating additional potential remediation requirements at a river site in Massachusetts containing tar deposits associated with a MGP site which it sold to HG&E in 1902. MGP sites are sites where the process of producing manufactured gas from coal created certain byproducts that may pose a risk to human health and the environment. HWP shares responsibility for the site with HG&E and has already conducted substantial investigative and remediation activities. HWP first established a reserve for this site in 1994.

The MA DEP issued a letter in 2008 to HWP and HG&E providing conditional authorization for additional investigatory and risk characterization activities and providing detailed comments on HWP's 2007 reports and proposals for further investigations. The MA DEP also indicated that further removal of tar in certain areas was necessary. This letter represented guidance rather than a mandate from the MA DEP. HWP developed and implemented site characterization studies to further delineate tar deposits in conformity with the MA DEP's guidance letter. On April 5, 2010, HWP delivered a report to the MA DEP describing the results to date of its site investigation studies and testing. These matters are subject to ongoing discussions with the MA DEP and HG&E and are subject to change in the future.

Pre−tax charges of $1.1 million and $3 million were recorded in 2009 and 2008, respectively, to reflect the estimated costs of tar delineation and site characterization studies. In the first quarter of 2010, a pre−tax charge of $1 million was recorded to reflect the estimated remaining costs to complete these studies and analyze and substantiate them for the MA DEP. The cumulative expense recorded to the reserve for this environmental matter through June 30, 2010 was approximately $17.9 million, of which $16.5 million had been spent, leaving approximately $1.4 million in the reserve as of June 30, 2010, representing estimated costs for HWP to substantiate its studies and conduct certain soft tar remediation activities. Management believes that the $1.4 million remaining in the reserve is at the low end of a range of probable costs for HWP and additional costs cannot be reasonably estimated at this time.

There are many factors that could affect management's estimates and require an increase to the reserve, which would be reflected as a charge to Net Income. However, management cannot reasonably estimate potential additional investigation or remediation costs because they will depend on, among other things, the nature, extent and timing of additional investigation and remediation that may be required by the MA DEP. These costs could be material to the financial statements. HWP's share of the costs related to this site is not recoverable from customers.

Environmental Matters Not Impacting Net Income:
PSNH has conducted substantial investigative activities and evaluated remediation requirements in the Ashuelot River and Mill Creek in Keene, New Hampshire, which contains coal tar deposits. Yankee Gas has conducted substantial investigative activities, evaluated remediation options, and developed remediation action plans for the Meriden and Bristol sites in Connecticut, which contain coal tar deposits.

In the first quarter of 2010, $7.5 million was recorded to PSNH's environmental reserve for the Keene sites to reflect estimated remediation activities approved by the New Hampshire Department of Environmental Services and expected to be performed in 2010 and 2011. In the second quarter of 2010, $5.4 million was recorded to Yankee Gas' environmental reserve for the Meriden and Bristol sites to reflect estimated remediation activities necessary to achieve compliance with Connecticut Remediation Standard Regulations, which are expected to be performed in 2011. As of June 30, 2010, the $12.9 million was recorded in Other Long−Term Liabilities with an offset recorded to Regulatory Assets on the accompanying unaudited condensed consolidated balance sheet because both PSNH and Yankee Gas have a regulatory rate recovery mechanism for environmental costs. Management believes these costs are probable of recovery in future cost−of−service regulated rates.

The cumulative cost recorded to NU's reserve for these environmental matters through June 30, 2010 was approximately $21 million ($13.6 million for PSNH and $7.4 million for Yankee Gas), of which $8.6 million ($6.8 million for PSNH and $1.8 million for Yankee Gas) had been spent, leaving approximately $12.4 million ($6.8 million for PSNH and $5.6 million for Yankee Gas) in the reserve as of June 30, 2010. The $12.4 million remaining in the reserve is management's best estimate to complete the remediation activities.

The amounts recorded as environmental liabilities included in Other Long−Term Liabilities on the accompanying consolidated balance sheets represent management’s best estimate of environmental costs, if reasonably estimable, and take into consideration site assessment and remediation costs. A reconciliation of the activity in the environmental reserve as of June 30, 2010 and December 31, 2009 is as follows:

	NU	CL&P	PSNH	WMECO
Balance as of December 31, 2009	$ 26.0	$ 2.7	$ 5.3	$ 0.4
Additions	9.0	0.1	7.6	−
Payments	(1.0)	(0.1)	(0.1)	(0.1)
Balance as of March 31, 2010	34.0	2.7	12.8	0.3
Additions	5.5	0.2	−	0.1
Payments	(1.1)	(0.1)	(0.8)	(0.1)
Balance as of June 30, 2010	$ 38.4	$ 2.8	$ 12.0	$ 0.3

B.
Guarantees and Indemnifications
NU parent provides credit assurances on behalf of its subsidiaries, including CL&P, PSNH and WMECO, in the form of guarantees and LOCs in the normal course of business.

NU has also provided guarantees and various indemnifications on behalf of external parties as a result of the sale of SESI, formerly a subsidiary of NU Enterprises, with an aggregate fair value amount recorded of $0.3 million. Other indemnifications in connection with the sale of SESI include specific indemnifications for estimated costs to complete or modify specific projects, indemnifications to lenders for payment of shortfalls in the event of early termination of government contracts, and surety bonds covering certain projects. The maximum exposure on these items is either not specified or not material, and no amounts are recorded as liabilities. NU parent also provided guarantees and various indemnifications on behalf of external parties as a result of the sales of NU Enterprises' former retail marketing business and competitive generation business. These included indemnifications for compliance with tax and environmental laws, and various claims for which the maximum exposure was not specified in the sale agreements.

Management does not anticipate a material impact to net income to result from these various guarantees and indemnifications. The following table summarizes the NU, including CL&P, PSNH, and WMECO, maximum exposure as of June 30, 2010, in accordance with guidance on guarantor's accounting and disclosure requirements for guarantees and expiration dates:

Subsidiary	Description	Maximum Exposure (in millions)	Expiration Date(s)
Various	Surety Bonds	$ 11.5	July 2010 – June 2011 (1)
PSNH and Select Energy	Letters Of Credit	$ 39.6	November 2010
RRR and NUSCO	Lease Payments for Real Estate and Vehicles	$ 22.7	2019−2024
NU Enterprises	Surety Bonds, Insurance Bonds and Performance Guarantees	$ 119.6 (2)	(2)

(1) Surety bond expiration dates reflect bond termination dates, the majority of which will be renewed or extended.

(2) The maximum exposure includes $72.3 million related to performance guarantees on Select Energy's wholesale purchase contracts, which expire in 2013, assuming purchase contracts guaranteed have no value; however, actual exposures vary with underlying commodity prices. The maximum exposure also includes $17.5 million related to a performance guarantee of NGS obligations for which no maximum exposure is specified in the agreement. The maximum exposure was calculated as of June 30, 2010 based on limits of NGS's liability contained in the underlying service contract and assumes that NGS will perform under that contract through its expiration in 2020. Also included in the maximum exposure is $1.1 million related to insurance bonds at NGS with no expiration date that are billed annually on their anniversary date. The remaining $28.7 million of maximum exposure relates to surety bonds covering ongoing projects at Boulos, which expire upon project completion.

CL&P, PSNH and WMECO do not guarantee the performance of third parties.

Many of the underlying contracts that NU parent guarantees, as well as certain surety bonds, contain credit ratings triggers that would require NU parent to post collateral in the event that the unsecured debt credit ratings of NU are downgraded below investment grade.

5. COMPREHENSIVE INCOME

Total comprehensive income for the three and six months ended June 30, 2010 and 2009 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Millions of Dollars)	2010 NU	2009 NU	2010 NU	2009 NU
Net Income	$ 73.3	$ 84.2	$ 160.9	$ 183.3
Other Comprehensive Income/(Loss) Items, Net of Tax:				
Qualified Cash Flow Hedging Instruments (1)	–	–	0.1	0.1
Changes in Unrealized Gains/(Losses) on Other Securities (2)	0.3	(1.0)	0.6	(1.1)
Change In Pension, SERP and PBOP Benefit Plans	0.6	(0.9)	1.0	(0.7)
Other Comprehensive Income/(Loss) Items	0.9	(1.9)	1.7	(1.7)
Total Comprehensive Income	74.2	82.3	162.6	181.6
Comprehensive Income Attributable to Noncontrolling Interests	(1.4)	(1.4)	(2.8)	(2.8)
Comprehensive Income Attributable to Controlling Interests	$ 72.8	$ 80.9	$ 159.8	$ 178.8

	Three Months Ended June 30, 2010			Three Months Ended June 30, 2009		
(Millions of Dollars)	CL&P	PSNH	WMECO	CL&P	PSNH	WMECO
Net Income	$ 44.1	$ 21.6	$ 5.2	$ 58.4	$ 16.6	$ 5.8
Other Comprehensive Income/(Loss) Items, Net of Tax:						
Qualified Cash Flow Hedging Instruments (1)	0.1	–	–	0.1	–	–
Change in Unrealized Losses on Other Securities (2)	–	–	–	–	(0.1)	(0.1)
Other Comprehensive Income/(Loss) Items	0.1	–	–	0.1	(0.1)	(0.1)
Total Comprehensive Income	$ 44.2	$ 21.6	$ 5.2	$ 58.5	$ 16.5	$ 5.7

(Millions of Dollars)	Six Months Ended June 30, 2010 CL&P	PSNH	WMECO	Six Months Ended June 30, 2009 CL&P	PSNH	WMECO
Net Income	$ 92.5	$ 37.4	$ 10.9	$ 111.5	$ 34.1	$ 12.0
Other Comprehensive Income/(Loss) Items, Net of Tax:						
Qualified Cash Flow Hedging Instruments (1)	0.2	0.1	–	0.2	–	–
Change in Unrealized Losses on Other Securities (2)	–	–	–	–	–	(0.2)
Other Comprehensive Income/(Loss) Items	0.2	0.1	–	0.2	–	(0.2)
Total Comprehensive Income	$ 92.7	$ 37.5	$ 10.9	$ 111.7	$ 34.1	$ 11.8

(1) Hedged transactions impacting Net income in the tables above represent amounts that were reclassified from Accumulated Other Comprehensive Loss into Net Income in connection with the settlement of interest rate swap agreements and the amortization of the effects of interest rate hedges. As of June 30, 2010, the balance included in Accumulated Other Comprehensive Loss related to hedging activities was $4.3 million, $3 million, $0.7 million, and a de minimis amount for NU, CL&P, PSNH and WMECO, respectively. These amounts were $4.4 million, $3.2 million, $0.7 million, and a de minimis amount as of December 31, 2009 for NU, CL&P, PSNH and WMECO, respectively.

(2) Represents changes in unrealized gains/(losses) on securities held in the NU supplemental benefit trust. For further information, see Note 9, "Marketable Securities," to the unaudited condensed consolidated financial statements.

There were no forward starting interest rate swaps entered into for the three and six months ended June 30, 2010 or June 30, 2009. For NU, it is estimated that a charge of $0.2 million will be reclassified from Accumulated Other Comprehensive Loss as a decrease to Net income over the next 12 months as a result of amortization of interest rate swap agreements, which have been settled. Included in this amount are estimated charges of $0.4 million and $0.1 million for CL&P and PSNH, respectively, and a benefit of $0.1 million for WMECO. As of June 30, 2010, it is estimated that a pre−tax amount of $0.7 million included in the Accumulated Other Comprehensive Loss balance will be reclassified as a decrease to Net Income over the next 12 months related to Pension Plan, SERP and PBOP Plan benefits adjustments for NU.

6. EARNINGS PER SHARE (NU)

EPS is computed based upon the monthly weighted average number of common shares outstanding, excluding unallocated ESOP shares, during each period. Diluted EPS is computed on the basis of the monthly weighted average number of common shares outstanding plus the potential dilutive effect if certain securities are converted into common shares. The computation of diluted EPS excludes the effect of the potential exercise of share awards when the average market price of the common shares is lower than the exercise price of the related awards during the period. These outstanding share awards are not included in the computation of diluted EPS because the effect would have been antidilutive. For the six month period ended June 30, 2010, there were 3,156 share awards excluded from the computation as these awards were antidilutive. There were no antidilutive share awards outstanding for the three month period ended June 30, 2010. For both the three and six month periods ended June 30, 2009, there were 54,036 share awards excluded from the computation, as these awards were antidilutive.

The following table sets forth the components of basic and fully diluted EPS:

(Millions of Dollars, except for share information)	For the Three Months Ended June 30, 2010	2009	For the Six Months Ended June 30, 2010	2009
Net Income Attributable to Controlling Interests	$ 71.9	$ 82.9	$ 158.2	$ 180.5
Basic Weighted Average Common Shares Outstanding	176,571,189	175,175,936	176,460,476	168,758,206
Dilutive Effect	165,343	499,452	176,527	542,071
Fully Diluted Weighted Average Common Shares Outstanding	176,736,532	175,675,388	176,637,003	169,300,277
Basic and Fully Diluted EPS	$ 0.41	$ 0.47	$ 0.90	$ 1.07

RSUs and performance shares are included in basic common shares outstanding as of the date that all necessary vesting conditions have been satisfied. The dilutive effect of outstanding RSUs and performance shares for which common shares have not been issued is calculated using the treasury stock method. Assumed proceeds of the units under the treasury stock method consist of the remaining compensation cost to be recognized and a theoretical tax benefit. The theoretical tax benefit is calculated as the tax impact of the intrinsic value of the units (the difference between the market value of the units, using the average market price during the period, and the grant date market value).

The dilutive effect of stock options is also calculated using the treasury stock method. Assumed proceeds for stock options consist of remaining compensation cost to be recognized, cash proceeds that would be received upon exercise, and a theoretical tax benefit. The theoretical tax benefit is calculated as the tax impact of the intrinsic value of the stock options (the difference between the market value of the average stock options outstanding for the period, using the average market price during the period, and the grant price).

Allocated ESOP shares are included in basic common shares outstanding in the above table.

7.
LONG−TERM DEBT (NU, WMECO, CL&P)

On March 8, 2010, WMECO issued $95 million of Series E senior unsecured notes with a coupon rate of 5.1 percent and a maturity date of March 1, 2020. The proceeds of these notes were used to repay short−term borrowings incurred in the ordinary course of business and to fund WMECO's ongoing capital investment programs. The indenture under which the notes were issued requires WMECO to comply with certain covenants as are customarily included in such indentures.

On April 1, 2010, CL&P remarketed $62 million of PCRBs. The PCRBs, which mature on May 1, 2031, carry a coupon rate of 1.4 percent during the current one−year fixed−rate period and are subject to a mandatory tender for purchase on April 1, 2011, after which CL&P can remarket the bonds.

On April 22, 2010, Yankee Gas issued $50 million of Series K first mortgage bonds with a coupon rate of 4.87 percent and a maturity date of April 1, 2020. The proceeds of these bonds were used to repay short−term borrowings incurred in the ordinary course of business and to fund ongoing capital investment programs. The indenture under which the bonds were issued requires Yankee Gas to comply with certain covenants as are customarily included in such indentures.

NU, including CL&P, PSNH and WMECO, was in compliance with all its debt covenants as of June 30, 2010.

8.
FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each of the following financial instruments:

Preferred Stock, Long−Term Debt and Rate Reduction Bonds: The fair value of CL&P's preferred stock is based upon pricing models that incorporate interest rates and other market factors, valuations or trades of similar securities and cash flow projections. The fair value of fixed−rate long−term debt securities and RRBs is based upon pricing models that incorporate quoted market prices for those issues or similar issues adjusted for market conditions, credit ratings of the respective companies and treasury benchmark yields. Adjustable rate securities are assumed to have a fair value equal to their carrying value. Carrying amounts and estimated fair values are as follows:

	As of June 30, 2010		As of December 31, 2009	
	NU		NU	
(Millions of Dollars)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Preferred Stock Not Subject to Mandatory Redemption	$ 116.2	$ 92.9	$ 116.2	$ 86.8
Long−Term Debt −				
First Mortgage Bonds	2,703.4	3,027.2	2,657.7	2,713.5
Other Long−Term Debt	1,988.8	2,058.0	1,893.6	1,938.0
Rate Reduction Bonds	313.8	346.9	442.4	487.3

	As of June 30, 2010					
	CL&P		PSNH		WMECO	
(Millions of Dollars)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Preferred Stock Not Subject to Mandatory Redemption	$ 116.2	$ 92.9	$ −	$ −	$ −	$ −
Long−Term Debt −						
First Mortgage Bonds	1,919.8	2,174.2	430.0	464.0	−	−
Other Long−Term Debt	667.6	672.9	407.3	414.4	401.0	418.0
Rate Reduction Bonds	99.3	116.4	163.5	175.5	51.0	55.1

	As of December 31, 2009					
	CL&P		PSNH		WMECO	
(Millions of Dollars)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Preferred Stock Not Subject to Mandatory Redemption	$ 116.2	$ 86.8	$ −	$ −	$ −	$ −
Long−Term Debt −						
First Mortgage Bonds	1,919.8	1,960.6	430.0	425.4	−	−
Other Long−Term Debt	667.4	673.4	407.3	408.6	305.9	304.9
Rate Reduction Bonds	195.6	220.1	188.1	203.5	58.7	63.7

The NU Other Long−term Debt includes $300.8 million and $300.6 million of fees and interest due for spent nuclear fuel disposal costs as of June 30, 2010 and December 31, 2009, respectively. CL&P's portion of this obligation is $243.6 million and $243.5 million as of June 30, 2010 and December 31, 2009, respectively. WMECO's portion of this obligation is $57.2 million as of June 30, 2010 and $57.1 million as of December 31, 2009, respectively.

Derivative Instruments: NU, including CL&P and PSNH, holds various derivative instruments that are carried at fair value. For further information, see Note 2, "Derivative Instruments," to the unaudited condensed consolidated financial statements.

Other Financial Instruments: Investments in marketable securities are carried at fair value on the accompanying unaudited condensed consolidated balance sheets. For further information, see Note 1B, "Summary of Significant Accounting Policies − Fair Value Measurements," and Note 9, "Marketable Securities," to the unaudited condensed consolidated financial statements.

NU parent holds a long−term government receivable related to SESI. The carrying value of the receivable was $10.4 million and $8.8 million as of June 30, 2010 and December 31, 2009, respectively and is included in Other Long−Term Assets on the accompanying unaudited condensed consolidated balance sheets. The fair value of this receivable was $11.3 million and $10.6 million as of June 30, 2010 and December 31, 2009, respectively, and was determined based on discounted cash flows over the weighted average life of the anticipated cash flow stream.

The carrying value of other financial instruments included in current assets and current liabilities, including cash and cash equivalents and special deposits, approximates their fair value due to the short−term nature of these instruments.

9. MARKETABLE SECURITIES (NU, WMECO)

The Company elected to record exchange traded funds and mutual funds purchased during 2009 in the NU supplemental benefit trust at fair value in order to reflect the economic effect of changes in fair value of all newly purchased equity securities in Net Income. These equity securities, classified as Level 1 in the fair value hierarchy, totaled $32.8 million and $35.3 million as of June 30, 2010 and December 31, 2009, respectively. Net losses on these securities of $4.2 million and $2.5 million for the three and six months ended June 30, 2010 and $0.5 million for the three and six months ended June 30, 2009, were recorded in Other Income, Net on the accompanying unaudited condensed consolidated statements of income. Dividend income is recorded when dividends are declared and are recorded in Other Income, Net on the accompanying unaudited condensed consolidated statements of income. All other marketable securities are accounted for as available−for−sale.

Available−for−Sale Securities: The following is a summary by security type of NU's available−for−sale securities held in the NU supplemental benefit trust and WMECO's spent nuclear fuel trust. These securities are recorded at fair value and included in current and long−term portions of Marketable Securities on the accompanying unaudited condensed consolidated balance sheets.

	As of June 30, 2010			
(*Millions of Dollars*)	Amortized Cost	Pre−Tax Unrealized Gains (1)	Pre−Tax Unrealized Losses (1)	Fair Value
NU Supplemental Benefit Trust				
U.S. Government Issued Debt Securities (Agency and Treasury)	$ 12.9	$ 0.4	$ −	$ 13.3
Corporate Debt Securities	8.5	0.6	(0.1)	9.0
Asset Backed Debt Securities	6.2	0.4	−	6.6
Municipal Bonds	0.3	−	−	0.3
Money Market Funds and Other	1.9	−	−	1.9
Total NU Supplemental Benefit Trust	$ 29.8	$ 1.4	$ (0.1)	$ 31.1
WMECO spent nuclear fuel trust				
U.S. Government Issued Debt Securities (Agency and Treasury)	$ 6.0	$ −	$ −	$ 6.0
Corporate Debt Securities	18.1	0.1	(0.2)	18.0
Money Market Funds and Other	18.3	−	−	18.3
Asset Backed Debt Securities	5.3	−	(0.1)	5.2
Municipal Bonds	9.3	−	−	9.3
Total WMECO Spent Nuclear Fuel Trust	$ 57.0	$ 0.1	$ (0.3)	$ 56.8
Total NU	$ 86.8	$ 1.5	$ (0.4)	$ 87.9

(*Millions of Dollars*)	As of December 31, 2009 Amortized Cost	Pre−Tax Unrealized Gains (1)	Pre−Tax Unrealized Losses (1)	Fair Value
NU supplemental benefit trust				
U.S. Government Issued Debt Securities (Agency and Treasury)	$ 12.8	$ 0.3	$ (0.2)	$ 12.9
Corporate Debt Securities	7.4	0.4	(0.1)	7.7
Municipal Bonds	0.2	–	–	0.2
Asset Backed Debt Securities	5.2	0.1	(0.1)	5.2
Money Market Funds and Other	3.0	–	–	3.0
Total NU Supplemental Benefit Trust	$ 28.6	$ 0.8	$ (0.4)	$ 29.0
WMECO spent nuclear fuel trust				
U.S. Government Issued Debt Securities (Agency and Treasury)	$ 17.0	$ –	$ –	$ 17.0
Corporate Debt Securities	17.4	0.1	(0.1)	17.4
Municipal Bonds	10.6	–	–	10.6
Asset Backed Debt Securities	1.1	–	(0.2)	0.9
Money Market Funds and Other	10.9	–	–	10.9
Total WMECO Spent Nuclear Fuel Trust	$ 57.0	$ 0.1	$ (0.3)	$ 56.8
Total NU	$ 85.6	$ 0.9	$ (0.7)	$ 85.8

(1) Unrealized gains and losses on debt securities for the NU supplemental benefit trust and WMECO spent nuclear fuel trust are recorded in Accumulated Other Comprehensive Loss and Other Long−Term Assets, respectively, on the accompanying unaudited condensed consolidated balance sheets. For information related to the change in unrealized gains and losses for the NU supplemental benefit trust included in Accumulated Other Comprehensive Loss, see Note 5, "Comprehensive Income," to the unaudited condensed consolidated financial statements.

Unrealized Losses and Other−than−Temporary Impairment: As of June 30, 2010, unrealized losses of $0.1 million held in the WMECO spent nuclear fuel trust relate to securities in a loss position for less than 12 months. There were $0.1 million and $0.2 million of losses in the NU supplemental benefit trust and WMECO spent nuclear fuel trust, respectively, relating to securities that have been in a continuous unrealized loss position for greater than 12 months. As of December 31, 2009, there were unrealized losses of $0.1 million in the NU supplemental benefit trust that relate to securities in an unrealized loss position for less than 12 months. There were $0.3 million in both the NU supplemental benefit trust and WMECO spent nuclear fuel trust that relate to securities that have been in an unrealized loss position for greater than 12 months. The fair values of the securities in an unrealized loss position are not significant to the fair value of the NU supplemental benefit trust or the WMECO spent nuclear fuel trust for the periods ended June 30, 2010 or December 31, 2009.

As of June 30, 2010 and December 31, 2009, there were no debt securities that the Company intends to sell or that management believes the Company will more likely than not be required to sell before recovery of amortized cost. Credit losses for the NU supplemental benefit trust were de minimis for the six months ended June 30, 2010 and were recorded in Other Income, Net on the accompanying unaudited condensed consolidated income statement. There were no credit losses for the WMECO spent nuclear fuel trust for the six months ended June 30, 2010. Inception to date credit losses were de minimis for the NU supplemental benefit trust and $0.7 million for the WMECO spent nuclear fuel trust which were recorded in Other Long−Term Assets. Factors considered in determining whether a credit loss exists include the duration and severity of the impairment, adverse conditions specifically affecting the issuer, and the payment history, ratings and rating changes of the security. For asset backed securities, underlying collateral and expected future cash flows are also evaluated. All of the corporate and asset−backed securities held in the NU supplemental benefit trust are rated investment grade. All but two of the securities in the WMECO spent nuclear fuel trust are rated investment grade and credit losses have been recorded for those securities that are below investment grade.

For information related to the change in unrealized gains included in Accumulated Other Comprehensive Loss, see Note 5, "Comprehensive Income," to the unaudited condensed consolidated financial statements.

Contractual Maturities: As of June 30, 2010, the contractual maturities of available−for−sale debt securities are as follows:

	NU		WMECO	
(Millions of Dollars)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Less than one year	$ 39.9	$ 39.9	$ 35.8	$ 35.7
One to five years	18.1	18.3	12.0	12.0
Six to ten years	4.9	5.2	–	–
Greater than ten years	23.9	24.5	9.2	9.1
Total Debt Securities	$ 86.8	$ 87.9	$ 57.0	$ 56.8

Sales of Securities: For the three and six months ended June 30, 2010 and 2009, realized gains and losses recognized on the sale of available−for−sale securities are as follows:

	Three Months Ended June 30, 2010			Six Months Ended June 30, 2010		
(Millions of Dollars)	Realized Gains	Realized Losses	Net Realized Gains	Realized Gains	Realized Losses	Net Realized Gains/(Losses)
NU	$ 0.1	$ (0.1)	$ –	$ 0.2	$ (0.2)	$ –
WMECO	–	–	–	–	(0.1)	(0.1)

	Three Months Ended June 30, 2009			Six Months Ended June 30, 2009		
(Millions of Dollars)	Realized Gains	Realized Losses	Net Realized Gains/(Losses)	Realized Gains	Realized Losses	Net Realized Gains/(Losses)
NU	$ 5.7	$ (0.4)	$ 5.3	$ 6.3	$ (1.4)	$ 4.9
WMECO	–	(0.1)	(0.1)	–	(0.1)	(0.1)

Realized gains and losses on available−for−sale−securities are recorded in Other Income, Net for the NU supplemental benefit trust and in Other Long−Term Assets for the WMECO spent nuclear fuel trust. NU utilizes the specific identification basis method for the NU supplemental benefit trust securities and the average cost basis method for the WMECO spent nuclear fuel trust to compute the realized gains and losses on the sale of available−for−sale securities. Proceeds from the sale of these securities, including proceeds from short−term investments, totaled $74.1 million and $95.5 million for the three and six months ended June 30, 2010 and $94.8 million and $147.7 million for the three and six months ended June 30, 2009, respectively. WMECO's portion of these proceeds totaled $58 million and $69.2 million for the three and six months ended June 30, 2010, respectively, and $42.6 million and $78.3 million for the three and six months ended June 30, 2009, respectively. Proceeds from the sales of securities are used to purchase new securities.

Fair Value Measurements: The following table presents the marketable securities recorded at fair value on a recurring basis by the level in which they are classified within the fair value hierarchy:

	NU		WMECO	
	As of June 30, 2010	As of December 31, 2009	As of June 30, 2010	As of December 31, 2009
Level 1:				
Exchange Traded Funds	$ 29.5	$ 32.0	$ –	$ –
High Yield Bond Fund	3.1	3.3	–	–
Money Market Funds	1.4	8.9	0.2	6.6
Total Level 1	34.0	44.2	0.2	6.6
Level 2:				
U.S. Government Issued Debt Securities (Agency and Treasury)	19.3	29.9	6.0	17.0
Corporate Debt Securities	27.0	25.1	18.0	17.4
Asset Backed Securities	11.8	6.1	5.2	0.9
Municipal Bonds	9.6	10.8	9.3	10.6
Other Fixed Income Securities	19.0	5.0	18.1	4.3
Total Level 2	86.7	76.9	56.6	50.2
Total Marketable Securities	$ 120.7	$ 121.1	$ 56.8	$ 56.8

U.S. Treasury and Agency bonds are valued using market approaches that incorporate transactions for the same or similar bonds and adjustments for yields and maturity dates. Corporate bonds are valued using a market approach, utilizing recent trades of the same or similar instrument and also incorporating yield curves, credit spreads and specific bond terms and conditions. Municipal bonds are valued using a market approach that incorporates reported trades and benchmark yields. Asset−backed securities include collateralized mortgage obligations, commercial mortgage−backed securities, and securities collateralized by auto loans, credit card loans or receivables. Asset−backed securities are valued using recent trades of similar instruments, prepayment assumptions, yield curves, issuance and maturity dates and tranche information. Other bonds are valued using pricing models, quoted prices of securities with similar characteristics, and discounted cash flows.

Not included in the tables above are $56.6 million and $11.6 million of cash equivalents as of June 30, 2010 and December 31, 2009, respectively, held by NU parent in an unrestricted money market account and included in Cash and Cash Equivalents on the accompanying unaudited condensed consolidated balance sheets of NU, which are classified as Level 1 in the fair value hierarchy.

10. SEGMENT INFORMATION

Presentation: NU is organized between the Regulated companies' segments and NU Enterprises based on a combination of factors, including the characteristics of each business' products and services, the sources of operating revenues and expenses and the regulatory environment in which each segment operates. Cash flows for total investments in plant included in the segment information below are cash capital expenditures that do not include amounts incurred but not paid, cost of removal, AFUDC related to equity funds, and the capitalized portions of pension and PBOP expense or income.

The Regulated companies' segments include the distribution and transmission segments. The distribution segment includes the natural gas distribution business (Yankee Gas) and the generation activities of PSNH. The Regulated companies' segments represented approximately 99 percent of NU's total consolidated revenues for the three and six month periods ended June 30, 2010 and 2009. PSNH's distribution segment includes its generation activities. CL&P's, PSNH's and WMECO's complete unaudited condensed consolidated financial statements are included in this combined Quarterly Report on Form 10−Q. Also included in this combined Quarterly Report on Form 10−Q is detailed information regarding CL&P's, PSNH's, and WMECO's transmission segments.

NU Enterprises is comprised of the following: 1) Select Energy (wholesale contracts), 2) Boulos, 3) NGS, 4) NGS Mechanical, 5) SECI, and 6) NU Enterprises parent. As a result of the sale of NU Enterprises' retail marketing and competitive generation businesses, the financial information used by management was reduced to the remaining wholesale contracts, the operations of the remaining electrical contracting business and NU Enterprises parent. The remaining operations of NU Enterprises have been aggregated and presented as one business for the three and six months ended June 30, 2010 and 2009.

Other in the tables below primarily consists of 1) the results of NU parent, which includes other income related to the equity in earnings of NU parent's subsidiaries and interest income from the NU Money Pool, which are both eliminated in consolidation, and interest income and expense related to the cash and debt of NU parent, respectively, 2) the revenues and expenses of NU's service companies, most of which are eliminated in consolidation, and 3) the results of other subsidiaries, which are comprised of RRR (a real estate subsidiary), the non−energy−related subsidiaries of Yankee (Yankee Energy Services Company and Yankee Energy Financial Services Company) and the remaining operations of HWP that were not exited as part of the sale of the competitive generation business in 2006 and the sale of its transmission business to WMECO in December 2008.

Regulated companies' revenues from the sale of electricity and natural gas primarily are derived from residential, commercial and industrial customers and are not dependent on any single customer.

NU's segment information for the three and six months ended June 30, 2010 and 2009 is as follows (some amounts may not agree between the financial statements and the segment schedules due to rounding):

	For the Three Months Ended June 30, 2010						
	Regulated Companies						
	Distribution						
(Millions of Dollars)	Electric	Natural Gas	Transmission	NU Enterprises	Other	Eliminations	Total
Operating Revenues	$ 884.5	$ 73.5	$ 154.2	$ 22.2	$ 111.6	$ (134.6)	$ 1,111.4
Depreciation and Amortization	(111.6)	(7.0)	(21.6)	(0.1)	(3.4)	0.7	(143.0)
Other Operating Expenses	(696.3)	(62.0)	(45.4)	(14.9)	(102.2)	130.7	(790.1)
Operating Income	76.6	4.5	87.2	7.2	6.0	(3.2)	178.3
Interest Expense	(35.7)	(5.5)	(19.1)	(0.5)	(7.6)	1.2	(67.2)
Interest (Loss)/Income	(1.5)	−	1.2	−	1.4	(2.3)	(1.2)
Other (Loss)/Income, Net	(0.5)	0.1	1.5	1.1	71.0	(70.4)	2.8
Income Tax (Expense)/Benefit	(10.5)	0.4	(28.3)	(2.5)	1.5	−	(39.4)
Net Income/(Loss)	28.4	(0.5)	42.5	5.3	72.3	(74.7)	73.3
Net Income/(Loss) Attributable to Noncontrolling Interests	(0.8)	−	(0.6)	−	−	−	(1.4)
Net Income/(Loss) Attributable to Controlling Interests	$ 27.6	$ (0.5)	$ 41.9	$ 5.3	$ 72.3	$ (74.7)	$ 71.9

	For the Six Months Ended June 30, 2010						
	Regulated Companies						
	Distribution						
(Millions of Dollars)	Electric	Natural Gas	Transmission	NU Enterprises	Other	Eliminations	Total
Operating Revenues	$ 1,884.5	$ 245.2	$ 307.9	$ 41.5	$ 216.4	$ (244.7)	$ 2,450.8
Depreciation and Amortization	(214.7)	(10.6)	(41.8)	(0.2)	(7.1)	1.6	(272.8)
Other Operating Expenses	(1,497.8)	(191.7)	(92.4)	(28.3)	(204.5)	241.7	(1,773.0)
Operating Income	172.0	42.9	173.7	13.0	4.8	(1.4)	405.0
Interest Expense	(72.2)	(10.4)	(38.5)	(0.9)	(14.8)	2.4	(134.4)
Interest (Loss)/Income	(0.8)	–	1.4	–	2.7	(3.7)	(0.4)
Other Income, Net	4.2	0.1	3.9	1.0	182.8	(182.0)	10.0
Income Tax (Expense)/Benefit	(45.6)	(13.6)	(57.2)	(5.5)	2.9	(0.2)	(119.2)
Net Income	57.6	19.0	83.3	7.6	178.4	(184.9)	161.0
Net Income Attributable to Noncontrolling Interests	(1.6)	–	(1.2)	–	–	–	(2.8)
Net Income Attributable to Controlling Interests	$ 56.0	$ 19.0	$ 82.1	$ 7.6	$ 178.4	$ (184.9)	$ 158.2
Total Assets (as of)	$ 8,860.1	$ 1,370.8	$ 3,327.7	$ 93.9	$ 5,951.5	$ (5,374.3)	$ 14,229.7
Cash Flows for Total Investments in Plant	$ 267.9	$ 28.0	$ 113.1	$ –	$ 33.4	$ –	$ 442.4

	For the Three Months Ended June 30, 2009						
	Regulated Companies						
	Distribution						
(Millions of Dollars)	Electric	Gas	Transmission	NU Enterprises	Other	Eliminations	Total
Operating Revenues	$ 1,007.2	$ 70.2	$ 135.8	$ 21.0	$ 93.0	$ (102.8)	$ 1,224.4
Depreciation and Amortization	(88.4)	(6.7)	(17.9)	(0.1)	(3.1)	0.2	(116.0)
Other Operating Expenses	(837.5)	(57.9)	(36.8)	(11.8)	(92.1)	106.9	(929.2)
Operating Income/(Loss)	81.3	5.6	81.1	9.1	(2.2)	4.3	179.2
Interest Expense	(36.2)	(5.0)	(16.5)	(0.6)	(8.2)	1.5	(65.0)
Interest Income	1.5	–	0.6	–	1.9	(2.0)	2.0
Other Income, Net	6.7	0.1	3.2	–	91.8	(91.3)	10.5
Income Tax (Expense)/Benefit	(14.9)	(0.1)	(26.0)	(3.0)	1.9	(0.3)	(42.4)
Net Income	38.4	0.6	42.4	5.5	85.2	(87.8)	84.3
Net Income Attributable to Noncontrolling Interests	(0.8)	–	(0.6)	–	–	–	(1.4)
Net Income Attributable to Controlling Interests	$ 37.6	$ 0.6	$ 41.8	$ 5.5	$ 85.2	$ (87.8)	$ 82.9

	For the Six Months Ended June 30, 2009						
	Regulated Companies						
	Distribution						
(Millions of Dollars)	Electric	Gas	Transmission	NU Enterprises	Other	Eliminations	Total
Operating Revenues	$ 2,253.2	$ 272.0	$ 269.9	$ 41.7	$ 200.2	$ (219.1)	$ 2,817.9
Depreciation and Amortization	(215.6)	(13.4)	(35.2)	(0.3)	(6.5)	0.4	(270.6)
Other Operating Expenses	(1,866.7)	(215.6)	(76.3)	(21.6)	(190.4)	219.8	(2,150.8)
Operating Income	170.9	43.0	158.4	19.8	3.3	1.1	396.5
Interest Expense	(74.0)	(11.3)	(34.2)	(1.8)	(18.1)	3.5	(135.9)
Interest Income	3.2	–	0.7	0.1	4.3	(4.3)	4.0
Other Income, Net	9.6	0.1	2.5	–	209.1	(208.8)	12.5
Income Tax (Expense)/Benefit	(30.5)	(12.0)	(49.0)	(6.8)	5.4	(0.9)	(93.8)
Net Income	79.2	19.8	78.4	11.3	204.0	(209.4)	183.3
Net Income Attributable to Noncontrolling Interests	(1.6)	–	(1.2)	–	–	–	(2.8)
Net Income Attributable to Controlling Interests	$ 77.6	$ 19.8	$ 77.2	$ 11.3	$ 204.0	$ (209.4)	$ 180.5
Cash Flows for Total Investments in Plant	$ 259.8	$ 25.4	$ 121.0	$ –	$ 14.7	$ –	$ 420.9

The information related to the distribution and transmission segments for CL&P, PSNH and WMECO for the three and six months ended June 30, 2010 and 2009 is as follows:

	CL&P − For the Three Months Ended June 30, 2010		
(Millions of Dollars)	Distribution	Transmission	Total
Operating Revenues	$ 584.0	$ 123.9	$ 707.9
Depreciation and Amortization	(90.7)	(16.8)	(107.5)
Other Operating Expenses	(460.0)	(34.2)	(494.2)
Operating Income	33.3	72.9	106.2
Interest Expense	(21.5)	(15.7)	(37.2)
Interest Income	0.5	0.9	1.4
Other Loss/(Income), Net	(1.2)	0.5	(0.7)
Income Tax Expense	(1.9)	(23.7)	(25.6)
Net Income	$ 9.2	$ 34.9	$ 44.1

	CL&P − For the Six Months Ended June 30, 2010		
(Millions of Dollars)	Distribution	Transmission	Total
Operating Revenues	$ 1,255.2	$ 247.7	$ 1,502.9
Depreciation and Amortization	(166.5)	(33.5)	(200.0)
Other Operating Expenses	(1,001.2)	(70.0)	(1,071.2)
Operating Income	87.5	144.2	231.7
Interest Expense	(43.9)	(31.8)	(75.7)
Interest Income	0.9	1.1	2.0
Other Income, Net	1.1	2.5	3.6
Income Tax Expense	(21.3)	(47.8)	(69.1)
Net Income	$ 24.3	$ 68.2	$ 92.5
Total Assets (as of)	$ 5,675.0	$ 2,552.7	$ 8,227.7
Cash Flows for Total Investments in Plant	$ 132.4	$ 59.3	$ 191.7

	CL&P – For the Three Months Ended June 30, 2009		
(Millions of Dollars)	Distribution	Transmission	Total
Operating Revenues	$ 673.4	$ 111.5	$ 784.9
Depreciation and Amortization	(72.1)	(14.8)	(86.9)
Other Operating Expenses	(552.3)	(27.6)	(579.9)
Operating Income	49.0	69.1	118.1
Interest Expense	(23.1)	(14.6)	(37.7)
Interest Income	0.6	0.5	1.1
Other Income, Net	4.4	2.6	7.0
Income Tax Expense	(8.2)	(21.9)	(30.1)
Net Income	$ 22.7	$ 35.7	$ 58.4

	CL&P − For the Six Months Ended June 30, 2009		
(Millions of Dollars)	Distribution	Transmission	Total
Operating Revenues	$ 1,517.3	$ 222.1	$ 1,739.4
Depreciation and Amortization	(157.6)	(29.3)	(186.9)
Other Operating Expenses	(1,261.9)	(57.1)	(1,319.0)
Operating Income	97.8	135.7	233.5
Interest Expense	(45.6)	(29.8)	(75.4)
Interest Income	1.3	0.6	1.9
Other Income, Net	7.3	1.6	8.9
Income Tax Expense	(15.6)	(41.8)	(57.4)
Net Income	$ 45.2	$ 66.3	$ 111.5
Cash Flows For Total Investments in Plant	$ 149.0	$ 77.9	$ 226.9

	PSNH − For the Three Months Ended June 30, 2010		
(Millions of Dollars)	Distribution	Transmission	Total
Operating Revenues	$ 218.2	$ 20.1	$ 238.3
Depreciation and Amortization	(14.0)	(2.6)	(16.6)
Other Operating Expenses	(170.0)	(8.3)	(178.3)
Operating Income	34.2	9.2	43.4
Interest Expense	(9.9)	(2.1)	(12.0)
Interest (Loss)/Income	(2.2)	0.2	(2.0)
Other Income, Net	1.6	0.2	1.8
Income Tax Expense	(6.8)	(2.8)	(9.6)
Net Income	$ 16.9	$ 4.7	$ 21.6

	PSNH − For the Six Months Ended June 30, 2010		
(Millions of Dollars)	Distribution	Transmission	Total
Operating Revenues	$ 457.1	$ 39.8	$ 496.9
Depreciation and Amortization	(34.0)	(5.3)	(39.3)
Other Operating Expenses	(358.5)	(15.8)	(374.3)
Operating Income	64.6	18.7	83.3
Interest Expense	(20.2)	(4.2)	(24.4)
Interest (Loss)/Income	(1.9)	0.1	(1.8)
Other Income, Net	3.5	0.5	4.0
Income Tax Expense	(17.9)	(5.8)	(23.7)
Net Income	$ 28.1	$ 9.3	$ 37.4
Total Assets (as of)	$ 2,316.2	$ 475.6	$ 2,791.8
Cash Flows for Total Investments in Plant	$ 122.8	$ 18.9	$ 141.7

	PSNH − For the Three Months Ended June 30, 2009		
(Millions of Dollars)	Distribution	Transmission	Total
Operating Revenues	$ 246.2	$ 16.7	$ 262.9
Depreciation and Amortization	(11.9)	(2.3)	(14.2)
Other Operating Expenses	(211.3)	(6.2)	(217.5)
Operating Income	23.0	8.2	31.2
Interest Expense	(9.2)	(1.3)	(10.5)
Interest Income	0.8	0.1	0.9
Other Income, Net	1.4	0.5	1.9
Income Tax Expense	(4.1)	(2.8)	(6.9)
Net Income	$ 11.9	$ 4.7	$ 16.6

	PSNH − For the Six Months Ended June 30, 2009		
(Millions of Dollars)	Distribution	Transmission	Total
Operating Revenues	$ 537.5	$ 33.1	$ 570.6
Depreciation and Amortization	(44.5)	(4.5)	(49.0)
Other Operating Expenses	(441.4)	(12.9)	(454.3)
Operating Income	51.6	15.7	67.3
Interest Expense	(20.2)	(2.9)	(23.1)
Interest Income	1.7	0.1	1.8
Other Income, Net	1.8	0.7	2.5
Income Tax Expense	(9.4)	(5.0)	(14.4)
Net Income	$ 25.5	$ 8.6	$ 34.1
Cash Flows for Total Investments in Plant	$ 89.2	$ 23.2	$ 112.4

	WMECO − For the Three Months Ended June 30, 2010		
(Millions of Dollars)	Distribution	Transmission	Total
Operating Revenues	$ 82.3	$ 10.2	$ 92.5
Depreciation and Amortization	(6.9)	(2.1)	(9.0)
Other Operating Expenses	(66.3)	(2.9)	(69.2)
Operating Income	9.1	5.2	14.3
Interest Expense	(4.4)	(1.3)	(5.7)
Interest Income	0.1	0.1	0.2
Other (Loss)/Income, Net	(0.8)	0.7	(0.1)
Income Tax Expense	(1.7)	(1.8)	(3.5)
Net Income	$ 2.3	$ 2.9	$ 5.2

	WMECO − For the Six Months Ended June 30, 2010		
(Millions of Dollars)	Distribution	Transmission	Total
Operating Revenues	$ 172.3	$ 20.4	$ 192.7
Depreciation and Amortization	(14.3)	(3.0)	(17.3)
Other Operating Expenses	(138.1)	(6.6)	(144.7)
Operating Income	19.9	10.8	30.7
Interest Expense	(8.1)	(2.5)	(10.6)
Interest Income	0.2	0.2	0.4
Other (Loss)/Income, Net	(0.4)	0.8	0.4
Income Tax Expense	(6.4)	(3.6)	(10.0)
Net Income	$ 5.2	$ 5.7	$ 10.9
Total Assets (as of)	$ 874.2	$ 290.2	$ 1,164.4
Cash Flows for Total Investments in Plant	$ 12.8	$ 33.6	$ 46.4

(Millions of Dollars)	WMECO − For the Three Months Ended June 30, 2009		
	Distribution	Transmission	Total
Operating Revenues	$ 87.5	$ 7.6	$ 95.1
Depreciation and Amortization	(4.4)	(0.8)	(5.2)
Other Operating Expenses	(73.7)	(3.0)	(76.7)
Operating Income	9.4	3.8	13.2
Interest Expense	(3.8)	(0.6)	(4.4)
Interest Income	0.1	−	0.1
Other Income, Net	0.7	0.2	0.9
Income Tax Expense	(2.6)	(1.4)	(4.0)
Net Income	$ 3.8	$ 2.0	$ 5.8

(Millions of Dollars)	WMECO − For the Six Months Ended June 30, 2009		
	Distribution	Transmission	Total
Operating Revenues	$ 198.5	$ 14.7	$ 213.2
Depreciation and Amortization	(13.5)	(1.6)	(15.1)
Other Operating Expenses	(163.4)	(6.2)	(169.6)
Operating Income	21.6	6.9	28.5
Interest Expense	(8.3)	(1.4)	(9.7)
Interest Income	0.1	0.1	0.2
Other Income, Net	0.7	0.1	0.8
Income Tax Expense	(5.5)	(2.3)	(7.8)
Net Income	$ 8.6	$ 3.4	$ 12.0
Cash Flows for Total Investments in Plant	$ 21.6	$ 19.9	$ 41.5

11.
COMMON SHAREHOLDERS' EQUITY AND NONCONTROLLING INTERESTS (NU)

A summary of the changes in Common Shareholders' Equity and Noncontrolling Interests of NU for the three and six months ended June 30, 2010 and 2009 is as follows:

	For the Three Months Ended June 30,					
	2010				2009	
	Common Shareholders' Equity	Noncontrolling Interest	Total Equity	Preferred Stock Not Subject to Mandatory Redemption	Total Equity	Preferred Stock Not Subject to Mandatory Redemption
Balance, Beginning of Period	$ 3,625.2	$ −	$ 3,625.2	$ 116.2	$ 3,456.1	$ 116.2
Net Income	73.3	−	73.3	−	84.2	−
Dividends on Common Shares	(45.4)	−	(45.4)	−	(41.8)	−
Dividends on Preferred Shares of CL&P	(1.4)	−	(1.4)	(1.4)	(1.4)	(1.4)
Issuance of Common Shares	0.2	−	0.2	−	0.1	−
Contributions to NPT	−	1.1	1.1	−	−	−
Other Transactions, Net	6.1	−	6.1	−	6.5	−
Net Income Attributable to Noncontrolling Interests	−	−	−	1.4	−	1.4
Other Comprehensive Income (Note 5)	0.9	−	0.9	−	(1.9)	−
Balance, End of Period	$ 3,658.9	$ 1.1	$ 3,660.0	$ 116.2	$ 3,501.8	$ 116.2

	For the Six Months Ended June 30,					
	2010				2009	
	Common Shareholders' Equity	Noncontrolling Interest	Total Equity	Preferred Stock Not Subject to Mandatory Redemption	Total Equity	Preferred Stock Not Subject to Mandatory Redemption
Balance, Beginning of Period	$ 3,577.9	$ –	$ 3,577.9	$ 116.2	$ 3,020.3	$ 116.2
Net Income	160.9	–	160.9	–	183.3	–
Dividends on Common Shares	(90.9)	–	(90.9)	–	(79.1)	–
Dividends on Preferred Shares of CL&P	(2.8)	–	(2.8)	(2.8)	(2.8)	(2.8)
Issuance of Common Shares	5.4	–	5.4	–	387.4	–
Capital Stock Expenses, Net	–	–	–	–	(12.5)	–
Contributions to NPT	–	1.1	1.1	–	–	–
Other Transactions, Net	6.7	–	6.7	–	6.9	–
Net Income Attributable to Noncontrolling Interests	–	–	–	2.8	–	2.8
Other Comprehensive Income (Note 5)	1.7	–	1.7	–	(1.7)	–
Balance, End of Period	$ 3,658.9	$ 1.1	$ 3,660.0	$ 116.2	$ 3,501.8	$ 116.2

For the three and six months ended June 30, 2010 and 2009, there was no change in NU parent's 100 percent ownership of the common equity of CL&P.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and Shareholders of Northeast Utilities:

We have reviewed the accompanying condensed consolidated balance sheet of Northeast Utilities and subsidiaries (the "Company") as of June 30, 2010, and the related condensed consolidated statements of income for the three−month and six−month periods ended June 30, 2010 and 2009, and of cash flows for the six−month periods ended June 30, 2010 and 2009. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet and consolidated statement of capitalization of Northeast Utilities and subsidiaries as of December 31, 2009, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 26, 2010, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2009 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP
Deloitte & Touche LLP

Hartford, Connecticut
August 6, 2010

NORTHEAST UTILITIES AND SUBSIDIARIES

**Management's Discussion and Analysis of
Financial Condition and Results of Operations**

The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and related combined notes included in this Quarterly Report on Form 10−Q, the First Quarter 2010 Form 10−Q, and the 2009 Form 10−K. References in this Form 10−Q to "NU," the "Company," "we," "us" and "our" refer to Northeast Utilities and its consolidated subsidiaries. All per share amounts are reported on a fully diluted basis.

Refer to the Glossary of Terms included in this combined Quarterly Report on Form 10−Q for abbreviations and acronyms used throughout this *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

The only common equity securities that are publicly traded are common shares of NU. The earnings and EPS of each business discussed below do not represent a direct legal interest in the assets and liabilities allocated to such business but rather represent a direct interest in our assets and liabilities as a whole. EPS by business is a financial measure not recognized under GAAP that is calculated by dividing the net income or loss attributable to controlling interests of each business by the weighted average fully diluted NU common shares outstanding for the period. We use this non−GAAP financial measure to evaluate earnings results and to provide details of earnings results and guidance by business. We believe that this measurement is useful to investors to evaluate the actual and projected financial performance and contribution of our businesses. This non−GAAP financial measure should not be considered as an alternative to our consolidated fully diluted EPS determined in accordance with GAAP as an indicator of operating performance.

Reconciliations of the above non−GAAP financial measures to the most directly comparable GAAP measures of consolidated fully diluted EPS and Net Income Attributable to Controlling Interests are included under "Financial Condition and Business Analysis−Overview−Consolidated" and "Financial Condition and Business Analysis−Future Outlook" in *Management's Discussion and Analysis*, herein.

Forward−Looking Statements: From time to time we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies, assumptions of future events, financial performance or growth and other statements that are not historical facts. These statements are "forward−looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. You can generally identify our forward−looking statements through the use of words or phrases such as "estimate," "expect," "anticipate," "intend," "plan," "project," "believe," "forecast," "should," "could," and other similar expressions. Forward−looking statements are based on the current expectations, estimates, assumptions or projections of management and are not guarantees of future performance. These expectations, estimates, assumptions or projections may vary materially from actual results. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors that could cause our actual results to differ materially from those contained in our forward−looking statements, including, but not limited to:

- actions or inaction by local, state and federal regulatory bodies
- changes in business and economic conditions, including their impact on interest rates, bad debt expense, and demand for our products and services
- changes in weather patterns
- changes in laws, regulations or regulatory policy
- changes in levels and timing of capital expenditures
- disruptions in the capital markets or other events that make our access to necessary capital more difficult or costly
- developments in legal or public policy doctrines
- technological developments
- changes in accounting standards and financial reporting regulations
- fluctuations in the value of our remaining competitive contracts
- actions of rating agencies, and
- other presently unknown or unforeseen factors.

Other risk factors are detailed in our reports filed with the SEC and updated from time to time, and we encourage you to consult such disclosures.

All such factors are difficult to predict, contain uncertainties that may materially affect our actual results and are beyond our control. You should not place undue reliance on the forward−looking statements, each speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward−looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can management assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward−looking statements. For more information, see Item 1A, *Risk Factors,* included in this Quarterly Report on Form 10−Q and in our 2009 Form 10−K. This Quarterly Report on Form 10−Q and our 2009 Form 10−K also describe material contingencies and critical accounting policies and estimates in the respective *Management’s Discussion and Analysis* and *Combined Notes to Consolidated Financial Statements*. We encourage you to review these items.

Financial Condition and Business Analysis

Executive Summary

The following items in this executive summary are explained in more detail in this Quarterly Report:

Results and Outlook:

- We earned $71.9 million, or $0.41 per share, in the second quarter of 2010, and $158.2 million, or $0.90 per share, in the first half of 2010, compared with $82.9 million, or $0.47 per share, in the second quarter of 2009 and $180.5 million, or $1.07 per share, in the first half of 2009. Lower 2010 results reflect the absence of the net benefit of $11.1 million, or $0.06 per share, from the resolution of various routine tax issues in the second quarter of 2009. The first half 2010 results also reflect a first quarter net after−tax charge of $3 million, or $0.02 per share, associated with the 2010 Healthcare Act.

- Our Regulated companies earned $69 million, or $0.39 per share, in the second quarter of 2010 and $157.1 million, or $0.89 per share, in the first half of 2010, compared with earnings of $80 million, or $0.46 per share, in the second quarter of 2009 and $174.6 million, or $1.03 per share, in the first half of 2009.

- Earnings from the distribution segment of our Regulated companies (which also includes the generation business of PSNH and the natural gas distribution business) totaled $27.1 million, or $0.15 per share, in the second quarter of 2010, and $75 million, or $0.43 per share, in the first half of 2010, compared with $38.2 million, or $0.22 per share, in the second quarter of 2009 and $97.4 million, or $0.57 per share, in the first half of 2009. Earnings from the transmission segment of our Regulated companies totaled $41.9 million, or $0.24 per share, in the second quarter of 2010 and $82.1 million, or $0.46 per share, in the first half of 2010, compared with $41.8 million, or $0.24 per share, in the second quarter of 2009 and $77.2 million, or $0.46 per share, in the first half of 2009. The decrease in distribution segment results was due primarily to the absence in 2010 of the benefit from the resolution of various routine tax issues. The higher transmission segment results were due to an increased investment in this segment as we continued to build out our transmission infrastructure to meet the reliability needs of our customers and the region, partially offset by the absence in 2010 of the benefit from the resolution of various routine tax issues.

- Our competitive businesses, which are held by NU Enterprises, earned $5.3 million, or $0.03 per share, in the second quarter of 2010 and $7.6 million, or $0.04 per share, in the first half of 2010, compared with $5.5 million, or $0.03 per share, in the second quarter of 2009 and $11.3 million, or $0.07 per share, in the first half of 2009. NU Enterprises recorded $0.1 million of after−tax mark−to−market losses in the first half of 2010, compared with $4.6 million of after−tax mark−to−market gains in the first half of 2009.

- NU parent and other companies recorded net expenses of $2.4 million, or $0.01 per share, in the second quarter of 2010 and $6.5 million, or $0.03 per share, in the first half of 2010, compared with net expenses of $2.6 million, or $0.02 per share, in the second quarter of 2009 and $5.4 million, or $0.03 per share, in the first half of 2009. The improved second quarter results were due to the absence in 2010 of a $0.7 million after−tax HWP environmental reserve increase. The lower first half results were due primarily to a $0.6 million after−tax charge associated with the 2010 Healthcare Act and the absence in 2010 of its share of the benefit from the resolution of various routine tax issues.

- Economic factors, moderate weather, and higher operating costs, including higher storm restoration activity, have been pressuring our distribution segment returns over the past 12 months. However, the constructive resolution of CL&P and PSNH's distribution rate cases at the end of June, as well as the impacts of strong cost management and prospects for improving sales, will provide us with improved results over the next several quarters.

- We now project consolidated 2010 earnings of between $1.95 per share and $2.05 per share, including distribution segment earnings of between $1.00 per share and $1.10 per share, transmission segment earnings of approximately $0.95 per share, competitive business earnings of approximately $0.05 per share, and net expenses at NU parent and other companies of approximately $0.05 per share. Previously, NU had projected consolidated earnings of between $1.80 per share and $2.00 per share. We revised our 2010 earnings guidance due in part to the constructive resolution of the CL&P and PSNH distribution rate cases, the impact of significantly warmer than expected weather on electric distribution sales, an improvement in uncollectible expense trends, and improved results at the transmission segment and our competitive businesses for the first half of 2010, partially offset by a much higher level of storm activity in 2010 as compared with 2009.

Strategy, Regulatory and Other Items:

- On June 30, 2010, the DPUC issued a final decision in a distribution rate case, which was filed by CL&P in January 2010, that approved rate increases of $63.4 million effective July 1, 2010 and an incremental $38.5 million effective July 1, 2011. The decision approved CL&P's proposal to defer implementation of the first increase by six months until January 1, 2011 and maintained CL&P's authorized distribution segment regulatory ROE of 9.4 percent.

- On June 28, 2010, the NHPUC approved the joint settlement reached in April 2010 among PSNH, the NHPUC staff and the Office of Consumer Advocate regarding a distribution rate case PSNH had filed on June 30, 2009 with the NHPUC. The settlement allowed PSNH to raise distribution rates by $45.5 million on an annualized basis, effective July 1, 2010. It also approved distribution rate adjustments projected to be a decrease of $2.9 million and increases of $9.5 million and $11.1 million on July 1 of each of the three subsequent years, respectively. The $45.5 million increase was in addition to the $25.6 million temporary increase that became effective August 1, 2009. The $45.5 million increase includes $13.7 million to reconcile the difference between the temporary rates and the permanent rates back to August 1, 2009. Another provision of the settlement was that the authorized electric distribution business regulatory ROE continues at the previously allowed level of 9.67 percent.

- Connecticut Governor M. Jodi Rell approved the Connecticut Legislature's state budget for the 2010−2011 fiscal year. To fund a revenue gap, the 2010−2011 budget now calls for the issuance of $703 million of economic recovery revenue bonds that would be amortized over eight years. These bonds would be repaid through a charge on customer bills of CL&P and other Connecticut electric utility companies. On June 1, 2010, the DPUC initiated a docket to approve financing orders for the state's electric distribution companies, including CL&P, in accordance with Public Act 10−179. The DPUC must issue a financing order by October 1, 2010.

- On July 16, 2010, WMECO filed an application with the DPU, requesting approval of a $28.4 million increase in distribution rates and a decoupling plan to be effective February 1, 2011. Among other items, WMECO is seeking a distribution segment regulatory ROE of 10.5 percent, recovery of its deferred December 2008 major storm costs, and recovery of its hardship receivable costs. A decision is expected by January 31, 2011.

Liquidity:

- Cash capital expenditures totaled $442.4 million in the first half of 2010, compared with $420.9 million in the first half of 2009. We continue to project total capital expenditures of approximately $1.1 billion in 2010.

- Cash flows provided by operating activities totaled $405.2 million in the first half of 2010, compared with $388 million in the first half of 2009 (all amounts are net of RRB payments, which are included in financing activities). The improved cash flows were due primarily to the absence in 2010 of costs incurred at PSNH and WMECO related to the major storm in December 2008 that were paid in the first quarter of 2009, offset by a $40 million increase in income tax payments largely attributable to the absence of certain tax deductions related to accelerated depreciation amounts, which expired at the end of 2009. We project consolidated cash flows provided by operating activities, net of RRB payments, of approximately $700 million in 2010, which is $50 million higher than our first quarter 2010 projection due primarily to the expected third quarter sales increase as a result of the significantly warmer than expected weather and modest improvements in economic conditions in our region that we expect will benefit our cash flows over the second half of 2010.

- On July 9, 2010, following the CL&P and PSNH rate case decisions, Moody's announced that it had reaffirmed the ratings and "stable" outlooks of NU parent, CL&P and PSNH. On July 27, 2010, S&P reaffirmed all of its ratings and "stable" outlooks associated with NU and its subsidiaries.

- Cash and cash equivalents totaled $88.8 million as of June 30, 2010, compared with $27 million as of December 31, 2009. As of June 30, 2010, we had $647.1 million of aggregate borrowing availability on our revolving credit lines, compared with $702.8 million as of December 31, 2009.

Overview

Consolidated: We earned $71.9 million, or $0.41 per share, in the second quarter of 2010, and $158.2 million, or $0.90 per share in the first half of 2010, compared with $82.9 million, or $0.47 per share, in the second quarter of 2009 and $180.5 million, or $1.07 per share, in the first half of 2009. Lower 2010 results reflect the absence of the net benefit impact of $11.1 million, or $0.06 per share, from the resolution of various routine tax issues in the second quarter of 2009 and $14 million of pre−tax storm restoration costs in the first half of 2010 ($8 million in the second quarter of 2010). The first half 2010 results also reflect a first quarter net after−tax charge of $3 million, or $0.02 per share, associated with the 2010 Healthcare Act, offset by the impact of the PSNH permanent distribution rate case settlement approved on June 28, 2010, which allowed certain expenses to be recovered through non−distribution rate components retroactive to August 1, 2009. Retail electric sales were unchanged and firm natural gas sales were down 3.7 percent in the first half of 2010 compared with the first half of 2009.

A summary of our earnings by business, which also reconciles the non−GAAP financial measures of consolidated non−GAAP earnings and EPS, as well as EPS by business, to the most directly comparable GAAP measures of consolidated net income attributable to controlling interests and fully diluted EPS, for the second quarter and first half of 2010 and 2009 is as follows:

(Millions of Dollars, except Per share amounts)	For the Three Months Ended June 30, 2010 Amount	2010 Per Share	2009 Amount	2009 Per Share	For the Six Months Ended June 30, 2010 Amount	2010 Per Share	2009 Amount	2009 Per Share
Net Income Attributable to Controlling Interests (GAAP)	$ 71.9	$ 0.41	$ 82.9	$ 0.47	$ 158.2	$ 0.90	$ 180.5	$ 1.07
Regulated Companies	$ 69.0	$ 0.39	$ 80.0	$ 0.46	$ 157.1	$ 0.89	$ 174.6	$ 1.03
Competitive Businesses	5.3	0.03	5.5	0.03	7.6	0.04	11.3	0.07
NU Parent and Other Companies	(2.4)	(0.01)	(2.6)	(0.02)	(6.5)	(0.03)	(5.4)	(0.03)
Net Income Attributable to Controlling Interests (GAAP)	$ 71.9	$ 0.41	$ 82.9	$ 0.47	$ 158.2	$ 0.90	$ 180.5	$ 1.07

Regulated Companies: Our Regulated companies operate in two segments: electric transmission and distribution, with natural gas distribution and PSNH generation included in the distribution segment. A summary of our Regulated companies' earnings by segment for the second quarter and first half of 2010 and 2009 is as follows:

(Millions of Dollars)	For the Three Months Ended June 30, 2010	2009	For the Six Months Ended June 30, 2010	2009
CL&P Transmission	$ 34.3	$ 35.1	$ 67.1	$ 65.2
PSNH Transmission	4.6	4.7	9.3	8.6
WMECO Transmission	3.0	2.0	5.7	3.4
Total Transmission	41.9	41.8	82.1	77.2
CL&P Distribution	8.4	21.9	22.7	43.6
PSNH Distribution	16.9	11.9	28.1	25.4
WMECO Distribution	2.3	3.8	5.2	8.6
Yankee Gas	(0.5)	0.6	19.0	19.8
Total Distribution	27.1	38.2	75.0	97.4
Net Income − Regulated Companies	$ 69.0	$ 80.0	$ 157.1	$ 174.6

Greater transmission segment earnings in both the second quarter and first half of 2010 reflected increased investment as we continued to build out our transmission infrastructure to meet the reliability needs of our customers and the region, partially offset by the absence of the benefit from the resolution of various routine tax issues in the second quarter of 2009, a charge associated with the 2010 Healthcare Act in the first quarter of 2010, and net losses realized on the sale of securities in the NU supplemental benefit trust.

CL&P's second quarter 2010 distribution segment earnings were $8.4 million, which is approximately $13.5 million lower than the same period in 2009. The decline in earnings was due primarily to the absence of the $5.1 million benefit from the resolution of routine tax issues in the second quarter of 2009, higher expenses including storm restoration costs, pension and healthcare costs, and property taxes and net losses realized on the sale of securities in the NU supplemental benefit trust. Partially offsetting these impacts was higher revenue attributable to warmer weather and a 6.1 percent increase in retail electric sales.

For the first half of 2010, CL&P's distribution segment earnings were $20.9 million lower than the same period in 2009 due primarily to the same unfavorable factors that affected earnings in the second quarter mentioned above, the absence of an $8.4 million benefit from the resolution of routine tax issues in the first half of 2009, coupled with lower revenues and lower Energy Independence Act incentives, partially offset by lower operations and maintenance costs. For the 12 months ended June 30, 2010, CL&P's distribution segment regulatory ROE was approximately 5.4 percent and for the full year 2010, we expect it to be between 7.5 percent and 8 percent.

PSNH's second quarter 2010 distribution segment earnings were $5 million higher than the same period in 2009 due primarily to higher revenues resulting from a temporary distribution rate increase effective August 1, 2009, a 4.6 percent increase in retail electric sales, and the impact of the permanent distribution rate case settlement approved on June 28, 2010, which allowed certain expenses to be recovered through non−distribution rate components retroactive to August 1, 2009. These favorable impacts were partially offset by the absence of the benefit from the resolution of the various routine tax issues in the second quarter of 2009, higher expenses including pension and healthcare costs, amortization, and property taxes, and net losses realized on the sale of securities in the NU supplemental benefit trust.

For the first half of 2010, PSNH's distribution segment earnings were $2.7 million higher than the same period in 2009 due primarily to higher revenues as a result of the August 1, 2009 distribution rate increase and the impact of the permanent distribution rate case settlement, partially offset by higher pension and healthcare costs and property taxes, the absence of the benefit from the resolution of routine tax issues in the second quarter of 2009, higher income tax expense in the first quarter associated with the 2010 Healthcare Act, and net losses realized on the sale of securities in the NU supplemental benefit trust. For the 12 months ended June 30, 2010, PSNH's distribution segment regulatory ROE was 7.7 percent (including generation) and for the full year 2010, we expect it to be close to the authorized levels.

WMECO's second quarter 2010 distribution segment earnings were $1.5 million lower than the same period in 2009 due primarily to higher expenses including storm restoration costs, employee benefit costs and property taxes, the absence of the benefit from the resolution of routine tax issues in the second quarter of 2009, and net losses realized on the sale of securities in the NU supplemental benefit trust, partially offset by higher revenues attributable to warmer weather and a 7.1 percent increase in retail electric sales.

WMECO's distribution segment earnings for the first half of 2010 were $3.4 million lower than the same period in 2009 due primarily to higher expenses including storm restoration costs, employee benefit costs, administrative and general costs, depreciation, and property taxes, the absence of the benefit from the resolution of the various routine tax issues in the second quarter of 2009, and net losses realized on the sale of securities in the NU supplemental benefit trust. For the 12 months ended June 30, 2010, WMECO's distribution segment regulatory ROE was 6.6 percent and for the full year 2010, we expect it to be approximately 5 percent.

Yankee Gas recorded a net loss of $0.5 million in the second quarter of 2010, which is $1.1 million lower than the $0.6 million of earnings in the second quarter of 2009. The decline in earnings was due primarily to a 4.3 percent decline in firm natural gas sales attributable to warmer than normal temperatures in April, the absence of the benefit from the resolution of routine tax issues in the second quarter of 2009, higher operations costs and pension and healthcare costs, partially offset by lower uncollectibles expense and depreciation.

For the first half of 2010, Yankee Gas' earnings were $0.8 million lower than the same period in 2009 due primarily to lower revenues resulting from a 3.7 percent decline in firm natural gas sales attributable to warmer than normal temperatures during the heating season. In addition, the 2010 earnings were lower due to higher operations costs, pension and healthcare costs, amortization, and the absence of the benefit from the resolution of the various routine tax issues in the second quarter of 2009, partially offset by lower uncollectibles expense, depreciation, and interest expense. For the 12 months ended June 30, 2010, Yankee Gas' regulatory ROE was 6.5 percent and for the full year 2010, we expect it to be approximately 8 percent.

For the distribution segment of our Regulated companies, a summary of changes in CL&P, PSNH and WMECO retail electric GWh sales and Yankee Gas firm natural gas sales for the second quarter and first half of 2010 as compared to the same period in 2009 on an actual and weather normalized basis (using a 30−year average) is as follows:

	For the Three Months Ended June 30, 2010 Compared to 2009									
	Electric								Firm Natural Gas	
	CL&P		PSNH		WMECO		Total		Yankee Gas	
	Percentage Increase	Weather Normalized Percentage Increase/ (Decrease)	Percentage Increase	Weather Normalized Percentage Increase	Percentage Increase	Weather Normalized Percentage Increase	Percentage Increase	Weather Normalized Percentage Increase	Percentage Decrease	Weather Normalized Percentage Increase/ (Decrease)
Residential	9.3 %	1.7 %	5.6%	1.0 %	9.4 %	3.8 %	8.5 %	1.8 %	(2.2)%	10.4 %
Commercial	4.2 %	–	3.7%	0.3 %	7.1 %	3.1 %	4.3 %	0.4 %	(4.5)%	4.9 %
Industrial	2.3 %	(1.0)%	5.0%	1.3 %	3.5 %	1.1 %	3.3 %	–	(5.2)%	(3.6)%
Other	11.4 %	11.4 %	0.2%	0.2 %	2.6 %	2.6 %	10.1 %	10.1 %	–	–
Total	6.1 %	0.7 %	4.6%	0.7 %	7.1 %	3.0 %	5.9 %	1.0 %	(4.3)%	2.2 %

	For the Six Months Ended June 30, 2010 Compared to 2009									
	Electric								Firm Natural Gas	
	CL&P		PSNH		WMECO		Total		Yankee Gas	
	Percentage Increase/ (Decrease)	Weather Normalized Percentage Increase/ (Decrease)	Percentage Increase/ (Decrease)	Weather Normalized Percentage Increase/ (Decrease)	Percentage Increase/ (Decrease)	Weather Normalized Percentage Increase/ (Decrease)	Percentage Increase/ (Decrease)	Weather Normalized Percentage Decrease	Percentage Decrease	Weather Normalized Percentage Increase
Residential	–	(0.3)%	(1.0)%	(0.6)%	2.2 %	2.4 %	–	(0.1)%	(4.8)%	7.4 %
Commercial	(0.4)%	(2.0)%	(0.7)%	(1.8)%	0.7 %	(0.8)%	(0.4)%	(1.8)%	(5.7)%	5.2 %
Industrial	3.1 %	1.3 %	0.2 %	(1.7)%	(0.3)%	(1.5)%	1.7 %	–	(0.3)%	2.6 %
Other	–	–	2.6 %	2.6 %	(31.5)%	(31.5)%	(2.3)%	(2.3)%	–	–
Total	0.2 %	(0.9)%	(0.7)%	(1.3)%	0.9 %	0.1 %	–	(0.8)%	(3.7)%	5.1 %

A summary of our retail electric sales in GWh for CL&P, PSNH and WMECO and firm natural gas sales in million cubic feet for Yankee Gas for the second quarter and first half of 2010 and 2009 is as follows:

	For the Three Months Ended June 30,					
	Electric			Firm Natural Gas		
	2010	2009	Percentage Increase	2010	2009	Percentage Decrease
Residential	3,220	2,967	8.5 %	1,659	1,695	(2.2)%
Commercial	3,620	3,469	4.3 %	2,004	2,099	(4.5)%
Industrial	1,156	1,119	3.3 %	3,269	3,448	(5.2)%
Other	72	67	10.1 %	–	–	–
Total	8,068	7,622	5.9 %	6,932	7,242	(4.3)%

	For the Six Months Ended June 30,					
	Electric			Firm Natural Gas		
	2010	2009	Percentage Increase/(Decrease)	2010	2009	Percentage Decrease
Residential	7,116	7,116	–	7,763	8,156	(4.8)%
Commercial	7,076	7,102	(0.4)%	7,886	8,366	(5.7)%
Industrial	2,164	2,128	1.7 %	7,726	7,754	(0.3)%
Other	160	164	(2.3)%	–	–	–
Total	16,516	16,510	–	23,375	24,276	(3.7)%

Actual retail electric sales for all three electric companies were greater in the second quarter of 2010 as compared to the same period in 2009, due primarily to warmer than normal temperatures. Cooling degree days in Connecticut and Western Massachusetts were 128 percent higher than last year and 76 percent above normal. Cooling degree days in New Hampshire were 216 percent higher than last year and 41 percent above normal. Weather normalized retail electric sales increased by one percent in the second quarter of 2010 as compared to the same period in 2009, due primarily to what we believe could be signs of improvement in our region's economy.

For the first half of 2010, total retail electric sales were unchanged from the same period in 2009, but the results vary by electric company and customer class. While our customers continue to be impacted by the economic conditions of our region and nation, we see potential signs of improvement that are starting to emerge. In addition to the primary economic drivers of employment levels, manufacturing hours, and new housing permits, our electric sales are also impacted by additional installation of gas−fired distributed generation and utilization of C&LM programs. For the past several quarters, our commercial and industrial sales have been negatively impacted by such measures.

Firm natural gas sales in the second quarter and first half of 2010 were lower than the same periods in 2009 due to milder weather. On a weather normalized basis, firm natural gas sales were 2.2 percent and 5.1 percent higher in the second quarter and first half of 2010 than the same periods in 2009, respectively. Our firm natural gas sales are subject to many of the same influences as our retail electric sales, but our firm natural gas sales have benefitted from a favorable price for natural gas and from the addition of gas−fired distributed generation in Yankee Gas' service territory.

Our expense related to uncollectible receivable balances (our uncollectibles expense) is influenced by the economic conditions of our region. Fluctuations in our uncollectibles expense are mitigated, however, from an earnings perspective because a portion of the total uncollectibles expense for each of the electric distribution companies is allocated to the respective company's energy supply rate and recovered through its tariffs. Additionally, for CL&P and Yankee Gas, write−offs of uncollectible receivable balances attributable to qualified customers under financial or medical duress (or hardship customers) are fully recovered through their respective tariffs. For the second quarter and first half of 2010, our total uncollectibles expense was approximately $5.1 million lower and $0.3 million higher than the same periods in 2009, respectively. With regards to the portion of the uncollectibles expense that impacts our earnings as it is not allocated to an energy supply rate, the expense for the first half of 2010 was $2.4 million lower than the same period in 2009 with $1.9 million relating to Yankee Gas. In addition, $1.4 million of PSNH's uncollectibles expense was reclassified to its energy supply rate in the second quarter of 2010, which in turn contributed to the overall improvement of $2.4 million in the non−allocated portion of uncollectibles expense but it had no impact on our total uncollectibles expense. For the first half of 2010, our uncollectibles expense was better than our expectations and we continue to expect our 2010 uncollectibles expense that impacts earnings to be significantly lower than it was in 2009.

Competitive Businesses: NU Enterprises, which continues to manage to completion Select Energy's remaining wholesale marketing contracts and to manage its electrical contracting business and other operating and maintenance services contracts, earned $5.3 million, or $0.03 per share, in the second quarter of 2010 and $7.6 million, or $0.04 per share, in the first half of 2010, compared with $5.5 million, or $0.03 per share, in the second quarter of 2009, and $11.3 million, or $0.07 per share, in the first half of 2009. In the second quarter of 2010, NU Enterprises recorded $0.3 million of after−tax mark−to−market gains, compared with gains of $1.3 million in the second quarter of 2009. NU Enterprises recorded $0.1 million of after−tax mark−to−market losses in the first half of 2010, compared with after−tax mark−to−market gains of $4.6 million in the first half of 2009.

NU Parent and Other Companies: NU parent and other companies recorded net expenses of $2.4 million, or $0.01 per share, in the second quarter of 2010 and $6.5 million, or $0.03 per share, in the first half of 2010, compared with net expenses of $2.6 million, or $0.02 per share, in the second quarter of 2009 and $5.4 million, or $0.03 per share, in the first half of 2009. The improved second quarter results were due to the absence in 2010 of a $0.7 million after−tax HWP environmental reserve increase that was recorded in 2009. The lower first half results were due primarily to a $0.6 million after−tax charge associated with the 2010 Healthcare Act and the absence in 2010 of a $1.3 million benefit from the resolution of various routine tax issues, partially offset by lower interest expense at NU parent.

Future Outlook

EPS Guidance: Following is a summary of our previously reported and revised projected 2010 EPS by business, which also reconciles consolidated fully diluted EPS to the non−GAAP financial measure of EPS by business:

	Previously Reported 2010 EPS Range		Revised 2010 EPS Range	
(Approximate amounts)	Low	High	Low	High
Fully Diluted EPS (GAAP)	$ 1.80	$ 2.00	$ 1.95	$ 2.05
Regulated Companies:				
Distribution Segment	$ 0.95	$ 1.05	$ 1.00	$ 1.10
Transmission Segment	0.90	0.95	0.95	0.95
Total Regulated Companies	1.85	2.00	1.95	2.05
Competitive Businesses	–	0.05	0.05	0.05
NU Parent and Other Companies	(0.05)	(0.05)	(0.05)	(0.05)
Fully Diluted EPS (GAAP)	$ 1.80	$ 2.00	$ 1.95	$ 2.05

We revised our 2010 earnings guidance due in part to the constructive resolution of the CL&P and PSNH distribution rate cases, the impact of significantly warmer than expected weather on electric distribution sales, an improvement in uncollectible expense trends, and improved results at the transmission segment and our competitive businesses for the first half of 2010, partially offset by a much higher level of storm activity in 2010 as compared with 2009.

Economic factors, moderate weather, and higher operating costs including higher storm restoration activity have been pressuring our distribution segment returns over the past 12 months. However, the constructive resolution of CL&P and PSNH's distribution rate cases at the end of June, as well as the impacts of strong cost management and prospects for improving sales, will provide us with improved results over the next several quarters.

Long−Term Growth Rate: We continue to project that we will achieve a compound average annual EPS growth rate for the five−year period from 2010 to 2014 of between 6 percent and 9 percent using 2009 EPS of $1.91 as the base level. We believe this growth will be achieved if our capital program is completed in accordance with our plans, distribution rate case orders enable us to earn the assumed level of regulatory ROEs, and FERC's current transmission policies remain consistent and enable us to achieve projected transmission ROEs. In addition to the assumptions above, there are certain items that will likely impact this earnings growth rate. These items include, but are not limited to, sales levels; operating expense levels, including maintenance, pension and uncollectibles expense; and lower margins that NU Enterprises could earn on Select Energy's remaining contracts.

Liquidity

Consolidated: Cash and cash equivalents totaled $88.8 million as of June 30, 2010, compared with $27 million as of December 31, 2009.

On April 1, 2010, CL&P remarketed $62 million of tax−exempt PCRBs that were subject to a mandatory tender on April 1, 2010. The PCRBs, which mature on May 1, 2031, carry a coupon rate of 1.4 percent and have a mandatory tender on April 1, 2011, at which time CL&P expects to remarket the bonds.

On April 22, 2010, Yankee Gas issued $50 million of privately placed first mortgage bonds with a coupon rate of 4.87 percent and a maturity date of April 1, 2020. The proceeds from this bond issuance were used to repay short−term borrowings incurred in the ordinary course of business and to fund ongoing capital investment programs.

On May 3, 2010, PSNH filed a petition with the NHPUC requesting authority to issue long−term debt through 2012 to be used to refinance PSNH's short−term debt previously incurred in the ordinary course of business, to finance capital expenditures, to provide working capital and to pay issuance costs. PSNH has requested authority to issue up to $500 million and asked that the NHPUC issue an order by September 30, 2010.

On June 3, 2010, WMECO filed a petition with the DPU requesting authority to issue up to $500 million in long−term debt through 2012 to be used to refinance WMECO's short−term debt previously incurred in the ordinary course of business, to finance capital expenditures, to provide working capital and to pay issuance costs. WMECO has requested that the DPU issue an order by September 30, 2010.

On July 12, 2010, CL&P filed an application with the DPUC requesting authority to issue up to $900 million in long−term debt through 2014 to be used to refinance CL&P's short−term debt previously incurred in the ordinary course of business, to finance capital expenditures, to provide working capital and to pay issuance costs. CL&P has requested that the DPUC issue a decision by November 1, 2010.

We anticipate no additional long−term debt issuances for NU in 2010.

Cash flows provided by operating activities in the first half of 2010 totaled $405.2 million, compared with operating cash flows of $388 million in the first half of 2009 (all amounts are net of RRB payments, which are included in financing activities on the accompanying unaudited condensed consolidated statements of cash flows). The improved cash flows were due primarily to the absence in 2010 of costs incurred at PSNH and WMECO related to the major storm in December 2008 that were paid in the first quarter of 2009 and a decrease in Fuel, Materials and Supplies attributable to a $24 million reduction in coal inventory levels at the PSNH generation business as ordered by the NHPUC. Offsetting these favorable cash flow impacts was a $40 million increase in income tax payments largely attributable to the absence of bonus depreciation tax deductions under the American Recovery and Reinvestment Act of 2009 in the first half of 2010. Bonus depreciation tax deductions expired at the end of 2009. There is no significant cash flow impact relating to the decrease in receivables and unbilled revenues and the increase in accounts payable relating to customer migration to third party energy suppliers as these amounts offset one another.

We project consolidated cash flows provided by operating activities of approximately $700 million in 2010, net of RRB payments, which is $50 million higher than our first quarter 2010 projection due primarily to the expected third quarter sales increase as a result of the significantly warmer than expected weather and modest improvements in economic conditions in our region that we expect will benefit our cash flows over the second half of 2010. The projection for 2010 operating cash flows reflects a cash contribution to our Pension Plan in the third quarter of 2010 of approximately $45 million, the majority of which will be funded by PSNH. This contribution will be the first contribution to our Pension Plan in approximately 20 years.

A summary of the current credit ratings and outlooks by Moody's, S&P and Fitch for senior unsecured debt of NU parent and WMECO and senior secured debt of CL&P and PSNH is as follows:

	Moody's		S&P		Fitch	
	Current	Outlook	Current	Outlook	Current	Outlook
NU parent	Baa2	Stable	BBB−	Stable	BBB	Stable
CL&P	A2	Stable	BBB+	Stable	A−	Stable
PSNH	A3	Stable	BBB+	Stable	BBB+	Stable
WMECO	Baa2	Stable	BBB	Stable	BBB+	Stable

On July 9, 2010, following the CL&P and PSNH rate case decisions, Moody’s announced that it had reaffirmed the ratings and “stable” outlooks of NU parent, CL&P and PSNH. On July 27, 2010, S&P reaffirmed all of its ratings and "stable" outlooks associated with NU and its subsidiaries.

If the senior unsecured debt ratings of NU parent were to be reduced to below investment grade level by either Moody's or S&P, a number of Select Energy's supply contracts would require Select Energy to post additional collateral in the form of cash or LOCs. If such an event had occurred as of June 30, 2010, Select Energy, under its remaining contracts, would have been required to provide additional cash or LOCs in an aggregate amount of $26.7 million to various unaffiliated counterparties and additional cash or LOCs in the aggregate amount of $1.9 million to independent system operators. NU parent would have been and remains able to provide that collateral on behalf of Select Energy.

If the unsecured debt ratings of PSNH were to be reduced by either Moody's or S&P, certain supply contracts could require PSNH to post additional collateral in the form of cash or LOCs with various unaffiliated counterparties. As of June 30, 2010, if the unsecured debt ratings of PSNH had been reduced by one level or to below investment grade, PSNH had an adequate amount of collateral posted and would not have been required to post additional amounts.

We paid common dividends of $90.2 million in the first half of 2010, compared with $78.9 million in the first half of 2009. The increase reflects a 7.9 percent increase in our common dividend rate that took effect in the first quarter of 2010, as well as a higher number of shares outstanding as a result of the March 2009 issuance of nearly 19 million common shares. On July 12, 2010, our Board of Trustees declared a quarterly common dividend of $0.25625 per share, payable on September 30, 2010 to shareholders of record as of September 1, 2010.

In general, the Regulated companies pay approximately 60 percent of their earnings to NU parent in the form of common dividends. In the first half of 2010, CL&P, PSNH, WMECO, and Yankee Gas paid $146 million, $25.3 million, $7.4 million, and $18.8 million, respectively, in common dividends to NU parent. In the first half of 2010, NU parent made equity contributions to PSNH and WMECO of $115.4 million and $102.6 million, respectively.

Cash capital expenditures included on the accompanying unaudited condensed consolidated statements of cash flows and described in this "Liquidity" section do not include amounts incurred on capital projects but not yet paid, cost of removal, AFUDC related to equity funds, and the capitalized portions of pension and PBOP expense or income. A summary of our cash capital expenditures by company for the first half of 2010 and 2009 is as follows:

(Millions of Dollars)	For the Six Months Ended June 30, 2010	2009
CL&P	$ 191.7	$ 226.9
PSNH	141.7	112.4
WMECO	46.4	41.5
Yankee Gas	28.0	25.4
Other	34.6	14.7
Totals	$ 442.4	$ 420.9

The increase in our cash capital expenditures was the result of higher distribution segment capital expenditures of $10.9 million, particularly at PSNH, and an increase in Other of $19.9 million primarily related to technology and facility projects at NUSCO, one of our corporate service companies.

As a result of LBCB's refusal in 2008 to continue to fund its commitment of approximately $56 million under our revolving credit agreements, our aggregate borrowing capacity under those credit facilities was reduced from $900 million to $844 million. This borrowing capacity, when combined with our access to other funding sources, provides us with adequate liquidity.

NU parent's revolving credit agreement, in a nominal aggregate amount of $500 million, $482.3 million excluding the commitment of LBCB, expires on November 6, 2010. As of June 30, 2010, NU parent had $39.6 million of LOCs issued for the benefit of certain subsidiaries (primarily PSNH) and $157.3 million of borrowings outstanding under this facility. The weighted−average interest rate on these short−term borrowings as of June 30, 2010 was 0.75 percent, which is based on a variable rate plus an applicable margin based on NU parent's credit ratings. NU parent had $285.4 million of borrowing availability on this facility as of June 30, 2010, excluding LBCB's commitment, as compared to $341 million of availability as of December 31, 2009.

The Regulated companies maintain a joint revolving credit agreement in a nominal aggregate amount of $400 million, $361.8 million excluding the commitment of LBCB, which also expires on November 6, 2010. There were no borrowings outstanding under this facility as of June 30, 2010 or December 31, 2009, and the entire $361.8 million was available. The Regulated companies had $361.8 million of aggregate borrowing availability on this facility as of June 30, 2010 and December 31, 2009, excluding LBCB's commitment and subject to each individual company's borrowing limits.

In August 2010, we expect to commence the renewal of our revolving credit agreements. We anticipate extending the facilities for at least three years and that costs associated with the new facilities will be higher than those associated with the existing revolving credit agreements due to changes in credit market conditions.

Impact of Financial Market Conditions: While the impact of continued financial market volatility and the extent and impacts of the economic environment cannot be predicted, we are confident that we currently have sufficient operating flexibility and access to funding sources to maintain adequate liquidity. The credit ratings outlooks for NU parent and its Regulated companies are all stable. Our companies have a low risk of calls for collateral due to our business model, and we have no long−term debt maturing until April 2012. An estimated cash contribution to our Pension Plan of approximately $45 million is expected to be made in the third quarter of 2010, and we continue to project capital expenditures for 2010 of approximately $1.1 billion.

Business Development and Capital Expenditures

Consolidated: Our consolidated capital expenditures, including amounts incurred but not paid, cost of removal, AFUDC, and the capitalized portions of pension and PBOP expense or income (all of which are non−cash factors), totaled $454.4 million in the first half of 2010, compared with $415.3 million in the first half of 2009. These amounts included $29.8 million and $18 million in the first half of 2010 and 2009, respectively, related to our corporate service companies.

Regulated Companies: Capital expenditures for the Regulated companies are expected to total approximately $1.1 billion ($418 million for CL&P, $344 million for PSNH, and $145 million for WMECO) in 2010, which includes planned spending of approximately $48 million for our corporate service companies.

Transmission Segment: We now expect transmission segment capital expenditures to total approximately $257 million ($113 million for CL&P, $44 million for PSNH, and $92 million for WMECO) in 2010. Transmission segment capital expenditures decreased by $14.4 million in the first half of 2010, as compared with the same period in 2009, due primarily to reductions in expenditures at CL&P and PSNH, partially offset by increases at WMECO and capital expenditures incurred by Northern Pass Transmission for the Northern Pass project. A summary of transmission segment capital expenditures by company in the first half of 2010 and 2009 is as follows:

(Millions of Dollars)	For the Six Months Ended June 30, 2010	2009
CL&P	$ 51.2	$ 75.4
PSNH	21.9	27.3
WMECO	37.4	24.9
Northern Pass Project Costs*	2.7	–
Totals	$ 113.2	$ 127.6

* Since the inception of the Northern Pass project, we have incurred a total of $4.4 million in costs, $1.7 million of which was recognized in the second half of 2009.

In October 2008, CL&P and WMECO made state siting filings in Connecticut and Massachusetts, respectively, for the first and largest component of our NEEWS project, the GSRP. In October 2009, ISO−NE affirmed the need and need date for GSRP. On March 16, 2010, the CSC approved the 12−mile section of GSRP that CL&P plans to build in Connecticut. The CSC approval did not significantly change the project as it was originally proposed and is not expected to have a material impact on the overall cost of GSRP. The CSC has begun reviewing CL&P development and management plans for the project. In June 2010, residents living near the proposed Connecticut route of the GSRP appealed the CSC approval in New Britain Superior Court, claiming that the CSC acted improperly by approving an overhead route for the line. We do not expect the appeal to have a material impact on the timing of construction.

Hearings on the 23−mile Massachusetts portion before the state's EFSB were completed in February 2010, and briefs were filed by the parties on March 26, 2010. We expect the EFSB to reach a tentative decision in September 2010 and a final decision shortly thereafter. GSRP, which involves the construction of 115 KV and 345 KV lines from Ludlow, Massachusetts to Bloomfield, Connecticut, is the largest and most complicated project within NEEWS, and is expected to cost $714 million if built according to our preferred route configuration. Following decisions from the state siting boards and receipt of other required permits, we expect to commence construction in late 2010 or early 2011 and to place the project in service in 2013.

Our second major NEEWS project is the Interstate Reliability Project, which is being designed and built in coordination with National Grid USA. CL&P's share of this project includes an approximately 40−mile, 345 KV line from Lebanon, Connecticut to the Connecticut−Rhode Island border where it would connect with enhancements National Grid USA is designing. We currently expect that CL&P's share of the costs of this project will be $250 million. Municipal consultations concluded in November 2008, and CL&P plans to file its siting application with Connecticut regulators in early 2011 following the completion of ISO−NE's reassessment of the need date and issuance of its regional system plan. We currently expect the project to be placed in service by the end of 2014.

The third major part of NEEWS is the Central Connecticut Reliability Project, which involves construction of a new line from Bloomfield, Connecticut to Watertown, Connecticut. This line would provide another 345 KV connection to move power across the state of Connecticut. The timing of this project is expected to be six to twelve months behind the Interstate Reliability Project. This project is currently expected to cost $315 million.

ISO−NE is currently performing an evaluation of projects in its regional system plan, including the other components of NEEWS, and assessing the presently estimated need dates for these projects. We expect ISO−NE's view on need dates for the second and third major NEEWS projects to be updated in the next version of the regional system plan, a draft of which we expect to see during the third quarter of 2010.

Included as part of NEEWS are $211 million of associated reliability related expenditures for projects, over $50 million of which are moving forward through the siting and construction phases and are expected to be completed in advance of the three major projects. These include a $15 million line separation project under construction in Manchester, Connecticut and a line separation project from West Springfield to Agawam, Massachusetts that we now estimate will cost $26 million. We expect to commence work on this project later this year and complete it in 2011. On July 20, 2010 the CSC approved a new 345 KV line segment, 2.7 miles in length, from Manchester Substation to the Meekville Junction area, with associated 345 KV additions at Manchester Substation. This project will change an existing 3−terminal circuit into two 2−terminal circuits resulting in improved reliability during contingency events and reducing the need to run out−of−merit generation when the line is out for maintenance. Construction is expected to begin in late 2010 following receipt of environmental permits.

On July 15, 2010, CL&P and UI filed a joint application with the DPUC seeking approval for UI's investment in and ownership of certain transmission assets associated with CL&P's portion of the NEEWS projects. Under the terms of an agreement between UI and CL&P, UI has the option to make quarterly payments to CL&P in exchange for ownership of specific transmission assets as they come into commercial operation. Following regulatory approval, UI will have the right to invest a minimum of $25 million up to the greater of $60 million or an amount equal to 8.4 percent of CL&P's costs for the Connecticut portions of these projects, which are expected to cost approximately $711 million. As assets come into commercial operation, CL&P will transfer title to transmission assets such as poles and wires to UI in proportion to its investments. CL&P will continue to maintain these portions of the transmission system once they are in operation pursuant to an operating and maintenance agreement with UI. The impact of the UI transaction is reflected in our five−year rate base forecast.

We currently expect that CL&P's and WMECO's total capital expenditures for NEEWS will be $1.49 billion. Our current capital expenditure and rate base forecasts assume that all NEEWS projects are completed by the end of 2014. However, the timing and amount of our projected annual capital spending could be affected if receipt of siting approvals is delayed or if the need dates for these

projects change through ISO−NE's regional system planning process. During the siting approval process, state regulators may require changes in configuration (including placing some lines underground) to address local concerns that could increase construction costs. Our current design for NEEWS does not contemplate any underground lines. Building any lines underground, particularly 345 KV lines, would increase total costs of the project beyond those reflected above. Since inception of NEEWS through June 30, 2010, CL&P and WMECO have capitalized approximately $82.2 million and $94.5 million, respectively, in costs associated with NEEWS, of which $14.7 million and $20.2 million, respectively, were capitalized in the first half of 2010.

NUTV and NSTAR Transmission Ventures, Inc., a subsidiary of NSTAR, have jointly formed a limited liability company, Northern Pass Transmission, to construct, own and operate the Northern Pass line, a new HVDC transmission line from Québec to New Hampshire that will interconnect with a new HVDC transmission line being developed by HQ−Trans−Energie, the transmission subsidiary of Hydro−Québec. NUTV holds a 75 percent interest in Northern Pass Transmission with NSTAR holding the remaining 25 percent. Under the proposed arrangement with HQ, Northern Pass Transmission would sell to a new HQ subsidiary 1,200 MW of firm electric transmission service over the Northern Pass line; in turn, the HQ subsidiary will sell and deliver this same amount of electric power from HQ's low−carbon energy resources to New England.

We continue to make progress in the design of the Northern Pass line. We are finalizing the terms and conditions of the TSA with HQ. The TSA establishes risk allocation and cost recovery for the project and is subject to FERC approval. We expect to file the project design with ISO−NE for technical review and the TSA with the FERC in the third quarter of 2010. There are a number of additional state and federal permits that will be required to site the Northern Pass line, and we anticipate filing those applications over the next six to eighteen months, after appropriate data collection and application preparation. We are continuing our early engineering work on the line as well as gathering the required data and conducting environmental studies required for construction authorizations and permits.
We expect to begin significant public communications and outreach efforts in the New Hampshire communities where new facilities are expected to be located over the balance of this year and into 2011. Assuming timely regulatory review and siting approvals, we could begin construction of the line in late 2012 or early 2013, which could have power flowing in the second half of 2015. Our current estimate for our share of the project cost is $675 million. We expect to produce a more refined estimate after executing the TSA.

In addition, we are continuing discussions with HQ on the potential for one or more power purchase agreements for power transmitted over the Northern Pass line. The terms of any power purchase agreements will be subject to state regulatory approval. We anticipate filing these power purchase agreements subsequent to filing the TSA.

Distribution Segment: Distribution segment capital expenditures increased by $41.7 million in the first half of 2010, as compared with the same period in 2009. A summary of distribution segment capital expenditures by company for the first half of 2010 and 2009 is as follows:

	For the Six Months Ended June 30,	
(Millions of Dollars)	**2010**	**2009**
CL&P:		
Basic business	$ 54.4	$ 47.7
Aging infrastructure	39.5	47.9
Load growth	41.8	38.0
Total CL&P	135.7	133.6
PSNH:		
Basic business	18.8	24.9
Aging infrastructure	8.3	7.8
Load growth	11.1	13.0
Total PSNH	38.2	45.7
WMECO:		
Basic business	7.7	8.5
Aging infrastructure	4.5	5.7
Load growth	1.4	2.6
Total WMECO	13.6	16.8
Totals – Electric Distribution (excluding Generation)	187.5	196.1
Yankee Gas	28.8	23.8
Other	0.2	0.2
Total Distribution	216.5	220.1
PSNH Generation:		
Clean air project	81.3	42.8
Other	12.9	6.8
Total PSNH Generation	94.2	49.6
WMECO Generation	0.7	–
Total Distribution Segment	$ 311.4	$ 269.7

Basic business includes the relocation of plant, the purchase of meters, tools, vehicles, and information technology. Aging infrastructure relates to the planned replacement of overhead lines, plant substations, transformer replacements, and underground cable replacement. Load growth includes requests for new business and capacity additions on distribution lines and substation overloads.

PSNH's Clean Air Project is a $457 million wet scrubber project at its Merrimack coal station, the cost of which will be recovered through PSNH's ES rates under New Hampshire law. Construction costs are under budget and the project is expected to be completed in mid−2012. Since inception of the project, PSNH has capitalized $228.1 million associated with this project, of which $81.3 million was capitalized in the first half of 2010. Construction of the project was approximately 63 percent complete as of June 30, 2010.

In April 2010, Yankee Gas commenced its WWL Project, the construction of a 16−mile gas pipeline between Waterbury and Wallingford, Connecticut and the increase of vaporization output of its LNG plant, which is estimated to cost $67 million. The first phase of the WWL project, which will provide a new interconnection between the Cheshire, Connecticut area and the distribution system in Wallingford, Connecticut, will cost approximately $16 million and is expected to be completed in November 2010. The second phase, which involves expanding the vaporization capacity of the LNG facility and connecting it to the Cheshire area distribution system, should be completed in November 2011. Since inception of the project, Yankee Gas has capitalized $8.2 million associated with this project, $7.4 million of which was capitalized in the first half of 2010. Construction of the project was approximately 18 percent complete as of June 30, 2010 and is currently on schedule and on budget.

Strategic Initiatives: We continue to evaluate certain development projects that will benefit our customers, some of which are detailed below.

Over the past two years, we have participated in discussions and continue to discuss with other utilities, policymakers, and prospective developers of renewable energy projects in the New England region regarding a framework whereby renewable power projects built in rural areas of northern New England could be connected to the electric load centers of New England. We believe there are significant opportunities for developers to build wind and biomass projects in northern New England that could help the region meet its renewable portfolio standards. We believe that a collaborative approach among project developers and transmission owners is necessary to be able to construct needed projects and bring their electrical output into the market. To date, most discussions have been conceptual in nature and therefore we have not yet included any capital expenditures associated with potential projects in our five−year capital program.

We continue to consider various energy related investments that could complement our earnings profile. In 2010, we committed to invest approximately $3 million in an energy investment fund that seeks to invest in clean and renewable energy projects primarily in the United States and Canada. Under certain conditions, we would invest an additional $50 million.

On August 12, 2009, the DPU approved a stipulation agreement between WMECO and the Massachusetts Attorney General concerning WMECO's proposal, under the Massachusetts Green Communities Act, to install 6 MW of solar energy generation in its service territory at an estimated cost of $41 million by the end of 2012. WMECO began construction of 1.8 MW of the 6 MW at a site in Pittsfield, Massachusetts in May 2010 and is expected to complete it later this year at a cost of approximately $10 million. Site assessments for WMECO's next projects that will fulfill the program's currently authorized scope of 6 MW are nearly complete.

Transmission Rate Matters and FERC Regulatory Issues

Transmission − Wholesale Rates: NU's transmission rates recover total transmission revenue requirements, ensuring that we recover all regional and local revenue requirements. These rates provide for annual true−ups to actual costs. The financial impacts of differences between actual and projected costs are deferred for future recovery from, or refund to, customers. As of June 30, 2010, NU was in a total underrecovery position of $5.6 million ($1.2 million for CL&P, $4.1 million for PSNH, and $0.3 million for WMECO), which will be collected from customers in June 2011.

FERC ROE Decision: On March 24, 2008, the FERC issued a rehearing order confirming its initial decision setting the base ROE for transmission projects for the New England transmission owners. Including a final adjustment, the order provides a base ROE of 11.14 percent for the period beginning November 1, 2006. The order also affirmed the FERC's earlier decision granting a 100 basis point adder for transmission projects that are part of the ISO−NE Regional System Plan and are "completed and on line" by December 31, 2008. In addition, while not an issue in this rehearing, the initial order increasing the ROE by 50 additional points for transmission owners joining a Regional Transmission Organization (RTO) and giving the RTO operational control of the basis transmission facilities still stands. This order was appealed to the D.C. Circuit Court of Appeals by numerous state regulators and consumer advocates. In January 2010, the Court unanimously rejected the claims on appeal, confirming FERC’s award of the 100 basis point adder. Subsequent rehearing by the Court was denied in April 2010, and state regulators did not seek further review by the U.S. Supreme Court within the 90 day review period, thereby concluding the case.

On May 16, 2008, CL&P filed an application with the FERC to receive ROE incentives for its Middletown−Norwalk project and to seek a waiver of the "completed and on line" date of December 31, 2008 to earn incentives, pursuant to the FERC’s March 24, 2008 order on rehearing. Alternatively, CL&P requested the FERC to find that this project met the nexus test requirements for incentives under the FERC’s guidelines for new projects, and requested an additional 50 basis point adder for advanced technology used in the project.

In July 2008, the FERC granted the waiver request and approved the 100 basis point ROE incentive for the entire Middletown−Norwalk project. The FERC also found that the project met the nexus test and granted an additional 50 basis point adder for the advanced technology aspects of the 24−mile underground portion of the project. The 50 basis point adder results in a total ROE for the underground portion of the Middletown−Norwalk project of 13.1 percent, which represents the overall ROE limit established by the FERC. The Connecticut state regulators sought review of these incentives by the D.C. Circuit Court of Appeals, but withdrew their appeal in May 2010, thereby concluding the case.

Legislative Matters

2010 Connecticut Legislation: On May 5, 2010, the Connecticut Legislature passed senate bill 493, which would have reorganized the DPUC, launched a significant solar generation initiative, allowed distribution companies to manage a portfolio that would have provided some of their standard service supply and implemented reduced distribution rates for low−income customers. The bill was vetoed by Governor Rell on May 25, 2010 and the legislature did not overturn her veto.

In addition, the Connecticut Legislature approved a state budget for the 2010−2011 fiscal year, which now calls for the issuance of $703 million of economic recovery revenue bonds that would be amortized over eight years. The principal amount of the bonds represents a reduction from the original amount of $956 million because the 2009−2010 fiscal year state budget finished with a surplus. This amount will continue to change as it is refined by the state. These bonds would be repaid through a charge on customer bills of CL&P and other Connecticut electric distribution companies. For CL&P, the revenue to pay interest and principal on the bonds would come from a continuation of a portion of its CTA, which would otherwise end at the end of this year, and the diversion of about one−third of the annual funding for C&LM programs beginning in April 2012. The specifics of these adjustments will be determined by the DPUC. On June 1, 2010, the DPUC initiated a docket to approve financing orders for the state's electric distribution companies, including CL&P, in accordance with Public Act 10−179. The DPUC must issue a financing order by October 1, 2010.

Regulatory Developments and Rate Matters

Connecticut − CL&P:

Distribution Rates: On January 8, 2010, CL&P filed an application with the DPUC to raise distribution rates by $133.4 million (later revised to $129 million), or 3.4 percent over current revenues, to be effective July 1, 2010, and by an additional $44.2 million (later revised to $41.4 million), or 1.1 percent over current revenues, to be effective July 1, 2011. Among other items, CL&P sought an increase in its authorized ROE from 9.4 percent to 10.5 percent. On June 30, 2010, the DPUC issued a final order in the rate case, which approved rate increases of $63.4 million effective July 1, 2010 and an incremental $38.5 million effective July 1, 2011. The 2010 increase was deferred from customer bills until January 1, 2011 to coincide with the decline in revenue requirements associated with the final amortization in December 2010 of CL&P's 2001 RRBs, which more than offsets the revenue requirements associated with the January 1, 2011 distribution rate increase. While from an earnings perspective CL&P will benefit from the rate increases on July 1, 2010 and July 1, 2011, the cash flow benefits will be evident in early 2011 when customers' bills reflect the increased rates. Customer bills will reflect one distribution rate increase totaling approximately $110 million annually on January 1, 2011, which should allow CL&P to recover all of the revenue requirements due as a result of the two approved rate increases. Coupled with an anticipated reduction in power supply costs of at least 10 percent, we do not expect customers will see a bill increase as a result of the distribution rate increase.

The DPUC's rate case decision maintained CL&P's authorized distribution ROE of 9.4 percent, raised the equity component in capital structure modestly to 49.2 percent, but disallowed CL&P's revenue decoupling mechanism and pension tracker proposals. The decision also approved, in full, CL&P's capital spending plan of $310 million, $331 million, and $314 million in 2010, 2011, and 2012, respectively, and amortized an expected depreciation reserve imbalance by returning $74 million to customers over 7 years and an additional $306 million over 35 years. The final decision rejected CL&P's request for the establishment of a $13.7 million ($8.2 million net of tax) regulatory asset that was recorded in the first quarter of 2010 for the recovery of future tax benefits lost as a result of a provision in the 2010 Healthcare Act. On July 14, 2010, CL&P filed with the DPUC a request to reconsider its ruling on this issue. On July 28, 2010, the DPUC granted CL&P's request for reconsideration of its decision and the DPUC allowed the creation of a regulatory asset by CL&P, subject to review in its next rate case. As a result, NU has concluded that these costs are probable of recovery and has maintained these amounts as regulatory assets as of June 30, 2010.

Standard Service and Last Resort Service Rates: CL&P's residential and small commercial customers who do not choose competitive suppliers are served under SS rates, and large commercial and industrial customers who do not choose competitive suppliers are served under LRS rates. Effective April 1, 2010, the DPUC approved a decrease to CL&P's total average LRS rate of approximately 11.3 percent. The energy supply portion of the total average LRS rate decreased from 9.662 cents per KWh to 8.055 cents per KWh. Effective July 1, 2010, the DPUC approved a slight increase to CL&P's total average SS rates of approximately 0.3 percent and a decrease to CL&P's total average LRS rate of approximately 12.2 percent. The energy supply portion of the total average SS rate did not change while the energy supply portion of the total average LRS rate decreased from 8.055 cents per KWh to 6.476 cents per KWh. CL&P is fully recovering from customers the costs of its SS and LRS services.

New Hampshire:

Distribution Rates, ES, SCRC, and TCAM Filings: On June 28, 2010, the NHPUC approved the joint settlement of PSNH's permanent rate case, effective July 1, 2010, submitted by PSNH, the NHPUC staff and the Office of Consumer Advocate. Under the settlement, the settling parties agreed to a net distribution rate increase of $45.5 million on an annualized basis to be effective July 1, 2010, and annualized distribution rate adjustments projected to be a decrease of $2.9 million and increases of $9.5 million and $11.1 million on July 1 of each of the three subsequent years, respectively. The $45.5 million increase is in addition to the $25.6 million temporary increase that became effective August 1, 2009. The $45.5 million increase includes $13.7 million to reconcile the difference between the temporary rates and the permanent rates back to August 1, 2009. The projected decrease of $2.9 million on July 1, 2011 reflects primarily the end of the one year recovery of the $13.7 million reconciliation on that date. PSNH also agreed not to file a new distribution rate request that would be effective prior to July 1, 2015. During the term of the settlement, PSNH's ability to propose changes to its permanent distribution rate level will be limited to situations where its 12−month distribution ROE falls below 7 percent for

two consecutive quarters or certain specified external events occur, as described in the settlement. The settlement also provides that the authorized regulatory ROE on distribution only plant will continue at the previously allowed level of 9.67 percent.

During the second quarter of 2010, PSNH filed with the NHPUC requests for changes in its ES rate, SCRC rate and TCAM rate to be effective July 1, 2010. PSNH subsequently proposed a minor change to the filed SCRC rate. On June 28, 2010, the NHPUC issued orders approving the ES and TCAM rates as filed, and the SCRC rate as modified by PSNH. The combined result of the permanent distribution rate increase and the approved ES, SCRC, and TCAM rate changes was a net increase, effective July 1, 2010, of approximately six percent in rates billed to customers who purchase energy from PSNH.

ES and SCRC Reconciliation: On an annual basis, PSNH files with the NHPUC an ES/SCRC reconciliation filing for the preceding year. On April 30, 2010, PSNH filed its 2009 ES/SCRC reconciliation with the NHPUC, whose evaluation includes a prudence review of PSNH's generation activities. During 2009 ES costs exceeded ES revenues by $45.9 million, as a result of refunding the 2008 ES regulatory obligation to customers through a lower ES rate in 2009. During 2009, SCRC revenues exceeded SCRC costs by $6.4 million. As of December 31, 2009 PSNH had an ES regulatory asset and an SCRC regulatory asset of $4.4 million and $3.9 million, respectively, for costs that are included in the 2010 ES/SCRC rate calculations for recovery from customers. The reconciliation docket is ongoing and the NHPUC has scheduled hearings in early December 2010. We do not expect the outcome of the NHPUC review to have a material adverse impact on PSNH’s earnings, financial position or cash flows.

Merrimack Clean Air Project: On July 7, 2009, the New Hampshire Site Evaluation Committee determined that PSNH’s Clean Air Project to install wet scrubber technology at its Merrimack Station was not subject to the Committee’s review as a "sizeable" addition to a power plant under state law. That Committee upheld its decision in an order dated January 15, 2010, denying requests for rehearing. This order was appealed on February 23, 2010. On April 15, 2010, the New Hampshire Supreme Court determined that it would accept the appeal, but has not established a procedural schedule for the appeal. We do not believe that the appeal will have a material impact on the timing or costs of the project. PSNH is continuing with construction of this project and has capitalized $228.1 million since inception of the project through June 30, 2010 as of which date construction was approximately 63 percent complete.

Massachusetts:

Distribution Rates: On July 16, 2010, WMECO filed an application with the DPU, requesting approval of a $28.4 million increase in distribution rates and a decoupling plan to be effective February 1, 2011. Among other items, WMECO is seeking a distribution segment regulatory ROE of 10.5 percent, recovery over five years of its remaining deferred December 2008 major storm costs of approximately $13 million, recovery of its hardship receivable costs, and a capital investment recovery mechanism. WMECO also proposed raising the annual capital spending plan from approximately $35 million annually to approximately $50 million annually. A decision is expected by January 31, 2011.

Second Quarter 2010 Major Storms: In May 2010, two severe storms struck portions of the western Massachusetts region damaging the distribution systems and causing extensive power outages in WMECO’s service territories. WMECO estimates that the cost of restoration was approximately $6.2 million. WMECO expects the costs associated with these major storms will be recoverable through a combination of customer−funded reserves that are established for the purpose of recovering major storm costs and current distribution revenues.

Basic Service Rates: Effective April 1, 2010, the basic service rate for medium and large commercial and industrial customers decreased to 8.528 cents per KWh to reflect the basic service solicitation conducted by WMECO in February 2010. Effective July 1, 2010, the rates for all basic service customers decreased to reflect the basic service solicitations conducted by WMECO in May 2010. Basic service rates for residential customers decreased to 7.647 cents per KWh, rates for small commercial and industrial customers decreased to 8.44 cents per KWh and rates for large commercial and industrial customers decreased to 7.052 cents per KWh.

Transition Cost Reconciliations: On July 2, 2009, WMECO filed its 2008 cost reconciliation for transition, transmission, basic/default service, basic/default service adder, and capital projects scheduling list. The briefing period ended on December 28, 2009. The DPU issued a decision on April 12, 2010. The decision did not have a material adverse impact on WMECO's earnings, financial position or cash flows.

On May 12, 2010, WMECO filed its 2009 cost reconciliation for transition, transmission, basic/default service, basic/default service adder, and capital projects scheduling list. A public hearing was held on July 12, 2010. An evidentiary hearing is scheduled for November 12, 2010 and the briefing period is scheduled to end on November 30, 2010. We do not expect the outcome of the DPU’s review of this filing to have a material adverse impact on WMECO's earnings, financial position or cash flows.

Pension Factor Reconciliation Filing: On July 2, 2009, WMECO filed the 2008 reconciliation for its pension factor revenues and expenses. An evidentiary hearing was held on March 26, 2010 and the briefing period ended on May 20, 2010. There is no date set for when the DPU will render its final decision. We do not expect the outcome of the DPU's review of this filing to have a material adverse impact on WMECO's earnings, financial position or cash flows.

NU Enterprises

NU Enterprises continues to manage to completion its remaining wholesale marketing contracts and to manage its electrical contracting business and other operating and maintenance services contracts.

Off−Balance Sheet Arrangements

Letters of Credit: NU parent provides standby LOCs for the benefit of its subsidiaries under its revolving credit agreement. PSNH posts such LOCs as collateral with counterparties and ISO−NE. As of June 30, 2010, PSNH had posted $37.6 million in such NU parent LOCs, which includes $5 million with ISO−NE. In addition, Select Energy had posted $2 million NU parent LOCs with ISO−NE as of June 30, 2010.

Competitive Businesses: We have various guarantees and indemnification obligations outstanding on behalf of former subsidiaries in connection with the exit from our competitive businesses. See Note 4B, "Commitments and Contingencies − Guarantees and Indemnifications," to the unaudited condensed consolidated financial statements for information regarding the maximum exposure and amounts recorded under these guarantees and indemnification obligations.

Critical Accounting Policies and Estimates Update

The preparation of financial statements in conformity with GAAP requires management to make estimates, assumptions and at times difficult, subjective or complex judgments. Changes in these estimates, assumptions and judgments, in and of themselves, could materially impact our financial position, results of operations or cash flows. Our management communicates to and discusses with our Audit Committee of the Board of Trustees all critical accounting policies and estimates. The accounting policies and estimates that we believed were the most critical in nature were reported in our 2009 Form 10−K. There have been no material changes with regard to these critical accounting policies and estimates.

Other Matters

Contractual Obligations and Commercial Commitments: There have been no additional contractual obligations identified and no material changes with regard to the contractual obligations and commercial commitments previously disclosed in our 2009 Form 10−K.

Web Site: Additional financial information is available through our web site at www.nu.com.

RESULTS OF OPERATIONS – NORTHEAST UTILITIES AND SUBSIDIARIES

The following table provides the variances in income statement line items for the unaudited condensed consolidated statements of income for NU included in this Quarterly Report on Form 10−Q for the three and six months ended June 30, 2010:

	Income Statement Variances (Millions of Dollars) 2010 over/(under) 2009			
	Second Quarter	Percent	Six Months	Percent
Operating Revenues	$ (113)	(9) %	$ (367)	(13) %
Operating Expenses:				
Fuel, Purchased and Net Interchange Power	(141)	(24)	(377)	(26)
Other Operating Expenses	(28)	(12)	(27)	(6)
Maintenance	10	19	7	7
Depreciation	1	2	3	2
Amortization of Regulatory Assets/(Liabilities), Net	22	(a)	(8)	(93)
Amortization of Rate Reduction Bonds	4	7	7	7
Taxes Other Than Income Taxes	20	37	19	14
Total Operating Expenses	(112)	(11)	(376)	(16)
Operating Income	(1)	–	9	2
Interest Expense	2	3	(1)	(1)
Other Income, Net	(11)	(87)	(7)	(42)
Income Before Income Tax Expense	(14)	(11)	3	1
Income Tax Expense	(3)	(7)	25	27
Net Income	(11)	(13)	(22)	(12)
Net Income Attributable to Noncontrolling Interests	–	–	–	–
Net Income Attributable to Controlling Interests	$ (11)	(13) %	$ (22)	(12) %

(a) Percent greater than 100 not shown since not meaningful.

Comparison of the Second Quarter of 2010 to the Second Quarter of 2009

Operating Revenues

(Millions of Dollars)	For the Three Months Ended June 30, 2010	2009	Variance
Electric Distribution	$ 884	$ 1,007	$ (123)
Gas Distribution	74	70	4
Total Distribution	958	1,077	(119)
Transmission	154	136	18
Regulated Companies	1,112	1,213	(101)
Competitive Businesses	22	21	1
Other & Eliminations	(23)	(10)	(13)
NU	$ 1,111	$ 1,224	$ (113)

Operating Revenues decreased $113 million in 2010 due primarily to lower distribution revenues from the Regulated companies ($119 million) mainly as a result of the recovery of a lower level of electric distribution fuel expenses passed through to customers through regulatory tracking mechanisms.

Electric distribution revenues decreased $123 million due primarily to a decrease in the portion of electric distribution revenues that does not impact earnings ($137 million), partially offset by an increase in the component of revenues that impacts earnings ($14 million). The portion of electric distribution segment revenues that impacts earnings increased $14 million due primarily to higher retail electric sales and PSNH's rate changes effective in August 2009. Retail electric sales for the Regulated companies increased 5.9 percent. Gas distribution revenues increased $4 million due primarily to increased recovery of fuel costs, partially offset by lower sales volumes. Firm natural gas sales decreased 4.3 percent in the second quarter of 2010 compared with the same period of 2009.

The $137 million decrease in electric distribution revenues that does not impact earnings consists of the portions of distribution revenues that are included in regulatory commission approved tracking mechanisms that recover certain incurred costs ($105 million) and revenues that are eliminated in consolidation of the Regulated companies ($32 million). The distribution revenues tracking components decreased $105 million due primarily to lower recovery of generation service and related congestion charges ($124 million) and lower CL&P delivery−related FMCC ($14 million), partially offset by higher retail transmission revenues ($21 million) and higher transition costs recoveries ($16 million). The tracking mechanisms allow for rates to be changed periodically with overcollections refunded to customers or undercollections to be recovered from customers in future periods.

Transmission segment revenues increased $18 million due primarily to the return on a higher transmission investment base and the return of higher overall expenses, which are tracked and result in a related increase in revenues, resulting from an increase in transmission plant, such as higher property taxes, depreciation and operation and maintenance expenses.

Fuel, Purchased and Net Interchange Power
Fuel, Purchased and Net Interchange Power expenses decreased $141 million in 2010 due primarily to lower costs at the Regulated companies ($143 million), partially offset by higher competitive business expenses ($2 million). Fuel and purchased power expense for the Regulated companies decreased at CL&P ($93 million) due to lower GSC supply costs, a decrease in deferred fuel costs and lower other purchased power costs, at PSNH ($45 million) due to an increased level of migration of ES customers to competitive electric suppliers, partially offset by higher retail sales, and at WMECO ($9 million) due to lower basic/default service supply costs, partially offset by higher expense at Yankee Gas ($3 million) due primarily to higher gas prices, partially offset by lower sales volumes due to warmer weather. Competitive businesses' expenses increased due primarily to lower Select Energy mark−to−market gains in 2010.

Other Operating Expenses
Other Operating Expenses decreased $28 million in 2010 due primarily to lower Regulated companies' distribution and transmission segment expenses ($27 million) and lower competitive businesses' expenses ($1 million).

Lower Regulated companies' distribution and transmission segment expenses of $27 million were due primarily to lower costs that are recovered through distribution tracking mechanisms that have no earnings impact ($16 million), such as retail transmission and customer service expenses, and lower other operating costs ($14 million), partially offset by higher electric distribution segment expenses ($3 million), including higher pension costs.

Maintenance
Maintenance expenses increased $10 million in 2010 due primarily to higher Regulated companies' distribution expenses ($7 million) and higher transmission line expenses ($4 million). Distribution expenses were higher due primarily to vegetation management work ($5 million) and higher PSNH generation expenses ($3 million) mainly as a result of planned maintenance outages at Merrimack Station.

Depreciation
Depreciation expenses increased $1 million in 2010 due primarily to higher transmission and distribution plant balances resulting from completed construction projects placed into service.

Amortization of Regulatory Assets/(Liabilities), Net
Amortization of Regulatory Assets/(Liabilities), Net increased $22 million in 2010 due primarily to higher retail CTA revenue ($8 million) and lower CTA transition costs ($7 million) at CL&P and higher amortization at WMECO ($3 million) due primarily to the recovery of the stranded generation and purchase power contracts previously deferred.

Amortization of Rate Reduction Bonds
Amortization of RRBs expenses increased $4 million in 2010, which corresponded to the reduction in principal of the RRBs.

Taxes Other Than Income Taxes
Taxes Other Than Income Taxes expenses increased $20 million in 2010 due primarily to the absence of the 2009 benefit from the resolution of various routine tax issues ($8 million), higher property taxes ($6 million), higher Connecticut gross earnings tax ($3 million), and higher payroll related taxes ($2 million).

Interest Expense
Interest Expense increased $2 million in 2010 due primarily to higher other interest ($4 million) mostly due to the absence of the 2009 benefit from the resolution of various routine tax issues and higher long−term debt interest ($2 million) resulting from the issuance of new long−term debt in 2009 and 2010, partially offset by lower RRB interest resulting from lower principal balances outstanding ($4 million).

Other Income, Net
Other Income, Net decreased $11 million in 2010 due primarily to the absence of investment income recorded in 2009 and higher investment losses due primarily to the results from NU's supplemental benefit trust ($10 million) and a write−down of PSNH storm reserves ($3 million), partially offset by higher AFUDC equity income ($1 million).

Income Tax Expense
Income Tax Expense decreased $3 million in 2010 due primarily to the absence of resolving various routine tax audits in 2009 ($3 million).

Comparison of the First Six Months of 2010 to the First Six Months of 2009

Operating Revenues

(Millions of Dollars)	For the Six Months Ended June 30, 2010	2009	Variance
Electric Distribution	$ 1,885	$ 2,253	$ (368)
Gas Distribution	245	272	(27)
Total Distribution	2,130	2,525	(395)
Transmission	308	270	38
Regulated Companies	2,438	2,795	(357)
Competitive Businesses	41	42	(1)
Other & Eliminations	(28)	(19)	(9)
NU	$ 2,451	$ 2,818	$ (367)

Operating Revenues decreased $367 million in 2010 due primarily to lower electric distribution revenues from the Regulated companies ($368 million) mainly as a result of the recovery of a lower level of electric distribution fuel and other expenses passed through to customers through regulatory tracking mechanisms.

Electric distribution revenues decreased $368 million due primarily to a decrease in the portion of electric distribution revenues that does not impact earnings ($372 million), partially offset by an increase in the component of revenues that impacts earnings ($3 million). The portion of electric distribution segment revenues that impacts earnings increased $3 million due primarily to PSNH's rate changes effective August 2009. Gas distribution revenues decreased $27 million due primarily to decreased recovery of fuel costs primarily as a result of lower sales volumes. Firm natural gas sales decreased 3.7 percent in the first six months of 2010 compared with the same period of 2009.

The $372 million decrease in electric distribution revenues that does not impact earnings consists of the portions of distribution revenues that are included in regulatory commission approved tracking mechanisms that recover certain incurred costs ($330 million) and revenues that are eliminated in consolidation of the Regulated companies ($42 million). The distribution revenues tracking components decreased $330 million due primarily to lower recovery of generation service and related congestion charges ($334 million), lower CL&P delivery−related FMCC ($31 million) and lower wholesale revenues ($9 million), partially offset by higher retail transmission revenues ($28 million) and higher transition costs recoveries ($23 million). The tracking mechanisms allow for rates to be changed periodically with overcollections refunded to customers or undercollections to be recovered from customers in future periods.

Transmission segment revenues increased $38 million due primarily to the return on a higher transmission investment base and the return of higher overall expenses, which are tracked and result in a related increase in revenues, resulting from an increase in transmission plant, such as higher property taxes, depreciation and operation and maintenance expenses.

Fuel, Purchased and Net Interchange Power
Fuel, Purchased and Net Interchange Power expenses decreased $377 million in 2010 due primarily to lower costs at the Regulated companies ($386 million), partially offset by higher competitive business expenses ($9 million). Fuel and purchased power expense for the Regulated companies decreased at CL&P ($244 million) due to lower GSC supply costs and other purchased power costs, at PSNH ($88 million) due to an increased level of migration of ES customers to competitive electric suppliers and lower retail sales, at WMECO ($29 million) due to lower basic/default service supply costs, and at Yankee Gas ($25 million) due primarily to a decrease in purchased gas commodity pricing and a decrease in sales due to warmer weather. Competitive businesses' expenses increased due to Select Energy mark−to−market losses in 2010, as compared to a gain in 2009 related to the remaining wholesale obligations.

Other Operating Expenses
Other Operating Expenses decreased $27 million in 2010 due primarily to lower Regulated companies' distribution and transmission segment expenses ($26 million) and lower competitive businesses' expenses ($3 million), partially offset by higher NU parent and other companies expenses ($2 million).

Lower Regulated companies' distribution and transmission segment expenses of $26 million were due primarily to lower costs that are recovered through distribution tracking mechanisms that have no earnings impact ($25 million), such as retail transmission and customer service expenses, and lower other operating costs ($10 million), partially offset by higher electric distribution segment expenses ($8 million), including higher pension costs and storm restoration costs.

Maintenance
Maintenance expenses increased $7 million in 2010 due primarily to higher transmission line expenses ($6 million) and higher Regulated companies' distribution expenses ($1 million) including storm restoration expenses. Distribution expenses were higher due primarily to higher PSNH generation expenses ($3 million) mainly as a result of planned maintenance outages at Merrimack Station, partially offset by vegetation management work ($1 million) and lower repair and maintenance of transformers ($1 million).

Depreciation
Depreciation expenses increased $3 million in 2010 due primarily to higher transmission ($2 million) and distribution ($2 million) plant balances resulting from completed construction projects placed into service.

Amortization of Regulatory Assets/(Liabilities), Net
Amortization of Regulatory Assets/(Liabilities), Net decreased $8 million in 2010 due primarily to the impact of the 2010 Healthcare Act related to the write−off of previously recorded deferred tax assets that we believe are probable of recovery in future electric and natural gas distribution rates ($24 million) and a decrease in net deferrals associated with the ES tracking mechanism ($11 million) at PSNH, partially offset by higher retail CTA revenue ($9 million), lower CTA transition costs ($4 million) and lower SBC expenses ($4 million) at CL&P and higher amortization of storm restoration costs related to the recovery of 2008 ice storm expenses ($2 million) and an increase in net deferrals associated with the TCAM ($1 million) and SCRC ($1 million) tracking mechanisms at PSNH.

Amortization of Rate Reduction Bonds
Amortization of RRBs expenses increased $7 million in 2010, which corresponded to the reduction in principal of the RRBs.

Taxes Other Than Income Taxes
Taxes Other Than Income Taxes expenses increased $19 million in 2010 due primarily to higher property taxes ($11 million) and the absence of the 2009 benefit from the resolution of various routine tax issues ($8 million).

Interest Expense
Interest Expense decreased $1 million in 2010 due primarily to lower RRB interest resulting from lower principal balances outstanding ($8 million), partially offset by higher long−term debt interest ($3 million) resulting from the issuance of new long−term debt in 2009 and 2010 and higher other interest ($3 million) mostly due to the absence of the 2009 benefit from the resolution of various routine tax issues.

Other Income, Net
Other Income, Net decreased $7 million in 2010 due primarily to the absence of investment income recorded in 2009 and higher investment losses due primarily to the results from NU's supplemental benefit trust ($5 million), a write−down of PSNH storm reserves ($3 million), lower CL&P Energy Independence Act incentives ($2 million), and lower interest income ($2 million), partially offset by higher AFUDC equity income ($4 million), as a result of higher eligible CWIP balances and lower short−term debt at CL&P.

Income Tax Expense
Income Tax Expense increased $25 million due primarily to the impacts of the 2010 Healthcare Act, including $18 million from the write−down of deferred tax assets, $9 million from deferred tax on establishing the related regulatory asset, and lower 2010 Medicare tax benefits, partially offset by lower pre−tax earnings ($1 million).

RESULTS OF OPERATIONS − THE CONNECTICUT LIGHT AND POWER COMPANY AND SUBSIDIARIES

The components of significant income statement variances, higher/(lower) in comparison to the previous year, are provided in the table below.

	Income Statement Variances (Millions of Dollars) 2010 over/(under) 2009			
	Second Quarter	Percent	Six Months	Percent
Operating Revenues	$ (77)	(10) %	$ (237)	(14) %
Operating Expenses:				
Fuel, Purchased and Net Interchange Power	(93)	(24)	(244)	(27)
Other Operating Expenses	(11)	(8)	(16)	(6)
Maintenance	5	18	–	–
Depreciation	1	2	2	2
Amortization of Regulatory Assets, Net	17	(a)	6	34
Amortization of Rate Reduction Bonds	3	8	5	7
Taxes Other Than Income Taxes	13	33	12	13
Total Operating Expenses	(65)	(10)	(235)	(16)
Operating Income	(12)	(10)	(2)	(1)
Interest Expense	(1)	(1)	–	–
Other Income, Net	(7)	(91)	(5)	(48)
Income Before Income Tax Expense	(18)	(21)	(7)	(4)
Income Tax Expense	(4)	(15)	12	20
Net Income	$ (14)	(25) %	$ (19)	(17) %

(a) Percent greater than 100 not shown since not meaningful.

Comparison of the Second Quarter of 2010 to the Second Quarter of 2009

Operating Revenues
Operating Revenues decreased $77 million in 2010 due to lower distribution segment revenues ($89 million), partially offset by higher transmission segment revenues ($12 million).

The distribution segment revenues decreased $89 million due primarily to a decrease in the portion of distribution revenues that does not impact earnings ($93 million). The portion of revenues that impacts earnings increased $4 million primarily as a result of higher retail sales. The 2010 retail sales as compared to the same period in 2009 increased 6.1 percent.

The $93 million decrease in distribution segment revenues that does not impact earnings was due primarily to a decrease in the portions of retail revenues that are included in DPUC approved tracking mechanisms that track the recovery of certain incurred costs through CL&P's tariffs ($68 million) and transmission segment intracompany billings to the distribution segment that are eliminated in consolidation ($26 million). The distribution revenues included in DPUC approved tracking mechanisms decreased $68 million due primarily to a decrease in revenues associated with the recovery of GSC and supply−related FMCC ($82 million) and delivery−related FMCC ($14 million), partially offset by higher retail transmission revenues ($13 million), higher transition costs recoveries ($9 million), and higher wholesale revenues as a result of increased market revenue related to CL&P's IPP purchased generation output to ISO−NE due to a increase in the market price of energy ($3 million). The lower GSC and supply−related FMCC revenue was due primarily to lower customer rates resulting from lower average supply prices and additional customer migration to third−party suppliers in 2010 as compared to 2009. The lower delivery−related FMCC revenue was due primarily to changes in projections for certain delivery−related FMCC costs for 2010 that significantly lowered the delivery−related FMCC rate in the second quarter of 2010 as compared to 2009. The tracking mechanisms allow for rates to be changed periodically with overcollections refunded to customers or undercollections to be recovered from customers in future periods.

Transmission segment revenues increased $12 million due primarily to the return on a higher transmission investment base and the return of higher overall expenses, which are tracked and result in a related increase in revenues, resulting from an increase in transmission plant, such as higher property taxes, depreciation, and operation and maintenance expenses.

Fuel, Purchased and Net Interchange Power
Fuel, Purchased and Net Interchange Power expense decreased $93 million in 2010 due primarily to lower GSC supply costs ($60 million), a decrease in deferred fuel costs ($23 million) and lower other purchased power costs ($10 million), all of which are included in DPUC approved tracking mechanisms. The $60 million decrease in GSC supply costs was due primarily to lower average supply prices, and additional customer migration to third−party suppliers in 2010 as compared to 2009. These GSC supply costs are the contractual amounts CL&P must pay to various suppliers that have been awarded the right to supply SS and LRS load through a

competitive solicitation process. The $23 million decrease in deferred fuel costs was due primarily to a smaller net overrecovery in the second quarter of 2010 as compared to 2009.

Other Operating Expenses
Other Operating Expenses decreased $11 million in 2010 as a result of lower costs that are recovered through distribution tracking mechanisms and have no earnings impact ($19 million) such as retail transmission ($13 million) and certain customer services expenses ($4 million), partially offset by higher distribution segment expenses ($9 million), including higher pension costs.

Maintenance
Maintenance expenses increased $5 million in 2010 due primarily to higher transmission segment expenses ($3 million) and repair and maintenance of distribution lines ($2 million) including storm restoration expenses.

Depreciation
Depreciation expense increased $1 million in 2010 due primarily to higher utility plant balances resulting from completed construction projects placed into service.

Amortization of Regulatory Assets, Net
Amortization of Regulatory Assets, Net, increased $17 million in 2010 due primarily to higher retail CTA revenue ($8 million), lower CTA transition costs ($7 million), and lower SBC expenses ($1 million).

Amortization of Rate Reduction Bonds
Amortization of RRBs increased $3 million in 2010, which corresponded to the reduction in principal of the RRBs.

Taxes Other Than Income Taxes
Taxes Other Than Income Taxes increased $13 million in 2010 due primarily to the absence of the 2009 benefit from the resolution of various routine tax issues ($4 million), higher property taxes ($3 million), higher CT gross earnings tax ($3 million) recoverable in rates mainly as a result of higher transmission revenues that are subject to gross earnings tax, and higher payroll related taxes ($1 million).

Interest Expense
Interest Expense decreased $1 million in 2010 due primarily to lower RRB interest resulting from lower principal balances outstanding ($3 million), and long−term debt interest ($1 million) resulting from the remarketed $62 million of PCRBs in April 2010, partially offset by higher other interest ($3 million) mostly due to the absence of the 2009 benefit from the resolution of various routine tax issues.

Other Income, Net
Other Income, Net decreased $7 million in 2010 due primarily to the absence of investment income recorded in 2009 and higher investment losses due primarily to the results from NU's supplemental benefit trust.

Income Tax Expense
Income Tax Expense decreased $4 million in 2010 due primarily to lower pre−tax earnings ($3 million) and the absence of resolving various routine tax audits in 2009 ($1 million).

Comparison of the First Six Months of 2010 to the First Six Months of 2009

Operating Revenues
Operating Revenues decreased $237 million in 2010 due to lower distribution segment revenues ($262 million), partially offset by higher transmission segment revenues ($26 million).

The distribution segment revenues decreased $262 million due primarily to a decrease in the portion of distribution revenues that does not impact earnings ($255 million). The portion of revenues that impacts earnings decreased $7 million primarily as a result of unfavorable price variances. The 2010 retail sales as compared to the same period in 2009 increased 0.2 percent.

The $255 million decrease in distribution segment revenues that does not impact earnings was due primarily to a decrease in the portions of retail revenues that are included in DPUC approved tracking mechanisms that track the recovery of certain incurred costs through CL&P's tariffs ($223 million) and transmission segment intracompany billings to the distribution segment that are eliminated in consolidation ($32 million). The distribution revenues included in DPUC approved tracking mechanisms decreased $223 million due primarily to a decrease in revenues associated with the recovery of GSC and supply−related FMCC ($220 million), and delivery−related FMCC ($31 million), partially offset by higher retail transmission revenues ($17 million), and higher transition costs recoveries ($11 million). The lower GSC and supply−related FMCC revenue was due primarily to lower customer rates resulting from lower average supply prices and additional customer migration to third−party suppliers in 2010 as compared to 2009. The lower delivery−related FMCC revenue was due primarily to changes in projections for certain delivery−related FMCC costs for 2010 that significantly lowered the delivery−related FMCC rate in the first half of 2010 as compared to 2009. The tracking mechanisms allow for rates to be changed periodically with overcollections refunded to customers or undercollections to be recovered from customers in future periods.

Transmission segment revenues increased $26 million due primarily to the return on a higher transmission investment base and the return of higher overall expenses, which are tracked and result in a related increase in revenues, resulting from an increase in transmission plant, such as higher property taxes, depreciation, and operation and maintenance expenses.

Fuel, Purchased and Net Interchange Power
Fuel, Purchased and Net Interchange Power expense decreased $244 million in 2010 due primarily to lower GSC supply costs ($229 million) and other purchased power costs ($16 million), all of which are included in DPUC approved tracking mechanisms. The $229 million decrease in GSC supply costs was due primarily to lower average supply prices and additional customer migration to third−party suppliers in the first half of 2010 as compared to 2009. These GSC supply costs are the contractual amounts CL&P must pay to various suppliers that have been awarded the right to supply SS and LRS load through a competitive solicitation process.

Other Operating Expenses
Other Operating Expenses decreased $16 million in 2010 as a result of lower costs that are recovered through distribution tracking mechanisms and have no earnings impact ($28 million) such as retail transmission ($16 million) and certain customer services expenses ($10 million), partially offset by higher distribution segment expenses ($12 million), including higher pension and storm restoration costs.

Depreciation
Depreciation expense increased $2 million in 2010 due primarily to higher utility plant balances resulting from completed construction projects placed into service.

Amortization of Regulatory Assets, Net
Amortization of Regulatory Assets, Net, increased $6 million in 2010 due primarily to higher retail CTA revenue ($9 million), lower SBC expenses ($5 million), and lower CTA transition costs ($4 million), partially offset by the impact of the 2010 Healthcare Act related to income taxes ($14 million).

Amortization of Rate Reduction Bonds
Amortization of RRBs increased $5 million in 2010, which corresponded to the reduction in principal of the RRBs.

Taxes Other Than Income Taxes
Taxes Other Than Income Taxes increased $12 million in 2010 due primarily to the absence of the benefit from the 2009 resolution of various routine tax issues ($4 million), higher CT gross earnings tax ($4 million) recoverable in rates mainly as a result of higher transmission revenues that are subject to gross earnings tax, higher property taxes ($2 million), and higher payroll related taxes ($1 million).

Other Income, Net
Other Income, Net decreased $5 million in 2010 due primarily to the absence of investment income recorded in 2009 and higher investment losses due primarily to the results from NU's supplemental benefit trust ($3 million) and lower CL&P Energy Independence Act incentives ($2 million).

Income Tax Expense
Income Tax Expense increased $12 million due primarily to the impacts of the 2010 Healthcare Act; including $9 million from the write down of deferred tax assets, $6 million from deferred tax on establishing the related regulatory asset, and lower 2010 Medicare tax benefits, partially offset by lower other pre−tax earnings ($3 million).

LIQUIDITY

CL&P had cash flows provided by operating activities in the first half of 2010 of $234.7 million, compared with operating cash flows of $247.1 million in the first half of 2009 (amounts are net of RRB payments, which are included in financing activities). The decrease in cash flows was due primarily to a $22 million increase in income tax payments largely attributable to the absence of bonus depreciation tax deductions under the American Recovery and Reinvestment Act of 2009 in the first half of 2010. Bonus depreciation tax deductions expired at the end of 2009. Offsetting the higher tax payments was a decrease in payments made related to our accounts payable in support of our operating activities. There is no significant cash flow impact relating to the decrease in receivables and unbilled revenues and the increase in accounts payable relating to customer migration to third party energy suppliers as these amounts offset one another. We project cash flows provided by operating activities at CL&P of approximately $425 million in 2010, net of RRB payments, which is $25 million higher than our first quarter 2010 projection due primarily to the expected third quarter sales increase as a result of the significantly warmer than expected weather and modest improvements in economic conditions in Connecticut that we expect will benefit our cash flows over the second half of 2010.

As of June 30, 2010, CL&P had no borrowings under the $400 million credit facility it shares with the other Regulated companies, under which it can borrow up to $200 million. Other financing activities for the six months ended June 30, 2010 included $146 million in common dividends paid to NU parent.

On April 1, 2010, CL&P remarketed $62 million of tax−exempt PCRBs that were subject to a mandatory tender on April 1, 2010. The PCRBs, which mature on May 1, 2031, carry a coupon rate of 1.4 percent and have a mandatory tender on April 1, 2011, at which time CL&P expects to remarket the bonds.

On July 12, 2010, CL&P filed an application with the DPUC requesting authority to issue up to $900 million in long−term debt through 2014 to be used to refinance CL&P's short−term debt previously incurred in the ordinary course of business, to finance capital expenditures, to provide working capital and to pay issuance costs. CL&P has requested that the DPUC issue a decision by November 1, 2010.

Cash capital expenditures included on the accompanying unaudited condensed consolidated statements of cash flows do not include amounts incurred on capital projects but not yet paid, cost of removal, the AFUDC related to equity funds, and the capitalized portions of pension and PBOP expense or income. CL&P's cash capital expenditures totaled $191.7 million for the six months ended June 30, 2010, compared with $226.9 million for the six months ended June 30, 2009. We project capital expenditures at CL&P of $441 million in 2010 (including non−cash factors).

RESULTS OF OPERATIONS − PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARIES

The components of significant income statement variances, higher/(lower) in comparison to the previous year, are provided in the table below.

	Income Statement Variances (Millions of Dollars) 2010 over/(under) 2009			
	Second Quarter	Percent	Six Months	Percent
Operating Revenues	$ (25)	(9) %	$ (74)	(13) %
Operating Expenses:				
Fuel, Purchased and Net Interchange Power	(45)	(35)	(88)	(32)
Other Operating Expenses	(3)	(4)	(2)	(2)
Maintenance	5	23	5	14
Depreciation	1	4	2	5
Amortization of Regulatory Liabilities, Net	1	9	(12)	(a)
Amortization of Rate Reduction Bonds	1	6	1	6
Taxes Other Than Income Taxes	3	37	4	20
Total Operating Expenses	(37)	(16)	(90)	(18)
Operating Income	12	39	16	24
Interest Expense	1	14	2	6
Other (Loss)/Income, Net	(3)	(a)	(2)	(48)
Income Before Income Tax Expense	8	33	12	26
Income Tax Expense	3	40	9	65
Net Income	$ 5	30 %	$ 3	10 %

(a) Percent greater than 100 not shown since not meaningful.

Comparison of the Second Quarter of 2010 to the Second Quarter of 2009

Operating Revenues
Operating Revenues decreased $25 million in 2010 due to lower distribution segment revenues ($28 million), partially offset by higher transmission segment revenues ($3 million).

The distribution segment revenues decreased $28 million due primarily to a decrease in the portion of distribution revenues that does not impact earnings ($37 million), partially offset by an increase in the component of revenues that impacts earnings ($9 million). The portion of revenues that impacts earnings increased $9 million primarily as a result of the retail rate increase effective in August 2009 and higher retail sales volumes. Retail sales increased 4.6 percent in 2010 compared to the same period in 2009.

The $37 million decrease in the portion of distribution segment revenues that does not impact earnings was due primarily to a decrease in the portions of retail revenues that are included in NHPUC approved tracking mechanisms that track the recovery of certain incurred costs through PSNH's tariffs ($33 million) and transmission segment intracompany billings to the distribution segment that are eliminated in consolidation ($4 million). The distribution revenues included in NHPUC approved tracking mechanisms decreased $33 million due primarily to lower recovery of purchased fuel and power costs ($33 million), lower wholesale revenue ($7 million) and lower Northern Wood Power Plant renewable energy certificate revenues ($2 million), partially offset by higher retail transmission revenues ($6 million) and an increase in the SCRC ($5 million). The tracking mechanisms allow for rates to be changed periodically with overcollections refunded to customers or undercollections to be recovered from customers in future periods.

Transmission segment revenues increased $3 million due primarily to the return on a higher transmission investment base and the return of higher overall expenses, which are tracked and result in a related increase in revenues, resulting from an increase in transmission plant, such as higher property taxes, depreciation and operation and maintenance expenses.

Fuel, Purchased and Net Interchange Power
Fuel, Purchased and Net Interchange Power costs decreased $45 million in 2010 due primarily to an increased level of migration of ES customers to competitive electric suppliers, partially offset by higher retail sales.

Other Operating Expenses
Other Operating Expenses decreased $3 million in 2010 due primarily to lower distribution segment expenses ($7 million), mainly as a result of the rate case decision which changed the collection of Hydro−Quebec expenses to be tracked through the TCAM mechanism ($4 million) and lower administrative and general expenses ($2 million), including lower regulatory assessments, partially offset by higher generation and retail transmission expenses that are recovered through distribution tracking mechanisms and have no earnings impact ($5 million).

Maintenance
Maintenance expenses increased $5 million in 2010 due primarily to higher generation maintenance expenses, which are recovered through distribution tracking mechanisms ($3 million), mainly as the result of planned maintenance outages at Merrimack Station, and higher distribution and transmission line expenses.

Depreciation
Depreciation expense increased $1 million in 2010 due primarily to higher utility plant balances resulting from completed construction projects placed into service in the transmission and distribution segments.

Amortization of Regulatory Liabilities, Net
Amortization of Regulatory Liabilities, Net expense increased $1 million in 2010 due primarily to higher amortization of storm restoration costs related to the recovery of 2008 ice storm expenses.

Amortization of Rate Reduction Bonds
Amortization of RRBs expense increased $1 million in 2010, which corresponded to the reduction in principal of the RRBs.

Taxes Other Than Income Taxes
Taxes Other Than Income Taxes expenses increased $3 million in 2010 due primarily to higher property taxes as a result of higher net plant balances and increased local municipal tax rates ($2 million) and the absence of the 2009 benefit from the resolution of various routine tax issues ($1 million).

Interest Expense, Net
Interest Expense, Net increased $1 million due primarily to higher interest on long−term debt ($1 million), mainly resulting from the $150 million bond issuance in December 2009, and higher other interest ($1 million), mainly related to the absence of the 2009 benefit from the resolution of various routine tax issues, partially offset by lower RRB interest resulting from lower principal balances outstanding ($1 million).

Other (Loss)/Income, Net
Other (Loss)/Income, Net, decreased $3 million in 2010 due primarily to the write−down of a storm regulatory asset based on the NHPUC rate case decision ($3 million) and the absence of investment income recorded in 2009 and higher investment losses due primarily to unfavorable results from NU's supplemental benefit trust ($2 million), partially offset by higher AFUDC equity income ($2 million) as a result of higher eligible CWIP balances.

Income Tax Expense
Income Tax Expense increased $3 million in 2010 due primarily to higher pre−tax earnings.

Comparison of the First Six Months of 2010 to the First Six Months of 2009

Operating Revenues
Operating Revenues decreased $74 million in 2010 due to lower distribution segment revenues ($80 million), partially offset by higher transmission segment revenues ($7 million).

The distribution segment revenues decreased $80 million due primarily to a decrease in the portion of distribution revenues that does not impact earnings ($91 million), partially offset by an increase in the component of revenues that impacts earnings ($11 million). The portion of revenues that impacts earnings increased $11 million primarily as a result of the retail rate increase effective in August 2009, partially offset by lower retail sales volumes. Retail sales decreased 0.7 percent in 2010 compared to the same period in 2009.

The $91 million decrease in the portion of distribution segment revenues that does not impact earnings was due primarily to a decrease in the portions of retail revenues that are included in NHPUC approved tracking mechanisms that track the recovery of certain incurred costs through PSNH's tariffs ($85 million) and transmission segment intracompany billings to the distribution segment that are eliminated in consolidation ($6 million). The distribution revenues included in NHPUC approved tracking mechanisms decreased $85 million due primarily to lower recovery of purchased fuel and power costs ($87 million), lower wholesale revenue ($8 million) and lower Northern Wood Power Plant renewable energy certificate revenues ($5 million), partially offset by higher retail transmission revenues ($10 million) and an increase in the SCRC ($7 million). The tracking mechanisms allow for rates to be changed periodically with overcollections refunded to customers or undercollections to be recovered from customers in future periods.

Transmission segment revenues increased $7 million due primarily to the return on a higher transmission investment base and the return of higher overall expenses, which are tracked and result in a related increase in revenues, resulting from an increase in transmission plant, such as higher property taxes, depreciation and operation and maintenance expenses.

Fuel, Purchased and Net Interchange Power
Fuel, Purchased and Net Interchange Power costs decreased $88 million in 2010 due primarily to an increased level of migration of ES customers to competitive electric suppliers and lower retail sales.

Other Operating Expenses
Other Operating Expenses decreased $2 million in 2010 due primarily to lower distribution segment expenses ($6 million), mainly as a result of the rate case decision which changed the collection of Hydro−Québec expenses to be tracked through the TCAM mechanism ($4 million) and lower administrative and general expenses ($1 million), partially offset by higher generation and retail transmission expenses that are recovered through distribution tracking mechanisms and have no earnings impact ($4 million).

Maintenance
Maintenance expenses increased $5 million in 2010 due primarily to higher generation maintenance expenses, which are recovered through distribution tracking mechanisms ($3 million), mainly as a result of planned maintenance outages at Merrimack Station, and higher distribution expenses ($2 million).

Depreciation
Depreciation expense increased $2 million in 2010 due primarily to higher utility plant balances resulting from completed construction projects placed into service in the transmission and distribution segments.

Amortization of Regulatory Liabilities, Net
Amortization of Regulatory Liabilities, Net expense decreased $12 million in 2010 due primarily to a decrease in net deferrals associated with the ES tracking mechanism ($11 million) and the impact of the 2010 Healthcare Act related to income taxes ($5 million), partially offset by higher amortization of storm restoration costs related to the recovery of 2008 ice storm expenses ($2 million) and an increase in net deferrals associated with the TCAM ($1 million) and SCRC ($1 million) tracking mechanisms.

Amortization of Rate Reduction Bonds
Amortization of RRBs expense increased $1 million in 2010, which corresponded to the reduction in principal of the RRBs.

Taxes Other Than Income Taxes
Taxes Other Than Income Taxes expenses increased $4 million in 2010 due primarily to higher property taxes as a result of higher net plant balances and increased local municipal tax rates ($2 million) and the absence of the 2009 benefit from the resolution of various routine tax issues ($1 million).

Interest Expense, Net
Interest Expense, Net increased $2 million due primarily to higher interest on long−term debt ($2 million), mainly resulting from the $150 million bond issuance in December 2009, and higher other interest ($1 million), mainly related to the absence of the 2009 benefit from the resolution of various routine tax issues, partially offset by lower RRB interest resulting from lower principal balances outstanding ($2 million).

Other (Loss)/Income, Net
Other (Loss)/Income, Net, decreased $2 million in 2010 due primarily to the write−down of a storm regulatory asset based on the NHPUC rate case decision ($3 million), the absence of investment income recorded in 2009 and higher investment losses due primarily to unfavorable results from NU's supplemental benefit trust ($1 million) and lower interest income ($1 million), partially offset by higher AFUDC equity income ($3 million) as a result of higher eligible CWIP balances.

Income Tax Expense
Income Tax Expense increased $9 million in 2010 due primarily to the impacts of the 2010 Healthcare Act, including $4 million from the write−down of deferred tax assets and $2 million from deferred tax on establishing the related regulatory asset, and $3 million due to higher pre−tax earnings.

LIQUIDITY

PSNH had cash flows provided by operating activities in the first half of 2010 of $84.3 million, compared with operating cash flows of $22.5 million in the first half of 2009 (amounts are net of RRB payments, which are included in financing activities). The improved cash flows were due primarily to the absence in 2010 of costs related to the major storm in December 2008 that were paid in the first quarter of 2009 and a decrease in Fuel, Materials and Supplies attributable to a $24 million reduction in coal inventory levels at the generation business as ordered by the NHPUC. Offsetting these favorable cash flow impacts were payments made relating to the February 2010 severe storm for which the costs were deferred. We expect to recover these costs through a combination of insurance proceeds, customer−funded reserves that are established for the purpose of recovering major storm restoration costs, and current distribution revenues.

RESULTS OF OPERATIONS – WESTERN MASSACHUSETTS ELECTRIC COMPANY AND SUBSIDIARY

The components of significant income statement variances, higher/(lower) in comparison to the previous year, are provided in the table below.

	Income Statement Variances (Millions of Dollars) 2010 over/(under) 2009			
	Second Quarter	Percent	Six Months	Percent
Operating Revenues	$ (3)	(3) %	$ (21)	(10) %
Operating Expenses:				
Fuel, Purchased and Net Interchange Power	(9)	(21)	(29)	(27)
Other Operating Expenses	–	–	1	2
Maintenance	–	–	2	20
Depreciation	–	–	–	–
Amortization of Regulatory Liabilities, Net	3	82	1	31
Amortization of Rate Reduction Bonds	–	–	–	–
Taxes Other Than Income Taxes	2	62	2	27
Total Operating Expenses	(4)	(5)	(23)	(12)
Operating Income	1	8	2	8
Interest Expense	1	28	1	10
Other Income, Net	(1)	(85)	–	–
Income Before Income Tax Expense	(1)	(11)	1	6
Income Tax Expense	–	–	2	28
Net Income	$ (1)	(10) %	$ (1)	(9) %

Comparison of the Second Quarter of 2010 to the Second Quarter of 2009

Operating Revenues
Operating Revenues decreased $3 million in 2010 due to lower distribution segment revenues ($5 million), partially offset by higher transmission segment revenues ($3 million).

The distribution segment revenues decreased $5 million due primarily to a decrease in the portion of distribution revenues that does not impact earnings ($7 million), partially offset by an increase in the component of revenues that impacts earnings ($2 million). The 2010 retail sales as compared to the same period in 2009 increased 7.1 percent.

The $7 million distribution segment revenues decrease that does not impact earnings was due primarily to a decrease in the portions of retail revenues that are included in DPU approved tracking mechanisms that track the recovery of certain incurred costs through WMECO's tariffs ($4 million) and transmission segment intracompany billings to the distribution segment that are eliminated in consolidation ($2 million). The distribution revenues included in DPU approved tracking mechanisms decreased $4 million due primarily to lower recovery of energy supply costs ($8 million), partially offset by higher transition cost recoveries ($2 million) and higher retail transmission ($1 million). The tracking mechanisms allow for rates to be changed periodically with overcollections refunded to customers or undercollections to be recovered from customers in future periods.

Transmission segment revenues increased $3 million due primarily to the return on a higher transmission investment base and the return of higher overall expenses, which are tracked and result in a related increase in revenues, resulting from an increase in transmission plant, such as higher property taxes, depreciation, and operation and maintenance expenses.

Fuel, Purchased and Net Interchange Power
Fuel, Purchased and Net Interchange Power expense decreased $9 million in 2010 due primarily to lower basic/default service supply costs. The basic/default service supply costs are the contractual amounts we must pay to various suppliers that serve this load after winning a competitive solicitation process. These costs decreased due primarily to lower supplier contract rates, partially offset by increased load volumes.

Amortization of Regulatory Liabilities, Net
Amortization of Regulatory Liabilities, Net, increased $3 million in 2010 due primarily to the recovery of the stranded generation and purchase power contracts previously deferred.

Taxes Other Than Income Taxes
Taxes Other Than Income Taxes expenses increased $2 million in 2010 due primarily to the absence of the 2009 benefit from the resolution of various routine tax issues ($1 million) and higher property taxes ($1 million).

Interest Expense, Net
Interest Expense, Net increased $1 million in 2010 due primarily to higher long−term debt interest, mainly resulting from the $95 million debt issuance in March 2010.

Other Income, Net
Other Income, Net, decreased $1 million in 2010 due primarily to the absence of investment income recorded in 2009 and higher investment losses due primarily to results from NU's supplemental benefit trust.

Comparison of the First Six Months of 2010 to the First Six Months of 2009

Operating Revenues
Operating Revenues decreased $21 million in 2010 due to lower distribution segment revenues ($26 million), partially offset by higher transmission segment revenues ($6 million).

The distribution segment revenues decreased $26 million due primarily to a decrease in the portion of distribution revenues that does not impact earnings ($26 million). The 2010 retail sales as compared to the same period in 2009 increased 0.9 percent.

The $26 million distribution segment revenues decrease that does not impact earnings was due primarily to a decrease in the portions of retail revenues that are included in DPU approved tracking mechanisms that track the recovery of certain incurred costs through WMECO's tariffs ($22 million) and transmission segment intracompany billings to the distribution segment that are eliminated in consolidation ($4 million). The distribution revenues included in DPU approved tracking mechanisms decreased $22 million due primarily to lower recovery of energy supply costs ($27 million), partially offset by higher transition cost recoveries ($4 million) and retail transmission ($2 million). The tracking mechanisms allow for rates to be changed periodically with overcollections refunded to customers or undercollections to be recovered from customers in future periods.

Transmission segment revenues increased $6 million due primarily to the return on a higher transmission investment base and the return of higher overall expenses, which are tracked and result in a related increase in revenues, resulting from an increase in transmission plant, such as higher property taxes, depreciation, and operation and maintenance expenses.

Fuel, Purchased and Net Interchange Power
Fuel, Purchased and Net Interchange Power expense decreased $29 million in 2010 due primarily to lower basic/default service supply costs. The basic/default service supply costs are the contractual amounts we must pay to various suppliers that serve this load after winning a competitive solicitation process. These costs decreased due primarily to lower supplier contract rates, partially offset by increased load volumes.

Other Operating Expenses
Other Operating Expenses increased $1 million in 2010 as a result of higher distribution segment expenses ($2 million) mainly as a result of higher administrative and general expenses, including higher pension costs, partially offset by lower retail transmission and other costs that are recovered through distribution tracking mechanisms and have no earnings impact ($2 million).

Maintenance
Maintenance expenses increased $2 million in 2010 due primarily to higher overhead lines expenses including higher storm restoration expenses.

Amortization of Regulatory Liabilities, Net
Amortization of Regulatory Liabilities, Net, increased $1 million in 2010 due primarily to the recovery of the stranded generation and purchase power contracts previously deferred.

Taxes Other Than Income Taxes
Taxes Other Than Income Taxes expenses increased $2 million in 2010 due primarily to the absence of the 2009 benefit from the resolution of various routine tax issues ($1 million) and higher property taxes ($1 million).

Interest Expense, Net
Interest Expense, Net increased $1 million in 2010 due primarily to higher long−term debt interest, mainly resulting from the $95 million debt issuance in March 2010.

Income Tax Expense
Income Tax Expense increased $2 million in 2010 due primarily to the impacts of the 2010 Healthcare Act.

LIQUIDITY

WMECO had cash flows provided by operating activities in the first half of 2010 of $15.8 million, compared with cash flows provided by operating activities of $9.2 million in the first half of 2009 (amounts are net of RRB payments, which are included in financing activities). The improved cash flows in 2010 were due primarily to the absence in 2010 of costs related to the major storm in December 2008 that were paid in the first quarter of 2009. These costs were deferred and are expected to be recovered from customers. WMECO filed a distribution rate case on July 16, 2010, which includes a request for more timely recovery of the December 2008 storm costs. Offsetting this favorable cash flow impact was a $3 million increase in income tax payments largely attributable to the absence of bonus depreciation tax deductions under the American Recovery and Reinvestment Act of 2009 in the first quarter of 2010. Bonus depreciation tax deductions expired at the end of 2009. In addition, WMECO incurred and paid costs related to two major storms in May 2010. WMECO expects the costs associated with these major storms will be recoverable through a combination of customer−funded reserves that are established for the purpose of recovering major storm costs and current distribution revenues.

ITEM 3.
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk Information

Commodity Price Risk Management: Our Regulated companies enter into energy contracts to serve our customers and the economic impacts of those contracts are passed on to our customers. Accordingly, the Regulated companies have no exposure to loss of future earnings or fair values due to these market risk−sensitive instruments. The wholesale portfolio held by Select Energy includes contracts that are market−risk sensitive, including a wholesale energy sales contract through 2013 with an agency comprised of municipalities with approximately 0.3 million remaining MWh of supply contract volumes, net of related sales volumes. Select Energy also has a non−derivative energy contract that expires in mid−2012 to purchase output from a generation facility, which is also exposed to market price volatility. As Select Energy's contract volumes are winding down, and as the wholesale energy sales contract is substantially hedged against price risks, we have limited exposure to commodity price risks. We have no energy contracts entered into for trading purposes.

Sensitivity analysis provides a presentation of the potential loss of future pre−tax earnings and fair values from our market risk−sensitive contracts due to one or more hypothetical changes in commodity price components, or other similar price changes. We have provided this analysis in Part II, Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," in our 2009 Form 10−K, which disclosures are incorporated herein by reference. There have been no additional market or commodity price risks identified and no material changes with regard to the sensitivity analysis previously disclosed in our 2009 Form 10−K.

Other Risk Management Activities

Interest Rate Risk Management: We manage our interest rate risk exposure in accordance with our written policies and procedures by maintaining a mix of fixed and variable rate long−term debt.

Credit Risk Management: Credit risk relates to the risk of loss that we would incur as a result of non−performance by counterparties pursuant to the terms of our contractual obligations. We serve a wide variety of customers and suppliers that include IPPs, industrial companies, gas and electric utilities, oil and gas producers, financial institutions, and other energy marketers. Margin accounts exist within this diverse group, and we realize interest receipts and payments related to balances outstanding in these margin accounts. This wide customer and supplier mix generates a need for a variety of contractual structures, products and terms that, in turn, require us to manage the portfolio of market risk inherent in those transactions in a manner consistent with the parameters established by our risk management process.

We have provided additional disclosures regarding interest rate risk management and credit risk management in Part II, Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," in our 2009 Form 10−K, which are incorporated herein by reference. There have been no additional risks identified and no material changes with regard to the items previously disclosed in our 2009 Form 10−K.

For further information on cash collateral deposited and posted with counterparties as well as any cash collateral netted against the fair value of the related derivative contracts, see Note 1H, "Summary of Significant Accounting Policies − Special Deposits and Counterparty Deposits," and Note 2, “Derivative Instruments,” to the unaudited condensed consolidated financial statements. Additional quantitative and qualitative disclosures about market risk are set forth in Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in this Quarterly Report on Form 10−Q.

ITEM 4.
CONTROLS AND PROCEDURES

Management, on behalf of NU, CL&P, PSNH and WMECO, evaluated the design and operation of the disclosure controls and procedures as of June 30, 2010 to determine whether they are effective in ensuring that the disclosure of required information is made timely and in accordance with the Securities Exchange Act of 1934 and the rules and regulations of the SEC. This evaluation was made under management's supervision and with management's participation, including the principal executive officers and principal financial officer as of the end of the period covered by this Quarterly Report on Form 10−Q. There are inherent limitations of disclosure controls and procedures, including the possibility of human error and the circumventing or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. The principal executive officers and principal financial officer have concluded, based on their review, that the disclosure controls and procedures of NU, CL&P, PSNH and WMECO are effective to ensure that information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 (i) is recorded, processed, summarized, and reported within the time periods specified in SEC rules and regulations and (ii) is accumulated and communicated to management, including the principal executive officers and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

There have been no changes in internal controls over financial reporting for NU, CL&P, PSNH and WMECO during the quarter ended June 30, 2010 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1.
LEGAL PROCEEDINGS

We are parties to various legal proceedings. We have identified these legal proceedings in Part I, Item 3, "Legal Proceedings," and elsewhere in our 2009 Form 10−K, which disclosures are incorporated herein by reference. There have been no additional legal proceedings identified and no material changes with regard to the legal proceedings previously disclosed in our 2009 Form 10−K.

ITEM 1A.
RISK FACTORS

We are subject to a variety of significant risks in addition to the matters set forth under "Forward Looking Statements," in Part 1, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of this Quarterly Report on Form 10−Q. We have identified a number of these risk factors in Item 1A, "Risk Factors," in our 2009 Form 10−K, which risk factors are incorporated herein by reference. These risk factors should be considered carefully in evaluating our risk profile. There have been no additional risk factors identified and no material changes with regard to the risk factors previously disclosed in our 2009 Form 10−K.

ITEM 2.
UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There were no purchases made by or on behalf of NU or any "affiliated purchaser" (as defined in Rule 10b−18(a)(3) under the Securities Exchange Act of 1934) of NU common shares during the quarter ended June 30, 2010.

ITEM 6.
EXHIBITS

Each document described below is incorporated by reference by the registrant(s) listed to the files identified, unless designated with a (*), which exhibits are filed herewith.

Exhibit No.
Description

Listing of Exhibits (NU)

*12
Ratio of Earnings to Fixed Charges

*15
Deloitte & Touche LLP Letter Regarding Unaudited Financial Information

*31
Certification of Charles W. Shivery, Chairman, President and Chief Executive Officer of Northeast Utilities, required by Rule 13a−14(a)/15d−14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes−Oxley Act of 2002, dated August 6, 2010

*31.1
Certification of David R. McHale, Executive Vice President and Chief Financial Officer of Northeast Utilities, required by Rule 13a−14(a)/15d−14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes−Oxley Act of 2002, dated August 6, 2010

*32
Certification of Charles W. Shivery, Chairman, President and Chief Executive Officer of Northeast Utilities and David R. McHale, Executive Vice President and Chief Financial Officer of Northeast Utilities, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes−Oxley Act of 2002, dated August 6, 2010

*101.INS
XBRL Instance Document

*101.SCH
XBRL Taxonomy Extension Schema

*101.CAL
XBRL Taxonomy Extension Calculation

*101.DEF
XBRL Taxonomy Extension Definition

*101.LAB
XBRL Taxonomy Extension Labels

*101.PRE
XBRL Taxonomy Extension Presentation

Listing of Exhibits (CL&P)

*10
Agreement Re: Connecticut NEEWS Projects By and Between CL&P and The United Illuminating Company dated July 14, 2010

*12
Ratio of Earnings to Fixed Charges

*31
Certification of Leon J. Olivier, Chief Executive Officer of The Connecticut Light and Power Company, required by Rule 13a−14(a)/15d−14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes−Oxley Act of 2002, dated August 6, 2010

*31.1
Certification of David R. McHale, Executive Vice President and Chief Financial Officer of The Connecticut Light and Power Company, required by Rule 13a−14(a)/15d−14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes−Oxley Act of 2002, dated August 6, 2010

*32
Certification of Leon J. Olivier, Chief Executive Officer of The Connecticut Light and Power Company and David R. McHale, Executive Vice President and Chief Financial Officer of The Connecticut Light and Power Company, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes−Oxley Act of 2002, dated August 6, 2010

Listing of Exhibits (PSNH)

*12
Ratio of Earnings to Fixed Charges

*31
Certification of Leon J. Olivier, Chief Executive Officer of Public Service Company of New Hampshire, required by Rule 13a−14(a)/15d−14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes−Oxley Act of 2002, dated August 6, 2010

*31.1
Certification of David R. McHale, Executive Vice President and Chief Financial Officer of Public Service Company of New Hampshire, required by Rule 13a−14(a)/15d−14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes−Oxley Act of 2002, dated August 6, 2010

*32
Certification of Leon J. Olivier, Chief Executive Officer of Public Service Company of New Hampshire and David R. McHale, Executive Vice President and Chief Financial Officer of Public Service Company of New Hampshire, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes−Oxley Act of 2002, dated August 6, 2010

Listing of Exhibits (WMECO)

*12
Ratio of Earnings to Fixed Charges

*31
Certification of Leon J. Olivier, Chief Executive Officer of Western Massachusetts Electric Company, required by Rule 13a−14(a)/15d−14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes−Oxley Act of 2002, dated August 6, 2010

*31.1
Certification of David R. McHale, Executive Vice President and Chief Financial Officer of Western Massachusetts Electric Company, required by Rule 13a−14(a)/15d−14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes−Oxley Act of 2002, dated August 6, 2010

*32
Certification of Leon J. Olivier, Chief Executive Officer of Western Massachusetts Electric Company and David R. McHale, Executive Vice President and Chief Financial Officer of Western Massachusetts Electric Company, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes−Oxley Act of 2002, dated August 6, 2010

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NORTHEAST UTILITIES
(Registrant)

Date: August 6, 2010

By /s/
David R. McHale
David R. McHale
Executive Vice President and Chief Financial Officer
(for the Registrant and as Principal Financial Officer)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE CONNECTICUT LIGHT AND POWER COMPANY
(Registrant)

Date: August 6, 2010

By /s/
David R. McHale
David R. McHale
Executive Vice President and Chief Financial Officer
(for the Registrant and as Principal Financial Officer)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
(Registrant)

Date: August 6, 2010

By /s/ David R. McHale
David R. McHale
Executive Vice President and Chief Financial Officer
(for the Registrant and as Principal Financial Officer)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

WESTERN MASSACHUSETTS ELECTRIC COMPANY
(Registrant)

Date: August 6, 2010

By /s/ David R. McHale
David R. McHale
Executive Vice President and Chief Financial Officer
(for the Registrant and as Principal Financial Officer)

Northeast Utilities
Ratio of Earnings to Fixed Charges
(unaudited)

Exhibit 12

(Thousands of Dollars)	Six Months Ended June 30, 2010	For the Years Ended December 31, 2009	2008	2007	2006	2005
Earnings, as defined:						
Net income/(loss) from continuing operations before cumulative effect of accounting change	$ 160,948	$ 335,592	$ 266,387	$ 251,455	$ 138,495	$ (251,344)
Income tax expense/(benefit)	119,209	179,947	105,661	109,420	(76,326)	(184,862)
Equity in earnings of regional nuclear generating and transmission companies	(312)	(1,762)	(1,637)	(3,983)	(334)	(3,311)
Dividends received from regional equity investees	583	3,794	1,017	4,542	2,145	687
Fixed charges, as below	147,245	296,764	304,374	275,611	267,243	265,046
Less: Interest capitalized (including AFUDC)	(4,187)	(5,929)	(17,797)	(17,568)	(14,482)	(10,463)
Preferred dividend security requirements of consolidated subsidiaries	(4,633)	(9,265)	(9,265)	(9,265)	(9,265)	(9,265)
Total earnings/(loss), as defined	$ 418,853	$ 799,141	$ 648,740	$ 610,212	$ 307,476	$ (193,512)
Fixed charges, as defined:						
Interest on long−term debt (a)	$ 115,791	$ 224,712	$ 193,883	$ 162,841	$ 141,579	$ 131,870
Interest on rate reduction bonds	12,324	36,524	50,231	61,580	74,242	87,439
Other interest (b)	6,343	12,401	25,031	15,824	22,375	19,276
Rental interest factor	3,967	7,933	8,167	8,533	5,300	6,733
Preferred dividend security requirements of consolidated subsidiaries	4,633	9,265	9,265	9,265	9,265	9,265
Interest capitalized (including AFUDC)	4,187	5,929	17,797	17,568	14,482	10,463
Total fixed charges, as defined	$ 147,245	$ 296,764	$ 304,374	$ 275,611	$ 267,243	$ 265,046
Ratio of Earnings to Fixed Charges	2.84	2.69	2.13	2.21	1.15	(0.73) (c)

(a) Interest on long−term debt amounts include amortized premiums, discounts and capitalized expenses related to indebtedness.

(b) For the six months ended June 30, 2010 and for the years ended December 31, 2009, 2008 and 2007, other interest includes interest related to accounting for uncertain tax positions.

(c) Consolidated earnings were inadequate to cover fixed charges by $458.6 million for the year ended December 31, 2005.

Exhibit 15

August 6, 2010

Northeast Utilities
56 Prospect Street
Hartford, CT 06103

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited interim financial information of Northeast Utilities and subsidiaries for the periods ended June 30, 2010 and 2009, as indicated in our report dated August 6, 2010; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10−Q for the quarter ended June 30, 2010, is incorporated by reference in Registration Statement No. 333−165579 on Form S−3 and Registration Statement Nos. 333−63144, 333−121364 and 333−142724 on Forms S−8.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ Deloitte & Touche LLP
Deloitte & Touche LLP

Hartford, Connecticut

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES−OXLEY ACT OF 2002

I, Charles W. Shivery, certify that:

1.
I have reviewed this quarterly report on Form 10−Q of Northeast Utilities (the registrant);

2.
Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.
Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.
The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a−15(e) and 15d−15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a−15(f) and 15d−15(f)) for the registrant and have:

(a)
Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)
Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)
Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)
Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.
The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a)
All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)
Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2010

/s/ Charles W. Shivery

Charles W. Shivery
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES−OXLEY ACT OF 2002

I, David R. McHale, certify that:

1.
I have reviewed this quarterly report on Form 10−Q of Northeast Utilities (the registrant);

2.
Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.
Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.
The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a−15(e) and 15d−15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a−15(f) and 15d−15(f)) for the registrant and have:

(a)
Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)
Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)
Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)
Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.
The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a)
All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)
Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2010

/s/ David R. McHale

David R. McHale
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES−OXLEY ACT OF 2002

In connection with the quarterly report of Northeast Utilities (the registrant) on Form 10−Q for the period ending June 30, 2010 as filed with the Securities and Exchange Commission (the Report), we, Charles W. Shivery, Chairman, President and Chief Executive Officer of the registrant and David R. McHale, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes−Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the registrant.

/s/ Charles W. Shivery
Charles W. Shivery
Chairman, President and Chief Executive Officer

/s/ David R. McHale
David R. McHale
Executive Vice President and Chief Financial Officer

Date: August 6, 2010

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

AGREEMENT RE: CONNECTICUT NEEWS PROJECTS

BY AND BETWEEN

THE CONNECTICUT LIGHT AND POWER COMPANY

AND

THE UNITED ILLUMINATING COMPANY

DATED: JULY 14, 2010

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AGREEMENT RE: CONNECTICUT NEEWS PROJECTS

This Agreement Re: Connecticut NEEWS Projects is entered into as of July 14, 2010 (the "Effective Date"), by and between The Connecticut Light and Power Company ("CLP") and The United Illuminating Company ("UI") (CLPand UI are each a "Party" and, collectively, the "Parties").

WHEREAS, UI desires to support, invest in and own certain assets comprising, in part, the portions of the New England East−West Solution Projects being Developed (defined below) by CLPand to be located in the State of Connecticut or the HVDC (defined below) alternatives thereto to be located in the State of Connecticut, and to assume certain associated Liabilities (defined below), all on the terms and conditions set forth in the Transaction Documents (defined below) (the "Transaction") (the New England East−West Solution Projects, as well as the HVDC alternatives thereto, to the extent that any or all of them are or will be Developed by CLPor any of CL&P's Affiliates (defined below), are hereinafter referred to as the "NEEWS Projects"). Such portions of the NEEWS Projects to be located in the State of Connecticut are the Connecticut GSRP Project (defined below), the Connecticut Interstate Project (defined below) and the Central Connecticut Project (defined below), each of which is subject to change by CLPas more particularly set forth in this Agreement (defined below). All such portions of the NEEWS Projects to be located in the State of Connecticut, as well as any and all HVDC alternatives thereto, to the extent that any or all of them are or will be Developed by CLPor any of CL&P's Affiliates, are referred to herein collectively as the "Connecticut NEEWS Projects"; and

WHEREAS, CLPand UI desire to enter into the Transaction pursuant to the terms and conditions set forth in the Transaction Documents;

NOW, THEREFORE, for good and valuable consideration received to each Party's full satisfaction, the Parties agree as follows:

1. Definitions of Terms; Interpretation.

(a) Definitions. Except as otherwise provided in this Section 1, as used in the Associated Agreements, the following terms shall have the following meanings:

"Actionable Conduct" means a conscious, voluntary act or omission in reckless disregard of a legal duty and of the consequences to another Person.

"Additional Installations" has the meaning given in Section 1.2 of the License Agreement.

"Affiliate" means, when used with reference to a specified Person, any Person that directly or indirectly controls or is controlled by or is under common control or ownership with the specified Person, including, in case of each Party, the ultimate parent company of such Party.

For purposes of this definition, "*control*" means the power to direct the management and policies of the specified Person.

"Agreement" means this Agreement re: Connecticut NEEWS Projects, dated as of the Effective Date, by and between the Parties, including all exhibits and schedules hereto, and any and all amendments hereto or thereto agreed to in writing by the Parties, *provided* that the term "Agreement" as used in any Associated Agreement other than this Agreement shall have the meaning set forth in such Associated Agreement.

"Asset Demarcation Agreement" has the meaning given in Paragraph E.1(e) of the Purchase and Sale Terms.

"Assigned Rights" has the meaning given in Section 1(a) of the Assignment and Assumption Agreement.

"Assignment and Assumption Agreement" has the meaning given in Paragraph E.1(b) of the Purchase and Sale Terms.

"Associated Agreements" means this Agreement (including the Purchase and Sale Terms), the Assignment and Assumption Agreement, the Asset Demarcation Agreement, the Bill of Sale, the License Agreement and the Property Tax Agreement.

"Assumed Liabilities" has the meaning given in Paragraph D of the Purchase and Sale Terms.

"Bankrupt" means, with respect to a Person, if such Person or any of its Affiliates (a) files a petition or otherwise commences a Proceeding under any bankruptcy, insolvency, reorganization or similar Law, or has any such petition filed or commenced against it; (b) makes an assignment or any general arrangement (other than an assignment undertaken in connection with a financing) for the benefit of creditors; (c) otherwise becomes bankrupt or insolvent (however evidenced); (d) has a liquidator, administrator, receiver, bankruptcy trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, *provided* that if such action is taken without the consent of such Person, then such Person shall be allowed twenty (20) days to dismiss such appointment; or (e) is generally unable to pay its debts as they fall due.

"Bill of Sale" has the meaning given in Paragraph E.1(a) of the Purchase and Sale Terms.

"Business Day" means any day other than Saturday and Sunday and other than when the following holidays are celebrated: New Year's Day; Presidents' Day; Good Friday; Memorial Day; Independence Day; Labor Day; Columbus Day; Veterans Day; Thanksgiving Day; day after Thanksgiving; and Christmas Day.

"Buy−Back Option" has the meaning given in Paragraph I.2(a) of the Purchase and Sale Terms.

"Buyer" has the meaning given in the introductory paragraph of the Bill of Sale.

"Buy−Up Rights" means collectively UI's right to increase the total amount of UI Investments when each Connecticut NEEWS Project is deemed by CLPto have achieved Commercial Operation pursuant to Section 3(d) as effected through Section 3(m)(ii)(B).

"Capital Improvement" has the meaning given in Section 1.1 of the OMAgreement.

"CEAB" means the Connecticut Energy Advisory Board and any successor thereto.

"CEII" means critical energy infrastructure information, as defined by FERC pursuant to 18 C.F.R. §388.113(c)(1), or any successor designation of information having a similar effect.

"Central Connecticut Project" means, as currently contemplated (as of the Effective Date), a set of reliability improvements to the electric transmission system of Southern New England that are or will be Developed by CLPor any of CL&P's Affiliates and that currently includes the Development of a 345−kV electric transmission line along existing overhead line rights−of−way extending approximately thirty−seven (37) miles in Connecticut from CL&P's Frost Bridge 8R Substation in Watertown, Connecticut to CL&P's North Bloomfield 2A Substation in Bloomfield, Connecticut along with substation upgrades and expansions, as described in CL&P's Transmission Project Summary TPS−06−019−CT, rev. 2, internally approved by CLPor its Affiliate on January 19, 2010, as it may be amended from time to time by CLP if Development of the aforementioned project is terminated, the "Central Connecticut Project" also shall include any and all substitute projects that are (a) in the same geographic area set forth in the above−referenced Transmission Project Summary, (b) reasonably expected by CLPto be funded in whole or in part through regional rates, and (c) proposed to ISO−NE by CLPor any Affiliate of CLPon or before the tenth (10th) anniversary of the Effective Date.

"C.F.R." means the Code of Federal Regulations of the United States of America.

"Change of Control" means a transaction that requires the approval of the DPUC pursuant to Connecticut General Statutes §16−47, as it may be amended, supplemented or replaced from time to time.

"CLP" has the meaning given in the introductory paragraph of this Agreement.

"CLPFacilities" has the meaning given in Section 1 of the Asset Demarcation Agreement.

"CLPInvestment Approvals" has the meaning given in Section 13(a)(ii)(A).

"CLPProperty" has the meaning given in the Recitals of the License Agreement.

"CL&P's Regulatory Approvals" means the CLPInvestment Approvals and the CLPTransfer Approvals.

"CLPTransfer Approvals" has the meaning given in Section 13(b)(ii)(A).

"Claim" means any claim, complaint, investigation, hearing, demand, demand letter, allegation of Liability or potential Liability or notice of noncompliance or violation delivered by any Relevant Authority or other Person.

"Closing" has the meaning given in Paragraph B.1 of the Purchase and Sale Terms.

"Closing Date" has the meaning given in Paragraph B.1 of the Purchase and Sale Terms.

"Code" has the meaning given in Paragraph B.2(c) of the Purchase and Sale Terms.

"Commercial Operation" means the date that is one (1) day after Readiness for Energization.

"Common Permit" has the meaning given in Paragraph A of the Purchase and Sale Terms.

"Component" means a Property Unit that is part of a Connecticut NEEWS Project.

"Confidentiality Agreement" has the meaning given in Section 11(a).

"Connecticut GSRP Project" means, as currently contemplated (as of the Effective Date), the Connecticut portions of a set of reliability improvements to the electric transmission system of Southern New England that are or will be Developed by CLPor any of CL&P's Affiliates and that currently include the Development of a 345−kV electric transmission line along existing overhead line rights−of−way extending approximately twelve (12) miles in Connecticut from CL&P's North Bloomfield 2A Substation in Bloomfield, Connecticut to the point at which the electric transmission right−of−way between such North Bloomfield 2A Substation and Western Massachusetts Electric Company's Agawam Substation crosses the Connecticut/Massachusetts state line, along with substation upgrades and expansions, as described in CL&P's Transmission Project Summary TPS−06−048−MA, rev. 1, internally approved by CLPor its Affiliate on March 16, 2010, as it may be amended from time to time by CLP if Development of the aforementioned project is terminated, the "Connecticut GSRP Project" also shall include any and all substitute projects that are (a) in the same geographic area set forth in the above−referenced Transmission Project Summary, (b) reasonably expected by CLPto be funded in whole or in part through regional rates, and (c) proposed to ISO−NE by CLPor any Affiliate of CLPon or before the tenth (10th) anniversary of the Effective Date; the "Connecticut GSRP Project" also includes the Manchester to Meekville Line, whether or not the Manchester to Meekville Line is otherwise considered part of the Connecticut NEEWS Projects.

"Connecticut Interstate Project" means, as currently contemplated (as of the Effective Date), the Connecticut portions of a set of reliability improvements to the electric transmission system of Southern New England that are or will be Developed by CLPor any of CL&P's Affiliates and that currently include the Development of a 345−kV electric transmission line along existing overhead line rights−of−way extending approximately thirty−eight (38) miles in Connecticut from Card 11F Substation in Lebanon, Connecticut to the point at which the electric transmission right−of−way between Card and Sherman Road Substations crosses the Rhode Island/Connecticut state line, including the additional work to loop the Millstone to Manchester 310 Line into Card Substation, along with substation upgrades and expansions, as described in CL&P's Transmission Project Summary TPS−06−022−CT, rev. 3, internally approved by CLPor its Affiliate on June 19, 2008, as it may be amended from time to time by CL&P, and in CL&P's Transmission Project Summary TPS−06−021−CT, rev. 3, dated March 12, 2008, as it may be amended from time to time by CLP if Development of the aforementioned project is terminated, the "Connecticut Interstate Project" also shall include any and all substitute projects that are (a) in the same geographic area set forth in the above−referenced Transmission Project Summary, (b) reasonably expected by CLPto be funded in whole or in part through regional rates, and (c) proposed to ISO−NE by CLPor any Affiliate of CLPon or before the tenth (10th) anniversary of the Effective Date.

"Connecticut NEEWS Projects" has the meaning given in the Recitals of this Agreement.

"Contract" has the meaning given in Paragraph A of the Purchase and Sale Terms.

"Contractor Facilities" has the meaning given in Section 1.1 of the OMAgreement.

"CONVEX" means The Connecticut Valley Electric Exchange. The Connecticut Valley Electric Exchange is a Local Control Center (as defined in the ISO−NE Tariff) and performs certain functions regarding the operation of the electric transmission system and dispatch of generation in the State of Connecticut and the Commonwealth of Massachusetts in accordance with the ISO−NE Tariff and the TOA.

"Conveyance" has the meaning given in the Recitals of the License Agreement.

"Cost" means any and all costs incurred (as reasonably determined by CL&P) or to be incurred (as determined by CLPin its good faith business judgment) by CLPwith respect to each or all (as the context requires) of the Connecticut NEEWS Projects as reflected on the books of CLPmaintained in accordance with the FERC Uniform System of Accounts. For purposes of this Agreement, Cost shall include only those costs associated with a Component for matters occurring prior to Commercial Operation of such Component.

"CPR" means the CPR Institute for Dispute Resolution (formerly known as the Center for Public Resources).

"CPR Mediation Procedure" means the procedures developed by CPR to facilitate the conduct of the mediation process.

"CPR Panels of Distinguished Neutrals" means a list of qualified mediators and arbitrators developed and maintained by CPR available to help resolve complex business disputes.

"CPR Rules for Non−Administered Arbitration" means the rules developed by CPR to facilitate the conduct of the arbitration process.

"Credit Rating" means, with respect to any Person, the rating assigned to such Person by Moody's and SP(or if only one such entity provides a rating, then Moody's or S&P) for such Person's senior unsecured, unsubordinated long−term debt obligations (not supported by third party credit enhancements) or, if such Person does not have a rating for its senior unsecured, unsubordinated long−term obligations, then the rating one notch below the rating then assigned to such issuer as a corporate or long−term issuer rating. If a Person has a rating from Moody's and S&P, then, if the ratings differ, the lower of the two Credit Ratings shall apply.

"Definitive Agreement" means this Agreement re: Connecticut NEEWS Projects, dated as of the Effective Date, by and between the Parties, including all exhibits and schedules hereto (including the Purchase and Sale Terms), and any and all amendments hereto or thereto agreed to in writing by the Parties.

"Deposit Rate" means CL&P's pre−tax weighted average cost of capital for CL&P's transmission business as adjusted annually, calculated in accordance with Schedule A.

"Development" means any and all activities related to bringing an electric transmission project to Commercial Operation, including any and all activities related to planning, design, permitting, engineering, procurement, construction and/or commissioning each such project. "Develop" shall have the same meaning in verb form.

"DPUC" means the State of Connecticut Department of Public Utility Control and any successor thereto.

"Effective Date" has the meaning given in the introductory paragraph of this Agreement.

"EMF" means electromagnetic field.

"Environment" means soil, land surface or subsurface strata, real property, surface waters, groundwater, wetlands, sediments, drinking water supply, ambient air (including indoor air) and any other environmental medium or natural resource.

"Environmental Law" means Law relating to: (a) the regulation, protection and use of the Environment; (b) the conservation, management, development, control and/or use of land, natural resources and wildlife; (c) the management, manufacture, possession, presence, use, generation, transportation, treatment, storage, disposal, release, threatened release, abatement, removal, remediation, or handling of, or exposure to, any Hazardous Materials, including all

applicable common law pertaining to actions for personal injury and/or property damage resulting from Hazardous Materials with respect to both on−site and off−site contamination; or (d) noise.

"Environmental Liability" means any Liability (including enhanced oversight expenses) under or related to Environmental Law arising as a result of or in connection with (a) the construction, installation, ownership, use, operation and/or maintenance of all or any portion of any Group of Purchased UI Assets whether occurring prior to, on, or after the Closing Date; (b) the presence or Release of Hazardous Materials at, on, in, under, adjacent to or migrating from the location of any of the assets comprising all or any portion of any Group of Purchased UI Assets prior to, on or after the Closing Date; (c) the investigation and/or Remediation (whether or not such investigation or Remediation commenced before the Closing Date or commences on or after the Closing Date) of Hazardous Materials that are present or have been Released prior to, on or after the Closing Date at, on, in, under, adjacent to or migrating from the location of any of the assets comprising all or any portion of any Group of Purchased UI Assets; (d) the off−site disposal, treatment, storage, transportation, discharge, Release or recycling, or the arrangement for such activities, of Hazardous Materials, prior to, on or after the Closing Date, in connection with the construction, installation, ownership, use, operation and/or maintenance of all or any portion of any Group of Purchased UI Assets; and (e) the investigation and/or Remediation of Hazardous Materials that are generated, disposed, treated, stored, transported, discharged, Released, recycled, or the arrangement of such activities, prior to, on or after the Closing Date, in connection with the construction, installation, ownership, use, operation and/or maintenance of all or any portion of any Group of Purchased UI Assets at any Offsite Disposal Facility.

"Event of Default" has the meaning given in Section 18.

"Excluded Communication Assets" has the meaning given in Section 2(b) of the Bill of Sale.

"Exempted Projects" means:

(a) Any electric generation project in the ISO−NE generation project queue as of December 15, 2008;

(b) Any Connecticut electric generation plant existing on December 15, 2008, or for which permits have been applied for or received, or which has been publicly disclosed in a filing with a governmental or regulatory authority or ISO−NE as of December 15, 2008;

(c) Any electric generation project as to which an electric distribution company in the State of Connecticut is authorized by statute to purchase, own or operate;

(d) Any electric transmission facility (other than the Connecticut NEEWS Projects) in the ISO−NE Regional System Plan, or that has been publicly disclosed in a filing with a governmental or regulatory authority or ISO−NE as of December 15, 2008;

(e) Any electric transmission facility intended to facilitate access to and importation of electric capacity and/or power from northern New England or Canada; and

(f) Any electric transmission facility necessary to solve a reliability problem in UI's service territory.

Any and all plants, projects and facilities that are Exempted Projects by reason of their existence or their being planned as of December 15, 2008 shall not be considered Exempted Projects if and when they are modified in a manner that materially changes their scope, character and purpose, except if such plants, projects or facilities otherwise meet the definition of Exempted Projects notwithstanding any such material change.

"Facilities" has the meaning given in Section 1 of the Asset Demarcation Agreement.

"FERC" means the Federal Energy Regulatory Commission and any successor thereto.

"FERC 18 CFR" means the accounting rules and guidelines of FERC contained in Title 18 of the C.F.R.

"FERC Uniform System of Accounts" means the "Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act," as contained in 18 C.F.R. Part 101.

"Good Utility Practices" shall have the meaning set forth in the TOA from time to time.

"Group of Purchased UI Assets" means: (a) as used in the Associated Agreements other than the Purchase and Sale Terms, such term as defined in each Bill of Sale; and (b) as used in the Purchase and Sale Terms, such term as defined in Paragraph A of the Purchase and Sale Terms. Each Group of Purchased UI Assets shall coincide with a Component or Components such that the ownership of each Component shall not be divided in any manner.

"Hazardous Materials" means (a) any petrochemical or petroleum products, oil, waste oil, asbestos in any form that is or could become friable, urea formaldehyde foam insulations, lead−based paint and polychlorinated biphenyls; (b) any products, mixtures, compounds, materials or wastes, air emissions, toxic substances, wastewater discharges or any chemical, material or substance that may give rise to Liability pursuant to, or is listed or regulated under, or the human exposure to which or the release of which is controlled or limited by Environmental Law; and (c) any materials or substances defined in Environmental Law as "hazardous", "toxic", "pollutant", or "contaminant", or defined in Environmental Law using any words of similar meaning or legal or regulatory effect.

"HSR Act" means the Hart−Scott−Rodino Antitrust Improvements Act of 1976, as amended.

"HVDC" means high voltage direct current.

"Indemnified Environmental Obligations" has the meaning set forth in Paragraph G.2 of the Purchase and Sale Terms.

"Indemnified Person" has the meaning given in Paragraph G.1 of the Purchase and Sale Terms.

"Independent Accounting Firm" means Ernst & Young LLP, or if such company is not in existence, is providing services to either Party or is serving as either Party's independent auditor at the applicable time, such other internationally recognized accounting firm as the Parties shall mutually select at such time.

"Investment Notice" has the meaning given in Section 3(j).

"ISO−NE" means ISO−New England Inc. and any successor thereto as the independent system operator (including a regional transmission organization) for the regional transmission grid that includes each Group of Purchased UI Assets.

"ISO−NE Regional System Plan" means the annual planning report of ISO−NE concerning New England's bulk electric power system in effect on December 15, 2008.

"ISO−NE Tariff" means ISO−NE Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3.

"Law" means any current and future applicable federal, state, local or other governmental or quasi−governmental (including the CEAB, CONVEX, ISO−NE, NERC and NPCC) constitution, charter, act, statute, law, ordinance, code, rule, regulation, order, decree, ruling, decision, judgment, license or permit.

"Liability" or "Liabilities" means any loss, fee (including experts' and/or attorneys' fees), cost, damage, expense, fine, penalty, liability, demand, action, settlement, judgment, award or other obligation of whatever nature, including cost and expense of claims management and litigation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether incurred or consequential and whether due or to become due), including those arising as a result of any Proceeding and/or Claim and including any Environmental Liability.

"License Agreement" has the meaning given in Paragraph E.1(c) of the Purchase and Sale Terms.

"Licensed Premises" has the meaning given in Section 1.1 of the License Agreement.

"Managed Claims" means collectively (a) the Pending Proceedings (if any); (b) any Claim or Proceeding alleging that all or any portion of any Group of Purchased UI Assets, or the activities associated with the construction of, and/or capital improvements to, all or any portion

of any Group of Purchased UI Assets, constitute overburdening of easement, trespass, nuisance, inverse condemnation, and/or similar Claims arising out of, and/or related to, in whole or in part, the construction of, and/or capital improvements to, all or any portion of any Group of Purchased UI Assets; and (c) any Claim or Proceeding arising out of, and/or related to EMFs associated with, and/or produced by, in whole or in part, all or any portion of any Group of Purchased UI Assets.

"Manchester to Meekville Line" means, as currently contemplated (as of the Effective Date), a set of reliability improvements to the electric transmission system of Southern New England that are or will be Developed by CLPor any of CL&P's Affiliates and that currently include the Development of a 115−kV electric transmission line along existing overhead line rights−of−way extending from just north of CL&P's Manchester Substation to Meekville Junction in South Windsor, Connecticut, as described in CL&P's Transmission Project Summary TPS−08−016−CT, rev. 1, internally approved by CLPor its Affiliate on July 28, 2008, as it may be amended from time to time by CLP if Development of the aforementioned project is terminated, the "Manchester to Meekville Line" also shall include any and all substitute projects that are (a) in the same geographic area set forth in the above−referenced Transmission Project Summary, (b) reasonably expected by CLPto be funded in whole or in part through regional rates, and (c) proposed to ISO−NE by CLPor any Affiliate of CLPon or before the tenth (10th) anniversary of the Effective Date.

"Master Agreements" has the meaning given in Section 2(c) of the Bill of Sale.

"Memorandum of Understanding" means the Memorandum of Understanding by and among NGrid and the Parties dated of even date herewith.

"Moody's" means Moody's Investor Services, Inc.

"NEEWS Projects" has the meaning given in the Recitals of this Agreement.

"NEON" means NEON Optica, Inc., a Delaware corporation, as successor in interest to NECOM LLC.

"NEON Agreements" means collectively (a) the Second Amended and Restated Agreement for the Provision of Fiber Optic Facilities and Services – Phase 1, dated December 23, 2002 (but effective as of September 27, 1994), among NUSCO, CL&P, Western Massachusetts Electric Company, Public Service Company of New Hampshire and NEON; and (b) the Second Amended and Restated Agreement for the Provision of Fiber Optic Facilities and Services – Phase 2, dated December 23, 2002, among NUSCO, CL&P, Western Massachusetts Electric Company, Public Service Company of New Hampshire and NEON, as each such agreement has been or may be amended from time to time.

"NERC" means the North American Electric Reliability Corporation and any successor thereto.

"NGrid" means New England Power Company d/b/a National Grid.

"No Harm Principle" has the meaning given in Section 13(c).

"Non−Breaching Party" means the Party as to whom an Event of Default has not occurred.

"Non−Managed Claim" means any Claim for which CLPis entitled to indemnification by UI under the Transaction Documents that is not a Managed Claim.

"No Transfer Notice" has the meaning given in Section 13(d).

"NPCC" means the Northeast Power Coordinating Council and any successor thereto.

"NUSCO" means Northeast Utilities Service Company, a Connecticut corporation.

"OM" has the meaning given in Section 7(a).

"OMAgreement" has the meaning given in Section 7(a).

"Offsite Disposal Facility" means a location, other than the location of any asset comprising all or any part of any Group of Purchased UI Assets, that receives or received Hazardous Materials for storage and/or disposal by or on behalf of CLPprior to the Closing Date or by or on behalf of UI on or after the Closing Date.

"Operating Authority" means that authority vested in ISO−NE pursuant to the TOA.

"Operating Requirements" has the meaning given in the Recitals of the Asset Demarcation Agreement.

"Order" means any order, consent order, judgment, writ, injunction, decree, decision, directive or award of a court, administrative judge or other Relevant Authority acting in an adjudicative or regulatory capacity, or of an arbitrator with jurisdiction over the subject matter.

"Owner" has the meaning given in Section 1.1 of the OMAgreement.

"Ownership Demarcation Point" has the meaning given in Section 1 of the Asset Demarcation Agreement.

"Parent" means UIL Holdings Corporation.

"Partially Assigned Contract" has the meaning given in Section 1(b) of the Assignment and Assumption Agreement.

"Participating Transmission Owners" means those transmission owners who have executed the TOA with ISO−NE with the consent and approval of ISO−NE.

"Party" and "Parties" have the meaning given in the introductory paragraph of this Agreement.

"Pending Proceeding" means any Claim or Proceeding that exists with respect to a Connecticut NEEWS Project before the Closing relating to the applicable Group of Purchased UI Assets.

"Person" means a natural person, a corporation, a partnership, a limited liability company, a limited liability partnership, or any other entity.

"Plan" has the meaning given in Section 1 of the Asset Demarcation Agreement.

"Proceeding" means (a) any action, cause of action, and/or proceeding of whatever form including any writ, filing, hearing, complaint, lawsuit, litigation, mediation, arbitration, regulatory proceeding, investigation, petition for relief, appeal, injunction, declaratory action, and/or any process that has any effect similar to any of the foregoing; and (b) without limiting the generality of clause (a) of this definition, any process that involves the enforcement and/or declaration of any right, benefit and/or entitlement, seeks the relief from, and/or imposition of, any Liability of whatever nature, and/or requests any decision, authorization and/or other action from a Person other than a Party, whether or not a Relevant Authority.

"Project Rights" has the meaning given in Section 1(a) of the Assignment and Assumption Agreement.

"Property Tax Agreement" has the meaning given in Paragraph E.1(d) of the Purchase and Sale Terms.

"Property Unit" means a unit established by CLPfor the purpose of, among other things, accounting for and/or otherwise allocating Cost associated with an identifiable asset or group of similarly situated assets, as reflected on the books of CLPas maintained in the ordinary course of CL&P's business.

" PTF" means pool transmission facilities that are owned by Participating Transmission Owners, over which ISO−NE has Operating Authority in accordance with the terms of the TOA.

"Purchase and Sale Terms" has the meaning given in Section 3(o)(iv).

"Purchaser" has the meaning given in Paragraph H.1(a) of the Purchase and Sale Terms.

"Put Closing" has the meaning given in Paragraph I.2(b) of the Purchase and Sale Terms.

"Readiness for Energization" means, with respect to each Component of each Connecticut NEEWS Project, the date upon which such Component has been checked for proper operation, and is otherwise ready to the satisfaction of CLPfor commencement of initial energization testing of such Component by CONVEX or CL&P's testing contractor to determine the electrical and mechanical functionality of such Component, as determined by CL&P, in its sole and exclusive discretion, exercised in good faith.

"Records" has the meaning given in Section 14(a).

"Regulatory Proceeding" has the meaning given in Section 1.1 of the OMAgreement.

"Release" means any actual, threatened or alleged spilling, leaking, pumping, pouring, emitting, dispersing, emptying, discharging, injecting, escaping, leaching, dumping, or disposing of any Hazardous Materials into the Environment that may cause an Environmental Liability (including the disposal or abandonment of barrels, containers, tanks or other receptacles containing or previously containing any Hazardous Materials).

"Relevant Authorities" means any and all governmental, quasi−governmental and/or regulatory authorities or any Person, including siting and other permitting authorities having jurisdiction over any or all of the Connecticut NEEWS Projects, and/or over the Parties or their respective Affiliates, including FERC, NERC, NPCC, ISO−NE, CONVEX, CEAB and DPUC.

"Relevant Rights" has the meaning given in Section 1(h) of the Assignment and Assumption Agreement.

"Remediation" means any or all of the following activities to the extent required to address the presence or Release of Hazardous Materials: (a) monitoring, investigation, assessment, treatment, cleanup containment, removal, mitigation, response or restoration work as well as obtaining any permits, consents, approvals or authorizations of any Relevant Authority necessary to conduct any such activity; (b) preparing and implementing any plans or studies for any such activity; (c) obtaining a written notice (or an oral notice that is appropriately documented or memorialized) from a Relevant Authority with competent jurisdiction under Environmental Law or a written opinion of a Licensed Environmental Professional (as defined in Connecticut General Statutes § 22a−133v), as contemplated by the relevant Environmental Law and in lieu of a written notice from a Relevant Authority, that no material additional work is required; and (d) any other activities reasonably determined by a Party to be necessary, appropriate or required under Environmental Law.

"Repurchase Closing" has the meaning given in Paragraph I.2(a) of the Purchase and Sale Terms.

"Required Credit Rating" means a Credit Rating equivalent to the Credit Rating of UI as of the Effective Date.

"Reserved Ancillary Rights" has the meaning given in Section 2(d) of the Bill of Sale.

"Reserved Rights" has the meaning given in Section 2(a) of the Bill of Sale.

"Retained Rights" has the meaning given in Section 1(a) of the Assignment and Assumption Agreement.

"Right of First Refusal" has the meaning given in Paragraph I.1(c) of the Purchase and Sale Terms.

"SP" means Standard and Poor's Rating Group (a division of McGraw−Hill, Inc.).

"Seller" has the meaning given in the introductory paragraph of the Bill of Sale.

"Sequential Approvals" has the meaning given in Section 13(b).

"Shared Contract" has the meaning given in Paragraph A of the Purchase and Sale Terms.

"Shared Structure" means any transmission or other structure installed as part of a Connecticut NEEWS Project that has or will have electric transmission and/or distribution facilities of CLPattached to it that were not installed as part of, and/or otherwise not included in the Cost associated with, such Connecticut NEEWS Project.

"Step−In Agreement" has the meaning given in Section 7(d).

"Tax" or "Taxes" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, franchise, profits, withholding, real property, personal property, sales, use, transfer, conveyance, registration, value added, alternative or add−on minimum, estimated, or other tax, fees and other charges of any Relevant Authority of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Term" has the meaning given in Section 2.1 of the License Agreement.

"Third Party" means any Person other than the Parties or any of their respective Affiliates.

"Third Party Rights & Encumbrances" has the meaning given in Section 4.5 of the License Agreement.

"TOA" means that certain Transmission Operating Agreement dated February 1, 2005 between ISO−NE and the Participating Transmission Owners (as amended from time to time) on file with FERC or any successor document thereto.

"Transaction" has the meaning given in the Recitals of this Agreement.

"Transaction Assets" has the meaning given in Paragraph H.1(a) of the Purchase and Sale Terms.

"Transaction Documents" means the Associated Agreements, the OMAgreement and the Step−In Agreement.

"Transaction Event of Default" has the meaning given in Paragraph I.2(a) of the Purchase and Sale Terms.

"Transfer" means, whether used in noun or verb form, a transaction, other than a Change of Control of Parent or UI, by which UI directly or indirectly (through an equity sale, merger or other means) sells, assigns, conveys, delegates or otherwise transfers all or any portion of its rights, obligations and/or other interests in the referenced agreement, property and/or other asset (including the proceeds thereof), including (a) a sale, assignment, license, lease, transfer, gift, or exchange, (b) as a result of the exercise of rights by any Person other than a Party under any pledge, encumbrance, hypothecation, and/or mortgage granted by UI and/or Parent, (c) any involuntary or voluntary transfer to a bankruptcy estate, receiver or similar person acting for the benefit of creditors, or (d) any other disposition whatsoever (including any transaction that could result in the functional equivalent of any of the foregoing), or an agreement or requirement to do any of the foregoing.

"Transferable Permits" has the meaning given in Paragraph A of the Purchase and Sale Terms.

"Transmission Facilities" has the meaning given in Section 1.1 of the OMAgreement.

"UI" has the meaning given in the introductory paragraph of this Agreement.

"UI Assets" means the UI Central Connecticut Project Assets, the UI Connecticut GSRP Project Assets and the UI Connecticut Interstate Project Assets.

"UI Asset List" has the meaning given in Section 3(o)(i).

"UI Central Connecticut Project Assets" means those assets comprising, in part, the Central Connecticut Project that are to be owned or become owned by UI (as the context may require) as determined in accordance with Section 3(o).

"UI Connecticut GSRP Project Assets" means those assets comprising, in part, the Connecticut GSRP Project that are to be owned or become owned by UI (as the context may require) as determined in accordance with Section 3(o) and Exhibit B.

"UI Connecticut Interstate Project Assets" means those assets comprising, in part, the Connecticut Interstate Project that are to be owned or become owned by UI (as the context may require) in accordance with Section 3(o).

"UI Facilities" has the meaning given in Section 1 of the Asset Demarcation Agreement.

"UI Investments" has the meaning given in Section 3(a).

"UI Investment Approvals" has the meaning given in Section 13(a)(i)(A).

"UI Investment Line" has the meaning given in Section 3(b).

"UI Notice" has the meaning given in Paragraph I.1(b) of the Purchase and Sale Terms.

"UI's One Time Catch−Up Investment Right" has the meaning given in Section 3(i)(i).

"UI Put Option" has the meaning given in Paragraph I.2(b) of the Purchase and Sale Terms.

"UI's Regulatory Approvals" means the UI Investment Approvals and the UI Transfer Approvals.

"UI Transfer Approvals" has the meaning given in Section 13(b)(i)(A).

(b) Interpretation.

(i) Construction. Insofar as reasonable, all terms and conditions of the Associated Agreements shall be construed and interpreted consistently.

(ii) References. Reference to a given section, exhibit, schedule or attachment is reference to a section, exhibit, schedule or attachment of this Agreement, unless otherwise specified. The terms "hereof," "herein," "hereto," "hereunder" and "herewith" refer to this Agreement as a whole.

(iii) Number. As used in the Associated Agreements, all singular terms shall include the plural and vice versa as the context may require.

(iv) General Interpretation. Except where otherwise expressly provided or unless the context otherwise necessarily requires, in the Associated Agreements: (A) reference to a given Law or tariff shall mean such Law or tariff in effect as amended or modified as of the Effective Date, or on the date on which the reference is made, or performance and/or compliance

is required; (B) reference to a given agreement or instrument is a reference to that agreement or instrument as originally executed, and as modified, amended, supplemented and restated through the date as of which reference is made to that agreement or instrument or performance is required under that agreement or instrument; (C) "include(s)," "including" or any other variant thereof means "include(s), without limitation" or "including, without limitation," or any other variant thereof as the context requires; (D) the phrase "and/or" shall be deemed to mean the words both preceding and following such phrase, or either of them; (E) reference to a Person includes its heirs, executors, administrators, successors and permitted assigns; and (F) any pronoun includes the corresponding masculine, feminine and/or neuter forms as the context may require. The words "will" and "shall" are used interchangeably throughout the Associated Agreements; the use of either connotes a mandatory requirement; and the use of one or the other will not mean a different degree of right or obligation for either Party. The headings and captions for the articles, sections, subsections, paragraphs and subparagraphs contained in the Associated Agreements have been inserted for convenience only and form no part of the Associated Agreements and shall not be deemed to affect the meaning or construction of any of the covenants, agreements, terms or conditions of the Associated Agreements.

(v)
Days. Unless otherwise indicated, whenever the Associated Agreements refer to a number of days, such number shall refer to calendar days. If any deadline calculated in accordance with the provisions of the Associated Agreements falls on a day that is not a Business Day, such deadline shall be extended automatically to the next Business Day.

(vi)
Non−waiver. Failure of a Party to exercise any of its rights under any Associated Agreement will not excuse the other Party from compliance with the terms and conditions of the Associated Agreements, nor constitute a waiver of, or otherwise prejudice any rights or remedies of the Party possessing such rights. No waiver by either Party of any rights or remedies under any Associated Agreement shall constitute a subsequent waiver of the same rights or remedies, except to the extent the original waiver so provides. All waivers of rights and/or obligations under the Transaction Documents must be in writing, and executed and delivered by the Party to be bound thereby.

(vii)
Writing. All notices, demands, directions, approvals, requests, acknowledgements, consents, authorizations, permission, invoices and/or other communications required or permitted to be given hereunder or under any of the other Associated Agreements from either Party shall be in writing and delivered to the other Party in accordance with Section 23(b).

(viii)
Participation. The Parties acknowledge that (A) they are of equal bargaining strength and have jointly participated in the preparation of the Associated Agreements; and (B) any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in the interpretation of all or any portion of the Associated Agreements, or to any amendment to any of the Associated Agreements.

2.
NUSCO. Any and all rights and/or obligations of CLPunder the Associated Agreements may be exercised and/or performed by NUSCO or any other Affiliate of CLP

acting as agent for CL&P.

3.
UI Investments.

(a)
UI Investments/Asset Ownership. UI shall have the right, but not the obligation, to invest in each of the Connecticut NEEWS Projects on the terms and conditions set forth in the Transaction Documents. Subject to the terms and conditions of the Transaction Documents, any and all such investments made by UI (herein referred to as "UI Investments") shall be made by wire transfer, in accordance with applicable wire instructions provided by CLPto UI pursuant to Section 23(b). UI Investments will entitle UI:

(i)
to receive the payments specified in Section 3(n); and

(ii)
subsequently,

(A)
to acquire the UI Assets on the Business Day immediately prior to Commercial Operation of each of such assets, subject to the terms and conditions set forth in the Transaction Documents and as more particularly set forth in Section 3(o) and Exhibit B attached hereto and made a part hereof (as applicable); or

(B)
to receive the payments provided for in Section 4.

(b)
UI Investment Line. The term "UI Investment Line" shall mean the following formula used to determine UI's maximum aggregate investment rights under this Agreement (based upon the aggregate Cost of all Connecticut NEEWS Projects through the applicable determination date) beginning when the first Connecticut NEEWS Project is deemed by CLPto have achieved Commercial Operation in accordance with Section 3(m)(ii)(A)(II):

Aggregate Cost of all Connecticut NEEWS Projects:	Maximum Aggregate UI Investment Rights:
(i) Less than or equal to $147,000,000.00	$25,000,000.00
(ii) $147,000,000.01 to $350,000,000.00	$25,000,000.00 *plus* ((20/203)*(aggregate Cost of the Connecticut NEEWS Projects in excess of $147,000,000.00))
(iii) $350,000,000.01 to $398,000,000.00	$45,000,000.00

(iv) $398,000,000.01 to $650,000,000.00	$45,000,000.00 *plus* ((15/252)*(aggregate Cost of the Connecticut NEEWS Projects in excess of $398,000,000.00))
(v) $650,000,000.01 to $711,000,000.00	$60,000,000.00
(vi) $711,000,000.01 or greater	8.4% of aggregate Cost of the Connecticut NEEWS Projects

The UI Investment Line is graphically depicted on Exhibit A attached hereto and made a part hereof. In the event of any conflict between the immediately above table and Exhibit A, the provisions of the immediately above table shall control. The UI Investment Line is subject to being lowered in accordance with Section 3(e). Aggregate UI Investments shall not exceed under any circumstances the applicable amount on the UI Investment Line (as lowered, if at all, pursuant to Section 3(e)). In the event that aggregate UI Investments exceed the applicable amount on the UI Investment Line for whatever reason, CLPshall promptly refund such excess to UI, without any payment under Section 3(n) in respect of such excess amounts and without interest.

(c) Pre−Commercial Operation UI Investment Rights. Subject to the terms and conditions of the Transaction Documents, UI shall have the right, but not the obligation, to invest in each of the Connecticut NEEWS Projects in accordance with the provisions set forth below in this Section 3(c) and in Sections 3(d) through 3(m) and 3(o). UI Investments shall be allocated among the Connecticut NEEWS Projects in accordance with this Section 3(c) and with Sections 3(d), 3(h), 3(m) and 3(o).

(i) Initial Investment. Subject to each Party's right to terminate this Agreement in accordance with Section 13(a), the UI Investment in connection with UI's initial investment opportunity shall be due and payable within thirty (30) days after UI's receipt of the initial Investment Notice; *provided*, that such initial Investment Notice shall not be given until after the satisfaction or waiver of all of the conditions precedent set forth in Section 13(a). The amount of the required initial UI Investment shall be an aggregate amount equal to 8.4% of the aggregate Cost of all of the Connecticut NEEWS Projects incurred through and including the end of the then most recently ended calendar quarter. The initial Investment Notice shall set forth a detailed summary of such Cost (itemized per project) and CL&P's calculation of the amount of the required initial UI Investment under this Section 3(c)(i). If UI does not make the entire required initial UI Investment within the time period specified above in this Section 3(c)(i), then

this Agreement shall automatically terminate and UI shall have no investment rights or other rights under the Transaction Documents.

(ii) Quarterly UI Investments Before First Commercial Operation. Subject to the provisions of Sections 3(d) and 3(i), UI Investments subsequent to the initial UI Investment shall be made quarterly beginning with the first calendar quarter after the initial Investment Notice is issued and shall be due and payable on or before the date that is the later to occur of (A) sixty (60) days after the end of each calendar quarter, or (B) thirty (30) days after UI's receipt of the applicable quarterly Investment Notice. Until the first Connecticut NEEWS Project is deemed by CLPto have achieved Commercial Operation, the maximum amount of each quarterly UI Investment shall be an aggregate amount equal to 8.4% of the aggregate Cost of all of the Connecticut NEEWS Projects incurred during the then most recently ended calendar quarter.

(d) Buy−Up Rights. As more particularly described in Section 3(m), if and when each Connecticut NEEWS Project is deemed by CLPto have achieved Commercial Operation, UI has the right, but not the obligation, to exercise Buy−Up Rights by making an additional UI Investment in an amount (or any portion thereof) that will cause total UI Investments through such time to equal the maximum aggregate UI investment right as determined pursuant to the UI Investment Line (as lowered, if at all, pursuant to Section 3(e)). Notwithstanding anything to the contrary in this Agreement regarding pro−ration of UI Investments, UI Investments made in the exercise of UI's Buy−Up Rights shall be allocated as follows:

(i) When the first Connecticut NEEWS Project is deemed by CLPto have achieved Commercial Operation, if UI elects to exercise all or any portion of its then−applicable Buy−Up Rights, the total amount of UI Investments made in the exercise of such Buy−Up Rights shall be allocated first to such first Connecticut NEEWS Project deemed by CLPto have achieved Commercial Operation to increase total UI Investments in such project to the greater of (A) Twenty−Five Million Dollars ($25,000,000.00) or (B) 8.4% of the Cost of such project (as determined in accordance with Section 3(m)(ii)(B)(I)). Any remaining amount of UI Investments made in the exercise of such Buy−Up Rights shall be allocated to, and pro−rated between, the other two (2) Connecticut NEEWS Projects based on CL&P's good faith estimate of the relative remaining Cost of each such Project;

(ii) When the second Connecticut NEEWS Project is deemed by CLPto have achieved Commercial Operation, if UI elects to exercise all or any portion of its then−applicable Buy−Up Rights, the total amount of UI Investments made in the exercise of such Buy−Up Rights at that time shall be allocated to such second Connecticut NEEWS Project deemed by CLPto have achieved Commercial Operation to increase total UI Investments in such project to the greater of (A) Twenty Million Dollars ($20,000,000.00) or (B) 8.4% of the Cost of such project (as determined in accordance with Section 3(m)(ii)(B)(I)). Any remaining amount of UI Investments made in the exercise of such Buy−Up Rights shall be allocated to the Connecticut NEEWS Project that has not been deemed by CLPto have achieved Commercial Operation; and

(iii) When the third Connecticut NEEWS Project is deemed by CLPto have achieved Commercial Operation, if UI elects to exercise all or any portion of its then−applicable Buy−Up Rights, all UI Investments made in the exercise of such Buy−Up Rights at that time shall be allocated to such third Connecticut NEEWS Project deemed by CLPto have achieved Commercial Operation.

(e) Lowering of UI Investment Line. To the extent UI does not exercise, in whole or in part, any Buy−Up Rights to increase UI Investments to the applicable maximum amount determined pursuant to the UI Investment Line when each Connecticut NEEWS Project is deemed by CLPto have achieved Commercial Operation in accordance with applicable requirements of Section 3(m), the maximum aggregate UI investment right determined pursuant to the UI Investment Line shall be permanently lowered by an amount equal to such foregone amount.

(f) Subsequent Quarterly UI Investments. Beginning with the first quarter after the first Connecticut NEEWS Project is deemed by CLPto have achieved Commercial Operation, the maximum amount of each quarterly UI Investment shall be the amount, if any, necessary to keep the total amount of UI Investments to date equal to the maximum aggregate UI investment right determined pursuant to the UI Investment Line (as lowered, if at all, pursuant to Section 3(e)); *provided* that, in calculating such maximum quarterly UI Investment, the following shall not be taken into account:

(i) UI previously having made less than the maximum quarterly UI Investment; and

(ii) UI having deferred making any UI Investment pursuant to UI's One Time Catch−Up Investment Right.

Each such quarterly UI Investment made under this Section 3(f) shall be due and payable in accordance with the first sentence of Section 3(c)(ii). After a Connecticut NEEWS Project shall be deemed by CLPto have achieved Commercial Operation, UI shall have no further opportunity to invest in such Connecticut NEEWS Project other than through exercise of UI's Buy−Up Rights in accordance with Section 3(m)(ii)(B) and, as applicable, the adjustment under Section 3(k).

(g) Minimum Quarterly UI Investments. Subject to UI's One Time Catch−Up Investment Right, the required minimum amount of each quarterly UI Investment shall be an amount equal to eighty percent (80%) of the applicable maximum quarterly UI Investment under Section 3(c)(ii) or under Section 3(f), as applicable.

(h) Cost Summary. The Investment Notice for each of UI's quarterly investment opportunities under Section 3(c)(ii) or under Section 3(f), as applicable, shall set forth a detailed summary of (i) the aggregate Cost of all of the Connecticut NEEWS Projects that have not been deemed by CLPto have achieved Commercial Operation (itemized per project) incurred through and including the end of the applicable calendar quarter, and (ii) CL&P's calculation of

the maximum and minimum amounts of UI's applicable quarterly investment opportunity. Each quarterly UI Investment shall be pro−rated (or allocated, as applicable) pursuant to Section 3(m)(i).

(i) UI's One Time Catch−Up Investment Right/Termination of Further Investment Rights.

(i) For any one (1) quarterly period for which UI is to make a quarterly UI Investment, UI may defer making all or any portion of such quarterly UI Investment to the earlier to occur thereunder of (A) the date when the quarterly UI Investment for the immediately succeeding quarter is due and payable, and (B) the date on which a UI Investment is made in the exercise of any Buy−Up Rights (such one time right being herein referred to as "UI's One Time Catch−Up Investment Right"). For purposes of this Agreement, any and all references in this Agreement to UI's failure to make the minimum required quarterly UI Investment shall mean that UI has failed to make the minimum quarterly investment and subsequently has failed to exercise UI's One Time Catch−Up Investment Right (if available) to invest such required minimum.

(ii) If the amount of any quarterly UI Investment does not equal or exceed the minimum required quarterly investment for such calendar quarter as specified in Section 3(g), then, subject to UI's One Time Catch−Up Investment Right (if available), UI shall have no further investment rights (including Buy−Up Rights) under this Agreement. If UI has no further investment rights under this Agreement as a result of UI's failure to make the minimum required quarterly UI Investment, UI's rights to acquire UI Assets shall nonetheless continue thereafter, with the amount of UI Assets to be acquired by UI determined as provided in Sections 3(m) and 3(o) and, to the extent applicable, Exhibit B (based on the total UI Investments as of the date of such failure).

(j) Investment Notices. Pursuant to Sections 3(c)(i), 3(c)(ii) and 3(f), CLPshall deliver to UI (written) notice (each, as well as the notice of Buy−Up Rights pursuant to Section 3(m)(ii)(B), an "Investment Notice") of each investment opportunity available to UI under Sections 3(c)(i), 3(c)(ii) and 3(f) as follows: (i) with respect to the initial Investment Notice under Section 3(c)(i), within twenty (20) days after satisfaction of the conditions precedent set forth in Section 13(a); and (ii) with respect to each quarterly Investment Notice under Section 3(c)(ii) or under Section 3(f), within thirty (30) days after the end of each calendar quarter. CLPshall provide Investment Notices with respect to UI's Buy−Up Rights pursuant to Section 3(m)(ii)(B)(I).

(k) Adjustments. Subject to the provisions of this Section 3(k), CLPmay, in good faith, adjust Cost previously used in calculating any of UI's investment opportunities. Any adjustments made by CLPto Cost previously used in calculating UI's investment opportunities shall be reflected in the next UI investment opportunity after each such adjustment and, if the adjusted amount exceeds the sum of Five Hundred Thousand Dollars ($500,000.00), explained in reasonable detail in the next Investment Notice issued after CLPmakes such adjustment. When CL&P, in good faith, expects that the next Component that is to be transferred to UI is to

be the last Component of the last Connecticut NEEWS Project deemed by CLPto have achieved Commercial Operation to be transferred to UI, CLPshall make a final determination of Cost (of all of the Connecticut NEEWS Projects), which determination shall be based upon actual Cost (of all of the Connecticut NEEWS Projects) to such date, as reasonably determined by CL&P, and CL&P's good faith estimate of all future Cost (of all of the Connecticut NEEWS Projects). UI's investment rights shall be subject to one final good faith adjustment pursuant to such final determination of Cost, which adjustment shall be made at least sixty (60) days before the date CL&P, in good faith, expects such Component to achieve Commercial Operation. Any additional UI Investment or any refund by CLPof any previous UI Investment resulting from such adjustment shall be made within thirty (30) days after CL&P's final Cost determination (and sooner in the case of an additional UI Investment, to the extent such last Component is expected by CL&P, in its good faith business judgment, to sooner achieve Commercial Operation). No Component previously transferred by CLPto UI shall be reconveyed by UI to CLPas a result of any such good faith adjustment.

(l) Substitute Projects. Regarding UI Investments in any of the substitute projects described in the definitions of each of the Connecticut NEEWS Projects in Section 1(a), if CLPexpects in good faith that less than fifty percent (50%) of the Cost of any such substitute project will be recovered through regional rates, the Cost of only that portion of such substitute project(s) with respect to which CLPin good faith expects to recover Cost through regional rates shall be considered for purposes of UI investment rights under this Agreement.

(m) Allocation; Mechanics Re: Buy−Up Rights; Adjustment of Investment Rate.

(i) Quarterly UI Investments made pursuant to Section 3(c)(ii) shall be pro−rated among the Connecticut NEEWS Projects in proportion to the Cost of each Connecticut NEEWS Project incurred during the period for which the UI Investment was made. Quarterly UI Investments made pursuant to Section 3(f) shall be pro−rated (or, after two (2) Connecticut NEEWS Projects have been deemed by CLPto have achieved Commercial Operation, allocated) in the same manner, but excluding the Cost of any Connecticut NEEWS Project deemed by CLPto have achieved Commercial Operation. For the avoidance of doubt, UI shall not have the right to allocate the UI Investment made pursuant to UI's One Time Catch−Up Investment Right under Section 3(i)(i) to any specified Connecticut NEEWS Project(s); instead, such UI Investment shall be allocated in accordance with the applicable allocation at the time such UI Investment is made.

(ii)

(A)

(I) As and when each Component of each Connecticut NEEWS Project, all of which is to be transferred to UI in accordance with Section 3(o) and, to the extent applicable, Exhibit B, achieves Commercial Operation, CLPshall transfer all of each such Component to UI, effective as of the Business Day immediately prior to the date upon which such Component achieves Commercial Operation, with a Cost (both actual Cost incurred to date as reasonably determined by CLPand projected future Cost to be incurred for such Component, as determined in good faith by CL&P) as of the date on which CLPnotifies UI that such Component is expected by CL&P, in its good faith business judgment, to achieve Commercial Operation (pursuant to Section 3(o)(i)) equal to the amount of the UI Investment

allocated to such project pursuant to Section 3(m)(i) and such Component pursuant to Section 3(o)(i), each as of the date of such notice. CLPshall allocate Cost to Components per CL&P's standard methodology for allocating Cost as of the date of such notice.

(II)

Once CLPnotifies UI, in accordance with Section 3(o)(i), that the first Component of a Connecticut NEEWS Project is to be transferred to UI pursuant to the applicable provisions of the Transaction Documents, is expected by CLPin its good faith business judgment to achieve Commercial Operation, CLPshall determine, in its good faith business judgment, whether all or substantially all of the Connecticut NEEWS Project of which the applicable Component is a part is likely to achieve Commercial Operation. If and when CLPmakes the determination in its good faith business judgment that all or substantially all of such Connecticut NEEWS Project is likely to achieve Commercial Operation, which determination may be made at any time from and after the notification referred to above in this Section 3(m)(ii)(A)(II), then, for purposes of this Agreement, such Connecticut NEEWS Project shall be "deemed by CLPto have achieved Commercial Operation" and CLPshall provide UI with an Investment Notice for Buy−Up Rights pursuant to Section 3(m)(ii)(B)(I).

(B)

(I)

CLPshall provide UI with an Investment Notice detailing UI's Buy−Up Rights within thirty (30) days after the date that each Connecticut NEEWS Project is deemed by CLPto have achieved Commercial Operation, if at all. For the first Connecticut NEEWS Project deemed by CLPto have achieved Commercial Operation, such Investment Notice shall provide a detailed summary of the then−present aggregate Cost of all of the Connecticut NEEWS Projects (itemized per project) as of the date of notice, as reasonably determined by CL&P, together with CL&P's good faith projection of what such aggregate Costs will be at the time CL&P, in good faith, expects the first Connecticut NEEWS Project to achieve Commercial Operation in its entirety. Such Investment Notice shall contain the allocation of UI's Buy−Up Rights pursuant to Section 3(d)(i) (assuming full investment by UI) based on actual and projected Cost determined by CLPas provided immediately above. Upon receipt by UI of any such Investment Notice, UI shall have the right, but not the obligation, to exercise its Buy−Up Rights pursuant to Section 3(d)(i). Within thirty (30) days after the date of UI's receipt of such Investment Notice from CL&P, UI shall provide CLPwith (written) notice of UI's intention to exercise all or any portion of its Buy−Up Rights and the amount of Buy−Up Rights that UI intends to exercise. If UI elects to exercise all or any portion of such Buy−Up Rights, UI shall fund UI Investments made in the exercise of UI's Buy−Up Rights (which shall be allocated pursuant to Section 3(d)(i)) within sixty (60) days after UI's receipt of such Investment Notice from CLP(or within any longer period as may be specified in such Investment Notice) (and sooner, to the extent any Component of such Project to be transferred to UI as a result of UI's exercise of applicable Buy−Up Rights is expected by CLPin its good faith business judgment, to sooner achieve Commercial Operation and be transferred to UI). UI shall then have no further opportunity to invest in such Connecticut NEEWS Project.

(II)

As more fully described in Section 3(m)(ii)(A)(I), one (1) Business Day prior to the date of Commercial Operation of each Component of each Connecticut NEEWS Project all of which Component is to be transferred to UI pursuant to the applicable provisions of the Associated Agreements, CLPshall transfer to UI all of the assets comprising

such Component, *provided* that the Cost of all such assets (together with the Cost of all UI Assets previously transferred to UI with respect to such Connecticut NEEWS Project) is equal to or less than the amount of total UI Investments allocated to the Connecticut NEEWS Project of which the Component is a part as of the date of transfer. (See Section 3(o) and Exhibit B for additional details on designation of UI Assets.) If the UI Investments that have been allocated to the Connecticut NEEWS Project of which such Component is a part, and that have not yet been converted to assets transferred to UI are less than the Cost of the assets of such Component available for transfer pursuant to this Section 3(m)(ii)(B)(II) and Section 3(o)(i), CLPshall not transfer such Component to UI, and such UI Investments shall be subject to Section 3(o)(iii).

(III)
Such process shall be repeated for the second and third Connecticut NEEWS Projects deemed by CLPto have achieved Commercial Operation to effect UI's applicable Buy−Up Rights in connection with such projects being deemed by CLPto have achieved Commercial Operation.

(iii)
Section 3(o) and Exhibit B (as applicable) include the methodology for determining the actual assets to be transferred to UI as contemplated by this Section 3(m), and Section 3(o) and the Purchase and Sale Terms include the terms and conditions of such transfers. Cost calculation for any and all matters that are not finally determined with respect to each UI Investment at the time of notice of the applicable UI investment opportunity, including matters relating to accounting, including regulatory accounting, regulatory cost allowance and pending or threatened Claims, shall be made by CLPin its good faith business judgment.

(n)
Payments to UI Re: UI Investments During Development. Unless and until UI receives a transfer of UI Assets in respect of UI Investments, any and all UI Investments shall be considered deposits made by UI to CLPfor the contingent purchase of applicable Connecticut NEEWS Project assets. CLPshall be entitled to use such deposited amounts without restriction and without an accounting to UI. Until the earliest to occur of (i) Commercial Operation and transfer to UI of a Component of the Connecticut NEEWS Project(s) to which the applicable UI Investments are allocated, (ii) transfer contemplated by Section 4(b)(ii), (iii) transfer of a portion of the Connecticut NEEWS Project(s) to which the applicable UI Investments are allocated (but only as to amounts paid to UI under Section 4(b)(iii)), (iv) termination of Development of the Connecticut NEEWS Project(s) to which the applicable UI Investments are allocated and (v) refund of UI Investments pursuant to Section 3(o)(i), (ii) and/or (iii) (but only as to such refunded amounts), CLPshall pay to UI an amount equal to the Deposit Rate with respect to such UI Investments from the date of CL&P's receipt of such deposit. Such payments shall be made by CLPto UI on a quarterly basis, within sixty (60) days after the end of each calendar quarter, commencing with the calendar quarter ending after the date of UI's funding of the initial UI Investment in accordance with Section 3(c)(i). Schedule A to this Agreement sets forth a more detailed description of the calculation of and timing of the payments to be made by CLPto UI with respect to the UI Investments during Development of the Connecticut NEEWS Projects under this Section 3(n).

(o) Mechanics of Transfer of UI Assets.

(i) Subject to each Party's right to terminate this Agreement in accordance with the provisions of Sections 13 and 17, and subject to the satisfaction or waiver of the conditions precedent to the transfer of the UI Assets by CLPto UI set forth in Section 13(b), CLPshall transfer Components of Connecticut NEEWS Projects to UI in accordance with Section 3(m)(ii)(A)(I), this Section 3(o) and Exhibit B, as applicable. No later than sixty (60) days prior to the date that a Component to be transferred to UI is expected by CL&P, in its good faith business judgment, to achieve Commercial Operation, CLPshall provide UI with (written) notice of such fact, and shall provide UI with a detailed summary of the Cost (then−present Cost, as reasonably determined by CL&P, and projected future Cost, as determined in good faith by CL&P) of such Component as of such date; *provided* that, with respect to each of the Central Connecticut Project and the Connecticut Interstate Project, at least thirty (30) days prior to the date that CLPreasonably expects to file an application with the applicable siting authority for such projects, CLPshall provide UI with a list of potential UI Assets within each Component with respect to such projects (the "UI Asset List"). For each such project, the UI Asset List shall: (i) include potential UI Assets, the projected value of which shall be at least two (2) times the maximum value of the UI Investment in that particular project, as projected by CLPin good faith (taking into account Buy−Up Rights projected by CLPin good faith); and (ii) exclude the following categories of assets: (A) substations; (B) overhead electric transmission lines within one (1) pole span from any substation; (C) unless and until UI is permitted by Law to locate electric transmission facilities in the public right of way outside of UI's service territory, any electric transmission lines that run longitudinally along, or cross the public right of way; and (D) unless otherwise mutually agreed, any Shared Structures. Within forty−five (45) days after receipt by UI of any UI Asset List, UI shall provide to CLP(written) notice of those assets from such UI Asset List eligible to be transferred to UI for such project, prioritized by Component in a manner substantially similar to the prioritization set forth in Exhibit B. UI shall select assets valued by CLPat least one and one−half (1½) times CL&P's good faith projection of maximum value of assets to be transferred to UI (taking into account Buy−Up Rights projected by CLPin good faith), with UI's selections to be subject to transfer in sequential order until the Cost of Components in the applicable project transferred to UI equal the required value based on UI Investments allocated to such project, subject to the provisions of the last sentence of Section 3(m)(ii)(B)(II). UI must select all portions of each Component offered by CLPbefore selecting the Components that are lower on the list of potential UI Assets presented by CLPto UI. If the (aggregate) Cost of assets selected and prioritized by UI in accordance with this Section 3(o) are, for any reason, less than the aggregate amount of the UI Investment allocated to the applicable project, then CLPshall apply the following order of priority for allocating additional assets for transfer to UI that have a total value equal to such shortfall:

(A) *first*, the remaining Components on the UI Asset List for such project, but only those Components that have not yet achieved Commercial Operation;

(B) *second*, other assets (excluding substations, overhead electric transmission lines within one (1) pole span from any substation, electric transmission lines that

run longitudinally along or cross the public right of way (unless and until UI is permitted by Law to locate any electric transmission facilities in the public right of way outside of UI's service territory) and, unless otherwise mutually agreed, any Shared Structures) constituting a Component of such project that has not yet achieved Commercial Operation; and

(C) *third*, assets (excluding substations, overhead electric transmission lines within one (1) pole span from any substation and electric transmission lines that run longitudinally along or cross the public right of way (unless and until UI is permitted by Law to locate electric transmission facilities in the public right of way outside of UI's service territory) and, unless otherwise mutually agreed, any Shared Structures) constituting a Component of another Connecticut NEEWS Project that has not yet achieved Commercial Operation (in which case, such assets shall be transferred in connection with the Commercial Operation of the Component containing such assets);

provided that if CL&P, in good faith, determines that such additional assets, if any, fail to fully satisfy such shortfall, then the provisions of Section 3(o)(iii) shall apply, unless the last Group of Purchased UI Assets has been transferred to UI, in which case CLPshall refund to UI such shortfall amount within forty−five (45) days after such determination. Any allocations made pursuant to the provisions in paragraphs (A), (B) and (C) immediately above shall be taken into account for purposes of pro−rating future UI Investments.

(ii) If any final adjustment to UI investment rights made in accordance with Section 3(k) results in UI making an additional UI Investment, and as a result, the UI Investments allocated to the last Component of the last Connecticut NEEWS Project to achieve Commercial Operation exceed the Cost of such Component, then such excess portion of such additional UI Investment shall be allocated in the sequential order to the next available Component on the applicable UI Asset List in accordance with Section 3(o)(i); *provided* that if the UI Investment so allocated in sequential order is less than the Cost of the next available Component, then such next available Component shall not be transferred to UI and such UI Investment shall be refunded by CLPto UI within forty−five (45) days after such determination, and the Parties shall have no further rights or obligations concerning such UI Investment. If such final adjustment pursuant to Section 3(k) results in CLPrefunding all or a portion of any UI Investment(s), and as a result the UI Investments allocated to the last Component of the last Connecticut NEEWS Project to achieve Commercial Operation are less than the Cost of such Component, then such last Component shall not be transferred to UI and such UI Investments shall be refunded by CLPto UI within forty−five (45) days after such determination, and the Parties shall have no further rights or obligations concerning such UI Investments. Notwithstanding any such adjustment, no Component previously transferred by CLPto UI shall be reconveyed by UI to CLPas a result of any such adjustment.

(iii) Concerning any and all UI Investments allocated to each of the first two (2) Connecticut NEEWS Projects deemed by CLPto have achieved Commercial Operation that are not used to purchase Components of the applicable project (including due to UI Investments remaining after allocation in the sequential order of the applicable UI Asset List being insufficient to equal the Cost of the next available Component on such UI Asset List), such

excess UI Investments shall continue to earn the Deposit Rate and shall be credited against the immediately succeeding UI Investment(s) by reallocating such amounts to the other Connecticut NEEWS Project(s) that has/have not yet been deemed by CLPto have achieved Commercial Operation in lieu of UI funding such UI Investment(s) in response to an Investment Notice; *provided* that, upon the later to occur of (A) transfer of the last Group of Purchased UI Assets to UI, or (B) termination of the Development of all of the Connecticut NEEWS Projects, any such excess amounts that have not yet been reallocated in accordance with the foregoing shall be refunded by CLPto UI within forty−five (45) days thereafter, and the Parties shall have no further rights or obligations concerning such excess amounts. Such reallocation shall be effected consistent with Section 3(m)(i) with the reallocated funds being treated as new UI Investments for purposes of such proration according to Cost. CLPshall identify the effect of such reallocation in the applicable Investment Notice(s), including the amount, if any, remaining for investment by UI after the application of such reallocated funds.

(iv) As more fully described in Exhibit D (the "Purchase and Sale Terms"), the UI Assets shall be transferred by CLPto UI on an "*as is, where is*" basis and in accordance with the other terms and conditions set forth in the Purchase and Sale Terms, and subject to the provisions of Sections 6 and 7. Each such transfer shall be evidenced by a Bill of Sale, executed by CLPin favor of UI and describing the UI Assets being transferred by CLPto UI on such date, and such other conveyance documents required by the provisions of the Purchase and Sale Terms. The executed Bill of Sale for such UI Assets (and such other required conveyance documents) shall be held in escrow by CLPpending achievement of Commercial Operation of the Component of such project that is to be transferred to UI. If Commercial Operation does not occur on the expected date, the executed Bill of Sale for such UI Assets (and such other required conveyance documents) shall remain in escrow with CLPuntil the date upon which the applicable Component of such project achieves Commercial Operation. If Commercial Operation of such Component is not achieved within one hundred twenty (120) days after the original expected date of achievement of Commercial Operation, then the escrow arrangement shall be terminated and the executed Bill of Sale (and such other required conveyance documents) shall be voided by CLPand be of no further force or effect. This process shall be repeated (including the re−execution of a replacement Bill of Sale (and such other required conveyance documents) by CLPdescribing the assets of the Component to be transferred to UI) until Commercial Operation of such Component is achieved, whereupon the UI Assets shall be transferred by CLPto UI as of the Business Day immediately prior to the date such Component achieves Commercial Operation.

(p) Connecticut NEEWS Project No Longer Expected to Achieve Commercial Operation. CLPshall notify UI as soon as practicable if any Connecticut NEEWS Project that was previously deemed by CLPto have achieved Commercial Operation is no longer expected by CL&P, in its good faith business judgment, to achieve Commercial Operation.

4. Modification, Termination or Sale of the Connecticut NEEWS Projects.

(a) Modification/Termination. CLPreserves the right, in its sole and exclusive discretion, exercised in good faith, to change the Connecticut NEEWS Projects in any way it

deems advisable, including changing the capital budget and timing of any Connecticut NEEWS Project or portion thereof, changing the assets included within, and the location of, any Connecticut NEEWS Project or portion thereof, or terminating the Development of all or any portion of any of the Connecticut NEEWS Projects (with or without pursuing substitute projects described within the definitions of each Connecticut NEEWS Project and within the definition of the Manchester to Meekville Line). Any such changes and/or modifications made by CLPto the Connecticut NEEWS Project(s) after the Effective Date shall be effective immediately as and when implemented and/or put into effect by CL&P, without the need for notice to or consent by UI to such changes and/or modifications. Any such changes and/or modifications to the Connecticut NEEWS Projects (or any portion(s) thereof) after the Effective Date shall not, however, alter or change the overall objective of the Parties under this Agreement to allow UI to acquire UI Assets in applicable amounts shown on the UI Investment Line, but subject to the provisions of Section 3(e). In the event of a termination of the Development of any or all of the Connecticut NEEWS Projects, to the extent that UI Investments in any Connecticut NEEWS Project have not been converted to UI Assets at the time of any such termination, UI shall receive a refund of UI Investments in each Connecticut NEEWS Project for which Development has terminated in whole or in part prior to Commercial Operation (*pro rata* with CL&P's Cost recovery) as and when CLPreceives its recovery of applicable Cost in respect of such Connecticut NEEWS Project.

(b) Transfer of Connecticut NEEWS Projects Prior to Commercial Operation. CLPshall have the right, in its sole and exclusive discretion exercised in good faith, to transfer all or any portion of the Connecticut NEEWS Projects at any time before Commercial Operation thereof. Additionally:

(i) Any such transfer to any Affiliate of CLPshall not affect UI's investment rights or asset ownership rights under the Transaction Documents;

(ii) For each Connecticut NEEWS Project (directly or indirectly) transferred prior to Commercial Operation thereof (as a whole, whether or not portions of such project previously achieved Commercial Operation and whether or not portions thereof previously have been transferred to UI) by CLPto any Person that is not an Affiliate of CL&P, CLPshall pay to UI a share of the net sales proceeds thereof, pro−rated based on the ratio of total UI Investments in such Connecticut NEEWS Project that have not been previously converted to UI Assets (as allocated by CLPpursuant to Sections 3(d) and 3(m)(i)) to the Cost of the applicable transferred Connecticut NEEWS Project (other than the Cost of the portions of such Connecticut NEEWS Project that have previously achieved Commercial Operation as of the date of such transfer);

(iii) For each Connecticut NEEWS Project (directly or indirectly) transferred, in part, prior to Commercial Operation thereof by CLPto any Person that is not an Affiliate of CL&P, CLPshall pay to UI a share of the net sales proceeds thereof, pro−rated based on the ratio of total UI Investments in such Connecticut NEEWS Project that have not been previously converted to UI Assets (as allocated by CLPpursuant to Sections 3(d) and 3(m)(i)) to the Cost of the transferred portion of the applicable Connecticut NEEWS Project (other than the Cost of those portions of such Connecticut NEEWS Project that have been previously converted to UI

Assets as of the date of such transfer). Any and all such sums paid to UI under this Section 4(b)(iii) shall be treated as not having been invested by UI and the Cost of the transferred portion of the applicable Connecticut NEEWS Project shall be disregarded for purposes of this Agreement; and

(iv) Thereafter, UI shall have no further rights (including investment rights) concerning any portion (or all, if all is transferred) of any Connecticut NEEWS Project transferred in whole or in part to any Person that is not an Affiliate of CL&P.

(c) Credit Toward UI Investment Rights. Subject to the provisions of the last sentence of Section 4(b)(iii), any and all UI Investments in respect of any Connecticut NEEWS Projects for which Development has been terminated (including any such projects for which Development has been terminated and for which Development is subsequently reinstated in accordance with the requirements for substitute projects set forth in the definitions of "Central Connecticut Project", "Connecticut GSRP Project" "Connecticut Interstate Project" and "Manchester to Meekville Line" in Section 1(a)) or transferred shall count for purposes of the UI Investment Line.

5. Development of the Connecticut NEEWS Projects. Subject to UI's obligations under Section 9 and CL&P's obligations under Section 14, CLPshall exclusively control Development of the Connecticut NEEWS Projects, including any and all portions thereof that may become UI Assets, until Commercial Operation and transfer thereof to UI. UI shall share the risk of any regulatorily disallowed Cost of each Connecticut NEEWS Project, except to the extent such disallowance arises out of CL&P's or any of its Affiliates' Actionable Conduct, or except to the extent such disallowance exclusively relates to assets of the Connecticut NEEWS Projects that are not transferred to UI. To the extent that any such disallowance exclusively relates to the UI Assets, UI shall solely and fully bear the entire amount of such disallowance. To the extent that any such disallowance relates to any Connecticut NEEWS Project and cannot be reasonably attributed to any particular asset(s), UI shall bear its share of such disallowance on a pro rata basis (pro−rated in proportion to the adjusted gross plant value of the UI Assets of such Connecticut NEEWS Project relative to the adjusted gross plant value of all transmission facilities comprising such Connecticut NEEWS Project).

6. Limitations Re: UI Assets.

(a) **[Intentionally Omitted.]**

(b) Immediately upon the transfer by CLPto UI of UI Assets, UI shall assume full responsibility for all rights and obligations associated with, and/or arising out of, the UI Assets, including any environmental matters, without recourse to CLPand/or its Affiliates for any matters whatsoever, except as provided in the OMAgreement.

(c) Notwithstanding anything to the contrary in this Agreement and/or any other Transaction Document, following each transfer of UI Assets, CLPwill have no exposure with respect to the regulatory treatment of, or recovery on, such UI Assets (including the

consequences of a Relevant Authority determination that a portion of the Cost of such UI Assets should be localized). Without limiting the foregoing, UI shall assume the obligation to recover costs associated with the UI Assets from the appropriate customers should ISO−NE determine that some or all costs associated with the UI Assets are not recoverable from regional customers**.**

(d)
Entering into the Transaction Documents and transferring ownership of the UI Assets by CLPto UI shall not constitute a waiver of CL&P's franchise rights, nor CL&P's permission or assent for UI to own or operate any other transmission facilities within CL&P's service territory. UI shall, and shall cause UI's Affiliates to, refrain from directly or indirectly taking any action and/or otherwise supporting any effort that could be reasonably expected to use in any manner the Transaction (including any of the Transaction Documents) for purposes of furthering such waiver, permission, assent and/or the functional equivalent thereof. Without limiting the generality of the foregoing, this Agreement, the other Transaction Documents and/or the consummation of all or any portion of the Transaction shall not be used by UI or any Affiliates of UI as precedent or other evidence of CL&P's support of, and/or willingness to accept, the shared development, construction and/or ownership of its current or proposed transmission facilities. CLPexpressly disclaims any such implication. The Transaction constitutes a negotiated structure designed to accomplish the mutual goals of the Parties based on the unique circumstances associated with the Connecticut NEEWS Projects. The Transaction Documents shall not affect in any manner whatsoever the franchise and other rights of CLPor its Affiliates.

(e)
Following each UI Asset transfer, UI shall bear all costs (including ISO−NE and CONVEX charges), obligations and risks associated with such UI Assets (including future Capital Improvements, insurance coverage and risk of loss).

(f)
UI Assets shall be used for the transmission of electricity, with any post−Commercial Operation recovery of UI Investments in UI Assets to be received by UI through transmission tariffs. While UI will have ownership of the UI Assets, the UI Assets will be considered part of CL&P's transmission system for operational purposes.

(g)
[Intentionally Omitted.]

(h)
Except as provided in the Purchase and Sale Terms, UI will indemnify and defend CLPfor all Claims arising out of, and/or relating to, the UI Assets (including EMF Claims), whether accruing before or after the Transaction, as more particularly described in the Purchase and Sale Terms. UI also shall indemnify CLPin accordance with the OMAgreement and the Step−In Agreement.

7.
Operation and Maintenance of UI Assets.

(a)
OM. UI has requested, and CLPhas agreed, that CLPwill operate and maintain the UI Assets on the terms and conditions set forth in the Transaction Documents. Contemporaneously with the first closing of the transfer of UI Assets pursuant to the Transaction Documents, the Parties shall execute and deliver an operation and maintenance ("OM") agreement (the "OMAgreement") in substantially the form attached hereto and made a part

hereof as Exhibit H, under which CLP(or a CLPAffiliate) will exclusively operate and maintain the UI Assets.

(b) Facilities Upgrade. UI shall upgrade electric transmission facilities comprising UI Assets as and when CLPupgrades its electric transmission facilities that are interconnected with such UI electric transmission facilities. During the term of the OMAgreement, CLPshall manage any such upgrade of such UI Assets in accordance with the provisions of the OMAgreement.

(c) Good Utility Practices. During any period when the OMAgreement is not in full force and effect for whatever reason, including due to suspension (in whole or in part), expiration, or termination, UI shall maintain the UI Assets in compliance with Good Utility Practices and otherwise in a manner that does not adversely affect any of CL&P's transmission facilities that interconnect with any of the UI Assets.

(d) Step−In Right. If at any time when the OMAgreement is not in effect UI fails to operate and maintain any or all of the UI Assets in accordance with Good Utility Practices, CLPmay step−in and operate such UI Assets in accordance with the provisions of a Step−In Agreement in the form attached hereto and made a part hereof as Exhibit I (the "Step−In Agreement"), which the Parties shall execute and deliver contemporaneously with the first closing of the transfer of UI Assets pursuant to this Agreement.

8. Intentionally Omitted.

9. Support.

(a) Cooperation. Subject to the provisions of Section 5, UI shall use commercially reasonable efforts to cooperate with CLPin the Development of the Connecticut NEEWS Projects. UI also shall provide such public support for the Connecticut NEEWS Projects as may be reasonably requested by CLPfrom time to time. Such cooperation and public support shall include such support with Relevant Authorities as may be reasonably requested from time to time by CL&P, including full support for regionalization of the Cost of the Connecticut NEEWS Projects. Such cooperation and public support by UI also shall include such correspondence and attendance at meetings with Relevant Authorities and the public as reasonably requested from time to time by CL&P, without charge to CL&P. Additionally, such cooperation and public support shall include the provision by UI of a nominal amount of work products and services as reasonably requested from time to time by CLPin support of the Connecticut NEEWS Projects, without charge to CL&P. If CLPreasonably requests, and UI agrees to provide work products and/or services beyond nominal amounts, such services and/or work products shall be chargeable to and become part of the Cost of the applicable Connecticut NEEWS Projects as mutually agreed.

(b) No Adverse Action. Except to the extent necessary to comply with Law, UI shall take no action, and shall refrain from any and all action, that could reasonably be expected to
directly or indirectly have a material and adverse effect on any or all of the Connecticut NEEWS

Projects or Development thereof, except:

(i) the foregoing shall not prohibit UI from engaging in, pursuing or taking any action related to or in furtherance of any of the Exempted Projects; and

(ii) subsequent to CL&P's receipt of all final, non−appealable approvals from applicable Relevant Authorities permitting commencement of construction for, and/or termination of the Development of, all of the Connecticut NEEWS Projects, UI may participate and/or invest in any electric generation plant or project, and/or transmission facility or project.

10. Intentionally Omitted.

11. Confidentiality.

(a) General. CL&P, through NUSCO (with NUSCO also acting as agent for Western Massachusetts Electric Company), and UI have executed and delivered a Confidentiality Agreement, dated February 20, 2008 (the "Confidentiality Agreement"), a copy of which is attached hereto and made a part hereof as Exhibit J. The provisions of the Confidentiality Agreement are hereby incorporated by reference into the Associated Agreements as though fully stated therein, and shall be deemed amended by the provisions of this Section 11. If there is any inconsistency between the provisions of the body of the Associated Agreements and the provisions of the Confidentiality Agreement, the provisions of the body of the Associated Agreements shall control. The Associated Agreements and the provision of any and all books, records, data or other information, whether oral or written, as well as any and all discussions related to the Associated Agreements shall be considered "Confidential Information," as described in the Confidentiality Agreement. As used in the Confidentiality Agreement, the term "Project" shall mean the NEEWS Projects as defined in this Agreement. References in the Confidentiality Agreement to "Proposed Transaction" shall include the Transaction. The Parties also hereby agree that the first sentence of Section 7 of the Confidentiality Agreement ("This Agreement shall remain in effect until termination by written notice by either Party.") shall be removed from the Confidentiality Agreement in its entirety and in lieu of such provision, the Confidentiality Agreement shall remain in effect during the term of this Agreement, and shall remain in effect through the period that UI holds UI Investments and/or UI Assets.

(b) CEII/CIP. Any and all CEII provided by CLPto UI also shall be considered Confidential Information. UI shall treat any and all CEII received by UI from CLPin the same manner as CEII concerning UI's own facilities. To the extent UI receives information from CLPconcerning critical assets and/or critical cyber assets, UI shall be bound by and comply with the NERC Critical Infrastructure Protection standards (CIP−002 through CIP−2009). In addition, upon request by CL&P, UI shall execute and deliver to CLPa certificate confirming UI's full compliance with the provisions of this Section 11(b).

12. Due Diligence. UI has conducted due diligence investigations concerning the Connecticut NEEWS Projects and the Transaction, subject to the terms and conditions set forth in the Confidentiality Agreement. Any and all books, records, data or other information made

available to UI in connection with such due diligence has been supplied solely for the convenience of UI. Neither CLPnor any of its Affiliates shall be responsible for the accuracy or completeness of any of such books, records, data or other information. Additionally, CLPmakes no representation or warranty whatsoever concerning the Connecticut NEEWS Projects, UI Investments and/or UI Assets.

13. **Conditions Precedent to UI Investments; Conditions Precedent to Transfer to UI of UI Assets; Satisfaction of Conditions Precedent; Compliance with HSR Act; Non−Assignability of Certain Rights to UI Assets; Compliance Filings at Transfer; Pre−Closing Termination of Conveyance Due to Adverse Actions.**

(a) Conditions Precedent to UI Investments. Regulatory approval of UI Investments will be pursued as a whole, in advance of the initial UI Investment.

(i) UI's Conditions.

(A) UI's rights and obligations to make UI Investments under this Agreement are expressly subject to the timely fulfillment or waiver by UI of both of the following conditions set forth in this Section 13(a)(i) prior to UI making any UI Investments (collectively, the "UI Investment Approvals"):

(1) Final, non−appealable DPUC approval of the Transaction on or before December 31, 2010, on terms and conditions acceptable to UI in UI's sole and exclusive discretion, exercised in good faith (For purposes of this Agreement, final, non−appealable DPUC approval shall mean that, within forty−five (45) days after the order or series of orders by the DPUC approving the Transaction, no Person has commenced a Proceeding challenging such order or series of orders.); and

(2) Final, non−appealable FERC Section 203 authorization and approval of the Transaction, no later than one hundred eighty (180) days after the date of submission of the filing seeking the authorization and approval set forth in this Section 13(a)(i)(A)(2) on terms and conditions acceptable to UI in UI's sole and exclusive discretion, exercised in good faith. (For purposes of this Agreement, "final, non−appealable" shall mean, for FERC Section 203 authorization and approval and for FERC Section 205 acceptance for filing, that there has been no request to FERC for rehearing within the applicable deadline for filing such request, and no Person has commenced a Proceeding challenging applicable FERC action within sixty (60) days after such FERC action.)

(B) Either or both of the UI Investment Approvals may be waived in whole or in part by UI by (written) notice to CLPon or before the date that is twenty (20) days after the deadline for the applicable UI Investment Approval. In the event that: (1) either of the UI Investment Approvals is not fulfilled or waived by the applicable deadline; or (2) UI provides (written) notice to CLPwithin twenty (20) days after the applicable CLPInvestment Approval that any or all of the material terms and/or conditions of either or both of the CLP Investment Approvals are not satisfactory to UI, in UI's sole and exclusive discretion, exercised

in good faith, then, in each case, UI may terminate this Agreement upon (written) notice to CLPin accordance with Section 23(b), and, in such event, the Parties shall be released from any and all obligations under this Agreement, except for those obligations that are to survive pursuant to the provisions of Section 17(a).

(ii) CL&P's Conditions.

(A) CL&P's obligations under this Agreement to accept UI Investments are expressly subject to the timely fulfillment or waiver by CLPof both of the following conditions prior to UI making any UI Investments (collectively, the "CLPInvestment Approvals"):

(1) Final, non−appealable DPUC approval of the Transaction on or before December 31, 2010, on terms and conditions acceptable to CLPin CL&P's sole and exclusive discretion, exercised in good faith; and

(2) Final, non−appealable FERC Section 203 authorization and approval of the Transaction, no later than one hundred eighty (180) days after the date of submission of the filing seeking the authorization and approval set forth in this Section 13(a)(ii)(A)(2) on terms and conditions acceptable to CLPin CL&P's sole and exclusive discretion, exercised in good faith.

(B) Either or both of the CLPInvestment Approvals may be waived in whole or in part by CLPby (written) notice to UI on or before the date that is twenty (20) days after the deadline for the applicable CLPInvestment Approval. In the event that: (1) either of the CLPInvestment Approvals is not fulfilled or waived by the applicable deadline; or (2) CLPprovides (written) notice to UI within twenty (20) days after the applicable UI Investment Approval that any or all of the material terms and/or conditions of either or both of the UI Investment Approvals are not satisfactory to CL&P, in CL&P's sole and exclusive discretion, exercised in good faith, then, in each case, CLPmay terminate this Agreement upon (written) notice to UI in accordance with Section 23(b), and, in such event, the Parties shall be released from any and all obligations under this Agreement, except for those obligations that are to survive pursuant to the provisions of Section 17(a).

(iii) Waivers of Conditions Precedent. Any waiver by either Party of any condition precedent to UI Investments as contemplated by this Section 13(a) that also is a condition precedent to Transfer to UI of UI Assets shall not act as a waiver of the condition precedent to Transfer to UI of UI Assets as contemplated by Section 13(b) unless such (written) waiver expressly states such additional waiver.

(iv) Application Deadline. The Parties shall apply for FERC Section 203 authorization and approval of the Transaction as contemplated in Sections 13(a)(i)(A)(2) and 13(a)(ii)(A)(2) no later than sixty (60) days after satisfaction of the conditions set forth in Sections 13(a)(i)(A)(1) and 13(a)(ii)(A)(1).

(v) FERC Rehearing. Without limitation of UI's rights under Section 13(a)(i)(B) (allowing UI to defer investing until final, non−appealable DPUC approval and final, non−appealable FERC Section 203 authorization and approval) and without limitation of CL&P's rights under Section 13(a)(ii)(B) (allowing CLPto defer taking UI Investments until final, non−appealable DPUC approval and final, non−appealable FERC Section 203 authorization and approval), if FERC Section 203 authorization and approval of the Transaction has not become final and non−appealable within sixty (60) days after FERC Section 203 authorization and approval of the Transaction, the Parties shall promptly meet to discuss the possibility of commencement of UI Investments during the period in which FERC Section 203 authorization and approval of the Transaction is subject to rehearing or other Proceeding(s). If the Parties agree (in writing) that UI Investments shall commence notwithstanding the pendency of any such rehearing or other Proceeding(s), then UI Investments shall commence on the date that is agreed to (in writing) by the Parties, subject to terms and conditions, if any, as agreed to (in writing) by the Parties.

(b) Conditions Precedent to Transfer to UI of UI Assets. Regulatory approvals of the transfer of UI Assets will be pursued as a whole, in advance of the first Closing. However, the Parties acknowledge and agree that the Relevant Authorities may not issue the UI Transfer Approvals and/or the CLPTransfer Approvals as a whole (i.e., with respect to all of the UI Assets to be transferred by CLPto UI pursuant to the Transaction Documents) prior to the first Closing hereunder (such issuance of less than all of such regulatory approvals prior to the first Closing being "Sequential Approvals"). Given that Sequential Approvals are possible, at least to some extent, if all of the UI Transfer Approvals and the CLPTransfer Approvals applicable to any Group of Purchased UI Assets to be transferred by CLPto UI pursuant to this Agreement are not fulfilled or waived prior to the applicable Closing Date, the Parties shall terminate the conveyance of such Group of Purchased UI Assets, effective as of such Closing Date, and the Parties shall proceed in accordance with the applicable provisions of Section 3(o)(iii) regarding designation of other assets for transfer and, to the extent necessary, refund of UI Investments.

(i) UI's Conditions.

(A) UI's rights and obligations to receive UI Assets under this Agreement are expressly subject to the timely fulfillment or waiver by UI of each and all of the following conditions prior to CLPtransferring to UI any UI Assets (collectively, the "UI Transfer Approvals"):

(1) Final, non−appealable DPUC approval of the Transaction on or before December 31, 2010, on terms and conditions acceptable to UI in UI's sole and exclusive discretion, exercised in good faith;

(2) Final, non−appealable FERC Section 203 authorization and approval of the Transaction no later than one hundred eighty (180) days after the date of submission of the filing seeking the authorization and approval set forth in this Section 13(b)(i)(A)(2), on terms and conditions acceptable to UI in UI's sole and exclusive discretion, exercised in good faith;

(3)
Final, non−appealable FERC Section 205 acceptance for filing of UI's transmission rates and incentives with respect to the UI Assets no later than one hundred eighty (180) days after the date of submission of the filing seeking the acceptance for filing set forth in this Section 13(b)(i)(A)(3), on terms and conditions acceptable to UI in UI's sole and exclusive discretion, exercised in good faith; *provided* that UI's justification for UI's proposed transmission rates and incentives shall be separate and independent from the justification for the transmission rates and incentives of CLP(and its Affiliates) and NGrid for the NEEWS Projects; *provided further*, that UI shall provide CLPwith a copy of UI's proposed FERC Section 205 application at least thirty (30) days before filing and UI shall allow CLPa reasonable opportunity to review and comment on such application before filing by UI; and

(4)
Compliance with the HSR Act, if and when applicable.

(B)
Any UI Transfer Approval (other than compliance with the HSR Act, if and when applicable) may be waived in whole or in part by UI by (written) notice to CLPno later than twenty (20) days after the deadline for the applicable UI Transfer Approval. In the event that: (1) any of the UI Transfer Approvals is not fulfilled or waived (if waivable) by the applicable deadline; or (2) UI provides (written) notice to CLPwithin twenty (20) days after the applicable CLPTransfer Approval that any or all of the material terms and/or conditions of any of the CLPTransfer Approvals are not satisfactory to UI, in UI's sole and exclusive discretion, exercised in good faith, then, in each case, UI may terminate this Agreement upon (written) notice to CLPin accordance with Section 23(b), and, in such event, the Parties shall be released from any and all obligations under this Agreement, except for those obligations that are to survive pursuant to the provisions of Section 17(a). In the event of any such termination by UI, CLPshall refund to UI any and all UI Investments determined as of the date of such (written) notice of termination, within fifteen (15) Business Days after the date of such (written) notice.

(ii)
CL&P's Conditions.

(A)
CL&P's obligations to transfer UI Assets to UI under this Agreement are expressly subject to the timely fulfillment or waiver by CLPof each and all of the following conditions prior to CLPtransferring to UI any UI Assets (collectively, the "CLPTransfer Approvals"):

(1)
Final, non−appealable DPUC approval of the Transaction on or before December 31, 2010, on terms and conditions acceptable to CLPin CL&P's sole and exclusive discretion, exercised in good faith;

(2)
Final, non−appealable FERC Section 203 authorization and approval of the Transaction, no later than one hundred eighty (180) days after the date of submission of the filing seeking the authorization and approval set forth in this Section
13(b)(ii)(A)(2) on terms and conditions acceptable to CLPin CL&P's sole and exclusive discretion, exercised in good faith;

(3)
Final, non−appealable FERC Section 205 acceptance for filing of the OMAgreement no later than one hundred eighty (180) days after submission of the filing seeking the acceptance for filing set forth in this Section 13(b)(ii)(A)(3), on terms and conditions acceptable to CLPin CL&P's sole and exclusive discretion, exercised in good faith; and

(4)
Compliance with the HSR Act, if and when applicable.

(B)
Any CLPTransfer Approval (other than compliance with the HSR Act) may be waived in whole or in part by CLPby (written) notice to UI no later than twenty (20) days after the deadline for the applicable CLPTransfer Approval. In the event that: (1) any of the CLPTransfer Approvals for the conveyance of UI Assets is not fulfilled or waived (if waivable) by the applicable deadline; or (2) CLPprovides (written) notice to UI within twenty (20) days after the applicable UI Transfer Approval that any or all of the material terms and/or conditions of any of the UI Transfer Approvals are not satisfactory to CL&P, in CL&P's sole and exclusive discretion, exercised in good faith, then, in each case, CLPmay terminate this Agreement upon (written) notice to UI in accordance with Section 23(b), and, in such event, the Parties shall be released from any and all obligations under this Agreement, except for those obligations that are to survive pursuant to the provisions of Section 17(a). In the event of any such termination by CL&P, CLPshall refund to UI any and all UI Investments with respect to the affected UI Assets, determined as of the date of such (written) notice of termination, within fifteen (15) Business Days after the date of such (written) notice.

(iii)
Application Deadlines.

(A)
The Parties shall apply for FERC Section 203 authorization and approval of the Transaction as contemplated in Sections 13(b)(i)(A)(2) and 13(b)(ii)(A)(2) on or before the date specified in Section 13(a)(iv).

(B)
UI shall apply for FERC Section 205 acceptance for filing of UI transmission rates and incentives as contemplated in Section 13(b)(i)(A)(3) on or before June 30, 2011.

(C)
CLPshall apply for FERC Section 205 acceptance for filing of the OMAgreement as contemplated in Section 13(b)(ii)(A)(3) at least one hundred eighty (180) days prior to the date the first Group of Purchased UI Assets to be transferred to UI pursuant to this Agreement is expected by CL&P, in its good faith business judgment, to achieve Commercial Operation.

(c)
Satisfaction of Conditions Precedent. Each Party will pursue satisfaction of the conditions precedent to its respective obligations under this Agreement that are capable of being satisfied by such Party in accordance with its usual and customary business practice and, subject
to the provisions of Section 17(c) and subject to the provisions set forth below in this Section 13(c), each Party will reasonably cooperate with the other Party in the other Party's pursuit of

satisfaction of the conditions precedent to the other Party's obligations under this Agreement that are capable of being satisfied by the other Party. Subject to the provisions of Section 17(c) and subject to the provisions set forth below in this Section 13(c), no Party shall, without prior (written) consent of the other Party, which (written) consent may not be unreasonably withheld, conditioned or delayed, take or fail to take any action that might reasonably be expected to prevent or materially impede, interfere with or delay the Transaction. Notwithstanding anything to the contrary in the foregoing or elsewhere, CLPshall have no obligation to assist, support and/or otherwise take any action to advance UI making any UI Investments and/or the transfer of any UI Assets *unless* CL&P, in good faith, expects that the rates to be charged to customers of CLPor its Affiliates for the transmission of electricity will be equal to or lower than such rates if UI had not made such UI Investments and/or such UI Assets had not been transferred to UI (the "No Harm Principle"). CLPhereby reserves, and nothing in this Agreement or elsewhere shall prohibit, restrict, limit and/or otherwise affect, CL&P's ability to take any action or position (even if adverse or contrary to UI and/or its Affiliates) to advocate and/or otherwise advance through any means the No Harm Principle, *provided* that CLPshall not oppose UI based on actual or potential increase to rates of customers of CLPor its Affiliates resulting from (i) UI's capital structure and/or financing costs differing from CL&P's capital structure and/or financing costs; (ii) UI's PTF/non−PTF asset split differing from that of CLP or (iii) UI's depreciation schedules differing from those of CL&P.

(d) Non−Assignability of Certain Rights to UI Assets. In the event that CLPis unable to effect the transfer to UI of any rights necessary to own, operate and maintain any UI Assets at the time of any transfer of UI Assets, then CLPshall provide (written) notice thereof to UI as soon as reasonably practicable (the "No Transfer Notice") describing in reasonable detail the justification for such No Transfer Notice and identifying the applicable UI Assets. In the event any No Transfer Notice is issued by CL&P, the UI Assets identified in such notice shall not be transferred to UI. Within ten (10) days after the date of any No Transfer Notice, the Parties shall proceed in accordance with the applicable provisions of Section 3(o)(iii) regarding designation of other assets for transfer and, to the extent necessary, refund of UI Investments.

(e) Compliance Filings at Transfer. In connection with any and all transfers by CLPto UI of any UI Assets, the Parties shall prepare and file, and shall cause to be prepared and filed, any and all such compliance filings and other related documentation that any Relevant Authority may require in connection with any such transfer, in each case within the time period specified for such filing (or if no time period has been specified, within sixty (60) days after the relevant Closing).

(f) Pre−Closing Termination of Conveyance Due to Adverse Actions. Any conveyance of UI Assets pursuant to this Agreement may be terminated by CLPor UI if (i) any Proceeding shall have been commenced against such Party seeking an Order restraining, enjoining or otherwise preventing such Party from performing any of its material obligations under the Transaction Documents concerning such conveyance; or (ii) any Relevant Authority shall have proposed any statute, rule, Order or regulation that directly or indirectly prohibits the consummation of such conveyance and/or could reasonably be expected to adversely affect the purpose and intent of the Parties as reflected in the Transaction Documents, but only if the

terminating Party shall have determined in good faith that such proposal is reasonably likely to be adopted. In the event of any such termination of any conveyance of any UI Assets, the Parties shall proceed in accordance with the applicable provisions of Section 3(o)(iii) regarding designation of other assets for transfer, and, to the extent necessary, refund of the UI Investments.

14.
Information; Records.

(a)
CLPshall keep usual and customary financial and project records, including information as to Claims (such financial and project records being collectively referred to herein as the "Records") relating to Development of the Connecticut NEEWS Projects.

(b)
The Records shall be available for inspection by UI during normal business hours of CLPat 107 Selden Street, Berlin, Connecticut, or such other place located within the State of Connecticut as the Parties may agree, upon seven (7) days' prior (written) notice from UI to CLP *provided* that (i) the frequency and extent of such inspections shall be limited as reasonably necessary for UI to verify financial and project information provided by CLPto UI in accordance with this Section 14; (ii) CLPmay condition such inspection on UI's compliance with additional restrictions designed to preserve the confidentiality and/or the integrity of such Records; (iii) CLPmay condition UI's access to certain records to maintain system integrity or similar purposes (including the inability to practically separate electronic records relating to the applicable Group of Purchased UI Assets from records regarding other aspects of CL&P's business); and (iv) CLPmay redact or otherwise withhold any portion of such Records that contains information that CLPconsiders proprietary, company confidential, or otherwise inappropriate for disclosure in connection with such verification. This Section 14(b) shall not limit or otherwise affect any of the provisions of any other Transaction Document regarding access to records, books and other documents.

(c)
CLPshall keep UI reasonably apprised of any and all matters that could reasonably be expected to have a material adverse effect on the UI Investments and/or potential UI Assets within a reasonable time after CL&P's project director for the NEEWS Projects becoming aware of such matters. Additionally, the Parties shall meet no less than quarterly during the term of this Agreement at CL&P's office located at 107 Selden Street, Berlin, Connecticut for the purpose of CLPkeeping UI reasonably apprised of significant developments concerning the Connecticut NEEWS Projects. In connection with such meeting and/or as requested by either Party, the Parties shall reasonably cooperate and coordinate the exchange of accounting and regulatory ratemaking information and reasonably cooperate and coordinate to achieve appropriate consistency between the Parties in the accounting and regulatory ratemaking treatment of the Transaction on their respective books and records.

(d)
If accounting principles authoritative to United States Securities and Exchange Commission registrants, including CL&P, UI or their respective parent companies, are changed by standard setters in the future and if those changes affect the accounting outcome of the
Transaction, then CLPand UI will promptly evaluate the changes together, determine the impacts on the Transaction, and negotiate in good faith if and how this Agreement should be

amended to reflect the new accounting principles; *provided* that no amendments shall be made that are inconsistent with the intent of the Parties reflected in this Agreement.

15.
Representations and Warranties.

Each Party represents and warrants to the other that, except as provided in Section 13, above:

(a)
Such Party has full power and authority necessary to execute and deliver this Agreement, and, as of each applicable Closing Date, will have the full power and authority to execute and deliver each Associated Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery by such Party of this Agreement has been duly and validly authorized by all necessary action on its part, and, as of the applicable Closing Date, each Associated Agreement to which such Party is a party will be, and the consummation of the transactions contemplated by the Associated Agreements will have been duly and validly authorized by all necessary action on its part. This Agreement has been duly and validly executed and delivered by such Party, and this Agreement constitutes the valid and binding obligation of such Party, enforceable against such Party in accordance with its terms. Upon the execution and delivery by such Party of each Associated Agreement to which it is a party, such Associated Agreement will have been duly and validly executed and delivered by such Party, and such Associated Agreement will constitute the valid and binding obligation of such Party, enforceable against such Party in accordance with its terms;

(b)
Neither the execution and delivery of this Agreement or any other Associated Agreement by such Party, nor the consummation by such Party of the transactions contemplated hereby or thereby will (i) conflict with or result in any material breach or violation of any provision of the enabling legislation and/or constituent documents, as the case may be, of such Party; (ii) result in a default (or give rise to any right of termination, consent, cancellation or acceleration) under any of the terms, conditions or provisions of any material lease, note, bond, mortgage, indenture, agreement or other instrument or obligation to which such Party is a party or by which it may be bound; *provided* that CLPprovides no representation and/or warranty of whatever nature with regard to the Relevant Rights, or the underlying real property rights with respect to the Licensed Premises; or (iii) constitute any material violation of Law applicable to such Party; and

(c)
No consent or approval of, filing with, or prior notice to, any Relevant Authority or any other Person by or for such Party is necessary for the execution and delivery of the Associated Agreements by it, or the consummation by it of the transactions contemplated thereby; *provided*, that CLPprovides no representation and/or warranty of whatever nature with regard to the Transferable Permits or other Relevant Rights.

16.
Transfer of the Connecticut NEEWS Projects. Nothing in the Transaction Documents shall restrict or constrain CLPconcerning the transfer of all or any portion of the Connecticut NEEWS Projects (other than the UI Assets) or any ownership or other economic interest therein;
provided, however, that any such transfer prior to Commercial Operation shall be subject to the provisions of Section 4(b).

17.
Term and Termination; Change of Control of Parent and/or UI; Impact to NU/NGRID Incentive Rates.

(a)
The term of this Agreement shall commence on the Effective Date and continue until Development of each of the Connecticut NEEWS Projects by CLP(or its Affiliates) has been terminated or completed, unless this Agreement is terminated by either Party pursuant to Sections 13 or 18, or by CL&P, in CL&P's sole and exclusive discretion, pursuant to Section 17(b) upon a Change of Control of Parent and/or UI. The provisions of Sections 1, 4 (for any pending payments to UI), 5 (regarding regulatorily disallowed Cost and related matters), 6, 7, 9(b), 11, 13(b)(i)(B), 13(b)(ii)(B), 13(f), 14, 17, 18, 19, 20, 21, 22, 23(b), 23(c), 23(d), 23(e), 23(k) and 23(l), as well as the provisions of the other Associated Agreements and of exhibits (including Paragraphs F, G, H, I and J of the Purchase and Sale Terms), schedules and other attachments hereto or thereto that expressly survive termination or expiration of this Agreement and the other Associated Agreements, shall survive termination or expiration of this Agreement and the other Associated Agreements for so long as is necessary to fulfill the intent thereof.

(b)
In the event of a Change of Control of Parent and/or UI, CL&P, in its sole and exclusive discretion, may terminate this Agreement upon (written) notice to UI given in accordance with Section 23(b) no later than thirty (30) days after CLPreceives (written) notice from UI of such Change of Control (which UI shall provide in accordance with Paragraph I.1(b) of the Purchase and Sale Terms), and, in such event, CLPshall refund to UI, within fifteen (15) days after the date of such (written) termination notice, any and all UI Investments made as of the date of any such termination, but not used to acquire UI Assets prior to the date of such (written) termination notice. Without limiting the foregoing, if such Change of Control occurs on or after the first Closing, then, upon any such occurrence, CLPshall have the right, exercisable by it in its sole and exclusive discretion, to exercise the Right of First Refusal pursuant to Paragraph I.1 of the Purchase and Sale Terms with respect to any UI Assets conveyed by CLPto UI pursuant to this Agreement (as the same may be replaced, improved and/or altered) for a sum equal to the fair market value of such UI Assets.

(c)
(i)
If:

(A)
in any Proceeding any reference is made to the Transaction by any Third Party (including FERC or any other Relevant Authority) in questioning or opposing then−applicable transmission rates paid by CL&P, any of its Affiliates or their respective customers, recovery of revenue requirements by CLPor its Affiliates, or then−applicable incentives of CLPand/or any of its Affiliates for the NEEWS Projects; and

(B)
CL&P, in its sole discretion, exercised in good faith, believes that the Transaction may adversely impact then−applicable transmission rates paid by CL&P, any of its Affiliates or their respective customers, recovery of revenue requirements by CLPor its Affiliates, or then−applicable incentives of CLPand/or any of its Affiliates for the NEEWS
Projects, then CLPmay terminate this Agreement upon notice to UI in accordance with Section 23(b), and, in such event, CLPshall refund to UI any and all UI Investments made as

of the date of any such termination and that have not been converted to UI Assets within fifteen (15) Business Days after the date of such (written) notice; *provided* that, if CLPelects to terminate this Agreement pursuant to the provisions of this Section 17(c)(i), then CLPshall provide UI with the specific reference to the Transaction raised by the Third Party in questioning or opposing any transmission rates, recovery of revenue requirements and/or incentives referred to above in this Section 17(c)(i); *provided, further*, that CL&P's termination right under this Section 17(c)(i) shall expire upon final, non−appealable resolution of Northeast Utilities Service Company and National Grid USA, FERC Docket No. ER08−1548. CLPshall notify UI (in accordance with Section 23(b)) of CL&P's intent to terminate this Agreement at least three (3) Business Days before providing the notice of termination specified above (unless CLPreasonably determines that the action is required in less than three (3) Business Days, in which case such notice period shall be whatever is reasonable under the circumstances).

(ii) For the avoidance of doubt, CLPmay defer any decision on terminating this Agreement under Section 17(c)(i) after any Third Party reference to the Transaction referenced in Section 17(c)(i) until the earlier to occur of:

(A) final, non−appealable resolution of such opposition; and

(B) expiration of CL&P's termination right under Section 17(c)(i)(B).

(iii) Regardless of whether or when CLPelects to exercise a termination right under Section 17(c)(i), CLPshall notify UI of any Third Party reference to the Transaction questioning or opposing any transmission rates, recovery of revenue requirements and/or incentives referred to in Section 17(c)(i) within thirty (30) days after CLPbecomes aware of any such Third Party reference.

(d) The Parties acknowledge and agree that this Agreement may be terminated pursuant to the provisions of the Memorandum of Understanding.

18. <u>Events of Default; Remedies</u>.

Upon the occurrence of any of the following (each, an "<u>Event of Default</u>"):

(a) Any representation or warranty made by a Party in Section 15, above, and/or in any of the other Transaction Documents is false or misleading in any material respect at the time made;

(b) UI permits or suffers a Transfer of or Transfers (and/or agrees to Transfer) its rights and/or obligations under this Agreement, in each case in breach of Section 23(f)(iii);

(c) Either Party fails to perform any material obligation set forth in this Agreement (other than each event that is otherwise specifically covered as a separate Event of Default), and such Party fails to cure such breach within thirty (30) days after receipt of (written) notice of such failure from the Non−Breaching Party; *provided* if such failure is capable of cure and the

defaulting Party is pursuing such cure with due diligence, but such cure cannot be effected within such thirty (30) day period with the exercise of reasonable diligence, then such cure period shall be extended for an additional thirty (30) day period;

(d) Either Party fails to perform any material obligation set forth in any Transaction Document (other than this Agreement) and/or the Memorandum of Understanding, and such default has not been cured in accordance with the terms of such Transaction Document and/or Memorandum of Understanding;

(e) A Party becomes Bankrupt; or

(f) Commencement of any Proceeding against a Party that prevents such Party from performing any of its material obligations under any of the Associated Agreements; then the Non−Breaching Party, without prejudice to any other rights or remedies the Non−Breaching Party may have under any Transaction Document, at Law, and/or in equity, but subject to the provisions of Section 19, may terminate this Agreement and the other Transaction Documents by giving (written) notice of such termination to the other Party and noting therein the effective date of termination. In the event of any such termination, without limiting the foregoing, UI shall have no further rights (including investment rights) concerning the Connecticut NEEWS Projects. Additionally, in the event of any such termination, the Parties shall have the respective rights and obligations set forth in Paragraph I.2 of the Purchase and Sale Terms.

19. Limitation of Liability/Waiver of Consequential Damages. Except with respect to any and all Claims of Persons other than UI or UI's Affiliates, CL&P's aggregate Liability to UI and/or any of its Affiliates under or on account of this Agreement, the Memorandum of Understanding, and/or any Bill of Sale, Assignment and Assumption Agreement, Property Tax Agreement and/or Asset Demarcation Agreement shall be limited to the total sum of UI Investments at the time at which the event giving rise to UI's (or its Affiliate's) Claim occurs, less amounts converted to UI Assets and any damages previously paid by CLPto UI; *provided*, that if, by reason of CL&P's and/or any of its Affiliates' Actionable Conduct, CLP(a) fails to make any payment due hereunder, or (b) fails to transfer to UI any UI Assets required to be transferred under this Agreement, then CL&P's aggregate Liability to UI with respect to such Claims only shall be limited to one and one−half (1 ½) times the total sum of UI Investments at the time at which the event giving rise to UI's Claim occurs, less amounts converted to UI Assets and any damages previously paid by CLPto UI. Neither CLPnor any of its Affiliates shall be liable to UI and/or any of its Affiliates under the Transaction Documents, the Memorandum of Understanding or otherwise in connection with the Connecticut NEEWS Projects, except to the extent arising out of CL&P's and/or any of its Affiliates' Actionable Conduct. Neither Party (nor any of its respective Affiliates) shall be liable to the other Party (or any of its respective Affiliates) for any indirect, incidental, consequential, special, exemplary, punitive or similar damages, except to the extent Law requires that compensatory damages be increased in a specified manner, or except with respect to any and all Claims of Third Parties.

20.
Dispute Resolution.

(a) Negotiation Between Executives. Without limiting the provisions of Section 20(f), the Parties shall attempt in good faith to promptly resolve any dispute arising out of or relating to any Associated Agreement by negotiation between executives who have authority to settle the controversy and who are at a higher level of management than the Persons with direct responsibility for administration of the Associated Agreements. Either Party may give the other Party (written) notice of any dispute not resolved in the normal course of business. Such notice shall include: (a) a statement of that Party's position and a summary of arguments supporting that position; and (b) the name and title of the executive who will be representing that Party and of any other Person who will accompany the executive. Within fifteen (15) days after delivery of the notice, the receiving Party shall respond with: (i) a statement of that Party's position and a summary of arguments supporting that position; and (ii) the name and title of the executive who will represent that Party and of any other Person who will accompany the executive. Within thirty (30) days after delivery of the initial notice, the designated executives of both Parties shall meet at a mutually acceptable time and place, and thereafter as often as they deem necessary, in good faith, to attempt to resolve the dispute. All reasonable requests for information made by one Party to the other will be honored. All negotiations pursuant to this Section 20(a) shall be confidential and shall be treated as compromise and settlement negotiations for purposes of Law and rules of evidence.

(b) Mediation. If the dispute has not been resolved by negotiation within forty−five (45) days after the disputing Party's notice, or if the Parties have failed to meet within thirty (30) days, each as contemplated in Section 20(a), the Parties shall attempt to settle the dispute by mediation under the then current CPR Mediation Procedure; *provided, however,* that if one Party refuses or fails to participate in negotiation pursuant to Section 20(a), the other Party may then immediately initiate mediation prior to the expiration of the forty−five (45) day negotiation period. Unless otherwise agreed, the Parties will select a mediator from the CPR Panels of Distinguished Neutrals.

(c) **[Intentionally Omitted.]**

(d) Arbitration. Without limiting the provisions of Section 20(f), any dispute arising out of or relating to the Associated Agreements, including the breach, termination or validity of any such Associated Agreement, that has not been resolved by a non−binding procedure as provided in Section 20(a) and/or Section 20(b) within ninety (90) days after notice of the dispute, shall be resolved by final and binding arbitration in accordance with the then current CPR Rules for Non−Administered Arbitration by a sole neutral arbitrator designated in accordance with CPR Rule 5.3, for any dispute involving amounts in the aggregate under Three Million Dollars ($3,000,000.00), or, for any dispute involving amounts in the aggregate equal to or greater than Three Million Dollars ($3,000,000.00), by three (3) arbitrators, with each Party designating one (1) arbitrator in accordance with the "screened" appointment procedure set forth in CPR Rule 5.4, and with the third arbitrator being appointed in accordance with CPR Rule 5.4(e); *provided, however,* that if either Party will not participate in a non−binding mediation Proceeding as specified in Section 20(b), the other Party may thereafter immediately initiate

arbitration (before expiration of the above−mentioned ninety (90) day period). The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1−16, inclusive, and judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction thereof. The place of arbitration shall be Hartford, Connecticut.

(e) Powers of Arbitrators. Except with respect to any and all Claims of Persons other than UI or UI's Affiliates, the arbitrator(s) are not empowered to award damages to UI, if any, in excess of compensatory damages (subject to the limitation on Liability set forth in the applicable Associated Agreement). Also in accordance with Section 19, the arbitrators shall not find CLPliable to UI, except to the extent arising out of CL&P's and/or any of its Affiliates' Actionable Conduct. Additionally, in accordance with Section 19, each Party expressly waives and foregoes any right to have the arbitrator(s) award indirect, incidental, consequential, special, exemplary, punitive or similar damages, except to the extent Law requires that compensatory damages be increased in a specified manner, or except with respect to any and all Claims of Third Parties. All costs of the arbitration shall be paid equally by the Parties, unless the award shall specify a different division of such costs. Each Party shall be responsible for its own expenses, including attorneys' fees. Both Parties shall be afforded adequate opportunity to present information in support of its position on the dispute being arbitrated. The arbitrator(s) also may request additional information from the Parties.

(f) Deferral. The Parties may agree to defer any arbitration Proceeding pending the resolution of a particular dispute, but only to the extent the Indemnified Persons are not prejudiced thereby.

(g) Continued Performance. Each Party shall continue performance of its obligations under the Associated Agreements, in conformance with the terms and conditions of the Associated Agreements, notwithstanding the existence of any Claim, dispute, arbitration and/or other Proceeding between the Parties. Nothing in this Section 20 shall prejudice, impair or otherwise prevent either Party from receiving equitable relief, including an order for specific performance and/or an injunction, from any Relevant Authority having proper jurisdiction pending the conclusion of any negotiation, mediation and/or arbitration Proceeding.

(h) Compelled Arbitration. Subject to the provisions of Section 20(f), each Party will proceed in good faith to conclude any arbitration Proceeding referred to above in this Section 20 as quickly as reasonably possible. If a Party refuses or fails to participate in an arbitration Proceeding as required by this Section 20, the other Party may petition any court of competent jurisdiction for an order directing the refusing Party to participate in the arbitration Proceeding. All costs and expenses, including attorneys' fees, incurred by the petitioning Party in enforcing such participation shall be paid for by the refusing Party.

(i) Related Parties. Each Party shall have the right, but not the obligation, to join or otherwise require others to participate as parties and/or witnesses, in the sole and exclusive discretion of each such Party exercised in good faith, in any dispute resolution Proceeding
hereunder (including any negotiation between executives, mediation and/or arbitration). If either Party, in its sole and exclusive discretion exercised in good faith, exercises such right, then such

additional party and/or parties shall be an equal participant in, and subject to all rules and requirements of, such Proceeding; *provided* that if such additional participation involves an arbitration Proceeding for disputes involving amounts in the aggregate equal to or greater than Three Million Dollars ($3,000,000.00), then three (3) arbitrators shall be designated pursuant to the "screened" appointment procedure referenced in Section 20(d), with one (1) arbitrator being appointed by CL&P, one (1) arbitrator being appointed by UI, and the third arbitrator appointed in accordance with CPR Rule 5.4(e).

(j) Participation. Each Party shall have the right, but not the obligation, to require the other Party to join or otherwise participate as a party and/or witness, in the sole and exclusive discretion of such Party exercised in good faith, in any dispute resolution Proceeding (including any negotiation between executives, mediation and/or arbitration) involving all or any portion of the Connecticut NEEWS Projects. If either Party, in its sole and exclusive discretion exercised in good faith, exercises such right, then the other Party shall act in good faith, coordinate and cooperate with such Party and the other parties to the Proceeding, and otherwise proceed as though such Proceeding involved a dispute under the Associated Agreements. Both Parties hereby consent to being so joined and waive and release, to the fullest extent permitted by Law, any objection, right or other Claim that such Party cannot be compelled or otherwise has no obligation to participate in any such Proceeding. The joined or otherwise participating Party shall solely bear all costs and expenses incurred in connection with such participation.

(k) Compelled Participation. If either Party refuses or fails to comply with Section 20(i) and/or Section 20(j) in whole or in part, the other Party may petition any Relevant Authority having proper jurisdiction for an order directing such refusing or non−complying Party to so comply. All costs and expenses, including attorneys' fees, incurred by the other Party in enforcing such participation will be paid by such refusing or non−complying Party.

(l) Exclusion. Any disputes arising out of or relating to the OMAgreement and/or the Step−In Agreement shall be resolved in accordance with, and subject to, the terms and conditions of such Transaction Document(s).

21. Relationship of the Parties. Nothing in the Associated Agreements creates or is intended to create an association, trust, partnership, joint venture, or other entity or similar legal relationship between the Parties, or impose a trust, partnership or fiduciary duty, obligation or other Liability on or with respect to either Party. Except for the rights and obligations of the Parties concerning Development, ownership and operation and maintenance of the Connecticut NEEWS Projects set forth in Sections 5 and 7, respectively, neither Party shall be deemed to be a representative, an agent or an employee of the other Party, or have any right or authority to take action that may bind the other Party, without the prior (written) consent of the other Party, which consent may be granted or withheld in such other Party's sole and exclusive discretion.

22.
Public Announcement. Except for disclosures:

(a)
to a Party's Affiliates and its own and/or its Affiliates' employees, agents, representatives and consultants who have agreed to be bound by the provisions of the Confidentiality Agreement;

(b)
to other NEEWS Projects participants to whom such disclosures are reasonably deemed by CLPto be necessary or advisable; and/or

(c)
as required to comply with Law (which disclosures shall be subject to the applicable provisions of the Confidentiality Agreement),

neither Party shall issue or permit any of its officers, directors, employees, agents, advisors and/or representatives to issue any press release or other information to the press or to any Third Party with respect to the Transaction, any Transaction Document or the matters expressed in any Transaction Document without the prior (written) consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed.

23.
Miscellaneous Provisions.

(a)
Governing Law. The Associated Agreements and the rights and duties of the Parties thereunder shall be governed by and construed, enforced and performed in accordance with the Law of the State of Connecticut, without regard to principles of conflicts of law thereof, except to the extent that the Law of another jurisdiction must govern certain aspects of the enforcement of the rights and remedies of the Parties (including legal process and procedure).

(b)
Notice. All notices, demands, directions, approvals, requests, acknowledgements, consents, authorizations, permission, invoices and/or other communications required or permitted to be given hereunder and/or under any of the other Associated Agreements from either Party shall be in writing and shall be deemed effective upon the first to occur of the following:

(i)
actual receipt by the recipient;

(ii)
one (1) Business Day after deposit of the notice addressed as provided below with a nationally recognized overnight courier for next Business Day delivery (the delivery fees for which have been paid by or charged to the delivering Party); or

(iii)
five (5) days after deposit of the notice addressed as provided below in the U.S. mail, if sent by U.S. certified mail, return receipt requested.

In each case, such notice or other communication shall be sent to the respective Party at the following respective addresses:

If to CL&P:

The Connecticut Light and Power Company
107 Selden Street
Berlin, CT 06037
Attention: Project Director – NEEWS

With a copy to:

Northeast Utilities Service Company
P. O. Box 270
Hartford, Connecticut 06141
Attention:
General Counsel

Address for couriers:

56 Prospect Street
Hartford, Connecticut 06103−2818

And if to UI:

The United Illuminating Company
157 Church Street
New Haven, CT 06510
Attention: Vice President Transmission Business

With a copy to:

The United Illuminating Company
157 Church Street
New Haven, Connecticut 06510
Attention: General Counsel

Either Party may change its address for notice or other communication by providing (written) notice of such change to the other Party in accordance with this Section 23(b).

(c) Time. Time is of the essence concerning the time periods and deadlines set forth in the Associated Agreements.

(d) Jurisdiction. Subject to the provisions of Section 20, the Parties hereby consent to the exclusive personal and subject matter jurisdiction of any federal or state court located within the State of Connecticut for the enforcement of the outcome of any and all arbitration Proceedings pursuant to Section 20 and any other legal or equitable Proceedings arising out of or relating to any of the Associated Agreements. Each Party hereby irrevocably waives and

releases, to the fullest extent permitted by Law: (i) any objection to the venue of any such Proceeding brought in such a court; and (ii) any Claim that any such Proceeding brought in such court has been brought in an inconvenient forum.

(e) Invalid Provisions. If any provision of any Associated Agreement is adjudged in arbitration or by a court of competent jurisdiction to be illegal, invalid or unenforceable at law or in equity for any reason, the same shall, if possible, be modified to the extent necessary to make it legal, valid and enforceable, or, if not possible, such provision shall be deleted. The remaining provisions of such Associated Agreement shall remain enforceable notwithstanding the illegality, invalidity or unenforceability of any individual provision. The Parties also shall negotiate an equitable adjustment to such Associated Agreement with a view toward effecting, to the extent possible, the original purpose and intent of the severed provision.

(f) Succession/Assignment.

(i) The Associated Agreements, and the rights and obligations created thereby, shall bind and inure to the benefit of the permitted successors and assigns of the Parties, subject to the provisions set forth below in this Section 23(f).

(ii) CLPmay assign its rights and/or obligations, in whole or in part, under any Associated Agreement without recourse and without the consent of UI, to any Affiliate of CLPand/or any Person acquiring all or substantially all of the transmission assets of CL&P. Additionally, as set forth in Section 2, CLPmay exercise any or all of its rights and/or perform any or all of its obligations under the Associated Agreements through NUSCO or other Affiliate of CLPacting as agent for CL&P, and such performance shall not constitute an assignment and/or assumption of Liability by NUSCO and/or any such Affiliate. Otherwise, CLPshall not assign its rights and/or obligations under any Associated Agreement without the prior (written) consent of UI, which shall not be unreasonably withheld or delayed; *provided, however*, CLPmay assign, in whole or in part, any Associated Agreement without the consent of UI to any Person if CLPremains unconditionally liable for all of the obligations and other Liabilities of such transferee thereunder notwithstanding such assignment.

(iii) UI is not authorized to and shall not Transfer or suffer or permit a Transfer of its rights and/or obligations under this Agreement (including the opportunity to invest in the Development of any of the Connecticut NEEWS Projects, the right to receive amounts on account of the UI Investments based on the Deposit Rate, and/or the ability to acquire UI Assets using UI Investments) and/or any of the other Associated Agreements, without the prior (written) consent of CL&P, which may be granted or withheld in CL&P's sole and exclusive discretion; *provided, however*, if CLPwithholds such consent for whatever reason, UI shall have the option, exercisable by (written) notice given to CLPno later than fifteen (15) days after CLPnotifies UI of such denial, to terminate this Agreement and the other Associated Agreements, in which case, the Parties shall be released from any and all obligations under this Agreement and the other Associated Agreements, except for those obligations that are to survive pursuant to the provisions of Section 17(a). For purpose of this Section 23(f)(iii), the term Transfer shall not include the assignment or pledge of an interest in such property or rights as collateral security in

connection with a financing transaction unless the Person providing such financing exercises its right to realize on such collateral. In the event of any such termination by UI, CLPshall refund to UI any and all UI Investments that have not been used to acquire UI Assets, determined as of the date of such (written) notice of termination, within fifteen (15) Business Days after the date of such (written) termination notice.

For the avoidance of doubt, the foregoing termination shall not affect in any manner whatsoever the terms and conditions of this Agreement and the other Transaction Documents (including the provisions of Exhibits, Schedules and other attachments hereto or thereto) that apply to UI Assets acquired by UI before the effective date of such termination. Without limiting CL&P's discretion with respect to any proposed Transfer of this Agreement and/or any other Associated Agreement, CLPmay condition its consent on the transferee executing and delivering to CLPan agreement under which the transferee agrees to be bound by the terms of this Agreement and the provisions of the other Associated Agreements, including the continuing covenants set forth in the Purchase and Sale Terms (including the Right of First Refusal and the Buy−Back Option).

(g) Amendments and Modifications. The Transaction Documents, including all exhibits and schedules and all attachments thereto, including the Confidentiality Agreement, together with the Memorandum of Understanding, constitute the entire agreement between the Parties concerning the subject matter hereof and thereof and supersede all prior agreements between the Parties, whether oral or written, with respect to the subject matter hereof and thereof. The Transaction Documents may not be amended or modified except by the written agreement of the Parties.

(h) Further Assurances. The Parties shall from time to time, execute and deliver such additional instruments, documents, conveyances or assurances and take such other actions as shall be necessary, or otherwise reasonably requested by the other Party, to clarify, confirm and assure the rights and obligations provided for in this Agreement and the other Transaction Documents.

(i) Counterparts/Facsimiles/PDF Copies. This Agreement and the other Transaction Documents may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement or the other Transaction Documents or the terms hereof or thereof to produce or account for more than one of such counterparts; *provided* that the counterpart produced bears the signature of the Party sought to be bound. Facsimile signatures and "portable document format" (PDF) copies of signatures shall be deemed original signatures.

(j) No Third Party Beneficiaries. This Agreement and the other Transaction Documents and all rights hereunder and thereunder are intended for the sole benefit of the Parties and shall not imply or create any rights on the part of, or obligations to, any other Person (other than the Indemnified Persons).

(k) No Recourse. UI shall not have any recourse whatsoever against any of the directors, officers or employees of CLPor against any of CL&P's Affiliates for any of CL&P's

obligations under this Agreement (including the Purchase and Sale Terms), under any other Transaction Document, or under the Memorandum of Understanding. Without limiting the generality of the foregoing, UI, on behalf of itself and its Affiliates, hereby fully and irrevocably waives any right, Claim or entitlement whatsoever against any such directors, officers or employees and/or such Affiliates relating to any Liability suffered or incurred by any of them from any acts or omissions of any of such Persons. This Section 23(k) shall survive termination or expiration of this Agreement, the Memorandum of Understanding and any other Transaction Documents.

(l) Transaction Cost Reimbursement. To partially reimburse CLPfor costs related to the Transaction, UI shall pay CL&P:

(i) the sum of Two Hundred Thousand Dollars ($200,000.00) when the first Group of Purchased UI Assets from the first Connecticut NEEWS Project to achieve Commercial Operation, at least in part, is transferred from CLPto UI;

(ii) the sum of One Hundred Thousand Dollars ($100,000.00) when the first Group of Purchased UI Assets from the second Connecticut NEEWS Project to achieve Commercial Operation, at least in part, is transferred from CLPto UI; and

(iii) the sum of One Hundred Thousand Dollars ($100,000.00) when the first Group of Purchased UI Assets from the third Connecticut NEEWS Project is transferred from CLPto UI.

In addition to and without limiting the foregoing, any payments to Third Parties that are required for CLPto obtain consents and approvals (except for FERC and DPUC consents and approvals), including those relating to the assignment of Contracts and the Transferable Permits pursuant to the Purchase and Sale Terms, shall be UI's responsibility; *provided*, that, if CL&P, in good faith, expects the aggregate cost of any such Third Party consent or approval to exceed the sum of Two Thousand Five Hundred Dollars ($2,500.00) (determined on an individual basis) and such amount is not determined pursuant to Law, CLPshall obtain the prior (written) consent of UI (not to be unreasonably withheld, conditioned or delayed) before committing to such cost. If UI withholds such consent, such Contract and/or Transferable Permit shall be administered pursuant to the applicable provisions of the Assignment and Assumption Agreement in lieu of incurring such costs, in which case UI shall have assumed all risks and other Liabilities associated with such decision (together with all risks of any Claims from the applicable counterparty and/or Relevant Authority relating to such decision), CLPshall have no liability whatsoever to UI related to UI's refusal or failure to provide such consent, and UI shall fully indemnify CLPwith respect to all Claims, Proceedings and Liabilities whatsoever relating to such decision pursuant to Paragraph G of the Purchase and Sale Terms. To the extent not presented for payment (and paid by UI) as of the Effective Date or each Closing, UI shall pay the full amount invoiced by CLPfor reimbursement of costs and expenses that are UI's responsibility under the provisions of this Section 23(l) within thirty (30) days after the date of the applicable invoice. Payment shall be

made by wire transfer to an account from time to time designated by CL&P, or by other mutually agreeable methods(s).

(m) DPUC Approval. For the avoidance of doubt, notwithstanding anything to the contrary in this Agreement, the effectiveness of this Agreement concerning any and all matters regarding UI Investments and the transfer of UI Assets is subject to final, non−appealable DPUC approval of the Transaction on or before December 31, 2010, on terms and conditions acceptable to each Party in their respective sole discretion exercised in good faith.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the Effective Date.

THE CONNECTICUT LIGHT AND POWER COMPANY

/S/ MARK J. MALASPINA
By: /S/ JAMES A. MUNTZ

Name: James A. Muntz
Title: Senior Vice President − Transmission

/S/ WILLIAM O'HARA
Duly Authorized

THE UNITED ILLUMINATING COMPANY

/S/ STEPHANIE N. GOOD
By: /S/ ANTHONY J. VALLILLO

Name: Anthony J. Vallillo
Title: President and COO

/S/ BERNICE L. HERRING
Duly Authorized

STATE OF CONNECTICUT
)
) ss.
Berlin
COUNTY OF HARTFORD
)

This Agreement was acknowledged before me on the 13th day of July, 2010, by James A. Muntz, Senior Vice President − Transmission of The Connecticut Light and Power Company, a specially chartered Connecticut corporation, on behalf of said corporation.

My Commission Expires:
/S DIANE S. FARYNIARZ

Notary Public

11/30/2014

Diane S. Faryniarz
Notary's Printed/Typed Name

STATE OF CONNECTICUT
)
) ss.
New Haven
COUNTY OF
NEW HAVEN

This Agreement was acknowledged before me on the 13th day of July, 2010, by Anthony J. Vallillo, President and COO of The United Illuminating Company, a specially chartered Connecticut corporation, on behalf of said corporation.

My Commission Expires:
/S/ TALINE R. FRASER
Notary Public

June 30, 2012

Taline R. Fraser
Notary's Printed/Typed Name

Exhibit A

UI Investment Line

Chart depicting investment levels

Exhibit B

Potential UI Connecticut GSRP Assets

As of the Effective Date, Components of the following segments of the Connecticut GSRP Project are intended to become UI Assets as and to the extent necessary to convert UI Investments into UI Assets at the time of Commercial Operation of each Component of each such segment. Segments and Components within segments will be used in sequential order (with segments being used in the numbered order below and Components within such segments being used in an order beginning with each applicable starting structure).

	Segment	Miles	Segment Cost, $M	% of GSRP	Starting Structure	Ending Structure
1.	Manchester to Meekville Line	2.0	12.3	8.4	3703	3719
2.	N. Bloomfield to Rt. 20	4.7	16.3	11.1	3	46
3.	Rt. 20 to CT−MA border	7.2	25.0	17.0	47	113

EXHIBIT D TO

AGREEMENT RE: CONNECTICUT NEEWS PROJECTS

BY AND BETWEEN

THE CONNECTICUT LIGHT AND POWER COMPANY

AND

THE UNITED ILLUMINATING COMPANY

DATED: JULY ___, 2010

PURCHASE AND SALE TERMS

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EXHIBIT D

Purchase and Sale Terms

The following additional terms and conditions, including terms and conditions of purchase and sale, shall govern the respective rights and obligations of the Parties under this Agreement and the conveyance of each Group of Purchased UI Assets (as defined below) by CLPto UI. Initially capitalized terms used and not defined in these Purchase and Sale Terms shall have the meanings ascribed to such terms in Section 1(a) of this Agreement.

A. Identification of UI Assets to be Conveyed to UI. After CLPnotifies UI pursuant to Section 3(o)(i) of this Agreement of the expected date of Commercial Operation of each Component (of each Connecticut NEEWS Project) that is to be conveyed to UI (such assets being herein referred to as the "Group of Purchased UI Assets"), the Parties shall use commercially reasonable efforts to take such actions as are necessary to consummate the applicable Closing (to the extent not already addressed in this Agreement, including Section 13), including the use of commercially reasonable efforts to obtain any consent, approval or other authorization required from any Third Party (including any Relevant Authority). To the extent that any Project Rights (other than Transferable Permits) related to or associated with each Group of Purchased UI Assets also include Retained Rights (including warranties) (a "Shared Contract"), and such Shared Contract is not partially assignable to UI without the consent of the applicable counterparty, the Parties shall use commercially reasonable efforts to establish a separate agreement, understanding, instrument or other arrangement (a "Contract") on or before the applicable Closing Date with the applicable counterparty that can be assigned to UI at the applicable Closing, on substantially identical terms as the applicable Shared Contract relating to the applicable Group of Purchased UI Assets, without recourse to CL&P. To the extent that any Transferable Permit also includes Retained Rights (a "Common Permit"), and such Common Permit is not partially assignable to UI without the consent of the issuing Relevant Authority, the Parties shall use commercially reasonable efforts to effect, before the applicable Closing Date, the consent and/or other appropriate authorization from the issuing Relevant Authority to the partial assignment, without recourse to CLPor its Affiliates, of such Common Permit to the extent applicable to the applicable Group of Purchased UI Assets. Notwithstanding anything to the contrary in this Paragraph A, if the counterparty to any Shared Contract and the issuer of any Transferable Permit requires the payment of such Person's costs and expenses as a condition to granting a Party's request pursuant to this Paragraph A, then the provisions of Section 23(l) of this Agreement shall apply. As used herein, "Transferable Permits" shall mean the approvals, authorizations, permits, orders, consent orders and licenses issued by any Relevant Authority and necessary to own, use and/or operate the applicable Group of Purchased UI Assets after the applicable Closing Date.

B. Closing of Conveyance of each Group of Purchased UI Assets; Closing Adjustments.

1. Closing. As more fully described in Section 3(m)(ii)(A)(I) of this Agreement, the closing ("Closing") of the conveyance of each Group of Purchased UI Assets by CLPto UI, which also shall include the assumption of the Assumed Liabilities for each Group of Purchased UI Assets, shall be effective as of the Business Day immediately prior to the date of Commercial

Operation of the Component of such Connecticut NEEWS Project comprising such Group of Purchased UI Assets, or at such other time as the Parties may agree upon in writing (each, a "Closing Date"). Each Closing shall take place on the applicable Closing Date by electronic exchange of documents, or in such other manner or place as the Parties may agree upon in writing.

2. Closing Adjustments.

(a) Pro−Ration.

(i) The Parties agree that all of the items normally prorated in a sale of assets of the type contemplated by this Agreement, including those listed below, relating to the ownership and/or operation of any Group of Purchased UI Assets, will be prorated between the Parties as of the applicable Closing Date, with CLPliable to the extent such items relate to any period through and including the applicable Closing Date, and UI liable to the extent such items relate to periods after the applicable Closing Date: (A) Taxes, if any, on or associated with such Group of Purchased UI Assets; (B) rent, Taxes and other items payable by or to CLPunder any of the written contracts, agreements, arrangements, licenses, easements, subeasements and other documents and/or instruments relating to the ownership and/or operation of such Group of Purchased UI Assets assigned to and assumed by UI (in the case of any partial assignment, to the extent so assigned and assumed), or for which other arrangements have been made under the applicable Assignment and Assumption Agreement, pursuant to these Purchase and Sale Terms and the other Transaction Documents; (C) any permit, license, registration or similar fee with respect to any Transferable Permit associated with such Group of Purchased UI Assets; and (D) to the extent applicable, sewer charges and charges for water, fire protection, telephone, electricity and other utilities or services. Subject to Paragraph B.2(a)(ii) immediately below, and not less than five (5) Business Days prior to the applicable Closing Date, the Parties shall agree upon the sum of the net amount of the prorated amounts to which either CLPor UI shall be entitled pursuant to this Paragraph B.2(a)(i) and such net amount shall be paid at the applicable Closing. In the event that a dispute exists between the Parties with regard to any proration, the Parties shall consummate the applicable Closing using CL&P's good faith estimate of amounts pending the resolution of such dispute pursuant to Section 20 of this Agreement.

(ii) If the amount of one or more of the Taxes or other Liabilities to be prorated in accordance with Paragraph B.2(a)(i) is not known or determinable on or prior to the applicable Closing Date, the amounts to be prorated as of the applicable Closing Date in accordance with Paragraph B.2(a)(i) shall be based upon the actual Taxes or other Liabilities for the most recent preceding year (or other appropriate period) for which such actual Taxes or Liabilities are available. The amount of unknown or indeterminable Taxes or other Liabilities prorated as of the applicable Closing Date pursuant to Paragraph B.2(a)(i) shall be adjusted to reflect the actual amount of such Taxes or Liabilities upon the request of either CL&P, on the one hand, or UI, on the other hand, within sixty (60) days after the date the actual amounts become available, and resulting payment shall be made within thirty (30) days after receipt of a correct (written) invoice or other accurate (written) request for payment. The Parties agree to furnish each other with such documents and other records that may be reasonably requested in order to confirm all adjustment and proration calculations made pursuant to this Paragraph

B.2(a)(ii). Without limiting the generality of the foregoing, UI acknowledges and agrees that, if CLPhas submitted a personal property declaration to any municipality before the applicable Closing Date that included, among other things, any Group of Purchased UI Assets, then CLPshall remain liable to such municipality for personal property Taxes associated with such Group of Purchased UI Assets for the fiscal year covered by such declaration. In furtherance of the foregoing and in addition to the adjustment made at the applicable Closing pursuant to Paragraph B.2(a)(i) with respect to personal property Taxes associated with the applicable Group of Purchased UI Assets for the applicable municipality's then current fiscal year, UI shall pay to CLPall other amounts paid by CLPfor Taxes associated with the applicable Group of Purchased UI Assets, including for any future fiscal year covered by such declaration. UI shall pay CLPthe amount of such Taxes within thirty (30) days after receipt of a (written) invoice or other (written) request for reimbursement of the same from CL&P. If and to the extent that a municipality adjusts the Liability for such personal property Taxes for any fiscal year, including as a result of the adjustment in the mil rate, UI, in the case of an increase in Taxes, shall reimburse CLPin accordance with this Paragraph B.2(a)(ii) for any such increase paid by CLPand associated with the applicable Group of Purchased UI Assets, or CL&P, in the case of a decrease in Taxes already reimbursed by UI pursuant to this Paragraph B.2(a)(ii), shall refund any reduction associated with the applicable Group of Purchased UI Assets, each within thirty (30) days after the applicable Party has knowledge of such adjustment. UI shall be directly responsible for Taxes on or associated with each Group of Purchased UI Assets for the fiscal year after the applicable Closing Date and not covered by the adjustments contemplated in this Paragraph B.2(a), including the filing of a declaration with the applicable municipality for such fiscal year.

(b)
Transfer, Conveyance, Sales and Gross Receipts Tax. All transfer, conveyance, sales and gross receipts Taxes payable in connection with the conveyance of any Group of Purchased UI Assets (whether or not treated by the applicable taxing authority as personal property, notwithstanding the Parties' intent and understanding that each Group of Purchased UI Assets is personal property) and the transactions contemplated by these Purchase and Sale Terms, including Connecticut sales and gross receipts Tax, shall be borne by UI, and UI, at its own cost and expense, will file, to the extent required by Law, all necessary Tax Returns and other documentation with respect to all such transfer, conveyance, sales or gross receipts Taxes. If required by Law, CLPwill execute or join in the execution of any such Tax Returns or other documentation; *provided*, that CLPshall not be required to execute or deliver any Tax Returns or other documentation that CL&P, in good faith, believes to be false or misleading. Prior to the applicable Closing Date, UI will provide to CL&P, to the extent possible, an appropriate certificate of no Tax due from each applicable taxing authority.

(c)
Allocation of Cost of Group of Purchased UI Assets. With respect to any Group of Purchased UI Assets, the sum of the applicable Cost of such Group of Purchased UI Assets will be allocated among such Group of Purchased UI Assets as indicated on CL&P's books, in a manner consistent with Section 1060 of the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations promulgated thereunder (the "Code"). Each Party will report the transactions contemplated by this Agreement for federal income Tax and all other Tax purposes in a manner consistent with such allocation to the extent consistent with Law. Each Party will provide the other promptly with any and all other information required to complete Form 8594 under the Code. Each Party will notify the other and will

provide the other with reasonably requested cooperation in the event of an examination, audit, or other Proceeding regarding the allocations provided for in this Paragraph B.2(c).

C. CL&P's Obligations Re: Sale and Conveyance. With respect to each Group of Purchased UI Assets, as of the applicable Closing Date, CLPshall sell, assign, convey, transfer and deliver to UI through, and subject to the terms and conditions of, the applicable Bill of Sale and the other Transaction Documents, all of CL&P's right, title and other arrangements provided for in the applicable Assignment and Assumption Agreement concerning and interest in, to and under such Group of Purchased UI Assets. CLPshall also grant to UI a license pursuant to the applicable License Agreement to use the real property rights owned (in fee or by easement) and/or leased or licensed by CLPupon which such Group of Purchased UI Assets are located on and/or attached to. The conveyance of each Group of Purchased UI Assets shall also include delivery of copies of the related documents in CL&P's possession necessary to the ownership, use and operation of such Group of Purchased UI Assets as and when such documents are made available to CL&P, and the assignment and other arrangements provided for in the applicable Assignment and Assumption Agreement concerning any and all Transferable Permits and other Relevant Rights necessary to the ownership, use and operation of such Group of Purchased UI Assets in accordance with the terms and conditions of these Purchase and Sale Terms and the applicable Assignment and Assumption Agreement. In addition, at the time of each Closing (or reasonably soon thereafter), CLPalso shall deliver to UI copies of all written contracts, agreements, arrangements, licenses, leases, easements, subeasements and other documents and/or instruments relating to such Group of Purchased UI Assets as of the applicable Closing Date or by which such Group of Purchased UI Assets are bound or subject as of the applicable Closing Date, in each case, relating to the ownership, lease, maintenance or operation of such Group of Purchased UI Assets.

Notwithstanding anything to the contrary in these Purchase and Sale Terms or in any other Transaction Document, neither this Agreement (including these Purchase and Sale Terms) nor any of the other Transaction Documents shall sell, assign, convey and/or otherwise transfer any interest of whatever nature in real property. Each Group of Purchased UI Assets shall constitute only personal property, and the Parties shall take all such actions, execute and deliver all such documents and/or otherwise do all such things (including appropriate filings with Tax authorities) from time to time as may be necessary and appropriate to confirm, clarify and/or otherwise characterize each Group of Purchased UI Assets as personal property. As more fully described in the Transaction Documents (including the applicable Bill of Sale), each Group of Purchased UI Assets shall be conveyed by CLPto UI on an "*as is, where is*" basis without representation or warranty of any kind or character by CLPor recourse to CL&P. The applicable Bill of Sale to be executed and delivered by CLPto UI in connection with the conveyance of each Group of Purchased UI Assets shall set forth a more detailed disclaimer of representations or warranties of CLPwith respect to each Group of Purchased UI Assets.

D. UI's Obligations Re: Purchase and Assumption. With respect to each Group of Purchased UI Assets, UI will purchase and acquire from CL&P, subject to the terms and conditions of the applicable Bill of Sale and the other Transaction Documents, all of CL&P's right, title and interest in and to such Group of Purchased UI Assets as of the applicable Closing Date. Without limiting the generality of Section 6(b) of this Agreement, UI shall also assume

and agree to pay, perform and otherwise discharge when due, without recourse to CLPor its Affiliates, any and all Liabilities of CLPand its Affiliates, successors and assigns of any kind and description, relating to, in respect of, or otherwise arising from the development, construction, installation, ownership, operation, maintenance and/or use of, each Group of Purchased UI Assets (collectively, the "Assumed Liabilities"), including the following Liabilities: (i) all Liabilities arising under, in respect to, or relating to the written contracts, agreements, arrangements, licenses, easements, subeasements and other documents and/or instruments relating to the development, construction, installation, ownership, use, operation and/or maintenance of each Group of Purchased UI Assets, (ii) all Liabilities arising under, in respect to, or relating to the Transferable Permits, (iii) all Liabilities for any and all post−Closing Date Taxes with respect to each Group of Purchased UI Assets, (iv) all Liabilities with respect to the development, construction, installation, ownership, use, operation and/or maintenance of each Group of Purchased UI Assets, including Pending Proceedings and any and all Liabilities arising from and/or relating to compliance or non−compliance with Law, including Environmental Law, (v) all Liabilities arising under, in respect to, or relating to any Proceeding existing, arising or asserted with respect to each Group of Purchased UI Assets on or after the applicable Closing Date, and (vi) all other Liabilities of any nature whatsoever to the extent arising from the development, construction, installation, ownership, use, operation and/or maintenance of all and/or any portion of each Group of Purchased UI Assets. UI shall execute and deliver to CLPat each Closing an Assignment and Assumption Agreement with respect to the Assumed Liabilities attributable to each Group of Purchased UI Assets.

E. Delivery of Documents at Closing/Effect of Closing.

1. Deliveries by CLP. At or prior to each Closing, CLPwill deliver, or cause to be delivered, the following to UI:

(a) A Bill of Sale in substantially the form set forth in Attachment D−1 to these Purchase and Sale Terms ("Bill of Sale"), duly executed by CLP

(b) An Assignment and Assumption Agreement in substantially the form set forth in Attachment D−2 to these Purchase and Sale Terms ("Assignment and Assumption Agreement"), duly executed by CLP

(c) A License Agreement in substantially the form set forth in Attachment D−3 to these Purchase and Sale Terms ("License Agreement"), duly executed by CLP

(d) A Property Tax Agreement in substantially the form set forth in Attachment D−4 to these Purchase and Sale Terms ("Property Tax Agreement"), duly executed by CLP

(e) An Asset Demarcation Agreement in substantially the form set forth in Attachment D−5 to these Purchase and Sale Terms ("Asset Demarcation Agreement"), duly executed by CLP

(f) For the first Closing, in accordance with Sections 7(a) and 7(d) of this Agreement, the OMAgreement and the Step−In Agreement, duly executed by CLP

(g) A certificate of a duly authorized officer of CLP(i) stating that the

execution, delivery and performance of the applicable Bill of Sale, Assignment and Assumption Agreement, License Agreement, Property Tax Agreement and Asset Demarcation Agreement, as well as the OMAgreement (for the first Closing only) and the Step−In Agreement (for the first Closing only) have been duly authorized by all necessary corporate action by CLPand that all conditions precedent to such execution and delivery have been satisfied or waived by CL&P, and (ii) identifying the name and title and bearing the signatures of the officers of CLPauthorized to execute and deliver the applicable Bill of Sale, Assignment and Assumption Agreement, License Agreement, Property Tax Agreement and Asset Demarcation Agreement, as well as the OMAgreement (for the first Closing only) and the Step−In Agreement (for the first Closing only);

(h) Subject to Paragraph C above, originals in CL&P's possession of the Transferable Permits and other Relevant Rights (to the extent embodied in writing) relating to the applicable Group of Purchased UI Assets; *provided* that (i) if any Transferable Permit(s) and/or other Relevant Right(s) (to the extent embodied in writing) also relate to any portion of the Connecticut NEEWS Projects retained by CLPor to any other property of CL&P, then CLPonly shall furnish copies of such documents; (ii) CL&P, in its capacity as the Contractor, as defined in the OMAgreement, may retain such originals to the extent reasonably required for the operation and maintenance of the applicable Group of Purchased UI Assets, in which case UI shall have access to the same pursuant to Section 2.9 of the OMAgreement; and/or (iii) CLPshall have the right to retain copies of all such records, books and documents relating to such Relevant Rights; and

(i) If and as applicable, a joint defense agreement with respect to any Pending Proceeding in accordance with Paragraph F.7.

2. Deliveries by UI. At or prior to each Closing, UI will deliver, or cause to be delivered, the following to CL&P:

(a) The applicable Bill of Sale, duly executed by UI;

(b) The applicable Assignment and Assumption Agreement, duly executed by UI;

(c) The applicable License Agreement, duly executed by UI;

(d) The applicable Property Tax Agreement, duly executed by UI;

(e) The applicable Asset Demarcation Agreement, duly executed by UI;

(f) For the first Closing, in accordance with Sections 7(a) and 7(d) of this Agreement, the OMAgreement and the Step−In Agreement, duly executed by UI;

(g) A certificate of a duly authorized officer of UI (i) stating that the execution, delivery and performance of the applicable Bill of Sale, Assignment and Assumption Agreement, License Agreement, Property Tax Agreement and Asset Demarcation Agreement, as well as the OMAgreement (for the first Closing only) and the Step−In Agreement (for the first Closing only) have been duly authorized by all necessary corporate action by UI and that all conditions precedent to such execution and delivery have been satisfied or waived by UI, and (ii) identifying the name

and title and bearing the signatures of the officers of UI authorized to execute and deliver the applicable Bill of Sale, Assignment and Assumption Agreement, License Agreement, Property Tax Agreement and Asset Demarcation Agreement, as well as the OMAgreement (for the first Closing only) and the Step−In Agreement (for the first Closing only); and

(h) If and as applicable, a joint defense agreement with respect to any Pending Proceeding in accordance with Paragraph F.7.

3. Effect of Closing. For each Closing subsequent to the first Closing, each Group of Purchased UI Assets that is the subject of such subsequent Closing shall automatically become subject to the OMAgreement and the Step−In Agreement, without further action or documentation of any sort required.

F. Claims Management.

1. Managed Claims. CLPshall exclusively manage and control all Managed Claims (whether before or after the applicable Closing); *provided* that:

(a) CLPshall be entitled, by notice given to UI within thirty (30) days after the applicable Closing, to elect not to so manage and control any Pending Proceeding, in which case such Pending Proceeding shall be deemed to be a Non−Managed Claim;

(b) CLPshall be entitled, by notice given to UI within thirty (30) days after CLPreceives written notice of a Managed Claim, to elect not to so manage and control such Managed Claim, in which case such Claim or Proceeding shall be a Non−Managed Claim; and/or

(c) if a Third Party has asserted a Managed Claim against UI, but has not asserted such Managed Claim against CLPand/or any of its Affiliates, then (i) such Claim or Proceeding shall become a Non−Managed Claim that UI shall manage at its sole cost and expense, with CLPentitled to participate in the defense of such Non−Managed Claim through CL&P's counsel at CL&P's expense; (ii) UI shall select counsel for its defense of such Non−Managed Claim from a list of three (3) law firms chosen by CL&P, which list shall be provided by CLPto UI within twenty (20) days after CLPreceives written notice of such Non−Managed Claim; and (iii) UI shall not agree to a consensual resolution of all or any portion of such Non−Managed Claim without the prior written consent of CL&P, which consent shall not be unreasonably withheld, conditioned or delayed; *provided further* that if such Third Party subsequently asserts such Claim against, and/or prosecutes a Proceeding involving, CLPand/or any of its Affiliates, then CLPshall be entitled to assume the exclusive management and control of such Claim or Proceeding as a Managed Claim effective upon CL&P's notice of such election given to UI. If any Non−Managed Claim becomes a Managed Claim pursuant to this Paragraph F.1(c), UI, at UI's sole cost and expense, will perform all such acts, file all such documents, and cause to be done all such other things as CLPmay reasonably request from time to time in connection with the transition of the management and control of such Non−Managed Claim (becoming a Managed Claim) to CLP(including counsel selected by CL&P); *provided* that, if CLPelects to change counsel in connection with such transition for reasons other than actual or potential conflicts and/or other objective reasons, CLPshall bear the costs

incurred by CLPdirectly related to the transition of such Non−Managed Claim (becoming a Managed Claim) to the new counsel.

2. Management Standard. The Parties acknowledge the benefits associated with the consistency in the management and control of Managed Claims. This Paragraph F reflects the desire of UI to align its interests with those of CLPin Managed Claims, since the relative implications of the disposition of Managed Claims will likely have similar effects on the UI Assets, Contractor Facilities and/or CLPProperty. UI acknowledges that, since the disposition of any Managed Claims will directly and/or indirectly impact Contractor Facilities and/or CLPProperty, UI shall have no recourse whatsoever against CLPwith respect to the disposition of any Managed Claims, and UI fully accepts and will bear the effects of any Order and/or settlement resulting from any Managed Claims and/or other result in such matter, including the obligation to make any payments due to any Third Party, *except* to the extent such disposition, Order and/or settlement arises out of CL&P's Actionable Conduct. UI hereby irrevocably (a) waives any and all claims of whatever nature against CLPand CL&P's Affiliates arising out of, and/or related to, each Managed Claim, including any act and/or omission by CLPand/or any of CL&P's Affiliates (whether before or after the applicable Closing Date) that could have and/or has prejudiced, influenced and/or otherwise affected UI's Liability with respect to each Managed Claim; and (b) releases and discharges CLPand CL&P's Affiliates from any Liabilities regarding a Managed Claim. The Parties intend that the foregoing waiver and release shall be construed broadly to prohibit any recovery of whatever nature by UI against CLPand CL&P's Affiliates for any Liabilities associated with, and/or relating to, each Managed Claim. If requested by UI for any Managed Claim that UI has not exercised its right of separate counsel pursuant to Paragraph F.9(a), CLPshall provide UI with a report regarding the Managed Claim(s), in such form and content as CLPmay reasonably determine based on the circumstances, on a quarterly basis. CLPshall not consent to any settlement, entry of Order or other disposition in a Managed Claim that would result in UI making a payment to the claimant (determined in the aggregate if there is more than one claimant in such Managed Claim) on account of such disposition that exceeds the sum of Fifty Thousand Dollars ($50,000.00), without the prior written consent of UI, which consent shall not be unreasonably withheld, conditioned or delayed.

3. UI Support. UI, at UI's sole cost and expense, will perform all such acts, file all such documents, and cause to be done all such other things as CLPmay reasonably request from time to time in connection with each Managed Claim and otherwise support and cooperate with CLPin such regard. UI hereby appoints CLP(and its agents) as the exclusive attorney−in−fact of UI for the purpose of taking any action and executing any instrument that CLPmay deem necessary or advisable in connection with each Managed Claim (including any pleadings in connection with Proceedings relating to the same) consistent with the terms and conditions of this Agreement. UI understands and agrees that the power of attorney granted to CLPfor such purpose is coupled with an interest and is irrevocable, and UI hereby ratifies all actions taken by CLP(and its agents) as UI's attorney−in−fact by virtue hereof. If any Managed Claim also involves any Affiliate(s) of UI, UI shall cause such Affiliate(s) to enter into an arrangement with CLPfor CL&P's exclusive control and management of such Managed Claim on behalf of such Person on terms and conditions substantially identical to those contained in this Paragraph F.

4. Liability for Managed Claims.

(a) UI shall fully and solely bear and pay all costs, expenses and other Liabilities arising out of, and/or related to each Managed Claim (including the costs of experts and attorneys' fees incurred by CLPin the defense and management thereof and the full amount of any Order and/or settlement resulting from such Managed Claim). Without limiting the generality of the foregoing, although UI has indemnified CLPfor Managed Claims pursuant to Paragraph G of these Purchase and Sale Terms and/or applicable indemnification provisions of other Transaction Documents, the provisions of Paragraph G.3 and Paragraph G.4 of these Purchase and Sale Terms (and any similar provisions of other applicable Transaction Documents) regarding indemnification notices and indemnification procedure shall not apply to Managed Claims. Instead, the provisions of this Paragraph F shall govern the management and administration of Managed Claims. Except for such management and administration, nothing in this Paragraph F shall affect in any manner whatsoever the obligations and other Liabilities of UI with respect to the indemnification of CLPand/or CL&P's Affiliates for Managed Claims under any of the Transaction Documents, including UI's obligations to Indemnified Persons under Paragraph G of these Purchase and Sale Terms.

(b) To the extent that any Claim and/or Proceeding includes one or more Managed Claims and certain Non−Managed Claim(s), such Claim and/or Proceeding shall be deemed and shall constitute a Managed Claim for all purposes hereunder and the Transaction Documents, including Paragraph F.4(a) regarding the defense and management of such Claim and/or Proceeding at UI 's sole cost and expense and UI's full indemnification of CLPwith respect to such Claim and/or Proceeding.

(c) [Intentionally Omitted.]

(d) As part of its management and control of a Managed Claim, CL&P, in its sole and absolute discretion, may exercise rights, assert Claims, commence Proceedings, and/or take other actions against any other Person (including seeking the addition of any other Person as a defendant in such Managed Claim). CLPshall not be obligated to take any of such actions, and CL&P's decision in such regard shall be final and binding on UI. Without limiting the generality of the foregoing, UI shall have no right and/or ability to assert any Claim, commence any Proceeding, and/or otherwise take any action through whatever means against any other Person on account of any Managed Claim, including any Claim for malpractice and/or other Liability against counsel selected by CLPfor any Managed Claim, and UI hereby irrevocably waives and releases any such rights. To the extent that CLPactually receives any amounts from a Third Party as a result of such actions taken by CL&P, CLPshall apply such amounts to reduce the indemnification obligation of UI to CLPon account of such Managed Claim, with any balance remaining after final disposition of such Managed Claim being paid by CLPto UI.

5. Related Claim Management. CLPshall have the right, but not the obligation, to manage and otherwise administer Managed Claims with other Claims against (or being managed by) CLPthat involve reasonably similar allegations and/or claims for relief and/or otherwise are reasonably related (as determined in CL&P's reasonable discretion), irrespective of whether such Claims have been consolidated in one or more Proceedings. In such event, to the extent

that any costs, expenses and other Liabilities exclusively relate to the applicable Managed Claim, UI shall solely and fully bear and pay all such costs, expenses and other Liabilities arising out of, and/or related to, such Managed Claim (including the costs of experts and attorneys' fees incurred by CLPin the management thereof and the full amount of any Order and/or settlement resulting from such Managed Claim). To the extent that any costs, expenses and other Liabilities cannot be reasonably attributed to any particular Claim (whether the applicable Managed Claim or the related Claim(s)), UI shall bear and pay a pro rata share of such costs, expenses and other Liabilities based on the number of properties involved in the Managed Claim(s) (irrespective of the number of claimants) relative to the total number of properties involved in the Managed Claim(s) and Claims being managed with such Managed Claim(s). For purposes of the foregoing allocation, any properties (whether or not contiguous) owned by the same Person(s) and/or any Affiliate(s) of such Person shall be deemed to be a single property. CLP(and/or any other Person responsible for such related Claim(s)) shall bear and pay the remaining allocation of such prorated costs, expenses and other Liabilities.

6. Payment. To the extent that UI is not directly billed for costs, expenses and/or other Liabilities associated with Managed Claims (and/or if CLPpays such direct bills after UI's failure to timely pay the same), UI shall pay the full amount invoiced by CLPfor reimbursement of such costs, expenses and other Liabilities within thirty (30) days after the date of the invoice. Payment shall be made by wire transfer to an account from time to time designated by CL&P, or by other mutually agreeable method(s). In the event of any dispute regarding costs, expenses and other Liabilities with respect to a Managed Claim, UI shall be fully and solely responsible for and pay all costs, expenses and other Liabilities associated with such Managed Claim as determined by CL&P, in good faith, pending the resolution of such dispute in accordance with Section 20 of this Agreement.

7. Joint Defense Agreement. For each Managed Claim, the Parties shall enter into a joint defense agreement in the form of Schedule F.7 hereto with appropriate conforming changes, or a similar agreement mutually acceptable to the Parties. If CLPhas not been named in a Managed Claim, UI shall not seek to bring and/or otherwise involve CLPand/or any of its Affiliates into or in such Managed Claim *unless* CL&P, in its sole and exclusive discretion, authorizes UI to do so, and UI shall support and cooperate with CLPif CLPtakes action to join such Managed Claim as a direct, named and/or otherwise active participant.

8. Waiver of Conflict. CL&P, in its sole and exclusive discretion, shall select counsel for the defense of each Managed Claim, including the right to supplement, replace and/or otherwise change counsel from time to time. UI, on behalf of itself, its Affiliates, and their respective successors and assigns, hereby irrevocably and fully waives any conflict of interest of whatever nature arising out of, and/or related to, counsel selected and/or retained by CLPrepresenting UI and/or its interest in any Managed Claim. If requested by CLPand/or counsel for any Managed Claim, UI shall execute and deliver further waivers of conflict and such additional documentation as may be requested to evidence that UI has no objection, on an ethical basis or otherwise, to CL&P's counsel representing the interests of both Parties and/or such counsel representing CLPin other Claims and/or Proceedings (including any Claim and/or Proceedings in which UI and CLPare adverse). Notwithstanding anything to the contrary in this Paragraph F, if counsel (whether selected by CLPor UI (pursuant to Paragraph

F.1(c) and/or F.9(b))) advises that, due to actual or potential conflicts and/or other reasons, separate counsel should represent each Party, CL&P, in its sole and exclusive discretion, shall select separate counsel for UI; CLPshall continue to manage and control any Managed Claim; and the costs and expenses associated with each counsel shall be solely and fully borne and paid by UI.

9. UI Reservations. Notwithstanding anything to the contrary in this Paragraph F:

(a) UI shall be entitled to participate in (but not control) the defense of each Managed Claim through UI's counsel and at UI's sole cost and expense; *provided* that, without the prior written consent of CL&P, which may be granted or withheld in CL&P's sole and absolute discretion, UI's counsel shall not file an appearance in any Proceeding and/or otherwise take any action inconsistent with CL&P's exclusive management and control of such Managed Claim. To the extent that UI desires to exercise such reserved right, the Parties shall reasonably cooperate and coordinate to ensure that UI's participation supports CL&P's efforts;

(b) If CLPdoes not timely assume the defense of any Managed Claim, and as a result thereof, UI's interests in such Managed Claim could reasonably be expected to be prejudiced, UI may defend such Claim in such manner as it may deem appropriate pending such assumption by CLP *provided* that, without the prior written consent of CL&P, which consent shall not be unreasonably withheld, conditioned or delayed, UI shall not (i) make any admission in connection with such defense, and/or (ii) consent to any settlement, entry of Order or other disposition. All of the costs and expenses, including attorneys' fees, incurred by UI in connection with such defense shall be solely and fully borne and paid by UI. In the event that CLPsubsequently assumes such defense, UI shall reasonably cooperate with CLPin connection with the transition of such defense to CLP(including counsel selected by CL&P); and

(c) CLPshall have no obligation whatsoever regarding, and the provisions of this Paragraph F shall not apply to, any Non−Managed Claim that has not been deemed to be a Managed Claim. UI reserves the right, and shall have the obligation, to defend any such Non−Managed Claim pursuant to Paragraph G of these Purchase and Sale Terms. In the event of any dispute regarding whether a particular Claim or Proceeding constitutes a Managed Claim, such Claim or Proceeding shall be deemed to be a Managed Claim pending the resolution of such dispute in accordance with Section 20 of this Agreement.

10. Notice. Each Party shall give the other party notice of any Claim or Proceeding that could reasonably be expected to be a Managed Claim, including reasonable detail about the facts and circumstances thereof, and a complete copy of all legal process and communications relating thereto. Such notice shall be given as soon as reasonably practical following the time that such Party realizes such potential status.

11. Public Relations. CL&P's management and control of Managed Claims includes all aspects of public relations associated with each Managed Claim. To the extent that UI receives any inquiry from, and/or intends to make any statement to, any Person (other than CL&P) regarding any Managed Claim, UI (a) shall submit to CLPUI's response, statement

and/or other communication in advance of UI's release of the same; (b) shall refrain from taking any action with respect thereto pending CL&P's prior (written) approval to do the same; and (c) if CLPconsents to the release of such response, statement and/or other communication with certain conditions, shall fully comply with such conditions. In the absence of specific direction from CL&P, UI shall direct to CLPall inquiries and other matters concerning each Managed Claim. Notwithstanding anything to the contrary in this Paragraph F.11, UI may disclose any information otherwise subject to this Paragraph F.11 as and when compelled or required by any court or governmental or regulatory agency having jurisdiction, whether federal, state or local. Nothing in this Paragraph F.11 shall affect the Confidentiality Agreement.

12. Non−Managed Claims. Nothing in this Paragraph F shall affect in any manner whatsoever the obligations and other Liabilities of UI with respect to the indemnification of CLPand/or its Affiliates under any of the Transaction Documents for Non−Managed Claims, including UI's obligations to Indemnified Persons under Paragraph G of these Purchase and Sale Terms.

13. Regulatory Proceedings. Notwithstanding anything to the contrary in this Paragraph F, any Regulatory Proceeding that may be managed and controlled by CLPpursuant to Paragraph J.1 of these Purchase and Sale Terms and/or the OMAgreement shall not constitute a Managed Claim, and the provisions of this Paragraph F shall not apply to such Regulatory Proceeding.

14. Survival. The provisions of this Paragraph F shall apply to any Managed Claim that arises out of, and/or relates to, events, facts, and/or circumstances occurring, in whole or in part, before the expiration or earlier termination of this Agreement and/or any of the other Transaction Documents, irrespective of the date of the assertion of such Managed Claim. The applicable provisions of this Agreement and any other Transaction Document shall remain in effect after the expiration or termination of this Agreement and the other Transaction Documents to the extent necessary to provide for the management and control of such Managed Claim(s) pursuant to this Paragraph F.

G. Indemnification. UI shall indemnify and defend CLPwith respect to any Group of Purchased UI Assets conveyed by CLPto UI. Without limiting the generality of Section 6(h) of this Agreement:

1. General Indemnification. UI shall be responsible for and shall indemnify, and shall defend and save CL&P, its Affiliates and their respective employees, trustees, shareholders, officers, and directors, as well as their respective agents, contractors and consultants (each, an "Indemnified Person") harmless from and against any and all Claims, Proceedings and/or Liabilities whatsoever (including consequences resulting from exposure to EMFs), regardless of whether or not such Claim, Proceeding and/or Liability is caused by or attributable in whole or in part to any negligent act or omission of an Indemnified Person, suffered or incurred by any of such Indemnified Persons arising out of, and/or related to: (a) any UI Assets that have been conveyed by CLPto UI pursuant to the provisions of this Agreement, as the same may be replaced, improved and/or altered from time to time, and/or any of the Assumed Liabilities; and/or (b) any breach by UI of the terms and conditions of this Agreement, any of the other Associated Agreements and/or the Memorandum of Understanding; *provided* that, if and to the

extent that a court of competent jurisdiction conclusively determines that any such Liability has been solely caused by an Indemnified Person's Actionable Conduct, then the foregoing indemnification shall not extend to (i) such Indemnified Person to the extent of the Claim, Proceeding and/or Liability solely caused by such Actionable Conduct of such Indemnified Person; or (ii) any Indemnified Person to the extent of the Liability solely caused by such Actionable Conduct of such Indemnified Person if such Indemnified Person acted pursuant to authorized corporate action of CL&P.

2. Environmental Indemnification. Without limiting the generality and scope of Paragraph G.1, above, UI agrees to indemnify each Indemnified Person against, and defend and hold each of them harmless from any and all Environmental Liabilities (collectively, the "Indemnified Environmental Obligations") suffered or incurred by any of them, including any such Indemnified Environmental Obligation alleged, asserted, initiated or otherwise existing in respect of injury to persons, including death, and damage to property, business and/or natural resources or trespass or nuisance to property suffered by any Person. The foregoing indemnification shall include any Indemnified Environmental Obligation arising out of, and/or relating to, any acts or omissions of CL&P, any consultants, contractors, subcontractors, transporters, recyclers, or any treatment, storage or Off−Site Disposal Facility or location used by CLPor such other Persons, whether or not based upon any act or omission on or off such location. Further, Indemnified Environmental Obligations shall include any Liability suffered, incurred and/or imposed as a result of actions pursued by any Relevant Authority. If and to the extent that a court of competent jurisdiction conclusively determines that any such Liability has been solely caused by an Indemnified Person's Actionable Conduct, then the foregoing indemnification shall not extend to (a) such Indemnified Person to the extent of the Liability solely caused by such Actionable Conduct of such Indemnified Person; or (b) any Indemnified Person to the extent of the Liability solely caused by such Actionable Conduct of such Indemnified Person if such Indemnified Person acted pursuant to authorized corporate action of CL&P.

3. Indemnification Notice. Whenever a Claim for indemnification shall arise under Paragraphs G.1 and/or G.2, above, the affected Indemnified Person(s) shall give notice to UI of such Claim, including reasonable detail about the facts and circumstances thereof. Such notice shall be given as soon as reasonably practical following the time that such Indemnified Person realized its entitlement to indemnification under such Paragraph. Notwithstanding the foregoing, the failure to provide such notice shall not prejudice, impair or otherwise adversely affect in any manner whatsoever the rights of the Indemnified Persons and the obligations of UI, and such Indemnified Person(s) shall have no Liability to UI as a result of the failure to provide such notice and such Indemnified Person(s) shall have all of the rights and benefits provided for in these Purchase and Sale Terms notwithstanding failure to provide such notice, except to the extent that such failure to provide notice prevents UI from, or materially disadvantages UI in, effectively defending any Claim to which UI's indemnification obligations under this Paragraph G apply. Any notice given by an Indemnified Person pursuant to this Paragraph G.3 shall be deemed to have satisfied the notice requirement with respect to any Managed Claim.

4. Indemnification Procedure.

(a) Assumption of Defense. If UI has acknowledged, by notice given to the affected Indemnified Person(s) within a reasonable period after receiving the notice from such Indemnified Person(s) (based on the circumstances, but no more than five (5) Business Days after receipt of such notice), its indemnification obligation with respect to a particular Claim, UI, upon giving such notice to such Indemnified Person(s), may assume, at its sole cost and expense, the defense of any Claim by a Third Party. Counsel selected for such defense of any Claim by a Third Party shall be reasonably acceptable to such Indemnified Person(s), and such Indemnified Person(s) shall be entitled to participate in (but not control) such defense through its/their own counsel and at its/their own cost and expense; *provided* that, if the counsel selected by UI advises that, due to actual or potential conflicts, separate counsel should represent such Indemnified Person(s), the expense of such separate counsel shall be an indemnified expense in accordance with the terms and conditions hereof, the full cost of which shall be borne by UI. Such Indemnified Person(s) shall reasonably cooperate with UI in connection with the defense of such Claim by a Third Party. Notwithstanding anything to the contrary set forth in these Purchase and Sale Terms or elsewhere in this Agreement and/or any other Associated Agreement, each Indemnified Person shall have the right to retain separate counsel to represent such Indemnified Person, at the sole cost and expense of such Indemnified Person concerning such Claim by a Third Party, *except* to the extent such cost and expense are subsequently determined to be an indemnified expense.

(b) Indemnified Persons' Rights. If UI does not acknowledge its indemnification obligation for a particular Claim by a Third Party, or does not timely assume the defense thereof, such Indemnified Person may defend such Claim in such manner as it may deem appropriate. UI shall bear all of the costs and expenses, including attorneys' fees, incurred by such Indemnified Person in connection with such defense, all of which shall be paid from time to time within twenty (20) days after UI receives a written request from such Indemnified Person for reimbursement (including reasonably detailed documentation in support of any such request), and UI shall be entitled to participate (but not control) such defense through its own counsel and at its own cost and expense. UI shall reasonably cooperate with such Indemnified Person in connection with the defense of such Claim by a Third Party.

(c) UI Obligations. Notwithstanding its control of a defense of any Claim by a Third Party, UI shall not (i) make any admission or take any other action that is binding on, or otherwise attributable to any Indemnified Person; and/or (ii) consent to any settlement, entry of Order or other disposition, in any or all instances without the prior written consent of the affected Indemnified Person(s).

(d) Managed Claims. Notwithstanding anything to the contrary in this Paragraph G.4 and without affecting in any manner UI's Liability with respect to any Claim to which UI's indemnification obligations apply under this Paragraph G, Managed Claims shall be managed and controlled pursuant to Paragraph F of these Purchase and Sale Terms.

5. Survival. Indemnification shall apply irrespective of the date of the assertion of any Claim against an Indemnified Person and/or whether the Indemnified Person suffers or incurs any Liability before or after the expiration or earlier termination of this Agreement, any other Transaction Document and/or the Memorandum of Understanding. The applicable

provisions of this Agreement, any other Transaction Document and the Memorandum of Understanding (but only as between the Parties) shall remain in effect after the expiration or termination of this Agreement, the other Transaction Documents and the Memorandum of Understanding to the extent necessary to provide for the determination and enforcement of UI's indemnification obligations with respect to acts or events that occurred while this Agreement, the other Transaction Documents and the Memorandum of Understanding were in effect.

6. Insurance. Prior to the date of transfer of the initial Group of Purchased UI Assets by CLPto UI under the terms of this Agreement (including these Purchase and Sale Terms), UI shall obtain, and maintain at its sole cost and expense, such insurance as will insure its obligations under the provisions of Paragraphs G.1 and G.2, above, and all other indemnity obligations in the Transaction Documents; *provided* that the amount of available insurance shall not limit or otherwise restrict UI's indemnity obligations under the Transaction Documents. All insurance required under the Transaction Documents shall be endorsed to name CLPand its Affiliates as additional insureds (other than for workers' compensation insurance). The amount of deductibles or self−insured retentions shall be for the sole account of UI. UI shall maintain such insurance in place during the entire term of its ownership of the UI Assets and for a minimum of three (3) years after the date of change of such ownership (or termination of this Agreement), and shall cause any transferee of such UI Assets permitted under the terms and conditions of this Agreement to maintain such insurance. Evidence of such insurance (including copies of policies) shall be available for CL&P's review and will be furnished to CLPwithin ten (10) days after its request. UI shall provide CLPwith certificate(s) of insurance demonstrating such coverage within ten (10) days after the expiration or earlier termination of the OMAgreement, and UI shall ensure that its broker or insurer provides CLPwith replacement certificates evidencing required insurance coverage prior to the expiration of prior certificates. Such certificate(s) shall contain statements (a) indicating that CLPshall receive a written notice at least thirty (30) days before cancellation/non−renewal or significant modification of any of such policies; and (b) confirming that CLPand its Affiliates (as their interests may appear) have been named as additional insureds (other than for workers' compensation insurance) and providing a waiver of subrogation that UI may have against them. Such insurance coverages shall be primary to any other coverage available to CLPor its Affiliates, and shall not be deemed to limit UI's Liability under the Transaction Documents.

7. Indemnification Limitation. Any indemnification or similar hold harmless obligation(s) under these Purchase and Sale Terms shall not be enforceable to the extent that a court of competent jurisdiction conclusively determines that such obligation(s) is/are prohibited by Law. The Parties expressly acknowledge that none of the Transaction Documents, nor the Memorandum of Understanding, constitutes a "contract or agreement relative to the construction, alteration, repair or maintenance of any building, structure or appurtenances thereto" as that phrase is used in Connecticut General Statutes § 52−572k.

H. Restrictions on Transfer of UI Assets.

1. Consent Requirement. UI is not authorized to and shall not Transfer or permit or suffer a Transfer of any UI Assets purchased by it hereunder without the prior written consent of CL&P, which consent may be granted or withheld in CL&P's sole and exclusive discretion; *provided* that, subject to Paragraph I.1 below, UI may, without CL&P's consent:

(a) Transfer all of the UI Assets that have been conveyed by CLPto UI and the associated rights, obligations and/or interests under the Transaction Documents (other than this Agreement) then owned by UI (collectively, the "Transaction Assets") to any Person (including an Affiliate of UI) that acquires record and beneficial ownership of all such Transaction Assets (a "Purchaser"); *provided* that:

(i) such Purchaser (or its guarantor under a guaranty agreement acceptable to CLPin its reasonable discretion) has a Credit Rating as of the date of Transfer of at least the Required Credit Rating (or the equivalent of such ratings if any rating agency has modified its rating scale), *unless* UI remains unconditionally liable for all of its obligations and other Liabilities with respect to the Transaction Assets notwithstanding such Transfer (in which case the conditions set forth in this clause (i) shall be deemed satisfied);

(ii) such Purchaser is a Participating Transmission Owner; and

(iii) there is no pending and/or threatened Proceeding where such Purchaser and/or any of its Affiliates is/are adverse to CLPand/or any of its Affiliates.

UI shall notify CLPof any proposed transaction with a Purchaser at least thirty (30) days before the proposed effective date of any Transfer of the Transaction Assets;

(b) conditionally assign and/or pledge all or any portion of the UI Assets that have been conveyed by CLPto UI and the associated rights, obligations and/or interests under the Associated Agreements (other than this Agreement) as collateral security for the purposes of financing its purchase of such UI Assets and/or the making of any Capital Improvements so long as the Person providing such financing acknowledges on terms acceptable to CLPthat such financing, including the exercise of the rights and remedies of such Person, are subject and subordinate to the Associated Agreements (including the Right of First Refusal and the Buy−Back Option contained in these Purchase and Sale Terms), the Step−In Agreement and the exclusive right of CLPto manage, operate and maintain the UI Assets under the OMAgreement.

Notwithstanding anything to the contrary in this Paragraph H or elsewhere in the Transaction Documents and without limiting CL&P's discretion with respect to any proposed Transfer, any Purchaser or other transferee of the Transaction Assets shall agree to be bound by the terms of this Paragraph H for any future Transfers, the provisions of Paragraph I of these Purchase and Sale Terms (including the Right of First Refusal and the Buy−Back Option), the other applicable provisions of this Agreement and the provisions of the other Transaction Documents, all in a form acceptable to CL&P. Without limiting the generality of the foregoing, in connection with such assumption and assignment, such Purchaser or other transferee of the Transaction Assets shall demonstrate to CLPcompliance with all of the applicable requirements of this Agreement and the other Transaction Documents applicable to the owner of such Transaction Assets, including the maintenance of insurance required under the Transaction Documents.

2. Transfers in Violation. Any purported Transfer of any UI Assets or any interest

therein, in whole or in part, in violation of this Paragraph H shall constitute a Transaction Event of Default. For purposes of clarification, nothing in this Agreement shall affect the validity or enforceability of a Change of Control of Parent and/or UI.

I.
Right of First Refusal; Unwind Upon Termination Due to Transaction Event of Default.

1.
Right of First Refusal.

(a)
Intent. CL&P's Right of First Refusal shall pertain to UI Assets that have been conveyed by CLPto UI pursuant to the provisions of this Agreement, as the same may be replaced, improved and/or altered from time to time. Notwithstanding any other provision contained in these Purchase and Sale Terms, in the event of a Change of Control of Parent and/or UI, and/or in the event that UI suffers a Transfer and/or intends to Transfer any right, title or interest, including any operating rights, whether by operation of Law or otherwise, in and to any UI Assets (as the same may be replaced, improved and/or altered from time to time), CLPshall have a right of first refusal to acquire from UI and/or such transferee such right, title and interest in and to all UI Assets (in the event of a Change of Control of Parent and/or UI) or, in the event of a Transfer of UI Assets, to such UI Assets that are the subject of the applicable Transfer.

(b)
UI Notice. To effect the foregoing, UI shall notify CLPno later than ten (10) days after a Change of Control of Parent and/or UI, and/or UI suffers a Transfer or decides to Transfer any UI Assets, and shall promptly provide to CLPa detailed summary of the material terms of such Change of Control, suffered Transfer and/or proposed Transfer, including the consideration attributable to the UI Assets subject to the Transfer (if attributed), and copies of any and all material documents (including any offering or similar memorandum, correspondence with potential transferees, draft and final agreements, and proposed filings with Relevant Authorities) (the "UI Notice"). UI also shall provide such additional information regarding the Change of Control of Parent and/or UI and/or the Transfer as CLPmay reasonably request and shall meet with CLPfrom time to time to discuss in good faith any such Change of Control of Parent and/or UI and/or Transfer. The UI Notice shall constitute an irrevocable offer by UI to sell the UI Assets described in the UI Notice.

(c)
Right of First Refusal. CLPshall have the prior right, exercisable by it in its sole and exclusive discretion, to consummate the proposed Transfer to CLPor, in the event of a Change of Control of Parent and/or UI, or if UI suffers a Transfer of UI Assets, the subsequent right to repurchase any UI Assets (the "Right of First Refusal"), either on substantially the same terms and conditions contained in the UI Notice with respect to a proposed Transfer or, if the Right of First Refusal is exercised by CLPpursuant to Section 17(b) of this Agreement, as a result of a Change of Control of Parent and/or UI, or if UI suffers a Transfer of UI Assets, for the fair market value of such UI Assets. Within thirty (30) days after CL&P's receipt of any UI Notice, CLPshall provide written notice to UI indicating whether CLPdesires to exercise the Right of First Refusal and to consummate the proposed Transfer on substantially the same terms and conditions set forth in such UI Notice or, in the event of a Change of Control of Parent and/or UI, or if UI suffers a Transfer of UI Assets, repurchase any UI Assets for fair market value. If CLPelects to exercise the Right of First Refusal, the Parties shall consummate the Transfer or repurchase in a timely manner. If CLPdoes not exercise the

Right of First Refusal with respect to any proposed Transfer, UI shall have the right to consummate the proposed Transfer with the proposed transferee on terms and conditions no more favorable to the proposed transferee than as set forth in such UI Notice within one hundred twenty (120) days after the date of such UI Notice. If UI fails to consummate such proposed Transfer to the proposed transferee within such one hundred twenty (120) day period, the affected UI Assets shall again be subject to CL&P's Right of First Refusal as described in this Paragraph I.1. If the consideration set forth in any UI Notice for the UI Assets subject to a proposed Transfer consists of any property or value other than cash, and CLPexercises its Right of First Refusal, then CLPshall pay, in cash, the fair market value of such non−cash consideration. If the Parties cannot agree on such fair market value of such non−cash consideration in the case a Transfer, or the fair market value of the UI Assets in the case of a Change of Control of Parent and/or UI, or if UI suffers a Transfer of UI Assets, the Independent Accounting Firm shall determine fair market value, the costs of which determination shall be borne equally by the Parties. CL&P's Right of First Refusal shall be assignable to its Affiliates. Nothing in this Paragraph I.1 shall modify, alter or otherwise affect any other agreement between the Parties with respect to any Transfer (including restrictions on Transfer in this Agreement) or a Change of Control of Parent and/or UI or entitle CLPto participate in or block a transaction involving a Change of Control of Parent and/or UI.

(d) Disputes. In the event that a dispute exists between the Parties with regard to the terms and conditions of the consummation of the Right of First Refusal, CLPshall have the right to consummate such transaction pending the resolution of such dispute pursuant to Section 20, and the relevant closing documents shall be amended to reflect the results of such dispute resolution Proceeding. Without limiting the generality of the foregoing, if the dispute concerns the consideration (cash or non−cash) attributable to the UI Assets in the case of a proposed Transfer or the fair market value of the UI Assets in the case of a Change of Control of Parent and/or UI, or if UI suffers a Transfer of UI Assets, and if CLPexercises its right to consummate the transaction pending the resolution of any such dispute, then the Parties shall consummate such transaction based on CL&P's good faith estimate of such consideration or value, subject to subsequent adjustment based on the results of such dispute resolution Proceeding.

2. Unwind Upon Termination Due to Transaction Event of Default.

(a) CL&P's Buy−Back Option. Without limiting the generality of Section 18 of this Agreement, upon the occurrence of any of the following (each, a "Transaction Event of Default"):

(i) receipt by UI of any notice of termination by CLPof this Agreement pursuant to Section 18 of this Agreement due to the occurrence of an Event of Default;

(ii) termination of the OMAgreement by CLPpursuant to Section 8.3 of the OMAgreement due to the occurrence of an Event of Default under (and as defined in) the OMAgreement after the expiration of all applicable cure periods;

(iii) a default by UI under the applicable License Agreement pursuant to Section 10.1 of such License Agreement that UI fails to cure pursuant to said Section 10.1;

(iv) a default by UI under the Step−In Agreement pursuant to Section 2.2(b)(ii) of the Step−In Agreement that UI fails to cure pursuant to said Section 2.2(b)(ii);

(v) a breach by UI of any of the terms and conditions of the applicable Assignment and Assumption Agreement;

(vi) a breach by UI of any of the terms and conditions of the applicable Bill of Sale; and/or

(vii) a Transfer in violation of Paragraph H of these Purchase and Sale Terms,

and without limiting any and all other rights and remedies available to CL&P, at CL&P's option, CLPmay repurchase from UI any UI Assets conveyed to UI under this Agreement (as the same may be replaced, improved and/or altered from time to time) as of the date of the occurrence of such Transaction Event of Default, other than UI Assets previously Transferred in compliance with Paragraph H of these Purchase and Sale Terms to Persons other than UI's Affiliates, for a sum equal to the fair market value of such UI Assets (the "Buy−Back Option"). CLPshall be entitled to exercise the Buy−Back Option at any time within thirty (30) days after CLPbecomes aware of such Transaction Event of Default, by notifying UI in writing of its intention to do so. The closing of the transaction involving such repurchase by CLPof the UI Assets from UI (the "Repurchase Closing") shall occur within sixty (60) days after CLPand UI obtain the necessary final, non−appealable approvals to do so from FERC, DPUC and/or any other Relevant Authority. CLPshall have the right to set−off against the purchase price any unrecovered damages or other amounts due and owing to CLPfrom UI at the time of any Repurchase Closing. The OMAgreement, the Step−In Agreement and the applicable License Agreement shall remain in effect until consummation of the Repurchase Closing, at which time such agreements shall be deemed terminated. The rights provided for in this Paragraph I.2(a) shall expire if CLPfails to exercise the Buy−Back Option within such thirty (30) day period; *provided* that such expiration shall not affect in any manner whatsoever CL&P's right to exercise the Buy−Back Option as a result of any subsequent Transaction Event of Default that triggers the Buy−Back Option. The repurchase by CLPpursuant to this Paragraph I.2(a) shall be on substantially the same terms and conditions set forth in this Agreement *excluding*, *however*, any inappropriate terms (including the reserved rights set forth in the applicable Bill of Sale and/or any obligation by UI to operate and maintain the UI Assets).

(b) UI's Put Option. Without limiting the generality of Section 18 of this Agreement, upon:

(i) receipt by CLPof any notice of termination by UI of this Agreement pursuant to Section 18 of this Agreement;

(ii) termination of the OMAgreement by UI pursuant to Section 8.3

of the OMAgreement due to the occurrence of an Event of Default under (and as defined in the OMAgreement) after the expiration of all applicable cure periods; and/or

(iii) a default by CLPunder Section 10.2 of the applicable License Agreement that CLPfails to cure pursuant to said Section 10.2,

and without limiting any and all other rights and remedies available to UI, at UI's option, CLPshall be required to repurchase from UI any and all UI Assets conveyed to and held by UI under this Agreement (as the same may be replaced, improved and/or altered from time to time) as of the date of any such termination or default, for a sum equal to the fair market value of such UI Assets (the "UI Put Option"). UI shall be entitled to exercise the UI Put Option at any time within thirty (30) days after such termination or default by notifying CLPin writing of its intention to do so. The closing of the transaction involving such repurchase by CLPof the UI Assets from UI following UI's exercise of the UI Put Option (the "Put Closing") shall occur within sixty (60) days after CLPand UI obtain the necessary or advisable final, non−appealable approvals to do so from FERC, DPUC and/or any other Relevant Authority. The OMAgreement, the Step−In Agreement and the applicable License Agreement shall remain in effect until consummation of the Put Closing, at which time such agreements shall be deemed terminated. The rights provided for in this Paragraph I.2(b) shall expire if UI fails to exercise the UI Put Option within such thirty (30) day period; *provided*, that such expiration shall not affect in any manner whatsoever UI's right to exercise the UI Put Option as a result of any subsequent occurrence that triggers the UI Put Option. The repurchase by CLPpursuant to this Paragraph I.2(b) shall be on substantially the same terms and conditions set forth in this Agreement *excluding, however*, any inappropriate terms (including the reserved rights set forth in the applicable Bill of Sale and/or any obligation by UI to operate and maintain the UI Assets).

(c) Disputes. In the event that a dispute exists between the Parties with regard to the terms and conditions of the consummation of the Buy−Back Option or the UI Put Option, as the case may be, CLPshall have the right to consummate the transaction for the Buy−Back Option and UI shall have the right to consummate the transaction for the UI Put Option pending the resolution of such dispute pursuant to Section 20, with relevant closing document provisions (other than price) to be as reasonably required by the Party exercising its applicable right; *provided* that the relevant closing documents shall be amended if and as necessary to reflect the results of such dispute resolution Proceeding; *provided, further*, that if the dispute concerns the fair market value of the UI Assets to be conveyed to CL&P, the Parties shall consummate such transaction based on the net book value of such transferred assets, subject to subsequent adjustment based on the results of such dispute resolution Proceeding.

(d) Satisfaction of Approvals. If CLPelects to exercise the Buy−Back Option or UI elects to exercise the Put Option, each Party will pursue obtaining the final, non−appealable approvals from FERC, DPUC and/or any other Relevant Authority necessary for the Parties to complete the Repurchase Closing or Put Closing, as applicable, that are capable of being obtained by such Party in accordance with its usual and customary business practice and, subject to the provisions set forth below in this Paragraph I.2(d), each Party will reasonably cooperate with the other Party in the other Party's pursuit of obtaining such approvals that are capable of being obtained by the other Party. Subject to the provisions set forth below in this

Paragraph I.2(d), no Party shall, without prior (written) consent of the other Party, which (written) consent may not be unreasonably withheld, conditioned or delayed, take or fail to take any action that might reasonably be expected to prevent or materially impede, interfere with or delay the obtaining of such approvals. Notwithstanding anything to the contrary in the foregoing or elsewhere, CLPshall have no obligation to assist, support and/or otherwise take any action to advance any approvals that UI needs to allow the exercise of the Buy−Back Option or the Put Option *unless* CLP, in good faith, expects that the rates to be charged to customers of CLPor its Affiliates for the transmission of electricity at any time after the Repurchase Closing date or Put Closing date, as applicable, will be equal to or lower than such rates if UI had retained the UI Assets. CLPhereby reserves, and nothing in this Agreement or elsewhere shall prohibit, restrict, limit and/or otherwise affect, CL&P's ability to take any action or position (even if adverse or contrary to UI) to advocate and/or otherwise advance through any means the principle set forth in the immediately preceding sentence, *provided* that CLPshall not oppose UI based on actual or potential increase to rates of customers of CLPor its Affiliates resulting from (i) UI's capital structure and/or financing costs differing from CL&P's capital structure and/or financing costs; (ii) UI's PTF/non−PTF asset split differing from that of CLP or (iii) UI's depreciation schedules differing from those of CL&P.

3. Survival. Without limiting Section 23(f) of this Agreement and Paragraph H, above, the Right of First Refusal and the Buy−Back Option shall survive any Transfer of any UI Assets, and the assumption and assignment agreement contemplated in Section 23(f) and Paragraph H, above, shall include an acknowledgement of such survival and continuing effect with respect to such transferred assets in a form acceptable to CL&P.

J. Additional Rights; Reserved Rights; Retirement.

1. Regulatory Matters. Notwithstanding anything to the contrary in these Purchase and Sale Terms, this Agreement and/or any of the other Transaction Documents, CLPshall retain sole and exclusive control of all regulatory matters with respect to each Group of Purchased UI Assets before each applicable Closing. Except as provided below in this Paragraph J.1, CLPshall control all regulatory matters with respect to each Group of Purchased UI Assets conveyed by CLPto UI as provided in the OMAgreement. Without limiting the generality of the OMAgreement, this Paragraph J.1 shall only apply during any period when the OMAgreement is not in full force and effect for whatever reason, including due to suspension (in whole or in part), expiration, or termination.

(a) Intent. The Parties acknowledge the benefits of cooperating and coordinating in the prosecution or defense of any Regulatory Proceeding that involves any UI Assets that have been conveyed by CLPto UI pursuant to the provisions of this Agreement (as the same may be replaced, improved and/or altered from time to time) and any Contractor Facilities. This Paragraph J.1 reflects the desire of the Parties to align their interests in any such Regulatory Proceedings.

(b) Management. CLPshall exclusively manage and control all Regulatory Proceedings pending as of the Effective Date that involve each Group of Purchased UI Assets (or any portion thereof). After each Closing, CLPshall exclusively manage and control all future

Regulatory Proceedings associated with the applicable Group of Purchased UI Assets that involve any Contractor Facilities. To the extent CLPfiles any documents in such Regulatory Proceedings that are not available to the public, CLPshall promptly provide to UI a copy of such documents on a confidential basis; *provided* that CLPmay (i) further condition such disclosure on UI's compliance with additional restrictions designed to preserve the confidentiality of such documents and/or the integrity of such Regulatory Proceedings; and (ii) redact or otherwise withhold any portion of such documents that contains information that CLPconsiders proprietary, company confidential, or otherwise inappropriate for disclosure to a Third Party but for such Regulatory Proceedings.

(c)
UI Actions. UI, at its sole cost and expense, will perform all such acts, file all such documents, and cause to be done all such other things as CLPmay reasonably request from time to time in connection with any Regulatory Proceeding being managed by CLPhereunder and otherwise fully cooperate with CLPin such regard. UI hereby appoints CLP(and its agents) as the exclusive attorney−in−fact of UI for the purpose of carrying out the provisions of this Paragraph J.1 and taking any action and executing any instrument which CLPmay deem necessary or advisable to accomplish the purposes hereof. UI understands and agrees that the power of attorney granted to CLPfor purposes of this Paragraph J.1 is coupled with an interest and is irrevocable, and UI hereby ratifies all actions taken by CLP(and its agents) as UI's attorney−in−fact by virtue hereof.

(d)
UI Reservations. Notwithstanding anything to the contrary in this Paragraph J.1:

(i)
UI reserves the right to participate in any Regulatory Proceeding that involves any Group of Purchased UI Assets after the applicable Closing in a manner that is not inconsistent with, or in any other manner adverse to, the positions and/or actions being taken and/or advanced by CL&P. To the extent that UI desires to exercise such reserved right, the Parties shall reasonably cooperate and coordinate to ensure that UI's participation supports CL&P's efforts. Without limiting the generality of the foregoing, UI shall not file or otherwise submit any documentation in any such pending Regulatory Proceeding without furnishing a copy thereof to CLPno later than ten (10) Business Days before the date such documentation is to be filed, and UI shall modify such documentation in a manner reasonably requested by CLP and

(ii)
CLPshall have no obligation whatsoever regarding, and the provisions of this Paragraph J.1 shall not apply to, any Regulatory Proceeding initiated after the applicable Closing for the rate making and/or cost recovery on account of any UI Assets, including any Regulatory Proceeding pursuant to Section 205 of the Federal Power Act for incentive rates for such UI Assets. UI reserves the right to fully and solely manage and control any such Regulatory Proceeding; *provided* that nothing in this Paragraph J.1, this Agreement and/or any other Transaction Document shall prohibit, restrict, limit and/or otherwise affect CL&P's ability to participate in, and/or to take any action or position (even if adverse or contrary to UI) during the course of, any such Regulatory Proceeding as a party, intervener or otherwise.

(e)
No Liability. CLPshall have no Liability for, and UI shall have no

recourse whatsoever against CLPwith respect to, the disposition of any Regulatory Proceeding that involves any UI Assets (whether before or after the applicable Closing). UI fully accepts and will solely bear the effects of any Order and/or other result in such Regulatory Proceedings.

2. Reserved Rights. CLPshall have the reserved rights set forth in each Bill of Sale and License Agreement. Without limiting Section 23(f) of this Agreement and Paragraph H, above, any instrument effecting a Transfer of any interest in the UI Assets shall include an acknowledgement of the continuing effect of such reserved rights in a form acceptable to CL&P.

3. Retirement.

(a) Retirement Decision. The Parties acknowledge that, since the UI Assets will be interconnected to CL&P's transmission facilities, UI shall not retire and/or take any action that could result in the retirement of any of the assets comprising the UI Assets, *except* in connection with CL&P's decision to retire CL&P's interconnecting transmission facilities. Subject to the receipt of required retirement approvals, including those from ISO−NE, UI shall take such action as appropriate to effect such retirement in a manner consistent with the retirement, in whole or in part, of such interconnecting facilities of CL&P. Each Party shall promptly notify the other Party after it becomes aware of any public effort to retire any UI Assets in whole or in part, and without limiting Paragraph J.1, the Parties shall reasonably coordinate and cooperate during the retirement process.

(b) Dismantling; Restoration. UI shall bear sole responsibility for any and all costs and expenses of dismantling and removing any retired UI Assets and restoring the site of such retired UI Assets in accordance with the terms of each License Agreement. UI shall commence such dismantling in coordination with CL&P's dismantling of CL&P's transmission facilities that interconnect to such retired UI Assets. Notwithstanding anything to the contrary in the foregoing, UI shall complete the dismantling, removal and restoration no later than two (2) years after the retirement of such UI Assets.

(c) OMAgreement. Nothing in these Purchase and Sale Terms shall modify, limit or otherwise affect the obligations of UI under the OMAgreement with respect to the retirement, in whole or in part, of any UI Assets.

4. Condemnation Rights. Entering into the Transaction Documents and transferring any Group of Purchased UI Assets shall not constitute a waiver of CL&P's condemnation rights, including the right to condemn UI's interest in any of the assets comprising the UI Assets and any and all other rights granted by CLPor any other Person in connection therewith. UI shall not assert a defense or otherwise rely on the character of any UI Assets, whether as utility, transmission or otherwise, it being acknowledged by UI that such UI Assets are integrally connected into CL&P's system. Nothing in the foregoing shall impair UI's right to seek compensation for such UI Assets in any condemnation Proceeding.

5. Late Charges; Collection Costs. In addition to all other payment obligations hereunder and under Law, if UI fails to make any payment to CLPwhen due under any of the Associated Agreements, interest shall accrue thereon as a late charge at the rate of one and one−

half percent (1.5%) per month (or if less, the maximum rate allowable by Law (including under applicable FERC requirements)) from the date of issuance of the applicable invoice or other (written) request for payment, which late charge shall be immediately due and payable, *provided, however,* that no interest shall accrue or be payable upon any investments due from and payable by UI under the provisions of this Agreement. UI shall pay for all reasonable costs of collection and enforcement, including reasonable attorneys' fees, that may be incurred by CLPin collecting or attempting to collect amounts due to CLPunder any of the Associated Agreements or in otherwise enforcing its rights and remedies against UI under any Associated Agreements, including CL&P's indemnification rights under Paragraph G of these Purchase and Sale Terms.

SCHEDULE F.7

JOINT DEFENSE AGREEMENT

The Connecticut Light and Power Company ("CLP") and The United Illuminating Company ("UI") entered into a certain Agreement Re: Connecticut NEEWS Projects dated [_____], 2010 concerning, inter alia, the sale of certain transmission facilities in the Town of [_____], State of Connecticut ("Definitive Agreement"). Under the terms of Paragraph F.7 of the Purchase and Sale Terms (as defined in the Definitive Agreement), CLPand UI agreed to execute a joint defense agreement in connection with all Managed Claims.

The matter of [
] (hereinafter the "Lawsuit"),which was commenced against [___] by complaint dated __ and is pending in [___], is a Managed Claim under the Definitive Agreement.

CL&P, NUSCO, and UI (CL&P, NUSCO, and UI are each referred to herein as a "Party" and collectively as the "Parties") understand that defined terms in this Joint Defense Agreement that are not defined herein are being used as defined in the Definitive Agreement.

[INSERT THE FOLLOWING PARAGRAPH IF UI/CLPIS NOT A DEFENDANT IN THE PARTICULAR LAWSUIT AT ISSUE] It is mutually understood by the Parties that, while [_____] is not a defendant in the Lawsuit at this time, the plaintiff's assertions in the Lawsuit raise matters of common interest to the CL&P, NUSCO, and UI.

To facilitate the defense of the Lawsuit, it is the intention of the Parties to enter into a so−called "Joint Defense Agreement" (herein referred to as this "Agreement") as recognized by the First Circuit in *United States v. Bay State Ambulance and Hospital Rental Service,* 874 F.2d 20, 28 (1st Cir. 1989) and the Second Circuit in *United States v. Schwimmer,* 892 F.2d 237, 243−44 (2d Cir. 1989). This Agreement confirms that understanding, and sets forth the terms of such agreement as stated herein. It is the Parties' mutual understanding and agreement that the Parties share common interests in, or issues with respect to, their handling of the claims and liabilities that have been or may be asserted by plaintiff(s) in the Lawsuit, and that the sharing of documents, information, factual materials, mental impressions, memoranda, interview reports and communications (hereinafter referred to as "Joint Defense Materials"), will facilitate the rendition of professional legal services to the Parties.

It is further understood that these Joint Defense Materials shall be used solely by the Parties and their attorneys, employees, experts or agents (1) in the preparation of claims and defenses to be raised in connection with proceedings arising from or relating to the above−described matter, or (2) for attorneys to advise their respective party clients. The Joint Defense Materials are privileged from disclosure to adverse or other parties not otherwise considered Parties (or experts or agents of the Parties) to this Agreement, as they represent or reflect communications or information protected from disclosure by the attorney/client privilege, attorney work product doctrine, joint defense doctrine, common interest doctrine and any and all other constitutional, statutory or common law privileges which may apply (collectively, "Rules of Nondisclosure").

Further, it is the Parties' mutual understanding that the sharing or disclosure of Joint Defense Materials among the Parties and their respective attorneys, employees, experts and/or agents will not diminish in any way the confidentiality of such materials and will not constitute a waiver of any of the applicable Rules of Nondisclosure. The Parties have further agreed that without prior consent of the Party furnishing the materials, neither the Parties nor their attorneys, employees, experts or agents will disclose Joint Defense Materials received from each other to anyone except the Parties' respective attorneys, employees, experts or agents.

Counsel for the Parties agree to designate specially the documentary Joint Defense Materials that contain the confidences or statements of any of the Parties in a prominent manner with a designation such as: "PRIVILEGED AND CONFIDENTIAL – JOINT DEFENSE MATERIALS." The failure to specially designate documents, however, will not change the confidential and/or privileged nature of the documents. Counsel receiving such specially designated Joint Defense Materials may make duplicate copies of such materials for internal office use only, unless otherwise designated or agreed in writing. Upon written demand, counsel receiving such specially−designated Joint Defense Materials agrees to return the original and any copies to the disclosing Party. Nothing in the preceding sentence shall require, or be construed to require, counsel to turn over any annotations, notes or comments that have been written on copies of documents made for internal office use.

This Agreement may be terminated only upon mutual agreement of the Parties. The obligations of the Parties and their respective attorneys, employees, experts and agents not to disclose Joint Defense Materials, except in accordance with this Agreement, shall not be affected by the termination of, or withdrawal from this Agreement. If another person or entity requests or demands, by subpoena or otherwise, Joint Defense Materials obtained from another Party, the Party to whom the request is made will immediately notify the other Parties to this Agreement. The person or entity seeking the Joint Defense Materials will be informed that such materials are privileged and will not be produced or disclosed without the consent of the Party furnishing them unless ordered by a court.

It is further agreed that the confidentiality prescribed above shall remain operative as to all previously furnished Joint Defense Materials if adversity should subsequently arise between or among any of the Parties to this Agreement, irrespective of any claim that the joint defense and/or interest may become prospectively inoperative by virtue of the claimed adversity.

Nothing in this Agreement shall be considered to create an attorney/client relationship with any other Party to this Agreement, nor shall it create a conflict of interest so as to require the disqualification of any attorney from the representation of his or her client. Each Party represents and acknowledges that it is represented by its own counsel in connection with this Agreement. Each Party and each Party's attorneys, employees, experts and agents participating in this Agreement are obligated to maintain the confidentiality of information specified herein, but each counsel does not act on behalf of any person other than his or her own client.

If any provision of this Agreement, or any portion thereof, is held by competent authority to be unenforceable or invalid, the remainder of this Agreement shall continue in full force and effect. Nothing in this Agreement shall require a Party to disclose or share any information that it

determines should not be disclosed.

This Agreement shall not modify, limit or otherwise affect the rights and obligations of the Parties under the Definitive Agreement. In the event of any conflict or inconsistency between any provision of the Definitive Agreement and this Agreement, such conflict or inconsistency shall be resolved in favor of the provision of the Definitive Agreement (including, without limitation, the Purchase and Sale Terms).

Nothing in this Agreement is intended to create any right on the part of any Party or other person or entity that is not explicitly set forth herein. It is further agreed that nothing in this Agreement shall operate to limit the ability of any of the Parties to assert any claim or defense otherwise available against any person or entity not a party to this Agreement. In addition, nothing in this Agreement shall constitute an admission of any fact or liability by any Party.

[INSERT THE FOLLOWING PARAGRAPH IF UI/CLPIS NOT A DEFENDANT IN THE PARTICULAR LAWSUIT AT ISSUE] In the event that [_____] is cited into the Lawsuit as an additional defendant, this Agreement shall continue in full force and effect, unless terminated or modified by mutual agreement of the Parties, and [_____] shall be entitled to [UI − participate in (but not control)] [CLP− control] the defense of the Lawsuit in accordance with the provisions of Paragraph F of the Purchase and Sale Terms.

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Connecticut, without reference to principles of choice or conflict of laws.

Any modification to this Agreement shall be in writing and signed by all Parties.

This Agreement shall have an effective date of [_____].

By signing this Agreement, the Parties represent that they are authorized to execute this Agreement, and they, their attorneys, employees, experts and their agents agree to be bound by its terms. All amendments and modification to this Agreement must be in writing and agreed to by the Parties. This Agreement may be executed in counterparts.

The foregoing is agreed to:

The Connecticut Light and Power Company

By: _____ _____
Name: Date
Title:

By: _____ _____
Name: Date
Title: Its Counsel

Northeast Utilities Service Company

By: _____ _____
Name: Date
Title:

By: _____ _____
Name: Date
Title: Its Counsel

The United Illuminating Company

By: _____ _____
Name: Date
Title:

By: _____ _____
Name: Date
Title: Its Counsel

Attachment D−1 to Exhibit D

Form of Bill of Sale

THIS BILL OF SALE ("Bill of Sale") is made as of **[_____]**, 201**[_]**, by and between THE CONNECTICUT LIGHT AND POWER COMPANY, a specially chartered Connecticut corporation with offices at 107 Selden Street, Berlin, Connecticut 06037 ("Seller"), and THE UNITED ILLUMINATING COMPANY, a specially chartered Connecticut corporation with offices at 157 Church Street, New Haven, Connecticut 06510 ("Buyer"). Buyer and Seller are sometimes referred to herein individually as a "Party" and collectively as the "Parties". Capitalized terms used but not defined in this Bill of Sale shall have the meanings assigned to such terms in Section 1(a) of the Agreement Re: Connecticut NEEWS Projects, dated **[_____]**, 2010 (the "Definitive Agreement").

WITNESSETH:

WHEREAS, pursuant to the Definitive Agreement, Seller has agreed to sell, assign, convey, transfer and deliver to Buyer all of Seller's right, title and interest in and to the tangible personal property assets described in Schedule 1 to this Bill of Sale (the "Group of Purchased UI Assets"), on an "*as is, where is*" basis, and Buyer has agreed to purchase and acquire the Group of Purchased UI Assets from Seller, subject to the terms and conditions of the Transaction Documents; and

WHEREAS, pursuant to the Definitive Agreement, Seller has agreed to execute and deliver to Buyer this Bill of Sale pursuant to which the Group of Purchased UI Assets will be sold, assigned, conveyed, transferred and delivered by Seller to Buyer; and

WHEREAS, contemporaneously herewith, Seller and Buyer are entering into the Assignment and Assumption Agreement, pursuant to which Seller is transferring to Buyer the intangible property, contract rights and other rights associated with the Group of Purchased UI Assets and Buyer is assuming the Liabilities associated with the Group of Purchased UI Assets; and

WHEREAS, contemporaneously herewith, Seller and Buyer are entering into the License Agreement pursuant to which Seller is granting Buyer a license to use the real property and licensed rights associated with the Group of Purchased UI Assets described therein on the terms and conditions set forth therein; and

WHEREAS, contemporaneously herewith, Seller and Buyer are entering into the Property Tax Agreement pursuant to which Seller and Buyer have agreed to allocate certain real and personal property Taxes associated with the Group of Purchased UI Assets between themselves; and

WHEREAS, contemporaneously herewith, Seller and Buyer are entering into the Asset Demarcation Agreement pursuant to Seller and Buyer are evidencing the demarcation of

ownership of their respective Facilities;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and intending to be legally bound hereby, Seller does hereby sell, assign, convey, transfer and deliver to Buyer, all of Seller's right, title and interest in and to the Group of Purchased UI Assets (described in Schedule 1 to this Bill of Sale) on an "*as is, where is*" basis, upon the terms and subject to the conditions of this Bill of Sale and the other Transaction Documents, including the Purchase and Sale Terms, except to the extent the terms and conditions of the other Transaction Documents are contrary to the terms and conditions of this Bill of Sale.

TO HAVE AND TO HOLD the Group of Purchased UI Assets unto Buyer, its permitted successors and permitted assigns, for its and their own use and benefit, forever.

1. As Is, Where Is. THE GROUP OF PURCHASED UI ASSETS IS SOLD "*AS IS, WHERE IS,*" AND SELLER EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO THE GROUP OF PURCHASED UI ASSETS, INCLUDING ANY LIABILITIES ASSOCIATED WITH THE GROUP OF PURCHASED UI ASSETS, OPERATIONAL FUNCTIONALITY OF THE GROUP OF PURCHASED UI ASSETS, THE VALIDITY OR ENFORCEABILITY OF THE CONTRACTS AND/OR PERMITS RELATED TO THE GROUP OF PURCHASED UI ASSETS COVERED BY THE ASSIGNMENT AND ASSUMPTION AGREEMENT, WHETHER OR NOT THE ASSIGNMENT (FULL OR PARTIAL) OF, OR OTHER ARRANGEMENTS CONCERNING ANY OF SUCH CONTRACTS OR PERMITS CAN BE MADE, THE CONDITION, VALUE OR QUALITY OF THE GROUP OF PURCHASED UI ASSETS, OR THE PROSPECTS (FINANCIAL AND OTHERWISE), RISKS AND OTHER INCIDENTS OF OWNERSHIP OF THE GROUP OF PURCHASED UI ASSETS (INCLUDING BUYER'S ABILITY TO RECOVER THE COSTS ASSOCIATED WITH THE GROUP OF PURCHASED UI ASSETS THROUGH THE REGIONAL ELECTRIC TRANSMISSION SYSTEM OR OTHERWISE). SELLER SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, OR SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE GROUP OF PURCHASED UI ASSETS, OR ANY PART THEREOF, OR AS TO THE WORKMANSHIP THEREOF, OR THE ABSENCE OF ANY DEFECTS, OMISSIONS AND/OR OTHER DEFICIENCIES THEREIN, WHETHER LATENT OR PATENT, OR COMPLIANCE WITH LAW, OR AS TO THE CONDITION OF THE GROUP OF PURCHASED UI ASSETS, OR ANY PART THEREOF, INCLUDING WHETHER SELLER POSSESSES SUFFICIENT REAL PROPERTY OR PERSONAL PROPERTY RIGHTS TO OPERATE THE GROUP OF PURCHASED UI ASSETS. SELLER FURTHER SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY REGARDING THE ABSENCE OF HAZARDOUS MATERIALS OR LIABILITY OR POTENTIAL LIABILITY ARISING UNDER ANY ENVIRONMENTAL LAW. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SELLER EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF ANY KIND REGARDING THE SUITABILITY OF THE GROUP OF PURCHASED UI ASSETS FOR OPERATION AS A PORTION OF THE CONNECTICUT ELECTRIC TRANSMISSION SYSTEM KNOWN AS THE **[_____]**

PROJECT OR THE VALIDITY OR ENFORCEABILITY OF THE CONTRACT OR PERMIT RIGHTS RELATED TO THE GROUP OF PURCHASED UI ASSETS ASSIGNED BY SELLER TO BUYER PURSUANT TO THE ASSIGNMENT AND ASSUMPTION AGREEMENT, OR WHETHER OR NOT ANY OF SUCH CONTRACTS OR PERMITS CAN BE TRANSFERRED TO BUYER AND WHETHER SELLER HAS THE RIGHTS TO TRANSFER OR TO MAKE OTHER ARRANGEMENTS CONCERNING ALL OR ANY PORTION OF SUCH RIGHTS TO BUYER. NO MATERIAL OR INFORMATION PROVIDED BY OR COMMUNICATION (ORAL, WRITTEN OR ELECTRONIC) MADE BY SELLER, AND NO ORAL, WRITTEN OR ELECTRONIC RESPONSE TO ANY INFORMATION REQUEST PROVIDED BY SELLER TO BUYER, WILL CAUSE OR CREATE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE CONDITION, VALUE OR QUALITY OF THE GROUP OF PURCHASED UI ASSETS THAT IS NOT EXPRESSLY SET FORTH IN THE DEFINITIVE AGREEMENT.

BUYER ACKNOWLEDGES AND AGREES THAT THE GROUP OF PURCHASED UI ASSETS IS BEING ACQUIRED "*AS IS, WHERE IS*" AS OF THE CLOSING DATE, AND IN ITS CONDITION AS OF THE CLOSING DATE, AND THAT PRIOR TO THE EXECUTION AND DELIVERY OF THIS BILL OF SALE, AND PRIOR TO THE CLOSING, BUYER HAS CONDUCTED TO ITS SATISFACTION ALL NECESSARY AND SUFFICIENT EXAMINATION OF THE GROUP OF PURCHASED UI ASSETS, AND THAT BUYER IS RELYING ON ITS OWN EXAMINATION OF THE GROUP OF PURCHASED UI ASSETS, AND IS NOT RELYING ON ANY REPRESENTATION OR WARRANTY MADE BY SELLER. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT THE REPRESENTATIONS AND WARRANTIES OF SELLER REGARDING THE GROUP OF PURCHASED UI ASSETS SET FORTH IN THE DEFINITIVE AGREEMENT SHALL TERMINATE AS OF THE CLOSING DATE, AND THAT FOLLOWING THE CLOSING DATE, BUYER SHALL HAVE NO RECOURSE AGAINST SELLER OR ANY OF ITS AFFILIATES WITH RESPECT TO ANY BREACH OF SUCH REPRESENTATIONS AND WARRANTIES AND/OR OTHERWISE WITH RESPECT TO THE GROUP OF PURCHASED UI ASSETS.

2. Reserved Rights. Nothing in this Bill of Sale and/or in any other Transaction Document shall transfer or convey, in whole or in part, any rights in the Group of Purchased UI Assets beyond those expressly granted in this Bill of Sale, the Assignment and Assumption Agreement, and/or the License Agreement. Without limiting the generality of the foregoing, and without limiting Seller's reservation and retention of rights and property in any of the other Transaction Documents:

(a) Rights. Seller hereby reserves such interests, entitlements and/or such other tangible and/or intangible rights in, to and/or associated with, and/or arising out of, the Group of Purchased UI Assets (as the same may be replaced, improved and/or altered from time to time) to the extent not integral, necessary and required for the transmission and distribution of electric energy (collectively, "Reserved Rights"); *provided* that Buyer has not already exercised any such rights (or similar rights) with respect to the same location or use proposed by Seller, where the prior and actual use of such rights by Buyer prevents Seller from exercising the same or similar rights. Nothing in this Bill of Sale and/or in any other Transaction Document shall

transfer or otherwise convey, in whole or in part, any of such Reserved Rights to Buyer. Reserved Rights include communications, broadband or any similar current or future technological advances for alternate uses of electric transmission assets. Seller shall be entitled to use and/or otherwise exploit such Reserved Rights directly and/or through any Affiliate of Seller and/or Third Party, and Buyer shall not be entitled to any compensation of whatever form in connection with, and/or as a consequence of, any such exercise of any Reserved Rights. Buyer acknowledges that some or all Reserved Rights may rely on, and/or be a result of, the operation of the Group of Purchased UI Assets, and Buyer shall not take, and shall not allow any Person acting for or on behalf of Buyer to take, any action that could interfere, restrict or otherwise impair the effectiveness of any Reserved Rights.

(b) Communications. The Parties acknowledge and agree that the Group of Purchased UI Assets excludes any and all current or future fiber optic and other equipment, devices and material used for communication purposes (collectively, the "Excluded Communication Assets"), including the fiber optic strands owned by NEON embedded in the shield wire included in the Group of Purchased UI Assets and any and all Contracts related thereto (including the NEON Agreements). Seller hereby reserves, on behalf of itself and NEON (and any and all transferees, in whole or in part, of each), the right to locate, attach, and otherwise preserve, replace, improve and/or alter the Excluded Communication Assets on, in and/or as part of the Group of Purchased UI Assets. To the fullest extent necessary, required, or appropriate, Buyer hereby irrevocably grants, without additional cost, charge and/or other compensation to Buyer of whatever nature, Seller and NEON the right to so locate, attach, and otherwise preserve, replace, improve and/or alter the Excluded Communication Assets on, in and/or as part of the Group of Purchased UI Assets for the useful life of the Excluded Communication Assets (as the same may be replaced, improved and/or altered from time to time). In the event of any casualty and/or other damage that affects both of any of the Group of Purchased UI Assets and any Excluded Communication Assets, the Parties shall cooperate and coordinate in the repair and, to the extent necessary or advisable, relocation and/or replacement of such facilities. Notwithstanding anything to the contrary in this Bill of Sale and/or in any other Transaction Document, Buyer shall purchase and receive the Group of Purchased UI Assets subject and subordinate to the respective rights and obligations of the parties under the NEON Agreements, and Buyer shall take such action as is necessary to fulfill and otherwise fully comply with the obligations of the owner of the electric transmission facilities under such agreements. To the extent such action is performed by Seller under the OMAgreement and/or the Step−In Agreement and the costs of such action is covered by the amounts paid by Buyer under the OMAgreement or the Step−In Agreement, as applicable, such action shall be at Buyer's sole cost and expense; otherwise, Buyer shall perform such action at the sole cost and expense of Seller or NEON as more particularly specified in the NEON Agreements.

(c) Master Communications Leases. Without limiting the generality of Reserved Ancillary Rights, the Parties acknowledge that the Group of Purchased UI Assets excludes the rights and obligations under master lease agreements with telecommunication providers (collectively, the "Master Agreements"), including the site lease acknowledgments issued as of the Closing Date thereunder and equipment attached to the Group of Purchased UI Assets pursuant to the Master Agreements. Seller hereby reserves, on behalf of itself and such telecommunication providers (and any and all transferees, in whole or in part, of each), the right to locate, attach, and otherwise preserve, replace, improve and/or alter the equipment installed

pursuant to the Master Agreements. To the fullest extent necessary, required, or appropriate, Buyer hereby irrevocably grants, without additional cost, charge and/or other compensation to Buyer of whatever nature, Seller and such telecommunication providers, the right to so locate, attach, and otherwise preserve, replace, improve and/or alter such equipment on, in and/or as part of the Group of Purchased UI Assets for the term of the applicable Master Agreement and/or site lease acknowledgments issued thereunder (as the same may be replaced, improved and/or altered from time to time). In the event of any casualty and/or other damage that affects both of any of the Group of Purchased UI Assets and any equipment installed under a Master Agreement, the Parties shall cooperate and coordinate in the repair and, to the extent necessary or advisable, relocation and/or replacement of such equipment. Notwithstanding anything to the contrary in this Agreement and/or any of the other Transaction Documents, Buyer shall purchase and receive the Group of Purchased UI Assets subject and subordinate to the respective rights and obligations of the parties under the Master Agreements, and Buyer shall take such action as is necessary to fulfill and otherwise fully comply with the obligations of the owner of the electric transmission facilities under the Master Agreements. To the extent such action is performed by Seller under the OMAgreement and/or the Step−In Agreement and the costs of such action are covered by the amounts paid by Buyer under the OMAgreement or the Step−In Agreement, as applicable, such action shall be at Buyer's sole cost and expense; otherwise, Buyer shall perform such action at the sole cost and expense of Seller or the applicable telecommunication provider as more particularly specified in the relevant Master Agreement.

(d) Ancillary Rights. Seller hereby reserves the right, directly and/or indirectly (including through arrangements with any Affiliate of Seller or any Third Party) to attach equipment, material and other property to, locate any assets on, or otherwise use, any of the assets comprising the Group of Purchased UI Assets for any purpose other than electric transmission or distribution (collectively, the "Reserved Ancillary Rights"); *provided* that Buyer has not already exercised any such rights (or similar rights) with respect to the same location or use proposed by Seller, where such prior and actual use of such rights by Buyer prevents Seller from exercising the same or similar rights. Without limiting the generality of the foregoing, the Reserved Ancillary Rights include the installation of any equipment, materials and/or other assets to poles and/or structures for whatever purpose other than for electric transmission or distribution. Nothing in this Bill of Sale and/or in any other Transaction Document shall transfer or otherwise convey, in whole or in part, any of such Reserved Ancillary Rights to Buyer. Seller shall be entitled to use and/or otherwise exploit such Reserved Ancillary Rights directly and/or through arrangements with any Affiliate of Seller or any Third Party, and Buyer shall not be entitled to any compensation of whatever form in connection with, and/or as a consequence of, any such exercise of any Reserved Ancillary Rights. Seller shall bear all costs and expenses arising out of the exercise of any Reserved Ancillary Rights, including any repair and/or restoration of any portion of the Group of Purchased UI Assets affected by such exercise.

(e) Access Rights. In addition to the rights of Seller and NEON under the NEON Agreements and of Seller and the telecommunication providers under the Master Agreements, Seller hereby reserves the right to access each of the assets comprising the Group of Purchased UI Assets to install, maintain, repair, operate and/or otherwise exploit any and all of the rights and/or assets reserved to and/or retained by Seller under this Bill of Sale and/or any other Transaction Document, including the Reserved Rights, Excluded Communication Assets

and/or under Master Agreements and the Reserved Ancillary Rights. To the fullest extent necessary, required, or appropriate, Buyer hereby irrevocably grants, without additional cost, charge and/or other compensation to Buyer of whatever nature, Seller the right, on behalf of itself and any other Persons having an interest, to so access the Group of Purchased UI Assets, or any part thereof. Seller (or such other Persons) will reasonably coordinate such access with Buyer (or the Person retained by Buyer to maintain the Group of Purchased UI Assets).

3. Good Utility Practices. Seller shall not exercise any of the Reserved Rights and/or Reserved Ancillary Rights and/or any rights with respect to Excluded Communication Assets and/or Master Agreements in a manner that unreasonably interferes with Buyer's operation and maintenance of the Group of Purchased UI Assets for the transmission of electric energy as part of the regional transmission grid in accordance with Good Utility Practices. Buyer shall promptly notify Seller of any instance in which Buyer in good faith believes that such exercise could reasonably be expected to result in such a violation of Good Utility Practices. Such notice shall include reasonable detail regarding the alleged consequence and a certification to the effect that Buyer currently prohibits such installations and/or uses in connection with its other transmission facilities (or indicating the conditions under which Buyer permits the same).

4. Dismantling of the Group of UI Purchased Assets. Seller's rights to exercise Reserved Rights and/or Reserved Ancillary Rights and to attach and otherwise locate Excluded Communication Assets and/or telecommunications equipment under Master Agreements shall continue until the Group of Purchased UI Assets has been dismantled pursuant to Paragraph J.3(b) of the Purchase and Sale Terms.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties have caused this Bill of Sale to be executed as of the date first written above.

Witnessed by

THE CONNECTICUT LIGHT AND POWER COMPANY

_____

By: _____

Name**: [_____]**
Title: **[_____]**
Duly Authorized

_____

THE UNITED ILLUMINATING COMPANY

_____

By: _____

Name: **[_____]**
Title: **[_____]**
Duly Authorized

_____

Schedule 1

Group of Purchased UI Assets

Attachment D−2 to Exhibit D

Form of Assignment and Assumption Agreement

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT ("Agreement") is made as of **[_____]**,201**[_]**, by and between THE CONNECTICUT LIGHT AND POWER COMPANY, a specially chartered Connecticut corporation with offices at 107 Selden Street, Berlin, Connecticut 06037 ("Seller"), and THE UNITED ILLUMINATING COMPANY, a specially chartered Connecticut corporation with offices at 157 Church Street, New Haven, Connecticut 06510 ("Buyer"). Buyer and Seller are sometimes referred to herein individually as a "Party" and collectively as the "Parties". Capitalized terms used but not defined in this Agreement shall have the meanings assigned to such terms in Section 1(a) of the Agreement Re: Connecticut NEEWS Projects, dated **[_____]**, 2010 (the "Definitive Agreement").

WITNESSETH:

WHEREAS, Seller and Buyer have entered into the Definitive Agreement, pursuant to which Seller, *inter alia*, has agreed to sell, assign, convey, transfer and deliver to Buyer, and Buyer, *inter alia*, has agreed to purchase the UI Assets; and

WHEREAS, contemporaneously herewith, Seller and Buyer have executed and delivered the Bill of Sale, pursuant to which Seller has sold, assigned, conveyed, transferred and delivered to Buyer on an "*as is, where is*" basis the Group of Purchased UI Assets; and

WHEREAS, in connection with the transactions described in the Bill of Sale and as more fully described in the Transaction Documents, Seller has also agreed to assign, convey, transfer and deliver to Buyer all of Seller's right, title and interest in, to, and under the Assigned Rights and provide Buyer with other Relevant Rights associated with the Group of Purchased UI Assets described in this Agreement, and Buyer has agreed to assume and discharge the Assumed Liabilities related to the Group of Purchased UI Assets.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Buyer hereby agree as follows:

1. Assignment.

(a) Subject to the terms and conditions of the Transaction Documents, Seller does hereby assign, convey, transfer and deliver to Buyer, on an "*as is, where is*" basis, all of Seller's right, title, and interest in, to, and under the intangible property, contract rights and other rights (collectively, "Project Rights") to the extent related to or associated with the Group of Purchased UI Assets, as such Project Rights are more particularly described in Schedule 1 attached hereto (collectively, the "Assigned Rights"). Notwithstanding anything to the contrary in this Agreement and/or any other Transaction Document, the Assigned Rights shall not include any right, title, or interest in, to, or under any of the Project Rights, or any portion thereof, related to or associated with Contractor Facilities and/or other assets, including the Excluded

Communication Assets and the Master Agreements, or rights retained by Seller, including the Reserved Rights and the Reserved Ancillary Rights (collectively, the "Retained Rights"), and nothing in this Agreement or in any of the other Transaction Documents shall transfer or otherwise convey, in whole or in part, any rights beyond those required for the ownership, operation and maintenance of the Group of Purchased UI Assets. All Retained Rights shall remain in full force and effect for the benefit of Seller, and shall be neither assigned to, nor assumed by, Buyer.

(b) Partially Assignable Contracts. This Agreement shall constitute a partial assignment by Seller to Buyer, to the extent of the rights thereunder solely related to the Group of Purchased UI Assets, of each Shared Contract that is partially assignable to Buyer without the consent of the applicable counterparty (each, a "Partially Assigned Contract"). Neither Party shall take any action that reasonably could be expected to materially and adversely affect the rights and/or obligations of the other Party with respect to any Partially Assigned Contract, including effecting any amendment, change or other modification of any such Partially Assigned Contract that reasonably could be expected to affect any of such actions and rights and/or obligations. The Parties shall reasonably coordinate and cooperate in the exercise of any such actions and rights (including enforcement of warranty or guaranty obligations) and/or in responding to any counterparty Claim with respect to any Partially Assigned Contract. To the extent that either Party desires to exercise any right, respond to any Claim and/or take any other action with respect to any Partially Assigned Contract, such Party shall provide reasonable advance notice of such proposed action to the other Party, in reasonable detail, at least ten (10) days before taking the same. In the event that Seller determines that it is appropriate to take such action to protect the respective rights of the Parties or otherwise proceed in a joint manner, Seller shall be entitled, by notice given to Buyer, to exclusively manage and control all matters that directly or indirectly involve, could affect, and/or may set precedent applicable to such Partially Assigned Contract. In such case, Buyer, at its sole cost and expense, will do all such acts, file all such documents, and cause to be done all such other things as Seller may reasonably request from time to time in connection with such Partially Assigned Contract and otherwise cooperate with Seller in such regard. Buyer hereby appoints Seller (and its agents) as the exclusive attorney−in−fact of Buyer for the purpose of taking any action and executing any instrument that Seller may deem necessary or advisable in connection with any such Partially Assigned Contract (including any Proceedings relating to the same). Buyer understands and agrees that the power of attorney granted to Seller for such purpose is coupled with an interest and is irrevocable, and Buyer, by virtue hereof, hereby ratifies all actions taken by Seller (and its agents) as Buyer's attorney−in−fact. Buyer acknowledges that since the disposition of any matter involving such Partially Assigned Contract will apply to the Group of Purchased UI Assets and the Retained Rights, Buyer shall have no recourse whatsoever against Seller with respect to the disposition of any matter relating to such Partially Assigned Contract, and Buyer fully accepts and will bear the effects of any such Proceeding on the Group of Purchased UI Assets and/or other result in such matter, including the obligation to pay its proportionate share of any payment due to any Third Party. Notwithstanding anything to the contrary in the foregoing, Seller shall not be obligated to bring or file any Proceeding against any Third Party; *provided* that if Seller shall determine not to bring or file a Proceeding after being requested by Buyer to do so, Seller shall assign, without recourse and to the extent permitted by Law or the applicable Partially Assigned Contract, its rights in respect to the Claims on account of the Group of Purchased UI Assets with respect to

such Proceeding so that Buyer may bring or file such Proceeding.

(c) Intentionally Omitted

(d) Non−Assignable Contracts. To the extent that Seller's right, title or interest in, to or under any Project Rights (other than Transferable Permits) may not be assigned without the consent, approval or authorization of any Third Party, which consent, approval or authorization has not been obtained as of the applicable Closing Date (including any Shared Contract for which the Parties do not enter into a separate Contract on or before the applicable Closing Date as contemplated in Paragraph A of the Purchase and Sale Terms), this Agreement shall not constitute an agreement to assign such right, title or interest if an attempted assignment would constitute a breach of such Project Rights or violate Law. If any consent, approval or authorization to such assignment of any such Project Rights shall not be obtained without recourse to Seller, or if any attempted assignment would be ineffective or would materially impair Buyer's rights and obligations under such Project Rights such that Buyer would not acquire and assume the benefit and burden of all such rights and obligations, then Seller shall administer such Project Rights for the benefit of Buyer pursuant to, and subject to, the terms and conditions of, the OMAgreement; *provided* that if the OMAgreement expires or terminates before the expiration or termination of such Project Rights, then Seller, at its option (exercisable by notice to Buyer) and to the fullest extent permitted by Law and such Project Rights, shall, from and after such expiration or termination of the OMAgreement, either (i) appoint Buyer to be Seller's agent with respect to such Project Rights to the extent of the Group of Purchased UI Assets, or (ii) enter into such reasonable arrangements with Buyer or take such other actions as are necessary to provide Buyer with the same or substantially similar rights and obligations under such Project Rights to the extent of the Group of Purchased UI Assets. Notwithstanding anything to the contrary in the foregoing, for each Shared Contract subject to this Section 1(d) that survives the expiration or termination of the OMAgreement, the Parties shall enter into an appropriate arrangement pursuant to which Buyer shall irrevocably appoint Seller as its attorney−in−fact, coupled with an interest, under terms and conditions substantially similar to those set forth in Section 1(b) for Partially Assigned Contracts for the period after such expiration or termination.

(e) Common Permits. Seller shall administer for the benefit of Buyer pursuant to the OMAgreement each Common Permit that is partially assignable to Buyer without the consent of the issuing Relevant Authority. If the OMAgreement expires or terminates before the expiration or termination of any Common Permit, then Seller, at its option (exercisable by notice given to Buyer) and to the fullest extent permitted by Law and such Common Permit, shall, from and after such expiration or termination of the OMAgreement, either:

(i) continue to exclusively manage and control all matters that directly or indirectly involve, could reasonably be expected to affect, and/or could reasonably be expected to set precedent applicable to the Retained Rights under such Common Permit. In such case, Buyer, at its sole cost and expense, will do all such acts, file all such documents, and cause to be done all such other things as Seller may reasonably request from time to time in connection with such Common Permit and otherwise cooperate with Seller in such regard. In such case,

Buyer hereby appoints Seller (and its agents) as the exclusive attorney−in−fact of Buyer for the purpose of taking any action and executing any instrument that Seller may deem necessary or advisable in connection with such Common Permit (including any Proceedings relating to the same). Buyer understands and agrees that the power of attorney granted to Seller for such purpose is coupled with an interest and is irrevocable, and Buyer, by virtue hereof, hereby ratifies all actions taken by Seller (and its agents) as Buyer's attorney−in−fact. Buyer acknowledges that since the disposition of any matter involving such Common Permit will apply to the Group of Purchased UI Assets and the Retained Rights, Buyer shall have no recourse whatsoever against Seller with respect to the disposition of any matter relating to such Common Permit, and Buyer fully accepts and will bear the effects of any result of any such Proceeding on the Group of Purchased UI Assets and/or other result in such matter; or

(ii) appoint, to the fullest extent permitted by Law and such Common Permit, Buyer to be Seller's agent with respect to such Common Permit to the extent of the Group of Purchased UI Assets, subject to such reasonable terms and conditions as Seller may require in connection with such appointment.

(f) Non−Assignable Permit. To the extent that Seller's right, title or interest in, to or under any Transferable Permit (including any Common Permit) may not be assigned without the consent, approval or authorization of any Relevant Authority, which consent, approval or authorization has not been obtained as of the applicable Closing Date (including, in the case of any Common Permit, as contemplated in Paragraph A of the Purchase and Sale Terms), this Agreement shall not constitute an agreement to assign such right, title or interest if an attempted assignment would constitute a breach of such Transferable Permit or violate any Law. If any consent, approval or authorization to such assignment of any such Transferable Permit shall not be obtained without recourse to Seller, or if any attempted assignment would be ineffective or would materially impair Buyer's rights and obligations under such Transferable Permit such that Buyer would not acquire and assume the benefit and burden of all such rights and obligations, then Seller shall administer such Transferable Permit for the benefit of Buyer pursuant to, and subject to, the terms and conditions of, the OMAgreement; *provided* that (i) the Parties shall continue to use commercially reasonable efforts to obtain the consent to partial assignment of any Common Permit subject to this Section 1(f) unless Seller shall notify Buyer that such effort reasonably could be expected to adversely affect any Contractor Facilities subject to such Common Permit; and (ii) if the OMAgreement expires or terminates before the expiration or termination of such Transferable Permit, then Seller, at its option (exercisable by notice to Buyer) and to the fullest extent permitted by Law and such Transferable Permit, shall, from and after such expiration or termination of the OMAgreement, either (A) appoint Buyer to be Seller's agent with respect to such Transferable Permit to the extent of the Group of Purchased UI Assets, or (B) enter into such reasonable arrangements with Buyer or take such other actions as are necessary to provide Buyer with the same or substantially similar rights and obligations under such Transferable Permit to the extent of the Group of Purchased UI Assets. Notwithstanding anything to the contrary in the foregoing, for each Common Permit subject to this Section 1(f) that survives the expiration or termination of the OMAgreement, Seller shall have the option to manage and control such Common Permit, or appoint Buyer, each in accordance with Section 1(e), for the period after such expiration or termination.

(g)
Buyer as Agent. To the extent that Seller appoints Buyer as its agent pursuant to this Agreement, Buyer shall keep Seller promptly informed of any act or omission by Buyer acting as Seller's agent. In addition to Buyer's indemnification obligations under Paragraph G of the Purchase and Sale Terms, Buyer shall be responsible for and shall indemnify, defend and save each Indemnified Person harmless from and against any and all Claims, Orders, Proceedings and Liabilities whatsoever arising out of and/or related to any act or omission by Buyer in connection with any Project Rights, whether or not Buyer acted in its capacity as Seller's agent.

(h)
No Recourse. Buyer acknowledges and agrees that the Assigned Rights and the rights provided to Buyer in this Agreement concerning non−assignable Project Rights (which, together with the Assigned Rights, are referred to in this Agreement as the "Relevant Rights") are being assigned or provided to Buyer by Seller on an "*as is, where is*" basis as of the date hereof and *without recourse* whatsoever to Seller, and that Seller expressly disclaims any and all representations or warranties of any kind or nature, express or implied, as to the Relevant Rights. Without limiting the generality of the foregoing:

(i)
SELLER EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO RIGHTS AND LIABILITIES ASSOCIATED WITH THE RELEVANT RIGHTS, THE RELATIONSHIP BETWEEN THE RELEVANT RIGHTS AND THE GROUP OF PURCHASED UI ASSETS (INCLUDING WHETHER THE COMBINATION OF THE SAME RESULTS IN OPERATIONAL FUNCTIONALITY), THE VALIDITY OR ENFORCEABILITY OF ANY OF THE RELEVANT RIGHTS, WHETHER OR NOT ANY OF THE RELEVANT RIGHTS CAN BE TRANSFERRED TO BUYER, AND/OR CONDITION, VALUE OR QUALITY OF THE RELEVANT RIGHTS, AND SELLER SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, OR SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE RELEVANT RIGHTS, OR ANY PART THEREOF, OR THE ABSENCE OF ANY DEFECTS, OMISSIONS AND/OR OTHER DEFICIENCIES THEREIN, WHETHER LATENT OR PATENT, INCLUDING WHETHER THE RELEVANT RIGHTS ARE SUFFICIENT TO OPERATE THE GROUP OF PURCHASED UI ASSETS. NO MATERIAL OR INFORMATION PROVIDED BY OR COMMUNICATION (ORAL, WRITTEN OR ELECTRONIC) MADE BY SELLER TO BUYER, AND NO ORAL, WRITTEN OR ELECTRONIC RESPONSE TO ANY INFORMATION REQUEST PROVIDED BY SELLER TO BUYER, WILL CAUSE OR CREATE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE CONDITION, VALUE OR QUALITY OF THE RELEVANT RIGHTS; and

(ii)
BUYER ACKNOWLEDGES THAT PRIOR TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT AND THE APPLICABLE CLOSING, BUYER HAS CONDUCTED TO ITS SATISFACTION ALL NECESSARY AND SUFFICIENT EXAMINATION OF THE RELEVANT RIGHTS AND ASSUMED LIABILITIES, AND THAT BUYER IS RELYING ON ITS OWN EXAMINATION OF THE RELEVANT RIGHTS AND ASSUMED LIABILITIES, AND IS NOT RELYING ON ANY REPRESENTATION OR WARRANTY MADE BY SELLER. BUYER FURTHER

ACKNOWLEDGES AND AGREES THAT THE REPRESENTATIONS AND WARRANTIES OF SELLER REGARDING THE RELEVANT RIGHTS AND ASSUMED LIABILITIES SET FORTH IN THE DEFINITIVE AGREEMENT SHALL TERMINATE AS OF THE DATE HEREOF, AND THAT FOLLOWING THE DATE HEREOF, BUYER SHALL HAVE NO RECOURSE AGAINST SELLER OR ANY OF ITS AFFILIATES WITH RESPECT TO ANY BREACH OF SUCH REPRESENTATIONS AND WARRANTIES AND/OR OTHERWISE WITH RESPECT TO THE RELEVANT RIGHTS AND ASSUMED LIABILITIES.

2. Assumption of Assumed Liabilities. Buyer hereby irrevocably assumes and agrees to discharge the Assumed Liabilities (including all past, present and future Liabilities associated with, and/or arising out of the Relevant Rights) in accordance with their respective terms and subject to the respective conditions thereof.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above.

Witnessed by

THE CONNECTICUT LIGHT AND POWER COMPANY

_____ By: _____

_____ Name**: [_____]**
Title: **[_____]**
Duly Authorized

THE UNITED ILLUMINATING COMPANY

_____ By: _____

_____ Name: **[_____]**
Title: **[_____]**
Duly Authorized

STATE OF CONNECTICUT)
)ss.
Berlin
COUNTY OF HARTFORD)

This Agreement was acknowledged before me on the ___ day of _____, 201__, by _____, the _____ of The Connecticut Light and Power Company, a specially chartered Connecticut corporation, on behalf of said corporation.

My Commission Expires:

_____

_____
Notary Public

_____
Notary's Printed/Typed Name

STATE OF CONNECTICUT)
)ss.
COUNTY OF)

This Agreement was acknowledged before me on the ___ day of _____, 201__, by _____, the _____ of The United Illuminating Company, a specially chartered Connecticut corporation, on behalf of said corporation.

My Commission Expires:

_____

_____
Notary Public

_____
Notary's Printed/Typed Name

Schedule 1

List of Assigned Rights

Attachment D−3 to Exhibit D

Form of License Agreement

THIS LICENSE AGREEMENT ("Agreement") is made as of **[_____]**, 201**[_]**, by and between THE CONNECTICUT LIGHT AND POWER COMPANY, a specially chartered Connecticut corporation with offices at 107 Selden Street, Berlin, Connecticut 06037 ("CLP"), and THE UNITED ILLUMINATING COMPANY, a specially chartered Connecticut corporation with offices at 157 Church Street, New Haven, Connecticut 06510 ("UI"). CLPand UI are sometimes referred to herein individually as a "Party" and collectively as the "Parties". Capitalized terms used but not defined in this Agreement shall have the meanings assigned to such terms in Section 1(a) of the Agreement Re: Connecticut NEEWS Projects, dated **[_____]**, 2010 (the "Definitive Agreement").

WITNESSETH:

WHEREAS, CLPis the owner in fee simple of, or holder of other rights (including easement and/or license rights) in, the Licensed Premises;

WHEREAS, CLPand UI have entered into the Definitive Agreement, pursuant to which CLPhas agreed to sell and UI, *inter alia*, has agreed to purchase the UI Assets and to assume the Assumed Liabilities, subject to the terms and conditions set forth therein;

WHEREAS, contemporaneously herewith, CLPand UI have executed and delivered the Bill of Sale, pursuant to which CLPhas sold, assigned, conveyed, transferred and delivered to UI on an "*as is, where is*" basis the Group of Purchased UI Assets (such sale, assignment, conveyance, transfer and delivery is hereinafter referred to as the "Conveyance");

WHEREAS, to the extent that the Group of Purchased UI Assets is located on real property owned by CLPand/or real property in which CLPholds an interest (including an easement or license) (collectively, "CLPProperty"), UI's use of the CLPProperty is necessary to UI's ownership and operation of the Group of Purchased UI Assets;

WHEREAS, in connection with the Conveyance, CLPdesires to grant to UI a limited, non−exclusive license to use the CLPProperty, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the promises, covenants and conditions hereinafter set forth, CLPand UI agree as follows:

ARTICLE I

Description of Licensed Premises

Section 1.1 – Licensed Premises. CLPhereby grants to UI a fully−paid up, non−exclusive limited license to use that CLPProperty upon which the Transmission Facilities are located (the "Licensed Premises"), pursuant to the terms of this Agreement.

Section 1.2 – Reserved Rights. Nothing herein and/or in any other Transaction Document shall transfer or otherwise convey, in whole or in part, any rights concerning the Licensed Premises beyond those expressly granted in this Agreement. Without limiting the generality of the foregoing, except for the limited non−exclusive rights granted hereby, CLPhereby reserves all rights, title and/or interests in, to and/or associated with, and/or arising out of the Licensed Premises. UI acknowledges that CLPhas not conveyed to UI, and this Agreement does not prohibit or otherwise affect in any manner whatsoever, the right of CLPto erect, install, construct, reconstruct, repair, maintain, replace, relocate, inspect, patrol, expand, operate and/or remove any poles, towers, crossarms, guys, foundations, anchors, braces, ducts, manholes, fences, gates, and other structures, lines, wires, filament, cables, including fiber optic and communication cables, other conductors, antennas, and other structures, fixtures and appurtenances useful for the conducting and the transmission and distribution of electric current, energy, intelligence, wireless signals, light and communications of any character (collectively, the "Additional Installations"). CLPshall be entitled to make and/or otherwise exploit such Additional Installations directly and/or through any CLPAffiliate and/or any Third Party, and CLPshall have the right, at CL&P's sole cost and expense, to relocate all or any portion of the assets comprising the Group of Purchased UI Assets to accommodate any such Additional Installations. CLPshall provide UI reasonable notice of any such Additional Installations, including any planned and/or potential relocation of any of the assets comprising the Group of Purchased UI Assets, and the Parties shall reasonably cooperate and coordinate to effect such Additional Installations in a timely and cost−effective manner and to minimize, to the extent possible, any conflict between the Parties' respective activities on the Licensed Premises. UI shall not take any action, and shall not allow any Person acting for or on behalf of UI to take any action, that could reasonably be expected to affect CL&P's exercise of rights with respect to such Additional Installations, including the installation of gates or other obstructions that could reasonably be expected to interfere with CL&P's free and unrestricted access to the Licensed Premises. CLPshall not install any Additional Installation in a manner that unreasonably interferes with UI's ownership and operation of the Group of Purchased UI Assets for the transmission of electric energy as part of the regional transmission grid in accordance with Good Utility Practices. UI shall promptly notify CLPof any instance in which UI in good faith believes that such Additional Installation could reasonably be expected to result in a violation of Good Utility Practices. Such notice shall include reasonable detail regarding the alleged consequence and a certification to the effect that UI currently prohibits such installations and/or uses in connection with its other transmission facilities (or indicating the conditions under which UI permits the same).

Section 1.3 – Disclaimer. UI ACKNOWLEDGES AND AGREES THAT CLPIS LICENSING THE LICENSED PREMISES "***AS IS, WHERE IS***" AS OF THE DATE HEREOF,

AND IN ITS CONDITION AS OF THE DATE HEREOF, AND THAT PRIOR TO THE EXECUTION OF THIS AGREEMENT, UI HAS CONDUCTED TO ITS SATISFACTION ALL NECESSARY AND SUFFICIENT EXAMINATION OF THE LICENSED PREMISES, AND THAT UI IS RELYING ON ITS OWN EXAMINATION OF THE LICENSED PREMISES, AND IS NOT RELYING ON ANY REPRESENTATION OR WARRANTY MADE BY CL&P. CLPEXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED (INCLUDING ANY WARRANTY OF MERCHANTABILITY, USAGE, OR SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE) AS TO THE LICENSED PREMISES, INCLUDING WHETHER THE GRANTING OF THE LICENSE HEREUNDER VIOLATES ANY INSTRUMENT, MORTGAGE, INDENTURE, DEED OF TRUST, AGREEMENT, CONTRACT AND/OR PERMIT RELATED TO THE LICENSED PREMISES, OR COMPLIANCE WITH ANY LAW, OR AS TO THE CONDITION OF THE LICENSED PREMISES, OR ANY PART THEREOF, INCLUDING WHETHER CLPPOSSESSES SUFFICIENT RIGHTS TO PERMIT THE PRESENCE AND OPERATION OF THE GROUP OF PURCHASED UI ASSETS ON THE LICENSED PREMISES. CLPFURTHER SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY REGARDING TITLE TO THE LICENSED PREMISES, THE ABSENCE OF HAZARDOUS MATERIALS ON, IN AND/OR UNDER THE LICENSED PREMISES, OR LIABILITY OR POTENTIAL LIABILITY ARISING UNDER ANY ENVIRONMENTAL LAW.

Section 1.4 – Limitation on Liability. To the fullest extent allowable under Law, and notwithstanding anything to the contrary in the other Transaction Documents, if CLPhas any Liability to UI under this Agreement, CL&P's aggregate maximum Liability to UI under this Agreement, whether founded in contract, tort (whether due to negligence, strict liability or otherwise), statute or regulation, or otherwise, shall at all times be limited to Ten Thousand Dollars ($10,000.00). This Section 1.4 shall survive termination or expiration of this Agreement.

ARTICLE II

Term

Section 2.1 – Term. Unless earlier terminated as a result of a Repurchase Closing or a Put Closing, the term of this Agreement shall commence upon the date of the Conveyance and shall expire upon the date that UI, pursuant to Paragraph J.3(b) of the Purchase and Sale Terms, has completed the dismantling and removal of the Group of Purchased UI Assets to be retired and the restoration of the Licensed Premises, as determined by CL&P, in its sole and exclusive discretion (the "Term").

ARTICLE III

Intentionally Omitted

ARTICLE IV

Use

Section 4.1 – Use of Licensed Premises. UI covenants and agrees that during the Term UI shall use, and shall ensure that any Person acting for or on behalf of UI shall use, the Licensed Premises exclusively in connection with, and solely to the extent necessary and required for, UI's ownership and operation of the Group of Purchased UI Assets in compliance with UI's obligations under the Transaction Documents. Without limiting the generality of the foregoing, UI shall not use, and shall not allow any Person acting for or on behalf of UI to use, the Licensed Premises for any purpose other than for ownership and operation of the Group of Purchased UI Assets in a manner that is consistent with CL&P's underlying real property rights and with the Parties' respective rights and obligations under the Transaction Documents. UI shall comply with any and all good faith requirements of CLPthat restrict UI's activities and use of the Licensed Premises for any purpose other than for the ownership and operation of the Group of Purchased UI Assets in a manner that is consistent with CL&P's underlying real property rights and with the Parties' respective rights and obligations under the Transaction Documents.

Section 4.2 – Unlawful Purpose. UI will not (a) use or allow the Licensed Premises or any part thereof to be used or occupied for any purpose in violation of Law; or (b) take any action with respect to the Licensed Premises that would interfere with any present and/or future use by CLPand/or any Person acting for or on behalf of CLPwith respect to the Licensed Premises.

Section 4.3 – Compliance With Law. Throughout the Term, UI, at its sole cost and expense, will promptly comply with Law.

Section 4.4 – Compliance With CLPRequirements. UI shall comply with any and all policies, rules and regulations established by CLPfrom time to time with regard to the use of the Licensed Premises. Without limiting the generality of the foregoing, UI acknowledges that due to security and safety considerations with regard to activities conducted on the Licensed Premises, including the transmission of electricity through the Group of Purchased UI Assets, UI shall comply and otherwise cooperate with any restrictions required by CLPin connection with access to the Licensed Premises (including advance notice to affected landowners, compliance with safety requirements, and escorted access). UI shall not access, and shall not authorize any Person acting for or on behalf of UI to access, any of the Group of Purchased UI Assets without providing (written) notice to CLPat least ten (10) Business Days before the day that UI has scheduled for such access; *provided* that if UI requires such access to address a safety concern and/or other exigent circumstances, UI shall provide (written) notice to CLPin advance of such access as is reasonable under the circumstances. If either Party determines that it is necessary to restrict access to the Licensed Premises for security and/or safety considerations, the Parties shall reasonably coordinate and cooperate in the implementation of such security and/or safety measures.

Section 4.5 – Compliance With Owner Requirements. UI acknowledges that CLPmay

have acquired the Licensed Premises subject to certain restrictions and/or may not own all of the Licensed Premises in fee simple, in which case, the underlying landowner may have reserved rights in instruments granting the right to install, operate and maintain the facilities that CLPhas constructed on the Licensed Premises (including the Group of Purchased UI Assets). In addition, CLPmay have granted certain rights and/or permitted certain uses (including for agricultural development) to other Persons and/or to CL&P's Affiliates with respect to the Licensed Premises. UI shall comply with any and all such limitations, restrictions, reserved and/or granted rights, permitted uses and/or other instruments, agreements and/or other arrangements relating to the Licensed Premises (collectively, the "Third Party Rights & Encumbrances"). The Parties shall reasonably cooperate in the identification of, and compliance with, all such Third Party Rights & Encumbrances; *provided*, *however*, that all costs, fees and expenses that are reasonably necessary or advisable to achieve and/or maintain compliance with the Third Party Rights & Encumbrances shall be borne by UI. UI acknowledges and agrees that such instruments, agreements and/or other arrangements may limit UI's rights to relocate, move or otherwise alter the present location of any of the Group of Purchased UI Assets.

ARTICLE V

Covenants

Section 5.1 – UI's Covenants. With respect to the Licensed Premises, UI covenants that it will commit no waste, damage, or disfigurement to any portion of the Licensed Premises, nor suffer the same to be committed thereon, nor injure nor misuse the Licensed Premises, nor make alterations thereon, nor use the Licensed Premises for any purpose but that hereinbefore authorized without prior (written) permission from CL&P, which may be granted or denied in CL&P's sole and exclusive discretion. Without limiting the generality of the foregoing, UI shall not relocate, move, or otherwise alter the present location of any of the Group of Purchased UI Assets without prior (written) permission from CL&P, which may be granted or denied in CL&P's sole and exclusive discretion. UI acknowledges that CL&P's reserved rights, including future planning, may limit CL&P's ability to grant such permission even if any such request for relocation might not otherwise interfere with any other installation then located on the Licensed Premises.

Section 5.2 – Taxes. UI shall solely pay and shall bear the entire responsibility for Taxes that are assessed upon the Group of Purchased UI Assets. If any Taxes are assessed collectively on all or any portion of the Group of Purchased UI Assets and property owned by CLP(including the Licensed Premises), then such Tax shall be allocated in accordance with the Property Tax Agreement. If any property of another Person (including the Licensed Premises) is jointly taxed with the Transmission Facilities and/or property owned by CL&P, then the Parties shall act in good faith to allocate such Tax in a manner consistent with the Property Tax Agreement.

ARTICLE VI

Condition, Alteration and Repairs

Section 6.1 – Existing Conditions. During the Term, UI shall, at its sole cost and expense, maintain and repair the Licensed Premises in accordance with Good Utility Practices. Without limiting the generality of the foregoing, UI, at its sole cost and expense, shall:

(a) keep the Licensed Premises neat and clean, and in good repair, order and condition; and

(b) repair any damage to the Licensed Premises caused by UI, its Affiliates, any Third Party acting for or pursuant to rights granted by UI or any of its Affiliates and/or their respective servants, agents, employees, contractors and/or subcontractors;

provided, that the foregoing maintenance and repair obligations of UI shall be suspended during any period in which the OMAgreement is in effect for the Group of Purchased UI Assets, but only to the extent such maintenance and repair obligations are covered by the OMAgreement.

Section 6.2 – Improvements by UI. UI shall not make changes and/or improvements to the Licensed Premises without prior (written) permission from CL&P, which may be granted or denied in CL&P's sole and exclusive discretion. Without limiting the generality of the foregoing, UI shall not erect any building, fence or other structure, conduct any grading, lay down any gravel or crushed stone, or construct any improvement on the Licensed Premises without such prior (written) permission of CL&P. To secure such permission from CL&P, UI shall provide to CLPdetailed (written) plans and specifications describing any proposed work or improvements at the Licensed Premises.

Section 6.3 – Liens. UI shall not create, incur, assume or suffer to exist any lien and/or encumbrance of any kind upon all or any portion of the Licensed Premises; *provided* that UI may conditionally assign this Agreement to any Person providing financing in connection with the Conveyance. In accordance with Paragraph G of the Purchase and Sale Terms, UI shall indemnify and save the Indemnified Persons harmless from any Liabilities for material and/or labor in connection with any construction, repairs or improvements performed or made by or on behalf of UI and/or any of its Affiliates or by or on behalf of any Person acting under authority from UI and/or any of its Affiliates at the Licensed Premises. If any mechanic's lien or other non−consensual lien shall at any time be filed against the Licensed Premises, UI shall, within sixty (60) days after notice of filing thereof, cause such lien to be discharged of record by payment, deposit, bond, order of court of competent jurisdiction, or otherwise.

ARTICLE VII

Intentionally Omitted

ARTICLE VIII

Insurance

Section 8.1 – Insurance Requirements. With respect to the Licensed Premises, during the Term (unless a longer duration is specified in Schedule 8), UI shall maintain in full force and effect, at its sole cost and expense, the policies of insurance described in Schedule 8 attached hereto and made a part hereof, through insurance carrier(s) having an AM Best rating of A or better (or otherwise acceptable to CLPin its reasonable discretion); *provided* that during the period that UI and/or its Affiliates (as opposed to a Third Party transferee) owns all of the Group of Purchased UI Assets, the carrier(s) insuring the other transmission facilities of UI and/or such Affiliate shall be deemed acceptable under this Agreement. All insurance required hereunder shall be endorsed to name CLPand its Affiliates as additional insureds (other than for workers' compensation insurance). The amount of deductibles or self−insured retentions shall be for the sole account of UI. All evidence of insurance maintained by UI shall be available for CL&P's review and will be furnished by UI to CLPwithin ten (10) days after CL&P's request therefor. No later than ten (10) days after the Conveyance, UI shall provide CLPwith certificate(s) of insurance demonstrating such coverages, and UI shall ensure that its broker or insurer provide CLPwith replacement certificates evidencing required insurance coverage prior to the expiration of prior certificates. Such certificate(s) shall contain statements (a) indicating that CLPshall receive a written notice at least thirty (30) days before cancellation/non−renewal or significant modification of any of such policies; and (b) confirming that CLPand its Affiliates (as their interests may appear) have been named as additional insureds (other than under coverage for workers' compensation) and providing a waiver of subrogation which UI may have against them. Such insurance coverages shall be primary to any other coverage available to CLPor its Affiliates, and shall not be deemed to limit UI's Liability under this Agreement.

ARTICLE IX

Assignment, Sublicensing and Other Use and Occupancy Rights

Section 9.1 – Assignments. UI is not authorized to and shall not directly or indirectly (through an equity sale, merger or other transaction) sell, assign or otherwise transfer its interest in this Agreement, in whole or in part, other than in full compliance with Section 23(f)(iii) of the Definitive Agreement, in which case this Agreement shall be assigned to any Person that so acquires ownership of the Group of Purchased UI Assets.

Section 9.2 – Sublicenses. UI may not sublicense the Licensed Premises or otherwise convey or transfer, in whole or in part, any of its rights under this Agreement to use the Licensed Premises (or any portion thereof) to any other Person.

Section 9.3 – Leases. UI may not lease or otherwise grant permission for use or occupancy of all or any portion of the Licensed Premises to any other Person.

ARTICLE X

Default

Section 10.1 – UI Default. In the event UI refuses, neglects or fails to perform or comply in any material respect with any of the agreements, terms, covenants or conditions of this Agreement and such failure is not cured within thirty (30) days after receipt of notice of such failure from CL&P, then CL&P, without prejudice to any other right or remedy CLPmay have under the Transaction Documents, at Law and/or in equity, may exercise the Buy−Back Option pursuant to Paragraph I.2(a) of the Purchase and Sale Terms. If CLPexercises such Buy−Back Option, then this Agreement shall terminate upon consummation of the Repurchase Closing as provided in Paragraph I.2(a) of the Purchase and Sale Terms. In the event of any such termination of this Agreement, UI shall immediately quit and surrender the Licensed Premises to CL&P.

Section 10.2 – CLPDefault. In the event CLPrefuses, neglects or fails to perform or comply in any material respect with any of the agreements, terms, covenants or conditions of this Agreement and such failure is not cured by CLPwithin thirty (30) days after CL&P's receipt of notice of such failure from UI, then UI, without prejudice to any other right or remedy UI may have under the Transaction Documents, at Law and/or in equity, may exercise the UI Put Option pursuant to Paragraph I.2(b) of the Purchase and Sale Terms. If UI exercises such UI Put Option, then this Agreement shall terminate upon consummation of the Put Closing as provided in Paragraph I.2(b) of the Purchase and Sale Terms. In the event of any such termination of this Agreement, UI shall immediately quit and surrender the Licensed Premises to CL&P.

Section 10.3 – Injunction. In the event of any breach or threatened breach by UI of any of the agreements, terms, covenants, or conditions contained in this Agreement, CLPshall be entitled to enjoin such breach or threatened breach and shall have the right to invoke any right and remedy allowed by Law and/or in equity, or by statute or otherwise, as though other remedies were not provided for in this Agreement.

ARTICLE XI

Intentionally Omitted

ARTICLE XII

Termination, Expiration and Surrender

Section 12.1 – Condition of Licensed Premises.

(a) Upon termination of this Agreement in accordance with the terms hereof prior to expiration of the Term, UI, at its sole cost and expense, shall:

(i) quit and surrender the Licensed Premises (or the relevant portion thereof) in as good condition as of the date hereof, reasonable use and wear and damage by the elements excepted; and

(ii) remove from the Licensed Premises (or the relevant portion thereof) UI's goods and effects and those of all Persons claiming under or through UI; *provided*, *however*, that UI shall, at its sole cost and expense, repair all damage to the Licensed Premises by reason of such removal.

(b) Upon expiration of the Term, UI's obligations to dismantle and remove the Group of Purchased UI Assets from the Licensed Premises and restore such Licensed Premises shall be pursuant to Paragraph J.3(b) of the Purchase and Sale Terms.

ARTICLE XIII

Nature of Agreement

Section 13.1 − Notice of Agreement. This Agreement shall not be recorded in any public record, including the land records of any municipalities in the State of Connecticut.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above.

THE CONNECTICUT LIGHT AND POWER COMPANY

_____ By: _____

Name**: [_____]**
Title: **[_____]**
Duly Authorized

_____

THE UNITED ILLUMINATING COMPANY

_____ By: _____

Name: **[_____]**
Title: **[_____]**
Duly Authorized

_____

Schedule 8

Insurance Requirements

UI shall maintain the following insurance coverages in accordance with Section 8.1 of this Agreement and Paragraph G.6 of the Purchase and Sale Terms:

(a)
Workers' Compensation − Statutory coverage and Employers Liability Insurance with limits of $1,000,000.

(b)
General Liability Insurance excluding Professional Liability but including Operations, Products and Completed Operations, Contractual Liability and Broad Form Property Damage Liability written in one or more layers with a combined single limit for Bodily Injury and Property Damage of $20,000,000 per occurrence and annual aggregate. Products and Completed Operations coverage shall remain in effect for a minimum of three (3) years from the date of termination of this Agreement.

(c)
Comprehensive Automobile Liability Insurance, including all owned, non−owned, and hired vehicles, with a combined single limit for Bodily Injury and Property Damage of $20,000,000 per accident.

Attachment D−4 to Exhibit D

Form of Property Tax Agreement

This Property Tax Agreement ("Agreement") is made as of **[_____]**, 201**[_]**, by and between THE CONNECTICUT LIGHT AND POWER COMPANY ("CLP"), a specially chartered Connecticut corporation with offices at 107 Selden Street, Berlin, Connecticut 06037 and THE UNITED ILLUMINATING COMPANY ("UI"), a specially chartered Connecticut corporation with offices at 157 Church Street, New Haven, Connecticut 06510. CLPand UI are sometimes referred to herein individually as a "Party" and collectively as the "Parties". Capitalized terms used but not defined in this Agreement shall have the meanings ascribed to such terms in Section 1(a) of the Agreement Re: Connecticut NEEWS Projects, dated **[_____]**, 2010 (the "Definitive Agreement").

WHEREAS, CLPand UI have entered into the Definitive Agreement pursuant to which the Parties have executed and delivered the Bill of Sale contemporaneously herewith, under which CLPis transferring to UI on an "*as is, where is*" basis, and on the other terms and conditions stated in the Bill of Sale, the Group of Purchased UI Assets, and pursuant to which the Parties have executed and delivered the Assignment and Assumption Agreement contemporaneously herewith, under which UI is assuming and agreeing to discharge the Assumed Liabilities, subject to the terms and conditions set forth therein;

WHEREAS, in connection with such transfer under the Bill of Sale, the Parties have executed and delivered the License Agreement contemporaneously herewith;

WHEREAS, due to the nature of the Group of Purchased UI Assets, municipal taxing authorities may not recognize the separation of ownership of the Group of Purchased UI Assets (and/or personal property of UI attached to, and/or otherwise installed in connection with UI's ownership of the Group of Purchased UI Assets) and the Licensed Premises and/or personal property of CLP(including interconnecting electric transmission facilities), and it would be beneficial for the Parties to address real and personal property Taxes in that instance; and

WHEREAS, the Parties have agreed to a methodology for addressing such real and personal property Taxes for each other's properties, to the extent that they are taxed collectively, and desire to set forth such agreements in this Agreement.

NOW, THEREFORE, in consideration of the foregoing, the mutual promises and obligations of the Parties herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Intent. In carrying out the provisions of this Agreement in connection with the Transaction, neither Party will seek, directly or indirectly, through negotiations with municipalities, payments in lieu of Taxes, agreements, accounting allocations or otherwise, to shift its property Tax expenses to the other Party, except in accordance with this Agreement; *provided* that, subject to Section 5, the foregoing shall not be deemed to prevent in any way

either Party from initiating and prosecuting Proceedings to reduce the property Taxes paid by such Party; and *provided, further*, that the foregoing shall not waive, restrict, limit or release the specific property Tax obligations and allocations that Sections 2 and 3 impose on each Party. Except as set forth in Section 3 with respect to personal property taxed as fixtures, this Agreement shall not apply to any real property Taxes assessed on either Party.

2. Personal Property. Each Party shall bear the entire responsibility for personal property Taxes that are assessed upon personal property owned by such Party, whether or not such property is physically located on real property owned or controlled by the other Party. If personal property Taxes are assessed collectively on personal property owned by both Parties and located on the Licensed Premises, then such Tax shall be allocated between the Parties based upon the ratio of the net book values of such property as of the date such Tax was levied. The Party that received such collective assessment shall invoice the other Party for such other Party's *pro rata* share of such personal property Taxes (which invoice shall include a calculation, in reasonable detail, of the allocation of Taxes pursuant to this Section 2), and the other Party shall pay to such receiving Party such *pro rata* share of the personal property Tax payment within thirty (30) days after the effective date of delivery of such invoice (pursuant to Section 23(b) of the Definitive Agreement).

3. Fixtures. If any of the assets comprising the Group of Purchased UI Assets are taxed as fixtures and/or otherwise assessed collectively with the CLPProperty that constitutes the Licensed Premises, UI shall reimburse CLPfor UI's *pro rata* portion of such Taxes paid by CLPon the Group of Purchased UI Assets. Such allocation will be based on the ratio of the assessed value of the affected properties; *provided* that if assessments are not available for fixtures, payments will be allocated based on the net book value of the relevant properties. UI shall pay to CLPsuch *pro rata* share of the real property Tax payment within thirty (30) days after the date of CL&P's (written) request therefor (which request shall include a calculation, in reasonable detail, of the allocation of Taxes pursuant to this Section 3).

4. Information; Filings. Each Party shall provide the other Party with a copy of any property report, list or other information required by or submitted to the applicable taxing authority that has a bearing on the assessment, payment, abatement or appeal of any real or personal property Tax that is subject to this Agreement. Any filing required by Law in connection with a Party's ownership of real and/or personal property, or payment of property Taxes thereon, shall be the responsibility of such owner, including any and all interest and late charges incurred by such owner.

5. Challenge. Each Party shall have the right to challenge at its own expense by Proceedings or by exercise of a statutory right to abate any assessment of Tax that affects its interest, and the other Party shall reasonably cooperate with such other Party in any such challenge, at the sole cost and expense of the Party undertaking such challenge. If any such challenge would involve a potential shifting of a Tax burden from one Party to the other Party in a manner that is inconsistent with the specific property Tax obligations and allocations that Sections 2 and 3 of this Agreement impose on each Party, then notwithstanding the foregoing, the Parties shall be under no obligation to cooperate with each other in such challenge, and the Party who would be adversely affected by such challenge shall be entitled to oppose such

challenge in any manner it determines to be appropriate, at its sole cost and expense. If a joint challenge is made by the Parties, each Party shall bear its own costs and such percentage of the joint costs incurred by them in such challenge as shall equal the percentage of the benefits realized by each such Party from such challenge or, if no benefit is realized by either Party from such challenge, then the percentage of joint costs borne by each Party shall equal the percentage of benefits sought by each Party in such challenge.

6. Ancillary Uses. Pursuant to the Transaction Documents, UI, CL&P, their respective Affiliates and/or Third Parties may use the Group of Purchased UI Assets for other purposes. To the extent that the provisions of this Agreement do not adequately address the real and/or personal property Taxes associated with such uses, any such uses are hereby conditioned upon modifying this Agreement or the entering into of a separate property tax agreement (in the case of ancillary uses by Persons other than the Parties) as necessary or advisable to address allocation of real and/or personal property Taxes with respect to such uses.

7. Additional Taxing Authorities. The Taxes referenced in this Agreement shall apply to Taxes assessed by and payable to local taxing and service districts, as well as to any other governmental or quasi−governmental authority with the power, as of the date of this Agreement or in the future, to levy and collect Taxes attributable to the ownership of real or personal property.

8. Late Charges. If either Party fails to make any payment to the other Party when due hereunder, a late charge shall accrue thereon at the rate of one and one−half percent (1.5%) per month (or if less, the maximum rate allowable by Law) from the applicable due date for payment, which late charge shall be immediately due and payable.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above.

Witnessed by

THE CONNECTICUT LIGHT AND POWER COMPANY

_____

By: _____

Name**: [_____]**
Title: **[_____]**
Duly Authorized

_____

THE UNITED ILLUMINATING COMPANY

_____

By: _____

Name: **[_____]**
Title: **[_____]**
Duly Authorized

_____

Attachment D−5 to Exhibit D

Form of Asset Demarcation Agreement

This Asset Demarcation Agreement ("Agreement") is made as of **[_____]**, 201**[_]**, by and between THE CONNECTICUT LIGHT AND POWER COMPANY ("CLP"), a specially chartered Connecticut corporation with offices at 107 Selden Street, Berlin, Connecticut 06037, and THE UNITED ILLUMINATING COMPANY ("UI"), a specially chartered Connecticut corporation with offices at 157 Church Street, New Haven, Connecticut 06510. Capitalized terms used but not defined in this Agreement shall have the meanings ascribed to such terms in Section 1(a) of the Definitive Agreement, the ISO−NE Tariff or the TOA.

WITNESSETH:

WHEREAS, CLPand UI independently own and operate Facilities that are interconnected to provide continuity of electric transmission service between the Parties; and

WHEREAS, CLPand UI are entering into this Agreement to evidence their agreement on the demarcation of ownership of the Facilities acquired by UI pursuant to the Definitive Agreement; and

WHEREAS, the Parties are signatories to the TOA; and

WHEREAS, as owners of Facilities, the Parties have agreed that the operation and maintenance of their respective Facilities shall be in accordance with the ISO−NE Tariff, the TOA, and applicable ISO−NE rules, operating procedures and manuals, as they may be amended from time, or any successor document(s) thereto (collectively the "Operating Requirements").

NOW, THEREFORE, in consideration of the foregoing, CLPand UI hereby agree as follows:

1. Definitions. Whenever used in this Agreement with initial capitalization, the following terms shall have the meanings specified or referred to in this section.

"CLPFacilities" means any and all Facilities owned by CLPand interconnected to the UI Facilities, including any such Facilities (or any portion thereof) located on the Licensed Premises or property of UI to the Ownership Demarcation Point.

"Definitive Agreement" means the Agreement Re: Connecticut NEEWS Projects, dated **[_____]**, 2010, by and between the Parties.

"Facilities" means all utility equipment used in the transmission of electricity including all equipment, fixtures, cables, wires and associated structures.

"Ownership Demarcation Point" means the point where the CLPFacilities and the UI

Facilities change ownership. The Ownership Demarcation Points for such Facilities are identified in Exhibit A attached hereto.

"Plan" means (a) the surveys, easement or plot plans and sketches, and (b) engineering plans, including electrical plans and diagrams that pictorially identify Ownership Demarcation Point(s) in Exhibit A hereto, attached hereto as Exhibit B.

"UI Facilities" means any and all Facilities acquired by UI pursuant to the Definitive Agreement, including any such Facilities (or any portion thereof) located on CLPProperty or other property of CL&P, to the Ownership Demarcation Point.

2. Agreement on Demarcation. UI and CLPhereby agree that the respective Ownership Demarcation Points between the CLPFacilities and UI Facilities shall be as delineated in Exhibits A and B hereto. Except to the extent provided otherwise under Section 3 of this Agreement, CLPshall be responsible for operation and maintenance of CLPFacilities up to, and at, each Ownership Demarcation Point, and UI shall be responsible for operation and maintenance of UI Facilities up to, and at, each Ownership Demarcation Point.

3. Use, Maintenance and Operation of the Facilities. The use, maintenance and operation by UI of UI Facilities and by CLPof CLPFacilities, to the extent located on the property of the other Party, shall be governed by the Operating Requirements and/or by the relevant agreement conferring title and/or rights to the applicable Party, including as described in Article 4 of the License Agreement for CLPProperty. Each Party shall use, operate and maintain its respective Facilities in compliance with the Operating Requirements.

4. Change or Modification of Demarcation. Either Party may at any time propose to the other Party a change or other modification with respect to any Ownership Demarcation Point. No such proposed change or modification shall be valid and binding unless both Parties execute a (written) amendment to this Agreement, specifying in detail such change or modification in Exhibit A hereto, including a revised Plan depicting the new or modified Ownership Demarcation Point(s) and attaching a revised Plan depicting the new or modified Ownership Demarcation Point in Exhibit B. Any such change or modification shall be subject to prior regulatory approval, if required, and Law.

5. Additional Documentation of Transfer. In the event of a change in any Ownership Demarcation Point, each Party shall execute and deliver to the other Party such bills of sale or other instruments of transfer, and such other documentation, as may be necessary under Law, or as may be reasonably requested by the other Party to effectuate or confirm the transfer of that portion of the Facilities affected by the modification in the Ownership Demarcation Point(s).

6. Costs. Unless otherwise agreed by the Parties, all costs and expenses reasonably attributable to the Facilities shall be borne by the Party owning such Facilities, and, all costs and expenses reasonably attributable to a change or modification of any Ownership Demarcation Point shall be borne by the Party that proposed such change or modification.

7. Regulation. Nothing in this Agreement shall require the Parties to own any asset or equipment other than as provided for herein.

8. Ancillary Uses. Pursuant to the Transaction Documents, UI, CL&P, their respective Affiliates and/or Third Parties may use the Group of Purchased UI Assets for other purposes. To the extent that any of such uses affect the Ownership Demarcation Point(s), such uses are hereby conditioned upon modifying this Agreement or the entering into of a separate asset demarcation agreement (in the case of ancillary uses by Persons other than the Parties) as necessary or advisable to address asset demarcation.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above.

Witnessed by

THE CONNECTICUT LIGHT AND POWER COMPANY

_____

By: _____

Name**: [_____]**
Title: **[_____]**
Duly Authorized

_____

THE UNITED ILLUMINATING COMPANY

_____

By: _____

Name: **[_____]**
Title: **[_____]**
Duly Authorized

_____

Exhibit A

Ownership Demarcation Points

EXHIBIT H

OPERATION AND MAINTENANCE AGREEMENT

between

THE UNITED ILLUMINATING COMPANY, as Owner

and

THE CONNECTICUT LIGHT AND POWER COMPANY, as Contractor

[_____], 20[__]

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OPERATION AND MAINTENANCE AGREEMENT

THIS OPERATION AND MAINTENANCE AGREEMENT made as of the **[___]** day of **[_____]**, 20**[__]** (the "*Effective Date*"), by and between **THE UNITED ILLUMINATING COMPANY** ("*UI*"), a specially chartered Connecticut corporation with offices at 157 Church Street, New Haven, Connecticut 06510, and **THE CONNECTICUT LIGHT AND POWER COMPANY** ("*Contractor*"), a specially chartered Connecticut corporation with offices at 107 Selden Street, Berlin, Connecticut 06037. Capitalized terms used herein but not otherwise defined shall have the respective meanings set forth in Article 1.

WITNESSETH:

WHEREAS, Owner owns the Transmission Facilities; and

WHEREAS, Owner desires to retain Contractor to operate and maintain the Transmission Facilities, in accordance with the terms and conditions of this Agreement, and Contractor agrees to be so retained.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and intending to be legally bound, the Parties agree as follows:

ARTICLE 1.
DEFINITION OF TERMS; INTERPRETATION

1.1.
Definitions. As used herein, the following terms shall have the following meanings:

"*Affiliate*" shall mean, when used with reference to a specified Person, any Person that directly or indirectly controls or is controlled by or is under common control or ownership with the specified Person, including, in case of each Party, the ultimate parent company of such Party. For purposes of this definition, "*control*" means the power to direct the management and policies of the specified Person.

"*Agreement*" shall mean this Operation and Maintenance Agreement including all schedules hereto, as well as any items specifically incorporated by reference herein or therein, and any and all amendments hereto or thereto agreed to in writing by the Parties.

"*Applicable Percentage*" shall mean the percentage determined pursuant to Section 5.1(b).

"*Asset Demarcation Agreement*" shall mean the Asset Demarcation Agreement dated **[_____]**, 20**[__]**, by and between the Parties.

"*Assignment*" shall mean each and every Assignment and Assumption Agreement dated **[_____]**, 20**[__]**, by and between the Parties executed and delivered

pursuant to the Definitive Agreement.

"*Bankrupt*" shall mean with respect to a Person, if such Person or any of its Affiliates (a) files a petition or otherwise commences a Proceeding under any bankruptcy, insolvency, reorganization or similar Law, or has any such petition filed or commenced against it; (b) makes an assignment or any general arrangement (other than an assignment undertaken in connection with a financing) for the benefit of creditors; (c) otherwise becomes bankrupt or insolvent (however evidenced); (d) has a liquidator, administrator, receiver, bankruptcy trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, *provided* that if such action is taken without the consent of such Person, then such Person shall be allowed twenty (20) days to dismiss such appointment; or (e) is generally unable to pay its debts as they fall due.

"*Business Day*" shall mean any day other than Saturday and Sunday and other than when the following holidays are celebrated: New Year's Day; Presidents' Day; Good Friday; Memorial Day; Independence Day; Labor Day; Columbus Day; Veterans Day; Thanksgiving Day; day after Thanksgiving; and Christmas Day.

"*Calculation Period*" shall mean the from time to time period over which Contractor calculates revenue requirements for regional rates. As of the Effective Date, the Calculation Period is the twelve−month period beginning **[June 1]** of a year and ending **[May 31]** of the following year.

"*Capital Costs*" shall have the meaning set forth in Section 4.3(a).

"*Capital Improvement*" shall mean any addition, improvement, upgrade and/or other modification to the Transmission Facilities, in whole or in part, the cost of which constitutes a capital expenditure.

"*CEII*" shall mean critical energy infrastructure information, as defined by FERC pursuant to 18 C.F.R. § 388.113(c)(1), or any successor designation of information having a similar effect.

"*C.F.R.*" shall mean the Code of Federal Regulations of the United States of America.

"*CIP*" shall have the meaning set forth in Section 3.8.

"*Claiming Party*" shall have the meaning set forth in Section 7.1.

"*Connecticut NEEWS Project*" shall have the meaning set forth in the Definitive Agreement.

"*Contractor*" shall mean The Connecticut Light and Power Company and its successors and assigns.

"*Contractor Facilities*" shall mean collectively all electric transmission facilities (including towers, poles, conductors, conduits, substations and associated land and land rights) owned by Contractor.

"*Contractor Representative*" shall mean the representative of Contractor designated pursuant to Section 2.10.

"*CONVEX*" shall mean The Connecticut Valley Electric Exchange. CONVEX is a Local Control Center (as defined in the ISO−NE Tariff) and performs certain functions regarding the operation of the electric transmission system and dispatch of generation in the State of Connecticut and the Commonwealth of Massachusetts in accordance with the ISO−NE Tariff and the TOA.

"*Cost Allocation*" shall mean the charge for Services determined in accordance with Section 5.1.

"*CPR*" shall mean the CPR Institute for Dispute Resolution (formerly known as the Center for Public Resources).

"*CPR Mediation Procedure*" shall mean the procedures developed by CPR to facilitate the conduct of the mediation process.

"*CPR Panels of Distinguished Neutrals*" means a list of qualified mediators and arbitrators developed and maintained by CPR available to help resolve complex business disputes.

"*CPR Rules for Non−Administered Arbitration*" shall mean the rules developed by CPR to facilitate the conduct of the arbitration process.

"*Credit Rating*" means, with respect to any Person, the rating assigned to such Person by Moody's and SP(or if only one such entity provides a rating, then Moody's or S&P) for such Person's senior unsecured, unsubordinated long−term debt obligations (not supported by third party credit enhancements) or, if such Person does not have a rating for its senior unsecured, unsubordinated long−term obligations, then the rating one notch below the rating then assigned to such Person as a corporate or long−term issuer rating. If a Person has a rating from Moody's and SPand the ratings differ, the lower of the two Credit Ratings shall apply.

"*Defaulting Party*" shall have the meaning set forth in Section 8.2.

"*Definitive Agreement*" shall mean the Agreement Re: Connecticut NEEWS Projects dated **[_____]**, 2010, by and between the Parties, including all of the exhibits and schedules thereto, as the same may be amended from time to time.

"*Effective Date*" shall have the meaning set forth in the preamble above.

"*Environment*" means soil, land surface or subsurface strata, real property, surface waters, groundwater, wetlands, sediments, drinking water supply, ambient air (including indoor air) and any other environmental medium or natural resource.

"*Environmental Law*" shall mean Law relating to: (a) the regulation, protection and use of the Environment; (b) the conservation, management, development, control and/or use of land, natural resources and wildlife; (c) the management, manufacture, possession, presence, use, generation, transportation, treatment, storage, disposal, release, threatened release, abatement, removal, remediation, or handling of, or exposure to, any Hazardous Materials, including all applicable common law pertaining to actions for personal injury and/or property damage resulting from Hazardous Materials with respect to both on−Site and off−Site contamination; or (d) noise.

"*Environmental Liability*" means any Liability (including enhanced oversight expenses) under or related to Environmental Law arising as a result of or in connection with (a) the construction, installation, ownership, use, operation and/or maintenance of all or any portion of any Transmission Facilities whether occurring prior to, on, or after the Effective Date; (b) the presence or Release of Hazardous Materials at, on, in, under, adjacent to or migrating from the location of any of the assets comprising all or any portion of any Transmission Facilities prior to, on or after the Effective Date; (c) the investigation and/or Remediation (whether or not such investigation or Remediation commenced before the Effective Date or commences on or after the Effective Date) of Hazardous Materials that are present or have been Released prior to, on or after the Effective Date at, on, in, under, adjacent to or migrating from the location of any of the assets comprising all or any portion of any Transmission Facilities; (d) the off−site disposal, treatment, storage, transportation, discharge, Release or recycling, or the arrangement for such activities, of Hazardous Materials, prior to, on or after the Effective Date, in connection with the construction, installation, ownership, use, operation and/or maintenance of all or any portion of any Transmission Facilities; and (e) the investigation and/or Remediation of Hazardous Materials that are generated, disposed, treated, stored, transported, discharged, Released, recycled, or the arrangement of such activities, prior to, on or after the Effective Date, in connection with the construction, installation, ownership, use, operation and/or maintenance of all or any portion of any Transmission Facilities at any Offsite Disposal Facility.

"*Event of Default*" shall have the meaning set forth in Section 8.2.

"*FERC*" shall mean the Federal Energy Regulatory Commission or any successor agency having jurisdiction over the Transmission Facilities.

"*Force Majeure*" shall have the meaning set forth in Section 7.1.

"*Good Utility Practices*" shall have the meaning set forth in the TOA from time to time.

"*Governmental Authority*" shall mean any federal, state, commonwealth, county,

local or other governmental, quasi−governmental, regulatory or administrative authority, agency, commission, department, board, or other governmental subdivision, legislature, rulemaking board, court, tribunal, arbitral body, government−owned corporation or other governmental authority or department thereof.

"*Hazardous Materials*" shall mean: (a) any petrochemical or petroleum products, oil, waste oil, asbestos in any form that is or could become friable, urea formaldehyde foam insulations, lead−based paint and polychlorinated biphenyls; (b) any products, mixtures, compounds, materials or wastes, air emissions, toxic substances, wastewater discharges or any chemical, material or substance that may give rise to Liability pursuant to, or is listed or regulated under, or the human exposure to which or the release of which is controlled or limited by Environmental Law; and (c) any materials or substances defined in Environmental Law as "hazardous", "toxic", "pollutant", or "contaminant", or defined in Environmental Law using any words of similar meaning or legal or regulatory effect.

"*Indemnified Environmental Obligations*" shall have the meaning set forth in Section 9.2.

"*Indemnified Person*" shall have the meaning set forth in Section 9.1.

"*Initial Term*" shall have the meaning set forth in Article 10.

"*Investment Grade*" shall mean Credit Ratings of at least BBB− by SPand Baa3 by Moody's (or the equivalent of such ratings if either of such rating agencies has modified its rating scale).

"*ISO−NE*" shall mean ISO New England Inc. and any successor thereto as the independent system operator (including a regional transmission organization) for the regional transmission grid that includes the Transmission Facilities.

"*ISO Tariff*" shall mean the ISO−NE Transmission, Markets, and Services Tariff, FERC Electric Tariff No. 3.

"*Law*" shall mean any current and future applicable federal, state, local or other governmental or quasi−governmental constitution, charter, act, statute, law, ordinance, code, rule, regulation, order, decree, ruling, decision, judgment, license or Permit.

"*Liability*" or "*Liabilities*" shall mean any claim, loss, fee (including experts' and/or attorneys' fees), cost, damage, expense, fine, penalty, liability, demand, action, settlement, judgment, award or other obligation of whatever nature including cost and expense of claims management and litigation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether incurred or consequential and whether due or to become due) including those arising as a result of any Proceeding and including any Environmental Liability.

"*License Agreement*" shall mean each and every License Agreement by and between the Parties executed and delivered pursuant to the Definitive Agreement.

"*Managed Claim*" shall have the meaning set forth in the Definitive Agreement.

"*Moody's*" means Moody's Investor Services, Inc.

"*NERC*" shall mean the North American Electric Reliability Corporation or any successor thereto to the extent affecting the operation and/or maintenance of the Transmission Facilities.

"*NPCC*" shall mean the Northeast Power Coordinating Council and any successor thereto.

"*NUSCO*" shall mean Northeast Utilities Service Company, a Connecticut corporation.

"*OMAssets*" shall mean collectively Contractor Facilities and electric transmission facilities (including substations) owned by Persons other than Contractor and being maintained by Contractor (including through an operation and maintenance arrangement); *excluding, however*, the Transmission Facilities.

"*OMCosts*" shall mean collectively all direct and indirect costs and expenses suffered and/or incurred by Contractor in connection with, and/or allocated by Contractor to, the operation and maintenance of Contractor Facilities. OMCosts include:

(a) all costs and expenses incurred in connection with such operation and/or maintenance;

(b) all costs and expenses relating to planning, studies, engineering, permitting and/or supervision and management (before, during and after construction) of operation and maintenance;

(c) all costs and expenses related to operation and maintenance of computer hardware and software and communications equipment serving the transmission function;

(d) all costs and expenses for equipment, spare parts, materials, supplies, storage, security, fuel and other consumables;

(e) the cost of services performed by subcontractors and any other Third Party expenses incurred in connection with such operation and/or maintenance (including vegetation management, environmental and permitting consultants, procurement, surveying and engineering services, testing, lobbyists, supplemental labor, and/or other work performed by Third Parties);

(f) any and all fees, charges, expenses and other costs of whatever nature charged by any Third Party in connection with such operation and/or maintenance, including Taxes, rents, fees for Permits (including charges to review and issue such Permits), charges due to land owners (including railroads) and Governmental Authorities, and any other one−time and/or recurring costs imposed on the performance of such work;

(g) non−Third Party expenses incurred by Contractor during the performance of such operation and/or maintenance, including direct labor costs and the costs of employee benefits, overhead allocations and other embedded costs of Contractor and its Affiliates (including corporate center service level agreement costs (such as legal, human resources, insurance and payroll), business support costs and expenses, vacations, holidays, and other non−productive time); and

(h) loaders and overheads (including administrative and general charges).

"*Offsite Disposal Facility*" means a location, other than the location of any asset comprising all or any part of any Transmission Facilities, that receives or received Hazardous Materials for storage and/or disposal by or on behalf of Contractor prior to the Effective Date or by or on behalf of UI on or after the Effective Date.

"*Operating Authority*" shall mean that authority vested in ISO−NE pursuant to the TOA.

"*Owner*" shall mean UI and its permitted successors and assigns.

"*Owner Representative*" shall mean the representative of Owner designated pursuant to Section 3.9.

"*Participating Transmission Owners*" shall mean those transmission owners who have executed the TOA with ISO−NE with the consent and approval of ISO−NE.

"*Party*" shall mean either Contractor or Owner, and "*Parties*" shall mean both of them.

"*Permits*" shall mean collectively all approvals, authorizations, certificates, permits, agreements, orders, consent orders and licenses issued with respect to the ownership, installation, use, operation and/or maintenance of electric transmission facilities, including the Transmission Facilities, by any Governmental Authority.

"*Person*" shall mean a natural person, a corporation, a partnership, a limited liability company, a limited liability partnership, or any other entity.

"*Planning Authority*" shall mean ISO−NE and/or any other regional and/or national planning authority for electric transmission facilities, including any committees,

commissions and/or other organizations that make recommendations with respect to, and/or have a role in the approval of, the operation, maintenance, improvement and/or expansion of transmission facilities.

"*Points of Demarcation*" shall mean the interconnection points between the Transmission Facilities and the electrical transmission system not owned by Owner, as more particularly described in the Asset Demarcation Agreement.

"*Proceeding*" shall mean (a) any action, cause of action, and/or proceeding of whatever form including any writ, filing, complaint, hearing, lawsuit, litigation, mediation, arbitration, regulatory proceeding, investigation, petition for relief, appeal, injunction, declaratory action, and/or any process that has any effect similar to any of the foregoing; and (b) without limiting the generality of clause (a), any process that involves the enforcement and/or declaration of any right, benefit and/or entitlement, seeks the relief from, and/or imposition of, any Liability of whatever nature, and/or requests any decision, authorization and/or other action from a Person other than a Party, whether or not a Governmental Authority.

"*Regulatory Proceeding*" shall mean any Proceeding before and/or administered by any Governmental Authority (including FERC and ISO−NE) and/or NERC, including any federal and/or state legislative, regulatory and/or court Proceedings, and any resulting court Proceedings.

"*Related Agreement*" shall have the meaning set forth in Section 3.4(a).

"*Release*" means any actual, threatened or alleged spilling, leaking, pumping, pouring, emitting, dispersing, emptying, discharging, injecting, escaping, leaching, dumping, or disposing of any Hazardous Materials into the Environment that may cause an Environmental Liability (including the disposal or abandonment of barrels, containers, tanks or other receptacles containing or previously containing any Hazardous Materials).

"*Remediation*" means any or all of the following activities to the extent required to address the presence or Release of Hazardous Materials: (a) monitoring, investigation, assessment, treatment, cleanup, containment, removal, mitigation, response or restoration work as well as obtaining any permits, consents, approvals or authorizations of any Governmental Authority necessary to conduct any such activity; (b) preparing and implementing any plans or studies for any such activity; (c) obtaining a written notice (or an oral notice that is appropriately documented or memorialized) from a Governmental Authority with competent jurisdiction under Environmental Law or a written opinion of a Licensed Environmental Professional (as defined in Connecticut General Statutes § 22a−133v), as contemplated by the relevant Environmental Law and in lieu of a written notice from a Governmental Authority, that no material additional work is required; and (d) any other activities reasonably determined by a Party to be necessary or appropriate or required under Environmental Law.

"*SP*" means Standard and Poor's Rating Group (a division of McGraw−Hill,

Inc.).

"*Services*" shall have the meaning set forth in Section 2.1(a).

"*Site*" shall mean those parcels of real property on which Owner possesses the right to locate the Transmission Facilities as identified in the License Agreement.

"*Tax*" or "*Taxes*" shall mean any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, franchise, profits, withholding, real property, personal property, sales, use, transfer, conveyance, registration, value added, alternative or add−on minimum, estimated, or other tax, fees and other charges of any Governmental Authority of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"*Term*" shall mean the term of this Agreement, as determined in accordance with Article 10 and includes the Initial Term.

"*Third Party*" shall mean any Person other than the Parties or any of their respective Affiliates.

"*TOA*" shall mean that certain Transmission Operating Agreement dated February 1, 2005, between ISO−NE and the Participating Transmission Owners (as amended from time to time) on file with FERC or any successor document thereto.

"*Transmission Facilities*" shall mean the electric transmission facilities conveyed to Owner pursuant to the Definitive Agreement, as the same may be replaced, improved and/or altered from time to time in accordance with the terms hereof.

"*UI*" shall have the meaning set forth in the preamble above.

"*U.S.C.*" shall mean the United States Code.

1.2. Entire Agreement; Interpretation.

(a) Entire Agreement. This Agreement and the Transaction Documents (as defined in the Definitive Agreement) contain the entire agreement between the Parties pertaining to the operation and maintenance of the Transmission Facilities and the provision of the Services and supersede any and all prior oral or written agreements, terms, understandings, conditions, proposals, negotiations and representations with respect to that subject matter.

(b) Amendments. No amendments or modifications of this Agreement shall be valid unless evidenced in writing, and signed and delivered by duly authorized officers or agents of Owner and Contractor.

(c)
No Third Party Beneficiaries. This Agreement and all rights hereunder are intended for the sole benefit of the Parties and shall not imply or create any rights on the part of, or obligations to, any other Person (other than the Indemnified Persons).

(d)
Documents Comprising the Agreement. The terms and conditions of this Agreement are complementary. Insofar as possible, all of such terms and conditions shall be construed and interpreted consistently. In any case of inconsistency, conflict or ambiguity between or among such terms and conditions (including any schedules and/or documents incorporated by reference), the order of precedence shall be as follows:

(i)
the body of this Agreement;

(ii)
the schedules to this Agreement; and

(iii)
all other documents.

In the event of any conflict or inconsistency between any provisions of separate schedules, such conflict or inconsistency shall be resolved in favor of the first such schedule and thereafter proceeding in descending order.

(e)
Scope. This Agreement shall not modify, limit or otherwise affect the rights and obligations of the Parties under the Definitive Agreement. In the event of any conflict or inconsistency between any provision of the Definitive Agreement and this Agreement, such conflict or inconsistency shall be resolved in favor of the provision of the Definitive Agreement.

(f)
References. Reference to a given article, section or schedule is reference to an article, section or schedule of this Agreement, unless otherwise specified. The terms "hereof", "herein", "hereto", "hereunder" and "herewith" refer to this Agreement as a whole.

(g)
Number. As used in this Agreement, all singular terms shall include the plural and vice versa as the context may require.

(h)
Interpretation. Except where otherwise expressly provided or unless the context otherwise necessarily requires in this Agreement: (i) reference to a given Law or tariff shall mean such Law or tariff in effect as amended or modified as of the Effective Date, or on the date on which the reference is made, or performance and/or compliance is required; (ii) reference to a given agreement or instrument is a reference to that agreement or instrument as originally executed, and as modified, amended, supplemented and restated through the date as of which reference is made to that agreement or instrument or performance is required under that agreement or instrument; (iii) "include(s)", "including" or any other variant thereof means "include(s), without limitation" or "including, without limitation," or any other variant thereof as the context

requires; (iv) the phrase "and/or" shall be deemed to mean the words both preceding and following such phrase, or either of them; (v) reference to a Person includes its heirs, executors, administrators, successors and permitted assigns; and (vi) any pronoun includes the corresponding masculine, feminine and/or neuter forms as the context may require. The words "will" and "shall" are used interchangeably throughout this Agreement; the use of either connotes a mandatory requirement; and the use of one or the other will not mean a different degree of right or obligation for either Party. The headings and captions for the articles, sections and subsections contained in this Agreement have been inserted for convenience only and form no part of this Agreement and shall not be deemed to affect the meaning or construction of any of the terms or conditions of this Agreement.

(i) Days. Unless otherwise indicated, whenever this Agreement refers to a (i) number of days, such number shall refer to calendar days; and (ii) year, such year shall refer to a calendar year. If any deadline calculated in accordance with the provisions of this Agreement falls on a day that is not a Business Day, such deadline shall be extended automatically to the next Business Day.

(j) Construction. The Parties acknowledge that (i) they are of equal bargaining strength and have jointly participated in the preparation of this Agreement; and (ii) any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in the interpretation of all or any portion of this Agreement, or to any amendment of this Agreement.

ARTICLE 2.
SERVICES

2.1. Services.

(a) Scope. Commencing on the Effective Date and throughout the Term, Contractor will exclusively manage, operate, and maintain the Transmission Facilities, including all repairs, replacements, upgrades, maintenance, overhauls, inspections, emergency services and procedures, procurement, capital additions and other improvements thereto, in accordance with the terms and conditions of this Agreement (collectively, the "*Services*"). Contractor shall be responsible for operation and maintenance means, methods, techniques, sequences, procedures and safety and security programs in connection with the performance of the Services. The Parties acknowledge that the Transmission Facilities are an integral component of the regional electric transmission system, and as such, ISO−NE retains Operating Authority over the Transmission Facilities in accordance with the terms of the TOA. Given the nature of the Transmission Facilities and the desire of the Parties to have a consistent approach to the maintenance of all transmission facilities being maintained by Contractor, Contractor will have full and exclusive control over the physical aspects of the Transmission Facilities, and Owner shall not interfere, or allow any Person acting for or on behalf of Owner to interfere, in the performance of the Services.

(b) Performance Standard. Contractor shall provide, or cause to be

provided, the Services in accordance with Good Utility Practices and Law. ***EXCEPT AS SET FORTH IN THIS SECTION 2.1(b), CONTRACTOR MAKES NO OTHER GUARANTEES AND/OR WARRANTIES, EXPRESS OR IMPLIED, IN CONNECTION WITH THE SERVICES OR THE PERFORMANCE OF ANY OTHER OBLIGATIONS UNDER THIS AGREEMENT, AND CONTRACTOR SPECIFICALLY DISCLAIMS ANY IMPLIED WARRANTIES, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.***

2.2.
Access. Contractor shall be responsible for managing access to the Transmission Facilities by Persons other than those acting on behalf of Contractor consistent with Good Utility Practices. Owner acknowledges that since (a) the Transmission Facilities are located on land not owned by Owner, (b) the violation of rights reserved by the underlying land owner in instruments granting the right to install the Transmission Facilities may result in Liability and/or adversely affect future maintenance practices, and (c) Contractor, in its discretion, has or will install gates to restrict access to certain properties and otherwise promote safety, security and good community relations, Owner shall comply and otherwise cooperate with any restrictions required by Contractor in connection with such access (including advance notice to affected land owners, compliance with safety requirements, and escorted access). Owner shall not access, and shall not authorize any Person acting for or on behalf of Owner to access, any of the Transmission Facilities without providing (written) notice to Contractor at least ten (10) Business Days before the day that Owner has scheduled for such access; *provided* that, if Owner requires such access to address a safety concern and/or other exigent circumstances, Owner shall provide (written) notice in advance of such access as is reasonable under the circumstances. Owner shall be solely responsible for, and shall indemnify, and shall defend and save the Indemnified Persons harmless from and against any Liability arising out of such access by Owner and/or Persons authorized by Owner in accordance with Article 9. Contractor reserves the right to charge Owner for costs incurred by Contractor in connection with such access to the extent that Contractor's staff would not have been at such location at such time other than in connection with such access; *provided* that Contractor shall not charge Owner in connection with infrequent requests for access for legitimate business purposes.

2.3.
Identification. Contractor reserves the right to mark, identify or otherwise designate the Transmission Facilities in connection with the performance of the Services. Owner acknowledges that Contractor intends to maintain the Transmission Facilities utilizing the system employed by Contractor for the identification and tracking of the OMAssets; accordingly, Owner shall not take, and shall not allow any Person acting for or on behalf of Owner to take any action that could interfere, deface, or otherwise impair the effectiveness of Contractor's identification system.

2.4.
Warranties. Contractor shall use commercially reasonable efforts to administer and enforce any Third Party warranties applicable to the Transmission Facilities; *provided* that the terms and conditions of Section 1 of the Assignment shall

govern the respective rights and obligations of the Parties with respect to Partially Assigned Contracts (as defined in the Assignment).

2.5. Hazardous Materials. The Parties acknowledge that the performance of the Services is not expected to involve the handling, removal, storage, exposure to, disposal of, or other contact with, Hazardous Materials in any manner whatsoever. If that expectation changes during the Term, the Parties will develop a plan to ensure the environmentally responsible management of any Hazardous Materials in full compliance with Law. In the case of an emergency, including as a result of storm restoration and/or other casualty, that requires any environmental remediation and/or the handling, removal, storage, exposure to, disposal of, or other contact with, Hazardous Materials (including any treated wood poles), Contractor shall manage such environmental conditions in accordance with Good Utility Practices (including Contractor's procedure for the disposal of wood poles) on Owner's behalf. Owner shall, at its sole cost and expense, do all such acts, execute and/or file all such documents (including any manifests and other documents required under Law), and cause to be done all such other things as Contractor may reasonably request from time to time in connection with such conditions; *provided* that Contractor shall not charge Owner an additional cost for the Services associated with such management of Hazardous Materials if and to the extent that the OMCosts include similar services performed with respect to Contractor Facilities (in which case the Cost Allocation already accounts for such management). Owner shall be designated as the owner and/or responsible party on any documentation required in connection with any Hazardous Materials.

2.6. Permits. Contractor shall maintain all Permits required for performing Services hereunder. As part of the Services, Contractor shall administer the Permits for the Transmission Facilities. If requested by Owner in connection with the fulfillment of its obligations under Section 3.3, Contractor shall assist Owner in the preparation and submission of applications for Permits to the extent applicable to the operation and maintenance of the Transmission Facilities.

2.7. Regulatory Affairs.

(a) Intent. The Parties acknowledge the benefits of cooperating and coordinating in the prosecution or defense of any Regulatory Proceeding that involves the Transmission Facilities and all or any portion of the Connecticut NEEWS Projects (irrespective of whether also involving any other Contractor Facilities and/or other electric transmission facilities of Owner). This Section 2.7 reflects the desire of Owner and Contractor to align their interests in any such Regulatory Proceedings.

(b) Pending Proceedings. Contractor shall exclusively manage and control all Regulatory Proceedings pending as of the Effective Date that involve the Transmission Facilities. Schedule 2.7(b) describes all such pending Regulatory Proceedings.

(c) Future Proceedings. Contractor shall exclusively manage and control all future Regulatory Proceedings that involve the Transmission Facilities. To the extent Contractor files any documents in such Regulatory Proceedings that are not available to the public, Contractor shall promptly provide to Owner a copy of such documents on a confidential basis; *provided* that Contractor may (i) further condition such disclosure on Owner's compliance with additional restrictions designed to preserve the confidentiality of such documents and/or the integrity of such Regulatory Proceedings; and (ii) redact or otherwise withhold any portion of such documents that contains information that Contractor considers proprietary, company confidential, or otherwise inappropriate for disclosure to a Third Party but for such Regulatory Proceedings.

(d) Owner Actions. Owner, at its sole cost and expense, will perform all such acts, file all such documents, and cause to be done all such other things as Contractor may reasonably request from time to time in connection with any Regulatory Proceeding being managed by Contractor hereunder and otherwise fully cooperate with Contractor in such regard. Owner hereby appoints Contractor (and its agents) as the exclusive attorney−in−fact of Owner for the purpose of carrying out the provisions of this Section 2.7 and taking any action and executing any instrument that Contractor may deem necessary or advisable to accomplish the purposes hereof. Owner understands and agrees that the power of attorney granted to Contractor for purposes of this Section 2.7 is coupled with an interest and is irrevocable, and Owner hereby ratifies all actions taken by Contractor (and its agents) as Owner's attorney−in−fact by virtue hereof.

(e) Owner Reservations. Notwithstanding anything to the contrary in this Section 2.7:

(i) Owner reserves the right to participate in any Regulatory Proceeding that involves the Transmission Facilities in a manner that is not inconsistent with, or in any other manner adverse to, the positions and/or actions being taken and/or advanced by Contractor. To the extent that Owner desires to exercise such reserved right, the Parties shall reasonably cooperate and coordinate to ensure that Owner's participation supports Contractor's efforts. Without limiting the generality of the foregoing, Owner shall not file or otherwise submit any documentation in any such pending Regulatory Proceeding without furnishing a copy thereof to Contractor no later than ten (10) Business Days before the date the documentation is to be filed, and Owner shall modify such documentation in a manner reasonably requested by Contractor; and

(ii) Contractor shall have no obligation whatsoever regarding, and this Section 2.7 shall not apply to, any Regulatory Proceeding for the rate making and/or cost recovery on account of the Transmission Facilities, including any Regulatory Proceeding pursuant to Section 205 of the Federal Power Act for incentive rates for the Transmission Facilities. Owner reserves the right to fully and solely manage and control any such Regulatory Proceeding; *provided* that nothing in this Agreement or elsewhere shall prohibit, restrict, limit and/or otherwise affect Contractor's ability to participate in,

and/or to take any action or position (even if adverse or contrary to Owner) during the course of, any such Regulatory Proceeding as a party, intervener or otherwise.

(f) No Liability. Contractor shall have no Liability for, and Owner shall have no recourse whatsoever against Contractor with respect to, the disposition of any Regulatory Proceeding that involves the Transmission Facilities. Owner fully accepts and will solely bear the effects of any decision, order and/or other result in such Regulatory Proceedings.

2.8. Independent Contractor; Subcontractors.

(a) No Agency or Venture. Contractor shall perform this Agreement as an independent contractor and shall not be an agent (except to the extent specifically authorized herein) or an employee of Owner. Nothing in this Agreement creates or is intended to create an association, trust, partnership, joint venture or other entity or similar legal relationship between the Parties, or impose a trust, partnership or fiduciary duty, obligation, or liability on or with respect to either Party. Owner shall remain the exclusive owner of the Transmission Facilities, and nothing herein shall grant any right of ownership of whatever nature to Contractor.

(b) Subcontracting. Contractor shall have the right to cause the Services to be accomplished by subcontractors, pursuant to subcontracts between Contractor and such subcontractors. Owner acknowledges that to the extent that Contractor requires services from any such subcontractor with respect to any OMAssets, Contractor may include the Transmission Facilities and such OMAssets within the scope of the same subcontract. This Agreement shall create no contractual relationship between Owner and any subcontractor of Contractor; *provided* that if any subcontractor has provided any warranties for its services performed with respect to the Transmission Facilities, the Services will include the administration and enforcement of any claims under such warranty.

(c) Employment Policies. Contractor shall retain sole authority, control and responsibility with respect to its employment policies in connection with the performance of its obligations hereunder.

2.9. Contractor Records. During the period required by FERC, Contractor shall keep and maintain, in accordance with Contractor's usual and customary record keeping system for its ordinary course corporate documents, appropriate records relating to Contractor's operation and maintenance of the Transmission Facilities. Upon reasonable advance notice by Owner to Contractor during the Term and for a period of one (1) year thereafter, Owner or its designee may audit and copy at its own expense, at reasonable times during normal business hours, such records maintained by, or in the possession of, Contractor for purposes of determining Contractor's compliance with the provisions of this Agreement; *provided* that (a) Contractor shall not be required to furnish any confidential or proprietary information; (b) Owner shall use such records solely for purposes related to the ownership, operation and maintenance of the Transmission

Facilities; and (c) Contractor reserves the right to condition Owner's access to certain records to maintain system integrity or similar purposes (including the inability to practically separate electronic records relating to the Transmission Facilities from records regarding other aspects of Contractor's business). Contractor shall make such records available to Owner or its designee at an office of Contractor located in Connecticut. Owner's review and audit right shall survive for one (1) year from the termination or expiration of this Agreement.

2.10. Contractor Representative. Contractor shall designate (in writing) the Contractor Representative by notice to Owner given before or on the Effective Date. The Contractor Representative shall be authorized to receive direct communications from Owner and shall serve as the primary liaison with Contractor's senior management for any formal action required under this Agreement. The Contractor Representative has no authority to bind Contractor. Contractor may change the Contractor Representative from time to time by (written) notice to Owner.

ARTICLE 3.
OWNER RESPONSIBILITIES

3.1. Cost; Risks. Owner shall bear all costs and risks associated with the ownership, operation and maintenance of the Transmission Facilities. Without limiting the generality of the foregoing, Owner acknowledges that Contractor is not assuming any risk or responsibility whatsoever, and has not granted any assurances of any kind with respect to the condition and/or operability of the Transmission Facilities, including the compliance thereof with Law. Subject to the collateral assignment of this Agreement in financing arrangements of Owner, Owner shall at all times retain the record and/or beneficial ownership of the Transmission Facilities. Contractor shall not receive or otherwise be entitled to any claim of ownership to the Transmission Facilities as a result of the performance of the Services. Contractor's obligations hereunder shall pertain solely to the Services pursuant to this Agreement, and Contractor shall not be deemed to be assuming any of the risks, obligations or benefits of ownership of the Transmission Facilities.

3.2. Site. Owner shall maintain the License Agreement in full force and effect throughout the Term. Owner shall not take any action and/or allow any condition that could interfere with Contractor's full access to the Site during the Term. If any Third Party asserts a claim or interest based on any act or omission of Owner that could impair the full access to the Site by Contractor, and/or otherwise impair Contractor's ability to perform the Services, Contractor shall defend such claim and shall take such other actions as are necessary and appropriate to preserve Contractor's use of the Site, all at Owner's sole expense (which costs and expenses shall be in addition to, and shall not be considered part of, the Cost Allocation).

3.3. Compliance. Owner shall comply with all Law and the rules, regulations and requirements of FERC, NERC, NPCC, ISO−NE, CONVEX and/or any other regional and/or national electric transmission authority (including the Planning Authority) and the TOA, in each case to the extent applicable to the Transmission Facilities. Owner shall be

responsible for obtaining and maintaining all Permits in full force and effect, including any fees and usage charges associated therewith; *provided* that to the extent that any Permit affects the Transmission Facilities and any OMAssets, and without limiting the terms and conditions of Section 1 of the Assignment with respect to Common Permits (as defined in Exhibit D to the Definitive Agreement), Contractor shall be responsible for obtaining and maintaining such Permit in full force and effect, and Owner shall pay a proportionate share of any fees and/or usage charges associated therewith based on the ratio of the adjusted gross plant of the Transmission Facilities compared to the adjusted gross plant of all electric transmission facilities under such Permit. Unless otherwise required by Law, Permits solely applicable to the Transmission Facilities issued after the Effective Date shall be held in the name of Owner. Owner shall provide copies of all Owner−obtained Permits to Contractor promptly after issuance thereof to Owner. The Parties shall reasonably coordinate permitting activities, consistent with their respective obligations hereunder, and each Party shall notify the other if such Party becomes aware of any Permits required but not yet obtained by such other Party. Owner shall reasonably cooperate and assist Contractor in its efforts to comply with Permits.

3.4. Operations.

(a) Related Agreements. Owner shall promptly notify Contractor of any contracts, agreements and/or other undertakings of Owner or its Affiliates that could reasonably be expected to materially affect the operation and/or maintenance of the Transmission Facilities or any portion thereof (each a "*Related Agreement*"). Such notice shall include copies of any pertinent written materials regarding such Related Agreement and such additional details as may be available at such time. Owner shall be responsible for, and the Cost Allocation shall not include, all costs and expenses suffered or incurred by Contractor in connection with Contractor's compliance with any of such operational constraints.

(b) Limitation. Notwithstanding anything to the contrary in this Agreement, Owner shall not (and/or shall not authorize or permit any other Person to): (a) attach and/or otherwise place any equipment and/or other items (including conductor, wires, telecommunication devices, microwave transmitters, and electronic equipment broadband) on or near the vicinity of any of the Transmission Facilities; or (b) physically alter any of the Transmission Facilities, in each case without (written) notice given at least thirty (30) days before taking of such action. Owner shall suspend or otherwise delay the taking of such action to account for any operational (including safety) concerns raised by Contractor with regard to such proposed action, and Owner shall modify such proposed action (including any Related Agreement) to the fullest extent possible to address Contractor's concerns. Nothing in this Agreement shall affect Owner's sole obligation to obtain any and all Permits required for such activities, and Contractor shall have no obligation whatsoever to assist or otherwise participate on Owner's behalf in such permitting effort.

(c) No Contractor Liability. Contractor shall have no Liability of whatever nature with regard to, and/or arising out of, any Related Agreement and/or any

of the actions and/or events resulting from, and/or in connection with, such Related Agreement. Owner shall solely bear any Liability associated with each Related Agreement including the economic consequences of each such Related Agreement, any Regulatory Proceeding resulting from any Related Agreement, and/or any adverse effect of whatever nature on any of the Transmission Facilities due to any Related Agreement. Owner shall indemnify, defend and save the Indemnified Persons harmless from and against any and all Liability arising out of each Related Agreement in accordance with Article 9.

(d) Definitive Agreement. Nothing herein shall amend, modify, change or otherwise affect Owner's obligations under the Definitive Agreement, including the compliance of any Related Agreement with applicable terms of the Definitive Agreement.

3.5. Taxes. Owner shall solely bear and timely pay all Taxes (and/or payments in lieu thereof) associated with the Transmission Facilities and Owner shall prepare and file or cause to be filed all returns, certificates, applications or other documents relating thereto, in connection with all such Taxes. For the avoidance of doubt, the Cost Allocation does not include such Taxes.

3.6. Insurance. Owner shall solely bear all risk of loss and casualty with respect to the Transmission Facilities. Owner shall obtain and maintain in effect throughout the Term (unless a longer duration is specified in Schedule 3.6), at a minimum, the insurance coverages set forth in Schedule 3.6 attached hereto and required under Section 9.5, through insurance carrier(s) having an AM Best rating of A or better (or otherwise acceptable to Contractor in its reasonable discretion); *provided* that during the period that UI and/or its Affiliates owns all of the Transmission Facilities, the carrier(s) insuring the other transmission facilities of UI and/or such Affiliates shall be deemed acceptable under this Agreement. All insurance required hereunder shall be endorsed to name Contractor and its Affiliates as additional insureds (other than for workers' compensation insurance). The amount of deductibles or self−insured retentions shall be for the sole account of Owner. All evidence of insurance maintained by Owner (including copies of policies) shall be available for Contractor's review and will be furnished to Contractor within ten (10) days after request. No later than ten (10) days after the Effective Date, Owner shall provide Contractor with certificate(s) of insurance demonstrating such coverages, and Owner shall ensure that its broker or insurer provides Contractor with replacement certificates evidencing required insurance coverage prior to the expiration of prior certificates. Such certificate(s) shall contain statements (a) indicating that Contractor shall receive a written notice at least thirty (30) days before cancellation/non−renewal or significant modification of any of such policies; and (b) confirming that Contractor and its Affiliates (as their interests may appear) have been named as additional insureds (other than under coverage for workers' compensation) and providing a waiver of subrogation which Owner may have against them. Such insurance coverages shall be primary to any other coverage available to Contractor or its Affiliates, and shall not be deemed to limit Owner's Liability under this Agreement.

3.7.
Owner Records. Owner shall keep and maintain, in accordance with Owner's usual and customary record keeping system for its ordinary course corporate documents, appropriate records relating to the Transmission Facilities. Upon reasonable advance notice by Contractor to Owner, Contractor or its designee may audit and copy, at reasonable times during normal business hours, such records maintained by, or in the possession of, Owner for purposes of determining Owner's compliance with the provisions of this Agreement; *provided* that (a) Owner shall not be required to furnish any confidential or proprietary information; and (b) Contractor shall use such records solely for purposes related to this Agreement. Owner shall make such records available to Contractor or its designee at an office of Owner located in Connecticut. Contractor's review and audit right shall survive for one (1) year from the termination or expiration of this Agreement.

3.8.
Compliance with CEII and CIP. In addition to the obligations set forth in Section 13.7, to the extent that Owner obtains any CEII in its exercise of its rights under this Agreement, Owner shall keep confidential any and all CEII whether or not solely applicable to the Transmission Facilities. To the extent any Services involve critical assets and critical cyber assets, Owner shall be bound by and comply with the NERC Critical Infrastructure Protection ("*CIP*") standards (CIP−002 through CIP−009). In addition, upon request by Contractor, Owner shall execute a certificate confirming full compliance with the foregoing obligations.

3.9.
Owner Representative. Owner shall designate (in writing) the Owner Representative by (written) notice given to Contractor before or on the Effective Date. The Owner Representative shall be authorized to receive direct communications from Contractor and shall serve as the primary liaison with Owner's senior management for any formal action required under this Agreement. The Owner Representative has no authority to bind Owner. Owner may change the Owner Representative from time to time by (written) notice to Contractor.

ARTICLE 4.
CAPITAL IMPROVEMENTS

4.1.
Owner Obligations.

(a)
Compliance with Approved Upgrades. Owner shall be solely responsible for all costs and expenses associated with Capital Improvements (including casualty repairs and upgrades). To the extent that a Planning Authority mandates, requires, approves and/or otherwise authorizes any Capital Improvement, including as a result of any request from a transmission owner (including Contractor), Owner shall be solely responsible for any and all costs associated therewith.

(b)
Planning Authority Interface. Contractor will exclusively interface, handle and otherwise communicate with ISO−NE and/or any other Planning Authority with respect to all matters relating to Capital Improvements. Without limiting the generality of the foregoing, Contractor shall participate on Owner's behalf before ISO−NE and/or any other Planning Authority in the planning and advocating of any and

all potential Capital Improvements, and Contractor shall prosecute and obtain all approvals from ISO−NE and/or any other Planning Authority required for any Capital Improvements. Owner, at its sole cost and expense, will do such acts, file such documents, and cause to be done all such other things as Contractor may reasonably request from time to time in connection with any Capital Improvement being managed by Contractor hereunder and otherwise cooperate with Contractor in such regard. Owner hereby appoints Contractor (and its agents) as the exclusive attorney−in−fact of Owner for the purpose of planning, implementing and otherwise advancing all Capital Improvements and taking any action and executing any instrument that Contractor may deem necessary or advisable to accomplish such purpose. Owner understands and agrees that the power of attorney granted to Contractor for purposes of this Section 4.1(b) is coupled with an interest and is irrevocable, and Owner hereby ratifies all actions taken by Contractor (and its agents) as Owner's attorney−in−fact by virtue hereof.

(c) Limitation. Except to the extent that repairs made by Contractor under emergency conditions would constitute Capital Improvements, Owner shall not make or authorize any Capital Improvement without prior approval from ISO−NE and/or any other Planning Authority.

(d) Generator Interconnection. For purposes of this Agreement, work resulting from proposals and/or other requests by the owner and/or operator of an electric generating facility to interconnect to the regional electric transmission grid through the Transmission Facilities shall not be considered Capital Improvements. In such case, Owner shall solely retain the rights and obligations associated with such requests and any resulting interconnection activities and/or related activities, including the construction and/or other installation of equipment. Owner shall promptly notify Contractor of any such request, and the Parties shall reasonably coordinate with respect to such interconnection activities and/or related activities to minimize, to the extent possible, any effect thereof on the performance of the Services.

(e) Contractor Reservation. Nothing in this Agreement or elsewhere shall prohibit, restrict, limit and/or otherwise affect Contractor's ability to participate in, and/or to take any action or position (even if adverse or contrary to Owner) during the course of, any Proceeding regarding Capital Improvements; *provided* that in any such Proceeding, Contractor's position with respect to Contractor Facilities adjacent to the Points of Demarcation shall be consistent with Contractor's position with respect to the Transmission Facilities.

4.2. Implementation.

(a) Construction. As part of the Services, Contractor shall exclusively manage all phases of all Capital Improvements, including design and engineering, procurement, construction and installation. Contractor shall be responsible for all construction means, methods, techniques and procedures in connection with the performance of Capital Improvements and for overall control of the construction activities on the Site for such purposes.

(b) Synergies. Owner acknowledges that for planned Capital Improvements, Contractor intends to implement such Capital Improvements in connection with related improvements to Contractor Facilities that interconnect with the Transmission Facilities and that such Capital Improvements may result in adjustments by Contractor to the Points of Demarcation. Contractor shall manage the Capital Improvements in the same manner that Contractor manages such related improvements to Contractor Facilities, and the Parties shall reasonably coordinate all planned Capital Improvements.

(c) Storm Restoration. Contractor shall manage any and all Capital Improvements resulting from damage to the Transmission Facilities due to weather conditions in substantially the same manner that Contractor manages the restoration of Contractor Facilities.

4.3. Cost Recovery.

(a) Capital Costs. Owner shall pay Contractor all direct and indirect costs and expenses suffered and/or incurred by Contractor in connection with, and/or allocated by Contractor to, each Capital Improvement (collectively, "*Capital Costs*"), including:

(i) all costs and expenses incurred in connection with the design, engineering, procurement, construction and installation of such Capital Improvement;

(ii) all costs and expenses for equipment, parts, materials, supplies, storage, security, fuel and other consumables;

(iii) all costs and expenses relating to planning, studies, engineering, permitting and/or management (before, during and after construction) of Capital Improvements;

(iv) the cost of services (including the Services) performed by subcontractors and any other Third Party expenses incurred in connection with such Capital Improvement (including project management, environmental and permitting consultants, procurement, surveying and engineering services, testing, lobbyists, supplemental labor, and/or other work performed by Third Parties);

(v) any and all fees, charges, expenses and other costs of whatever nature charged by any Third Party in connection with such Capital Improvement, including Taxes, fees for Permits (including charges to review and issue such Permits), charges due to land owners (including railroads) and Governmental Authorities, and any other one−time and/or recurring costs imposed on the performance of such work;

(vi) non−Third Party expenses incurred by Contractor during the performance of the services (including the Services) associated with such Capital Improvement, including direct labor costs and the costs of employee benefits, overhead allocations and other embedded costs of Contractor and its Affiliates (including corporate center service level agreement costs (such as legal, human resources, insurance and payroll), business support costs and expenses, vacations, holidays, other non−productive time); and

(vii) loaders and overheads (including administrative and general charges).

Contractor shall calculate the Capital Costs for each Capital Improvement and the resulting charges to Owner in substantially the same manner that Contractor determines cost allocation and recovery associated with similar capital projects performed with respect to Contractor Facilities.

(b) Project Plan. Contractor will submit to Owner a proposed project plan, including a non−binding cost estimate (including contingencies and other reserves), for each Capital Improvement. Within thirty (30) days following such submission, the Parties will meet to review the proposed project plan and assess whether such plan reasonably satisfies the requirements of ISO−NE and/or any other Planning Authority for electric transmission facilities being addressed by such Capital Improvement. The Parties shall negotiate in good faith and with fair dealing to resolve any differences regarding the proposed plan; *provided, however*, if Contractor will be making capital improvements to any OMAssets in connection with any Capital Improvement, Contractor shall be entitled to proceed with the implementation of such plan (including the making of such Capital Improvement) during such negotiation and resolution process to the extent appropriate to maintain schedule and/or minimize additional potential costs, as determined in Contractor's sole and exclusive discretion. The foregoing project planning provisions shall not apply to any Capital Improvement resulting from storm restoration and/or other emergency conditions, all of which shall be performed by Contractor in an effort to restore service pursuant to Good Utility Practices.

(c) Performance Assurance. For each planned Capital Improvement, Owner shall deposit with Contractor within thirty (30) days after Contractor's request therefor, an amount equal to the average Capital Costs expected to be incurred over a one hundred twenty (120) day period based on the anticipated cash flow in the proposed project plan. Contractor shall calculate such security deposit amount in a manner consistent with the methodology used by Contractor to calculate security deposits under similar circumstances such as Contractor's construction of interconnection facilities for the owner (or developer) of a generating facility, and the amount on deposit shall vary from time to time based on projected cash flow during such one hundred twenty (120) day period on a rolling basis; *provided* that Contractor shall not release, other than in accordance with Section 6.4, any amounts to Owner during the final one hundred twenty (120) days of such installation period. For any Capital Improvement resulting from storm restoration and/or other emergency conditions, Contractor shall be entitled to (i) invoice

(including on an estimated basis subject to adjustment pursuant to Article 6) the Capital Costs associated with such Capital Improvement as part of the monthly invoice and/or as an out of cycle invoice that Owner shall pay within thirty (30) days after the date of invoice; and/or (ii) request a security deposit in an amount equal to Contractor's estimate of Capital Costs associated with such Capital Improvement, in which case Owner shall pay such security deposit to Contractor within fifteen (15) days after Contractor's request therefor. Interest shall accrue on amounts deposited as security at the FERC−approved interest rate for security deposits at such time, and accrued interest shall be paid to Owner in connection with the final release of such security deposit pursuant to Section 6.4. In addition to all of Contractor's rights and remedies hereunder and under Law, Owner shall be liable for late charges and costs of collection pursuant to Section 6.6 if Owner fails to provide any security deposit in full compliance with this Section 4.3(c). If Owner possesses a Credit Rating of Investment Grade or better as of the commencement of any Capital Improvement, Contractor shall waive the requirement of a security deposit under this Section 4.3(c) so long as Owner maintains such Credit Rating throughout the installation of such Capital Improvement, in which case, in lieu of such security deposit, Contractor shall invoice Owner in advance for the projected Capital Costs of such Capital Improvement on a monthly basis.

(d) Payment. Owner shall pay Capital Costs to Contractor pursuant to Article 6. Monthly invoices issued pursuant to Section 6.1 shall reflect Capital Costs incurred during the immediately preceding month or estimates thereof.

(e) Exclusion from Cost Allocation. All Capital Costs paid by Owner to Contractor on account of Capital Improvements shall be in addition to, and shall not be considered part of, the Cost Allocation.

ARTICLE 5.
COST ALLOCATION

5.1. Calculation; Payment.

(a) Owner Forecasting. No later than ninety (90) days before the commencement of each Calculation Period, Owner shall provide Contractor with information for such Calculation Period regarding (i) the gross plant value of the Transmission Facilities on Owner's books forecasted as of the first day of such Calculation Period using a methodology reasonably consistent with that used by Owner in its preparation of FERC Form 1 filed with respect to such adjusted gross plant values; (ii) any anticipated changes to such gross plant value during such Calculation Period; and (iii) any other data requested by Contractor in connection with the calculation of the Cost Allocation.

(b) Applicable Percentage. The Applicable Percentage for each Calculation Period shall be equal to (i) the OMCosts for the calendar year immediately preceding the commencement of the Calculation Period *divided* by (ii) the average of the beginning and end−of−year gross plant balances of CLPFacilities for the calendar year immediately preceding the commencement of such Calculation Period. For example, the

Applicable Percentage for June 1, 20**[__]** through May 31, 20**[__]** is equal to the OMCosts for 20**[__]** divided by the average of the beginning and end−of−year gross plant balances of CLPFacilities for 20**[__]**. No later than thirty (30) days after the commencement of each Calculation Period, Contractor shall determine and submit to Owner the Applicable Percentage for such Calculation Period and the average forecasted gross plant value of the Transmission Facilities during such Calculation Period.

(c) Cost Allocation. Commencing on the Effective Date, for each Calculation Period during the Term, Owner shall pay to Contractor the Cost Allocation for the Services (in addition to the cost of Capital Improvements and any other amounts due Contractor as authorized herein). The Cost Allocation for each Calculation Period shall equal the product, as determined by Contractor as of the commencement of each Calculation Period, of (i) the Applicable Percentage for such Calculation Period, *times* (ii) the average forecasted gross plant value of the Transmission Facilities during such Calculation Period, each as submitted by Contractor to Owner pursuant to Section 5.1(b). Schedule 5.1 sets forth an illustrative, non−binding calculation of the Cost Allocation based on certain assumptions (including the Calculation Period and assumed average gross plant values).

(d) Payment. Owner shall pay the Cost Allocation in approximately equal monthly installments, in advance, as reflected in invoices issued by Contractor pursuant to Section 6.1.

5.2. Adjustment. The Cost Allocation for each Calculation Period shall be adjusted as of the commencement of such Calculation Period in accordance with this Article 5.

5.3. No True−Up. The Applicable Percentage and the average forecasted gross plant value of the Transmission Facilities for each Calculation Period shall be fixed as of the commencement of each Calculation Period and, unless ordered by FERC, shall not be subject to any true−up, adjustment and/or other modification whatsoever, including if the forecasted average gross plant value of the Transmission Facilities differs from actual amounts experienced during such Calculation Period. The Parties acknowledge that the use of such forecasts and averages is a reasonable basis for determining costs allocable to the Transmission Facilities.

5.4. Partial Calculation Periods. Schedule 5.4 hereto sets forth the calculation of the Cost Allocation for the initial Calculation Period. If the Term expires before the end of a Calculation Period, the Cost Allocation for any such Calculation Period shall equal the product of (a) the entire Cost Allocation determined in accordance with Section 5.1, *times* (b) a fraction, the numerator of which is the number of days that this Agreement was in effect during such Calculation Period, and the denominator of which is the total days in such Calculation Period. For the avoidance of doubt, the Cost Allocation shall not be adjusted in any manner to reflect the actual gross plant value of the Transmission Facilities during any such partial periods.

5.5.
No Suspension. Notwithstanding anything to the contrary in this Agreement, any interruption of the use of the Transmission Facilities, the occurrence of any casualty or other damage that affects the operation of the Transmission Facilities, and/or any other event or circumstance that affects the operation of the Transmission Facilities, in whole or in part, shall not affect in any manner whatsoever the Cost Allocation which shall remain due and payable in full in accordance with this Agreement, and Owner's obligation to pay the Cost Allocation in full shall not be diminished or otherwise affected in any respect.

ARTICLE 6.
BILLING AND PAYMENT

6.1.
Monthly Invoices. Contractor shall prepare and submit monthly invoices to Owner for payments due hereunder, including the Cost Allocation and charges for Capital Costs for Services rendered during the preceding calendar month with respect to Capital Improvements (unless such Capital Costs shall be billed in advance pursuant to Section 4.3(c)). All invoices shall be subject to true−up for estimates and otherwise in accordance with this Article 6; *provided* that the foregoing shall not affect the restriction on any true−up hereunder, including under Section 5.3. Contractor shall supply any reasonably necessary data and calculations supporting an invoice. Owner shall pay the full amount of such invoices (including disputed amounts) within thirty (30) days after the date of invoice. Payment shall be made by wire transfer to an account from time to time designated by Contractor, or by other mutually agreeable method(s). Schedule 6.1 sets forth Contractor's initial wire transfer instructions.

6.2.
Taxes. Owner shall be responsible for all applicable Taxes (excluding income taxes imposed on Contractor) associated with the performance of the Services under this Agreement. Contractor shall use reasonable efforts to include, for remittance to the appropriate Governmental Authority, all such sales, use or other applicable Taxes in all invoices submitted hereunder. Owner shall be responsible for (a) any such Taxes that Contractor is obligated by Law to have collected, but shall not have collected; and (b) identifying and requesting any exemption from the collection of any such Tax by providing appropriate documentation to Contractor. Owner's obligations with respect to such Taxes shall survive the termination or expiration of this Agreement.

6.3.
Estimates. In the event that necessary billing data is not available in time to prepare a monthly invoice (including actual Capital Costs), Contractor may issue an invoice based on an estimate for that billing period, using good faith calculations. Any over−charge or under−charge resulting from such estimate shall be accounted for in the next billing period for which actual data is available.

6.4.
Security Deposit. If Owner has provided a security deposit for any Capital Costs pursuant to Section 4.3(c), such security deposit shall not be applied as a credit against the current amount due for the relevant Capital Improvement. Instead, Contractor shall refund such security deposit, together with interest at the rate set forth in Section 4.3(c), to Owner after the completion of such Capital Improvement and payment in full by Owner of all Capital Costs associated therewith.

6.5. Adjustments; Disputes. Contractor may adjust any invoice previously rendered for any arithmetic, computational or other error, within one (1) year after the date of the invoice. Owner may challenge, in good faith, the correctness of all or any portion of any invoice rendered and/or adjusted by Contractor under this Agreement by (written) notice given within one (1) year after the issuance date of the affected invoice, and in the event of such challenge, payment of the full amount, whether or not disputed, shall be made when due. Any billing challenge or billing adjustment shall be given as soon as possible (in writing) and shall state the specific basis for the challenge or adjustment. An invoice, including an adjusted invoice, rendered under this Agreement shall be conclusive and binding on Owner unless challenged in accordance with this Section 6.5 within such one (1) year period from issuance. If it is determined that a payment is required from one Party to the other, such payment shall be made within thirty (30) days after such determination. Notwithstanding anything to the contrary in this Agreement, Owner shall not assert as a basis for withholding or otherwise not making payment that the amount(s) in question may or will not be recoverable in rates, and Owner hereby waives any excuse, right or other defense to payment on that basis.

6.6. Late Charges; Collection Costs. In addition to all other payment obligations hereunder and under Law, if Owner fails to make any payment when due hereunder, interest shall accrue thereon as a late charge at the rate of one and one−half percent (1.5%) per month (or if less, the maximum rate allowable by Law (including under applicable FERC requirements)) from the date of issuance of the applicable invoice, which shall be immediately due and payable. Owner shall pay for all reasonable costs of collection and enforcement, including reasonable attorneys' fees, which may be incurred by Contractor in collecting or attempting to collect amounts due to Contractor hereunder or in otherwise enforcing its rights and remedies against Owner hereunder including its indemnification rights under Article 9.

6.7. Records. Each Party shall keep such financial records as are necessary for verification of invoiced amounts and charges for Services. Such records shall be available for inspection and copying (to the extent not proprietary or otherwise containing trade secrets) by the other Party, at its cost, upon reasonable advance notice and at reasonable times during normal business hours, in accordance with Section 2.9 or Section 3.7, as the case may be, including the time period to conduct such inspections.

6.8. Survival. The applicable provisions of this Agreement shall remain in effect after the expiration or termination of this Agreement to the extent necessary to provide for final billings, billing adjustments, the resolution of any billing disputes, and payment.

6.9. Dispute Resolution. Any billing dispute that cannot be resolved through good faith negotiations shall be subject to the dispute resolution process in Article 11.

ARTICLE 7.
FORCE MAJEURE

7.1. Force Majeure. As used in this Agreement, "*Force Majeure*" means an event or circumstance that prevents a Party from performing its obligations under this Agreement and is not within the reasonable control of such Party claiming Force Majeure (the "*Claiming Party*"). Consistent with the above, Force Majeure includes sabotage, strikes or other labor difficulties, riots or civil disturbance, acts of God, acts or omissions of ISO−NE or any regulatory or other Governmental Authority (including any such act or omission that prevents the Claiming Party from performing any of its material obligations hereunder), act of public enemy, drought, earthquake, flood, explosion, fire, lightning, landslide, or similarly cataclysmic occurrence, vehicular accidents, transmission outages or sudden or disruptive electrical events or disturbances on the Transmission Facilities, disruption of equipment and other materials necessary to perform the Services, or any other cause, whether of the kind herein enumerated or otherwise. The settlement of strikes, walkouts, lockouts, and other labor disputes shall be entirely within the discretion of Contractor, and Contractor may settle such dispute at such time and on such terms and conditions as it may deem to be advisable. Failure or delay of any subcontractor or vendor due to an event of Force Majeure, including unavailability of supplies or delays in deliveries by suppliers, shall be Force Majeure as to Contractor. Notwithstanding the foregoing, neither (a) mere economic hardship of a Party, (b) commercial impracticability experienced by a Party (including market changes, increased costs or insufficient money), and/or (c) inability of a Party to make payments shall constitute a Force Majeure.

7.2. Procedure on Force Majeure Claim.

(a) If the Claiming Party wishes to claim relief by reason of Force Majeure, it shall give (written) notice stating the date of commencement of such Force Majeure event and the predicted extent, estimated consequences and the cause thereof to the other Party as soon as reasonably practical after becoming aware of such event or circumstance.

(b) The Claiming Party shall keep the other Party fully informed of any developments with respect to any Force Majeure.

(c) If the Claiming Party claims relief by reason of Force Majeure and the other Party disputes the existence, nature, extent or condition of the event or circumstances giving rise to such claim for relief, then such dispute shall be resolved pursuant to Article 11.

(d) The Claiming Party shall give notice to the other Party of the cessation of the relevant event or circumstance of Force Majeure as soon as practical after becoming aware of such cessation.

(e) In the event that Force Majeure causes the Claiming Party to be unable to serve any notice hereunder, the period for the serving of such notice (if any) shall be extended for every day while such event or circumstance of Force Majeure prevents the service of such notice.

7.3. Effects of Force Majeure. In the event the Claiming Party is prevented, in whole or in part, by a condition of Force Majeure from performing its obligations under this Agreement, the Claiming Party shall be excused from whatever performance is affected by the Force Majeure to the extent so affected, during continuance of the Force Majeure. The Claiming Party shall use commercially reasonable efforts to eliminate the Force Majeure condition as quickly as possible. A Force Majeure shall not excuse or otherwise affect Owner's obligations hereunder, including the payment of the Cost Allocation, and to the extent that Contractor continues to incur the same during continuance of the Force Majeure, Capital Costs.

ARTICLE 8.
TERMINATION; LIMITATION OF LIABILITY

8.1. Termination for Asset Retirement. The Parties acknowledge that since the Transmission Facilities are interconnected to Contractor Facilities at the Points of Demarcation, the Transmission Facilities will not be retired by Owner *except* in connection with Contractor's decision to retire such interconnecting Contractor Facilities. Subject to the receipt of required retirement approvals, including those from ISO−NE, Owner shall take such action as appropriate to effect such retirement in a manner consistent with the retirement, in whole or in part, of such interconnecting Contractor Facilities. In the event of retirement, the Parties shall terminate this Agreement as to the Transmission Facilities affected by such retirement decision, effective on the date of such retirement as established by ISO−NE or other relevant authority. Each Party shall promptly notify the other Party after it becomes aware of any public effort to retire the Transmission Facilities in whole or in part, and without limiting the respective rights of the Parties under Section 2.7, the Parties shall reasonably coordinate and cooperate during the retirement process. Such termination shall be effective to the extent and on the date of such retirement. Notwithstanding anything to the contrary in this Section 8.1:

(a) any partial termination of this Agreement due to retirement of a portion of the Transmission Facilities shall not affect in any manner whatsoever the calculation of, and/or Owner's obligations hereunder with respect to, the Cost Allocation, it being understood by the Parties that the Cost Allocation in the then current Calculation Period would reflect the anticipated effect of such retirement and subsequent Calculation Periods shall account for changes in gross plant values; and

(b) termination of this Agreement due to retirement of all Transmission Facilities shall not excuse, discharge and/or affect in any manner whatsoever Owner's obligations hereunder with respect to the Cost Allocation for the remainder of the Calculation Period in which termination occurs, it being understood by the Parties that the average forecasted gross plant value for the Transmission Facilities in the Cost Allocation accounts for such retirement in such Calculation Period.

Termination due to retirement shall not affect any Liability incurred or accrued by, or on behalf of, Owner hereunder prior to the effective date of such retirement. Without limiting the generality of the foregoing, Contractor shall be compensated for all Services performed through the date of termination (in addition to the payment in full of the Cost

Allocation for the Calculation Period in which termination occurs). Nothing herein shall affect in any manner whatsoever the responsibility of Owner, including any and all Liability in connection therewith, to dismantle and remove the Transmission Facilities and to restore the Site after retirement of any Transmission Facilities.

8.2. Events of Default. An "*Event of Default*" shall mean, with respect to a Party ("*Defaulting Party*"), the occurrence of any of the following:

(a) the failure to pay any amount due hereunder within thirty (30) days after its due date, or if such payment is being contested in good faith by Contractor, Contractor shall fail to provide, within such thirty (30) day period, adequate assurance of its ability to pay such amount (including any late charges and collection costs) after resolution of such dispute;

(b) the failure to perform any material obligation set forth in this Agreement (other than a payment default addressed in Section 8.2(a)), and such failure is not cured within ninety (90) days after receipt of notice of such failure from the non−defaulting Party; *provided* if such failure cannot be cured in ninety (90) days with the exercise of reasonable diligence, such failure shall not result in an Event of Default if (i) the Defaulting Party is diligently proceeding to cure such failure, and (ii) such Event of Default does not materially and adversely affect the operation of the Transmission Facilities; or

(c) the Defaulting Party is Bankrupt.

Notwithstanding anything to the contrary in the foregoing, Owner shall promptly notify Contractor of any instance in which Owner has been notified by a Third Party or reasonably believes that Contractor has failed to operate and maintain the Transmission Facilities in accordance with Good Utility Practices. Such notice shall include reasonable detail regarding the alleged violation, the proposed compliance requirements, and a certification to the effect that Owner currently operates and maintains Owner's other electric transmission facilities using such proposed compliance requirements. If the Parties agree that such proposed compliance requirements or another change in practice is appropriate (including in connection with any dispute resolution), then Contractor shall proceed with reasonable diligence to effect such change, and the Parties shall reasonably cooperate in such regard. If Contractor disagrees with Owner's assertion of such failure, then such dispute shall be resolved pursuant to Article 11; *provided* that if such alleged violation could reasonably be expected to materially affect public health, safety, and welfare; worker health and safety (including safety conscious work environment); and/or environmental health and safety, then Contractor shall promptly effect such proposed compliance requirements (or a reasonable equivalent) pending the resolution of such dispute. If the results of such dispute resolution would require Contractor to implement changes in Contractor's standard operating practices, and Contractor is unwilling to do so, then Contractor shall advise Owner of such position, in which case Owner has the right to terminate this Agreement upon (written) notice to Contractor given within fifteen (15) days after being advised by Contractor of such position. Termination shall be the sole

and exclusive remedy of Owner in the event of any such dispute regarding Contractor's compliance with Good Utility Practices.

8.3. Remedies. Upon the occurrence and continuance of an Event of Default, the non−defaulting Party has the right to terminate this Agreement upon ninety (90) days (written) notice to the Defaulting Party; *provided* that (a) this Agreement shall automatically terminate upon the occurrence of an Event of Default under Section 8.2(c); and (b) termination shall be subject to FERC acceptance or approval, if required. This Agreement shall not be terminated if the Event of Default is cured within such ninety (90) day notice period. Termination of this Agreement shall not affect any Liability incurred or accrued by, or on behalf of, a Party hereunder prior to the effective date of such termination.

8.4. No Consequential Damages. NONE OF CONTRACTOR OR ITS AFFILIATES, PARTNERS, AGENTS, SUBCONTRACTORS OR VENDORS, OR THEIR RESPECTIVE EMPLOYEES, SHALL BE LIABLE HEREUNDER FOR CONSEQUENTIAL, SPECIAL, EXEMPLARY, INDIRECT, OR INCIDENTAL DAMAGES OR LOSSES, INCLUDING COST OF CAPITAL, LOSS OF GOODWILL, LOST REVENUES OR INCREASED OPERATING COSTS, REGARDLESS OF ANY UNAVAILABILITY OF ANY TRANSMISSION FACILITIES. NONE OF OWNER OR ITS AFFILIATES, PARTNERS, AGENTS, SUBCONTRACTORS OR VENDORS OR THEIR RESPECTIVE EMPLOYEES SHALL BE LIABLE HEREUNDER FOR CONSEQUENTIAL, SPECIAL, EXEMPLARY, INDIRECT OR INCIDENTAL DAMAGES OR LOSSES. The foregoing waiver of consequential damages shall not affect in any manner Owner's indemnification of the Indemnified Persons under Article 9. The waivers, releases and disclaimers of Liability expressed in this Agreement shall survive termination, cancellation or expiration of this Agreement, and shall apply (unless otherwise expressly indicated), whether in contract, equity, tort or otherwise, even in the event of fault, negligence, including sole negligence, foreseeable damages, strict liability, or breach of warranty of the Party released or whose Liabilities are limited, and shall extend to the partners, principals, directors, officers and employees, agents and other Affiliates of such Party, and their partners, principals, directors, officers and employees.

8.5. Limitations of Contractor's Liability.

(a) Owner Damage Limitation. Owner and/or any of Owner's Affiliates shall not be entitled to recover from Contractor and/or any of Contractor's Affiliates any damages resulting from the error or delay in the management, improvement, operation and/or maintenance of any of the Transmission Facilities, any damage to any of the Transmission Facilities, any outage or other unavailability of any of the Transmission Facilities, or any damages of any kind occurring during the management, improvement, operation and/or maintenance of any of the Transmission Facilities or otherwise arising out of the performance of this Agreement, *unless* such damages shall have resulted from a conscious, voluntary act or omission by CLPin reckless disregard of a legal duty and of the consequences to another Person.

(b) Maximum Contractor Liability. To the fullest extent allowable under Law and without limiting the scope of the limitations set forth in this Section 8.5 and elsewhere in this Agreement, Contractor's aggregate Liability to Owner and/or any of its Affiliates under or on account of this Agreement, whether founded in contract, tort (whether due to negligence, gross negligence, willful misconduct, strict liability or otherwise), statute or regulation, indemnity or otherwise, shall at all times be limited to One Million Two Hundred Thousand Dollars ($1,200,000.00).

(c) Waiver. Owner hereby irrevocably waives, releases and discharges any and all rights, entitlements, objections, claims, discrepancies, disputes or other challenges, direct or indirect, relating to, or arising out of, any Liability of Contractor and/or any of its Affiliates in excess of the limitations set forth in this Section 8.5.

(d) Survival. The provisions of this Section 8.5 shall survive termination or expiration of this Agreement.

8.6. Mitigation. Each Party shall act in good faith to mitigate any Liability of a Party hereunder. This Section 8.6 shall survive termination or expiration of this Agreement.

8.7. No Recourse. Neither Party shall have any recourse whatsoever against any of the directors, officers or employees of the other Party or against any of the other Party's Affiliates. Without limiting the generality of the foregoing, each Party, on behalf of itself and its Affiliates, hereby fully and irrevocably waives any right, claim or entitlement whatsoever against any such directors, officers or employees and/or such Affiliates relating to any Liability suffered or incurred by any of them from any acts or omissions of any of such Persons. Nothing in this Section 8.7 shall affect any separate guaranty, agreement and/or other undertaking by an Affiliate or any other Person with respect to the performance of a Party. This Section 8.7 shall survive termination or expiration of this Agreement.

ARTICLE 9.
INDEMNIFICATION

9.1. General Indemnification by Owner. Owner shall be responsible for and shall indemnify, and shall defend and save Contractor, its Affiliates and their respective employees, trustees, shareholders, officers, and directors, as well as their respective agents, contractors and consultants (each, an "*Indemnified Person*") harmless from and against any and all Proceedings and/or Liabilities whatsoever (including consequences resulting from exposure to electromagnetic fields) regardless of whether or not such Proceeding and/or Liability is caused by or is attributable in whole or in part to any negligent act or omission of an Indemnified Person, suffered or incurred by any of such Indemnified Persons arising out of, and/or related to, the Transmission Facilities, the performance of the Services, and/or Owner's failure to comply with any of the terms and conditions of this Agreement; *provided* that if and to the extent that a court of competent jurisdiction conclusively determines that any such Proceeding and/or Liability has been

solely caused by the conscious, voluntary act or omission of an Indemnified Person in reckless disregard of a legal duty and of the consequences to another Person, then the foregoing indemnification shall not extend to (a) such Indemnified Person to the extent of the Proceeding and/or Liability solely caused by such act or omission of such Indemnified Person; or (b) any Indemnified Person to the extent of the Proceeding and/or Liability solely caused by such act or omission of such Indemnified Person if such Indemnified Person acted pursuant to authorized corporate action of Contractor.

9.2. Environmental Indemnification. Without limiting the generality and scope of Section 9.1, Owner agrees to indemnify each Indemnified Person against, and defend and hold each of them harmless from any and all Environmental Liabilities (collectively, the "*Indemnified Environmental Obligations*") suffered or incurred by any of them, including any such Indemnified Environmental Obligation alleged, asserted, initiated or otherwise existing in respect of injury to persons, including death, and damage to property, business and/or natural resources or trespass or nuisance to property suffered by any Person. The foregoing indemnification shall include any Indemnified Environmental Obligation arising out of, and/or relating to, any acts or omissions of Contractor, any consultants, contractors, subcontractors, transporters, recyclers, or any treatment, storage or disposal facility or location used by Contractor or such other Persons, whether or not based upon any act or omission on or off the Site. Further, Indemnified Environmental Obligations shall include any Proceeding and/or Liability suffered, incurred and/or imposed as a result of actions pursued by any Governmental Authority. If and to the extent that a court of competent jurisdiction conclusively determines that any such Proceeding and/or Liability has been solely caused by the conscious, voluntary act or omission of an Indemnified Person in reckless disregard of a legal duty and of the consequences to another Person, then the foregoing indemnification shall not extend to (a) such Indemnified Person to the extent of the Proceeding and/or Liability solely caused by such act or omission of such Indemnified Person; or (b) any Indemnified Person to the extent of the Proceeding and/or Liability solely caused by such act or omission of such Indemnified Person if such Indemnified Person acted pursuant to authorized corporate action of Contractor.

9.3. Indemnification Notice. Whenever a claim for indemnification shall arise under this Article 9, the affected Indemnified Person(s) shall give notice to Owner of the claim, including reasonable detail about the facts and circumstances thereof. Such notice shall be given as soon as reasonably practical following the time that such Indemnified Person realized its entitlement to indemnification hereunder. Notwithstanding the foregoing, the failure to provide such notice shall not prejudice, impair or otherwise adversely affect in any manner whatsoever the rights of the Indemnified Persons and the obligations of Owner, and such Indemnified Person(s) shall have no Liability to Owner as a result of the failure to provide such notice and such Indemnified Person(s) shall have all of the rights and benefits provided for in this Agreement, notwithstanding failure to provide such notice, *except* to the extent that such failure to provide notice prevents Owner from, or materially disadvantages Owner in, effectively defending any claim to which Owner's indemnification obligations under this Article 9 apply. Any notice given by an Indemnified Person pursuant to this Section 9.3 shall be deemed to have satisfied

the notice requirement with respect to any Managed Claim.

9.4. Indemnification Procedure.

(a) Assumption of Defense. If Owner has acknowledged, by notice given to the affected Indemnified Person(s) within a reasonable period after receiving the notice from such Indemnified Person(s) (based on the circumstances, but no more than five (5) Business Days after receipt of such notice), its indemnification obligation with respect to a particular claim, Owner, upon giving such notice to such Indemnified Person(s), may assume, at its sole cost and expense, the defense of any Third Party claim. Counsel selected for such defense of any Third Party claim shall be reasonably acceptable to such Indemnified Person(s), and such Indemnified Person(s) shall be entitled to participate in (but not control) such defense through its/their own counsel and at its/their own cost and expense; *provided* that, if the counsel selected by Owner advises that, due to actual or potential conflicts, separate counsel should represent such Indemnified Person(s), the expense of such separate counsel shall be an indemnified expense in accordance with the terms and conditions hereof, the full cost of which shall be borne by Owner. Such Indemnified Person(s) shall reasonably cooperate with Owner in connection with the defense of such Third Party claim. Notwithstanding anything to the contrary herein, each Indemnified Person shall have the right to retain separate counsel to represent such Indemnified Person, at the sole cost and expense of such Indemnified Person, concerning such Third Party claim, *except* to the extent such cost and expense are subsequently determined to be an indemnified expense.

(b) Indemnified Persons' Rights. If Owner does not acknowledge its indemnification obligation for a particular Third Party claim, or does not timely assume the defense thereof, such Indemnified Person may defend such claim in such manner as it may deem appropriate. Owner shall bear all of the costs and expenses, including attorneys' fees, incurred by each Indemnified Person in connection with such defense all of which shall be paid from time to time within twenty (20) days after Owner receives a written request from any Indemnified Person for reimbursement (including reasonably detailed documentation in support of any such request), and Owner shall be entitled to participate (but not control) such defense through its own counsel and at its own cost and expense. Owner shall reasonably cooperate with such Indemnified Person in connection with the defense of such Third Party claim.

(c) Owner Obligations. Notwithstanding its control of a defense of any Third Party claim, Owner shall not (i) make any admission or take any other action that is binding on, or otherwise attributable to any Indemnified Person; and/or (ii) consent to any settlement, entry of judgment or other disposition, in any or all instances without the prior written consent of the affected Indemnified Person(s).

(d) Managed Claims. Notwithstanding anything to the contrary in this Section 9.4 and without affecting in any manner Owner's Liability with respect to any claim to which Owner's indemnification obligations apply under this Article 9, Managed Claims shall be managed and controlled pursuant to Paragraph F of the Purchase and Sale

Terms (as defined in the Definitive Agreement).

9.5. Insurance. Owner shall obtain, and maintain at its sole cost and expense, such insurance as will insure its obligations under this Article 9; *provided* that the amount of available insurance shall not limit or otherwise restrict Owner's indemnity obligations hereunder. Nothing in this Article 9 shall prejudice or otherwise impair the rights of Contractor with respect to insurance coverage.

9.6. Survival. Indemnification shall apply irrespective of the date of the assertion of any claim against an Indemnified Person and/or whether the Indemnified Person suffers or incurs any Liability before or after the expiration or earlier termination of this Agreement. The applicable provisions of this Agreement shall remain in effect after the expiration or termination of this Agreement to the extent necessary to provide for the determination and enforcement of Owner's indemnification obligation with respect to acts or events that occurred while this Agreement was in effect.

9.7. Indemnification Limitation. Any indemnification or similar hold harmless obligation(s) under this Agreement shall not be enforceable to the extent that a court of competent jurisdiction conclusively determines that such obligation(s) is/are prohibited by Law. The Parties expressly acknowledge that none of the Transaction Documents constitutes a "contract or agreement relative to the construction, alteration, repair or maintenance of any building, structure or appurtenances thereto" as that phrase is used in Connecticut General Statutes § 52−572k.

ARTICLE 10. TERM

Subject to Section 13.11, this Agreement shall become effective upon the Effective Date and, unless earlier terminated in writing pursuant to this Agreement, shall remain in effect through December 31, 20__ **[40 years]** (the "*Initial Term*"). Unless either Party has notified the other Party at least two (2) years before the expiration of the Initial Term that such Party does not wish to continue this Agreement (in which case this Agreement shall terminate upon the expiration of the Initial Term), the Term shall be extended for an initial renewal term of twenty (20) years after the Initial Term, and thereafter, further renewed in ten (10) year increments. Either Party may elect not to renew this Agreement at the end of such initial or subsequent renewal term by giving a (written) notice to the other Party of such decision at least two (2) years before the expiration of the then current renewal term. Notwithstanding anything to the contrary in this Agreement, the Term shall expire simultaneously with the consummation of the Repurchase Closing or the Put Closing, each in accordance with (and as defined in) the Definitive Agreement.

ARTICLE 11. DISPUTE RESOLUTION

11.1. Negotiation Between Executives. The Parties shall attempt in good faith to promptly resolve any dispute arising out of or relating to this Agreement by negotiation between executives who have authority to settle the controversy and who are

at a higher level of management than the Persons with direct responsibility for administration of this Agreement. Either Party may give the other Party (written) notice of any dispute not resolved in the normal course of business. Such notice shall include: (a) a statement of that Party's position and a summary of arguments supporting that position; and (b) the name and title of the executive who will be representing that Party and of any other Person who will accompany the executive. Within fifteen (15) days after delivery of the notice, the receiving Party shall respond with: (i) a statement of that Party's position and a summary of arguments supporting that position; and (ii) the name and title of the executive who will represent that Party and of any other Person who will accompany the executive. Within thirty (30) days after delivery of the initial notice, the designated executives of both Parties shall meet at a mutually acceptable time and place, and thereafter as often as they deem necessary, in good faith, to attempt to resolve the dispute. All reasonable requests for information made by one Party to the other will be honored. All negotiations pursuant to this Section 11.1 shall be confidential, subject to the provisions of Section 13.7 and shall be treated as compromise and settlement negotiations for purposes of Law and rules of evidence.

11.2. Mediation. If the dispute has not been resolved by negotiation within forty−five (45) days after the disputing Party's notice, or if the Parties have failed to meet within thirty (30) days, each as contemplated in Section 11.1, the Parties shall attempt to settle the dispute by mediation under the then current CPR Mediation Procedure; *provided, however*, that if one Party refuses or fails to participate in negotiation pursuant to Section 11.1, the other Party may then immediately initiate mediation prior to the expiration of the forty−five (45) day negotiation period. Unless otherwise agreed, the Parties will select a mediator from the CPR Panels of Distinguished Neutrals.

11.3. Arbitration. Any dispute arising out of or relating to this Agreement, including the breach, termination or validity thereof, that has not been resolved by a non−binding procedure as provided in Section 11.1 and/or Section 11.2 within ninety (90) days after notice of the dispute, shall be resolved by final and binding arbitration in accordance with the then current CPR Rules for Non−Administered Arbitration by a sole neutral arbitrator designated in accordance with CPR Rule 5.3, for any dispute involving amounts in the aggregate under Three Million Dollars ($3,000,000.00), or, for any dispute involving amounts in the aggregate equal to or greater than Three Million Dollars ($3,000,000.00), by three (3) arbitrators, with each Party designating one (1) arbitrator in accordance with the "screened" appointment procedure set forth in CPR Rule 5.4, and with the third arbitrator being appointed in accordance with CPR Rule 5.4(e); *provided, however*, that if either Party will not participate in a non−binding mediation Proceeding as specified in Section 11.2, the other Party may thereafter immediately initiate arbitration (before expiration of the above−mentioned ninety (90) day period). The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1−16, inclusive, and judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction thereof. The place of arbitration shall be Hartford, Connecticut.

11.4. Powers of Arbitrator(s). Except with respect to any and all claims of Third Parties, the arbitrator(s) are not empowered to award damages in excess of

compensatory damages (subject to the limitation on Liability set forth herein) and each Party expressly waives and foregoes any right to have the arbitrator(s) award indirect, incidental, consequential, special, exemplary, punitive or similar damages, except to the extent Law requires that compensatory damages be increased in a specified manner, or except with respect to any and all Claims of Third Parties. All costs of the arbitration shall be paid equally by the Parties, unless the award shall specify a different division of such costs. Each Party shall be responsible for its own expenses, including attorneys' fees. Each Party shall be afforded adequate opportunity to present information in support of its position on the dispute being arbitrated. The arbitrator(s) also may request additional information from the Parties.

11.5.
Deferral. The Parties may agree to defer any arbitration Proceeding, without prejudice to any Indemnified Person, pending the resolution of a particular claim of a Third Party disputed by the Parties.

11.6.
Continued Performance. Contractor shall continue performance of the Services in conformance with the requirements of this Agreement notwithstanding the existence of any dispute or controversy between the Parties; *provided* that Owner shall continue to make disputed and undisputed payments to Contractor in accordance with the terms hereof.

11.7.
Compelled Arbitration. Each Party will proceed in good faith to conclude the arbitration Proceeding as quickly as reasonably possible. If a Party refuses or fails to participate in an arbitration Proceeding as required by this Agreement, the other Party may petition any Governmental Authority having proper jurisdiction for an order directing the refusing Party to participate in the arbitration Proceeding. All costs and expenses, including attorneys' fees, incurred by the petitioning Party in enforcing such participation will be paid for by the refusing Party.

11.8
Related Parties and Proceedings.

(a)
Related Parties. Each Party shall have the right, but not the obligation, to join or otherwise require others (including any guarantor of such Party's obligations) to participate as parties and/or witnesses, in the sole and exclusive discretion of each such Party exercised in good faith, in any dispute resolution Proceeding hereunder (including any negotiation between executives, mediation and/or arbitration). If either Party, in its sole and exclusive discretion exercised in good faith, exercises such right, then such additional party and/or parties shall be an equal participant in, and subject to all rules and requirements of, such Proceeding; *provided* that if such additional participation involves an arbitration Proceeding for disputes involving amounts in the aggregate equal to or greater than Three Million Dollars ($3,000,000.00), then three (3) arbitrators shall be designated pursuant to the "screened" appointment procedure referenced in Section 11.3, with one (1) arbitrator being appointed by Contractor, one (1) arbitrator being appointed by Owner, and the third arbitrator appointed in accordance with CPR Rule 5.4(e).

(b) Participation. Each Party shall have the right, but not the obligation, to require the other Party to join or otherwise participate as a party and/or witness, in the sole and exclusive discretion of such Party exercised in good faith, in any dispute resolution Proceeding (including any negotiation between executives, mediation and/or arbitration) involving all or any portion of the Transmission Facilities. If either Party, in its sole and exclusive discretion exercised in good faith, exercises such right, then the other Party shall act in good faith, coordinate and cooperate with such Party and the other parties to the Proceeding, and otherwise proceed as though such Proceeding involved a dispute under this Agreement. Both Parties hereby consent to being so joined and waive and release, to the fullest extent permitted by Law, any objection, right or other claim that such Party cannot be compelled or otherwise has no obligation to participate in any such Proceeding. The joined or otherwise participating Party shall solely bear all costs and expenses incurred in connection with such participation.

(c) Compelled Participation. If either Party refuses or fails to comply with this Section 11.8, in whole or in part, the other Party may petition any Governmental Authority having proper jurisdiction for an order directing such refusing or non−complying Party to so comply. All costs and expenses, including attorneys' fees, incurred by the other Party in enforcing such participation will be paid by such refusing or non−complying refusing Party.

ARTICLE 12. REPRESENTATIONS

As of the Effective Date, each Party represents and warrants to the other Party that: (a) it is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation, (b) it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement, (c) the execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party, or any Law applicable to it, (d) this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, (e) there is not pending or, to its knowledge, threatened against it any Proceedings that could materially adversely affect its ability to perform its obligations under this Agreement, and (f) no Event of Default or event which, absent a cure, with the giving of notice or lapse of time, or both, would constitute an Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement.

ARTICLE 13. MISCELLANEOUS PROVISIONS

13.1. Applicable Law.

(a) Governing Law. This Agreement and the rights and duties of the Parties hereunder shall be governed by and construed, enforced and performed in accordance with the Law of the State of Connecticut, without regard to principles of

conflicts of law thereof, except to the extent that the Laws of another jurisdiction must govern certain aspects of the enforcement of the rights and remedies of the Parties (including legal process and procedure).

(b) Jurisdiction. The Parties hereby consent to the exclusive personal and subject matter jurisdiction of any federal or state court located within the State of Connecticut for the enforcement of the outcome of any and all arbitration Proceedings pursuant to Article 11 and any other legal or equitable Proceedings arising out of or relating to this Agreement. Each Party hereby irrevocably waives and releases, to the fullest extent permitted by Law: (i) any objection to the venue of any such Proceeding brought in such a court; and (ii) any claim that any such Proceeding brought in such court has been brought in an inconvenient forum.

(c) Waiver of Jury Trial. The Parties hereby expressly, irrevocably, fully and forever, release, waive and relinquish any and all right to trial by jury with respect to any Proceeding by or against the other arising under this Agreement.

13.2. Binding Effect; Assignment.

(a) This Agreement shall be binding upon the Parties and their respective successors and permitted assigns.

(b) Owner is not authorized to and shall not directly or indirectly (through an equity sale, merger or other transaction) sell, assign or otherwise transfer its interest in this Agreement, in whole or in part, other than in full compliance with Paragraph H of Exhibit D to the Definitive Agreement, in which case this Agreement shall be assigned to any Person that so acquires ownership of the Transmission Facilities.

(c) Contractor shall not assign or otherwise transfer its interest in this Agreement without the prior (written) consent of Owner, which shall not be unreasonably withheld or delayed; *provided, however*, Contractor may assign, without recourse, this Agreement without the consent of Owner to (i) an Affiliate; (ii) any Person acquiring all or substantially all of the electric transmission assets of Contractor; and/or (iii) any Person providing operations and maintenance services to Contractor Facilities located in the vicinity of the Transmission Facilities. Contractor also may assign this Agreement without the consent of Owner to any Person if Contractor remains unconditionally liable for all of the obligations and other Liabilities of such transferee hereunder notwithstanding such transfer. Any and all rights and/or obligations of Contractor under this Agreement may be exercised and/or performed by NUSCO or any other Affiliate of Contractor acting as agent for Contractor, and such performance shall not constitute an assignment and/or assumption of Liability by NUSCO and/or any such Affiliate.

(d) Any purported direct or indirect sale, assignment or other transfer of any interest, in whole or in part, in violation of this Section 13.2 shall be null, void and of no force or effect.

(e) Notwithstanding anything to the contrary in this Section 13.2 or elsewhere in this Agreement and without limiting Contractor's discretion with respect to any proposed transfer, unless otherwise directed by Contractor, this Agreement shall be assigned to any purchaser or other transferee of the Transmission Facilities, to the extent of the transferred interest, for the remainder of the Term under an assumption and assignment agreement pursuant to which the transferee agrees to be bound by the terms of this Agreement in a form acceptable to Contractor. Without limiting the generality of the foregoing, in connection with such assumption and assignment, such purchaser or other transferee of the Transmission Facilities shall demonstrate to Contractor compliance with all of the requirements of this Agreement applicable to Owner, including the maintenance of insurance pursuant to Section 3.6.

13.3. Notices. All notices, demands, directions, approvals, requests, acknowledgements, consents, authorizations, permission, invoices and/or other communications required or permitted to be given hereunder by the Parties shall be in writing, sent to the recipient's address set forth below and shall be effective: (a) when personally delivered to the recipient; (b) five (5) days after deposit of the notice addressed as provided below in the U.S. mail, if sent by U.S. certified mail, return receipt requested; or (c) one (1) Business Day after deposit with a recognized overnight courier or delivery service for delivery on the next Business Day.

The addresses for notice are:

Owner:

The United Illuminating Company
157 Church Street
New Haven, Connecticut 06510
Attention: _____

With a copy to:

The United Illuminating Company
157 Church Street
New Haven, Connecticut 06510
Attention: General Counsel

Contractor:

c/o Northeast Utilities Service Company
107 Selden Street
Berlin, Connecticut 06037
Attention: _____

With a copy to:

Northeast Utilities Service Company
P. O. Box 270
Hartford, Connecticut 06141
Attention:
General Counsel

Address for couriers:

56 Prospect Street
Hartford, Connecticut 06103−2818

Either Party may send any such notice or other communication using any other means (including personal delivery, expedited courier, messenger service, ordinary mail, or electronic mail), but no such notice or other communication using such other means shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Either Party may change the address to which notices and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

13.4. Waivers. Any and all waivers by either Party of any breach of, and/or other non−compliance with, any term and/or condition of this Agreement must be in writing, delivered to the other Party in accordance with Section 13.3. The waiver by either Party of any breach of, and/or other non−compliance with, any term and/or condition of this Agreement shall not operate or be construed as a waiver of any subsequent breach or non−compliance (except to the extent expressly so stated in the applicable (written) waiver). No course of dealing shall operate as a waiver of any right, power or privilege hereunder, and no single or partial exercise of any such right, power or privilege shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

13.5. Invalid Provisions. If any provision of this Agreement is adjudged in arbitration or by a court of competent jurisdiction to be illegal, invalid or unenforceable at law or in equity for any reason, the same shall, if possible, be modified to the extent necessary to make it legal, valid and enforceable, or, if not possible, such provision shall be deleted. The remaining provisions of this Agreement shall remain enforceable notwithstanding the illegality, invalidity or unenforceability of any individual provision. The Parties also shall negotiate an equitable adjustment to this Agreement with a view toward effecting, to the extent possible, the original purpose and intent of the severed provision.

13.6. Survival. All agreements, representations, warranties and covenants made by each Party in this Agreement and in the documents delivered by each Party pursuant to this Agreement shall be considered to have been relied upon by the other Party and shall survive expiration or earlier termination of this Agreement for so long as is necessary to fulfill the intent thereof. All requirements, terms, conditions and provisions that by their nature are incapable of being fully performed within the Term, including

each Party's non−disclosure obligations, Owner's payment obligations, and Owner's indemnities for the benefit of Indemnified Persons, shall survive cancellation, termination or expiration of this Agreement for so long as is necessary to fulfill the intent thereof. The remaining terms and conditions of this Agreement shall survive to the extent necessary to give effect to such surviving requirements, terms, conditions and provisions.

13.7. Confidentiality. During the Term and for a period of one (1) year thereafter, each Party shall (a) keep confidential the terms of this Agreement and all written information furnished by the other Party in furtherance hereof and conspicuously marked as "Confidential Information;" (b) not disclose or reveal, except as permitted pursuant to this Section 13.7, any such confidential information to any Person other than such Party's employees directly involved with the transactions contemplated hereby; and (c) not use such information other than consistent with the terms hereof. Each Party shall notify the other Party of any unauthorized disclosure and shall be responsible for any breach hereof by such Party and its representatives. The receiving Party and/or its representatives may disclose such confidential information under any of the following conditions:

(i) if required by Law, including as required in connection with Permits contemplated hereunder;

(ii) to attorneys for, or consultants or independent public accountants of, any Party, or any Person who has provided financing to a Party for the transactions contemplated hereunder, *provided* that in each case only if such Person shall be bound by a confidentiality agreement embodying the terms of this Section 13.7;

(iii) if required to be disclosed in connection with the prosecution or defense of any Proceeding;

(iv) if such confidential information is or becomes part of the public domain by means other than actions taken by the receiving Party or on its behalf;

(v) if the receiving Party rightfully received such confidential information from sources other than the disclosing Party without breach of an obligation of confidentiality;

(vi) if the receiving Party independently developed such information without reliance on the confidential information disclosed by the disclosing Party; or

(vii) if agreed to in writing by the disclosing Party.

In the event disclosure is made pursuant to clause (i), the Party effecting such disclosure shall (1) promptly notify the other Party thereof so that such Party may seek a protective order or other appropriate remedy, and (2) use reasonable efforts to minimize the scope

of any disclosure and to require that the recipient(s) maintain the confidentiality of any confidential information covered by this Section 13.7. Notwithstanding anything to the contrary in this Agreement, the receiving party shall not make use of any such confidential information other than for the sole purpose of operating and/or maintaining the Transmission Facilities. Each Party acknowledges that the other Party would not have an adequate remedy at law and would be irreparably harmed if such Party breached this Section 13.7; accordingly, without prejudice to the rights and remedies otherwise available, each Party shall be entitled to equitable relief by way of injunction to prevent breaches of this Section 13.7 by the other Party or any other recipients of such confidential information.

13.8. Publicity. Except as required by Law, Owner shall not publicize (including through any press release, advertising or other promotional or publicity activity) the relationship between the Parties, this Agreement, the Services, or the transactions contemplated hereunder without the prior (written) consent of Contractor (which consent may be granted or withheld in Contractor's sole and exclusive discretion) whether prior to or after expiration or earlier termination of this Agreement.

13.9. Further Assurances. The Parties shall from time to time, execute and deliver such additional instruments, documents, conveyances or assurances and take such other actions as shall be necessary, or otherwise reasonably requested by the other Party, to clarify, confirm and assure the rights and obligations provided for in this Agreement.

13.10. Counterparts/Facsimiles/PDF Copies. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement or the terms hereof to produce or account for more than one of such counterparts; *provided* that the counterpart produced bears the signature of the Party sought to be bound. Facsimile signatures and "portable document format" (PDF) copies of signatures shall be deemed original signatures.

13.11. FERC Acceptance. The effectiveness of this Agreement shall be subject to acceptance by FERC of the terms and conditions hereunder. If FERC does not accept this Agreement, or conditions acceptance of this Agreement, the Parties shall negotiate in good faith to develop an alternate arrangement (including appropriate modifications to this Agreement) that will accomplish the purpose and intent of this Agreement in a manner acceptable to FERC. The effectiveness of the termination of this Agreement shall be subject to acceptance by FERC, if and to the extent required.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement as of the Effective Date.

Signed in the Presence of:

THE UNITED ILLUMINATING COMPANY

_____
Name:

By: _____

Name:
Title:

_____
Name:

Signed in the Presence of:

THE CONNECTICUT LIGHT AND POWER COMPANY

_____
Name:

By: _____

Name:
Title:

_____
Name:

STATE OF CONNECTICUT)
)ss. Berlin
COUNTY OF HARTFORD)

This Agreement was acknowledged before me on the ___ day of _____, 20[__], by _____, a _____ of The United Illuminating Company, a specially chartered Connecticut corporation, on behalf of said corporation.

My Commission Expires:

_____

_____
Notary Public

_____
Notary's Printed/Typed Name

STATE OF CONNECTICUT)
)ss.
COUNTY OF)

This Agreement was acknowledged before me on the ___ day of _____, 20[__], by _____, a _____ of The Connecticut Light and Power Company, a specially chartered Connecticut corporation, on behalf of said corporation.

My Commission Expires:

_____

_____
Notary Public

_____
Notary's Printed/Typed Name

Schedule 3.6
Insurance Requirements

Owner shall maintain the following insurance coverages in accordance with Section 3.6 and Section 9.5 of this Agreement:

(a) Workers' Compensation − Statutory coverage and Employers Liability Insurance with limits of $1,000,000.

(b) General Liability Insurance excluding Professional Liability but including Operations, Products and Completed Operations, Contractual Liability and Broad Form Property Damage Liability written in one or more layers with a combined single limit for Bodily Injury and Property Damage of $20,000,000 per occurrence and annual aggregate. Products and Completed Operations coverage shall remain in effect for a minimum of three (3) years from the date of termination of this Agreement.

(c) Comprehensive Automobile Liability Insurance, including all owned, non−owned, and hired vehicles, with a combined single limit for Bodily Injury and Property Damage of $20,000,000 per accident.

EXHIBIT I

STEP−IN AGREEMENT

THIS STEP−IN AGREEMENT made as of the **[___]** day of **[_____]**, 20**[__]** (the "*Effective Date*"), by and between **THE UNITED ILLUMINATING COMPANY** ("*UI*"), a specially chartered Connecticut corporation with offices at 157 Church Street, New Haven, Connecticut 06510, and **THE CONNECTICUT LIGHT AND POWER COMPANY** ("*CLP*"), a specially chartered Connecticut corporation with offices at 107 Selden Street, Berlin, Connecticut 06037. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in Article 1.

WITNESSETH:

WHEREAS, the Parties have entered into that certain Agreement Re: Connecticut NEEWS Projects, dated as of **[_____]**, 2010 (the "*Definitive Agreement*"), pursuant to which UI purchased from CLPthe UI Assets;

WHEREAS, pursuant to Section 7(d) of the Definitive Agreement, the Parties have agreed that CLPhas the right to step−in and operate the UI Assets if at any time UI fails to operate and maintain any or all of the UI Assets in accordance with Good Utility Practices; and

WHEREAS, the Parties have agreed to enter into this Agreement to provide CLPwith such right to step−in and operate such UI Assets, all in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and intending to be legally bound, the Parties agree as follows:

ARTICLE 1.
DEFINITION OF TERMS; INTERPRETATION

1.1. Definitions. Unless the context otherwise requires, capitalized terms not defined herein shall have the meanings ascribed thereto in the Definitive Agreement (including Exhibit D thereto), irrespective of whether in effect for the entire Term. Also, as used herein, the following terms shall have the following meanings:

"*Agreement*" shall mean this Step−In Agreement including all schedules hereto, as well as any items specifically incorporated by reference herein or therein, and any and all amendments hereto or thereto agreed to in writing by the Parties.

"*Applicable Percentage*" shall mean the percentage determined pursuant to Section 4.2.

"*Calculation Period*" shall mean the from time to time period over which CLPcalculates revenue requirements for regional rates. As of the Effective Date, the Calculation Period is the twelve−month period beginning **[June 1]** of a year and ending **[May 31]** of the following year.

"*Capital Costs*" shall have the meaning set forth in Section 5.4(a).

"*Capital Improvement*" shall mean any addition, improvement, upgrade and/or other modification to the UI Assets, in whole or in part, the cost of which constitutes a capital expenditure.

"*CIP*" shall have the meaning set forth in Section 7.8.

"*CLP*" shall have the meaning set forth in the preamble of this Agreement.

"*CLPFacilities*" shall mean collectively all electric transmission facilities (including towers, poles, conductors, conduits, substations and associated land and land rights) owned by CL&P.

"*Cost*" or "*Costs*" shall mean any cost, expense and/or other expenditure of whatever nature (whether accrued or unaccrued, whether incurred or consequential and whether due or to become due) incurred from time to time by CLPin the exercise and/or attempted exercise of rights hereunder, and/or the management, improvement, operation and/or maintenance of the UI Assets during a Step−In Period.

"*Cost Allocation*" shall mean the charge for certain Costs incurred in managing, operating, and maintaining the UI Assets during a Step−In Period, as determined in accordance with Section 4.1.

"*Definitive Agreement*" shall have the meaning set forth in the first recital of this Agreement.

"*Effective Date*" shall have the meaning set forth in the preamble of this Agreement.

"*Exercise Date*" shall mean the date on which CLPexercises its rights pursuant to Section 2.1(b).

"*Force Majeure*" shall mean an event or circumstance that prevents a Party from managing, operating and/or maintaining the UI Assets and is not within the reasonable control of such Party, and includes sabotage, strikes or other labor difficulties, riots or civil disturbance, acts of God, acts or omissions of any Governmental Authority (including any such act or omission that prevents a Party from managing, operating and/or maintaining the UI Assets), act

of public enemy, drought, earthquake, flood, explosion, fire, lightning, landslide, or similarly cataclysmic occurrence, vehicular accidents, transmission outages or sudden or disruptive electrical events or disturbances on the UI Assets, disruption of equipment and other materials necessary to manage, operate and/or maintain the UI Assets (including failure or delay of any subcontractor or vendor), or any other cause, whether of the kind herein enumerated or otherwise. Notwithstanding the foregoing, neither (a) mere economic hardship of a Party, (b) commercial impracticability experienced by a Party (including market changes, increased costs or insufficient money), and/or (c) inability of a Party to make payments shall constitute a Force Majeure.

"*Governmental Authority*" shall mean any federal, state, commonwealth, county, local or other governmental, quasi−governmental, regulatory or administrative authority, agency, commission, department, board, or other governmental subdivision, legislature, rulemaking board, court, tribunal, arbitral body, government−owned corporation or other governmental authority or department thereof, including any Relevant Authority.

"*Indemnified Environmental Obligations*" shall have the meaning set forth in Section 9.2.

"*Indemnified Person*" shall have the meaning set forth in Section 9.1.

"*Investment Grade*" shall mean having a Credit Rating of at least BBB− by SPand Baa3 by Moody's (or the equivalent of such ratings if either of such rating agencies has modified its rating scale).

"*Law*" shall mean any current and future applicable federal, state, local or other governmental or quasi−governmental constitution, charter, act, statute, law, ordinance, code, rule, regulation, order, decree, ruling, decision, judgment, license or Permit.

"*License Agreement*" shall mean each and every License Agreement by and between the Parties executed and delivered pursuant to the Definitive Agreement.

"*OMCosts*" shall mean collectively all direct and indirect costs and expenses suffered and/or incurred by CLPin connection with, and/or allocated by CLPto, the operation and maintenance of CLPFacilities. OMCosts include:

(a) all costs and expenses incurred in connection with such operation and/or maintenance;

(b) all costs and expenses relating to planning, studies, engineering, permitting and/or supervision and management (before, during and after construction) of operation and maintenance;

(c) all costs and expenses related to operation and maintenance of computer hardware and software and communications equipment serving the transmission function;

(d) all costs and expenses for equipment, spare parts, materials, supplies, storage, security, fuel and other consumables;

(e) the cost of services performed by subcontractors and any other Third Party expenses incurred in connection with such operation and/or maintenance (including vegetation management, environmental and permitting consultants, procurement, surveying and engineering services, testing, lobbyists, supplemental labor, and/or other work performed by Third Parties);

(f) any and all fees, charges, expenses and other costs of whatever nature charged by any Third Party in connection with such operation and/or maintenance, including Taxes, rents, fees for Permits (including charges to review and issue such Permits), charges due to land owners (including railroads), Governmental Authorities, and any other one−time and/or recurring costs imposed on the performance of such work;

(g) non−Third Party expenses incurred by CLPduring such operation and/or maintenance, including direct labor costs and the costs of employee benefits, overhead allocations and other embedded costs of CLPand its Affiliates (including corporate center service level agreement costs (such as legal, human resources, insurance and payroll), business support costs and expenses, vacations, holidays, and other non−productive time); and

(h) loaders and overheads (including administrative and general charges).

"*Operating Authority*" shall mean that authority vested in ISO−NE pursuant to the TOA.

"*Party*" shall mean either UI or CL&P, and "*Parties*" shall mean both of them.

"*Permits*" shall mean collectively all approvals, authorizations, certificates, permits, agreements, orders, consent orders and licenses issued with respect to the ownership, installation, use, operation and/or maintenance of electric transmission facilities, including the UI Assets, by any Governmental Authority.

"*Planning Authority*" means ISO−NE and/or any other regional and/or national planning authority for electric transmission facilities, including any committees, commissions and/or other organizations that make recommendations with respect to, and/or have a role in the approval of, the operation, maintenance, improvement and/or expansion of transmission facilities.

"*Recovery Plan*" shall have the meaning set forth in Section 3.2.

"*Site*" shall mean those parcels of real property on which the UI Assets are located.

"*Step−In Period*" shall mean a period commencing with each Exercise Date and ending upon the date of reinstatement of UI's right to operate and maintain the UI Assets pursuant to Article 3.

"*Term*" shall mean the term of this Agreement as determined in accordance with Article 10.

"*UI*" shall have the meaning set forth in the preamble of this Agreement.

"*UI Assets*" shall mean the electric transmission facilities of UI acquired from CLPpursuant to the Definitive Agreement, as the same may be replaced, improved and/or altered from time to time.

1.2. Entire Agreement; Interpretation.

(a) Entire Agreement. This Agreement and the Definitive Agreement contain the entire agreement between the Parties pertaining to CL&P's step−in rights with respect to the UI Assets and supersede any and all prior oral or written agreements, terms, understandings, conditions, proposals, negotiations and representations with respect to that subject matter.

(b) Amendments. No amendments or modifications of this Agreement shall be valid unless evidenced in writing, and signed and delivered by duly authorized officers or agents of the Parties.

(c) No Third Party Beneficiaries. This Agreement and all rights hereunder are intended for the sole benefit of the Parties and shall not imply or create any rights on the part of, or obligations to, any other Person (other than the Indemnified Persons).

(d) Documents Comprising the Agreement. The terms and conditions of this Agreement are complementary. Insofar as possible, all of such terms and conditions shall be construed and interpreted consistently. In any case of inconsistency, conflict or ambiguity between or among such terms and conditions (including any schedules and/or documents incorporated by reference), the order of precedence shall be as follows:

(i) the body of this Agreement;

(ii) the schedules to this Agreement; and

(iii) all other documents.

(e) Scope. This Agreement shall not modify, limit or otherwise affect the

rights and obligations of the Parties under the Definitive Agreement. In the event of any conflict or inconsistency between any provision of the Definitive Agreement and this Agreement, such conflict or inconsistency shall be resolved in favor of the provision of the Definitive Agreement.

(f) References. Reference to a given article, section, or schedule is reference to an article, section, or schedule of this Agreement, unless otherwise specified. The terms "hereof", "herein", "hereto", "hereunder" and "herewith" refer to this Agreement as a whole.

(g) Number. As used in this Agreement, all singular terms shall include the plural and vice versa as the context may require.

(h) Interpretation. Except where otherwise expressly provided or unless the context otherwise necessarily requires in this Agreement: (i) reference to a given Law or tariff shall mean such Law or tariff in effect as amended or modified as of the Effective Date, or on the date on which the reference is made, or performance and/or compliance is required; (ii) reference to a given agreement or instrument is a reference to that agreement or instrument as originally executed, and as modified, amended, supplemented and restated through the date as of which reference is made to that agreement or instrument or performance is required under that agreement or instrument; (iii) "include(s)", "including" or any other variant thereof means "include(s), without limitation" or "including, without limitation," or any other variant thereof as the context requires; (iv) the phrase "and/or" shall be deemed to mean the words both preceding and following such phrase, or either of them; (v) reference to a Person includes its heirs, executors, administrators, successors and permitted assigns; and (vi) any pronoun includes the corresponding masculine, feminine and/or neuter forms as the context may require. The words "will" and "shall" are used interchangeably throughout this Agreement; the use of either connotes a mandatory requirement; and the use of one or the other will not mean a different degree of right or obligation for either Party. The headings and captions for the articles, sections and subsections contained in this Agreement have been inserted for convenience only and form no part of this Agreement and shall not be deemed to affect the meaning or construction of any of the terms or conditions of this Agreement.

(i) Days. Unless otherwise indicated, whenever this Agreement refers to a (i) number of days, such number shall refer to calendar days; and (ii) year, such year shall refer to a calendar year. If any deadline calculated in accordance with the provisions of this Agreement falls on a day that is not a Business Day, such deadline shall be extended automatically to the next Business Day.

(j) Construction. The Parties acknowledge that (i) they are of equal bargaining strength and have jointly participated in the preparation of this Agreement; and (ii) any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in the interpretation of all or any portion of this Agreement, or to any amendment of this Agreement.

ARTICLE 2.
CLPSTEP−IN RIGHTS

2.1. Step−In Rights. In the event that UI fails, for whatever reason, to operate and maintain any or all of the UI Assets in accordance with Good Utility Practices, CLPshall have the right, but not the obligation, to:

(a) cure such failure in such manner as CL&P, acting in accordance with Good Utility Practices, deems necessary and/or appropriate. In the case of an emergency and/or any other condition that could reasonably be expected to adversely affect the operation of the regional electric transmission grid, CLPshall attempt in good faith to contact UI before taking action in the field to effect such cure, but UI acknowledges that in such instance, CLPmay proceed, in its sole discretion, without prior notice to UI; *provided* that CLPwill notify UI of such actions within a reasonable period after commencing such cure, taking into account such emergency and/or other conditions. In all other cases, CLPshall notify UI at least three (3) days before commencing actions in the field to effect such cure; *provided* that CLPmay take action, including making such preparations and coordinating with any Governmental Authorities, after learning of such failure and before giving any notice to UI; and/or

(b) notify UI of its intent to exercise its rights under this Agreement to step−in and manage, operate and maintain the UI Assets, and if UI fails to cure such failure within five (5) days after receipt of notice of such failure from CLP(or if UI does not have immediate access to the Site pursuant to the License Agreement, five (5) days after receipt of such access), then CLPshall have the right, but not the obligation, to at any time thereafter undertake the exclusive management, operation, and maintenance of the UI Assets, in accordance with the terms and conditions of this Agreement. CLPreserves the right, exercisable in CL&P's sole discretion, to require that UI furnish adequate assurance of the future operation and maintenance of the UI Assets in accordance with Good Utility Practices as a condition of any such purported cure by UI.

UI shall pay, on demand, to CLPthe amount of any and all Costs that CLPincurs in connection with the exercise or enforcement of any rights or interests hereunder, including all sums spent in curing any failure to operate and maintain any or all of the UI Assets in accordance with Good Utility Practices, and/or in exercising rights and undertaking the management, operation and maintenance of the UI Assets pursuant to the terms of this Agreement; *provided* that CLPshall not charge UI any of such Costs if and to the extent that the Cost Allocation already accounts for such Costs. Without limiting the generality of the foregoing, UI shall indemnify, defend and save CLPharmless from and against any and all Liability arising out of, and/or relating to, its exercise and/or attempted exercise of rights under this Agreement in accordance with Article 9.

2.2. Remedies.

(a) Specific Performance. Each Party acknowledges that due to the unique nature of the undertakings of the Parties in this Agreement, CLPwould be irreparably harmed and damaged and would not have an adequate remedy at law if any of the provisions of this Agreement were not performed in strict accordance and compliance with their specific terms or otherwise were breached by UI; accordingly, without prejudice to the rights and remedies otherwise available, CLPshall be entitled to equitable relief by way of injunction to prevent breaches of this Agreement (even if the Parties are proceeding under Article 11 to resolve a dispute regarding the existence of a breach).

(b) Remedies Cumulative. All right(s) and remedy(ies) of each Party as set forth in any provision of this Agreement is/are cumulative and is/are in addition to any other right(s) and remedy(ies) of such Party under any other provision of this Agreement, the Definitive Agreement and otherwise at law and/or in equity. Without limiting the generality of the foregoing, the Parties acknowledge that:

(i) in connection with, or in lieu of exercising rights under this Agreement, CLPshall be entitled to exercise its rights under the Definitive Agreement and related agreements, including the Buy−Back Option; and/or

(ii) a default by UI under this Agreement that UI fails to cure within ten (10) days after receipt of notice of such default from CLPshall constitute an Event of Default by UI under the Definitive Agreement and related agreements, including for purposes of the Buy−Back Option.

Failure of CLPto exercise any of its rights under this Agreement will not excuse UI from compliance with Good Utility Practices, nor constitute a waiver of, or otherwise prejudice any rights and/or remedies of CL&P.

2.3. Relationship of Parties.

(a) No Effect on Ownership. UI acknowledges that notwithstanding any exercise of rights hereunder, CLPis not assuming any risks, obligations or benefits or responsibilities whatsoever associated with the ownership, condition and/or operability of the UI Assets, including the compliance thereof with Law, and UI shall at all times remain the record and/or beneficial owner of the UI Assets. Nothing herein shall grant any right of ownership of whatever nature to CLPwith respect to the UI Assets. Without limiting the generality of the foregoing, any exercise of rights by CLPhereunder shall not relieve UI of any Liability relating to, and/or resulting from, the failure by UI to operate and maintain any or all of the UI Assets in accordance with Good Utility Practices, including any Liabilities resulting from actions of Governmental Authorities on account of such failure.

(b) No Agency or Venture. CLPshall exercise its rights under this Agreement (including the management, operation, and maintenance of the UI Assets) as an independent party and not as an agent (except to the extent specifically authorized herein) or an employee of UI. Nothing in this Agreement creates or is intended to create an association, trust, partnership, joint venture or other entity or similar legal relationship between the Parties, or impose a trust, partnership or fiduciary duty, obligation, or Liability on or with respect to either Party.

(c) Subcontracting. CLPshall have the right to cause the management, operation, and maintenance of the UI Assets hereunder to be accomplished by subcontractors, pursuant to subcontracts between CLPand such subcontractors. UI acknowledges that to the extent that CLPrequires services from any such subcontractor with respect to any CLPFacilities, CLPmay include the UI Assets and such CLPFacilities within the scope of the same subcontract. This Agreement shall create no contractual relationship between UI and any subcontractor of CL&P.

(d) Cooperation. The Parties shall generally cooperate as reasonably required to effect each Party's exercise of its rights hereunder and otherwise transition the management, operation and maintenance of the UI Assets to CLPduring any Step−In Period and the reinstatement of UI under Article 3, and take such actions as may be reasonably required in furtherance of the foregoing.

ARTICLE 3.
REINSTATEMENT

3.1. Withdrawal. CLPshall have the right, exercisable by CLPat any time after the taking of action pursuant to Section 2.1, to terminate such exercise of rights, including:

(a) ceasing efforts to effect a cure of UI's failure, irrespective of whether CLPhas fully effected such cure; and/or

(b) termination of any Step−In Period.

CLPshall exercise such right of withdrawal and/or termination by notice given to UI, and such withdrawal and/or termination shall be effective as of the date and time specified by CLPin such notice.

3.2. Recovery Plan. At any time during a Step−In Period, UI shall have the right to submit to CL&P, for CL&P's review and acceptance (in the exercise of CL&P's reasonable business judgment), a written recovery plan ("*Recovery Plan*") that sets forth, in reasonable detail, UI's plan for resuming operation and maintenance of the UI Assets in accordance with Good Utility Practices (including the specific actions for addressing the prior non−compliance with Good Utility Practices, the qualifications and training of staff, any proposed contractor(s),

UI's safety plan, assurances to CLPregarding payment of all amounts due hereunder, and the proposed implementation schedule). CL&P's review and acceptance of such Recovery Plan represents only the consent of CLPto UI's resumption of operation and maintenance of the UI Assets, and shall not relieve UI of its obligation to fully comply with Good Utility Practices and/or the terms of this Agreement, the Definitive Agreement and/or any other agreements between the Parties with respect to the UI Assets. If CLPaccepts such Recovery Plan, UI shall strictly comply with the terms and conditions thereof and shall not be entitled to any cure rights hereunder in the event of UI's non−compliance. If CLPdoes not accept such Recovery Plan, CLPshall state, in reasonable detail, its reasons therefor, and UI may use all reasonable efforts to address such reasons and submit to CLPfor acceptance a revised Recovery Plan within a reasonable period after such rejection. Such procedure may be repeated as necessary until CLPaccepts a Recovery Plan, in which case, the Parties shall coordinate the resumption of UI's operation and maintenance of the UI Assets pursuant to such accepted Recovery Plan.

3.3. Effect of Reinstatement. Notwithstanding the reinstatement of UI's right to operate and maintain the UI Assets after CL&P's exercise of rights hereunder, including due to any withdrawal by CLPpursuant to Section 3.1, or the acceptance by CLPof UI's Recovery Plan under Section 3.2, this Agreement shall remain in full force in effect for the entire Term. Without limiting the generality of the foregoing, CLPshall be entitled to exercise its rights under this Agreement if UI again fails, for whatever reason, to operate and maintain any or all of the UI Assets in accordance with Good Utility Practices.

ARTICLE 4.
COMPENSATION

4.1. Cost Allocation. During each Step−In Period, UI shall pay to CLPthe Cost Allocation for each Calculation Period occurring, in whole or in part, during such Step−In Period. The Cost Allocation for each Calculation Period shall equal the product, as determined by CLPas of the commencement of each Calculation Period, of (a) the Applicable Percentage for such Calculation Period, *times* (b) the average forecasted gross plant value of the UI Assets during such Calculation Period, each as submitted by CLPto UI pursuant to Section 4.2. If the Step−In Period commences before the start and/or terminates before the end of a Calculation Period, the Cost Allocation for any such Calculation Period shall equal the product of (i) the entire Cost Allocation determined for such Calculation Period, *times* (ii) a fraction, the numerator of which is the number of days of the Step−In Period during such Calculation Period, and the denominator of which is the total days in such Calculation Period. For the avoidance of doubt, the Cost Allocation shall not be adjusted in any manner to reflect the actual gross plant value of the UI Assets during any such partial periods. UI shall pay the Cost Allocation in approximately equal monthly installments, in advance, as reflected in invoices issued by CLPpursuant to Section 6.1.

4.2. Cost Allocation Calculation. No later than (a) ten (10) days after each Exercise Date, and (b) ninety (90) days before the commencement of each Calculation Period thereafter

occurring during such Step−In Period, UI shall provide CLPwith information for such Calculation Period regarding (i) the gross plant value of the UI Assets on UI's books forecasted as of such Exercise Date or the first day of such Calculation Period using a methodology reasonably consistent with that used by UI in its preparation of FERC Form 1 filed with respect to such adjusted gross plant values; (ii) any anticipated changes to such gross plant value; and (iii) any other data requested by CLPin connection with the calculation of the Cost Allocation. The Applicable Percentage for each Calculation Period shall be equal to (1) the OMCosts for the calendar year immediately preceding the commencement of the Calculation Period divided by (2) the average of the beginning and end−of−year gross plant balances of CLPFacilities for the calendar year immediately preceding the commencement of such Calculation Period. No later than thirty (30) days after the commencement of (A) any Step−In Period and (B) each Calculation Period thereafter occurring during such Step−In Period, CLPshall determine and submit to UI the Applicable Percentage for such Calculation Period and the average forecasted gross plant value of the UI Assets during such Calculation Period.

4.3. No True−Up. The Cost Allocation for each Calculation Period shall be adjusted as of the commencement of such Calculation Period in accordance with this Article 4. The Applicable Percentage and the average forecasted gross plant value of the UI Assets for each Calculation Period shall be fixed as of the commencement of each Calculation Period and, unless ordered by FERC, shall not be subject to any true−up, adjustment and/or other modification whatsoever, including if the forecasted average gross plant value of the UI Assets differs from actual amounts experienced during such Calculation Period. The Parties acknowledge that the use of such forecasts and averages is a reasonable basis for determining costs allocable to the UI Assets.

4.4. No Suspension. Notwithstanding anything to the contrary in this Agreement, any interruption of the use of the UI Assets, the occurrence of any casualty or other damage that affects the operation of the UI Assets, and/or any other event or circumstance that affects the operation of the UI Assets, in whole or in part, shall not affect in any manner whatsoever the Cost Allocation which shall remain due and payable in full in accordance with this Agreement, and UI's obligation to pay the Cost Allocation in full shall not be diminished or otherwise affected in any respect.

4.5. No Off−Set. Notwithstanding the exercise of step−in rights hereunder by CL&P, UI shall bear all costs and risks associated with the ownership, operation and maintenance of the UI Assets. Without limiting the generality of the foregoing, amounts paid to CLPunder this Article 4 shall not diminish or otherwise affect in any manner whatsoever UI's responsibility to fully pay CLPfor all other Costs incurred by CLPin connection with the exercise and/or attempted exercise of its rights hereunder.

ARTICLE 5.
CAPITAL IMPROVEMENTS

5.1.
UI Obligations. UI shall be solely responsible for all Costs associated with Capital Improvements (including casualty repairs and upgrades) occurring during any Step−In Period. To the extent that a Planning Authority mandates, requires, approves and/or otherwise authorizes any Capital Improvement, including as a result of any request from a transmission owner (including CL&P), UI shall be solely responsible for any and all costs associated therewith. Nothing in this Agreement or elsewhere shall prohibit, restrict, limit and/or otherwise affect CL&P's ability to participate in, and to take any action or position (even if adverse or contrary to UI) during the course of, any Proceeding regarding Capital Improvements; *provided* that in any such Proceeding, CL&P's position with respect to CLPFacilities adjacent to the UI Assets shall be consistent with CL&P's position with respect to the UI Assets. Notwithstanding anything to the contrary in the foregoing or elsewhere in this Agreement, for purposes of this Agreement, work resulting from proposals and/or other requests by the owner and/or operator of an electric generating facility to interconnect to the regional electric transmission grid through UI shall not be considered Capital Improvements. In such case, UI shall solely retain the rights and obligations associated with such requests and any resulting interconnection activities and/or related activities, including the construction and/or other installation of equipment. UI shall promptly notify CLPof any such request, and the Parties shall reasonably coordinate with respect to such interconnection activities to minimize, to the extent possible, any effect thereof on CL&P's management, operation and maintenance of the UI Assets.

5.2
Planning Authority Interface. During any Step−In Period, CLPwill exclusively interface, handle and otherwise communicate with ISO−NE and/or any other Planning Authority with respect to all matters relating to Capital Improvements. Without limiting the generality of the foregoing, during each Step−In Period, CLPshall participate on UI's behalf before ISO−NE and/or any other Planning Authority in the planning and advocating of any and all potential Capital Improvements, and CLPshall prosecute and obtain all approvals from ISO−NE and/or any other Planning Authority required for any Capital Improvements. UI, at its sole cost and expense, will do such acts, file such documents, and cause to be done all such other things as CLPmay reasonably request from time to time in connection with any Capital Improvement being handled by CLPhereunder and otherwise cooperate with CLPin such regard. UI hereby appoints CLP(and its agents) as the exclusive attorney−in−fact of UI during each Step−In Period for the purpose of planning, implementing and otherwise advancing all Capital Improvements and taking any action and executing any instrument that CLPmay deem necessary or advisable to accomplish such purpose. UI understands and agrees that the power of attorney granted to CLPfor purposes of this Section 5.2 is coupled with an interest and is irrevocable, and UI hereby ratifies all actions taken by CLP(and its agents) as Owner's attorney−in−fact by virtue hereof.

5.3.
Implementation.

(a) Construction. CLPshall exclusively handle all phases of all Capital Improvements, including design and engineering, procurement, construction and installation, implemented during any Step−In Period. CLPshall control all construction means, methods, techniques and procedures in connection with the performance of such Capital Improvements and overall conduct of the construction activities on the Site for such purposes.

(b) Synergies. UI acknowledges that for planned Capital Improvements during any Step−In Period, CLPmay implement such Capital Improvements in connection with related improvements to CLPFacilities that interconnect with the UI Assets. In such instance, CLPshall handle the Capital Improvements in the same manner that CLPhandles such related improvements, and the Parties shall reasonably coordinate all planned Capital Improvements.

(c) Storm Restoration. During each Step−In Period, CLPshall handle any and all Capital Improvements resulting from damage to the UI Assets due to weather conditions in substantially the same manner that CLPhandles the restoration of CLPFacilities.

5.4. Cost Recovery.

(a) Capital Costs. UI shall pay CLPall direct and indirect Costs suffered and/or incurred by CLPin connection with, and/or allocated by CLPto, each Capital Improvement (collectively, "*Capital Costs*"), including:

(i) all costs and expenses incurred in connection with the design, engineering, procurement, construction and installation of such Capital Improvement;

(ii) all Costs for equipment, parts, materials, supplies, storage, security, fuel and other consumables;

(iii) all Costs relating to planning, studies, engineering, permitting and/or management (before, during and after construction) of Capital Improvements;

(iv) the Cost of services performed by subcontractors and any other Third Party expenses incurred in connection with such Capital Improvement (including project management, environmental and permitting consultants, procurement, surveying and engineering services, testing, lobbyists, supplemental labor, and/or other work performed by Third Parties);

(v) any and all fees, charges, expenses and other Costs of whatever nature charged by any Third Party in connection with such Capital Improvement, including Taxes, fees for Permits (including charges to review and issue such Permits), charges due to land owners (including railroads), Governmental Authorities, and any other one−time and/or recurring Costs imposed on the performance of such work;

(vi) non−Third Party expenses incurred by CLPassociated with such Capital Improvement, including direct labor Costs and the Costs of employee benefits, overhead allocations and other embedded Costs of CLPand its Affiliates (including corporate center service level agreement Costs (such as legal, human resources, insurance and payroll), business support Costs and expenses, vacations, holidays, other non−productive time); and

(vii) loaders and overheads (including administrative and general charges).

CLPshall calculate the Capital Costs for each Capital Improvement and the resulting charges to UI in substantially the same manner that CLPdetermines cost allocation and recovery associated with similar capital projects performed with respect to CLPFacilities.

(b) Performance Assurance. For each planned Capital Improvement handled by CLPhereunder, UI shall deposit with CLPwithin thirty (30) days after CL&P's request therefor, an amount equal to the average Capital Costs expected to be incurred over a one hundred twenty (120) day period based on CL&P's good faith estimate. CLPshall calculate such security deposit amount in a manner consistent with the methodology used by CLPto calculate security deposits under similar circumstances such as CL&P's construction of interconnection facilities for the owner of a generating facility, and the amount on deposit shall vary from time to time based on projected cash flow during such one hundred twenty (120) day period on a rolling basis; *provided* that CLPshall not release, other than in accordance with Section 6.4, any amounts to UI during the final one hundred twenty (120) days of such installation period. For any Capital Improvement resulting from storm restoration and/or other emergency conditions, CLPshall be entitled to (i) invoice (including on an estimated basis subject to adjustment pursuant to Article 6) the Capital Costs associated with such Capital Improvement as part of the monthly invoice and/or as an out of cycle invoice that UI shall pay within thirty (30) days after the date of invoice; and/or (ii) request a security deposit in an amount equal to CL&P's estimate of Capital Costs associated with such Capital Improvement, in which case UI shall pay such security deposit to CLPwithin fifteen (15) days after CL&P's request therefor. Interest shall accrue on amounts deposited as security at the FERC−approved interest rate for security deposits at such time, and accrued interest shall be paid to UI in connection with the final release of such security deposit pursuant to Section 6.4. In addition to all of CL&P's rights and remedies hereunder and under Law, UI shall be liable for late charges and costs of collection pursuant to Section 6.6 if UI fails to provide any security deposit in full compliance with this Section 5.4(b). If UI possesses a Credit Rating of Investment Grade or better as of the commencement of any Capital Improvement, CLPshall waive the requirement of a security deposit under this Section 5.4(b) so long as UI maintains such Credit Rating throughout the installation of such Capital Improvement, in which case, in lieu of such security deposit, CLPshall invoice UI in advance for the projected Capital Costs of such Capital Improvement on a monthly basis.

(c)
Payment. UI shall pay Capital Costs to CLPpursuant to Article 6. Monthly invoices issued pursuant to Section 6.1 shall reflect Capital Costs incurred during the immediately preceding month or estimates thereof.

(d)
Exclusion from Cost Allocation. All Capital Costs paid by UI to CLPon account of Capital Improvements shall be in addition to, and shall not be considered part of, the Cost Allocation. All Capital Costs paid to CLPshall not diminish or otherwise affect in any manner whatsoever UI's responsibility to fully pay CLPfor all other Costs incurred by CLPin connection with the exercise and/or attempted exercise of its rights hereunder.

ARTICLE 6.
BILLING AND PAYMENT

6.1.
Monthly Invoices. CLPshall prepare and submit monthly invoices to UI for payments due hereunder, including Costs (including the Cost Allocation and charges for Capital Costs incurred during the preceding calendar month with respect to Capital Improvements (unless such Capital Costs shall be billed in advance pursuant to Section 5.4(b))). All invoices shall be subject to true−up for estimates and otherwise in accordance with this Article 6; *provided* that the foregoing shall not affect the restriction on any true−up hereunder, including under Section 4.3. CLPshall supply any reasonably necessary data and calculations supporting an invoice. UI shall pay the full amount of such invoices (including disputed amounts) within thirty (30) days after the date of invoice. Payment shall be made by wire transfer to an account from time to time designated by CL&P, or by other mutually agreeable method(s).

6.2.
Taxes. UI shall be responsible for all applicable Taxes (excluding income taxes imposed on CL&P) associated with payments under this Agreement. CLPshall use reasonable efforts to include, for remittance to the appropriate Governmental Authority, all such sales, use or other applicable Taxes in all invoices submitted hereunder. UI shall be responsible for (a) any such Taxes that CLPis obligated by Law to have collected, but shall not have collected; and (b) identifying and requesting any exemption from the collection of any such Tax by providing appropriate documentation to CL&P. UI's obligations with respect to such Taxes shall survive the termination or expiration of each Step−In Period and/or this Agreement.

6.3.
Estimates. In the event that necessary billing data is not available in time to prepare a monthly invoice (including actual Capital Costs), CLPmay issue an invoice based on an estimate for that billing period, using good faith calculations. Any over−charge or under−charge resulting from such estimate shall be accounted for in the next billing period for which actual data is available.

6.4.
Security Deposit. If UI has provided a security deposit for any Capital Costs pursuant to Section 5.4(b), such security deposit shall not be applied as a credit against the current amount due for the relevant Capital Improvement. Instead, CLPshall refund such

security deposit, together with interest at the rate set forth in Section 5.4(b), to UI after the completion of such Capital Improvement and payment in full by UI of all Capital Costs associated therewith.

6.5. Adjustments; Disputes. CLPmay adjust any invoice previously rendered for any arithmetic, computational or other error, within one (1) year after the date of the invoice. UI may challenge, in good faith, the correctness of all or any portion of any invoice rendered and/or adjusted by CLPunder this Agreement by (written) notice given within one (1) year after the issuance date of the affected invoice, and in the event of such challenge, payment of the full amount, whether or not disputed, shall be made when due. Any billing challenge or billing adjustment shall be given as soon as possible in writing and shall state the specific basis for the challenge or adjustment. An invoice, including an adjusted invoice, rendered under this Agreement shall be conclusive and binding on UI unless challenged in accordance with this Section 6.5 within such one (1) year period from issuance. If it is determined that a payment is required from one Party to the other, such payment shall be made within thirty (30) days after such determination. Notwithstanding anything to the contrary in this Agreement, UI shall not assert as a basis for withholding or otherwise not making payment that the amount(s) in question may or will not be recoverable in regional rates, and UI hereby waives any excuse, right or other defense to payment on that basis.

6.6. Late Charges; Collection Costs. In addition to all other payment obligations hereunder and under Law, if UI fails to make any payment when due hereunder, interest shall accrue thereon as a late charge at the rate of one and one−half percent (1.5%) per month (or if less, the maximum rate allowable by Law (including under applicable FERC requirements)) from the date of issuance of the applicable invoice, which shall be immediately due and payable. UI shall pay for all reasonable costs of collection and enforcement, including reasonable attorneys' fees, which may be incurred by CLPin collecting or attempting to collect amounts due to CLPhereunder or in otherwise enforcing its rights and remedies against UI hereunder including its indemnification rights under Article 9.

6.8. Survival. The applicable provisions of this Agreement shall remain in effect after the expiration or termination of any Step−In Period and/or this Agreement to the extent necessary to provide for final billings, billing adjustments, the resolution of any billing disputes, and payment.

6.9. Dispute Resolution. Any billing dispute that cannot be resolved through good faith negotiations shall be subject to the dispute resolution process in Article 11.

ARTICLE 7.
OPERATIONS DURING STEP−IN

7.1. Scope of Step−In Rights. During each Step−In Period, CLPwill exclusively

manage, operate, and maintain the UI Assets, including all repairs, replacements, upgrades, maintenance, overhauls, inspections, emergency services and procedures, procurement, capital additions and other improvements thereto, in accordance with the terms and conditions of this Agreement. CLPshall be responsible for operation and maintenance means, methods, techniques, sequences, procedures and safety and security programs. The Parties acknowledge that the UI Assets are an integral component of the regional electric transmission system, and as such, ISO−NE retains Operating Authority over the UI Assets in accordance with the terms of the TOA. Subject to the foregoing, during each Step−In Period, CLPwill have full and exclusive control over the physical aspects of the UI Assets, and UI shall not interfere, or allow any Person acting for or on behalf of UI, to interfere in CL&P's operation and maintenance of the UI Assets.

7.2. Performance Standard. During each Step−In Period, CLPshall manage, operate, and maintain the UI Assets in accordance with Good Utility Practices. ***EXCEPT AS SET FORTH IN THIS SECTION 7.2, CLPMAKES NO OTHER GUARANTEES AND/OR WARRANTIES, EXPRESS OR IMPLIED, IN CONNECTION WITH THE MANAGEMENT, OPERATION AND/OR MAINTENANCE OF THE UI ASSETS, OR THE PERFORMANCE OF ANY OBLIGATIONS UNDER THIS AGREEMENT, AND CLPSPECIFICALLY DISCLAIMS ANY IMPLIED WARRANTIES, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.***

7.3. Access. During each Step−In Period, UI shall maintain the License Agreement in full force and effect. UI shall not take any action and/or allow any condition that could interfere with CLPenjoying full access to the Site during each Step−In Period. If any Third Party asserts a Claim or interest based on any act or omission of UI that could impair the full access to the Site by CL&P, and/or otherwise impair CL&P's ability to manage, operate and/or maintain the UI Assets during a Step−In Period, CLPshall defend such Claim and shall take such other actions as are necessary and appropriate to preserve CL&P's use of the Site, all at UI's sole expense (which Costs shall be in addition to, and shall not be considered part of, the Cost Allocation). During each Step−In Period, CLPwill manage access to the UI Assets by Persons other than those acting on behalf of CLPconsistent with Good Utility Practices. Without limiting the generality of the foregoing, during a Step−In Period, UI shall not access, and shall not authorize any Person acting for or on behalf of UI to access, any of the UI Assets without providing (written) notice to CLPat least ten (10) Business Days before the day that UI has scheduled for such access; *provided* that if UI requires such access to address a safety concern and/or other exigent circumstances, UI shall provide (written) notice in advance of such access as is reasonable under the circumstances. UI shall comply and otherwise cooperate with any restrictions required by CLPin connection with such access (including advance notice to affected land owners, compliance with safety requirements, and escorted access). UI shall be solely responsible for, and shall indemnify, and shall defend and save the Indemnified Persons harmless from and against any Liability arising out of such access by UI and/or Persons authorized by UI in accordance with Article 9. UI shall bear all Costs incurred by CLPin

connection with such access; *provided* that CLPshall not charge UI in connection with infrequent requests for access for legitimate business purposes.

7.4. Identification. CLPreserves the right to mark, identify or otherwise designate the UI Assets in connection with the management, operation and/or maintenance of the UI Assets during a Step−In Period. UI shall not take, and shall not allow any Person acting for or on behalf of UI to take any action that could interfere, deface, or otherwise impair the effectiveness of CL&P's identification system.

7.5. Hazardous Materials. To the extent that CL&P's operation and maintenance of the UI Assets hereunder involves the handling, removal, storage, exposure to, disposal of, or other contact with, Hazardous Materials in any manner whatsoever, CLPshall manage such environmental conditions in accordance with Good Utility Practices (including CL&P's procedure for the disposal of wood poles) on UI's behalf, and UI shall, at its sole cost and expense, do all such acts, execute and/or file all such documents (including any manifests and other documents required under Law), and cause to be done all such other things as CLPmay reasonably request from time to time in connection with such conditions; *provided* that CLPshall not charge UI an additional cost for the management of Hazardous Materials if and to the extent that the OMCosts include similar services performed with respect to CLPFacilities (in which case the Cost Allocation already accounts for such management). UI shall be designated as the owner and/or responsible party on any documentation required in connection with any such Hazardous Materials.

7.6. Compliance with Laws. CL&P's exercise of step−in rights hereunder shall not alter, impair and/or otherwise affect UI's obligation to comply with all Law and the rules, regulations and requirements of FERC, NERC, NPCC, ISO−NE, CONVEX and/or any other regional and/or national electric transmission authority (including the Planning Authority) and the TOA, in each case to the extent applicable to the UI Assets. Without limiting the generality of the foregoing, UI shall (a) obtain and maintain any and all Permits for the ownership and/or operation of the UI Assets, including any fees and usage charges associated therewith; and (b) solely bear and timely pay all Taxes (and/or payments in lieu thereof) associated with the UI Assets and UI shall prepare and file or cause to be filed all returns, certificates, applications or other documents relating thereto, in connection with all such Taxes. CLPshall maintain all Permits required for its management, operation and maintenance of the UI Assets during any Step−In Period.

7.7. Insurance. During each Step−In Period, UI shall solely bear all risk of loss and casualty with respect to the UI Assets. UI shall obtain and maintain in effect throughout the Term (unless a longer duration is specified in Schedule 7.7), at a minimum, the insurance coverages set forth in Schedule 7.7 attached hereto and required under Section 9.5, through insurance carrier(s) having an AM Best rating of A or better (or otherwise acceptable to CLPin

its reasonable discretion); *provided* that during the period that UI and/or its Affiliates (as opposed to a Third Party transferee) owns all of the UI Assets, the carrier(s) insuring the other transmission facilities of UI and/or such Affiliates shall be deemed acceptable under this Agreement. All insurance required hereunder shall be endorsed to name CLPand its Affiliates as additional insureds (other than for workers' compensation insurance). The amount of deductibles or self−insured retentions shall be for the sole account of UI. All evidence of insurance maintained by UI (including copies of policies) shall be furnished to CLPwithin ten (10) days after request. No later than ten (10) days after each Exercise Date, UI shall provide CLPwith certificate(s) of insurance demonstrating such coverages, and UI shall ensure that its broker or insurer provides CLPwith replacement certificates evidencing required insurance coverage prior to the expiration of prior certificates. Such certificate(s) shall contain statements (a) indicating that CLPshall receive a (written) notice at least thirty (30) days before cancellation/non−renewal or significant modification of any of such policies; and (b) confirming that CLPand its Affiliates (as their interests may appear) have been named as additional insureds (other than under coverage for workers' compensation) and providing a waiver of subrogation which UI may have against them. Such insurance coverages shall be primary to any other coverage available to CLPor its Affiliates, and shall not be deemed to limit UI's Liability under this Agreement.

7.8. Compliance with CEII and CIP. In addition to compliance with the confidentiality provisions of the Definitive Agreement and Section 13.7, to the extent that UI obtains any CEII during any Step−In Period, UI shall keep confidential any and all CEII whether or not solely applicable to the UI Assets. To the extent that the management, operation and/or maintenance of the UI Assets involve critical assets and critical cyber assets, UI shall be bound by and comply with the NERC Critical Infrastructure Protection ("*CIP*") standards (CIP−002 through CIP−009). In addition, upon request by CL&P, UI shall execute a certificate confirming full compliance with the foregoing obligations.

7.9. Force Majeure. If a Party is prevented, in whole or in part, by a condition of Force Majeure from managing, operating and/or maintaining the UI Assets, such Party shall be excused from whatever performance is affected by the Force Majeure to the extent so affected, during continuance of the Force Majeure. Such Party shall give (written) notice to the other Party of such Force Majeure event as soon as reasonably practical after becoming aware of such event or circumstance. The affected Party shall use commercially reasonable efforts to eliminate the Force Majeure condition; *provided* that the settlement of strikes, walkouts, lockouts, and other labor disputes shall be entirely within the discretion of a Party, and such Party may settle such dispute at such time and on such terms and conditions as it may deem to be advisable. A Force Majeure shall not excuse or otherwise affect UI's obligations hereunder, including the timely payment of Costs (including the Cost Allocation), and to the extent that CLPcontinues to incur the same during continuance of the Force Majeure, Capital Costs.

ARTICLE 8.
LIMITATION OF LIABILITY

8.1.
No Consequential Damages. NEITHER CLPNOR ANY OF ITS AFFILIATES, PARTNERS, AGENTS, SUBCONTRACTORS OR VENDORS, OR THEIR RESPECTIVE EMPLOYEES, SHALL BE LIABLE HEREUNDER FOR CONSEQUENTIAL, SPECIAL, EXEMPLARY, INDIRECT, OR INCIDENTAL DAMAGES OR LOSSES, INCLUDING COST OF CAPITAL, LOSS OF GOODWILL, LOST REVENUES OR INCREASED OPERATING COSTS, REGARDLESS OF ANY UNAVAILABILITY OF ANY UI ASSETS. NONE OF UI OR ITS AFFILIATES, PARTNERS, AGENTS, SUBCONTRACTORS OR VENDORS OR THEIR RESPECTIVE EMPLOYEES SHALL BE LIABLE HEREUNDER FOR CONSEQUENTIAL, SPECIAL, EXEMPLARY, INDIRECT OR INCIDENTAL DAMAGES OR LOSSES. The foregoing waiver of consequential damages shall not affect in any manner UI's indemnification of the Indemnified Persons under Article 9. The waivers, releases and disclaimers of Liability expressed in this Agreement shall survive termination, cancellation or expiration of each Step−In Period and/or this Agreement, and shall apply (unless otherwise expressly indicated) whether in contract, equity, tort or otherwise, even in the event of fault, negligence, including sole negligence, foreseeable damages, strict liability, or breach of warranty of the Party released or whose Liabilities are limited, and shall extend to the partners, principals, directors, officers and employees, agents and other Affiliates of such Party, and their partners, principals, directors, officers and employees.

8.2.
Limitations of CL&P's Liability.

(a)
No CLPLiability. Neither CLPnor any of CL&P's Affiliates shall have any Liability of whatever nature with regard to, and/or arising out of, any contracts, agreements and/or other undertakings of UI and/or any of UI's Affiliates relating to the operation and/or maintenance of the UI Assets or any portion thereof, including performing any of UI's obligations under, and/or otherwise complying with, any such agreements. UI shall solely bear any Liability associated with each such agreement including the economic consequences of each such agreement, any Proceeding resulting from any such agreement, and/or any adverse effect of whatever nature on any of the UI Assets due to any such agreement. UI shall indemnify, defend and save the Indemnified Persons harmless from and against any Liability relating to, and/or arising out of, each such agreement in accordance with Article 9.

(b)
Damage Limitation. Neither UI nor any of UI's Affiliates shall be entitled to recover from CLPand/or any of CL&P's Affiliates for any damages resulting from the error or delay in the management, operation and/or maintenance of any of the UI Assets, any damage to any of the UI Assets, any outage or other unavailability of any of the UI Assets, or any damages of any kind occurring during the management, operation and/or maintenance of any of the UI Assets or otherwise arising out of the exercise and/or attempted exercise of rights under this Agreement, *unless* such damages shall have resulted from a conscious, voluntary act or omission by CLPin reckless disregard of a legal duty and of the consequences to another

Person.

(c) Maximum CLPLiability. To the fullest extent allowable under Law and without limiting the scope of the limitations set forth in this Section 8.2 and elsewhere in this Agreement, CL&P's aggregate Liability to UI and/or any of its Affiliates under or on account of this Agreement, whether founded in contract, tort (whether due to negligence, gross negligence, willful misconduct, strict liability or otherwise), statute or regulation, indemnity or otherwise, shall at all times be limited to:

(i) in the case of Liability arising out of, and/or relating to the exercise of rights by CLPpursuant to Section 2.1(a), fifty percent (50%) of the aggregate Cost reimbursement paid by UI to CLPin connection with such exercise; and

(ii) in all other instances, the lower of (1) fifty percent (50%) of the aggregate Cost reimbursement paid by UI to CLPfor the Step−In Period in which CLPincurred such Liability; or (2) One Million Two Hundred Thousand Dollars ($1,200,000.00).

(d) Waiver. UI hereby irrevocably waives, releases and discharges any and all rights, entitlements, objections, Claims, discrepancies, disputes or other challenges, direct or indirect, relating to, or arising out of, any Liability of CLPand/or any of its Affiliates in excess of the limitations set forth in this Section 8.2.

(e) Survival. The provisions of this Section 8.2 shall survive termination or expiration of each Step−In Period and/or this Agreement.

8.3. No Recourse. UI shall not have any recourse whatsoever against any of the directors, officers or employees of CLPor against any of CL&P's Affiliates. Without limiting the generality of the foregoing, UI, on behalf of itself and UI's Affiliates, hereby fully and irrevocably waives any right, Claim or entitlement whatsoever against any such directors, officers or employees and/or such Affiliates relating to any Liability suffered or incurred by any of them from any acts or omissions of any of such Persons. This Section 8.3 shall survive termination or expiration of each Step−In Period and/or this Agreement.

ARTICLE 9. INDEMNIFICATION

9.1. General Indemnification by UI. UI shall be responsible for and shall indemnify, and shall defend and save CL&P, its Affiliates and their respective employees, trustees, shareholders, officers, and directors, as well as their respective agents, contractors and consultants (each, an "*Indemnified Person*") harmless from and against any and all Proceedings and/or Liabilities whatsoever (including consequences resulting from exposure to EMFs), regardless of whether or not such Liability is caused by or is attributable in whole or in part to any negligent act or omission of an Indemnified Person, suffered or incurred by any of such

Indemnified Persons arising out of, and/or related to, the UI Assets and/or UI's failure to operate and maintain any or all of the UI Assets in accordance with Good Utility Practices; *provided* that if and to the extent that a court of competent jurisdiction conclusively determines that any such Liability has been solely caused by the a conscious, voluntary act or omission of an Indemnified Person in reckless disregard of a legal duty and of the consequences to another Person, then the foregoing indemnification shall not extend to (a) such Indemnified Person to the extent of the Liability solely caused by such act or omission of such Indemnified Person; or (b) any Indemnified Person to the extent of the Liability solely caused by such act or omission of such Indemnified Person if such Indemnified Person acted pursuant to authorized corporate action of CL&P.

9.2. Environmental Indemnification by UI. Without limiting the generality and scope of Section 9.1, UI agrees to indemnify each Indemnified Person against, and defend and hold each of them harmless from any and all Environmental Liabilities (collectively, the "*Indemnified Environmental Obligations*") suffered or incurred by any of them, including any such Indemnified Environmental Obligation alleged, asserted, initiated or otherwise existing in respect of injury to persons, including death, and damage to property, business and/or natural resources or trespass or nuisance to property suffered by any Person. The foregoing indemnification shall include any Indemnified Environmental Obligation arising out of, and/or relating to, any acts or omissions of CL&P, any consultants, contractors, subcontractors, transporters, recyclers, or any treatment, storage or disposal facility or location used by CLPor such other Persons, whether or not based upon any act or omission on or off the Site. Further, Indemnified Environmental Obligations shall include any Liability suffered, incurred and/or imposed as a result of actions pursued by any Governmental Authority. If and to the extent that a court of competent jurisdiction conclusively determines that any such Liability has been solely caused by the conscious, voluntary act or omission of an Indemnified Person in reckless disregard of a legal duty and of the consequences to another Person, then the foregoing indemnification shall not extend to (a) such Indemnified Person to the extent of the Liability solely caused by such act or omission of such Indemnified Person; or (b) any Indemnified Person to the extent of the Liability solely caused by such act or omission of such Indemnified Person if such Indemnified Person acted pursuant to authorized corporate action of CL&P.

9.3. Indemnification Notice. Whenever a Claim for indemnification shall arise under this Article 9, the affected Indemnified Person(s) shall give notice to UI of the Claim, including reasonable detail about the facts and circumstances thereof. Such notice shall be given as soon as reasonably practical following the time that such Indemnified Person realized its entitlement to indemnification hereunder. Notwithstanding the foregoing, the failure to provide such notice shall not prejudice, impair or otherwise adversely affect in any manner whatsoever the rights of the Indemnified Persons and the obligations of UI, and such Indemnified Person(s) shall have no Liability to UI as a result of the failure to provide such notice and such Indemnified Person(s) shall have all of the rights and benefits provided for in this Agreement, notwithstanding failure to provide such notice *except* to the extent that such failure to provide notice prevents UI from, or

materially disadvantages UI in, effectively defending any Claim to which UI's indemnification obligations under this Article 9 apply. Any notice given by an Indemnified Person pursuant to this Section 9.3 shall be deemed to have satisfied the notice requirement with respect to any Managed Claim.

9.4. Indemnification Procedure.

(a) Assumption of Defense. If UI has acknowledged, by notice given to the affected Indemnified Person(s) within a reasonable period after receiving the notice from such Indemnified Person(s) (based on the circumstances, but no more than five (5) Business Days after receipt of such notice), its indemnification obligation with respect to a particular Claim, UI, upon giving such notice to such Indemnified Person(s), may assume, at its sole cost and expense, the defense of any Claim by a Third Party. Counsel selected for such defense of any Claim by a Third Party shall be reasonably acceptable to such Indemnified Person(s), and such Indemnified Person(s) shall be entitled to participate in (but not control) such defense through its/their own counsel and at its/their own cost and expense; *provided* that, if the counsel selected by UI advises that, due to actual or potential conflicts, separate counsel should represent such Indemnified Person(s), the expense of such separate counsel shall be an indemnified expense in accordance with the terms and conditions hereof, the full cost of which shall be borne by UI. Such Indemnified Person(s) shall reasonably cooperate with UI in connection with the defense of such Claim by a Third Party. Notwithstanding anything to the contrary herein, each Indemnified Person shall have the right to retain separate counsel to represent such Indemnified Person, at the sole cost and expense of such Indemnified Person concerning such Claim by a Third Party, *except* to the extent such cost and expense are subsequently determined to be an indemnified expense.

(b) Indemnified Persons' Rights. If UI does not acknowledge its indemnification obligation for a particular Claim by a Third Party, or does not timely assume the defense thereof, such Indemnified Person may defend such claim in such manner as it may deem appropriate. UI shall bear all of the costs and expenses, including attorneys' fees, incurred by each Indemnified Person in connection with such defense all of which shall be paid from time to time within twenty (20) days after UI receives a (written) request from any Indemnified Person for reimbursement (including reasonably detailed documentation in support of any such request), and UI shall be entitled to participate (but not control) such defense through its own counsel and at its own cost and expense. UI shall reasonably cooperate with such Indemnified Person in connection with the defense of such Claim by a Third Party.

(c) UI Obligations. Notwithstanding its control of a defense of any Claim by a Third Party, UI shall not (i) make any admission or take any other action that is binding on, or otherwise attributable to any Indemnified Person; and/or (ii) consent to any settlement, entry of an Order or other disposition, in any or all instances without the prior written consent of the affected Indemnified Person(s).

(d) Managed Claims. Notwithstanding anything to the contrary in this Section 9.4 and without affecting in any manner UI's Liability with respect to any Claim to which UI's indemnification obligations apply under this Article 9, Managed Claims shall be managed and controlled pursuant to Paragraph F of the Purchase and Sale Terms.

9.5. Insurance. UI shall obtain, and maintain at its sole cost and expense, such insurance as will insure its obligations under this Article 9; *provided* that the amount of available insurance shall not limit or otherwise restrict UI's indemnity obligations hereunder. Nothing in this Article 9 shall prejudice or otherwise impair the rights of CLPwith respect to insurance coverage.

9.6. Survival. Indemnification shall apply irrespective of the date of the assertion of any Claim against an Indemnified Person and/or whether the Indemnified Person suffers or incurs any Liability before or after the expiration or earlier termination of any Step−In Period and/or this Agreement. The applicable provisions of this Agreement shall remain in effect after the expiration or termination of this Agreement to the extent necessary to provide for the determination and enforcement of UI's indemnification obligation with respect to acts or events that occurred while this Agreement was in effect.

9.7. Indemnification Limitation. Any indemnification or similar hold harmless obligation(s) under this Agreement shall not be enforceable to the extent that a court of competent jurisdiction conclusively determines that such obligation(s) is/are prohibited by Law. The Parties expressly acknowledge that none of the Transaction Documents constitutes a "contract or agreement relative to the construction, alteration, repair or maintenance of any building, structure or appurtenances thereto" as that phrase is used in Connecticut General Statutes § 52−572k.

ARTICLE 10.
TERM

10.1. Term. This Agreement shall become effective upon the Effective Date and, unless earlier terminated by mutual agreement of the Parties, shall remain in effect until the earlier to occur of:

(a) UI permanently retires all of the UI Assets in accordance with the requisite approval(s) from the Governmental Authorities, in which case the term of this Agreement shall automatically expire as of the date that UI commences the dismantling and removal of the UI Assets;

(b) the consummation of the Repurchase Closing; or

(c) the consummation of the Put Closing.

The Parties acknowledge that any developments with respect to the UI Assets, including the partial retirement thereof, shall not terminate, impair, change, and/or otherwise affect in any manner whatsoever this Agreement.

10.2. Effect of Termination. Termination of this Agreement shall not affect any Liability incurred or accrued by, or on behalf of, UI hereunder prior to the effective date of such termination. Without limiting the generality of the foregoing, CLPshall be compensated for all amounts due hereunder through the date of termination. Nothing herein shall affect in any manner whatsoever the Liability of UI to dismantle and remove the UI Assets and to restore the Site after retirement of any UI Assets.

10.3. OMAgreement. The effectiveness of this Agreement shall be temporarily suspended during any period in which the OMAgreement for the UI Assets remains in effect.

ARTICLE 11.
DISPUTE RESOLUTION

11.1. Negotiation Between Executives. The Parties shall attempt in good faith to promptly resolve any dispute arising out of or relating to this Agreement by negotiation between executives who have authority to settle the controversy and who are at a higher level of management than the Persons with direct responsibility for administration of this Agreement. Either Party may give the other Party (written) notice of any dispute not resolved in the normal course of business. Such notice shall include: (a) a statement of that Party's position and a summary of arguments supporting that position; and (b) the name and title of the executive who will be representing that Party and of any other Person who will accompany the executive. Within fifteen (15) days after delivery of the notice, the receiving Party shall respond with: (i) a statement of that Party's position and a summary of arguments supporting that position; and (ii) the name and title of the executive who will represent that Party and of any other Person who will accompany the executive. Within thirty (30) days after delivery of the initial notice, the designated executives of both Parties shall meet at a mutually acceptable time and place, and thereafter as often as they deem necessary, in good faith, to attempt to resolve the dispute. All reasonable requests for information made by one Party to the other will be honored. All negotiations pursuant to this Section 11.1 shall be confidential, subject to the provisions of Section 13.7 and shall be treated as compromise and settlement negotiations for purposes of Law and rules of evidence.

11.2. Mediation. If the dispute has not been resolved by negotiation within forty−five (45) days after the disputing Party's notice, or if the Parties have failed to meet within thirty (30) days, each as contemplated in Section 11.1, the Parties shall attempt to settle the dispute by mediation under the then current CPR Mediation Procedure; *provided*, *however*, that if one Party refuses or fails to participate in negotiation pursuant to Section 11.1, the other Party may then immediately initiate mediation prior to the expiration of the forty−five (45) day negotiation

period. Unless otherwise agreed, the Parties will select a mediator from the CPR Panels of Distinguished Neutrals.

11.3. Arbitration. Any dispute arising out of or relating to this Agreement, including the breach, termination or validity thereof, that has not been resolved by a non−binding procedure as provided in Section 11.1 and/or Section 11.2 within ninety (90) days after notice of the dispute, shall be resolved by final and binding arbitration in accordance with the then current CPR Rules for Non−Administered Arbitration by a sole neutral arbitrator designated in accordance with CPR Rule 5.3, for any dispute involving amounts in the aggregate under Three Million Dollars ($3,000,000.00), or, for any dispute involving amounts in the aggregate equal to or greater than Three Million Dollars ($3,000,000.00), by three (3) arbitrators, with each Party designating one (1) arbitrator in accordance with the "screened" appointment procedure set forth in CPR Rule 5.4, and with the third arbitrator being appointed in accordance with CPR Rule 5.4(e); *provided, however*, that if either Party will not participate in a non−binding mediation Proceeding as specified in Section 11.2, the other Party may thereafter immediately initiate arbitration (before expiration of the above−mentioned ninety (90) day period). The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1−16, inclusive, and judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction thereof. The place of arbitration shall be Hartford, Connecticut.

11.4. Powers of Arbitrator(s). Except with respect to any and all Claims of Third Parties, the arbitrator(s) are not empowered to award damages in excess of compensatory damages (subject to the limitation on Liability set forth herein) and each Party expressly waives and foregoes any right to have the arbitrator(s) award indirect, incidental, consequential, special, exemplary, punitive or similar damages, except to the extent Law requires that compensatory damages be increased in a specified manner, or except with respect to any and all Claims of Third Parties. All costs of the arbitration shall be paid equally by the Parties, unless the award shall specify a different division of such costs. Each Party shall be responsible for its own expenses, including attorneys' fees. Each Party shall be afforded adequate opportunity to present information in support of its position on the dispute being arbitrated. The arbitrator(s) also may request additional information from the Parties.

11.5. Deferral. The Parties may agree to defer any arbitration Proceeding, without prejudice to any Indemnified Person, pending the resolution of a particular Claim by a Third Party disputed by the Parties.

11.6. Continued Performance. Notwithstanding the existence of any dispute or controversy between the Parties, UI shall continue to make disputed and undisputed payments to CLPin accordance with the terms hereof.

11.7. Compelled Arbitration. Each Party will proceed in good faith to conclude the arbitration Proceeding as quickly as reasonably possible. If a Party refuses or fails to participate

in an arbitration Proceeding as required by this Agreement, the other Party may petition any Governmental Authority having proper jurisdiction for an order directing such Party to participate in the arbitration Proceeding. All costs and expenses, including attorneys' fees, incurred by the petitioning Party in enforcing such participation will be paid for by the refusing Party.

11.8 Related Parties and Proceedings.

(a) Related Parties. Each Party shall have the right, but not the obligation, to join or otherwise require others (including any guarantor of such Party's obligations) to participate as parties and/or witnesses, in the sole and exclusive discretion of each such Party exercised in good faith, in any dispute resolution Proceeding hereunder (including any negotiation between executives, mediation and/or arbitration). If either Party, in its sole and exclusive discretion exercised in good faith, exercises such right, then such additional party and/or parties shall be an equal participant in, and subject to all rules and requirements of, such Proceeding; *provided* that if such additional participation involves an arbitration Proceeding for disputes involving amounts in the aggregate equal to or greater than Three Million Dollars ($3,000,000.00), then three (3) arbitrators shall be designated pursuant to the "screened" appointment procedure referenced in Section 11.3, with one (1) arbitrator being appointed by CL&P, one (1) arbitrator being appointed by UI, and the third arbitrator appointed in accordance with CPR Rule 5.4(e).

(b) Participation. Each Party shall have the right, but not the obligation, to require the other Party to join or otherwise participate as a party and/or witness, in the sole and exclusive discretion of such Party exercised in good faith, in any dispute resolution Proceeding (including any negotiation between executives, mediation and/or arbitration) involving all or any portion of the UI Assets. If either Party, in its sole and exclusive discretion exercised in good faith, exercises such right, then the other Party shall act in good faith, coordinate and cooperate with such Party and the other parties to the Proceeding, and otherwise proceed as though such Proceeding involved a dispute under this Agreement. Both Parties hereby consent to being so joined and waive and release, to the fullest extent permitted by Law, any objection, right or other Claim that such Party cannot be compelled or otherwise has no obligation to participate in any such Proceeding. The joined or otherwise participating Party shall solely bear all costs and expenses incurred in connection with such participation.

(c) Compelled Participation. If either Party refuses or fails to comply with this Section 11.8, in whole or in part, the other Party may petition any Governmental Authority having proper jurisdiction for an order directing such refusing or non−complying Party to so comply. All costs and expenses, including attorneys' fees, incurred by the other Party in enforcing such participation will be paid by such refusing or non−complying Party.

ARTICLE 12.
REPRESENTATIONS

As of the Effective Date, each Party represents and warrants to the other Party that: (a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, (b) the execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party, or any Law applicable to it, (c) this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, and (d) there is not pending or, to its knowledge, threatened against it any Proceedings that could materially adversely affect its ability to perform its obligations under this Agreement.

ARTICLE 13.
MISCELLANEOUS

13.1.
Applicable Law.

(a)
Governing Law. This Agreement and the rights and duties of the Parties hereunder shall be governed by and construed, enforced and performed in accordance with the Law of the State of Connecticut, without regard to principles of conflicts of law thereof, except to the extent that the Law of another jurisdiction must govern certain aspects of the enforcement of the rights and remedies of the Parties (including legal process and procedure).

(b)
Jurisdiction. The Parties hereby consent to the exclusive personal and subject matter jurisdiction of the courts of the State of Connecticut for enforcement of the outcome of any and all arbitration Proceedings pursuant to Article 11 and any other legal or equitable Proceedings arising out of or relating to this Agreement. Each Party hereby irrevocably waives and releases, to the fullest extent permitted by Law: (i) any objection to the venue of any such Proceeding brought in such a court; and (ii) any Claim that any such Proceeding brought in such court has been brought in an inconvenient forum.

(c)
Waiver of Jury Trial. The Parties hereby expressly, irrevocably, fully and forever, release, waive and relinquish any and all right to trial by jury with respect to any action by or against the other arising under this Agreement.

13.2.
Binding Effect; Assignment.

(a)
This Agreement shall be binding upon the Parties and their respective successors and permitted assigns.

(b)
UI is not authorized to and shall not directly or indirectly (through an equity sale, merger or other transaction) sell, assign or otherwise transfer its interest in this Agreement, in whole or in part, other than in full compliance with Paragraph H of Exhibit D to the Definitive Agreement, in which case this Agreement shall be assigned to any Person that so

acquires ownership of the UI Assets.

(c) CLPshall not assign or otherwise transfer its interest in this Agreement without the prior (written) consent of UI, which shall not be unreasonably withheld or delayed; *provided, however*, CLPmay assign, without recourse, this Agreement without the consent of UI to (i) an Affiliate; (ii) any Person acquiring all or substantially all of the electric transmission assets of CLP and/or (iii) any Person providing operations and maintenance services to CLPFacilities located in the vicinity of the UI Assets. CLPalso may assign this Agreement without the consent of UI to any Person if CLPremains unconditionally liable for all of the obligations and other Liabilities of such transferee hereunder notwithstanding such transfer. Any and all rights and/or obligations of CLPunder this Agreement may be exercised and/or performed by NUSCO or any other Affiliate of CLPacting as agent for CL&P, and such performance shall not constitute an assignment and/or assumption of Liability by NUSCO and/or any such Affiliate.

(d) Any purported direct or indirect sale, assignment or other transfer of any interest, in whole or in part, in violation of this Section 13.2 shall be null, void and of no force or effect.

(e) Notwithstanding anything to the contrary in this Section 13.2 or elsewhere in this Agreement and without limiting CL&P's discretion with respect to any proposed transfer, unless otherwise directed by CL&P, this Agreement shall be assigned to any purchaser or other transferee of the UI Assets, to the extent of the transferred interest, under an assumption and assignment agreement pursuant to which the transferee agrees to be bound by the terms of this Agreement in a form acceptable to CL&P. Without limiting the generality of the foregoing, in connection with such assumption and assignment, such purchaser or other transferee of the UI Assets shall demonstrate to CLPcompliance with all of the requirements of this Agreement applicable to UI, including the maintenance of insurance pursuant to Section 7.7.

13.3. Notices. All notices, demands, directions, approvals, requests, acknowledgements, consents, authorizations, invoices and/or other communications required or permitted to be given hereunder by the Parties shall be in writing, sent to the recipient's address set forth below and shall be effective: (a) when personally delivered to the recipient; (b) five (5) days after deposit of the notice addressed as provided below in the U.S. mail, if sent by U.S. certified mail, return receipt requested; or (c) one (1) Business Day after deposit with a recognized overnight courier or delivery service for delivery on the next Business Day.

The addresses for notice are:

UI:

The United Illuminating Company

157 Church Street
New Haven, Connecticut 06510
Attention:
_____

With a copy to:

The United Illuminating Company
157 Church Street
New Haven, Connecticut 06510
Attention:
General Counsel

CL&P:

c/o Northeast Utilities Service Company
107 Selden Street
Berlin, Connecticut 06037
Attention:
_____

With a copy to:

Northeast Utilities Service Company
P. O. Box 270
Hartford, Connecticut 06141
Attention:
General Counsel

Address for couriers:

56 Prospect Street
Hartford, Connecticut 06103−2818

Either Party may send any such notice or other communication using any other means (including personal delivery, expedited courier, messenger service, ordinary mail, or electronic mail), but no such notice or other communication using such other means shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Either Party may change the address to which notices and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

13.4. Waivers. Any and all waivers by either Party of any breach of, and/or other non−compliance with, any term and/or condition of this Agreement must be in writing, delivered to the other Party in accordance with Section 13.3. The waiver by either Party of any breach of, and/or other non−compliance with, any term and/or condition of this Agreement shall not operate or be construed as a waiver of any subsequent breach or non−compliance (except to the extent expressly

so stated in the applicable (written) waiver). No course of dealing shall operate as a waiver of any right, power or privilege hereunder and no single or partial exercise of any such right, power or privilege shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

13.5. Invalid Provisions. If any provision of this Agreement is adjudged in arbitration or by a court of competent jurisdiction to be illegal, invalid or unenforceable at law or in equity for any reason, the same shall, if possible, be modified to the extent necessary to make it legal, valid and enforceable, or, if not possible, such provision shall be deleted. The remaining provisions of this Agreement shall remain enforceable notwithstanding the illegality, invalidity or unenforceability of any individual provision. The Parties also shall negotiate an equitable adjustment to this Agreement with a view toward effecting, to the extent possible, the original purpose and intent of the severed provision.

13.6. Survival. All agreements, representations, warranties and covenants made by each Party in this Agreement and in the documents delivered by each Party pursuant to this Agreement shall be considered to have been relied upon by the other Party and shall survive expiration or earlier termination of this Agreement for so long as is necessary to fulfill the intent thereof. All requirements, terms, conditions and provisions that by their nature are incapable of being fully performed within the Term, including each Party's non−disclosure obligations, UI's payment obligations, and UI's indemnities for the benefit of Indemnified Persons, shall survive cancellation, termination or expiration of this Agreement for so long as is necessary to fulfill the intent thereof. The remaining terms and conditions of this Agreement shall survive to the extent necessary to give effect to such surviving requirements, terms, conditions and provisions.

13.7. Confidentiality. During the Term and for a period of one (1) year thereafter, each Party shall (a) keep confidential the terms of this Agreement and all written information furnished by the other Party in furtherance hereof and conspicuously marked as "Confidential Information;" (b) not disclose or reveal, except as permitted pursuant to this Section 13.7, any such confidential information to any Person other than such Party's employees directly involved with the transactions contemplated hereby; and (c) not use such information other than consistent with the terms hereof. Each Party shall notify the other Party of any unauthorized disclosure and shall be responsible for any breach hereof by such Party and its representatives. The receiving Party and/or its representatives may disclose such confidential information under any of the following conditions:

(i) if required by Law, including as required in connection with Permits contemplated hereunder;

(ii) to attorneys for, or consultants or independent public accountants of, any Party, or any Person who has provided financing to a Party for the transactions contemplated hereunder, *provided* that in each case only if such Person shall be bound by a

confidentiality agreement embodying the terms of this Section 13.7;

(iii) if required to be disclosed in connection with the prosecution or defense of any litigation;

(iv) if such confidential information is or becomes part of the public domain by means other than actions taken by the receiving Party or on its behalf;

(v) if the receiving Party rightfully received such confidential information from sources other than the disclosing Party without breach of an obligation of confidentiality;

(vi) if the receiving Party independently developed such information without reliance on the confidential information disclosed by the disclosing Party; or

(vii) if agreed to in writing by the disclosing Party.

In the event disclosure is made pursuant to clause (i), the Party effecting such disclosure shall (1) promptly notify the other Party thereof so that such Party may seek a protective order or other appropriate remedy, and (2) use reasonable efforts to minimize the scope of any disclosure and to require that the recipient(s) maintain the confidentiality of any confidential information covered by this Section 13.7. Notwithstanding anything to the contrary in this Agreement, the receiving party shall not make use of any such confidential information other than for the sole purpose of operating and/or maintaining the UI Assets. Each Party acknowledges that the other Party would not have an adequate remedy at law and would be irreparably harmed if such Party breached this Section 13.7; accordingly, without prejudice to the rights and remedies otherwise available, each Party shall be entitled to equitable relief by way of injunction to prevent breaches of this Section 13.7 by the other Party or any other recipients of such confidential information.

13.8. Publicity. Except as required by Law, UI shall not publicize (including through any press release, advertising or other promotional or publicity activity) the relationship between the Parties, this Agreement, or the transactions contemplated hereunder without the prior (written) consent of CLP(which consent may be granted or withheld in CL&P's sole and exclusive discretion) whether prior to or after expiration or earlier termination of this Agreement.

13.9. Further Assurances. The Parties shall from time to time, execute and deliver such additional instruments, documents, conveyances or assurances and take such other actions as shall be necessary, or otherwise reasonably requested by the other Party, to clarify, confirm and assure the rights and obligations provided for in this Agreement.

13.10. Counterparts/Facsimiles/PDF Copies. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in

making proof of this Agreement or the terms hereof to produce or account for more than one of such counterparts; *provided* that the counterpart produced bears the signature of the Party sought to be bound. Facsimile signatures and "portable document format" (PDF) copies of signatures shall be deemed original signatures.

13.11. FERC Acceptance. The effectiveness of this Agreement shall be subject to acceptance by FERC of the terms and conditions hereunder. If FERC does not accept this Agreement, or conditions acceptance of this Agreement, the Parties shall negotiate in good faith to develop an alternate arrangement (including appropriate modifications to this Agreement) that will accomplish the purpose and intent of this Agreement in a manner acceptable to FERC. The effectiveness of the termination of this Agreement shall be subject to acceptance by FERC, if and to the extent required.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement as of the Effective Date.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the Effective Date.

THE UNITED ILLUMINATING COMPANY

By: _____

Name:
Title:

Duly Authorized

THE CONNECTICUT LIGHT AND POWER COMPANY

By: _____

Name:
Title:

Duly Authorized

STATE OF CONNECTICUT)
) ss.
Berlin COUNTY OF HARTFORD)

This Agreement was acknowledged before me on the ___day of _____ , [___], by_____ , a_____ of The United Illuminating Company, a specially chartered Connecticut corporation, on behalf of said corporation.

My Commission Expires:

_____

Notary Public

_____

Notary's Printed/Typed Name

STATE OF CONNECTICUT
)
) ss.
Berlin
COUNTY OF
HARTFORD

This Agreement was acknowledged before me on the ___day of _____ , [___], by_____ , a_____ of The Connecticut Light and Power Company, a specially chartered Connecticut corporation, on behalf of said corporation.

My Commission Expires:
_____

Notary Public

_____

_____
Notary's Printed/Typed Name

Schedule 7.7
Insurance

UI shall maintain the following insurance coverages in accordance with Sections 7.7 and 9.5 of this Agreement:

(a) Workers' Compensation − Statutory coverage and Employers Liability Insurance with limits of $1,000,000.

(b) General Liability Insurance excluding Professional Liability but including Operations, Products and Completed Operations, Contractual Liability and Broad Form Property Damage Liability written in one or more layers with a combined single limit for Bodily Injury and Property Damage of $20,000,000 per occurrence and annual aggregate. Products and Completed Operations coverage shall remain in effect for a minimum of three (3) years from the date of termination of this Agreement.

(c) Comprehensive Automobile Liability Insurance, including all owned, non−owned, and hired vehicles, with a combined single limit for Bodily Injury and Property Damage of $20,000,000 per accident.

EXHIBIT J − INTENTIONALLY OMITTED

Schedule A

Calculation of Deposit Rate for payments on UI Investments

The following calculations and assumptions will be used to establish the Deposit Rate.

1. Process for calculating Deposit Rate.

The Deposit Rate will be calculated on dates agreed to by both Parties, but will be calculated at least once every 365 calendar days. CLPwill perform an estimated quarterly Deposit Rate calculation that will be trued up in June of each year for the prior calendar year, based on FERC Form 1 data.

2. Deposit Rate formula.

The annual Deposit Rate will equal (a) the Return on Deposits, plus (b) Federal Income Tax Component, plus (c) State Income Tax Component.

(a) Return on Deposits will be calculated based on CL&P's average[1] capital structure for the period of the calculation, and will equal the sum of:

i. the long term debt component, which equals the product of the actual weighted average embedded debt rate to maturity of CL&P's long−term debt then outstanding and the ratio of long−term debt to CL&P's total capital;

ii. the preferred stock component, which equals the product of the actual weighted average embedded preferred stock rate to maturity of the CLPpreferred stock then outstanding and the ratio of preferred stock to CL&P's total capital; and

iii. the return on equity component, which equals the product of the Return on Equity ("ROE"), fixed at **11.14%**, unless and until adjusted by mutual agreement (or pursuant to an annual review)[2] and the ratio of CLPcommon equity to CL&P's total capital.

(b) Federal Income Tax Component will equal:

[(A x (FT)] divided by (1−FT)

where FT is the Federal Income Tax Rate and A is the sum of the preferred stock component and the return on equity component, as defined in Sections 2(a)ii and 2(a)iii of this Schedule A.

(c) State Income Tax Component will equal:

[(A + Federal Income Tax) x (ST)] divided by (1−ST)

where ST is the State Income Tax Rate and A is the sum of the preferred stock component and return on equity component, as defined in Sections 2(a)ii and 2(a)iii of this Schedule A.

3. Payment Date.

Except as otherwise agreed by both Parties, the payment due on UI Investments held by CLPwill be calculated as of the end of each calendar quarter when information becomes available. Payment due will be remitted to UI within 60 days after the calendar quarter's end ("Payment Date") pursuant to Section 3(n) of this Agreement. CLPshall be entitled to estimate (subject to true−up) components of the Deposit Rate to the extent that such information is not reasonably available sufficiently in advance of the Payment Date. Any such true−up shall be effected within a reasonable time after the previously estimated information becomes available.

4. Payment formula.

The amount payable to UI on each Payment Date will equal a quarterly payment based on the average balance of deposits made by UI multiplied by the quarterly Deposit Rate.

(a) Average deposit balance to be calculated as:

i. the total year to date UI Investments on deposit as of the quarter end prorated for the number of days deposits are held by CLPfor payments made during the then current calendar year (including after taking into account any transfer of UI Assets (and resulting reduction in UI Investments) and/or any refund of UI Investments pursuant to this Agreement).

(b) The quarterly Deposit Rate to be calculated as:

i. The yearly Deposit Rate as described in Section 2 of this Schedule A divided by 4 (the number of payment periods (quarters) in one year).

Footnotes

[1] Average is calculated as (beginning of period value + end of period value) / 2

[2] Any such adjustment to the fixed rate shall be subject to the receipt, on terms satisfactory to each Party (in the sole and exclusive discretion of such Party exercised in good faith), of any required FERC authorization and approval.

The Connecticut Light and Power Company

Exhibit 12

Ratio of Earnings to Fixed Charges
(unaudited)

(Thousands of Dollars)	Six Months Ended June 30, 2010	For the Years Ended December 31, 2009	2008	2007	2006	2005
Earnings, as defined:						
Net income	$ 92,498	$ 216,316	$ 191,158	$ 133,564	$ 200,007	$ 94,845
Income tax expense/(benefit)	69,102	118,847	77,852	52,353	(43,961)	32,174
Equity in (earnings)/losses of regional nuclear generating companies	(68)	(282)	(366)	(1,901)	854	(1,153)
Dividends received from regional equity investees	–	1,520	–	2,596	1,407	412
Fixed charges, as below	80,051	163,887	165,170	155,557	131,923	133,321
Less: Interest capitalized (including AFUDC)	(1,383)	(2,203)	(12,991)	(10,924)	(6,610)	(6,719)
Total earnings, as defined	$ 240,200	$ 498,085	$ 420,823	$ 331,245	$ 283,620	$ 252,880
Fixed charges, as defined:						
Interest on long−term debt (a)	$ 67,262	$ 133,422	$ 104,954	$ 84,292	$ 64,873	$ 59,019
Interest on rate reduction bonds	5,275	19,061	29,129	37,728	46,692	55,796
Other interest (b)	3,197	3,334	12,163	16,413	6,281	5,220
Rental interest factor	2,934	5,867	5,933	6,200	7,467	6,567
Interest capitalized (including AFUDC)	1,383	2,203	12,991	10,924	6,610	6,719
Total fixed charges, as defined	$ 80,051	$ 163,887	$ 165,170	$ 155,557	$ 131,923	$ 133,321
Ratio of Earnings to Fixed Charges	3.00	3.04	2.55	2.13	2.15	1.90

(a) Interest on long−term debt amounts include amortized premiums, discounts and capitalized expenses related to indebtedness.

(b) For the six months ended June 30, 2010 and for the years ended December 31, 2009, 2008 and 2007, other interest includes interest related to accounting for uncertain tax positions.

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES−OXLEY ACT OF 2002

I, Leon J. Olivier, certify that:

1.
I have reviewed this quarterly report on Form 10−Q of The Connecticut Light and Power Company (the registrant);

2.
Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.
Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.
The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a−15(e) and 15d−15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a−15(f) and 15d−15(f)) for the registrant and have:

(a)
Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)
Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)
Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)
Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.
The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a)
All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)
Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2010

/s/ Leon J. Olivier

Leon J. Olivier
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES−OXLEY ACT OF 2002

I, David R. McHale, certify that:

1.
I have reviewed this quarterly report on Form 10−Q of The Connecticut Light and Power Company (the registrant);

2.
Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.
Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.
The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a−15(e) and 15d−15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a−15(f) and 15d−15(f)) for the registrant and have:

(a)
Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)
Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)
Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)
Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.
The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a)
All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)
Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2010

/s/ David R. McHale

David R. McHale
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES−OXLEY ACT OF 2002

In connection with the quarterly report of The Connecticut Light and Power Company (the registrant) on Form 10−Q for the period ending June 30, 2010 as filed with the Securities and Exchange Commission (the Report), we, Leon J. Olivier, Chief Executive Officer of the registrant and David R. McHale, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes−Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the registrant.

/s/ Leon J. Olivier
Leon J. Olivier
Chief Executive Officer

/s/ David R. McHale
David R. McHale
Executive Vice President and Chief Financial Officer

Date: August 6, 2010

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

Public Service Company of New Hampshire
Ratio of Earnings to Fixed Charges
(unaudited)

Exhibit 12

(Thousands of Dollars)	Six Months Ended June 30, 2010	For the Years Ended December 31, 2009	2008	2007	2006	2005
Earnings, as defined:						
Net income	$ 37,426	$ 65,570	$ 58,067	$ 54,434	$ 35,323	$ 41,739
Income tax expense	23,719	31,990	21,996	22,794	39,183	12,234
Equity in (earnings)/losses of regional nuclear generating companies	(12)	(50)	(62)	(343)	74	(230)
Dividends received from regional equity equity investees	–	220	–	521	367	172
Fixed charges, as below	27,812	51,227	54,597	50,637	50,092	49,751
Less: Interest capitalized (including AFUDC)	(2,631)	(3,138)	(2,967)	(2,985)	(2,768)	(1,896)
Total earnings, as defined	$ 86,314	$ 145,819	$ 131,631	$ 125,058	$ 122,271	$ 101,770
Fixed charges, as defined:						
Interest on long−term debt (a)	$ 18,780	$ 33,045	$ 32,655	$ 26,029	$ 24,100	$ 20,481
Interest on rate reduction bonds	5,237	13,128	15,969	18,013	20,828	24,074
Other interest (b)	364	316	1,539	2,243	829	1,733
Rental interest factor	800	1,600	1,467	1,367	1,567	1,567
Interest capitalized (including AFUDC)	2,631	3,138	2,967	2,985	2,768	1,896
Total fixed charges, as defined	$ 27,812	$ 51,227	$ 54,597	$ 50,637	$ 50,092	$ 49,751
Ratio of Earnings to Fixed Charges	3.10	2.85	2.41	2.47	2.44	2.05

(a) Interest on long−term debt amounts include amortized premiums, discounts and capitalized expenses related to indebtedness.

(b) For the six months ended June 30, 2010 and for the year ended December 31, 2009, other interest includes interest related to accounting for uncertain tax positions.

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES−OXLEY ACT OF 2002

I, Leon J. Olivier, certify that:

1.
I have reviewed this quarterly report on Form 10−Q of Public Service Company of New Hampshire (the registrant);

2.
Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.
Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.
The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a−15(e) and 15d−15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a−15(f) and 15d−15(f)) for the registrant and have:

(a)
Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)
Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)
Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)
Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.
The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a)
All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)
Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2010

/s/ Leon J. Olivier

Leon J. Olivier
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES−OXLEY ACT OF 2002

I, David R. McHale, certify that:

1.
I have reviewed this quarterly report on Form 10−Q of Public Service Company of New Hampshire (the registrant);

2.
Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.
Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.
The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a−15(e) and 15d−15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a−15(f) and 15d−15(f)) for the registrant and have:

(a)
Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)
Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)
Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)
Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.
The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a)
All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)
Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2010

/s/ David R. McHale

David R. McHale
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES−OXLEY ACT OF 2002

In connection with the quarterly report of Public Service Company of New Hampshire (the registrant) on Form 10−Q for the period ending June 30, 2010 as filed with the Securities and Exchange Commission (the Report), we, Leon J. Olivier, Chief Executive Officer of the registrant, and David R. McHale, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes−Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the registrant.

/s/ Leon J. Olivier
Leon J. Olivier
Chief Executive Officer

/s/ David R. McHale
David R. McHale
Executive Vice President and Chief Financial Officer

Date: August 6, 2010

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

Western Massachusetts Electric Company
Ratio of Earnings to Fixed Charges
(unaudited)

Exhibit 12

(Thousands of Dollars)	Six Months Ended June 30, 2010	For the Years Ended December 31, 2009	2008	2007	2006	2005
Earnings, as defined:						
Net income	$ 10,908	$ 26,196	$ 18,330	$ 23,604	$ 15,644	$ 15,085
Income tax expense	9,966	14,923	10,545	14,586	7,766	9,294
Equity in (earnings)/losses of regional nuclear generating companies	(19)	(78)	(101)	(526)	241	(311)
Dividends received from regional equity investees	–	419	–	701	372	103
Fixed charges, as below	11,263	20,614	21,910	22,162	21,087	19,801
Less: Interest capitalized (including AFUDC)	(95)	(195)	(1,010)	(983)	(853)	(455)
Total earnings, as defined	$ 32,023	$ 61,879	$ 49,674	$ 59,544	$ 44,257	$ 43,517
Fixed charges, as defined:						
Interest on long−term debt (a)	$ 8,607	$ 14,074	$ 13,244	$ 11,577	$ 10,671	$ 9,535
Interest on rate reduction bonds	1,811	4,335	5,133	5,839	6,723	7,570
Other interest (b)	183	877	1,256	2,430	1,507	1,041
Rental interest factor	567	1,133	1,267	1,333	1,333	1,200
Interest capitalized (including AFUDC)	95	195	1,010	983	853	455
Total fixed charges, as defined	$ 11,263	$ 20,614	$ 21,910	$ 22,162	$ 21,087	$ 19,801
Ratio of Earnings to Fixed Charges	2.84	3.00	2.27	2.69	2.10	2.20

(a) Interest on long−term debt amounts include amortized premiums, discounts and capitalized expenses related to indebtedness.

(b) For the six months ended June 30, 2010 and for the years ended December 31, 2009 and 2008, other interest includes interest related to accounting for uncertain tax positions.

Exhibit 31

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES−OXLEY ACT OF 2002

I, Leon J. Olivier, certify that:

1.
I have reviewed this quarterly report on Form 10−Q of Western Massachusetts Electric Company (the registrant);

2.
Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.
Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.
The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a−15(e) and 15d−15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a−15(f) and 15d−15(f)) for the registrant and have:

(a)
Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)
Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)
Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)
Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.
The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a)
All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)
Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2010

/s/ Leon J. Olivier

Leon J. Olivier
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES−OXLEY ACT OF 2002

I, David R. McHale, certify that:

1.
I have reviewed this quarterly report on Form 10−Q of Western Massachusetts Electric Company (the registrant);

2.
Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.
Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.
The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a−15(e) and 15d−15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a−15(f) and 15d−15(f)) for the registrant and have:

(a)
Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b)
Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c)
Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)
Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.
The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a)
All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b)
Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2010

/s/ David R. McHale

David R. McHale
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES−OXLEY ACT OF 2002

In connection with the quarterly report of Western Massachusetts Electric Company (the registrant) on Form 10−Q for the period ending June 30, 2010 as filed with the Securities and Exchange Commission (the Report), we, Leon J. Olivier, Chief Executive Officer of the registrant, and David R. McHale, Executive Vice President and Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes−Oxley Act of 2002, that:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the registrant.

/s/ Leon J. Olivier
Leon J. Olivier
Chief Executive Officer

/s/ David R. McHale
David R. McHale
Executive Vice President and Chief Financial Officer

Date: August 6, 2010

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.