

New England States
Committee on Electricity



2011 BUDGET

PARTICIPANTS COMMITTEE

SEPTEMBER 17, 2010

Background: NESCOE Term Sheet

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“... the annual review of its [NESCOE’s] proposed budgets by at least the NEPOOL Participants Committee will be limited to considerations of accounting and reconciliation, so long as spending remains within the boundaries established by those frameworks..... NESCOE will develop an operating budget recommendation for each year in consultation with NEPOOL, the PTO Administrative Committee and ISO-NE within the boundaries of the then-approved five year budget framework ...”

- ✓ *NESCOE’s 2011 proposed operating budget conforms to the boundaries of the previously reviewed five-year pro forma submitted to FERC*
- ✓ *NEGC/NESCOE Audit (Year End June 2009) concluded books conform to generally accepted accounting principles. Primary NESCOE-related recommendation was legal separation from NEGC, which is being executed*

More Background: NESCOE Term Sheet

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“Each year NESCOE will produce a *Report to the New England Governors* that will document its accomplishments from the preceding year and its projected policy priorities for the coming two years. This report will include a full accounting of spending by NESCOE during the preceding year and proposed budgets for each of the upcoming two years.”

- ✓ *NESCOE provided such Report with simultaneous release to NEPOOL & ISO-NE in January 2010 with the required spending & budget information*
- ✓ *While NESCOE presents a recommended 2011 budget, NESCOE also provides for informational purposes a preliminary estimated 2012 budget that will appear in the next Report to the New England Governors (to be distributed in January 2011)*

Background: 5 Year Pro Forma

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Snapshot: 2011 & 2012 Budgets in 5 Year Pro Forma

2011 Projected Total Budget in 5 Year Pro Forma:
\$1,970,000

2011 Proposed Budget: \$1,959,600

2012 Projected Total Budget in 5 Year Pro Forma:
\$2,140,000

2012 Preliminary Budget: \$2,139,300

2011 Priority Categories (Identified First (2009) Annual Report)

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- ✓ Continued attention to Governors' interest in securing cost-effective, low carbon energy
 - ✓ work on coordinated renewable procurement
- ✓ Interregional Planning Activities
 - ✓ help ensure northeast interests, preferences identified & considered
- ✓ System Planning
- ✓ Resource Adequacy
 - ✓ ICR, Tie Benefits, etc.

all nescoc comments, communications, filings at www.nescoc.com

2011 Proposed Budget

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2011 budget (& 2012 preliminary budget) slightly less than spending levels set forth in 5 Year Pro Forma

Some adjustments in Expense Categories relative to 5 year Pro Forma:

- ✓ Reduction in expected employee benefit levels
- ✓ Reduction in assumed operations expenses
- ✓ Increase in technical consulting expenses

2009 & 2010 Spending & Implications for 2011

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- ✓ NESCOE operations have been lean
- ✓ Unspent funds credited toward future year
- ✓ Expenses increasing over time commensurate with increased substantive activity

- 2009 Total Spending: \$302,855
- 2010 Spending to July: \$233,122
- 2010 Projected Year End: \$525,423
(assumes 2 new employees as of October)

2011 Projected Billing Rate

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With thanks to ISO-NE for calculations...

2011 Budget: \$1,959,600

Less 2009 Final True Up (\$21,753)

Less 2010 Estimated True Up (\$834,835)

Total Revenue Recovery: \$1,103,012

Divided by Total Network Load: 239,210,475

(total network load from 2010 filed tariff; no escalation or reduction used in calculation)

2011 Schedule 5 Estimated Rate: \$0.00461

Thanks.