

**NECPL - SUMMARY OF ECONOMIC AND PUBLIC GOOD BENEFITS IN VERMONT**

(All figures in nominal \$ in millions, unless otherwise stated)

	<u>Annual Avg.</u>		<u>Life of Project</u>		
	<u>Dec. 2014</u>	<u>Aug. 2015</u>	<u>Dec. 2014</u>	<u>Aug. 2015</u>	<u>Variance</u>
<b><u>PUBLIC GOOD BENEFITS</u></b>					
• VT Electric Ratepayer Benefit	\$3.4	\$3.4	\$135.7	\$135.7	\$0.0
• VT Renewable Programs	\$1.0	\$2.7	\$40.0	\$108.9	\$68.9
• Lake Champlain Pollution Abatement & Restoration Fund	\$2.0	\$5.0	\$82.0	\$202.0	\$120.0
• Lake Champlain Enhancement/Restoration Trust Fund	\$1.0	\$1.5	\$40.0	\$61.0	\$21.0
• Benson Infrastructure Payment	N/A	N/A	\$0.0	\$1.1	\$1.1
• Alburgh Causeway Payment	N/A	N/A	\$0.0	\$0.4	\$0.4
			<b>\$297.7</b>	<b>\$509.0</b>	<b>\$211.3</b>
<b><u>TAXES AND REQUIRED LEASE PAYMENTS</u></b>					
• VT Property Taxes	\$7.2	\$6.6	\$301.2	\$274.2	(\$27.0)
• VT Corporate Income Taxes	\$8.2	\$10.4	\$328.3	\$414.4	\$86.1
• VTrans Lease Payments	\$0.5	\$5.0	\$21.9	\$211.8	\$190.0
			<b>\$651.4</b>	<b>\$900.4</b>	<b>\$249.0</b>
<b><u>DIRECT SPEND DURING CONSTRUCTION (2016-19)</u></b>					
• VT Sales Tax	\$10.5	\$10.5	\$31.4	\$31.4	\$0.0
• NECPL VT Employment	\$27.8	\$27.8	\$83.3	\$83.3	\$0.0
• NECPL VT Non-Employment Expenditures	\$33.6	\$33.6	\$100.7	\$100.7	\$0.0
			<b>\$215.4</b>	<b>\$215.4</b>	<b>\$0.0</b>
<b><u>DIRECT SPEND DURING OPERATION (2019-59)</u></b>					
• NECPL VT Employment	\$4.0	\$4.0	\$158.3	\$158.3	\$0.0
• NECPL VT Non-Employment Expenditures	\$3.8	\$3.8	\$151.6	\$151.6	\$0.0
			<b>\$309.9</b>	<b>\$309.9</b>	<b>\$0.0</b>
<b>TOTAL</b>			<b>\$1,474</b>	<b>\$1,935</b>	<b>\$460</b>

<b><u>OTHER ECONOMIC BENEFITS</u></b>	<b><u>Dec. 2014</u></b>	<b><u>Aug. 2015</u></b>	<b><u>Variance</u></b>
• Vermont Ratepayer Savings (first 10 years)	\$294.0	\$255.3	(\$38.7)
• Increase in Vermont GSP (Construction Period)	\$116.6	\$130.2	\$13.6
• Increase in Vermont GSP (first 10 years)	\$316.4	\$390.0	\$73.6

## NOTES ON ECONOMIC BENEFITS SUMMARY

### **A. PUBLIC GOOD BENEFITS**

1. VT Electric Ratepayer Payment
  - a. To VELCO for distribution to VT ratepayers.
  - b. \$2.5MM in initial year of operations plus 1.5% annual escalator for the subsequent 39 years.
2. VT Renewables Programs
  - a. To Clean Energy Development Fund.
  - b. \$5.0MM/year contribution for initial 20 years of operations, no escalator.
  - c. \$443,125/year contribution for subsequent 20 years of operations, no escalator.
3. Lake Champlain Pollution Abatement & Restoration Fund (previously known as "Lake Champlain Phosphorous Cleanup Fund")
  - a. Contributions to a Fund to be established.
  - b. \$1.0MM at Financial Close, \$1.0MM at COD.
  - c. \$5.0MM/year for 40 years of operations. No escalator.
4. Lake Champlain Enhancement/Restoration Trust Fund
  - a. Contributions to a Fund to be established.
  - b. \$1.0MM at Financial Close.
  - c. \$1.5MM/year for 40 years of operations. No escalator.
5. Benson Infrastructure Payments
  - a. \$550,000 at Financial Close, \$550,000 at COD.
6. Alburgh Causeway Payment
  - a. \$350,000 during construction period.

### **B. TAXES AND REQUIRED LEASE PAYMENTS**

7. VT Property Taxes
  - a. Average of \$6.6MM/year for 40 years of operations. Calculated via the Replacement Cost New Less Depreciation methodology (subject to a floor of 30% of replacement cost).
  - b. Average of \$3.6MM/year during construction for taxes on construction work in process.
8. VT Corporate Income Taxes
  - a. Average of \$10.2MM/year for 40 years.
9. VT Sales Tax
  - a. For purchase of project equipment.
  - b. Total is for three year construction period.
10. VT Lease Payments
  - a. For use of State roads (U.S. Route 4, VT Routes 22A, 7, 103, and 100) and railroad rights of way.
  - b. \$100,000 option payment paid in two installments during the development period.
  - c. \$4.0MM/year during construction period and initial seven years of operations.
  - d. Commencing in year eight of operations, an annual escalator of 1.5% will be applied to the \$4,000,000 payment.

### **C. DIRECT SPEND DURING CONSTRUCTION AND OPERATIONS**

11. VT Employment
  - a. Total based upon average of 140 Vermont jobs annually during 3 years of construction and 22 Vermont jobs annually during 40 years of operations.
12. VT Expenditures
  - a. Direct Vermont-based expenditures by TDI-NE during construction and operations.
  - b. Employment expenditures during construction of \$83.3MM and \$158.3MM during operations.
  - c. Non-labor expenditures during construction of \$100.7MM and \$151.6MM during operations.

### **D. OTHER ECONOMIC BENEFITS**

13. VT Ratepayer Savings
  - a. Calculated for first 10 years of Operation.

b. Due to decline in retail energy and capacity prices due to NECPL.

14. Increase in Vermont GSP During Construction

- a. GSP = Gross State Product.
- b. Due to indirect and induced jobs and spending.

15. Increase in Vermont GSP During Operations (first 10 years).

- a. Due to a reduction in energy and capacity costs, and induced and indirect jobs and spending.