



NORWICH BOARD OF PUBLIC UTILITIES' COMMISSIONERS
REGULAR MEETING

April 24, 2012

The Regular April Meeting of the Norwich Board of Public Utilities' Commissioners was held on Tuesday, April 24, 2012 in the 2nd Floor Board Room of Norwich Public Utilities (NPU) located at 16 South Golden Street, Norwich.

Item 1. The Meeting was called to order at 6:00 p.m. by Chairman James Sullivan.

Present: Chairman James Sullivan, Vice Chairman Diana Boisclair, Secretary Alan Remondi, and Commissioner Larry Goldman. Also in attendance were: General Manager John Bilda; NPU Staff Members Chris LaRose, Steve Sinko, Mike Hughes and Michele Addabbo.

Chairman Sullivan, seconded by Secretary Remondi moved to suspend the rules and make an amendment to the February 28, 2012 meeting minutes to include the GTSA Version 8, in its entirety.
Unanimously approved.

Commissioner Goldman, seconded by Vice Chairman Boisclair moved to suspend the rules and introduce the following resolution.

RESOLUTION

The City of Norwich Board of Public Utilities Commissioners moves to approve the final General Transmission Services Agreement between Connecticut Municipal Electric Energy Cooperative and the City of Norwich, Connecticut, acting by and through Norwich Public Utilities, including such revisions and clarifications as the General Manager deemed appropriate as not substantive and consistent with the Board's vote of 02-28-12.

**The rest of this page is left intentionally blank.
Meeting minutes are continued after GTSA Agreement below. **

GENERAL TRANSMISSION SERVICES AGREEMENT

BETWEEN

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE

AND

THE CITY OF NORWICH, CONNECTICUT, ACTING BY AND THROUGH
NORWICH PUBLIC UTILITIES

Dated as of April 1, 2012

CMEEC

General Transmission Services Agreement

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GENERAL TRANSMISSION SERVICES Agreement

This General Transmission Services Agreement (this “Contract” or “GTSA”), dated as of April 1, 2012, is made by and between the CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE, a public body corporate and politic organized and existing under and by virtue of the laws of the State of Connecticut (hereinafter referred to as “CMEEC”) and THE CITY OF NORWICH, CONNECTICUT, acting by and through the municipal electric utility which constitutes an electric department, agency or other body of such municipal corporation, or otherwise operating a utility distribution agency or authority and eligible to receive service under this Contract (hereinafter referred to as the “Norwich Public Utilities” or “Contract Party Transmission Purchaser”). Each of CMEEC and the Contract Party Transmission Purchaser are sometimes referred to herein individually as a “Party” and collectively as the “Parties.”

WITNESSETH:

WHEREAS, CMEEC has been duly organized under Chapter 101a of Title 7 of the General Statutes of the State of Connecticut, as amended (the “Act”);

WHEREAS, CMEEC has heretofore entered into separate Amended and Restated Power Sales Contracts, dated as of January 1, 2000, as amended (the “Amended and Restated Power Sales Contracts” or “PSAs”) for the supply of electric power with each of the City of Groton, Connecticut (“Groton”), the City of Norwich, Connecticut (“Norwich”), the Borough of Jewett City, Connecticut (“Jewett City”), the Second Taxing District of the City of Norwalk, Connecticut (“South Norwalk”), and the Third Taxing District of the City of Norwalk (“East Norwalk”), Connecticut, who are Members of CMEEC (collectively, the “Member Power Purchasers”); WHEREAS, CMEEC has also entered into power sales agreements with entities not constituting Member Power Purchasers but also purchasing all or some of their requirements for electric power supply from CMEEC (the “Non-Member Power Purchasers”) under contracts with CMEEC (the “Non-Member PSAs”)

WHEREAS, the Connecticut Transmission Municipal Electric Energy Cooperative (“TRANSCO”) has been duly organized under Act, by the adoption of concurrent resolutions providing therefore by Groton, Norwich, Jewett City, South Norwalk, East Norwalk, the Board of Commissioners of the Town of Wallingford, Connecticut, Department of Public Utilities (“Wallingford”), and the Board of Utilities Commission of Bozrah Light and Power Company (“BL&P” or “Bozrah”) (collectively, the “TRANSCO Members”); WHEREAS, this Contract is a separate contractual undertaking and covers separate and distinct subject matter and obligations among and between the Parties from that addressed in the Amended and Restated Power Sales Contracts;

WHEREAS, on-going changes in federal and state energy laws and markets have encouraged increased competition and customer choice in the energy business, making it incumbent upon CMEEC and the Member Power Purchasers and the Non-Member Power Purchasers to have greater flexibility in their respective utility operations (collectively, the Member Power Purchasers and the Non-Member Power Purchasers are referred to herein as the “Power Purchasers”);

WHEREAS, in order to provide greater flexibility to CMEEC and the Power Purchasers in their respective utility operations, and in order to separate the costs of transmission services from the costs of power supply, it has been determined to be in the best interest of CMEEC and the Power Purchasers that electric transmission services required by CMEEC and the Power Purchasers, and the financing of transmission projects by TRANSCO on behalf of some or all of the Power Purchasers be provided for

under contracts which are separate from the Amended and Restated Power Contracts and taking the form of this GTSA or its substantial equivalent;

WHEREAS, TRANSCO has acquired and financed and will continue to acquire and finance transmission rights and capacity for the sole purpose of providing transmission services to CMEEC;

WHEREAS, CMEEC has issued Indebtedness, as defined herein, of an interim, short term nature under the Act, to initially finance the costs of a capital contribution to TRANSCO in order to enable TRANSCO to provide a portion of the purchase price payable by TRANSCO for the acquisition of certain transmission facilities (the "Initial Transmission Project") as hereinafter defined;

WHEREAS, CMEEC intends to refinance such interim, short term issuance of Indebtedness with an issuance of long term Indebtedness;

WHEREAS, in order to enable CMEEC to issue such long term Indebtedness, it is necessary for CMEEC to establish and maintain a binding contract with each of the Power Purchasers for the provision of their electric transmission services at wholesale and, for those Power Purchasers also constituting Transmission Project Participants, for the establishment by contract of the required security for the financing by CMEEC of its portion of the cost of acquisition of the Initial Transmission Project and other Transmission Projects, if any (with each such Power Purchaser entering into a GTSA referred to as a "Transmission Purchaser" with respect to its rights and obligations under such GTSA);

WHEREAS, such GTSA shall also provide that all payments required to be made by the Transmission Purchaser in accordance with the provisions of this Contract are to be pledged as security for the payment of such Indebtedness and the interest thereon to the extent of such Transmission Purchaser's Entitlement Allocation as further defined hereunder, subject to the application thereof to such purposes and on such terms as provided in the CMEEC Transmission Bond Resolution, as hereinafter defined;

WHEREAS, TRANSCO has also issued Indebtedness of an interim, short term nature under the Act, to initially finance the costs, in part, of acquiring the Initial Transmission Project, and intends to refinance such interim, short term indebtedness with indebtedness which has a corresponding term of repayment no greater than the currently estimated approximate depreciable life of the Initial Transmission Project;

WHEREAS, CMEEC has entered into a Transmission Financing and Services Contract, as hereinafter defined, with TRANSCO for CMEEC to acquire transmission services from TRANSCO so as to provide for the transmission needs of the Power Purchasers;

WHEREAS, in order to enable TRANSCO to issue long term indebtedness, it is necessary to have executed GTSAs between CMEEC and the Transmission Purchasers which provides that all payments required to be made by CMEEC to TRANSCO in accordance with the provisions of the Transmission Financing and Service Contract are also to be pledged by TRANSCO as security for the payment of any such long term Indebtedness, and the interest thereon;

WHEREAS, as enabling requirements and conditions attached to the acquisition of the Initial Transmission Project, certain on-going obligations were established under the Purchase and Sale Documents, as hereinafter defined, that entail certain payment and other obligations which may accrue following the expiration of the Term, as hereinafter defined, of this Contract;

WHEREAS, Electric Products, as defined in the NEPOOL Agreement, as amended, and as otherwise defined and/or required by the rules and tariffs (the "ISO Tariff", as hereinafter defined) of the Independent System Operator-New England, Inc. ("ISO-NE") including Installed Capacity, Operable Capacity, Energy, Operating Reserve, Automatic Generation Control (as each of such capitalized terms are defined in the NEPOOL Agreement, as amended and the ISO Tariff) and any ancillary services or any modified, additional or successor products as set forth in any amendment to the NEPOOL Agreement and/or the ISO Tariff shall continue to be provided to the Power Purchasers;

WHEREAS, the Contract Party Transmission Purchaser desires to consolidate under this Contract the terms and conditions for the provision and supply of their requirements for all Transmission Services, as hereinafter defined, from CMEEC and payment therefore on the terms and conditions herein set forth (which services CMEEC, acting as agent for the Power Purchasers, previously billed to and collected from the Transmission Purchasers); and,

WHEREAS, the Contract Party Transmission Purchaser is also authorized to enter into this Contract pursuant to the provisions of the Act.

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, the Parties hereto agree as follows:

SECTION 1: DEFINITIONS

The following words and terms shall be understood to have the following meanings when used in this Contract. Unless otherwise expressly defined herein, including as expressly defined in the Recitals, capitalized terms shall have the meaning afforded such terms as set forth in the ISO-NE Tariff or Transmission Operating Agreement, as amended, as such terms are further defined below.

1.1. Act: Chapter 101a of Title 7 of the General Statutes of Connecticut, as amended.

1.2. Additional Transmission Project: Any transmission asset, capacity, or the rights thereto acquired by TRANSCO in addition to the Initial Transmission Project.

1.3. Annual Budget: The budget adopted by the Board pursuant to Section 22 hereof.

1.4. Billing Statement: The written statement prepared for each month immediately subsequent to the month in which Transmission Service is provided by CMEEC pursuant to this Contract which shall be based in part upon the Annual Budget and which shall show for such month the amount to be paid by the Transmission Purchaser in accordance with the provisions of Section 2 hereof.

1.5. Board: The Board of Directors of CMEEC or any successor governing board of CMEEC.

1.6. CL&P: The Connecticut Light and Power Company, and its successors and assigns, if any, to the Purchase and Sale Documents and/or the Wholesale Distribution Agreement.

1.7. CMEEC: the Connecticut Municipal Electric Energy Cooperative, a public body corporate and politic organized and existing under and by virtue of the Act and its successors and assigns.

1.8. CMEEC Transmission Bonds: Indebtedness and Financial Contracts outstanding under, and secured by, any CMEEC Transmission Bond Resolution,

1.9. CMEEC Transmission Bond Resolution: Any resolution to be adopted by CMEEC authorizing the issuance of CMEEC Transmission Bonds, as amended and supplemented.

1.10. Comprehensive Management Services Agreement or CMSA: An Agreement dated as of June 1, 2011 by and between CMEEC and TRANSCO pursuant to which CMEEC supplies management and administrative services to TRANSCO.

1.11. Contract: This General Transmission Service Agreement or GTSA, dated as of June 1, 2011, between CMEEC and the Transmission Purchaser, as amended in accordance with its terms.

1.12. Contract Party Transmission Purchaser: The counter-party to this GTSA, other than CMEEC.

1.13. Credit Rating: Credit Rating shall mean the credit rating issued by a (US) nationally recognized credit rating agency with respect to the unsecured senior debt of the applicable entity.

1.14. Debt Service: With respect to any period, the aggregate of the amounts required by the CMEEC Transmission Bond Resolution to be paid during said period into any fund or account created by the CMEEC Transmission Bond Resolution for the sole purpose of paying the principal (including sinking

fund installments) of and premium, if any, and interest on all the CMEEC Transmission Bonds as the same shall become due as set forth in the CMEEC Transmission Bond Resolution.

1.15. Entitlement Allocation: The percentage of entitlement interest of the Contract Party Transmission Purchaser in the Initial Transmission Project set forth in Exhibit I to this Contract, which Exhibit shall also evidence the specific Entitlement Allocation of each of the other Transmission Purchasers participating in the Initial Transmission Project, as provided in each of such Transmission Purchaser's respective GTSA. With respect to any Additional Transmission Project, the percentage of entitlement interest of the Contract Party Transmission Purchaser in each Additional Transmission Project and the equivalent Entitlement Allocations of the other Transmission Purchasers participating in such Additional Transmission Project, as provided under the GTSA of each of such other Transmission Purchasers shall be set forth in an amendment to Exhibit I to this Contract and to the GSAs of the other Transmission Purchasers. The Entitlement Allocation of the Transmission Purchaser in each Additional Transmission Project may vary from Transmission Project to Transmission Project depending on the entitlement interest of each Additional Transmission Project which a Transmission Purchaser elects to acquire.

1.16. Events of Default: The term "Events of Default", without further reference, refers to both Contract Party Transmission Purchaser Events of Default, as defined in Section 18, and CMEEC Events of Default, as defined in Section 21.

1.17. Federal Tax Exemption: The exclusion from Federal income taxation of interest paid or to be paid on the CMEEC Transmission Bonds.

1.18. FERC Accounts: The Federal Energy Regulatory Commission ("FERC") Uniform Systems of Accounts prescribed for Class A and Class B Public Utilities and licensees, as the same may be modified, supplemented or amended from time to time.

1.19. Financial Contract: To the extent CMEEC is permitted by law to enter into the same by itself or by TRANSCO, (i) any contract known as or referred to, or which performs the function of, an interest rate swap contract, currency swap contract, forward payment conversion contract or futures contract, (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, stock or other indices, (iii) any contract to exchange cash flows or payments or a series of payments, (iv) any type of contract, including, without limitation, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate, or any other financial risk, or (v) any other type of contract or arrangement which CMEEC determines is to be used, or is intended, to manage or reduce the cost of Indebtedness, to convert any element of debt from one form to another, to minimize investment return risk, or to protect against any type of financial or investment risk or uncertainty.

1.20. Fixed Costs: All costs, attributable to any Transmission Project, charged to and recoverable from the Transmission Purchasers participating in each such Transmission Project, if not otherwise recovered under the ISO Tariff from third parties and paid to CMEEC and/or TRANSCO, which are paid or incurred by CMEEC and/or TRANSCO resulting from the construction, financing, ownership, operation, maintenance, retirement, repairs, renewals, replacements, additions, improvements, betterments and modifications to any Transmission Project, including without limitation, the following items:

- (i) The amount required under any Transmission Bond Resolution or Financial Contract to be paid or deposited during such month into any fund or account established by such Bond Resolution or Financial Contract for the payment of Debt Service on Bonds;

- (ii) The amount required under any Transmission Bond Resolution or Financial Contract to be paid or deposited during such month into any fund or account established by such Bond Resolution or Financial Contract (other than funds and accounts referred to in clause (i) above) including any amounts required to be paid or deposited by reason of the transfer of moneys from such funds or accounts to the funds or accounts referred to in clause (i) above, as a result of any Transmission Purchaser failing to make the payments set forth in Section 2
- (iii) All costs to be paid by CMEEC arising from the Purchase and Sale Documents;
- (iv) Any additional amount which must be realized by CMEEC during such month in order to meet the requirement of any rate covenant of any CMEEC Transmission Bond Resolution with respect to Debt Service coverage on the CMEEC Transmission Bonds;
- (v) Administrative and general costs of CMEEC which are directly related to any Transmission Project under this Contract, including the cost of working capital and financial assurance amounts not otherwise provided for, such as through equity investment by a Member, as determined by CMEEC, that are directly allocated to any Transmission Project not otherwise charged to CMEEC by TRANSCO, based on the principle that such administrative and general costs of CMEEC would not have been incurred if not but for such Transmission Project(s) and that such administrative and general costs shall be accounted for in a manner consistent with the FERC Uniform System of Accounts and are presently assumed to be recoverable under the current ISO Tariff, which is subject to change. These administrative and general costs are, in part, occurring, quantified, and billed from CMEEC to TRANSCO under the CMSA; and.
- (vi) All costs required to be paid by CMEEC pursuant to the Transmission Service and Financing Agreement which are not Usage Related Transmission Costs.

1.21. General Transmission Services Agreements or GTSAs: This Contract and the GTSAs entered into between CMEEC and the other Transmission Purchasers that are Transmission Project Participants in the Initial Transmission Project. Additional GTSAs may be executed in the future with other Transmission Purchasers in which case the GTSAs shall be deemed to include the GTSAs with such other Transmission Purchasers.

1.22. Indebtedness: All indebtedness in respect of borrowed money, whether or not represented by bonds, debentures, notes or other securities, and all contracts, guaranties, assumptions and other obligations in respect of borrowed money, or to purchase or otherwise acquire, indebtedness of others in respect of borrowed money.

1.23. Initial Transmission Project: The acquisition on June 1, 2011 and subsequent operation of approximately twelve (12) circuit miles of 345 kilovolt (“kV”) and 115 kV rated poles and conductors and related equipment primarily located in the Town of Wallingford and, formerly owned by CL&P, contracted to be operated and maintained by CL&P, including any renewals, replacements, repairs, additions, improvements, betterments, and modifications or removals which are determined by CL&P and ISO-NE to be required and are approved pursuant to any applicable regulatory approval processes, as necessary, to maintain such poles, conductors and related equipment consistent and in conformity with Prudent Utility Practices in good operating condition, and, without limitation of the foregoing, comprising the full complement of the transmission assets and rights acquired by TRANSCO from CL&P pursuant to the Purchase and Sale Documents.

1.24. ISO-NE: The Independent System Operator-New England, Inc, a regional transmission organization (“RTO”) authorized by FERC that operates the New England Electric Transmission System pursuant to the TOA subject to the requirements of the bulk power supply reliability of the New England Electric Transmission System.

1.25. ISO Tariff: The terms and conditions, as they may be amended, under which ISO-NE administers and imposes charges for the provision of network transmission service at wholesale, including the Regional Network Service (“RNS”) Rate which is a formula type rate previously approved by FERC. Under current arrangements, the RNS Rate is updated June 1 of each Year and is based on the aggregate total transmission revenue requirements of all Transmission Owners for owning and operating qualified “Pool Transmission Facilities” (as such term is defined in the TOA).

1.26. Local Network Service: The applicable Local Network Service for which the applicable Local Network Service Rate is charged, determined in accordance with Schedule 9 to the ISO Tariff, which is applicable to a load in the particular Local Network, as defined in the ISO Tariff, in which the load served by the Transmission Purchaser is located. In the event the Transmission Purchaser serves Regional Network Load, as defined in the ISO Tariff, located on more than one Local Network, the amount to be paid by it shall be separately computed for the Regional Network Load and the load located on each Local Network.

1.27. Monthly Transmission Costs: With respect to any month, the sum of Fixed Costs and Usage Related Transmission Costs.

1.28. Pool Transmission Facilities: The Transmission Facilities rated 69 kV or above which allow energy from significant power sources to move freely on the New England Transmission System owned by participating Transmission Owners, over which ISO-NE exercises operating authority in accordance with the terms of the Transmission Operating Agreement.

1.29. Power Purchaser: Power Purchaser shall mean each of the Member Power Purchasers and the Participant Power Purchasers.

1.30. Prudent Utility Practice: Defines a spectrum of possible practices, methods or acts which in the exercise of reasonable judgment would have been expected to achieve a desired result, and the term is not intended to be limited to the optimum practice, method or act, to the exclusion of all others. In evaluating whether any matter conforms to Prudent Utility Practice, the Parties shall take into account (i) the nature of the parties thereto under the laws of the State of Connecticut and the statutory duties and responsibilities thereof, (ii) the applicable provisions and requirements of the ISO-NE, and any related contracts or any entity established thereunder, (iii) in the case of any entitlement jointly owned or contracted for, the applicable ownership or contracts among the owners of the facility, and (iv) practices, methods or acts engaged in or acknowledged by a reasonable portion of the electric utility industry, including but not limited to appropriate insurances and coverage.

1.31. Purchase and Sale Documents: The Purchase and Sale Agreement, dated as of December 16, 2010 by and between TRANSCO and CL&P, including all attachments, exhibits and additional agreements required to be executed to accomplish the closing of the acquisition of the Initial Transmission Project by TRANSCO, including but not limited to the Operation and Maintenance Agreement which has an initial term running through December 31, 2050, and which obligates TRANSCO for the payment of, among other things, monthly operation and maintenance expenses and capital additions as contemplated therein.

1.32. Regional Network Service: The transmission service denominated Regional Network Service and administered by ISO-NE pursuant to the ISO Tariff.

1.33. Regional Network Load: The billing determinant for establishing the Contract Party Transmission Purchaser's share of responsibility for the costs of Regional Network Service under the ISO Tariff and/or Local Network Service. As currently determined under the terms of the ISO Tariff and applicable Local Network Service, this is the Contract Party Transmission Purchaser's monthly Regional Network Load which is its hourly load coincident with the coincident aggregate load of all Network Customers served in each Local Network in the hour in which the coincident load is at its maximum for the month ("Monthly Peak").

1.34. Transmission Bond Resolutions: The TRANSCO Bond Resolution and the CMEEC Transmission Bond Resolution.

1.35. TRANSCO Bond Resolution: The "Transmission System Revenue Bond Resolution," adopted by the Board of Directors of TRANSCO on May 13, 2011, as hereafter from time to time amended and supplemented and any other instrument adopted or executed by TRANSCO which provides for the security or payment of the TRANSCO Bonds.

1.36. Transmission Financing and Service Contract: The Transmission Financing and Services Agreement, dated as of May 1, 2011 by and between CMEEC and TRANSCO, as amended from time to time.

1.37. Transmission Funding Agreement: The Transmission Funding Agreement, dated as of May 1, 2011, between CMEEC and TRANSCO, as amended from time to time.

1.38. Transmission Operating Agreement or TOA: The Agreement dated as of February 1, 2005 as amended, between ISO-NE and the participating Transmission Owners which provides the operating

authority and control to ISO-NE over the New England Transmission System and provides payments to the participating Transmission Owners and reserves, among other things, the rights of the participating Transmission Owners owning Pool Transmission Facilities the rights to continue to own, physically operate and maintain their Transmission Facilities.

1.39. Transmission Project: The Initial Transmission Project and any Additional Transmission Project that may occur under this Contract.

1.40. Transmission Project Participant: The entity who pursuant to a GTSA commits to an Entitlement Allocation or other entitlement rights thereof in a Transmission Project, and that thereby assumes the obligation to pay for the Fixed Cost associated with such Entitlement Allocation.

1.41. Transmission Purchaser: When referred to individually, in context, a party to a GTSA, other than CMEEC, and excluding the Contract Party Transmission Purchaser.

1.42. Transmission Purchasers: The entities to whom CMEEC supplies Transmission Services, which may or may not be Transmission Project Participants or TRANSCO Members, pursuant to the GTSAs, which may include the Contract Party Transmission Purchasers.

1.43. Transmission Services: The transmission related services secured by CMEEC from TRANSCO that are provided pursuant to this Contract to the Contract Party Transmission Purchaser by CMEEC and to other Transmission Purchasers pursuant to each such Transmission Purchaser's GTSA, including but not limited to (1) Regional Network Service under the ISO Tariff, and (2) Local Network Service from any Transmission Owner, as are required of the Contract Party Transmission Purchaser and each such Transmission Purchaser under FERC approved tariffs, and (3) the use of any sub-transmission facilities used by the Contract Party Transmission Purchaser or the Transmission Purchasers which are not considered "Pool Transmission Facilities" as provided in the Wholesale Distribution Agreement or any successor agreement .

1.44. TRANSCO: Connecticut Transmission Municipal Electric Energy Cooperative, a public body corporate and politic organized and existing under and by virtue of the Act, and its successors and assigns.

1.45. TRANSCO Member: A current member of TRANSCO which has qualified for and become a member of TRANSCO and has not withdrawn from membership, all as provided by the Act.

1.46. Trustee: The Trustee, from time to time, under the CMEEC Transmission Bond Resolution.

1.47. Uncontrollable Forces: Any cause beyond the control of CMEEC or any party with whom CMEEC contracts with respect to Transmissions Services including, without limitation, TRANSCO or ISO-NE, and which by the exercise of due diligence, CMEEC or such other third party is unable to prevent or overcome, including but not limited to, failure or refusal of any other person or entity to comply with the existing contracts, an act of God, fire, flood, explosion, strike, sabotage, pestilence, an act of the public enemy, civil or military authority including court orders, injunctions, and orders of governmental agencies with proper jurisdiction or the failure of such agencies to act, insurrection or riot, an act of the elements, failure of equipment, inability or any person or entity engaged in work on any Transmission Project to obtain or ship any materials or equipment to be utilized in any Transmission Project because of the effect of similar causes on suppliers or carriers.

1.48. Usage Related Transmission Costs: The items of cost and expense set forth in Section 3 that are accrued or paid during each month of each Year.

1.49. Wholesale Distribution Agreement: The agreement between the CL&P and CMEEC, dated as of December 1, 2010, which provides for the use and payment of certain sub-transmission facilities owned by CL&P and utilized by certain of the Transmission Purchasers or any successor agreement which CMEEC will use good faith efforts to ensure such agreement survives for the benefit of the applicable Transmission Purchasers. All or a portion of the rights and obligations under the Wholesale Distribution Agreement may be assigned and/or transferred by CMEEC to TRANSCO; but, in the case of any such assignment, CMEEC shall cause TRANSCO to perform said agreement and shall be responsible to the Contract Party Transmission Purchaser therefor.

1.50. Year: A calendar year.

SECTION 2. SUPPLY AND PURCHASE OF TRANSMISSION SERVICES AND CONTRACT PARTY TRANSMISSION PURCHASER OBLIGATION TO PAY FIXED COST AND USAGE RELATED TRANSMISSION COSTS.

2.1 Except as otherwise provided in Section 13 hereof in the event of the withdrawal of the Contract Party Transmission Purchaser, CMEEC hereby agrees to provide or cause to be provided to the Contract Party Transmission Purchaser and the Contract Party Transmission Purchaser shall hereby obtain from CMEEC all Transmission Services required by the Contract Party Transmission Purchaser. CMEEC shall secure all Transmission Services from TRANSCO to meet the needs of the Contract Party Transmission Purchaser. CMEEC shall meter all Transmission Service provided to the Contract Party Transmission Purchaser at the point or points of interconnection set forth in Exhibit II of this Contract. The Contract Party Transmission Purchaser agrees that all amounts payable by Contract Party Transmission Purchaser under this Contract shall be deemed an operating expense of the Contract Party Transmission Purchaser and shall not be subordinated to any other obligations of the Contract Party Transmission Purchaser. The Contract Party Transmission Purchaser shall pay for the provision of Transmission Services by paying the sum of its, as applicable, Entitlement Allocation of Fixed Costs for any month based upon the Annual Budget prepared pursuant to this Contract, and its share of the Usage Related Transmission Costs for each month, calculated in accordance with Section 3 hereof.

2.2. Contract Party Transmission Purchaser's obligation to pay its Entitlement Allocation of Fixed Cost shall be payable irrespective of whether any Transmission Services are provided by CMEEC or whether any Transmission Project is operating or operable and any such payment shall not be subject to any reduction, whether by offset, counterclaim, or otherwise, and shall not be conditioned upon the performance by CMEEC under this Contract or any other contract or instrument. Notwithstanding any early withdrawal, default, or expiration of term from this Contract, the Contract Party Transmission Purchaser, as provided for in Section 13, shall be obligated to pay its Entitlement Allocation of all unpaid Fixed Costs and up to the effective date of such withdrawal, default or termination, any outstanding Usage Related Transmission Cost incurred on behalf of the Contract Party Transmission Purchaser. Provided payment is made by such Contract Party Transmission Purchaser for its Entitlement Allocation of unpaid Fixed Costs and subject to the limitations of Section 13 and that there is no Contract Party Transmission Purchaser Event of Default outstanding, the Contract Party Transmission Purchaser shall receive (i) any Funds held by TRANSCO or CMEEC that have been accrued directly for the interest or benefit of the Contract Party Transmission Purchaser and, (ii) the full economic benefits due to the Contract Party Transmission Purchaser as a direct result of its retained Entitlement Allocation in any Transmission Project.

2.3. If the Contract Party Transmission Purchaser is not a Transmission Project Participant, has no Entitlement Allocation in any Transmission Project and is only procuring Transmission Services from CMEEC which do not involve the incurrence of Fixed Cost obligations, the Contract Party Transmission Purchaser shall not be obligated for the payment of such Fixed Cost obligations as provided herein and shall only be responsible for the payment of Usage Related Transmission Costs as defined in Section 3 hereof.

2.4.1. CMEEC will develop and submit to the Board a proposed Annual Budget for such Year as set forth in Section 22 herein. The Board shall consider, modify as required, and officially approve and adopt the Annual Budget prior to the beginning of each Year; provided, however, the Annual Budget for the first Year shall be prepared, considered, modified as required, officially approved and adopted, and delivered in the most practicable manner available prior to the date upon which Transmission Services commence. Within thirty (30) days of the CMEEC Board officially approving and adopting the Annual Budget, the Contract Party Transmission Purchaser and all other Transmission Purchasers shall be issued by CMEEC their respective line items of projected Monthly Transmission Costs. In connection with the Annual Budget, CMEEC shall provide a separate line item for the amounts projected to be credited to the Contract Party Transmission Purchaser as a result of its Entitlement Allocation of the Fixed Costs, which are reasonably believed, but not guaranteed, to be recovered, in part or in whole, through the ISO Tariff and the Local Network Service rate as applicable, including any benefits due to an increase in Fixed Costs resulting from a default by any of the other Transmission Purchasers.

CMEEC shall also separately identify any additional credits or charges as may apply to the Contract Party Transmission Purchaser. As required from time to time during any Year, the Board may, pursuant to the foregoing provisions for officially approving and adopting the Annual Budget, officially approve and adopt an amended Annual Budget for and applicable to the remainder of such Year. Should the Annual Budget be amended, within thirty (30) days of the officially approved and adopted amendment, the Contract Party Transmission Purchaser and all other Transmission Purchasers shall be issued by CMEEC its respective line items of amended projected Monthly Transmission Costs.

2.4.2. Notwithstanding anything herein to the contrary and in addition to the procedures mandated by Sub-section 2.4.1 and Section 22, the Transmission Project Participants in any Transmission Project, following the initial acquisition of a Transmission Project, thereafter shall first review and approve any expansion, entailing a capital expenditure, and not otherwise required by: (a) the requirements of Prudent Utility Practice and/or as required to keep the Transmission Project in good operating condition; or (b) an existing contractual undertaking by CMEEC and/or TRANSCO to or with a third-party (other than CMEEC, TRANSCO or any Transmission Purchaser) with respect to the Transmission Project in which such Transmission Project Participants hold an Entitlement Allocation. Such approval shall require the consent of each of the Transmission Project Participants (not then in default under each of their respective GTSAs and including any entity remaining as a Transmission Project Participant but which has withdrawn pursuant to Section 13), in the affected Transmission Project. The Transmission Purchaser hereby delegates to its representatives on the CMEEC Board or, if not represented on the Board, through an officer designated in a notice transmitted to CMEEC, all requisite authority for the taking of actions pursuant to this Sub-section by a Transmission Purchaser.

2.5. CMEEC will keep or cause to be kept accurate records and accounts with respect to the Transmission Services as generally prescribed in FERC Accounts. Said accounts shall be audited annually as part of the CMEEC annual audit by an independent firm of certified public accountants selected by CMEEC.

2.6. Within thirty (30) days after the completion of CMEEC's annual audit (commencing with the Year following the Year in which this Contract becomes effective), CMEEC shall furnish the Contract Party Transmission Purchaser a statement of the actual aggregate Monthly Transmission Costs for the previous Year and the savings realized by the Contract Party Transmission Purchaser, if any, as a result of being a Transmission Project Participant.

2.7. The Contract Party Transmission Purchaser may elect to have CMEEC establish and maintain one or more special funds related to the provision of Transmission Services similar to the CMEEC rate stabilization fund or a working capital fund which shall be owned by and held for the for the sole benefit of Contract Party Transmission Purchaser under this Contract. Unless otherwise agreed to by Contract Party Transmission Purchaser, any such Contract Party Transmission Purchaser's special fund(s) shall be maintained by CMEEC in accounts segregated from other CMEEC funds and shall be invested for the benefit of the Contract Party Transmission Purchaser in accordance with CMEEC's policies for investing such funds, as approved by the Board. If the Contract Party Transmission Purchaser requests CMEEC to establish such funds, CMEEC agrees to include the funding of such funds in the Annual Budget of CMEEC and shall bill any such amounts directly to the Contract Party Transmission Purchaser as a Usage Related Transmission Cost. Provided there is no Contract Party Transmission Purchaser Event of Default then outstanding, in the event of any withdrawal or early termination as provided for in Section 13, any funds created under this Sub-section 2.7 shall be distributed to the Contract Party Transmission Purchaser or otherwise applied in accordance with Section 13.

2.8. The Contract Party Transmission Purchaser, if otherwise authorized to do so, shall be permitted to participate and vote through its representatives in any decisions to be made by CMEEC or the CMEEC Board of Directors in the administration, performance and/or enforcement of this Contract as and to the extent provided under the Act and the duly adopted by-laws and policies of CMEEC, *provided* and only if such Contract Party Transmission Purchaser is not then in default under this Contract.

SECTION 3. USAGE RELATED TRANSMISSION COSTS AND ALLOCATION:

3.1. CMEEC shall allocate the Usage Related Transmission Costs billed to CMEEC by TRANSCO each month to the Transmission Purchasers and charge the Contract Party Transmission Purchaser the Usage Related Transmission Costs allocated to the Contract Party Transmission Purchaser. CMEEC shall establish the allocation to the Contract Party Transmission Purchaser of such Usage Related Transmission Costs based on the method for such allocation (the "Allocation Method") established in the ISO Tariff or, if the ISO Tariff is not applicable, such other applicable and authorized mechanism for establishing each separate component of Usage Related Transmission Costs. The Allocation Method shall be applied on an uniform basis to the applicable billing determinants of all Transmission Purchasers which have entered into a GTSA with CMEEC and shall allow for the recovery by CMEEC in aggregate of all Usage Related Transmission Costs incurred by CMEEC with respect to the provision of Transmission Services to all the Transmission Purchasers then receiving Transmission Services from CMEEC and the joint incurrence and sharing of such cost among all the Transmission Purchasers, without double or over-recovery of such Usage Related Transmission Costs. The Allocation Method shall be set forth in the Annual Budget pursuant to the procedures established in Section 2 of this Contract. The Usage Related Transmission Costs with respect to the Contract Party Transmission Purchaser shall be divided into two categories, Category A and Category B, as further defined below.

3.1.1. Category A, Usage Related Transmission Costs. Category A Usage Related Transmission Costs shall be the sum of the following items:

- (a) The ISO Tariff rate for Regional Network Service as applied to the Contract Party Transmission Purchaser by the Allocation Method, subject to the provisions of CMEEC's prevailing wholesale rate tariff or any other controlling agreement for the reconstitution of loads for any load reduction or demand response or distributed generation measures.
- (b) The applicable Schedule 21 charges as filed with FERC by any Transmission Owner providing Local Network Service to the Contract Party Transmission Purchaser pursuant to the Allocation Method conforming to the method for allocation of the recovery of the costs of Local Network Service as set forth in the Schedule 21 tariff of the Transmission Owner then in effect and applicable to Category A Transmission Facilities and Category B Transmission Facilities, as such terms are defined in the TOA.
- (c) Monthly charges applicable to the Contract Party Transmission Purchaser under the Wholesale Distribution Contract.
- (d) A loss adjustment factor determined by either ISO-NE or CMEEC as applicable to the Contract Party Transmission Purchaser.
- (e) The Contract Party Transmission Purchaser's share based on the then applicable Allocation Method of monthly resettlement adjustments billed or credited to TRANSCO from ISO-NE under the ISO Tariff.
- (f) The Contract Party Transmission Purchaser's share based on the then applicable Allocation Method of monthly or annual true up adjustments billed or credited to TRANSCO and or CMEEC from any Transmission Owner providing Local Network Service.

(g) The Contract Party Transmission Purchaser's share based on the then applicable Allocation Method of administrative and general services charges billed to TRANSCO from CMEEC under the CMSA which are related to the providing of Transmission Services under this Contract, or not otherwise charged to CMEEC by TRANSCO pursuant to the Transmission Financing and Services Contract and/or the CMSA and/or any other services agreement between CMEEC and TRANSCO.

(h) Unless otherwise funded through Indebtedness of CMEEC or TRANSCO and not recovered as a Fixed Cost pursuant to Section 2 or otherwise directly funded by the Contract Party Transmission Purchaser with respect to its share of such amount based on the then applicable Allocation Method, a working capital amount and associated expense, necessary to cover the obligations of TRANSCO required to be paid or prepaid in any month prior to receipt of funds from the Contract Party Transmission Purchaser for the providing of Transmission Services under this Contract, including but not limited to, the cost of any financial assurance required to be paid by TRANSCO for providing such Transmission Services to the Contract Party Transmission Purchaser .

(i) The costs incurred in connection with or arising from costs of Indebtedness incurred in connection with the provision of Transmission Services which are other than the costs of Indebtedness recovered as a Fixed Cost obligation and other costs incurred under Financial Contracts as defined under the Transmission Bond Resolutions.

The Contract Party Transmission Purchaser shall receive credits applicable against its Category A Usage Related Transmission Costs or adjustments to such costs resulting from such other alternative implementation methods to ensure, within the limitations of applicable tax law or other applicable laws or regulations, that the Contract Party Transmission Purchaser receives all the economic benefit for all of its Entitlement Allocations in the Transmission Projects, and, subject to the provisions of Sub-section 3.1.2, for the Contract Party Transmission Purchaser's respective credits for ownership and operation of Pool Transmission Facilities as received by CMEEC under the ISO Tariff (the "Direct PTF Credits").

3.1.2. Category B Usage Transmission Related Costs. Category B Usage Related Transmission Costs shall be all those costs incurred by TRANSCO and under the CMSA related to any regulatory filings and/or administrative activities undertaken by TRANSCO with respect to specific Pool Transmission Facilities owned and/or operated by the Contract Party Transmission Purchaser.

The Direct PTF Credits shall be applied, first against such Category B Usage Related Transmission Costs, and, if any credit is then remaining, applied against the Category A Usage Related Transmission Costs allocated to the Contract Party Transmission Purchaser, if any.

SECTION 4. TRANSFER OF ENTITLEMENT ALLOCATIONS.

4.1. **General Provisions for Structured Process for Transfer of Entitlement Allocations.** The process for the transfer of Entitlement Allocations is set forth in this Section 4 and shall be the sole method by which Entitlement Allocations may be transferred (the "Transfer Process"). The party transferring its Entitlement Allocation is referred to as the "Seller". The entity to which the Entitlement Allocation is transferred is referred to as the "Purchaser". A Purchaser must be a Qualified Entity as set forth in Section 4.3. A party, which is or goes into or creates a Contract Party Transmission Purchaser Event of Default under its respective GTSA at any time during the transfer process, may not be a Purchaser or a Seller. If at any time during the Transfer Process a Purchaser or Seller incurs an event of default under its respective GTSA, the Transfer Process shall cease and be void, but may be reinitiated after the default has

been cured. A Seller may elect to transfer its Entitlement Allocation at any time during the term of this Agreement. A Seller may transfer its Entitlement Allocation in all or less than all of the Projects in which it has an Entitlement Allocation, and may transfer less than all of its Entitlement Allocation in any one Project. The Transfer Process is intended, generally, to: i) authorize the sale of an Entitlement Allocation to any Qualified Entity of the Seller's choosing after notice and opportunity to other Transmission Purchasers is provided and in accordance with this section four; ii) ensure that the obligations and benefits of the Entitlement Allocation transferred by the Seller become the obligations and benefits of the Purchaser to the same extent they were of the Seller, iii) authorize the transfer of Entitlement Allocations while maintaining or improving the ability of CMEEC or Transco to finance their activities, pledge the GTSA and other agreements to secure their Transmission Bonds and Financial Contracts, and (iv) subject to the provisions of (i) through (iii), allow the Seller and Purchaser to supplement the terms of the purchase and sale of the Entitlement Allocation with other economic incentives of their choosing completely outside the scope of and without effect on the GTSA and other Transmission Purchasers. This Section 4 shall be the exclusive authority and process for transferring the Contract Party Transmission Purchaser's Entitlement Allocations.

4.2.1. Elective Transfer of Full or Partial Entitlement Allocation. The Seller shall give to CMEEC and to each Transmission Purchaser fifteen (15) days' notice, or such longer period as determined by the Seller uniformly applied across all Transmission Purchasers, of its intent to sell its Entitlement Allocation. Notice shall be sent to the Transmission Purchasers' representatives on file with CMEEC by facsimile and e-mail. The first day of the notice period shall commence with the day following the day the notice was sent and end on 5 PM on the fifteenth day thereafter. Prior to the expiration of the notice period, the Transmission Purchasers may indicate to the Seller their interest to acquire the Entitlement Allocation set forth in the notice. The Seller may then negotiate and consummate terms and conditions with the Purchaser of its choosing, subject to the provisions of this GTSA. The transfer shall require the Purchaser to assume all of the Seller's obligations with respect to the transferred Entitlement Allocations, to receive all of the corresponding economic benefits associated with such Entitlement Allocations, and if not a party to a GTSA, enter into a GTSA, with terms and conditions substantially equivalent to this GTSA, including an expiration date that is the same as the existing GSAs, with respect to the transferred Entitlement Allocation, which CMEEC will negotiate in good faith with respect to such party provided such party is a Qualified Entity as further defined in Sub-section 4.3 below. Nothing herein shall prohibit the Seller and Purchaser from entering into agreements providing for other payments and consideration, provided they shall not affect, control, be binding upon, set-off, provide rights in or to, or otherwise impact CMEEC, other Transmission Purchasers, and the terms and conditions of any GTSA, the manner or amount of payments due to or from any Transmission Purchasers, CMEEC, Transco, Power Purchasers, or other parties to or the terms of the transactions, agreements or bond resolutions contemplated by or referenced in this Agreement, and the agreements providing for other payments and consideration shall so specifically state. The terms and conditions of the Purchase and Sale by and between the Seller and Purchaser other than set forth herein shall remain confidential to the Purchaser and Seller except as otherwise required pursuant to applicable law, and such other payments or consideration shall be processed and settled outside this Contract and without the involvement of CMEEC and/or TRANSCO.

4.2.2. Final Settlement of Elective Transfer of Entitlement Allocations. Prior to the transfer of an Entitlement Allocation the Purchaser shall demonstrate through closing documentation satisfactory to CMEEC and its legal counsel that the conditions of Section 4 have been met. Exhibit 1 shall be revised to reflect the transfer by subtracting the transferred Entitlement Allocation from the Seller and adding it to the Purchaser or Purchasers.

4.2.3. Transfer Settlement for Elective Transferor. CMEEC shall charge the Seller with all costs and expenses incurred by CMEEC pursuant to this Section 4 related to the transfer of the Purchaser's Entitlement Allocation(s).

4.3. Conditions to Transfer; Qualified Entity Definition; Qualified Financial Advisor Definition. Any entity eligible to be a Purchaser pursuant to this Section 4 (a "Qualified Entity") shall satisfy the following conditions prior to any such transfer becoming effective: (i) CMEEC shall obtain an opinion of legal counsel of national standing selected by CMEEC to the effect that the Federal Tax Exemption will not be adversely affected by a transfer of Entitlement Allocation to such entity; (ii) such entity, with such reasonable assistance from CMEEC as may be appropriate as determined by CMEEC, shall secure a determination by a nationally recognized credit rating agency that the proposed transfer shall not adversely affect the Credit Rating of any then outstanding Transmission Bonds; (iii) such entity is otherwise legally authorized and permitted to acquire the Entitlement Allocation(s) in the Transmission Project(s) subject to transfer; and (iv) such entity shall enter into such agreements with CMEEC as are required or appropriate as determined by CMEEC to legally obligate it to pay for the Fixed Costs associated with the Entitlement Allocation which the Qualified Entity has agreed to assume pursuant to the transfer to it of such Entitlement Allocation. In connection with clause (i) of this subsection, at the request and sole expense of either or both of the Purchaser and Seller, and at the sole and absolute discretion of CMEEC, CMEEC may consider or undertake remedial action pursuant to 26 C.F.R. section 1.141-12 or any subsequent or other rules or regulations applicable to the change in use, remedial action or preservation of tax exemption, to implement the transfer of the Entitlement Allocation in compliance with or as an alternative to the requirements of clause (i). CMEEC shall exercise its reasonable judgment in the administration of this section and shall not unreasonably withhold its consent to the determination of eligibility of a Qualified Entity or to the entry into a GTSA by such Qualified Entity, constituting a Purchaser, provided the provisions of this Section 4 are complied with by the Seller and Purchaser.

4.4. Contract Party Transmission Purchaser as Transferee. If the Contract Party Transmission Purchaser is the Purchaser of an Entitlement Allocation in a Transmission Project by another Transmission Purchaser pursuant to parallel provisions of this Section 4 under such Transmission Purchaser's GTSA, Exhibit I to this Contract shall be amended to reflect the results of such purchase and the Contract Party Transmission Purchaser, as the Purchaser, shall comply with and satisfy all the requirements of this Section 4 applicable to such transfer, including its responsibility and obligation to pay for the Fixed Costs associated with such Entitlement Allocation assumed by the Purchaser in such transfer as provided in this Section 4.

4.5. Obligation of Seller Post Transfer. Except as otherwise provided in Section 13, the Seller of an Entitlement Allocation pursuant to this Section 4 shall remain liable for all payments to be made on its part pursuant to this Contract accruing to the account of the Seller with respect to such transferred Entitlement Allocation prior to the transfer of such Entitlement Allocation to the Purchaser; but shall not have liability with respect to such transferred Entitlement Allocation following the effective date of such transfer, which liability shall be the responsibility of and for the account of the Purchaser.

SECTION 5: TRANSMISSION PROJECTS.

5.1. Each of the Transmission Purchasers participating in and committing to participation in the Initial Project shall have an Entitlement Allocation in the Initial Project as designated opposite the name of each of the Transmission Purchasers in Exhibit I to this Contract. The Entitlement Allocation of any of the Transmission Purchasers in each Additional Transmission Project, as undertaken pursuant to the GTSA's,

may vary from Transmission Project to Transmission Project. Membership in TRANSCO by a Transmission Project Participant is not a pre-requisite to participation in any Transmission Project; provided that in order to participate in a Transmission Project, the entity seeking such participation must first execute a GTSA, must not be in default under such GTSA, and be approved by the Board for such participation and otherwise conform to the requirements of the GTSA for such participation, including the requirements set forth in this Section 5. Any non-member of TRANSCO participating in a Transmission Project shall assume and/or be responsible for, in proportion to its Entitlement Allocation, the rights and obligations and liabilities, if any, owed by members in TRANSCO resulting from their participation in the affected Transmission Project, pursuant to Sub-sections 6.4.1, 13.4 and 27.3 hereof.

5.2. The Contract Party Transmission Purchaser shall have the option to purchase an Entitlement Allocation for any Additional Transmission Project, prior to its commencement, provided such Contract Party Transmission Purchaser is not in default under this Contract, complies with the requirements for such participation as set forth in this Section 5, and if a not a member of Transco is subject to CMEEC Board approval. The costs of any Additional Transmission Projects shall be calculated and processed as Fixed Costs for the specific Additional Transmission Project and assigned based on the specific respective Entitlement Allocations in such Additional Transmission Project of the Contract Party Transmission Purchaser and of the other Transmission Purchasers. An Additional Transmission Project shall only be commenced and its associated Fixed Cost obligations shall only be included in Fixed Costs as defined herein and due and payable from the Contract Party Transmission Purchaser, if one hundred per cent (100%) of the Entitlement Allocation in such Additional Transmission Project is fully subscribed and committed to by the participating Transmission Purchasers, and: (i) all the Transmission Purchasers have an Entitlement Allocation in such Additional Transmission Project; or (ii) if less than all of the Transmission Purchasers agree to an Entitlement Allocation in such Additional Transmission Project, where the Entitlement Allocation(s) in such Additional Transmission Project, are committed to by Transmission Purchasers who are responsible for at least seventy-five per cent (75%) of the Fixed Cost obligations of the Initial Transmission Project; or (iii), if (i) or (ii) are not applicable, any other agreed participation by the Transmission Purchasers in any such Additional Transmission Project, provided that CMEEC receives a confirmation of the current ratings of the CMEEC Transmission Bonds from one of the national credit rating agencies rating the CMEEC Transmission Bonds based on the proposed participation in the Additional Transmission Project. Nothing in this section 5.2, shall be deemed to prevent the subsequent transfer of Entitlement Allocations which are effected in conformity with Section 4 hereof.

5.3. CMEEC shall include the costs of any Additional Transmission Project in the Fixed Costs applicable to such Additional Transmission Project and shall include the Entitlement Allocations for the Additional Transmission Project in an amendment to Exhibit I to this Contract, provided however, with respect to any such Additional Transmission Project described in Subsection 5.2 the Entitlement Allocations of the Contract Party Transmission Purchaser shall be revised, as applicable to each such Additional Transmission Project, if the Contract Party Transmission Purchaser is a Transmission Project Participant in such Additional Transmission Project to reflect its Entitlement Allocation in such Additional Transmission Project.

5.4. Nothing contained herein shall be deemed to preclude CMEEC from acquiring a transmission project or financial contract on behalf of the Contract Party Transmission Purchaser or other Transmission Purchasers for the sole benefit of the Contract Party Transmission Purchaser or such other Transmission Purchasers pursuant to a contract with the Contract Party Transmission Purchaser or such other Transmission Purchasers other than the GTSA's.

SECTION 6: COVENANTS OF CMEEC:

6.1. Pursuant to the Transmission Financing and Services Contract, CMEEC shall provide or cause to be provided from TRANSCO, pursuant to the terms of this Contract, the Transmission Services required by CMEEC to meet its obligations to the Transmission Purchasers.

6.2. Concurrently with the execution of this Contract or as otherwise agreed by the Parties, the Contract Party Transmission Purchaser shall assign or provide such appropriate consents to permit CMEEC to assign to TRANSCO, all of the Contract Party Transmission Purchaser's and/or CMEEC's right, title and interest under the TOA, the Wholesale Distribution Agreement or the ISO Tariff or any other rules and regulations applicable to the provision of the Transmission Services and the Contract Party Transmission Purchaser hereby authorizes CMEEC to perform and/or CMEEC to authorize TRANSCO to perform as its agent, such duties and obligations of either contained in existing transmission related agreements to which CMEEC is a party as shall be requested by CMEEC.

6.3. The delivery of Transmission Services to the Contract Party Transmission Purchaser may be interrupted or curtailed or become subject to failure or cessation, whether due to Uncontrollable Forces or other reasons; provided, however, that such interruption or curtailment shall not relieve the Contract Party Transmission Purchaser of its obligations to make payments under this Contract and in no such event shall CMEEC be liable for any such failure, cessation, interruption or curtailment.

6.4.1. On or before one hundred and twenty (120) days prior to the expiration of the initial term or any renewal or extended terms of the GTSAs entered into by the Transmission Purchaser(s) with CMEEC (such date referred to herein as the "GTSA Expiration Date"), CMEEC shall cause, direct, and coordinate with TRANSCO so that TRANSCO takes such measures to provide for the conduct of TRANSCO's operations and business following the GTSA Expiration Date, which measures shall include, without limitation, (a) the sale of any interests owned or held by TRANSCO in any Transmission Projects to third parties or one or more of the Transmission Purchasers including the Contract Party Transmission Purchaser, (b) the recovery and receipt of any payments due TRANSCO from third-parties, (c) the transfer and assignment of any on-going transmission service arrangements with third-parties not relating to the Transmission Projects (the "New Agents") to each of the Final Transmission Purchasers (as hereinafter defined), or, if otherwise provided for CMEEC to take assignment of such New Agents, to CMEEC for the benefit of the Final Transmission Purchasers; (d), the termination of any contract arrangements with CMEEC or with any third party entities, other than as required to make effective this section 6.4.1 or as required by (a) through (c) above; and (e) any such other measures as TRANSCO shall reasonably undertake pursuant to its corporate powers as provided under the Act. CMEEC shall cause TRANSCO to conduct its affairs and undertake such measures as described in the preceding sentence to preserve the non-recourse nature of its operations (collectively, the "Post-GTSA Measures"). In the event that TRANSCO's performance of the Post-GTSA Measures results in net proceeds accruing to TRANSCO after providing for all its obligations and liabilities, CMEEC shall cause TRANSCO to remit to CMEEC, and, in turn, CMEEC shall forward to the Final Transmission Purchaser(s) such amounts in proportion to each such Final Transmission Purchaser's Entitlement Allocation share increased proportionately, if applicable, to result in the full allocation of such net proceeds. Transmission Purchasers with GTSA terms expiring on the latest date at the time of the GTSA Expiration Date are referred to herein as the Final Transmission Purchasers. The terms "Final Transmission Purchasers" shall mean those Transmission Purchasers, including those Transmission Purchasers which are not members of TRANSCO, which have entered into GTSAs having a period of effectiveness extending up to the GTSA Expiration Date.

6.4.2. Any such sale, transfer, or other disposition as set forth in sub sections (a), (b) or (c) of Sub-section 6.4.1 above (referred to here as a "Post-GTSA Disposition") shall provide that any purchasing or

transferee entity in any such Post-GTSA Disposition shall assume all of the obligations of the Purchase and Sale Documents, if and as applicable to the interests subject to such Post-GTSA Disposition, and that such entity has the authority and the resources reasonably necessary to fulfill such obligations.

SECTION 7: COVENANTS OF THE CONTRACT PARTY TRANSMISSION PURCHASER.

7.1. The Contract Party Transmission Purchaser agrees to maintain rates for electric services furnished to its municipal electric utility customers which, together with other available funds, will provide to the Contract Party Transmission Purchaser revenues sufficient to meet its obligations to CMEEC under this Contract, as the same may be amended from time to time, including, without limitation, any adjustment in rates, charges or any formula for payment pursuant to Section 2 of this Contract, and to pay all other obligations payable from, or constituting a charge or lien on, such revenues, including without limitation, all of Contract Party Transmission Purchaser's costs of operation and maintenance of its municipal electric utility (including, without limitation, replacements, insurance, administrative and general overhead expense).

7.2. The Contract Party Transmission Purchaser agrees that it shall at all times operate or cause to be operated its municipal electric utility properly in an efficient and economical manner, consistent with good business and Prudent Utility Practice, and shall maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of its municipal electric utility may be properly and advantageously conducted in accordance with Prudent Utility Practice.

7.3. The Contract Party Transmission Purchaser agrees that it shall not sell, or otherwise dispose of all or substantially all of its municipal electric utility system and/or electric facilities except following ninety (90) days prior written notice to CMEEC and, in any event, shall not so sell or otherwise dispose of the same unless the following conditions are met: (i) the Contract Party Transmission Purchaser shall assign this Contract and all of its rights, title and interest hereunder to such purchaser of said municipal electric utility system and/or electric facilities, if applicable, and such purchaser shall assume all obligations of the Contract Party Transmission Purchaser under this Contract; (ii) such purchaser is a political subdivision or a municipal corporation or otherwise a Qualified Entity as defined in Sub-section 4.3, or CMEEC may consider or undertake remedial action in the manner set forth in Sub-section 4.3 at the request and sole cost of the Contract Party Transmission Purchaser or the Purchaser of its Entitlement Allocation provided that CMEEC's and/or TRANSCO's tax exemption or the tax exempt status of the Transmission Bonds is not adversely affected after the taking of such actions; (iii) an independent engineer or engineering firm of national reputation generally recognized to be well qualified in matters relating to electric power and energy systems, selected by CMEEC and paid by the Contract Party Transmission Purchaser, shall deliver an opinion, which may be based on assumptions deemed reasonable by such engineer or engineering firm, that such purchaser is reasonably able to charge and collect rates and charges in the then current and each future Year for the electric services of its electric utility system or with respect to its electric facilities as shall be required to meet its obligations under this Contract and to pay any and all other amounts payable from or constituting a charge and lien upon such revenues; and CMEEC shall, by appropriate action, determine (which determination shall not be unreasonably withheld) that such sale or other disposition will not adversely affect the value of this Contract as security for the payment of the Indebtedness of CMEEC issued or incurred in connection with its obligations under the Contract.

7.4. The Contract Party Transmission Purchaser shall provide and maintain the sites, equipment, and facilities which it is required to provide and maintain to receive Transmission Services pursuant to this Contract.

7.5. The Contract Party Transmission Purchaser shall not issue bonds, notes, or other evidences of Indebtedness payable from and secured by a lien on the revenues derived from the ownership or operation of its electric system without providing for the payment of operating expenses (including payments to be made under this Contract) from such revenues ahead of debt service on such bonds, notes or other evidences of indebtedness.

7.6. The Contract Party Transmission Purchaser shall not execute or adopt any instrument securing bonds, notes or other Indebtedness payable from and secured by a lien on the net revenues derived from the ownership or operation of its electric system unless such instrument provides that any payments to be made under this Contract shall be payable as operating expenses of such electric system. This sub-section 7.6 shall not apply to any instrument securing bonds, notes or other evidences of indebtedness outstanding on the date of this Contract.

7.7. The Contract Party Transmission Purchaser shall not act or fail to act in any manner which would impair or result in an impairment or adverse effect on the tax exempt bond status of any Indebtedness issued by CMEEC or TRANSCO.

7.8. The Contract Party Transmission Purchaser, who is provided Transmission Services by CMEEC under this GTSA, shall participate in Convex and ISO-NE through CMEEC as a single integrated participant under the controlling agreements providing for participation with such entities and further covenants to comply with the obligations and requirements of the TOA and any criteria, rules and standards and/or operating procedures in effect by CONVEX or the ISO-NE through CMEEC. The Contract Party Transmission Purchaser shall have the responsibility to install or to cause the installation of equipment necessary to comply with rules and standards of CONVEX or the ISO-NE. CMEEC shall pass through any fee or penalty, assessed on the economic impact of any action taken by CONVEX or ISO-NE, to the Contract Party Transmission Purchaser if the Contract Party Transmission Purchaser fails to comply with the requirements of the previous sentence. CMEEC may transfer to TRANSCO its responsibilities with respect to CONVEX, ISO-NE and under the TOA as provided for under this Sub-section but shall remain obligated to the Contract Party Transmission Purchaser to cause TRANSCO to perform such responsibilities.

SECTION 8: CONDITIONS OF DELIVERY OF POWER AND ENERGY; MEASUREMENT OF POWER AND ENERGY.

Unless otherwise agreed to by CMEEC and the Contract Party Transmission Purchaser:

(a) The points of delivery, delivery voltage, and other conditions of service governing CMEEC's delivery and measurement of the monthly load used for purposes of determining the Network Load shall be in accordance with the Service Specifications and the Assignment, Transfer and /or Assumption Agreement set forth in Exhibit II of this Contract, attached hereto and made a part hereof, as amended by the Parties hereto from time to time. The Contract Party Transmission Purchaser may change such delivery points, delivery voltage, and conditions of service, so long as otherwise in compliance with the requirements of this Contract, from time to time by the provision of thirty (30) days advance notice, describing any such change in reasonable detail, to CMEEC subject to CMEEC's consent, not to be unreasonably withheld.

(b) The Contract Party Transmission Purchaser shall have the responsibility to make and pay for all connections between its system and the system owned by, or available to, CMEEC (or TRANSCO, as applicable) at the points of delivery specified in the Wholesale Distribution Agreement, if applicable to the Transmission Service provided to the Contract Party Transmission Purchaser.

(c) Telecommunications devices and remote metering equipment shall be sufficient to provide hourly load information to CMEEC and shall be furnished, installed, and maintained by Contract Party Transmission Purchaser or any other entity mutually agreed upon at each point of delivery to the Contract Party Transmission Purchaser and access to such equipment and devices shall be provided to CMEEC or its agent as reasonably required.

(d) Loss adjustments for Transmission Services shall be as determined by ISO-NE for transmission over the Pool Transmission Facilities and shall be determined by CMEEC for transmission at voltages below the Pool Transmission Facilities level and transformer losses to the low voltage side shall be as specified in the terms and conditions in the Wholesale Distribution Agreement.

SECTION 9. METER READINGS AND PAYMENT OF BILLS.

9.1. The Contract Party Transmission Purchaser shall provide metering and telemetering equipment and access to such equipment to CMEEC so that CMEEC is able to remotely read meters and invoice, through the transmittal of a Billing Statement, the Contract Party Transmission Purchaser for Transmission Services provided hereunder at approximately monthly intervals, or lesser intervals if required by ISO Tariff for settlement of charges related to the provision of Transmission Services and as and to the extent required for the provision of such Transmission Services and any services related to the transmission of Electric Products under the Wholesale Distribution Agreement, if applicable to the Transmission Services provided to the Contract Party Transmission Purchaser. Such Billing Statements shall be due and payable to CMEEC within fifteen (15) days from date of issuance and shall become delinquent thereafter. The period following which a Billing Statement becomes due may be increased up to thirty (30) days from the date of issuance of the Billing Statement before becoming delinquent provided the Contract Party Transmission Purchaser makes arrangements with CMEEC, reasonably acceptable to CMEEC and consistent with CMEEC's policies applicable to all similarly situated Transmission Purchasers, with respect to the working capital requirements associated with such increased period. Any amount outstanding thereafter shall accrue and include interest from the date rendered, until paid, at an annual rate of two (2) percentage points over the prime rate for commercial loans to large corporate customers then in

effect at the main office of the Wells Fargo Bank National Association, or such other lending institution as may be CMEEC's primary commercial lender.

9.2. Billing Statements shall be rendered by CMEEC as soon as practicable after the end of each calendar month. Billing Statements will include such information as may be reasonably necessary to determine the payments due for such month. Pending the availability of actual data, billings may be based upon estimates developed by CMEEC, subject to true-up when actual cost data become available. Each Billing Statement rendered under this Contract shall be subject to adjustment for any errors in arithmetic, computation, estimating, or otherwise. CMEEC shall make any such billing adjustments as promptly as practicable.

9.3. In the event the Contract Party Transmission Purchaser disputes all or any part of a Billing Statement, the Contract Party Transmission Purchaser shall nevertheless pay the full amount of the Billing Statement when due and, within six (6) months from the date of the Billing Statement, shall notify CMEEC in writing the grounds on which any charges in the Billing Statement are disputed and the amount in dispute. Disputes shall be resolved in accordance with Section 17 and interest on any unpaid portion of any Billing Statement shall be charged or credited to Contract Party Transmission Purchaser in accordance with Section 9.1. The Contract Party Transmission Purchaser will not be entitled to any adjustment on account of any disputed charges, which are not brought to the attention of CMEEC, within the time and in the manner herein specified.

SECTION 10. METER TESTING AND BILLING ADJUSTMENT.

10.1. The Contract Party Transmission Purchaser shall test and calibrate, or cause to be tested and calibrated, meters by comparison with accurate standards at intervals of no less than twelve (12) months to ensure as best as possible the accuracy of such meter. The Contract Party Transmission Purchaser shall also make special meter tests at any time upon, and within thirty (30) days of, CMEEC's request. The cost of all tests shall be borne by the Contract Party Transmission Purchaser; provided, however, that if any special meter test conducted upon CMEEC's request shall disclose that the meters are recording accurately, CMEEC shall reimburse the Contract Party Transmission Purchaser for the cost of such test. Meters registering within one-half of one percent (0.5%), above or below, the calibrated standard shall be deemed to be accurate.

10.2. The readings of any meter, which are disclosed by test to be inaccurate, shall be corrected from the period that such inaccuracy reasonably existed, as determined by CMEEC with consultation of the Contract Party Transmission Purchaser. If a meter fails to register the electric power and energy delivered during such period of failure shall, for billing purposes, be estimated by CMEEC from the best information available with consultation of the Contract Party Transmission Purchaser.

10.3. The Contract Party Transmission Purchaser shall notify CMEEC in advance of any meter or test so that CMEEC's representatives may be present at such meter test.

10.4. CMEEC, at its sole cost, shall have the responsibility to have or cause to have the installation or modification of, or to make changes or additions to, metering equipment, including billing quality metering devices and telecommunications equipment which may be reasonably required to facilitate billing under the ISO Tariff or any Schedule 21 Tariffs of other Transmission Owners in addition to such metering as may be required pursuant to Section 9.1.

10.5. The foregoing applies only to such meters and equipment under the direct control and ownership of the Contract Party Transmission Purchaser or CMEEC. Should the metering equipment be furnished, installed and monitored by an entity other than the Contract Party Transmission Purchaser or CMEEC as

provided for in the Wholesale Distribution Agreement, then such meter testing shall be in accordance with the provisions prescribed by such other entity.

SECTION 11. TERM OF CONTRACT; UNIFORMITY OF PROVISIONS.

11.1. This Contract shall become effective on the first day of the calendar month after execution by both the Parties hereto and after all the other GTSAs shall be executed by CMEEC and such other Transmission Purchasers that are Transmission Project Participants in the Initial Transmission Project and such action shall have received all required approvals of the respective Transmission Purchasers as required under the Act, including the passage of time if required under the Act, to become initially legally binding on such Transmission Purchasers (the "Initial Effective Date"). CMEEC shall undertake to transmit notice of such Initial Effective Date promptly upon its occurrence to all of the Transmission Purchasers.

11.2. Except as specifically provided for in Section 13, this Contract shall remain in effect from the Initial Effective Date until April 1, 2052 (the "Initial Termination Date") at which time it shall terminate unless automatically extended as expressly set forth in this section, but in no event shall any extension of the term extend beyond June 30, 2061. The contract shall automatically be extended beyond the Initial Termination Date if on or before the Initial Termination Date Fixed Cost obligations accrue or Indebtedness is issued by either CMEEC and TRANSCO to meet obligations incurred under and pursuant to the Purchase and Sale Documents (such Fixed Cost Obligations and Indebtedness for purposes of this section, hereafter are referred to as the "CL&P Pre-Initial Termination Obligations"), in which event the term of the Agreement shall be extended until the CL&P Pre-Initial Termination Obligations are paid in full. CMEEC and TRANSCO shall not incur or issue any Indebtedness under the Transmission Bond Resolutions (i) with respect to the Purchase and Sale Documents, including the CL&P Pre-Initial Termination Obligations, with a maturity date later than June 30, 2061; and (ii) for any other purpose with a maturity date later than April 1, 2052. 11.3 Any extensions of this Contract shall be approved by the Board and the appropriate governing bodies of the Contract Party Transmission Purchaser pursuant to the Act; provided however, that no extension of this Contract shall have materially different terms and conditions from any other extended GTSA. No extension of the term of the Contract, other than as expressly provided in Sub-section 11.2 and in this Sub-section, shall be agreed without renewal of all the GTSAs, then in effect, at the time of the normal expiration of the term of the GTSAs, as provided in Sub-section 11.2. Notwithstanding the foregoing, in the event one or more of the Transmission Project Participants in a Transmission Project refuse(s) to extend the term of the GTSA beyond its expiry date as provided in Sub-sec. 11.2 (such Transmission Purchasers are referred to herein as the "GTSA Non-extenders"), and the remaining Transmission Project Participants (including one or more than one) do desire to extend the term of the GTSA (the "GTSA Extenders"), the GTSA Extenders shall have the right to purchase the Entitlement Allocation(s) of the GTSA Non-extender(s) for the purchase price of agreeing to become obligated to pay the Fixed Costs Obligation associated with the Entitlement Allocation held by the GTSA Non-extenders in each Transmission Project(s) which accrue following the expiry of the term of the GTSA, pursuant to Sub-sec. 11.2 above, as well as assuming responsibility for any Contingent Residual Liability, as defined in Sub-sec. 27.3 arising from such Entitlement Allocation. Completion and closing on such purchase shall be a condition to any renewal of the term of the GTSA by the GTSA Extenders. All provisions of this Contract shall apply in the event of such purchase as if it were a transfer effected pursuant to Section 4.

11.4. Other than the provisions relative to the commencement of the period of effectiveness of the GTSA which may vary as provided herein for individual Transmission Purchasers, the terms and conditions of the GTSAs shall be substantially equivalent with respect to all Transmission Purchasers. Notwithstanding the foregoing, the obligations of each Transmission Purchasers under its respective GTSA may vary based

on the allocation to such Transmission Purchaser of Fixed Costs based on such Transmission Purchaser's Entitlement Allocation in each Transmission Project and of Usage Related Transmission Costs based on the Allocation Method as determined herein.

11.5. The Contract Party Transmission Purchaser shall remain responsible for payment to CMEEC for all Billing Statements rendered by CMEEC prior to the Initial Effective Date with respect to the provision of Transmission Services or for the recovery by CMEEC of what would be characterized as Fixed Cost or Usage Related Transmission Costs properly allocated to the Contract Party Transmission Purchaser which accrue on or before the Initial Effective Date. Following the Initial Effective Date, payment of any such Billing Statements and responsibility for such costs, if so accrued, and the Parties' respective remedies related thereto shall be subject to and as provided for under this Contract.

SECTION 12. ASSIGNMENT.

All covenants and agreements contained in this Contract shall inure to the benefit of CMEEC and the Contract Party Transmission Purchaser and their respective successors and assigns; provided, however, that neither party may transfer or assign its interest or rights under this Contract except for the Contract Party Transmission Purchaser pursuant to Section 4 and Section 7.3 of this Contract; provided, however, the Contract Party Transmission Purchaser acknowledges and agrees that CMEEC may assign and pledge to any trustee, other fiduciary or counterparty under any Transmission Bond Resolutions or Financial Contracts, all or any interest in, its right, title and interest in and to the payments to be made to CMEEC pursuant to this Contract as security for the obligations under any Transmission Bond Resolutions or Financial Contracts.

SECTION 13. WITHDRAWAL.

13.1. Withdrawal/Termination by Contract Party Transmission Purchaser who is not a Transmission Project Participant and Who Seeks Cessation of the Provision of Transmission Service. If the Contract Party Transmission Purchaser is not a Transmission Project Participant, and desires to terminate the purchase from CMEEC of Transmission Services under this Contract, the Contract Party Transmission Purchaser shall notify CMEEC of such termination in writing (the "Services Termination Notice") no less than twenty-four (24) months prior to January 1 of the first Year during which the provision of Transmission Services to the Contract Party Transmission Purchaser are to be terminated under this Contract (the "Termination Year"), with such termination becoming effective on January 1 of the Termination Year. In the event of such early termination of the provision of Transmission Services hereunder, Contract Party Transmission Purchaser, as provided for in Section 2, shall continue to be billed and shall pay, or receive credits as appropriate, for any past billing settlement adjustment received by TRANSCO for a period of twelve (12) months after the beginning of the Termination Year associated with the Transmission Purchasers loads as reported to ISO-NE or reconstituted loads used by ISO-NE for billing purposes. As of commencement of the Termination Year, the Parties agree that TRANSCO shall have no continuing obligation for, assume no responsibility for, and assume no costs under any agreement associated with Transmission Services, ISO-NE, CONVEX, NERC, or any other federal, local, or state entity with respect to which TRANSCO represents the Contract Party Transmission Purchaser or provides information pertaining to the Contract Party Transmission Purchaser.

13.2. Withdrawal by Contract Party Transmission Purchaser Terminating Transmission Services But Continuing to Perform with Respect to Transmission Project Participation, if Applicable. If the Contract Party Transmission Purchaser is a Transmission Project Participant and desires to terminate the purchase from CMEEC of Transmission Services under this Contract, the Contract Party Transmission Purchaser shall notify CMEEC of such termination in writing (the “Services Termination Notice”) no less than twenty-four (24) months prior to January 1 of the first year during which the provision of Transmission Services to the Contract Party Transmission Purchaser are to be terminated under this Contract (the “Termination Year”), with such termination becoming effective on January 1 of the Termination Year. Commencing with the beginning of the Termination Year, CMEEC shall thereafter apply a load of zero for purposes of computing Usage Related Transmission Costs applicable to the Contract Party Transmission Purchaser. In the event of such early termination of the provision of Transmission Services hereunder, the Contract Party Transmission Purchaser, as provided for in Section 2, if also a Transmission Project Participant, shall continue to be obligated to pay for its Entitlement Allocation of Fixed Costs under this Contract except and to the extent modified pursuant to the provisions of Section 4 hereof. In the event of early withdrawal as provided in this Sub-section 13.2 and that there is no Contract Party Transmission Purchaser Event of Default outstanding, the Transmission Purchaser shall receive on the same schedule the net economic benefits due to the Contract Party Transmission Purchaser from its participation in each Transmission Project and or from any Funds held by CMEEC or TRANSCO for the direct benefit of the Transmission Purchaser as if it continued the purchase of all Transmission Services under this Contract, provided CMEEC receives an opinion of legal counsel of national reputation with expertise in the affected subject matter, selected by CMEEC, or otherwise by mutual agreement, that the Federal Tax Exemption will not be adversely affected by providing such net economic benefits to the Contract Party Transmission Purchaser. In the event of termination of Transmission Services as provided for herein with respect to the Contract Party Transmission Purchaser, CMEEC shall use its best efforts to cause any assignment or otherwise provide that any surviving transmission agreements under Sub-section 1.38, 1.43, or 1.49 continue with respect to the Transmission Services required by the Contract Party Transmission Purchaser in order to allow the Contract Party Transmission Purchaser to utilize directly such surviving transmission agreements as needed for the continuation of transmission services for the benefit of the Contract Party Transmission Purchaser.

13.3. Withdrawing Contract Party Transmission Purchaser/Transmission Project Participant Request to Transfer Entitlement Allocation in Transmission Project Pursuant to Section 4. In the event the Contract Party Transmission Purchaser which is also a Transmission Project Participant desires to cease purchasing Transmission Services under this Contract as provided in Sub-section 13.2 and is not then in default pursuant to Section 18 hereof, the Contract Party Transmission Purchaser may also request the transfer of its Entitlement Allocation of any of the Transmission Projects in accordance with the provisions of Section 4. The Contract Party Transmission Purchaser shall remain responsible for the Fixed Cost obligations associated with any remaining Transmission Project Entitlement Allocation not transferred and otherwise due from it as provided in Section 4 of this Contract; but shall be released from any such obligations associated with its transfer of its interest in Entitlement Allocations effected pursuant to Section 4 as provided in such Section.

13.4. Post-Withdrawal Obligations of Withdrawing Contract Party Transmission Purchaser/Transmission Project Participant. In the event the Contract Party Transmission Purchaser complies with the provisions of Sections 4 and 13 and subsequent to the date of transfer of the withdrawing Contract Party Transmission Purchaser’s Entitlement Allocation pursuant to Section 4, if applicable, any renewals, replacements, repairs, additions, improvements, betterments, and modifications, or removal which are determined by CL&P and ISO-NE and approved by the appropriate regulatory processes, as necessary to keep the Initial Transmission Project under the terms of the Purchase and Sale Documents, and, to the extent applicable, any Additional Transmission Project, if the Contract Party Transmission Purchaser is a Transmission Project Participant in the Initial Transmission Project or any such Additional Transmission Project, in good operating condition, the Contract Party Transmission

Purchaser shall be obligated to pay for all costs associated with any such renewals, replacements, repairs, additions, improvements, betterments, and modifications, or removal in accordance with the provisions of Sections 2, 4 and 13 in proportion to its Entitlement Allocation as provided under this GTSA, as modified by any transfers of its interests in Entitlement Allocation effected under Section 4 as provided in said Section. The withdrawing Contract Party Transmission Purchaser shall remain responsible for Contingent Residual Liability, if any, as defined in Sub-section 27.3, arising from its participation in one or more Transmission Projects, as provided under said Sub-section. These obligations shall apply whether or not the Contract Party Transmission Purchaser is a member of TRANSCO.

SECTION 14. AUTHORIZING RESOLUTION AND OPINION AS TO VALIDITY.

Upon the execution and delivery of this Contract, each Party shall furnish each other with a duly certified copy of the resolution of the Board with respect to CMEEC, and the governing body of the Contract Party Transmission Purchaser's municipal electric utility with respect to the Contract Party Transmission Purchaser, authorizing the execution and delivery of this Contract, and with respect to the Contract Party Transmission Purchaser, an opinion by an attorney or firm of attorneys qualified to practice in the State of Connecticut, and with respect to CMEEC, an opinion of nationally recognized bond counsel, in each case in form and substance satisfactory to the respective Parties to the effect that the respective Party has full legal right and power to authorize the execution and delivery of this Contract and that this Contract has been duly authorized, executed and delivered by the respective Party.

SECTION 15. RECORDS AND ACCOUNTS.

CMEEC shall keep accurate records and accounts of its properties and its operations in accordance with or so as to permit conversion to the FERC Accounts and shall cause TRANSCO to keep such records and accounts of TRANSCO's properties and operations. The Contract Party Transmission Purchaser shall have the right at any reasonable time to examine such accounts. CMEEC shall cause such accounts to be audited annually by a firm of independent public accountants of national reputation and shall supply copies to the TRANSCO Members.

SECTION 16. INFORMATION.

CMEEC and Contract Party Transmission Purchaser will promptly furnish to each other such information and reports as may be reasonably requested from time to time in order to carry out more effectively the intent and purpose of this Contract. Without limiting the generality of the foregoing, the Contract Party Transmission Purchaser and CMEEC agree to jointly develop at least once per Year, a written forecast of Transmission Service required for the sale at retail by Contract Party Transmission Purchaser's municipal electric utility for such periods in the future as may be determined by the Board and will promptly inform CMEEC in writing of any changes in such forecasts and any other events which would have a material effect on CMEEC's obligation to furnish Transmission Service pursuant to this Contract. In addition, each the Contract Party Transmission Purchaser and CMEEC further agrees to furnish at its own expense such information and documents, including financial statements, legal opinions, and engineering reports, as CMEEC or the Contract Party Transmission Purchaser may reasonably request in connection with the offering and sale of bonds, notes or other Indebtedness by CMEEC or the Contract Party Transmission Purchaser or as may be required by the federal securities laws.

SECTION 17. DISPUTE RESOLUTION AND ARBITRATION.

17.1. General Provision. The Parties shall attempt in good faith to promptly resolve any dispute arising out of, or relating to, this Contract.

17.2. Negotiation/Mediation/Arbitration. Notwithstanding the provisions of Sections 18, 19 and 20 hereof with respect to the Parties' respective rights and remedies upon the occurrence of Events of

Default, the Parties agree that any disputes of a billing nature under Sections 2, 3, 9, 10, 13.4 and 22 shall first utilize the process set forth in this Sub-section 17.2.1 and 17.2.2. for resolution of any disputes of a billing nature. Any arbitration proceeding utilized to resolve any dispute under this Contract shall follow the process set forth in this sub-section.

17.2.1 Negotiation Between Executives. Either Party may give the other Party written notice of any dispute not resolved in the normal course of business. Such notice (the "Dispute Notice" shall include: (a) a statement of that Party's position and a summary of arguments supporting that position; and (b) the name and title of the executive who will be representing that Party and of any other person who will accompany the executive. Within fifteen (15) days after delivery of the Dispute Notice, the receiving Party shall respond with: (i) a statement of that Party's position and a summary of arguments supporting that position; and (ii) the name and title of the executive who will represent that Party and of any other Person who will accompany the executive. Within thirty (30) days after delivery of the Dispute Notice, the designated executives of both Parties shall meet at a mutually acceptable time and place, and thereafter, as often as they reasonably deem necessary, to attempt to resolve the dispute. All reasonable requests for information made by one Party to the other will be honored. All negotiations pursuant to this Sub-section 17.2.1 shall be confidential and shall be treated as compromise and settlement negotiations for purposes of law and rules of evidence.

17.2.2. Mediation. (i) If the dispute has not been resolved by negotiation within forty-five (45) days after the date of the Dispute Notice, or (ii) if the Parties have failed to meet within thirty (30) days of the date of the Dispute Notice, each as contemplated in Sub-section 17.2.1 above , the Parties shall attempt to settle the dispute by mediation under the then current Conflict Prevention and Resolution ("CPR") Mediation Procedure; provided further that if one Party refuses or fails to participate in negotiation pursuant to Sub-section 17.2.1, (iii) the other Party may then immediately upon the transmittal of an additional written notice to the other Party initiate mediation prior to the expiration of the forty-five (45) day negotiation period (with the applicable date initiating the mediation process as provided in (i), (ii) or (iii) of this sub-section referred to as the Mediation Commencement Date). Unless otherwise agreed, the Parties will select a mediator from the CPR Panels of Distinguished Neutrals. Any mediation process initiated under this section shall result in a resolution and settlement by the Parties of the dispute on or before ninety (90) days following the Mediation Commencement Date, failing which, either Party shall thereafter by authorized to initiate arbitration and/or litigation as elsewhere provided in this section 17.

17.2.3. Arbitration. Except as otherwise provided in Sub-sections 17.2.1 and 17.2.2, any controversy or claim arising out of, or relating to, this Contract or the breach thereof, may be submitted to arbitration at the time, in the manner and upon the terms agreed upon by the Parties. To the extent the Parties agree, the decision of the arbitrator shall be final and binding upon the Parties.

Disputes of a billing nature arising out of or relating to this Contract, and in particular any dispute under Sections 2, 3, 9, 10, 13.4 and 22, that have not been resolved by the procedure set forth in Sub-section 17.2.2 and/or Sub-section 17.2.3 within ninety (90) days after the date of the Dispute Notice, shall, if agreed to by the Parties, be resolved by final and binding arbitration in accordance with the then current CPR Rules for Non-Administered Arbitration by a sole arbitrator, for any dispute involving amounts in the aggregate under Five Hundred Thousand Dollars (\$500,000.00); provided, however, that if either Party will not participate in the mediation proceeding as specified in Sub-section 17.2.2, the other Party may thereafter immediately initiate arbitration before expiration of the above-mentioned ninety (90) day period. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16, inclusive, and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The place of arbitration shall be Hartford, Connecticut.

17.2.4. **Powers of Arbitrator.** With respect to any arbitration initiated under this Section 17, each Party expressly waives and foregoes any right to have the arbitrator award indirect, incidental, consequential, special, exemplary, punitive, or similar damages, except to the extent applicable law requires that compensatory damages be increased in a specified manner. All costs of the arbitration shall be paid equally by the Parties, unless the award shall specify a different division of the costs. Each Party shall be responsible for its own expenses, including attorneys' fees. Both Parties shall be afforded adequate opportunity to present information in support of its position on the dispute being arbitrated. The arbitrator(s) also may request additional information from the Parties.

17.2.5. **Deferral.** The Parties may agree to defer any arbitration proceeding, without prejudice to any Party, pending the resolution of a particular dispute.

17.2.6. **Continued Performance.** The Parties shall continue performance of the Transmission Services in conformance with the requirements of this Contract notwithstanding the existence of any dispute or controversy between the Parties; *provided further* that the Contract Party Transmission Purchaser shall continue to make disputed and undisputed payments to CMEEC in accordance with the terms hereof. If the award by a court of law or equity or by an arbitrator requires CMEEC to refund any disputed payment made by the Contract Party Transmission Purchaser, then CMEEC shall pay interest on such refunded amount in accordance with Sub-section 9.1 herein for the period commencing on the date of the Contract Party Transmission Purchaser's payment of such disputed amount until the date of the refund payment by CMEEC. If any dispute or controversy between the Parties is resolved by mutual agreement, and requires CMEEC to refund any disputed payment made by the Contract Party Transmission Purchaser, then CMEEC shall pay interest on such refunded amount in accordance with Sub-section 9.1 herein for the period commencing on the date of the Contract Party Transmission Purchaser's payment of such disputed amount until the date of the refund payment by CMEEC.

17.2.7. **Court Proceedings.** The Parties shall pursue direct negotiation and mediation as provided in Sub-sections 17.2.1 and 17.2.2 or arbitration due to a failure to participate in mediation as provided in Sub-section 17.2.3. above as a pre-requisite to initiating, as alternatives, an arbitration proceeding or litigation before a court or regulatory agency having jurisdiction. Except as otherwise provided herein, arbitration shall not be considered the sole or exclusive means of settling controversies which may arise under the terms and provisions of this Contract, nor shall arbitration be considered a condition precedent to any action in court of law or equity or proceedings before any governmental agency or regulatory body having jurisdiction thereof.

SECTION 18. CONTRACT PARTY TRANSMISSION PURCHASER EVENT OF DEFAULT; REMEDIES OF CMEEC.

18.1. Upon failure of the Contract Party Transmission Purchaser to make any payment in full when due under this Contract or to perform any obligation herein, CMEEC shall make demand upon by the provision of written notice transmitted to the Contract Party Transmission Purchaser, and if said failure is not cured within twenty (20) days, or such other time period as the Parties may mutually agree, from the date of notice of such demand, it shall constitute a default by the Contract Party Transmission Purchaser at the expiration of such period (referred to herein as a "Contract Party Transmission Purchaser Event of Default"). Notice of such demand shall be provided to the other Transmission Purchasers by CMEEC.

18.2. If the Contract Party Transmission Purchaser in good faith disputes the legal validity of said demand, it shall make such payment or perform such obligation within said twenty (20) day period under formally written protest directed to CMEEC. Such protest shall specify the reasons upon which the protest is based.

18.3. Upon the occurrence of a Contract Party Transmission Purchaser Event of Default, in addition to the other remedies available to CMEEC pursuant to Section 17 of this Contract or this Section 18 and, in addition to any other rights or remedies CMEEC may have under law, CMEEC shall have the rights and remedies set forth in this Section.

18.4. CMEEC may bring any suit, action or proceeding in law or in equity, including mandamus and action for specific performance, as may be necessary and appropriate to enforce against the Contract Party Transmission Purchaser any covenant, agreement or obligation, including the obligation to make any payment, required under the provisions of this Contract.

18.5. CMEEC, and any non-defaulting Transmission Purchaser acting to enforce the Contract pursuant to Section 19 hereof, shall have the right to recover its reasonable attorneys' fees and associated costs incurred in connection with any successful enforcement of the GTSA resulting from any such suit action or proceeding maintained by CMEEC and/or the Transmission Purchaser against the Contract Party Transmission Purchaser.

18.6. If such Contract Party Transmission Purchaser Event of Default shall continue for sixty (60) days after the final date to cure following written notice to the Contract Party Transmission Purchaser from CMEEC specifying such failure, CMEEC may at any time thereafter, ten (10) days following additional written notice to the Contract Party Transmission Purchaser, cease and discontinue the provision of Transmission Services to the Contract Party Transmission Purchaser so long as such failure shall continue and CMEEC shall otherwise be responsible for the accrual of Usage Related Transmission Costs arising from the provision of Transmission Services to the Contract Party Transmission Purchaser; provided, however, that any such cessation and discontinuance shall not relieve the Contract Party Transmission Purchaser of any obligation under this Contract, including the obligation to pay amounts payable as the Contract Party Transmission Purchaser's Fixed Cost obligations, plus all other costs of collection including interest on unpaid amounts and attorneys' fees less any amounts received by CMEEC in accordance with Section 4.

18.7. In the event that a Transmission Purchaser, which is also a Transmission Project Participant, causes a Contract Party Transmission Purchaser Event of Default under its respective GTSA which results in a deficiency in the aggregate payments of Fixed Cost obligations owed with respect to a Transmission Project, CMEEC shall first charge the resulting deficiency to the other Transmission Project Participants in the affected Transmission Project in proportion to their Entitlement Allocations in such Project, such that each of the non-defaulting Transmission Purchasers participating in the Transmission Project shall be responsible for payment, in addition to the charges otherwise due from such Transmission Purchasers, in accordance with following formula:

$$D = [TPP EA\% \div \text{Sum (all non-defaulting TPP EA\%)}] \times ADP$$

Where "D" equals the deficiency make-up payment due from the non-defaulting Transmission Purchaser (referred to as Transmission Purchaser "A"); "TPP EA%" is the Entitlement Allocation of Transmission Purchaser A in the affected Transmission Project; and "All non-defaulting TPP EA%" is the sum of the Entitlement Allocations of the non-defaulting Transmission Project Participants participating in the Transmission Project in which the defaulting Transmission Project Participant is a participant; and "ADP" is the aggregate amount of the deficiency in payment due to the default by a Transmission Project Participant. Notwithstanding anything in the GTSA to the contrary, in the event of a partial payment of any invoice from CMEEC by a Transmission Purchaser under its respective GTSA, PSA or any replacement thereof, with an amount remaining past due and unpaid, CMEEC shall apply any payments due from and paid by such Transmission Purchaser to satisfy the defaulting Transmission Purchaser's

obligations in an order determined by CMEEC in the exercise of its reasonable discretion. Any amounts paid by the non-defaulting Transmission Purchasers pursuant to this Sub-section on account of any deficiency in payment of Fixed Cost obligations due from a defaulting Transmission Purchaser shall not relieve such defaulting Transmission Purchaser of its obligation for payment of such Fixed Cost obligations.

18.8. Any economic benefits accruing with respect to the Contract Party Transmission Purchaser's Entitlement Allocation shall not be applied for the account of the Contract Party Transmission Purchaser during any periods the Contract Party Transmission Purchaser fails to make payments in full when due under this Contract and such failure to make payment is not cured. If the Contract Party Transmission Purchaser Event of Default entails a failure to make any payment in full when due and shall continue for a period of more than ninety (90) days after the final date to cure following written notice to the Contract Party Transmission Purchaser from CMEEC specifying such failure, CMEEC may thereafter, thirty (30) days following the provision of additional notice to the Contract Party Transmission Purchaser, finally apply the economic benefits accruing from the Entitlement Allocation of the Contract Party Transmission Purchaser in default for the periods following the first date on which the failure to make payment in full occurred resulting in a Contract Party Transmission Purchaser Event of Default and shall thereafter continue for the accounts of the remaining Transmission Purchasers in proportion to each such Transmission Purchaser's contribution, as determined pursuant to Sub-section 18.7, to the payment to satisfy a deficiency in payment in Fixed Cost obligations resulting from the Contract Party Transmission Purchaser Event of Default. Any recovery of funds due from a defaulting Transmission Purchaser by CMEEC shall be applied by CMEEC pro rata for the accounts of and payment to each of the non-defaulting Transmission Purchasers in the amount of and in proportion to their contributions to satisfy the payment deficiency, plus interest at the statutory rate if and to the extent recovered from the defaulting Transmission Purchaser and to the extent not already recovered from allocation of the defaulting Transmission Purchasers' economic benefit to the non-defaulting Transmission Purchasers.

SECTION 19. ENFORCEMENT OF CONTRACTS.

CMEEC shall enforce the provisions of the GTSAs against each of the Transmission Purchasers which has caused or incurred under its respective GTSA an event of default the same as or equivalent to a Contract Party Transmission Purchaser Event of Default under this Contract and, if applicable, against the Contract Party Transmission Purchaser in the event of a Contract Party Transmission Purchaser Event of Default (in either case, the "Defaulting Transmission Purchaser") and to pursue such remedies as CMEEC determines most effective with respect to such Defaulting Transmission Purchaser. In that regard: (a) CMEEC or (b) any of the Transmission Purchasers, if it is not a Defaulting Transmission Purchaser, (i) jointly with CMEEC, as its interest may appear, or, (ii) subject to the next paragraph, severally, may commence such suits, actions or proceedings, at law or in equity, including suits for specific performance or damages, as may be necessary or appropriate to enforce the obligations of the applicable GTSA against such Defaulting Transmission Purchaser.

A Transmission Purchaser's right to enforce this Contract as provided in the prior paragraph may only be exercised on a several basis provided CMEEC first fails (x) to seek enforcement of the applicable GTSA against the Defaulting Transmission Purchaser within thirty (30) days following notice from the Transmission Purchaser or following the expiration of such additional period pursuant to Section 18 as applicable to the remedy sought, if longer than such thirty (30) day period, and (y) thereafter diligently to pursue such enforcement.

Without limiting the generality of the foregoing, if the Contract Party Transmission Purchaser causes or incurs a Contract Party Transmission Purchaser Event of Default under this GTSA, CMEEC shall: (i) continue to bill the Contract Party Transmission Purchaser for amounts due under the GTSA, including amounts accruing after the occurrence of a Contract Party Transmission Purchaser Event of Default by

the Contract Party Transmission Purchaser; (ii) institute and diligently pursue such suits, actions or proceedings, at law or in equity, including suits for specific performance or damages, as CMEEC deems appropriate to collect unpaid amounts owing under the GTSA or to remedy the Contract Party Transmission Purchaser Event of Default under the GTSA.

SECTION 20. CMEEC EVENT OF DEFAULT.

In the event of a failure by CMEEC to perform any of its obligations under this Contract (a “CMEEC Event of Default”) and such CMEEC Event of Default shall be continuing for a period of twenty (20) days following the provision of notice to CMEEC of such CMEEC Event of Default and such CMEEC Event of Default is not otherwise subject to the dispute resolution under the provisions of section 17 hereof, the Contract Party Transmission Purchaser may bring any suit, action, or proceeding in equity for mandamus, injunction, and action for specific performance as may be necessary or appropriate to enforce such obligation against CMEEC; provided, however, the same shall not give the Contract Party Transmission Purchaser the right to discontinue the performance of its obligations under this Contract

SECTION 21. ABANDONMENT OF REMEDY; NO WAIVER.

In the event any action or proceeding taken by CMEEC (including any of the other Transmission Purchasers acting pursuant to Section 19 hereof) or the Contract Party Transmission Purchaser in connection with any Contract Party Transmission Purchaser Event of Default or CMEEC Event of Default shall have been discontinued or abandoned for any reason, CMEEC (including any of the other Transmission Purchasers acting pursuant to Section 19 hereof) and the Contract Party Transmission Purchaser shall be restored to their former positions under this Contract, and all rights, remedies, powers and obligations of CMEEC (including any of the other Transmission Purchasers acting pursuant to Section 19 hereof) and the Contract Party Transmission Purchaser shall continue as though no such action or proceeding had been taken. The failure of CMEEC (including any of the other Transmission Purchasers acting pursuant to Section 19 hereof) or the Contract Party Transmission Purchaser to insist in any one or more instances upon strict performance by the other of any one or more of the provisions of this Contract or to take advantage of any of its rights hereunder shall not be construed as a waiver or relinquishment.

SECTION 22. ANNUAL BUDGET.

CMEEC shall prepare by November 30th of each Year for the approval of the Board, an Annual Budget for the ensuing Year, which shall set forth in reasonable detail the estimated Fixed Costs and the Usage-Related Charges for the ensuing Year. Once the Board officially adopts and approves the Annual Budget, within no more than thirty (30) days from official approval by the Board, CMEEC shall distribute to all Transmission Purchasers their respective portion of the Annual Budget line items relative and specific to the Contract, and, in the event a Transmission Purchaser disputes the budgeted Fixed Costs and or Usage-Related Charges, it shall have the rights of dispute resolution as set forth in Section 17. Monthly thereafter, CMEEC shall issue a financial performance report largely in the form of an income statement to the Board and, with respect to the information specific and appropriate to the Contract Party Transmission Purchaser, to the Contract Party Transmission Purchaser.

SECTION 23. ADDITIONAL PURCHASERS.

In addition to the GTSAs, CMEEC retains the right to enter into contracts, to the extent permitted by the Act and approved by the Board, for Transmission Services with other entities.

SECTION 24. NOTICES AND COMPUTATION OF TIME.

Any notice, demand, approval, proposal, protest, direction, or request provided for in this Contract to be delivered, given or made to the Contract Party Transmission Purchaser shall be deemed delivered, given or made if delivered in writing, in person or mailed by registered or certified mail, postage prepaid, return

receipt requested, addressed to the person and at the address designated in writing filed with CMEEC by the Contract Party Transmission Purchaser. The Contract Party Transmission Purchaser may change such designation, at any time and from time to time, by giving notice to CMEEC as below provided. Any such notice, demand or request to be delivered, given or made to CMEEC shall be deemed delivered, given or made, if delivered in writing, in person or sent by mail as above provided to the following address:

Chief Executive Officer
Connecticut Municipal Electric Energy Cooperative
30 Stott Avenue
Norwich, Connecticut 06360-1526
Phone: (860) 889-4088
Telecopy: (860) 889-8158

General Manager
Norwich Public Utilities
16 South Golden Street
Norwich, Connecticut 06360
Phone: (860) 823-4192
Telecopy: (860) 823-4172

or such other address designated at any time and from time to time by giving notice to the Contract Party Transmission Purchaser as provided above.

Unless specifically otherwise required by the terms of this Contract, any notice required to be given pursuant to any provision of this Contract may be given by any form of electronic transmission that is capable of producing a written record, including, without limitation, telecopy transmissions, provided that the deliverer of any such notice given by electronic transmission shall verify receipt of such notice promptly upon the transmission thereof and such notice shall not be deemed duly given unless full and legible receipt thereof has been verified by the recipient of such notice.

In computing any period of time from such notice, such period shall commence at 12:01 a.m. on the day following the date such notice was delivered or mailed.

SECTION 25. GOVERNING LAW.

This Contract is made under and shall be governed by the laws of the State of Connecticut, without regards to any conflict of law principles or other law which would result in the law of another jurisdiction being employed to interpret or enforce the provisions of this Contract.

SECTION 26. MISCELLANEOUS .

26.1. Severability. If any section, paragraph, clause or provision of this Contract is declared illegal or no longer in force by reason of any judgment or order issued by a court or regulatory body of competent jurisdiction, the remainder of this Contract shall be unaffected by such judgment or order and all of the remaining provisions of this Contract shall remain in full force and effect as though such section, paragraph, clause or provision or any part thereof so adjudicated or ordered illegal or no longer in force had not been included herein.

26.2. Construction. The captions or headings in this Contract are for convenience only and shall not in any way define, limit or describe the scope or intent of any provisions or sections of this Contract.

26.3. Amendments and Waivers. This Contract may only be amended or modified in a written document signed by both Parties. The failure of any Party to insist in any one or more instances upon performance of any terms or conditions of this Contract shall not be construed as a waiver of future performance of any such term, covenant, or condition, and the obligations of such Party with respect thereto shall continue in full force and effect.

26.4. Interpretation. Should any provision of this Contract require judicial interpretation or interpretation by an arbitrator having jurisdiction over a dispute arising hereunder, it is agreed that the court or arbitrator interpreting or construing this Contract shall not construe it against one Party more strictly by reason of the rule of construction that a document is to be construed more strictly against the Party who itself or through its agent or counsel prepared such document, it being agreed that the agents and counsel of all Parties have participated in the preparation of this Contract, and that all Parties were afforded adequate opportunity to consult legal counsel prior to execution of this Contract.

26.5. Joint Preparation. Each Party to this Contract (a) has participated in the preparation of this Contract; (b) has read and understands this Contract; and (c) has been represented by counsel of its own choice in the negotiation and preparation of this Contract. Each Party further represents that it has executed this Contract voluntarily.

26.6. Further Assurances. Each Party agrees to execute and to deliver such other and further instruments and to take such other actions as are reasonably necessary to effectuate the provisions of this Contract.

SECTION 27. ADDITIONAL LIMITATIONS TO LIABILITY OF THE PARTIES.

27.1. Subject to the provisions of Section 4 hereof, obligations, including liability, accrued by the Contract Party Transmission Purchaser as a Transmission Project Participant before the term of this Contract has expired, remain obligations of the Contract Party Transmission Purchaser in the amount or percentage allocation in accordance with this Contract until paid or satisfied, irrespective of the withdrawal or termination of this Contract by the Contract Party Transmission Purchaser or termination of its membership in TRANSCO, if applicable, or withdrawal as a Transmission Project Participant

27.2. Obligations accrued by TRANSCO after the term of this Contract has ended or on behalf of or for a Transmission Project after the term of this Contract has ended are not the obligations of the Contract Party Transmission Purchaser and there shall be no recourse to the Contract Party Transmission Purchaser, its credit, assets, property, revenue, or rate making authority, or to the municipality of which it is a part, for payment, or other relief, with respect to such obligations or any share thereof.

27.3. Notwithstanding the provisions of Sub-section 27.2, if and to the extent there is recourse imposed as a matter of law for liabilities of TRANSCO upon the members of TRANSCO following the expiration of the term of the GTSAs, if any (the "Contingent Residual Liabilities"), , then in such case, the Final Transmission Purchasers, including Final Transmission Purchasers which are not members of TRANSCO or which have withdrawn from membership in TRANSCO, shall share such liability on a proportionate basis to the extent of their Entitlement Allocation in each Transmission Project. The Contingent Residual Liabilities shall be allocated among the Transmission Projects based on the share of the Contingent Residual Liabilities caused by, arising from or otherwise allocable to each Transmission Project. The provisions of this Sub-section 27.3 shall not be construed or deemed to result in an acknowledgement or waiver of the non-recourse status of TRANSCO as a separate legal entity; but rather shall define the basis for sharing of contingent liability among the Transmission Purchasers, if and to the extent such liability arises.

27.4. Other than as expressly provided in Section 19, this Contract shall not imply, create or confer rights in any person or entity who is not a signatory to this Contract, including but not limited to third party beneficiary rights, or any other person or entity who has contracted with CMEEC or TRANSCO.

27.5. For purposes of clarification of intent under this Section 27, when an obligation, including liability, “accrues” or is “accrued”, it shall mean that such obligation shall be realized and/or determined and reasonably quantified in amount or shall have been identified by the occurrence of definitive actions or circumstances, within the period of time during which the accrual is deemed to have occurred.

27.6. CMEEC shall not be liable or legally responsible to the Contract Party Transmission Purchaser, under any circumstances, for monetary damages of any nature, including but not limited to such damages which are due to the loss of profits, which comprise the costs of purchase of replacement services or which may arise from liability due to direct, indirect or consequential damages (referred to collectively as “Non-injunctive Liability”). Notwithstanding the foregoing, CMEEC shall and is authorized to assert and maintain in its own name claims, as provided in this Contract, for recovery with respect to Non-injunctive Liability which may be incurred or suffered by the Contract Party Transmission Purchaser, where such Non-injunctive Liability arises from a cause of action which CMEEC and/or TRANSCO have against a third-party which relates to the performance by CMEEC or TRANSCO under this GTSA or under any contract concerning transmission services, where all or any portion of the costs of such contract, or its breach or such cause of action, result in liability or payment in whole or in part by the Contract Party Transmission Purchaser as a result of this Contract.

27.7. The Contract Party Transmission Purchaser’s obligation to pay the amounts identified on invoices issued by CMEEC for charges and costs validly accruing under this Contract during its term, the provisions of Sub-section 6.4, the applicable provisions of Section 13 and this Section 27 and the provisions of this Contract with respect to the enforcement of its terms, applicable thereto, shall survive the termination or expiry of the term of the GTSA.

27.8. [Provision only applicable to Bozrah Light and Power Company (“BL&P”) as a Contract Party Transmission Purchaser] All Transmission Services and other services procured pursuant to this GTSA which otherwise were provided by CMEEC to BL&P under the Power Supply Contract, dated June 28, 1995, as amended by and between CMEEC and BL&P (the “BL&P PSC”), from and following the Initial Effective Date shall be billed for, supplied and provided by CMEEC to BL&P solely under and pursuant to this GTSA and BL&P’s obligations for payment and performance with respect to such Transmission Services shall be governed by this GTSA, and, in each such case, shall no longer be supplied, provided or billed for under and pursuant to the BL&P PSC. BL&P shall be responsible for payment and performance of any obligations accruing prior to the Initial Effective Date with respect to Transmission Services as provided under the BL&P PSC. BL&P and CMEEC agree to cancel and terminate a certain Transmission Service Contract dated as of June 1, 2011, which is hereby replaced in its entirety by the GTSA.

27.9. [Provision only applicable to the City of Groton, acting by and through the municipal electric utility which is a department of the City of Groton (“Groton”), as a Contract Party Transmission Purchaser] Groton and CMEEC agree to cancel and terminate a certain Transmission Service Contract dated as of June 1, 2011, which is hereby replaced in its entirety by the GTSA.

28. NO PLEDGE OF TAXING POWER; OBLIGATIONS PAYABLE FROM ELECTRIC SYSTEM REVENUES.

This Contract does not pledge and shall not be interpreted to pledge the full faith or credit nor taxing power of the City of Norwich, the State of Connecticut or any political subdivision thereof or any Transmission Purchaser to meet any obligation hereunder, and payments due and/or made with respect to obligations of the Contract Party Transmission Purchaser incurred hereunder are payable solely from the revenues of the City of Norwich's electric system.

29. COUNTERPARTS.

This Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE has caused this Contract to be executed by its Chairman and the Contract Party Transmission Purchaser has caused this Contract to be executed on its behalf by an authorized officer of the municipal electric utility constituting an electric department agency or other body of the Contract Party Transmission Purchaser as of the date first written above.

(SEAL)

Witness:

CONNECTICUT MUNICIPAL ELECTRIC

ENERGY COOPERATIVE

By _____

By _____

Title

(SEAL)

Witness:

NORWICH PUBLIC UTILITIES

By _____

By _____

Title:

.

**EXHIBIT I
ENTITLEMENT ALLOCATION**

2011 Initial Transmission Project

<u>Purchaser</u>	<u>Percentage</u>
Groton	49.089%
Norwich	30.440%
South Norwalk	8.199%
East Norwalk	5.919%
Jewett City	1.913%
Bozrah	<u>4.440%</u>
	100.000%

GENERAL TRANSMISSION SERVICES AGREEMENT

EXHIBIT II

Delivery Points

The Delivery Points for each Transmission Purchaser under the General Transmission Services Agreement (“GTSA”) (comprising also the Points of Interconnection and Metering Points pursuant to Schedule 21 of the Northeast Utilities Companies Tariff on file with the Federal Energy Regulatory Commission, as of April 1, 2012), unless otherwise modified pursuant to the GTSA, are as follows:

Interconnection at City of Norwich

1. Tap on 115-kV circuit #1000 to Dudley Substation (between structure nos. I 047 and 1048 near Browning Road).
2. Tunnel Substation via 69-kV line position #1700.
3. 115-kV bus at Bean Hill Substation via 115-kV circuits #1000 and #1675.

Metering Points for City of Norwich

Location No.	Meter Serial No.	Metered Voltage	Meter Records Power Flow at
1. Dudley St. Substation Meter Panel of Station Control House	85009639	115 kV (1000 Line)	On 115 kV Tap Point near Browning Road
2. Tenth St. Substation Norwich on Meter Panel of Station Control House	22L-1X 84859145 22L-2X 84859146	69 kV	69 kV Line (617 Line) Position @ Tunnel Substation
3. Bean Hill Substation, Norwich on meter Panel of Substation Control House	18N-IX 85674400 18B-2X 85727036	115 kV	115 kV Bus at station Norwich (1000 & 1675 Bean Hill Meter Panel of lines)

*****End of Contract*****

Secretary Remondi, seconded by Commissioner Goldman moved to approve the above resolution. Unanimously approved.

Item 2. Fifteen-Minute Public Comment Period. None.

Item 3. Minutes of the Regular March Meeting held on Tuesday, March 27, 2012. Secretary Remondi, seconded by Vice Chairman Boisclair moved to approve the Minutes of the Regular March Meeting held on Tuesday, March 27, 2012, as written. Unanimously approved.

Item 4. Action Items.

a) Public Hearing – Proposed Revisions to the Water Rates. In accordance with Norwich City Charter Requirements, Chapter XII, Section 10, as amended, at 7:00 P.M. Chairman Sullivan declared the public hearing opened on the proposed revisions to the water rates.

General Manager Bilda presented information to the Board regarding the proposed rate changes.

Chairman Sullivan asked for public comment. The following members of the public addressed the Board and spoke against or in favor of the proposed rate changes:

Name	Address	For/Against
Attorney Glen Carberry	Representing ACLS, Colonial Carwash and Carpionato Labossiere Properties	Against
Lori Danis	21 Patrick Lane	Against
Joe Mastronunzio	Brom Builders, West Town Street	Against
Al Mayo	17 Russell Road	Against
Ray Bedard	Case Street	Against
David Crabb	47 Prospect Street	Against
Dan Goldberg	ACLS, Consumers Ave	Against
George Sedar		Against
Joanne Philbrick	10 Elm Ave	Against
Rodney Bowie	62 Roosevelt Ave	Against
Richard Hildebrant	Airgas, Bozrah	Against
Kathleen Murphy	227 Boswell Ave	Against
John Blackburn	15 Alice Street	Against

Chairman Sullivan thanked the public for attending the meeting then called three times for additional comments from the public. Hearing none, he declared the Public Hearing closed at 8:20 P.M.

b) Resolution - Resolution authorizing General Manager Bilda to submit application for funding for watershed land acquisition. Secretary Remondi, seconded by Vice Chairman Boisclair moved to approve the following resolution. Unanimously approved.

RESOLUTION

WHEREAS, the City of Norwich Board of Public Utilities Commissioners is tasked with oversight of the City of Norwich's municipal water supplies to ensure abundant and safe drinking water exists for the citizens of Norwich now and in the future; and

WHEREAS, the City of Norwich Board of Public Utilities Commissioners recognizes that in order to protect Norwich's municipal supplies, it is critical to preserve the land surrounding the watershed area in its natural habitat and prevent encroachment by development and other risks to its fragile ecosystem;

BE IT THEREFORE RESOLVED, the City of Norwich Board of Public Utilities Commissioners do hereby authorize John Bilda, General Manager of Norwich Public Utilities, to submit an application to the State of Connecticut Open Space and Watershed Land Acquisition Program for financial assistance to acquire permanent interest in a parcel of land within the boundaries of the Deep River Reservoir Watershed. This land is identified as 88 Brainard Road in the Town of Colchester, Connecticut. Acceptance of such award is contingent upon the price of the property and impact to the finances of the Norwich Public Utilities Water Division.

Item 5. Financial Report. Informative.

Item 6. Strategic Presentations. None.

Item 7. General Business.

- Gas Bond Update. Mike Hughes updated the Board on the current Natural Gas Bond Program. Informative.
- Electric Distribution Follow Up Report. Chris LaRose updated the Board on the Distribution Check Up Report provided by Hometown Connections International. Informative.

Vice Chairman Boisclair, seconded by Secretary Remondi moved to recess the Board Meeting at 6:35 p.m. and enter into the Sewer Authority meeting. Unanimously approved.

The meeting resumed at 7:00 p.m.

Item 8. Executive Session. The Board did not enter into Executive Session.

Item 9. Other Business.

Item 10. The next Regular Meeting is scheduled to be held on Tuesday, May 22, 2012.

Secretary Remondi, seconded by Vice Chairman Boisclair moved to adjourn the Meeting at 8:22 p.m.

Attest:

Alan Remondi
Secretary