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APPENDICES

APPENDIX 3-1: EMERA 2004 ANNUAL REPORT

SECTION 3. FINANCIAL CAPACITY

3.A Estimated Costs

The estimated costs for the proposed Northeast Reliability Interconnect (NRI) are listed below:

Engineering, environmental permitting, right-of-way and other administrative costs	\$20,490,000
Line Construction:	\$55,198,000
Orrington Substation:	\$14,702,000
Total	\$90,390,000

3.B Financing

Bangor Hydro-Electric Company (BHE) expects to finance this project using typical utility financing processes for capital construction projects, including internally generated funds and the issuance of additional debt. BHE is the second largest transmission and distribution utility in Maine with total assets of approximately \$626 million and total annual revenues of \$129.8 million as of December 31, 2004. Furthermore, the project has been approved as a Pool Transmission Facility and pursuant to the terms of the project's Federal Energy Regulatory Commission (FERC) approved transmission tariff, the cost of the project will ultimately be shared by all 6.5 million customers within the New England Power Pool (NEPOOL).

BHE is a wholly owned subsidiary of Emera, Inc. (Emera), headquartered in Halifax, Nova Scotia. Appendix 3-1 provides Emera's 2004 Annual Report. This document, which includes BHE's 2004 Annual Report, demonstrates the financial capacity of BHE to construct, operate, and maintain the proposed NRI.

APPENDIX 3-1
EMERA, INC. 2004 ANNUAL REPORT