



PSNH's Generating Fleet:

Providing a Valuable Choice for Customers

Presentation to the NH Consumer Advocate Advisory Board

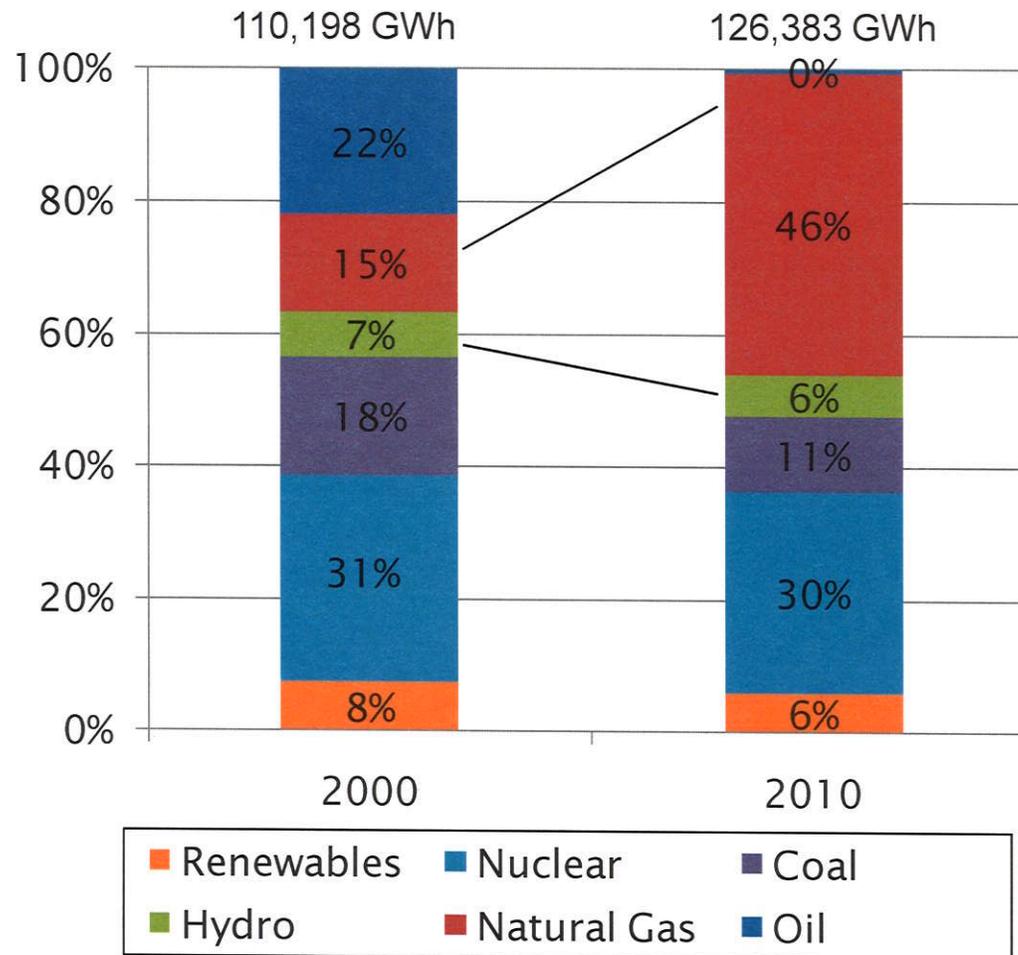
Gary A. Long, President & COO
March 5, 2012



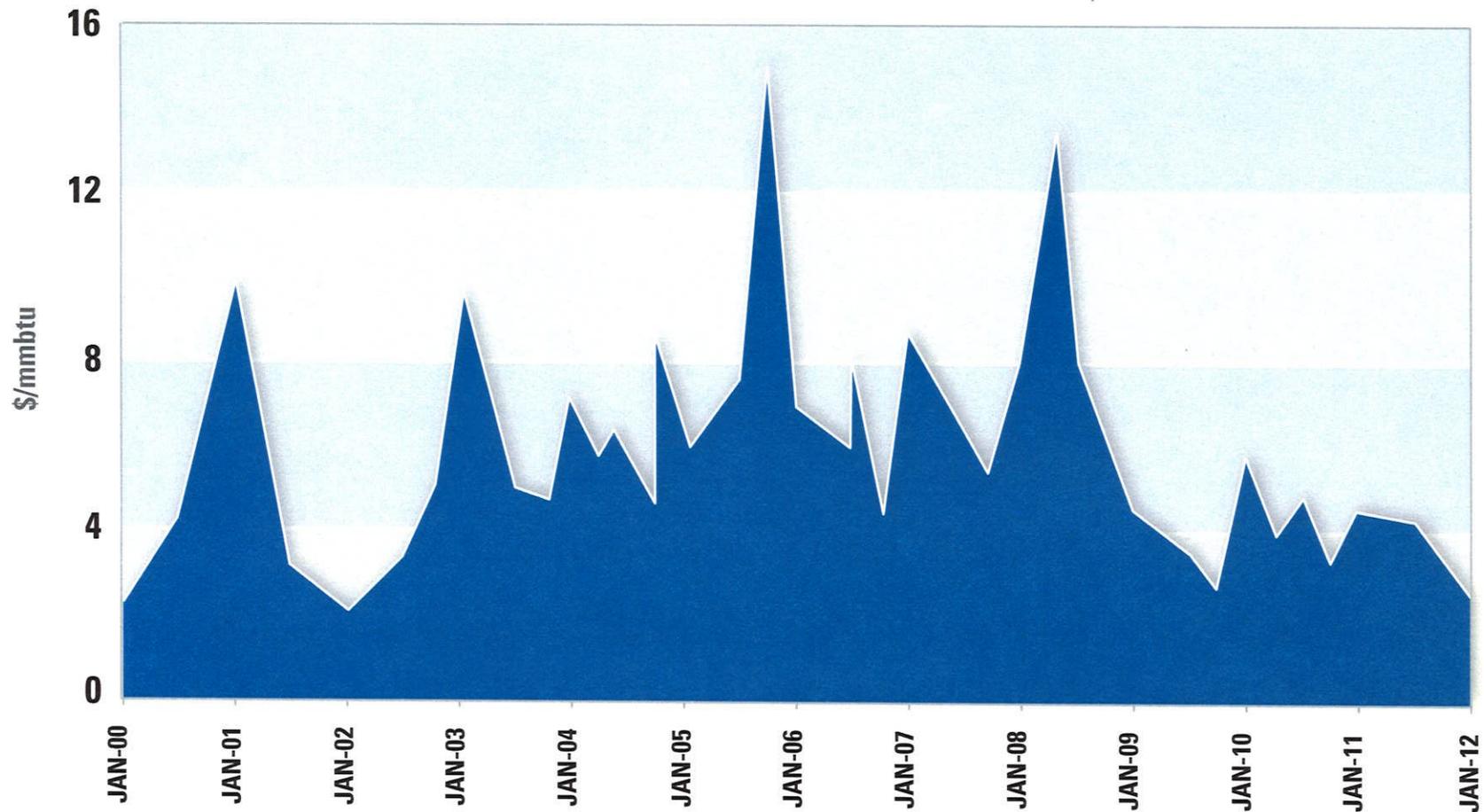
**Public Service
of New Hampshire**

A Northeast Utilities Company

Over the Past 10 Years, New England has Grown Increasingly Dependent on Natural Gas

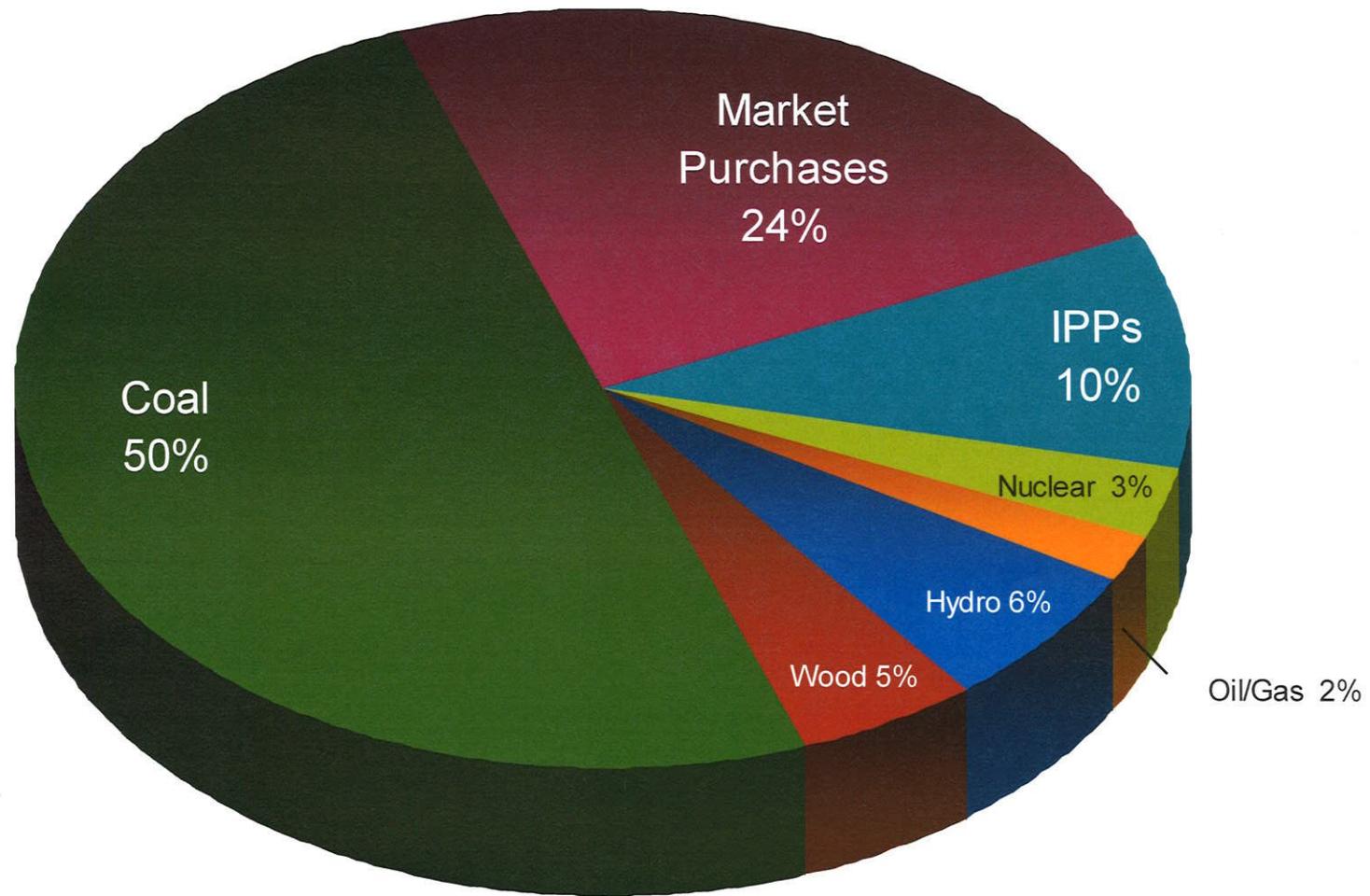


Natural Gas Prices Have A History of Volatility



Source: Henry Hub NYMEX Natural Gas Futures Contract 1

PSNH Has a Diverse Fuel Mix to Meet Customers' Energy Needs



2010 Data

Basic Economics of PSNH's Power Supply

- Energy (Variable costs)
 - PSNH has access to lowest cost options
 - When PSNH's fuel costs are lower than market, PSNH generates energy
 - When PSNH's fuel costs are higher than market, PSNH purchases from the market, but without any profit or risk "adders"
 - PSNH's owned generation acts as a cap on energy costs
- Capacity (Fixed costs)
 - Capacity costs are recovered from PSNH's Energy Service customers as long as PSNH owns generation (less capacity and other revenue received from ISO-NE market)
 - Capacity costs are recovered from all PSNH's customers if PSNH does not own its current generation (less sale price, if any)

PSNH's Regulated Generation has Saved its Customers More Than \$700 Million Since 2002

