Template for Capital Project Review and Approval by a Subsidiary Board

[Sponsoring Operating Unit or Corporate and Shared Services Group] [Project Title] Capital Project Review and Approval

[Name of Subsidiary] Board of Directors

[Sponsoring Officer]
[Date of Submission]

This information is intended for the use of internal management only and should not be discussed with or distributed to external parties.

EVERSOURCE ENERGY

Contents

- Executive Summary
  - Project Justification
  - Project Solution & Benefits
  - Project Alternatives
- Project Timeline
- Financial Evaluation
- Risk Assessment
- Authorization Criteria for IT Projects (if Applicable)

Appendix

- Approval History

Executive Summary

Scope:

- **Summary of project scope and description**

Estimated Project Costs by year ($ in millions):

	Prior	20XX	20XX	20XX	Total	In-Service Date
Capital[1]	$X.X	$XX.X	$XX.X	$XX.X	$XX.X	Month/Year
O&M	$X.X	$XX.X	$XX.X	$XX.X	$XX.X	
Total	$X.X	$XX.X	$XX.X	$XX.X	$XX.X	

[1] **Direct and Indirect Capital Costs**

- **Is project capital part of Original [20XX] Operating Plan**
- **Is project O&M part of Original [20XX] Operating Plan**

Issues:

Any project issues or risks should be included here for the subsidiary board's consideration of funding approval (i.e., challenging or unusual permitting and siting requirements, new technology, coordination with other utilities)

How cost variances to the Original [20XX] Operating Plan will be addressed (if applicable)

Regulatory Approvals: (if applicable)

Funding Request:

- **Name of Subsidiary Board approval of $XX.XM for [business unit/shared services] to [restate project purpose]**

Project Justification

- Include the problem statement, project objectives, project scope, risk being mitigated

Project Solution & Benefits

- Detailed description of the project including pictures and maps, as appropriate, and rationale as to why project provides the solution to the project need discussed on the prior page(s)
- Discuss impact of this project on other Eversource projects/initiatives (if any)
- Discuss use of or applicability of solution to other Eversource Companies (if applicable)
- Describe the benefits of the project, both qualitative and quantitative

Project Timeline

- **Include timeline of major project milestones**
- **Show the expected timing of capital expenditures along the timeline**

Financial Evaluation

- Insert a table which provides main components of direct and indirect capital costs. Provide information by year in detail or in an appendix as appropriate

Main Component	Time Period – by year and in total
Direct:	
Labor	
Outside Services	
Materials	
Other (include contingency amounts)	
Indirect:	
Benefits	
Loaders	
Capitalized Interest or AFUDC if applicable	
Other (include contingency amounts)	
Total	

- **Provide estimated future costs that will result from the project and if they are included in the current Operating Plan**
- **Describe financial benefits resulting from the project including whether or not they are in the approved Operating Plan**

Financial Evaluation

Financial metrics may include the following at the discretion of the project's management and financial evaluation representative(s)

Shareholder Metrics
- Detailed Capital Expenditures
- Detailed Capital Expenditure timing (by year)
- Expected Return on Equity (ROE) and Equity Percentage
- Net Present Value (NPV) and Internal Rate of Return (IRR) (using appropriate discount rate by company)
- Earning Per Share Contribution

Customer Metrics
- Detailed Rate impacts
- Detailed Revenue Requirements analysis
- Present Value of Revenue Requirements
- Revenue Requirements Break-even year

Project Specific Metrics

Sensitivities
- +/- Capital Spend
- +/- O&M Spend
- Impact of timing delays
- Impacts to ROEs, NPVs, Earnings
- Payback period
- Other project-specific metrics (describe)

Other
- Identification of alternative project options

Financial metrics may be presented graphically if considered appropriate to assist in review and approval

Risk Assessment

Include a table which quantifies the identified risks to project implementation, calculates an estimated expected value of each such risk resulting in a total expected value risk exposure, and describes risk mitigation plans. Compare the contingency assumed in the total cost estimate to the total estimated expected value risk exposure. (Provided by Enterprise Risk Management following required risk assessment process)

Risk Event	Risk Horizon	Likelihood of Occurrence	Expected Value Cost Exposure ($M)	Risk Mitigation
Risk 1	1Q-3Q 20XX	% likelihood 0-100%	Cost Exposure x Likelihood of Occurrence	Mitigation Plan
Risk 2	April 20XX-July 20XX			
Risk 3, etc.	20XX-20XX			
Total Identified Risk			Cumulative Expected Value of Cost Exposure	

- **The Capital Cost Estimate includes a contingency of $_____M compared to the total expected value cost exposure of $_____M**

Authorization Criteria for IT Projects (if Applicable)

- Describe the applications that are impacted and include information regarding the interfaces and interdependencies related to this IT project
- Assess the fit of this IT project with the overall IT strategy
- Describe control matters, such as the processes for data migration, change management plan including impacts to business processes, data maintenance controls, whether or not this IT project will be or impacts a Sarbanes-Oxley critical application, and the business continuity plan

Appendix
Approval History

Approval History

Show who has approved the project to date in accordance with the Delegation of Authority Policy by inserting a screen shot of the approval status page from the project authorization form in PowerPlant

Title	Approver's Name	Date Approved	Authority Limit
Chief Executive Officer			
Chief Financial Officer			
Executive Vice President			
Senior Vice President/ Subsidiary President			
Vice President			
Director			
Manager			