



## The Yankee Companies

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CY-11-024  
BYR 2011-032  
OMY-11-147

U.S. Nuclear Regulatory Commission  
Attn: Document Control Desk  
Washington DC 20555

Reference:

- a) License No. DPR-36 (Docket No. 50-309, 72-30)(MY)
- b) License No. DPR-61 (Docket No. 50-213, 72-39)(CY)
- c) License No. DPR-3 (Docket No. 50-29, 72-31) (YR)
- d) 10 C.F.R. Section 50.75
- e) 10 C.F.R. Section 50.82

**Re: Response to Request for Supplemental Information Related to the Request for Exemption from 10 C.F.R. 50.38 and the Indirect License Transfer Related to Merger of Northeast Utilities and NSTAR**

Dear Sir or Madam:

Connecticut Yankee Atomic Power Company ("Connecticut Yankee"), Yankee Atomic Electric Company ("Yankee Rowe"), and Maine Yankee Atomic Power Company ("Maine Yankee"), on behalf of two of their owners, Northeast Utilities and NSTAR, with respect to the Indirect License Transfer, dated December 6, 2010, and on their own behalf with respect to the Request for Exemption from 10 C.F.R. 50.38, dated May 16, 2011, hereby respond to the Nuclear Regulatory Commission ("NRC")'s Request for Supplemental Information Related to the Indirect License Transfer Related to Merger of Northeast Utilities and NSTAR, and the Request for Exemption from 10 C.F.R. 50.38, dated July 14, 2011.

If you have questions or require additional information, please contact me or Joe Fay at (207) 350-0300.

Sincerely,

Wayne Norton  
CEO and President of Yankee Atomic and Connecticut Yankee  
Chief Nuclear Officer of Maine Yankee

Enclosure 1: Response to RSI

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**ENCLOSURE 1**

**RESPONSE TO JULY 14, 2011 REQUEST FOR SUPPLEMENTAL  
INFORMATION RELATED TO INDIRECT LICENSE TRANSFER RELATED  
TO MERGER OF NORTHEAST UTILITIES AND NSTAR**

## ENCLOSURE 1

### **RESPONSE TO JULY 14, 2011 REQUEST FOR SUPPLEMENTAL INFORMATION RELATED TO INDIRECT LICENSE TRANSFER RELATED TO MERGER OF NORTHEAST UTILITIES AND NSTAR**

#### **Request 1:**

*Describe in sufficient detail for the staff to make a determination, the financial arrangements between NSTAR and Iberdrola and Emera regarding the purchase power agreement and renewable energy contracts for Groton Wind, New England Wind, and Blue Sky East including, but not limited to, the terms of the financial arrangements and how these commitments may impact indirect control of the licensees by foreign entities.*

#### **Response:**

Pursuant to a variety of Massachusetts legislative and regulatory mandates, and in furtherance of a broader state energy policy on renewable power, NSTAR Electric Company, the regulated electric operating utility subsidiary of NSTAR, has conducted several public solicitations for renewable power (energy and capacity) from both domestic and foreign renewable power suppliers. As a result of bids received, NSTAR Electric has negotiated and entered into a number of power purchase contracts with the winning bidders. Such contracts range from short-term (less than one year) to longer term (up to 15 years).

By statute, all such contracts for a term in excess of one year require approval by the Massachusetts Department of Public Utilities ("MDPU") before they can become effective. All such contracts are entered into by NSTAR Electric on behalf of its customers/ratepayers, and the amount of such contracts (i.e., the amounts paid to the suppliers by NSTAR Electric under such contracts) are recoverable by NSTAR Electric through its regulated rates for retail electric service, as approved by the MDPU.

Overall, NSTAR Electric Company and NSTAR Gas Company, the two operating utility subsidiaries of NSTAR, engage in energy supply procurements valued at approximately one billion dollars per year, depending on commodity prices, which fluctuate. Renewable power procurements are a relatively small fraction of that energy supply portfolio, as described below. Table 1, captioned "NSTAR Electric Power Purchase Agreements with Foreign Entities," summarizes the significant (in excess of \$% M per year) existing power purchase contracts between NSTAR Electric Company and foreign companies.

Foreign wind contracts amount to approximately 4.9% of NSTAR's approximately \$750 M in annual electric energy purchases. This small fraction of NSTAR's electric energy expenses does not give rise to concern for foreign ownership, control or dominance.

Although not specifically requested in RSI-1, Northeast Utilities subsidiary, Public Service Company of New Hampshire ("PSNH"), also has approximately \$5 M in foreign wind

agreements. Those contracts amount to approximately 0.3% of the \$1.69 B annual bi-lateral electric energy purchases of the Northeast Utilities electric operating subsidiaries (The Connecticut Light and Power Company (“CL&P”), Western Massachusetts Electric Company (“WMECO”) and PSNH). Foreign wind arrangements for Northeast Utilities and NSTAR combined amount to approximately 1.2% of the \$2.44 B combined annual electric energy expenses. Accordingly, those contracts with foreign suppliers do not create concerns with respect to FOCD.

**Table 1**  
**NSTAR Electric Power Purchase Agreements with Foreign Entities**

<b>Project</b>	<b>Supplier</b>	<b>Foreign country</b>	<b>Size (MW)</b>	<b>Product</b>	<b>Duration</b>	<b>Annual Contract Cost</b>	<b>Regulatory Status</b>
Maple Ridge II Wind Project (Note 1)	Atlantic Renewables Projects II LLC	Iberdrola (Spain)	30	Renewable Energy Credits and Energy	10 years from 2008	\$7.8 million	Approved
Kibby Mountain – Wind (Note 1)	TransCanada Power Marketing	TransCanada (Canada)	30	Renewable Energy Credits and Energy	10 years from 2010	\$10 million	Approved
Groton Wind Energy Project (Note 2)	Groton Wind LLC	Iberdrola (Spain)	48	Renewable Energy Credits and Energy	10 years from 2012 (in service date)	\$11.2 million	In review
Hoosac Wind (Note 2)	New England Wind, LLC	Iberdrola (Spain)	28.5	Renewable Energy Credits and Energy	10 years from 2012 (in service date)	\$8.5 million	In review
Bull Hill East (Note 2)	Blue Sky East LLC	Emera (Canada)	32.4	Renewable Energy Credits, Capacity and Energy	15 years from 2012 (in service date)	\$9.2 million	In review

Notes: 1) Contract executed as a result of a competitive solicitation to implement an NSTAR Green Renewable product. Approved by MDPU in DPU 07-64 on April 30, 2008.  
2) Contract executed as a result of a competitive solicitation in compliance with the requirements of the Act Relative to Green Communities (St. 2008, c. 169, § 83) and follows the Request for Proposal Process approved by the MDPU in D.P.U. 10-76. Currently under review by the MPDU in DPU 11-05/06/07.

**Request 2:**

*Provide information related to any contractual or other agreements between Northeast Utilities, NSTAR, and any foreign entities.*

**Response:****Significant Impact Standard**

In a July 14, 2011 telephone call regarding the RSI, noting that each Company (consistent with other domestic companies in the electric utility industry) likely has numerous contracts with foreign entities the size of which would not be relevant to the NRC's review, the NRC Staff indicated that the request was limited to those contracts that could have a "significant impact on the Companies' financial performance."

In applying that standard, Northeast Utilities and NSTAR were guided by the Treasury Department's regulations related to the Committee on Foreign Investment in the United States ("CIFIUS"), at 31 CFR Part 800, and the requirements under the Department of Defense ("DoD"), National Industrial Security Program Operating Manual, DoD 5220.22-M, February 28, 2006 ("NISPOM"). The NISPOM attaches significance to whether the applicant derives five-percent (5%) or more of its total revenues or net income from a single foreign person, and whether the applicant derives, in aggregate, thirty-percent (30%) or more of the applicant's revenues or net income from foreign persons. Accordingly, Northeast Utilities and NSTAR have adopted those thresholds as guidance for identification of those contracts that could potentially have a "significant impact on the Companies' financial performance."

With respect to the second criterion, the aggregate 30% test, the two companies' revenues are driven predominantly by regulated electric and gas sales, and regulated returns on distribution and transmission rate base. Because of their large numbers of customers, the two companies are unable to assess whether and which foreign owned customers contribute to the companies' revenue. With approximately 3 million customers of the combined companies, some likely are foreign owned. As noted below, neither company identified any single contract rising to the 5% standard. Because no single entity contributes 5% or more, and because the combined companies serve approximately 3 million customers, the NRC can have confidence that the aggregated foreign ownership does not give rise to concerns regarding foreign ownership, control or domination ("FOCD").

Northeast Utilities' Annual Report is available at:

<http://www.nu.com/investors/reports/default.asp>.

NSTAR's Annual Report is available at:

<http://phx.corporate-ir.net/phoenix.zhtml?c=92689&p=irol-reportsannual>.

Attachments A and B provide for Northeast Utilities and NSTAR, respectively, the following information:

- Those contracts with any single foreign person, or known subsidiary of a foreign parent that, in aggregate, amount to 5 % or more of the Company's total revenues.<sup>1</sup>
  - Northeast Utilities' total revenues in 2010 were \$4.9 Billion, 5% of which is \$245 M. Northeast Utilities identified no contracts or other agreements with any single foreign owned entity approaching this dollar threshold.
  - NSTAR's total revenues in 2010 were \$2.9 B, 5% of which is \$145 M. NSTAR identified one contract with a value above this level. As noted in Attachment B, NSTAR Gas Company purchases gas and receives gas portfolio management services from BG Energy Merchants, whose parent company is located in the UK. The substantial majority of the value of this one-year contract reflects the value of the gas provided. The gas supplied under the contract is competitively procured in the open market.
- The ten (10) largest individual contracts or other agreements with foreign entities or known subsidiaries of a foreign parent. Although not specifically called for by RSI-2 because they do not reach the significant impact threshold set out above, Northeast Utilities and NSTAR have identified their largest contractual or other arrangements with foreign entities. None of these agreements implicates FOCD issues.
- Foreign-owned holders of long-term debt (corporate bonds) and short-term credit (revolvers).
  - Each Company issues long-term secured notes. Corporate bonds are widely held. For Northeast Utilities, foreign-owned holders of more than \$5 M in long-term debt account for \$327 M of the \$4.4 B outstanding, or 7.5%. For NSTAR, foreign-owned holders of more than \$5 M in long-term debt account for \$11.9 M of the \$1.25 B outstanding, or 0.95%.
  - Each Company also has access to short-term credit facilities. In each case, credit agreements allocate the debt among a syndicate of banks, including foreign-owned banks. Northeast Utilities has access to \$900 M in credit of which it has accessed \$189.4 M. Of that, \$77.9 M is allocated among five foreign-owned banks. Similarly, NSTAR has access to short-term credit of \$ 650 M, of which it has accessed none. Two foreign-owned banks participate in that syndicate.

#### Search for Potentially Responsive Information

Northeast Utilities and NSTAR undertook similar, parallel processes to identify significant contracts and other arrangements with foreign entities responsive to the RSI. Although the two companies perform many similar functions, some organizational differences exist. Each Company inquired of the following functions at the parent and affiliate levels to identify potentially responsive information regarding significant contracts or similar arrangements with foreign entities or entities subject to foreign control:

- Purchasing - procurement of goods and services;

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<sup>1</sup> In response to RAI 1, NU and NSTAR discussed the Transmission Service Agreement ("TSA") between Northern Pass Transmission (a joint venture company owned 75% by a wholly owned subsidiary of Northeast Utilities and 25% owned by an NSTAR wholly owned subsidiary) and an affiliate of Canadian company Hydro-Quebec. This agreement is not repeated in this RSI response.

- Treasury - short and long term financing arrangements;
- Wholesale Power - procuring power supply to support the operating companies default or standard offer service customers, including long term renewable power contracts, and transmission capacity reassignments;
- Fuel Purchasing & Supply - procuring fuel supply for generation assets;
- Revenue Services - managing transmission support expense obligations and payments;
- Transmission Interconnections & Services - managing generator requests to interconnect with transmission;
- Investor Relations - managing shareholder relations; and
- Other Unregulated Business.

Both Companies applied the same search criteria. Each searched initially for contracts above an arbitrarily selected value of \$5 M. For multi-year contracts, the search included contracts with \$5 M or more obligation remaining and a spend rate of \$5 M per year. Applying those search criteria in each of the functional areas above, each Company identified its largest contractual or other arrangements with foreign persons, or known subsidiaries of foreign persons. The 10 largest contracts for each Company are provided in Attachments A and B. For NSTAR the renewable energy credit and wind energy contracts discussed in RSI-1 also are included in this set.

### Conclusion

As shown in Attachments A and B, Northeast Utilities' and NSTAR's significant foreign contracts do not indicate the existence of foreign ownership, control, or domination ("FOCD"). As noted above, Northeast Utilities has no contractual or other arrangement valued at more than 5% of its annual revenue. NSTAR identified one such contract, the value of which predominantly reflects competitively bid commodity supply arrangements. Each company earns the bulk of its revenue through regulated services to numerous customers in regulated wholesale and retail markets. Combined, the Companies serve over 3 million customers. Accordingly, the NRC has reasonable assurance that aggregated foreign ownership does not give rise to FOCD concerns.

As demonstrated further in Attachments A and B, each Company's largest contracts or other arrangements with foreign persons or subsidiaries of foreign parents, are small relative to company, and become smaller still in comparison to the size and expected revenue of the combined company, post merger.

Northeast Utilities and NSTAR carry long-term and short-term debt typical of companies of their size in the public utility industry. Foreign financial institutions participate in the highly-competitive U.S. financial sector. As shown in Attachments A and B, foreign-owned financial institutions participate in the short- and long-term debt arrangements of these two companies at levels and under arrangements which do not give rise to FOCD concerns.

For all of these reasons, NRC has reasonable assurance that neither Northeast Utilities, nor NSTAR are subject to FOCD, and that the same conclusion may be reached for the combined company.



## Attachment A

### Northeast Utilities Significant Foreign Contracts

The following are the most significant foreign contracts or agreements using the significant impact threshold criteria set out above.

- Standard Offer or Default Service Power Purchase Agreements-** The Northeast Utilities electric operating companies purchase power and related products from wholesale power companies to serve the operating companies' standard offer or default service customers in Connecticut and Massachusetts. These contracts are, by state regulation, competitively bid and are reviewed and approved by the state regulators with economic oversight authority. The amounts paid by the operating companies under such contracts are "passed through" to the electric operating company customers or ratepayers. There are substantial credit requirements imposed on entities providing such service to militate against any potential financial exposure to the electric operating companies and their customers. *One contract potentially meets the significant threshold.*

Counter Party	Foreign Country	Product/Service	Term/Duration	Value
Macquarie Energy	Australia	Electrical Power	1/1/10 – 12/31/10	\$18 M

- Transmission Capacity Reassignment Agreements-** The Northeast Utilities electric operating companies have contractual access rights to capacity over transmission lines owned by National Grid subsidiaries, and they may contractually reassign their rights to use some or all of the transmission capacity over those lines. These arrangements and transactions are regulated by the Federal Energy Regulatory Commission ("FERC"). *One contract potentially meets the significant threshold.*

Counter Party	Foreign Country	Product/Service	Term/Duration	Revenue
Hydro-Quebec	Canada	Transmission Capacity Rights	(Multi-year) 2011 Term	\$13 M

- Transmission Financial Support Agreements-** The Northeast Utilities electric operating companies pay their respective contractual share of transmission operation and maintenance and service costs for existing transmission lines owned by National Grid subsidiaries. These are the same transmission lines discussed in the preceding section, over which the Northeast Utilities companies have contractual access rights to capacity.

Counter Party	Foreign Country	Product/Service	Term/Duration	Value
National Grid	UK	Transmission Maintenance	(Multi-year Through 2020) 2011 Term	\$19 M

- **Fuel Purchase Contracts-** PSNH purchases, among other things, coal, natural gas and fuel oil to power its regulated fleet of fossil fueled generation facilities in New Hampshire. The amounts paid by PSNH under such contracts are “passed through” to PSNH customers and are subject to review by the New Hampshire Public Utilities Commission.

Counter Party	Foreign Country	Product/Service	Term/Duration	Value
Emera Energy	Canada	Fuel Supply	2010	\$18 M

- **Yankee Gas Services Company Gas Supply Agreements-** Yankee Gas, the regulated gas operating subsidiary of Northeast Utilities, spent approximately \$196 M in the 12 month period ending June 30, 2011, on fuel procurement, which is a combination of multi-year pipeline transportation contracts and gas supply agreements. Of this total amount, approximately \$69 M or about 35% was with several different foreign-owned entities. The amount of money Yankee Gas spends on fuel procurement changes substantially as there are numerous parties in the market. Yankee Gas typically issues RFP's and/or assesses the open market as is needed to meet its customers' fuel requirements. The amounts paid by Yankee Gas under such contracts are “passed through” to Yankee Gas’ customers and are subject to review by the Connecticut Department of Public Utility Control.

Counter Party	Foreign Country	Product/Service	Term/Duration	Value
Macquarie	Australia	Gas	July '10 – June '11	\$17.3 M
Shell Energy	Netherlands	Gas	July '10 – June '11	\$21.9 M
Tenaska Marketing	Canada	Gas	July '10 – June '11	\$16.4 M
Total Gas & Power	UK	Gas	July '10 – June '11	\$13.1 M

- **Equipment and Services Procurement Agreements-** Northeast Utilities Service Company (“NUSCO”) purchases goods and services on behalf of the Northeast Utilities operating companies. Purchases in 2010 amounted to \$1.1 B; materials accounted for 25% of this spend and services 75%.

NUSCO creates Master Service Agreements, multi-year contracts, and blanket orders to promote healthy, long-term relationships with suppliers and to minimize risk. These contracts do not represent firm commitments to purchase equipment or services. Rather, they create a contractual framework for doing business with a vendor on an “as needed” basis. Approximately 60% of NUSCO Purchasing’s total spend is attributed to these types of long-term contracts.

Procurement agreements are, for the most part, competitively bid to multiple and diverse suppliers and providers and generally do not obligate the Northeast Utilities companies to

procure any equipment or services exclusively from any one supplier or provider. The amounts of such procurements are generally recovered under various rate tariffs governed by state and federal regulators. Such contracts are, by their very nature, transaction-specific and once equipment is manufactured and installed or services provided, and are paid for, the contractual obligations (with the exception of provisions such as warranty obligations) terminate. With the competitiveness of the equipment and services markets and the availability of alternative suppliers and providers (both domestic and foreign), such procurements do not lend themselves to potential ownership, domination or control of the Northeast Utilities companies.

NUSCO has approximately 74 open contracts or purchase orders with four foreign-based suppliers, with \$5 M or more obligation “left to spend” over the lives of these contracts. The total remaining multiyear obligation under these contracts with the four foreign suppliers amounts to \$96 M. Even if due in a single year, that represents approximately 8.7% of the approximately \$1.1 B annual spend. This level does not give rise to concern regarding FOCD. Again, the amounts of such procurements are recovered from the Northeast Utilities operating companies’ customers or from the New England region’s customers under formula rate tariffs.

<b>Counter Party</b>	<b>Foreign Country</b>	<b>Product/Service</b>	<b>Term/Duration</b>	<b>Value (Remaining Total Obligation)</b>
Siemens Energy	Germany	Transmission Line, Circuit Breakers, Control Equipment, Equipment Maintenance	Master	\$46.7 M
Alstrom Grid/ AREVA T&D	France	Distribution Controls Software and Maintenance, Substation Equipment, Disconnect Switches, Transformer Maintenance Services	Master	\$28.5 M
Guidant Group	UK	Managed Staffing Services	Master	\$14 M

- **Long-Term Debt Arrangements (Bonds)**- Northeast Utilities' long-term debt obligations total approximately \$4.4 B, and are spread among numerous bond and senior note holders. Of the long-term debt obligations, approximately \$327 M, or 7.46%, was held by ten separate foreign owned entities in amounts greater than \$5 Million.

Counter Party	Foreign Country	Product/Service	Term/Duration	Value
John Hancock	Canada	Bonds	Multi-year	\$108.6 M
Aviva Life & Annuity	UK	Bonds	Multi-year	\$58 M
Allianz Life Ins.	Germany	Bonds	Multi-year	\$58 M
Great West Life & Annuity	Canada	Bonds	Multi-year	\$38 M
Transamerica Life Ins. Co.	Netherlands	Bonds	Multi-year	\$27 M
AXA Equitable Life	France	Bonds	Multi-year	\$12.1 M
PPM America	UK	Bonds	Multi-year	\$10 M
Reliastar Life	Netherlands	Bonds	Multi-year	\$5.5 M
U.S. Business of Crown Life	Canada	Bonds	Multi-year	\$5 M
U.S. Business of Canada Life Ins. Co.	Canada	Bonds	Multi-year	\$5 M
<b>Total Material Foreign Holders</b>				\$327.3 M
<b>Total Bonds Outstanding (6/30/11)</b>				\$4,398 M
<b>% Held by Material Foreign Owned Entities</b>				7.46%

- **Short-Term Credit Arrangements (Revolvers)**- The Northeast Utilities companies have access to \$900 M in short-term funds under two Revolving Credit Agreements: There is a Northeast Utilities parent-level borrowing agreement of up to \$500 M; and a Northeast Utilities operating company level borrowing agreement of up to \$400 M. The two agreements set forth an allocation among twelve banks. Five of the twelve banks are foreign owned; these banks are allocated approximately 41% of the short-term credit obligations.

Counter Party	Foreign Country	Product/Service	Term/Duration	Value \$M	
				Allocation	Borrowed (3/3/11)
Union Bank, N.A.	Japan	Short Term Credit	Multiyear	87.5	18.4
Barclay's Capital	UK	Short Term Credit	Multiyear	87.5	18.4
Credit Suisse AG	Switzerland	Short Term Credit	Multiyear	65.0	13.7
UBS Loan Finance LLC	Switzerland	Short Term Credit	Multiyear	65.0	13.7
T.D. Bank, N.A.	Canada	Short Term Credit	Multiyear	65.0	13.7
<b>Total (All Banks)</b>		Short Term Credit		900	189.4
<b>Total (Material Foreign Holdings)</b>		Short Term Credit		370	77.9
<b>% Foreign Placed</b>		Short Term Credit		41.1%	41.1%

## Attachment B

### NSTAR Significant Foreign Contracts

The following are the most significant foreign contracts or agreements of the NSTAR companies using the significance threshold criteria set out above.

- Gas Supply/Portfolio Management Agreement-** NSTAR Gas Company purchases gas supply from multiple suppliers under various arrangements. NSTAR Gas has entered into a gas portfolio management agreement by which BG Energy Merchants provides portfolio managing services and supplies gas to NSTAR Gas. NSTAR Gas pays for gas and receives payments from BG Energy Merchants for portfolio management services. NSTAR competitively bids its gas procurements and is under no long-term obligation to use BG Energy Merchants as its portfolio manager. The amounts paid by NSTAR Gas under such contracts are “passed through” to NSTAR Gas’ customers and are subject to review by the MDPU.

Counter Party	Foreign Country	Product/Service	Term/Duration	Value
BG Energy Merchants	UK	Portfolio Mgmt. & Gas Supply	1 year	\$225 M
Macquarie Cook Energy	Australia	Gas Supply	5 Yrs. Ends 11/30/11	\$9.2 M

- Transmission Capacity Reassignment Agreements-** The NSTAR electric operating companies have contractual access rights to capacity over transmission lines owned by National Grid subsidiaries and they may contractually reassign their rights to use some or all of the transmission capacity over those lines. These arrangements and transactions are regulated by the Federal Energy Regulatory Commission (“FERC”). *One contract potentially meets the significant threshold.*

Counter Party	Foreign Country	Product/Service	Term/Duration	Revenue
Hydro-Quebec	Canada	Transmission Capacity Rights	(Multi-year)	\$7 M (2011)

- Transmission Financial Support Agreements-** The NSTAR electric operating companies pay their respective contractual share of transmission operation and maintenance and service costs for existing transmission lines owned by National Grid subsidiaries. These are the same transmission lines discussed in the preceding section, over which the NSTAR companies have contractual access rights to capacity.

Counter Party	Foreign Country	Product/Service	Term/Duration	Value
National Grid	UK	Transmission Maintenance	Multi-year (Through 2020)	\$9.8 M (2011)

- **Equipment and Services Procurement Agreements-** The total 2010 spend of NSTAR's purchasing function was \$341 M. Of that total, materials amounted to approximately 28% and services amounted to approximately 72%. NSTAR creates master service agreements, multi-year contracts, and blanket orders to promote healthy, long-term relationships with suppliers and minimize risk. These contracts do not represent firm commitments to purchase equipment or services. Rather they create a contractual framework for doing business with the vendor on an "as needed" basis.

Procurement agreements are, for the most part, competitively bid to multiple and diverse suppliers and providers and generally do not obligate the NSTAR companies to procure any equipment or services exclusively from any one supplier or provider. The amounts of such procurements are generally recovered under various rate tariffs governed by state and federal regulators. Such contracts are, by their very nature, transaction-specific and once equipment is manufactured and installed or services provided, and are paid for, the contractual obligations (with the exception of provisions such as warranty obligations) terminate. With the competitiveness of the equipment and services markets and the availability of alternative suppliers and providers (both domestic and foreign), such procurements do not lend themselves to potential ownership, domination or control of the NSTAR companies.

NSTAR has open contracts or purchase orders with two foreign-based suppliers, reaching the significance criteria. The remaining obligation under these contracts with the two foreign suppliers amounts to a total \$15.3 M. Of the approximately \$341 M annual spend, that represents less than 4.5%. This level does not give rise to concern regarding FOCD. Again, the amounts of such procurements are recovered from the NSTAR operating companies' customers or from the New England region's customers under formula rate tariffs. Significant procurement agreements include:

Counter Party	Foreign Country	Product/Service	Term/Duration	Value
HICO	Korea	Substation Transformers and Reactors	Master (2010)	\$8.6 M
ABB	Sweden	Circuit Breakers	Master (2010)	\$6.7 M

- **Renewable Energy Credit and Renewable Energy Agreements**- As required by MDPU, NSTAR Electric entered into contracts for Renewable Energy Credits and Energy. As noted in response to RSI-1, NSTAR Electric competitively bid these contracts to multiple suppliers. Five of those contracts, noted in response to RSI-1 are also responsive to this RSI-2. The amounts paid by NSTAR Gas under such contracts are “passed through” to NSTAR Gas’ customers and are subject to review by the MDPU.

<b>Counterparty</b>	<b>Foreign Country</b>	<b>Product/Service</b>	<b>Term/Duration</b>	<b>Annual Contract Value</b>
Atlantic Renewables Projects II LLC (Iberdrola)	Spain	Renewable Energy Credits and Energy	10 years from 2008	\$7.8 M
TransCanada Power Marketing (TransCanada )	Canada	Renewable Energy Credits and Energy	10 years from 2010	\$10 M
Groton Wind LLC (Iberdrola)	Spain	Renewable Energy Credits and Energy	10 years from 2012 (in service date)	\$11.2 M
New England Wind, LLC (Iberdrola)	Spain	Renewable Energy Credits and Energy	10 years from 2012 (in service date)	\$8.5 M
Blue Sky East LLC (Emera )	Canada	Renewable Energy Credits, Capacity and Energy	15 years from 2012 (in service date)	\$9.2 M

- **Long-Term Debt Arrangements**- NSTAR’s debt obligations total approximately \$1.25 B and are spread among numerous note holders. Of the long-term debt obligations, approximately \$11.9 M, or 0.95%, was held in an amount greater than \$5 M by one foreign-owned entity.

<b>Counter Party</b>	<b>Foreign Country</b>	<b>Product/Service</b>	<b>Term/Duration</b>	<b>Value</b>
Fiere Sceptre	Canada	Bonds	Multi-year	\$11.9 M
<b>Total Material Foreign Holders</b>				\$11.9 M
<b>Total Bonds Outstanding (All Holders)</b>				\$1,250 M
<b>% Held by Material Foreign Owned Entities</b>				0.95%



- **Short-Term Credit Arrangements (Revolvers)-** The NSTAR companies have access to \$625 M in short-term funds under revolving credit agreements. There is an NSTAR parent-level borrowing agreement of up to \$175 M, and an NSTAR operating company agreement up to \$ 450 M. The two agreements allocate the credit among 11 banks, 2 of which are foreign owned. These foreign banks are allocated 16% of the short-term credit facility. NSTAR has no amounts outstanding under these facilities.

Counter Party	Foreign Country	Product/Service	Term/Duration	Value (\$M)	
				Allocation	Borrowed
RBS Citizens Bank	UK	Short Term Credit	Mature 12/31/2012	50	0
Bank of Tokyo – Mitsubishi Trust Co.	Japan	Short Term Credit	Mature 12/31/2012	50	0
<b>Total (All Banks)</b>				650	0
<b>Total (Material Foreign Holders)</b>				100	0
<b>% Foreign Placed</b>					0