

**CENTRAL MAINE POWER COMPANY
RESPONSE TO ORAL DATA REQUEST NO. 1
DOCKET No. 2008-255**

November 3, 2008

ODR-01-10

- Q.** Provide any financial analysis done by or for CMP, EE or Iberdrola on the MPRP and MPC projects.
- A.** Regarding MPRP, please see response to IECG-01-11. Regarding MPC, please find attached proforma financial statements (Attachment 1) and an Energy East capex model (Attachment 2).

Response Prepared By:

Roger C. Hanson
Lead Analyst, Pricing and Analysis

Response Submitted By:

Paul A. Dumais
Director, Regulatory Services

Attachments:

- 1) MPC proforma financials
- 2) Energy East capex model

Central Maine Power Company
MAINE POWER CONNECTION PROJECT (MPC)
Financial Projections at 100% Ownership

ASSUMPTIONS:

- Use mid-year in-service convention
- Assume book basis = tax basis
- 15 year MACRS tax depreciation

40	= book life
	= 1st year other operating expense as % of gross plant
	= annual escalation on other operating expense
	= 1st year maintenance expense as % of gross plant
	= annual escalation on maintenance expense
	= 1st year property taxes as % of gross plant
	= annual escalation on property taxes

	= short-term debt as % of total capitalization
50.0%	= long-term debt as % of total capitalization
	= preferred stock as % of total capitalization
50.0%	= common equity as % of total capitalization
	= interest rate on short-term debt
6.00%	= interest rate on long-term debt
	= preferred dividend rate
13.14%	= return on common equity

TOTAL PROJECT COST = \$ 625 million

(all values in millions of \$)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
TOTAL CAPITAL COSTS																									
Annual investment				120	155	155																			
Project expenditures	-	7	149	15	8	8																			
AFUDC	-	0	11	136	161	161																			
Total	-	7	161	272	316	316																			
Plant in-service				272	316	316																			
Project expenditures				28	6	7																			
AFUDC				300	356	356																			
Total				572	672	672																			
INCOME STATEMENT																									
Revenues				25	60	84	94	89	86	82	78	75	71	68	65	61	58	54	51	48	47	45	44	43	41
Expenses				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating expenses				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance				4	9	14	16	16	16	16	16	16	16	16	16	16	16	16	15	16	16	16	16	16	16
Book depreciation				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property taxes				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income taxes @40.8%				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current		(0)	(0)	2	6	8	10	11	11	12	11	10	9	8	7	6	5	4	6	11	14	16	16	15	15
Deferred		-	-	5	11	14	15	13	11	10	9	8	8	9	9	9	9	9	5	(0)	(4)	(6)	(6)	(6)	(6)
Interest				7	11	15	17	16	15	14	13	13	12	11	10	10	9	8	8	7	7	6	6	6	5
Short- and long-term debt		0	3	7	11	15	17	16	15	14	13	13	12	11	10	10	9	8	8	7	7	6	6	6	5
AFUDC - debt portion		(0)	(2)	(3)	(1)	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AFUDC - equity portion, net		0	5	8	3	3	36	34	33	31	29	28	28	24	23	21	20	18	17	15	15	14	13	13	12
Net income		0	5	18	27	36	36	34	33	31	29	28	28	24	23	21	20	18	17	15	15	14	13	13	12
Preferred dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnings available for common		0	5	18	27	36	36	34	33	31	29	28	28	24	23	21	20	18	17	15	15	14	13	13	12
Return on equity	#DIV/0!	12.0%	12.0%	15.4%	14.9%	14.5%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%
BALANCE SHEET, 12/31																									
Assets																									
Gross plant	-	-	-	300	456	625	625	625	625	625	625	625	625	625	625	625	625	625	625	625	625	625	625	625	625
Accumulated depreciation	-	-	-	4	13	27	42	58	74	88	105	120	136	152	167	183	196	214	230	245	261	277	292	308	324
Net plant	-	-	-	296	443	598	583	567	551	536	520	505	489	473	458	442	426	411	395	380	364	348	333	317	301
CMIP (incl. AFUDC)	-	7	168	4	8	4	583	567	551	536	520	505	489	473	458	442	426	411	395	380	364	348	333	317	301
Total	-	7	168	300	451	598	583	567	551	536	520	505	489	473	458	442	426	411	395	380	364	348	333	317	301
Liabilities & owners' equity																									
Accumulated deferred income taxes	-	-	-	5	16	30	45	58	69	79	87	96	105	113	122	131	139	148	153	148	142	136	128	123	
Short-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term debt	-	3	84	148	218	264	268	255	241	228	216	204	192	180	168	156	143	131	121	113	108	103	98	94	89
Preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common equity	-	3	84	148	218	264	268	255	241	228	216	204	192	180	168	156	143	131	121	113	108	103	98	94	89
Total	-	7	168	300	451	598	583	567	551	536	520	505	489	473	458	442	426	411	395	380	364	348	333	317	301

Central Maine Power Company
MAINE POWER CONNECTION PROJECT (MPC)
Financial Projections at 100% Ownership

ASSUMPTIONS:

- Use mid-year in-service convention
- Assume book basis = tax basis
- 15 year MACRS tax depreciation

40	= book life
	= 1st year other operating expense as % of gross plant
	= annual escalation on other operating expense
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	= short-term debt as % of total capitalization
50.0%	= long-term debt as % of total capitalization
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	= interest rate on short-term debt
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	= preferred dividend rate
13.14%	= return on common equity

CURRENT INCOME TAXES

Revenues		25	60	84	94	89	86	82	78	75	71	66	65	61	58	54	51	49	47	45	44	43	41	
Expenses																								
Other operating expenses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Maintenance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property taxes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Tax depreciation		15	36	49	52	47	43	39	37	37	37	37	37	37	37	37	37	28	15	5	-	-	-	
Interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Short- and long-term debt		-	0	3	7	11	15	17	16	15	14	13	11	10	9	8	8	7	7	6	6	6	5	
AFUDC - debt portion		-	(0)	(2)	(3)	(1)	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taxable income		-	(0)	(0)	6	14	21	25	26	28	29	28	25	23	20	17	15	12	9	16	27	35	39	38
Income taxes @40.8%		-	(0)	(0)	2	6	9	10	11	11	12	11	10	9	8	7	6	5	4	6	11	14	16	15

DEFERRED INCOME TAXES

1st year depreciation rate, 15 year MACRS		5.00%	9.50%	8.55%	7.70%	6.93%	6.23%	5.90%	5.90%	5.91%	5.90%	5.91%	5.90%	5.91%	5.90%	5.91%	2.95%						
Tax depreciation																							
2010 in-service		15	28	26	23	21	19	18	18	18	18	18	18	18	18	18	18	9					
2011 in-service		8	15	13	12	11	10	9	9	9	9	9	9	9	9	9	9	4.6					
2012 in-service				8	16	14	13	12	11	10	10	10	10	10	10	10	10	10	10	10	5.0		
Total		15	36	49	52	47	43	39	37	37	37	37	37	37	37	37	37	28	14.6	5.0			
Book depreciation																							
2010 in-service		4	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7
2011 in-service			2	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
2012 in-service				2	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Total		4	9	14	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16
Deferred income taxes @40.8%		5	11	14	15	13	11	10	9	9	9	9	9	9	9	9	5	(0)	(4)	(6)	(8)	(6)	(6)
Accumulated deferred income taxes, 12/31		5	16	30	45	58	65	78	87	96	105	113	122	131	139	148	153	153	148	142	138	129	123

REVENUE REQUIREMENT

Other operating expenses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Book depreciation		4	9	14	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16
Property taxes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Return on average rate base																							
Average net plant																							
2010 in-service		148	292	285	277	270	262	255	247	240	232	225	217	210	202	195	187	180	172	165	157	150	142
2011 in-service			78	152	148	145	141	137	133	129	125	121	117	113	109	105	102	98	94	90	86	82	78
2012 in-service				84	165	160	156	152	148	143	139	135	131	127	122	116	114	110	105	101	97	93	88
Total		148	370	521	559	575	559	544	526	512	497	481	465	450	434	419	403	387	372	356	340	325	309
Avg. accum. deferred income taxes																							
2010 in-service		1	9	17	24	30	35	39	43	47	51	56	60	64	68	72	75	73	70	67	64	61	58
2011 in-service			1	5	9	12	15	18	20	22	25	27	29	31	33	36	39	39	37	35	33	32	32
2012 in-service				1	5	9	13	17	19	22	24	27	29	31	34	36	38	41	42	41	40	38	36
Total		1	9	22	38	51	63	74	83	92	100	108	118	126	135	144	151	153	151	145	139	133	126
Average rate base		148	381	499	553	523	496	470	445	421	396	372	348	323	299	275	252	234	221	211	202	192	183
Average pre-tax return (excl ST debt)		14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%
Return on average rate base		21	51	70	78	74	70	66	63	59	56	52	48	45	42	39	36	33	31	30	28	27	26
Total revenue requirement		25	60	84	94	89	86	82	78	75	71	66	65	61	58	54	51	49	47	45	44	43	41

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	= long-term debt as % of total capitalization
50.0%	= preferred stock as % of total capitalization
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8.00%	= interest rate on short-term debt
	= interest rate on long-term debt
	= preferred dividend rate
13.14%	= return on common equity

	2010	2011	2012	2010	2011	2012
AFUDC						
155 MW total project expenditure pattern						
2010 in-service	7	141	133	5	147	133
2011 in-service	-	-	-	-	5	133
2012 in-service	-	-	-	-	-	5
Total	7	141	133	5	152	138
AFUDC rate (includes ST debt)	14.1%	14.1%	14.1%	14.1%	14.1%	14.1%
AFUDC						
2010 in-service	-	0	11	16	6	6
2011 in-service	-	-	-	0	5	6
2012 in-service	-	-	-	-	-	1
Total	-	0	11	16	6	6
AFUDC rate, equity portion	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%
AFUDC, equity portion						
2010 in-service	-	0	8	13	4	5
2011 in-service	-	-	-	0	4	5
2012 in-service	-	-	-	-	0	1
Total	-	0	8	13	5	5
AFUDC, debt portion						
2010 in-service	-	0	2	3	1	1
2011 in-service	-	-	-	0	1	1
2012 in-service	-	-	-	-	0	0
Total	-	0	2	3	1	1
Total annual project capital costs						
2010 in-service	-	7	161	132	153	161
2011 in-service	-	-	-	4	153	161
2012 in-service	-	-	-	-	8	161
Total	-	7	161	136	161	161
Accumulated project expenditures, 12/31						
2010 in-service	-	7	156	272	428	590
2011 in-service	-	-	-	3	151	312
2012 in-service	-	-	-	-	8	162
Total	-	7	156	275	427	592
Accumulated AFUDC, 12/31						
2010 in-service	-	0	12	28	6	7
2011 in-service	-	-	-	0	6	7
2012 in-service	-	-	-	-	1	1
Total	-	0	12	28	6	7
Accumulated total capital costs, 12/31						
2010 in-service	-	7	168	300	434	597
2011 in-service	-	-	-	4	159	319
2012 in-service	-	-	-	-	8	168
Total	-	7	168	304	442	604

ESTIMATE =

SPREAD	BUDGET	CHECK
48%	300.0	19.5%
25%	158.3	0.3%
27%	168.8	1.5%

SPREAD	25%	22%	26%	28%
BUDGET	7.0	160.7	136.0	160.7
CHECK	-	19.5	0.3	1.5

Maine Power Connection (MPC)

**Central Maine Power
Capital Project Business Case v9.1**

Project Title:	Project Number:
Maine Power Connection (MPC)	CMP-09-26

Project Type:
Infrastructure - Electric

2009 Capital	\$34,999
Capital Needed to Complete Project:	\$435,396
Prior Capital Spent:	\$5,050
Total Project Capital:	\$440,446

Description of Project:
This major 2008-12 project involves 1) building new 345 kV substations with breaker and a half bus designs at Detroit (with 345 kV breakers), Houlton (with 345/69 kV autotransformer and static var compensator), Limestone (with 90 MVAR reactor), Keene S/S (addition to existing S/S), and TD R2 WELS, 2) replacing the existing Mullen 69 kV substation with a new 69 kV Houlton substation (with 20 MVAR capacitor), and 3) constructing approximately 200 miles of new 345 kV transmission line (roughly 62 miles of new R-O-W; the remainder will utilize existing R-O-W).

Summary of Project Justification and Benefits:
The project will 1) close a 25 mile gap between Maine Public Service's system and the MEPCo 345 kV line, thus directly interconnecting northern Maine with the New England grid, and 2) provide sufficient transmission capacity to move at least 800 MW of wind power from northern Maine to the New England grid. The project will 1) improve regional reliability, 2) enhance competitive power markets in northern Maine, 3) help Maine and New England achieve green power / greenhouse gas objectives, 4) lower regional power costs, and 5) allow for future interconnection with eastern Canada. CMP will own roughly 70% of the project (\$440 mil. of \$625 mil. total estimated cost); CMP will need approval for full recovery through Regional Network Service transmission rates to move forward with the project. See the CMP/MPS 7-1-08 CPCN filing with the Maine PUC for more detail.

Budget Year of Expenditures:	2009	Project Life [tax life years]	15
Exit Year [if applicable]		Weighted Average Cost of Capital:	6.58%
Effective Tax Rate:	41%	Salvage Value [if applicable]	

Investment Results:		Total Project
Net Present Value (\$000)		\$145,624
Internal Rate of Return [%]		11.7%
NPV Payback in years	16.0	
Cash Payback in years	11.0	

Project Approvals:	Name	Contact Information
Project Sponsor:	Steve Robinson	207-626-9594
Capital Allocation Team Chair:	Provide Information	Provide Information
Approved by:	Provide Information	Provide Information
Approved by:	Provide Information	Provide Information

Maine Power Connection (MPC)

CMP-09-26
[\$000}

Financial Summary

Project Year	1	2	3	4	5	6	7	8	9	10
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Project Benefits:										
Increase to Revenues	\$0	\$13,498	\$38,222	\$60,389	\$70,776	\$69,544	\$67,777	\$65,634	\$63,521	\$61,380
Decrease to Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Terminal Value or Salvage Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Benefits	\$0	\$13,498	\$38,222	\$60,389	\$70,776	\$69,544	\$67,777	\$65,634	\$63,521	\$61,380
Project Costs:										
Decrease to Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increase to Expenses	\$0	\$1,161	\$3,360	\$5,410	\$6,508	\$6,638	\$6,771	\$6,906	\$7,044	\$7,185
Capital Outlay	\$31,980	\$150,190	\$111,270	\$117,950	\$0	\$0	\$0	\$0	\$0	\$0
Cash Increase to Taxes	(\$103)	\$1,681	\$5,350	\$9,106	\$11,587	\$12,492	\$13,030	\$13,093	\$12,722	\$11,959
Total Costs	\$31,877	\$153,032	\$119,980	\$132,466	\$18,095	\$19,130	\$19,801	\$19,999	\$19,766	\$19,144
Net Cash Flow	(\$31,877)	(\$139,534)	(\$81,758)	(\$72,077)	\$52,681	\$50,414	\$47,976	\$45,635	\$43,755	\$42,236

Financial Results:

Infrastructure - Electric

	Total Project
Net Present Value	\$145,624
Internal Rate of Return [%]	11.7%

	No. Years	Year
NPV Payback	16.0	2025
Cash Payback	11.0	2020

Maine Power Connection (MPC)

Revenue Schedule

INCREASES TO REVENUE (\$000):

YEAR	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018	11 2019	12 2020	13 2021	14 2022	15 2023	16 2024	17 2025	18 2026	19 2027	20 2028
Delivery, known - Elec.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Delivery, unknown - Elec.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Delivery, known - Gas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Requirement (Do Not Use)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transmission	0	13,498	38,222	80,389	70,776	69,544	67,777	65,634	63,521	61,380	59,200	57,007	54,817	52,630	50,446	48,265	46,387	45,190	44,547	44,028
Customer Contribution (Taxable) ¹	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUE	0	13,498	38,222	80,389	70,776	69,544	67,777	65,634	63,521	61,380	59,200	57,007	54,817	52,630	50,446	48,265	46,387	45,190	44,547	44,028

Note 1: See "Contributions" tab for instructions.

DECREASES TO REVENUE (\$000):

CASH FLOW #	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018	11 2019	12 2020	13 2021	14 2022	15 2023	16 2024	17 2025	18 2026	19 2027	20 2028
Enter REVENUE 7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Enter REVENUE 8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Enter REVENUE 9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Enter REVENUE 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Enter REVENUE 11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Enter REVENUE 12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

NET INCREASES TO REVENUE (\$000):

Total	0	13,498	38,222	80,389	70,776	69,544	67,777	65,634	63,521	61,380	59,200	57,007	54,817	52,630	50,446	48,265	46,387	45,190	44,547	44,028
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Transmission Revenue: Maine Power Connection (MPC)

Capital Revenue Requirement Rate				Total Revenue Requirement (\$000)					
Year	RNS,	RNS,	LNS	Capital Cost			O&M	TOTAL	
	w/ Incentive	w/o Incentive		RNS, w/ Incent	RNS, w/o Incent	LNS			
				\$ 440,808	\$ -	\$ -			
1	16.4%	16.2%	15.9%	2010	\$ 13,498	\$ -	\$ -		\$ 13,498
2	15.3%	15.2%	15.1%	2011	37,642	-	-	\$ 580	38,222
3	14.7%	14.6%	14.5%	2012	56,129	-	-	2,260	60,389
4	14.2%	14.0%	14.0%	2013	66,391	-	-	4,385	70,776
5	13.6%	13.5%	13.6%	2014	63,585	-	-	5,959	69,544
6	13.2%	13.0%	13.1%	2015	61,204	-	-	6,573	67,777
7	12.6%	12.4%	12.7%	2016	58,930	-	-	6,704	65,634
8	12.1%	11.9%	12.2%	2017	55,683	-	-	6,838	63,521
9	11.6%	11.4%	11.8%	2018	54,405	-	-	6,975	61,380
10	11.1%	10.8%	11.3%	2019	52,086	-	-	7,115	59,200
11	10.5%	10.3%	10.9%	2020	49,750	-	-	7,257	57,007
12	10.0%	9.7%	10.4%	2021	47,415	-	-	7,402	54,817
13	9.5%	9.2%	9.9%	2022	45,080	-	-	7,550	52,630
14	8.9%	8.6%	9.5%	2023	42,745	-	-	7,701	50,446
15	8.4%	8.1%	9.0%	2024	40,410	-	-	7,855	48,265
16	8.2%	7.9%	8.6%	2025	38,375	-	-	8,012	46,387
17	8.2%	7.9%	8.1%	2026	37,018	-	-	8,172	45,190
18	8.0%	7.6%	7.7%	2027	35,211	-	-	8,336	44,547
19	7.8%	7.4%	7.2%	2028	35,526	-	-	8,503	44,028
20	7.5%	7.1%	6.7%	2029	34,643	-	-	8,503	43,146
21	7.3%	6.9%	6.6%						
22	7.1%	6.6%	6.5%						
23	6.8%	6.3%	6.2%						
24	6.6%	6.1%	6.0%						
25	6.4%	5.8%	5.7%						
26	6.1%	5.6%	5.5%						
27	5.9%	5.3%	5.2%						
28	5.7%	5.1%	5.0%						
29	5.4%	4.8%	4.7%						
30	5.2%	4.5%	4.5%						
31	5.0%	4.3%	4.3%						
32	4.7%	4.0%	4.0%						
33	4.5%	3.8%	3.8%						
34	4.3%	3.5%	3.5%						
35	4.0%	3.3%	3.3%						

Abbreviations:

RNS = Regional Network Service
 LNS = Local Network Service

Maine Power Connection (MPC)

Capital Schedule

CAPITAL OUTLAY (\$000):	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
YEAR	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Non-Depreciable Outlays (0-Yr Tax Life)	31,880	(4,559)	(21,090)	(11,395)																
Equipment Outlays (5-Yr. Tax Life)	0	0	0	0	0															
Equipment Outlays (7-Yr. Tax Life)	0	0	0	0	0															
Equipment Outlays (15-Yr. Tax Life)	0	154,740	132,360	129,340	0															
Equipment Outlays (20-Yr. Tax Life)	0	0	0	0	0															
Plant Outlays (39-Yr. Tax Life)																				
Total Capital Outlay	31,880	150,190	111,270	117,950	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior Period Capital Outlays	5,050																			
AFDC Prior Periods	362																			
AFDC Current Period and Beyond	24,008																			

Note: The tax life for this project is 15 years. Make sure the Net Depreciable capital from the Capital Back-up tab is properly captured on the 15 year tax life line. For multi-year projects, it is no longer necessary to enter capital on the Non-Depreciable Outlays line.

Capital Back-up: Maine Power Connection (MPC)

Assumes preliminary estimates of annual cash flows and in-service amounts by year.
Note that land costs have not been separately broken out due to uncertainty regarding ultimate transmission route.

PROJECT COSTS BY YEAR (\$000)	Pre-2009 (CWIP) ⁵	2009	2010	2011	2012	Post-2012	TOTAL
Total project costs by component:							
CMP's estimated share of MPC	\$ 5,412	\$ 34,999	\$ 159,399	\$ 118,000	\$ 122,998		\$ 440,808
							-
							-
							-
Total	\$ 5,412	\$ 34,999	\$ 159,399	\$ 118,000	\$ 122,998	\$ -	\$ 440,808
Depreciable capital costs:							
Total project less transformers, regulators	\$ 5,412	\$ 34,999	\$ 159,399	\$ 118,000	\$ 122,998		\$ 440,808
Transformers, regulators							-
Less: AFUDC	362	3,019	9,209	6,730	5,048		24,368
Real estate							-
General expenses							-
O&M							-
Avoided capital costs							-
Cost of removal							-
Depreciable capital for model	\$ 5,050	\$ 31,980	\$ 150,190	\$ 111,270	\$ 117,950	\$ -	\$ 416,440
Customer contribution (non-taxable) ⁶	-	-	-	-	-	-	-
Net depreciable capital for model	\$ 5,050	\$ 31,980	\$ 150,190	\$ 111,270	\$ 117,950	\$ -	\$ 416,440
In-service amounts:							
Total capital costs	\$ -	\$ -	\$ 165,000	\$ 140,603	\$ 135,205		\$ 440,808
AFUDC			10,260	8,243	5,865		24,368
Total capital cost less AFUDC			\$ 154,740	\$ 132,360	\$ 129,340	\$ -	\$ 416,440

Probability that project costs will be greater than 125% of projected = 20%
Probability that project costs will be less than 90% of projected = 10%

Percentage of total capital costs qualifying for RNS and FERC incentive = 100.0%
Percentage of total capital costs qualifying for RNS but not FERC incentive =
Percentage of total capital costs qualifying for LNS =

¹ Includes right-of-way trim

² Includes Maine DEP 3rd party inspectors

³ Includes survey work and special studies

⁴ Includes site facilities

⁵ Enter only the amount of capital still in CWIP and has yet to be placed in service.

⁶ See "Contributions" tab for instructions

Maine Power Connection (MPC)

O&M Schedule

INCREASES TO EXPENSE (\$000):

YEAR	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018	11 2019	12 2020	13 2021	14 2022	15 2023	16 2024	17 2025	18 2026	19 2027	20 2028
Property taxes	0	1,161	3,360	5,410	6,508	6,638	6,771	6,906	7,044	7,185	7,329	7,475	7,625	7,777	7,933	8,091	8,253	8,418	8,587	8,758
Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Project O&M & removal costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Enter EXPENSE 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Enter EXPENSE 5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Enter EXPENSE 6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSE	0	1,161	3,360	5,410	6,508	6,638	6,771	6,906	7,044	7,185	7,329	7,475	7,625	7,777	7,933	8,091	8,253	8,418	8,587	8,758

DECREASES TO EXPENSE (\$000):

YEAR	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018	11 2019	12 2020	13 2021	14 2022	15 2023	16 2024	17 2025	18 2026	19 2027	20 2028
Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Avoided costs - Electric	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Avoided costs - Gas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Enter EXPENSE 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Enter EXPENSE 11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Enter EXPENSE 12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

NET EXPENSE (\$000):

	\$0	\$1,161	\$3,360	\$5,410	\$6,508	\$6,638	\$6,771	\$6,906	\$7,044	\$7,185	\$7,329	\$7,475	\$7,625	\$7,777	\$7,933	\$8,091	\$8,253	\$8,418	\$8,587	\$8,758
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Property Taxes: Maine Power Connection (MPC)

Municipality: Various
Mil rate: 15.0 mils
Annual escalation: 2.0%

Calculation of Property Taxes for projects where capex is placed in-service in the last year of the project.

0

(\$000)		Prior	2009	2010	2011	2012	Post-2012	Total
Capital Outlay		\$0.0	\$0.0	\$154,740.0	\$132,360.0	\$129,340.0	\$0.0	\$416,440.0
Property Taxes	2009	-	-	-	-	-	-	\$0.0
	2010	-	-	-	-	-	-	\$0.0
	2011	-	-	-	-	-	-	\$0.0
	2012	-	-	-	-	3,123.3	-	\$0.0
	2013	-	-	-	-	6,371.5	-	\$0.0
	2014	-	-	-	-	6,499.0	-	\$0.0
	2015	-	-	-	-	6,628.9	-	\$0.0
	2016	-	-	-	-	6,761.5	-	\$0.0
	2017	-	-	-	-	6,896.8	-	\$0.0
	2018	-	-	-	-	7,034.7	-	\$0.0
	2019	-	-	-	-	7,175.4	-	\$0.0
	2020	-	-	-	-	7,318.9	-	\$0.0
	2021	-	-	-	-	7,465.3	-	\$0.0
	2022	-	-	-	-	7,614.6	-	\$0.0
	2023	-	-	-	-	7,766.9	-	\$0.0
	2024	-	-	-	-	7,922.2	-	\$0.0
	2025	-	-	-	-	8,080.6	-	\$0.0
	2026	-	-	-	-	8,242.3	-	\$0.0
	2027	-	-	-	-	8,407.1	-	\$0.0
	2028	-	-	-	-	8,575.2	-	\$0.0

Calculation of Property Taxes for projects where current period capex is placed in-service in each year of the project.

1

(\$000)		Prior	2009	2010	2011	2012	Post-2012	Total
Capital Outlay		\$0.0	\$0.0	\$154,740.0	\$132,360.0	\$129,340.0	\$0.0	\$416,440.0
Property Taxes	2009	-	-	-	-	-	-	\$0.0
	2010	-	-	1,160.6	-	-	-	\$1,160.6
	2011	-	-	2,367.5	992.7	-	-	\$3,360.2
	2012	-	-	2,414.9	2,025.1	970.1	-	\$5,410.0
	2013	-	-	2,463.2	2,065.6	1,978.9	-	\$6,507.7
	2014	-	-	2,512.4	2,106.9	2,018.5	-	\$6,637.8
	2015	-	-	2,562.7	2,149.1	2,058.8	-	\$6,770.6
	2016	-	-	2,613.9	2,192.0	2,100.0	-	\$6,906.0
	2017	-	-	2,666.2	2,235.9	2,142.0	-	\$7,044.1
	2018	-	-	2,719.5	2,280.6	2,184.9	-	\$7,185.0
	2019	-	-	2,773.9	2,326.2	2,228.6	-	\$7,328.7
	2020	-	-	2,829.4	2,372.7	2,273.1	-	\$7,475.3
	2021	-	-	2,886.0	2,420.2	2,318.6	-	\$7,624.8
	2022	-	-	2,943.7	2,468.6	2,365.0	-	\$7,777.3
	2023	-	-	3,002.6	2,518.0	2,412.3	-	\$7,932.8
	2024	-	-	3,062.6	2,568.3	2,460.5	-	\$8,091.5
	2025	-	-	3,123.9	2,619.7	2,509.7	-	\$8,253.3
	2026	-	-	3,186.4	2,672.1	2,559.9	-	\$8,418.4
	2027	-	-	3,250.1	2,725.5	2,611.1	-	\$8,586.7
	2028	-	-	3,315.1	2,780.0	2,663.3	-	\$8,758.5

Maintenance Expense DECREASE

	Maintenance Expense Item 1	Maintenance Expense Item 2	Maintenance Expense Item 3	Maintenance Expense Item 4	Maintenance Expense Item 5
Frequency, yrs					
Labor					
Staff					
Hours					
Per hour rate					
Overhead					
Unplanned					
Vehicle A					
Hours					
Per hour rate					
Overhead					
Vehicle B					
Hours					
Per hour rate					
Overhead					
TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -

Distribution line maintenance = - ft x \$0.40/ft/yr = \$ - /yr

Year	(1) Maintenance Expense Item 1 (in 1st yr \$)	(2) Maintenance Expense Item 2 (in 1st yr \$)	(3) Maintenance Expense Item 3 (in 1st yr \$)	(4) Maintenance Expense Item 4 (in 1st yr \$)	(5) Maintenance Expense Item 5 (in 1st yr \$)	(6) Distribution Line Maintenance (in 1st yr \$)	(7)=(1)+(2)+ (3)+(4)+(5)+(6) TOTAL (in 1st yr \$)	(8) TOTAL with Inflation (in actual yr \$)
2009						-	-	-
2010						-	-	-
2011						-	-	-
2012						-	-	-
2013						-	-	-
2014						-	-	-
2015						-	-	-
2016						-	-	-
2017						-	-	-
2018						-	-	-
2019						-	-	-
2020						-	-	-
2021						-	-	-
2022						-	-	-
2023						-	-	-
2024						-	-	-
2025						-	-	-
2026						-	-	-
2027						-	-	-
2028						-	-	-

Maine Power Connection (MPC)

Best Economic Choice

Listing of Alternatives Considered	Reason for Not Selecting this Alternative	10-Year NPV
Construct 115 or 345 kV line to close 25 mile gap between MPS & New England grid.	Does not provide sufficient transfer capability to allow large amounts of green power to flow from northern Maine to the New England grid, thus substantially reducing the benefits of an interconnection.	No analysis necessary.