

ORIGINAL

Case No.	DE 11-014
Exhibit No.	#3
Information Request	DPU-01
Dated:	01/04/2011
Q-DPU1-001	FROM FILE

Due on: 01/18/2011  
NSTAR/Northeast Utilities  
Docket No. D.P.U. 10-170

Information Request DPU-01  
Dated: 01/04/2011  
Q-DPU1-001  
Page 1 of 1

Witness: David R. McHale, James J. Judge  
Request from: Department of Public Utilities

Question:  
Please describe in full and complete detail the proposed merger between NSTAR and NU.

Response:  
The Joint Petitioners have described the proposed merger in detail in the joint proxy statement/prospectus provided in response to DPU 1-28. Please refer in particular to the discussion on pages 16 - 27, 35 - 45, and 101 - 117. The merger agreement is provided as Annex A to the joint proxy statement/prospectus. A considerable amount of additional information on the merger has also been provided in response to other interrogatories.

**NSTAR/Northeast Utilities**  
Docket No. D.P.U. 10-170

**Information Request DPU-01**  
Dated: 01/04/2011  
Q-DPU1-002  
Page 1 of 1

**Witness:** David R. McHale, James J. Judge  
**Request from:** Department of Public Utilities

**Question:**

Please discuss the effects of the proposed merger on NSTAR Electric Company ("NSTAR Electric"), NSTAR Gas Company ("NSTAR Gas"), and Western Massachusetts Electric Company ("WMECO"), and on the customers of each company.

**Response:**

The merger is expected to have a favorable effect on NSTAR Electric Company, NSTAR Gas Company, and WMECO, and on the customers of each company. The merger would combine the resources of NU and NSTAR creating opportunities to strengthen service quality and adopt best procedures which, over time, will yield savings to customers.

Please see the answer to DPU 1-21 for additional details.

**NSTAR/Northeast Utilities**  
**Docket No. D.P.U. 10-170**

**Information Request DPU-01**  
**Dated: 01/04/2011**  
**Q-DPU1-003**  
**Page 1 of 1**

**Witness:** David R. McHale, James J. Judge  
**Request from:** Department of Public Utilities

**Question:**

Refer to Company's Joint Petition for Approval of merger ("Joint Petition") prefiled testimony of James J. Judge and David R. McHale ("prefiled testimony") at 15. Please state whether there will be any changes to the rates, prices, charges, or terms and conditions of the Companies or their operating companies as a result of the proposed merger. If so, provide a full and complete explanation of any such changes.

**Response:**

The Petition contains no requests for changes in rates, prices, charges, or terms and conditions for any of the Joint Petitioners' operating company subsidiaries as a result of the proposed merger. Over time the Joint Petitioners expect that customer costs will decline, compared to what they would have been absent the merger, as best practices are implemented leading to improved operating efficiency and lower costs.

Please see the answer to DPU 1-21 for additional details.

NSTAR/Northeast Utilities  
Docket No. D.P.U. 10-170

Information Request DPU-01  
Dated: 01/04/2011  
Q-DPU1-004  
Page 1 of 1

**Witness:** David R. McHale, James J. Judge  
**Request from:** Department of Public Utilities

**Question:**

Please discuss in full and complete detail the effects, if any, the proposed merger will have on the distribution or other rate components of NSTAR Electric, NSTAR Gas, and WMECo.

**Response:**

The Joint Petition contains no requests for changes in rates, prices, charges, or terms and conditions for any of the Joint Petitioners' operating company subsidiaries as a result of the proposed merger. Over time the Joint Petitioners expect that customer costs will decline, compared to what they would have been absent the merger, as best practices are implemented leading to improved operating efficiency and lower costs.

Please see the answer to DPU 1-21 for additional details.

Due on: 01/18/2011  
NSTAR/Northeast Utilities  
Docket No. D.P.U. 10-170

Information Request DPU-01  
Dated: 01/04/2011  
Q-DPU1-005  
Page 1 of 1

Witness: David R. McHale, James J. Judge  
Request from: Department of Public Utilities

**Question:**

Refer to Joint Petition prefiled testimony at 16-17. Please state whether there will be any changes in customer service as a result of the proposed merger. If so, provide a full and complete explanation of any such changes. As part of this response, discuss whether the service quality efforts of NSTAR Electric, NSTAR Gas, and WMECo in Massachusetts will be compromised in having to deal with customer service issues in New Hampshire or Connecticut.

**Response:**

It is anticipated that there will be no adverse impact on customer service and no negative service quality consequences resulting from the proposed merger. NSTAR and Northeast Utilities are committed to providing high quality service that meets or exceeds the expectations of customers and stakeholders. It is anticipated customer service will be enhanced by the adoption of "best practices" between and among subsidiary companies. Customers should benefit from the exchange of ideas, methods and procedures and the implementation of system-wide best practices in the areas of customer service.

The service quality efforts of NSTAR Electric, NSTAR Gas, and WMECo will not be compromised as a result of the merger.

Due on: 01/18/2011  
NSTAR/Northeast Utilities  
Docket No. D.P.U. 10-170

Information Request DPU-01  
Dated: 01/04/2011  
Q-DPU1-006  
Page 1 of 1

Witness: David R. McHale, James J. Judge  
Request from: Department of Public Utilities

**Question:**

Please discuss the effect of the proposed merger on the maintenance activities of NSTAR Electric, NSTAR Gas, and WMECO.

**Response:**

The Joint Petitioners do not expect any detrimental impact on the maintenance activities of NSTAR Electric, NSTAR Gas, and WMECO as a result of the proposed merger. Over the long term, the proposed merger is expected to have a favorable impact on the maintenance activities of the operating companies as the intellectual capital, technical expertise, and experience of a deeper and more diverse workforce will provide the opportunity for the post-merger Company to implement system-wide best practices.

Annual maintenance activities on the transmission, substation and distribution system of NSTAR Electric and WMECO are discussed in their annual Summer Peak Preparedness presentations to the Department of Public Utilities. Each Company will continue to perform those programs.

Due on: 01/18/2011  
NSTAR/Northeast Utilities  
Docket No. D.P.U. 10-170

Information Request DPU-01  
Dated: 01/04/2011  
Q-DPU1-007  
Page 1 of 1

Witness: David R. McHale, James J. Judge  
Request from: Department of Public Utilities

**Question:**

Please discuss whether any interruptions in service to NSTAR and NU customers are anticipated if the proposed merger is approved. Provide a full and complete explanation for your response.

**Response:**

It is not anticipated that the merger will cause any additional service interruptions if approved.

Due on: 01/18/2011  
NSTAR/Northeast Utilities  
Docket No. D.P.U. 10-170

Information Request DPU-01  
Dated: 01/04/2011  
Q-DPU1-008  
Page 1 of 1

Witness: David R. McHale, James J. Judge  
Request from: Department of Public Utilities

**Question:**

Please explain how the Companies plan on meeting their Massachusetts customers' needs during normal daily operations and during emergencies.

**Response:**

Each Massachusetts based operating company, NSTAR and WMECO, will continue to deploy their personnel to meet their respective customers' needs on a daily basis both during normal and emergency operations. As is customary practice currently, each operating company can call on affiliated operating companies or mutual aid associated utilities to supplement their normal staffing when emergency conditions dictate. Each operating company also has the ability to draw on supplemental contractor resources when needed.

The Annual Summer Preparedness presentations of each Company to the Department describe the capital and maintenance programs that are implemented each year to respond to normal operations and to prepare for emergency operations.

Each Company also maintains an Emergency Response Plan to apply during heat and other weather emergencies to facilitate a rapid and orderly restoration of service to its customers. These programs will continue and be improved upon as opportunities are identified through the sharing and application of best practices.



Due on: 01/18/2011  
NSTAR/Northeast Utilities  
Docket No. D.P.U. 10-170

Information Request DPU-01  
Dated: 01/04/2011  
Q-DPU1-009  
Page 1 of 1

Witness: David R. McHale, James J. Judge  
Request from: Department of Public Utilities

**Question:**

For each of the Companies' Massachusetts operating affiliates, please explain how the merger will affect the non-emergency telephone response performance measure.

**Response:**

It is not anticipated that this merger will have any effect on the non-emergency telephone response performance measure. Service quality may be improved as opportunities are identified through the sharing and application of best practices.

Due on: 01/18/2011  
NSTAR/Northeast Utilities  
Docket No. D.P.U. 10-170

Information Request DPU-01  
Dated: 01/04/2011  
Q-DPU1-010  
Page 1 of 1

Witness: David R. McHale, James J. Judge  
Request from: Department of Public Utilities

**Question:**

For each of the Companies' Massachusetts operating affiliates, please explain how the merger will affect the emergency telephone response performance measure.

**Response:**

It is not anticipated that this merger will have any negative effect on the emergency telephone response performance measure. Service quality may be improved as opportunities are identified through the sharing and application of best practices.

Due on: 01/18/2011  
NSTAR/Northeast Utilities  
Docket No. D.P.U. 10-170

Information Request DPU-01  
Dated: 01/04/2011  
Q-DPU1-011  
Page 1 of 1

Witness: David R. McHale, James J. Judge  
Request from: Department of Public Utilities

**Question:**

For each of the Companies' Massachusetts operating affiliates, please explain how the merger will affect the percentage of service appointments met performance measure.

**Response:**

It is not anticipated that this merger will have any negative effect on the percentage of service appointments met performance metric. Service quality may be improved as opportunities are identified through the sharing and application of best practices.

Due on: 01/18/2011  
NSTAR/Northeast Utilities  
Docket No. D.P.U. 10-170

Information Request DPU-01  
Dated: 01/04/2011  
Q-DPU1-012  
Page 1 of 1

Witness: David R. McHale, James J. Judge  
Request from: Department of Public Utilities

**Question:**

For each of the Companies' Massachusetts operating affiliates, please explain how the merger will affect the monthly meter reading performance measure.

**Response:**

It is not anticipated that this merger will have any negative effect on the monthly meter reading performance measure. Service quality may be improved as opportunities are identified through the sharing and application of best practices.

Due on: 01/18/2011  
NSTAR/Northeast Utilities  
Docket No. D.P.U. 10-170

Information Request DPU-01  
Dated: 01/04/2011  
Q-DPU1-013  
Page 1 of 1

Witness: David R. McHale, James J. Judge  
Request from: Department of Public Utilities

**Question:**

For each of the Companies' Massachusetts operating affiliates, please explain how the merger will affect consumer division cases and billing adjustment performance measures.

**Response:**

It is not anticipated that this merger will have any negative effect on consumer division cases and billing adjustment performance measures. Service quality may be improved as opportunities are identified through the sharing and application of best practices.

Due on: 01/18/2011  
NSTAR/Northeast Utilities  
Docket No. D.P.U. 10-170

Information Request DPU-01  
Dated: 01/04/2011  
Q-DPU1-014  
Page 1 of 1

Witness: David R. McHale, James J. Judge  
Request from: Department of Public Utilities

**Question:**

For each of the Companies' Massachusetts operating affiliates, please explain how the merger will affect the lost work-time accident rate performance measure.

**Response:**

The merger is not expected to negatively impact the lost work-time accident rate performance measure for either NSTAR Electric, NSTAR Gas or WMECO.

Safety is a core value of both companies and will continue to remain in the forefront of the combined organization. The Joint Petitioners believe the efforts to reduce and eliminate workplace injuries will remain a high priority goal and anticipate opportunities to leverage identified best practice regarding policies, tools, and work practices.

NSTAR/Northeast Utilities  
Docket No. D.P.U. 10-170

Information Request DPU-01  
Dated: 01/04/2011  
Q-DPU1-022  
Page 1 of 1

Witness: David R. McHale, James J. Judge  
Request from: Department of Public Utilities

**Question:**

Refer to the Joint Petition prefiled testimony at 6-8. Please elaborate upon the benefits that each of the affected constituencies will see from the proposed merger.

**Response:**

As explained in the joint testimony, the proposed merger will benefit customers, employees and the region. The benefits outlined in the joint testimony are expected to include the following:

- No change in the provision of locally owned and locally managed utility service, nor any change in constituent relationships;
- Net cost savings from increased operating efficiencies, the implementation of best practices and process improvements and increased purchasing leverage;
- Lower per customer costs by spreading investments in infrastructure, information technology and other items over a larger customer base;
- Potential investment in technologies and processes that might be less feasible from an economic perspective for each entity to undertake on a stand-alone basis.
- Financial strength to meet enhanced service reliability standards over time on an efficient, sustainable basis.
- Greater opportunities for employees;
- Benefits to the local economy from investment in capital-intensive distribution and transmission projects;
- Stronger voice in national energy policy discussions for the benefit of customers and the region.

Further discussion is provided in the response to DPU 1-19 and DPU-1-21.

Due on: 01/18/2011  
NSTAR/Northeast Utilities  
Docket No. D.P.U. 10-170

Information Request DPU-01  
Dated: 01/04/2011  
Q-DPU1-038  
Page 1 of 1

Witness: David R. McHale, James J. Judge  
Request from: Department of Public Utilities

**Question:**

Please describe what specific features of the proposed merger are applicable to customers in Connecticut and New Hampshire but not Massachusetts. Provide all supporting evidence.

**Response:**

There are no specific features of the merger that are applicable to customers in Connecticut or New Hampshire that differ from those applicable to customers in Massachusetts.



Due on: 01/18/2011  
NSTAR/Northeast Utilities  
Docket No. D.P.U. 10-170

Information Request DPU-01  
Dated: 01/04/2011  
Q-DPU1-039  
Page 1 of 1

Witness: David R. McHale, James J. Judge  
Request from: Department of Public Utilities

**Question:**

Please state whether Massachusetts customers of NSTAR Electric, NSTAR Gas, and WMECo will be afforded "least favored nation status," in terms of benefits or net savings that will inure to Connecticut and New Hampshire customers of NU. If so, please enumerate and describe such benefits. If not, explain why Massachusetts ratepayers are not being afforded similar benefits.

**Response:**

As stated in the Joint Petitioners' pre-filed testimony on pages 6 and 7, the Joint Petitioners intend that benefits to customers and employees will come from implementing best practices across all operating companies. As such the Joint Petitioners envision that all customers and all employees will benefit, with no discrimination between states.

NSTAR/Northeast Utilities  
Docket No. D.P.U. 10-170

Information Request DPU-01  
Dated: 01/04/2011  
Q-DPU1-041  
Page 1 of 1

Witness: David R. McHale, James J. Judge  
Request from: Department of Public Utilities

**Question:**

Refer to Joint Petition prefiled testimony at 18-19. Please discuss in full and complete detail the effects, if any, the proposed merger will have on retail or wholesale competition in Massachusetts.

**Response:**

The proposed merger will have no impact on either retail or wholesale competition in Massachusetts.

In terms of retail competition in Massachusetts, NSTAR Electric, NSTAR Gas and WMECO operate under Department guidelines for retail competition, which will remain unchanged as the result of the merged entity. Moreover, the Joint Petitioners anticipate that the adoption of best practices throughout all areas of the post-merger entity will have the potential to create improvements in areas of the business affecting transactions with retail suppliers serving customers on the distribution systems of NSTAR Electric and WMECO.

In terms of wholesale competition, the attached exhibit is the FERC filing for the NU/NSTAR merger. Please refer to this attachment at Exhibit J, the pre-filed testimony of William H. Hieronymus, which indicates that there will be no substantial impact on wholesale competition as a result of the proposed merger.

Specifically, as noted in Exhibit J of the FERC filing, neither Northeast Utilities ("NU") nor NSTAR own or control generation assets outside of ISO-NE, and therefore, ISO-NE is the only potentially relevant geographic market in determining potential impacts on wholesale competition. NU owns or controls approximately 1,300 MW (summer maximum dependable capability ("MDC")) of generation. This represents less than 4% of the total generation capacity in ISO-NE, which is about 32,000 MW (summer MDC), plus 4,400 MW of import capacity.

NSTAR has divested all of its generation, although NSTAR does have rights to the output of a small amount of generation by virtue of a few remaining purchase power contracts. For the FERC proceeding, each of the relevant power purchase contracts was analyzed and a demonstration was made that none of the contracts give NSTAR the right to control the operation of any of the associated generation.

Exhibit J of the FERC filing also demonstrates that the historically integrated New England utilities in ISO-NE have divested nearly all of the generation they formerly owned to a number of different merchant entities. There has also been substantial entry of new capacity into ISO-NE owned by diverse merchant entities building primarily small to moderately-sized gas-fired and renewable facilities. In combination, these two factors have resulted in a very un-concentrated market for wholesale power in ISO-NE. Thus, the merger will not result in a situation where there is any ability to exercise market power.

\* Bulk material provided.

Witness: David R. McHale, James J. Judge  
Request from: Department of Public Utilities

**Question:**

Refer to Joint Petition prefiled testimony at 19. Please discuss in full and complete detail the extent to which the financial integrity of the Companies and their subsidiaries may be affected by the proposed merger. As part of this response, discuss whether there are any negative tax consequences to NSTAR, NU, or their affiliates as a result of this transaction.

**Response:**

The merger will create a larger consolidated company with enhanced geographical and operating territory diversification. Increasing the operational scope and scale of the enterprise will result in additional financial resources, additional scale in materials sourcing, and diversification of the personnel talent pool. Combining the companies is expected to enable them to realize economies of scale and implement best practices that will result in cost savings opportunities and enhanced financial integrity for customers and shareholders alike.

In terms of scope and scale, this merger combines two entities primarily focused on transmission and distribution regulated businesses with complementary business skills. As the Joint Petitioners integrate their activities, they expect to learn from best practices and attract and retain a high level of personnel resources that will allow the combined entity to realize superior execution with respect to business opportunities.

The Joint Petitioners have demonstrated a long track record of conservative accounting policies and retain low-risk financial profiles. Each company maintains strong credit measures; including strong cash flows and solid financial position. The Joint Petitioners also have complementary cash flow streams which are expected to allow for greater financial flexibility and improve liquidity. The Joint Petitioners anticipate this merger will fortify the financial resources and access to capital necessary to address the challenges of achieving the renewable energy and efficiency objectives of the states in which the regulated utilities operate. Overall financial strength will also allow the enterprise to reliably maintain the infrastructure within their operating territories and weather cyclical economic conditions. The combination of the companies is expected to be financially stronger than if they had been maintained separately.

We do not anticipate any negative tax consequences resulting from the merger of NU, NSTAR or their affiliates.

NSTAR/Northeast Utilities  
Docket No. D.P.U. 10-170

Information Request DPU-01  
Dated: 01/04/2011  
Q-DPU1-060  
Page 1 of 1

Witness: David R. McHale, James J. Judge  
Request from: Department of Public Utilities

**Question:**

Refer to the Joint Petition prefiled testimony at 6. Please explain in detail all “economies of scale and scope (and resulting public-interest benefits)” that the Companies expect the proposed merger will provide.

**Response:**

With respect to the economies of scale and scope that are expected to result from the proposed merger, the following list captures the most significant ones.

- The merger will create a larger business organization with total assets of approximately \$25 billion, more than 3,000,000 electric distribution customers, and 500,000 gas distribution customers. In addition, the post-merger entity will have greater diversification of markets with the corresponding diversification of regulatory risk.
- The increased scale and scope and regulatory diversification is expected to enhance the financial strength and flexibility of the post-merger entity.
- The post-merger entity is expected to be able to draw upon NSTAR's best-in-class distribution expertise and upon Northeast Utilities' best-in-class transmission expertise. The post-merger entity is expected to benefit from the intellectual capital, technical expertise and experience of a deeper and more diverse workforce. The post-merger entity will be larger, more diverse and better able to invest and deploy new technologies and renewable energy in New England.
- The merger is expected to have a favorable effect on customers served by the operating affiliates of Northeast Utilities and NSTAR, as well as employees of the two organizations. Specifically, the merger will enable the post-merger entity to leverage its combined resources to create opportunities to strengthen service quality and adopt best procedures which, over time, will yield savings to customers and create additional opportunities for employees.
- The merger will create many opportunities for NSTAR and Northeast Utilities to combine their resources and complementary strengths to improve service quality in their various service territories and make investments more cost effective, spread over a larger customer base, allowing investments that might not be economically feasible for NSTAR or Northeast Utilities on a stand-alone basis.

Please refer to the responses to DPU 1-19 and DPU 1-21 for additional information regarding the benefits of the proposed merger.

NSTAR/Northeast Utilities  
Docket No. D.P.U. 10-170

Information Request DPU-01  
Dated: 01/04/2011  
Q-DPU1-062  
Page 1 of 1

Witness: David R. McHale, James J. Judge  
Request from: Department of Public Utilities

**Question:**

Refer to the Joint Petition prefiled testimony at 16. Please explain how keeping the current independent structure of the Massachusetts operating companies involved in the proposed merger will enable the Companies to achieve economies of scale. Detail the economies of scale that the Companies will not be able to achieve by retaining the existing independent operating structure of all the Massachusetts, Connecticut, and New Hampshire operating companies.

**Response:**

The proposed merger does not contemplate a consolidation of the NU and NSTAR operating companies in Massachusetts, Connecticut or New Hampshire. The benefits of the merger as described in DPU 1-21, including the expected economies of scale and scope, are not premised on a consolidation of the operating companies, nor will they be hindered by retaining the current independent structure of the operating companies. Best practices will be explored as part of the integration work that is just beginning at the companies. As the Joint Petitioners begin that process, they will begin to detail the economies of scale that may be achieved. Until that occurs, however, it is not possible to detail further economies of scale that might be possible by consolidating operating structures, if any, and whether such economies would outweigh the substantial benefits of retaining the current structures.