

SCHEDULE 21-CTMEEC

I. COMMON SERVICE PROVISIONS

1 Definitions

Whenever used in this Local Service Schedule, in either the singular or plural number, the following capitalized terms shall have the meanings specified in this Section 1. Terms used in this Local Service Schedule that are not defined in this Local Service Schedule shall have the meanings set forth in the OATT or customarily attributed to such terms by the electric utility industry in New England. Where there is a conflict between this Local Service Schedule and the OATT, the terms here shall apply

1.1 Annual True Up

The reconciliation of actual costs to actual revenues received under Section 2.1 of this Schedule 21-CTMEEC for any Service Year.

1.2 Customer's Schedule 12C Costs Load

The Transmission Customer's load on the CTMEEC Transmission System coincident with the monthly Connecticut transmission system peak Load.

1.3 CTMEEC

The Connecticut Transmission Municipal Electric Energy Cooperative.

1.4 CTMEEC Transmission System

The transmission facilities owned by CTMEEC used to provide transmission service under this Schedule.

1.5 Interest

The amount computed in accordance with the Commission's regulations at 18 C.F.R. §35.19a (a)(2)(iii). Interest on deposits and shall be calculated from the day the deposit check is credited to CTMEEC's account.

1.6 Schedule 12C Cost Responsibility Agreement

An agreement under which a customer subject to Schedule 21-CTMEEC agrees or is deemed to agree to take or pay for the service to which Schedule 21-CTMEEC relates.

1.7 Schedule 12C Facilities

Facilities, the cost of which the New England System Operator determines should not be included in Attachment F of the OATT.

1.8 CTMEEC Transmission System Schedule 12C Costs Load

CTMEEC's 12-month average load coincident with the monthly transmission system peak load for the Service Year during which service is rendered (expressed in kilowatts).

1.9 New England System Operator

ISO New England, Inc. ("ISO") or its successor entity.

1.10 Party(ies)

CTMEEC and the Transmission Customer receiving service under the Tariff.

1.11 Service Year

The calendar year in which the Transmission Customer is receiving service under this Schedule.

1.12 CTMEEC's Transmission System

The PTF and non-PTF facilities owned, controlled or operated by CTMEEC. This includes PTF facilities whose costs are not included in the regional rate.

2. Billing and Payment

2.1 Billing Procedure

Within a reasonable time after the first day of each month, CTMEEC, or its agent, shall submit an invoice to the Transmission Customer for the charges for all services furnished under the OATT during the preceding month.

The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to CTMEEC, or its agent, or by wire transfer to a bank named by CTMEEC or its agent. Billing hereunder shall be based on cost estimates made by CTMEEC subject to Annual True-up when actual costs for the Service Year are known. The Schedule

12C Costs Annual True-up shall be calculated in accordance with Attachment 3 of Appendix B to Attachment F, under this OATT. The Annual True-up will include interest calculated in accordance with 18 C.F.R. § 35.19a(a)(2)(iii) of the Commission's regulations.

2.2 Interest on Unpaid Balances

Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by CTMEEC.

2.3 Customer Default

In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to CTMEEC on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after CTMEEC notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, CTMEEC may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission so approves any such request. In the event of a billing dispute between CTMEEC and the Transmission Customer, CTMEEC will continue to provide service under the Schedule 12C Costs Responsibility Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then CTMEEC may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy. Neither Party shall have the right to challenge any monthly bill or to bring any court or administrative action of any kind questioning the propriety of any bill after a period of twenty four (24) months from the date the bill was due; provided, however, that in the case of a bill based on estimates, such twenty-four month period shall run from the due date of the final adjusted bill.

3. Regulatory Filings

Nothing contained in the OATT or any 12C Costs Responsibility Agreement shall be construed as affecting in any way such right as CTMEEC may have to unilaterally make application to the

Commission for a change in rates, terms and conditions, charges, classification of service, Schedule 12C Costs Responsibility Agreement, rule or regulation under Section 205 or 206 or other provision of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder provided the exercise of such rights is not in contravention of the Moratorium established in FERC Docket No. EL16-19. . Nor shall anything contained in the OATT or any Agreement be construed as affecting in any way such right as CTMEEC may have as a governmental entity that is not a jurisdictional “public utility” under the Federal Power Act to effect unilaterally a change in rates, terms and conditions, charges, classification of service, Schedule 12C Costs Responsibility Agreement, rule or regulation provided the exercise of such rights is not in contravention of the Moratorium established in FERC Docket No. EL16-19.

Nothing contained in the OATT or any Schedule 12C Costs Responsibility Agreement shall be construed as affecting in any way the ability of any Party receiving service under the OATT to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder

4. Creditworthiness

See Attachment CTMEEC-B to this Schedule 21-CTMEEC.

II. SCHEDULE 21-CTMEEC SERVICE

1. Nature of Service

Service under Schedule 21-CTMEEC requires that Eligible Customers, who take Regional Network Service under the OATT in a state or area in which CTMEEC’s Schedule 12C Facilities are located, pay for their portion of the Schedule 12C Costs of CTMEEC’s Transmission System as determined in accordance with this Schedule.

2. Rates and Charges

2.1 General

Rates for Schedule 21-CTMEEC Service shall be determined as set forth in Schedule CTMEEC-1 on the basis of estimated costs for each Service Year until the actual costs for such Service Year are determined.

Thereafter, payments made on such estimated costs shall be recalculated based on actual data for that Service Year, and an appropriate billing adjustment shall be made pursuant to Section 2.1 of this Schedule 21-CTMEEC.

2.2 Eligible Customers Taking Service Under the ISO OATT

Any Eligible Customer taking Regional Network Service under the OATT in the State of Connecticut, shall pay to CTMEEC the Monthly Demand Charge set forth in Section 2.3. CTMEEC shall not charge any such customer any such costs until such Schedule 12C Costs Responsibility Agreement has been accepted by the Commission.

2.3 Monthly Demand Charge

The Transmission Customer shall pay monthly Demand Charges, which shall be determined by multiplying the Customer's Schedule 12C Costs Load times the Annual Schedule 12C Costs Rate calculated in accordance with the formula specified in Appendix A of Schedule CTMEEC-1.

2.4 Determination of Customer's Schedule 12C Costs Load

The Customer's Schedule 12C Costs Load is its hourly load in Connecticut coincident with the monthly transmission system peak load for Connecticut.

SCHEDULE CTMEEC-1 CHARGE PROVISIONS FOR SCHEDULE 21-CTMEEC

I. DEMAND CHARGE

Transmission Customers will pay a demand charge for Service under Schedule 21-CTMEEC.

1. Determination of Demand Charge

The Demand Charge will be determined in accordance with Section II.2.3 of this Schedule 21-CTMEEC.

2. CTMEEC's Annual Transmission Revenue Requirements ("ATRR")

The Annual Transmission Revenue Requirements shall be determined in accordance with the formula specified in Attachment 3 of Appendix B to Attachment F of this OATT.

II. TAX RATES AND TAXES

The Formula Requirements set forth in this Schedule CTMEEC-1 in effect during a Service Year shall be based on applicable tax rates and taxes in effect during the Service Year. If, at any time, additional or new taxes are imposed on CTMEEC or existing taxes are removed, the Formula Requirements will be appropriately modified and filed with the Commission in accordance with Part 35 of the Commission's regulations.

III. ADDITIONAL CHARGES

In addition to the applicable charges of this Schedule 21-CTMEEC, and as otherwise specified in the Schedule 12C Costs Responsibility Agreement, the Transmission Customer shall pay to CTMEEC each month the following additional charges for service provided during such month.

A. Regulatory Expenses Charge

CTMEEC shall have the right to file for recovery of regulatory expenses associated with this Schedule 21-CTMEEC and the Schedule 12C Costs Responsibility Agreements.

SCHEDULE CTMEEC-1 Appendix A CTMEEC's rates will be calculated in accordance with the formula provided below.

	Amount	Reference
1. Schedule 12C Costs ATRR	\$ -	Attachment 3 of Appendix B to Attachment F
2. CTMEEC Transmission System Schedule 12C Costs Load for the calendar year two years prior to the Service Year	-	Attachment _
3. AnnualSchedule 12C Costs Rate	#DIV/0!	Line1 /Line 2

ATTACHMENT CTMEEC-A SCHEDULE 12C COST RESPONSIBILITY AGREEMENT

This Schedule 12C Costs Responsibility Agreement ("Agreement") dated as of _____, is entered into by and between the Connecticut Transmission Municipal Electric Energy Cooperative and "Transmission Customer".

The Transmission Customer is _____ and has been determined by CTMEEC to be an Eligible Customer taking Regional Network Service under the OATT who is located in the state or area in which Schedule 12C Facilities have been identified under Schedule 12C of the ISO-NE Open Access Transmission Tariff ("OATT") and authorized for Schedule 12C Cost Recovery under Schedule 21- CTMEEC on file with, and as may be revised from time to time in accordance with the rules of the Federal Energy Regulatory Commission. The Transmission Customer agrees to pay its portion of the Schedule 12C costs of the Middletown Norwalk 345 kV Transmission Project ("Schedule 12C Facilities") as provided in Section II of the Schedule 21-CTMEEC . Service under this Agreement shall commence on the later of: (1) 0001 hours on _____, or (2) such other date as it is permitted to become effective by the Commission. Service under this Agreement shall terminate on 2400 hours on _____.

Other special provisions (if any) RESERVED

_____.

Any notice or request made to or by any Party regarding this Agreement shall be made in writing and shall be telecommunicated or delivered either in person, or by prepaid mail (return receipt requested) to the representative of the other Party as indicated below. Such representative and address for notices or requests may be changed from time to time by notice by one Party to the other.

CTMEEC:

Director of Asset Management
30 Stott Avenue
Norwich, CT. 06360

TRANSMISSION CUSTOMER:

Any exhibits to this Agreement and the Tariff are incorporated herein and made a part hereof. This Agreement may be amended, from time to time, as provided for in Schedule 21-CTMEEC of the OATT.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials as of the date first above written.

CTMEEC

By:

TRANSMISSION CUSTOMER

By:

SCHEDULE 21-CTMEEC ATTACHMENT CTMEEC-B Creditworthiness Procedures

1. General Information

All customers taking any service under Schedule 21-CTMEEC must meet the terms of this Attachment CTMEEC-B.

2. Establishing Creditworthiness

a) Each customer that, immediately prior to the closing of the transaction reviewed in Docket No. EC11-31, is then taking service under the Schedule 21 of the predecessor owner of the facilities subject to that proceeding is deemed to be creditworthy at the time of closing, and need not re-establish its creditworthiness at that time in order to continue receiving service.

b) Unless covered by section (a) above, each customer's creditworthiness must be established before receiving transmission services from CTMEEC. A customer will be evaluated at the time that its application for transmission service is provided to CTMEEC based on the creditworthiness information required under this Attachment CTMEEC-B. CTMEEC shall conduct a credit review of each transmission customer not less than annually or upon reasonable request by the transmission customer.

c) CTMEEC will review the customer's creditworthiness information for completeness and will notify the customer if additional information is required.

d) Upon completion of a creditworthiness evaluation of a customer, CTMEEC will forward a written evaluation to the customer if it determines that Financial Assurance must be provided.

3. Financial Information

Customers requesting transmission service must submit if available the following:

a) All current rating agency reports of the customer from Standard and Poor's ("S&P"), Moody's Investors Service ("Moody's"), and/or Fitch Ratings ("Fitch").

b) A Management Discussion and Analysis (“MD&A”) along with audited financial statements provided by an independent registered public accounting firm or a registered independent auditor for the three (3) most recent fiscal years, or the period of the customer’s existence, if shorter than three (3) years.

4. Creditworthiness – Qualification for Unsecured Credit

a) A customer may receive unsecured credit from CTMEEC equivalent to three (3) months of the transmission charges. The customer must meet at least one of the following criteria:

(i) If rated, the customer’s lowest rating from the three rating agencies on its senior unsecured long-term debt; or if the customer does not have such a rating, then one rating level below the rating then assigned to the customer’s corporate credit rating, as follows:

1. a Standard and Poor’s or Fitch rating of at least BBB, or

2. a Moody’s rating of least Baa2.

(ii) If un-rated or if rated below BBB/Baa2, as described in 4(a)(i) above, the customer must meet all of the following creditworthiness criteria for the three (3) most recent fiscal years:

1. A Capitalization Ratio (Debt divided by the sum of shareholders’ equity and Debt) of no more than 60 percent Debt, where “Debt” is defined as the sum of all long-term and short-term debt, preferred securities and capital leases. Each of which is recorded in accordance with generally accepted accounting principles;

2. Earnings before interest, taxes, depreciation and amortization (“EBITDA”) in the most recent fiscal quarter divided by interest expense (ratio of EBITDA-to-interest expense of at least three (3) times); and

3. Audited Financial Statements with an unqualified auditor opinion.

b) If the customer relies on the creditworthiness of a parent company, the parent company must satisfy the ratings criteria in Section 4(a) above, and must provide to CTMEEC a written guarantee that it will be unconditionally responsible for all financial obligations associated with the customer’s receipt of transmission service from CTMEEC.

c) If the customer or the customer's parent company do not qualify for unsecured credit under Sections 4(a) or (b) above, the customer can still qualify for unsecured credit equivalent to three (3) months of transmission service charges, if:

(i) the customer has, on a rolling basis, 12 consecutive months of payments to CTMEEC with no missed, late or defaults in payment; or

(ii) the customer has an executed long-term contract for the sale of the full output (energy and capacity) of its generating unit and either has executed a corresponding service transmission service agreement under Schedule 21-CTMEEC for the transmission of that output or the execution of such agreement is pending the customer's demonstration of creditworthiness.

5. Financial Assurance

If the customer does not meet the applicable requirements for unsecured credit set out in Section 4 then the customer must either:

a) pay in advance an amount equal to the lesser of the total charge for transmission service not less than five (5) days in advance of the commencement of service, in which case CTMEEC will pay to the customer interest on the amounts not yet due to CTMEEC, computed in accordance with 18 C.F.R. §35.19(a)(2)(iii) of the Commission's Regulations; or

b) obtain Financial Assurance in the form of a letter of credit or a parent guarantee equal to the equivalent of three (3) months of transmission service charges prior to receiving service.

(i) The letter of credit must be one or more irrevocable, transferable standby letters of credit issued by a United States commercial bank or a United States branch of a foreign bank provided that such customer is not an affiliate of such bank. The issuing bank must have a credit rating of at least A2 from Moody's or an A rating from S&P or Fitch, or an equivalent credit rating by another nationally recognized rating service reasonably acceptable to CTMEEC, provided that such bank shall have assets totaling not less than ten billion dollars (\$10,000,000,000). All costs of the letter of credit shall be borne by the applicant for such letter of credit. In the event of an inconsistency in the ratings by Moody's, S&P, or Fitch, a "split rating", the lowest credit rating shall apply.

(ii) If the credit rating of a bank or other financial institution issuing a letter of credit to a customer falls below the levels specified in Section 5(b)(i) above, the customer shall have three (3) business days to obtain a suitable letter of credit from another bank or other financial institution that meets the specified levels unless CTMEEC agree in writing to extend such period.

6. Notifications

Each customer must inform CTMEEC in writing within three (3) business days of any material change in its or its letter of credit issuer's financial condition, and if the customer qualifies under Section 4(b), that of its parent company. A material change in financial condition may include, without limitation, the following:

- a) change in ownership by way of a merger, acquisition, or substantial sale of assets;
- b) downgrade by a recognized major financial rating agency;
- c) placement on credit watch with negative implications by a major financial rating agency;
- d) a bankruptcy filing by the customer or parent;
- e) any action requiring the filing of a SEC Form 8-K;
- f) declaration of or acknowledgement of insolvency;
- g) report of a significant quarterly loss or decline in earnings;
- h) resignation of key officer(s); or
- i) issuance of a regulatory order and/or the filing of a lawsuit that could materially adversely impact current or future financial results.

7. Ongoing Financial Review

Each customer is required to submit to CTMEEC annually or when issued, as applicable:

- a) current rating agency reports;

b) audited financial statements from an independent registered public accounting firm or a registered independent auditor; and

c) SEC Forms 10-K and 8-K, promptly upon their filing.

8. Change in Creditworthiness Status

A customer who has been extended unsecured credit pursuant to Section 4, must comply with the terms of Financial Assurance in Section 5, if one or more of the following conditions apply:

a) the customer no longer meets the applicable criteria for unsecured credit in Section 4;

b) the customer exceeds the amount of unsecured credit extended by CTMEEC, in which case Financial Assurance equal to the amount of exceeded unsecured credit must be provided within five (5) business days; or

c) the customer has missed two or more payments for any of the transmission services provided by CTMEEC in the last twelve (12) months.

9. Procedures for Changes in Credit Levels and Collateral Requirements

a) CTMEEC shall issue notice to a customer of any changes to the approved credit levels and/or collateral requirements within five (5) business days after (1) receiving notification of any material changes in financial condition under Section 6 above; (2) receiving the information required for the customer's ongoing financial review listed in Section 7 above; or (3) the occurrence of any of the events leading to a change in creditworthiness requirements listed in Section 8 above.

b) A customer may submit a written request that CTMEEC provide an explanation of the reasons for the changes in credit levels and/or collateral requirements within five (5) business days after receiving notification of the changes. CTMEEC will provide a written response within five (5) business days after receiving such a request.

10. Contesting Creditworthiness Determinations

A customer may contest CTMEEC's determination of its creditworthiness by submitting a written request for re-evaluation within 20 calendar days of being notified of the creditworthiness determination. The

request should provide information supporting the basis for a re-evaluation of the customer's creditworthiness. CTMEEC will review the request and respond within 20 calendar days of receipt.

11. Process for Changing Credit Requirements

a) In the event CTMEEC plan to revise the Schedule 21-CTMEEC requirements for credit levels or collateral requirements described in this Attachment CTMEEC-B, they will make a filing under Section 205 or 206 or other applicable provision of the Federal Power Act.

b) CTMEEC shall provide written notification to ISO-NE and stakeholders of any filing described above, at least 30 days in advance of such filing.

c) Filing notifications shall include a detailed description of the filing, including a redlined document containing revised changes(s) to this Attachment CTMEEC-B.

d) CTMEEC shall consult with interested stakeholders upon request.

e) Following Commission acceptance of such filing and upon the effective date, CTMEEC shall revise their Attachment CTMEEC-B and an updated version of Schedule 21-CTMEEC shall be posted to the ISO-NE web site.

f) When CTMEEC change their credit requirements for service under Schedule 21-CTMEEC, the customer is responsible for forwarding updated financial information to CTMEEC. The customer must indicate whether the change affects its ability to meet the requirements of Attachment CTMEEC-B. In cases where the customer's credit status has changed, the customer must take the necessary steps to comply with the revised credit requirements of Attachment CTMEEC-B by the effective date of the change.

12. Suspension of Service

CTMEEC may immediately suspend service (with notification to the Commission) to a customer, and may initiate proceedings with the Commission to terminate service, if the customer does not meet the terms described in Sections 4 through 8 at any time during the term of service or if the customer's payment obligations to CTMEEC exceed the amount of unsecured or secured credit to which it is entitled under this Attachment CTMEEC-B. A customer is not obligated to pay for transmission service that is not provided as a result of a suspension of service.