

SCHEDULE 21 - VP

**VERSANT POWER
BANGOR HYDRO DISTRICT
LOCAL SERVICE SCHEDULE**

SCHEDULE 21VP

I. COMMON SERVICE PROVISIONS

1 Definitions

1.1 [Reserved].

1.2 BHD or Bangor Hydro District: Versant Power's electric assets consisting of and/or directly interconnected with the BHD Transmission System.

1.2A BHD Transmission System: The facilities owned, controlled or operated by Versant Power *and*, in accordance with the Transmission Operating Agreement, subject to the Operating Authority of the ISO, that are used to provide transmission service under Schedule 21 and Schedule 21-VP of the OATT.

1.3 Designated Agent: Any entity that performs actions or functions on behalf of Versant Power, an Eligible Customer, or the Transmission Customer required under Schedule 21 and Schedule 21-VP of the OATT.

1.4 Direct Assignment Facilities: Facilities or portions of facilities that are constructed by Versant Power for the sole use/benefit of a particular Transmission Customer requesting service under Schedule 21 and Schedule 21-VP of the OATT. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.

1.5 Distribution Facilities: Facilities or portions of facilities directly interconnected with the BHD Transmission System but not reflected in transmission rates.

1.5A[Reserved].

1.5B ISO: ISO New England Inc.

1.5C Monthly BHD Transmission System Peak: The maximum firm usage of the BHD Transmission System in a calendar month.

1.6 Network Load: The load that a Network Customer designates for Local Network Service under this Schedule 21-VP. The Network Customer's Network Load shall include all load served by the output of any Local Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under this Schedule 21-VP for any Local Point-To-Point Service that may be necessary for such non-designated load.

1.7 Local Network Operating Agreement: An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Local Network Service under Schedule 21 and Schedule 21-VP of the OATT.

1.8 Local Network Operating Committee: A group made up of representatives from the Network Customer(s) and Versant Power established to coordinate operating criteria and other technical considerations required for implementation of Local Network Service

1.9 Local Network Resource: Any designated generating resource owned, purchased or leased by a Network Customer under the Local Network Service provisions of Schedule 21 and Schedule 21-VP of the OATT. Local Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.

1.9A Local Network Service: See Part III, Preamble. Local Network Service is firm, may be short-term or long-term, and may be provided to wholesale or retail customers.

1.10 Local Network Upgrades: Modifications or additions to transmission-related facilities that are integrated with and support the overall BHD Transmission System for

the general benefit of all users of the BHD Transmission System.

1.10A Local Point-To-Point Service: See Part II, Preamble. Local Point-To-Point Service may be short-term or long-term, firm (“Firm Local Point-To-Point Service”) or non-firm (“Non-Firm Local Point-To-Point Service”), and may be provided to wholesale or retail customers.

1.11 Parties: Versant Power and the Transmission Customer receiving service under Schedule 21-VP of the OATT.

1.12 Point(s) of Delivery: Point(s) on the BHD Transmission System where capacity and energy transmitted by Versant Power will be made available to the Receiving Party under the local point-to-point service provisions of Schedule 21-VP of the OATT. The Point(s) of Delivery shall be specified in the Service Agreement for Local Point-To-Point Service.

1.13 Point(s) of Receipt: Point(s) of interconnection on the BHD Transmission System where capacity and energy will be made available to Versant Power by the Delivering Party pursuant to the local point-to point service provisions of Schedule 21-VP of the OATT. The Point(s) of Receipt shall be specified in the Service Agreement for Local Point-To-Point Service.

1.14 [Reserved].

1.15 Reserved Capacity: The maximum amount of capacity and energy that Versant Power agrees to transmit for the Transmission Customer over the BHD Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Schedule 21 and Schedule 21-VP of the OATT. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

1.15A Retail Firm Local Point-To-Point Service: Firm Local Point-To-Point Service provided to retail customer(s).

1.15B Retail Local Network Service: Local Network Service provided to retail customer(s).

1.15C Retail Non-Firm Local Point-To-Point Service: Non-Firm Local Point-To-Point Service provided to retail customer(s).

1.16 Transmission Customer: Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that Versant Power file with the Commission, a proposed unexecuted Service Agreement to receive transmission service under Part II of this Schedule 21-VP. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Schedule 21-VP.

1.17 [Reserved].

1.18 Transmission Service: Local Point-To-Point Service or Local Network Service provided over the BHD Transmission System under Schedule 21 and Schedule 21-VP of the OATT.

1.19 Versant Power: Versant Power, formerly named Bangor Hydro Electric Company. Except where the context clearly indicates otherwise, all references herein to Versant Power shall be understood to refer to the BHD Transmission System as that term is defined herein, also known as the Versant Power - Bangor Hydro District.

2 Initial Allocation and Renewal Procedures

2.1 Initial Allocation of Available Transfer Capability: For purposes of determining whether existing capability on the BHD Transmission System is adequate to accommodate a request for firm service under Schedule 21 and Schedule 21-VP of the OATT, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing with the effective date of the OATT will be deemed to have been filed simultaneously. A lottery system conducted by an independent party shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section I.1.b. of

3 Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. Versant Power is required to provide (or offer to arrange with the local Control Area operator as discussed below), and the Transmission Customer is required to purchase, the following Ancillary Services: (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation or Other Sources.

Versant Power is required to offer to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services only to the Transmission Customer serving load within Versant Power's Control Area (i) Regulation and Frequency Response, (ii) Energy Imbalance, (iii) Operating Reserve - Spinning, and (iv) Operating Reserve - Supplemental. The Transmission Customer serving load within Versant Power's Control Area is required to acquire these Ancillary Services, whether from Versant Power, from a third party, or by self-supply. The Transmission Customer may not decline Versant Power's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from Versant Power. A Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or an Eligible Customer that uses Local Point-To-Point Service at a Point of Receipt or Point of Delivery that it has not reserved is required to pay for all of the Ancillary Services identified in this section that were provided by Versant Power associated with the unreserved service. The Transmission Customer or Eligible Customer will pay for Ancillary Services based on the amount of transmission service it used but did not reserve.

Versant Power shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer. In the event of an unauthorized use of any Ancillary Service by the Transmission Customer, Versant Power may require the Transmission Customer to pay a penalty up to 200% of the specific Ancillary Service charge for the entire length of the reserved period but not exceeding one month.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of this Schedule 21-VP. Three principal requirements apply to discounts for Ancillary Services provided by Versant Power in conjunction with its provision of transmission service as follows: (i) any offer of a discount made by Versant Power must be announced to all Eligible Customers solely by posting on the ISO OASIS, (ii) any customer-initiated request for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the ISO OASIS, and (iii) once a discount is negotiated, details must be immediately posted on the ISO OASIS. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on the BHD Transmission System. Sections 3.1 through 3.6 below list the six Ancillary Services.

3.1 Scheduling, System Control and Dispatch Service: The rates and/or methodology are described in Schedule 1-VP.

3.2 Reactive Supply and Voltage Control from Generation or Other Sources Service: Where applicable the rates and/or methodology are described in Schedule 2-VP.

3.3 Regulation and Frequency Response Service: Where applicable the rates and/or methodology are described in Schedule 3-VP.

3.4 Energy Imbalance Service: Where applicable the rates and/or methodology are described in Schedule 4-VP.

3.5 Operating Reserve - Spinning Reserve Service: Where applicable the rates and/or methodology are described in Schedule 5-VP.

3.6 Operating Reserve - Supplemental Reserve Service: Where applicable the rates and/or methodology are described in Schedule 6-VP.

4 Billing and Payment

4.1 Billing Procedure: Within a reasonable time after the first day of each month, Versant Power shall submit an invoice to the Transmission Customer for the charges for

all services furnished under Schedule 21 and Schedule 21-VP of 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 Versant Power, or by wire transfer to a bank named by Versant Power.

4.2 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 Versant Power.

4.3 Customer Default: In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to Versant Power on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after Versant Power 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, Versant Power 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 Versant Power and the Transmission Customer, Versant Power will continue to provide service under the Service 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 Versant Power may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

5 Accounting for Versant Power's Use of the Tariff: Versant Power shall record the following amounts, as outlined below.

5.1 Transmission Revenues: Include in a separate operating revenue account or subaccount the revenues it receives from Local Point-To-Point Service when making

Third-Party Sales under Schedule 21 and Schedule 21-VP of the OATT.

6 Regulatory Filings: Nothing contained in the Tariff (including this Schedule 21-VP of the OATT) or any Service Agreement shall be construed as affecting in any way the right of Versant Power to unilaterally make application to the Commission for a change in rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

Nothing contained in the OATT (including this Schedule 21-VP) or any Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under this Schedule 21-VP to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

7 Creditworthiness: The applicable creditworthiness procedures are specified in Attachment Q-VP.

8 Dispute Resolution Procedures

8.1 Internal Dispute Resolution Procedures: Any dispute between a Transmission Customer and Versant Power involving transmission service under Schedule 21 and Schedule 21-VP of the OATT (excluding applications for rate changes or other changes to Schedule 21-VP, or to any Service Agreement entered into under Schedule 21-VP, which shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of Versant Power and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days [or such other period as the Parties may agree upon] by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

8.2 External Arbitration Procedures: Any arbitration initiated under Schedule 21-VP shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the

dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations or Regional Transmission Group rules.

8.3 Arbitration Decisions: Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of Schedule 21 and Schedule 21-VP of the OATT and any Service Agreement entered into under Schedule 21-VP and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities.

8.4 Costs: Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

- (i) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or
- (ii) one half the cost of the single arbitrator jointly chosen by the Parties

8.5 Rights Under The Federal Power Act: Nothing in this section shall restrict the

rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

II. LOCAL POINT-TO-POINT SERVICE

Preamble

Versant Power will provide Firm Local Point-To-Point Service and Non-Firm Local Point-To-Point Service pursuant to the applicable terms and conditions of Schedule 21 and Schedule 21-VP of the OATT. To the extent any terms of Schedule 21-VP conflict with any other provisions of the OATT, the terms of Schedule 21-VP shall control. Local Point-To-Point Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transmission of such capacity and energy to designated Point(s) of Delivery. Service Agreements for Local Point-To-Point Service shall be based on the standard form service agreement in Attachment A of Schedule 21. Service Agreements for Local Retail Point-To-Point Service shall be based on the standard form service agreements in Attachment L-VP and Attachment M-VP of this Schedule 21-VP.

9 Nature of Firm Local Point-To-Point Service

9.1 Service Agreements: Versant Power shall offer a standard form Service Agreement (Attachment A of Schedule 21) to an Eligible Customer when it submits a Completed Application for long-term Firm Local Point-To-Point Service. Versant Power shall offer a standard form Service Agreement (Attachment A of Schedule 21) to an Eligible Customer when it first submits a Completed Application for short-term Firm Local Point-To-Point Service pursuant to Schedule 21 and Schedule 21-VP of the OATT. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission if necessary to comply with applicable Commission regulations. An Eligible Customer that uses Local Point-To-Point Service at a Point of Receipt or Point of Delivery that it has not reserved and that has not executed a Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Service Agreement.

If Versant Power determines that it cannot accommodate a Completed Application for

Firm Local Point-To-Point Service because of insufficient capability on the BHD Transmission System, Versant Power will offer the Firm Local Point-To-Point Service with the condition that Versant Power may curtail the service prior to the curtailment of other Firm Local Point-To-Point Service for a specified number of hours per year or during System Condition(s). If the Transmission Customer accepts the service, Versant Power will use due diligence to provide the service until: (i) Network Upgrades are completed for the Transmission Customer, (ii) the Versant Power determines through a biennial reassessment that it can no longer reliably provide such service, or (iii) the Transmission Customer terminates the service because the reassessment increased the number of hours per year of conditional curtailment or changed the System Conditions.

The Service Agreement shall, when applicable, specify any conditional curtailment options selected by the Transmission Customer. Where the Service Agreement contains conditional curtailment options and is subject to a biennial reassessment as described in above, Versant Power shall provide the Transmission Customer notice of any changes to the curtailment conditions no less than 90 days prior to the date for imposition of new curtailment conditions. Concurrent with such notice, Versant Power shall provide the Transmission Customer with the reassessment study and a narrative description of the study, including the reasons for changes to the number of hours per year or System Conditions under which conditional curtailment may occur.

9.2 Versant Power Penalties Applicable to Curtailment of Firm Local Service.

Pursuant to Schedule 21, Part I.1.f of the OATT, in the event the Transmission Customer fails to curtail service in response to a directive by Versant Power, the Transmission Customer shall pay any applicable charges and the following penalty at the election of Versant Power: up to 200% of the Firm Local Point-To-Point Service charge for the entire length of the reserved period but not exceeding one month. This penalty shall apply only to the portion of the service that the Transmission Customer fails to curtail in response to a Curtailment directive. If the Curtailment is for reliability purposes, Versant Power may assess the penalty charge for failure to curtail if the Transmission Customer does not make the required reductions within 10 minutes of the Curtailment directive. If the Curtailment is for economic purposes, Versant Power may assess the penalty charge

for failure to curtail if the Transmission Customer does not make the required reductions within 20 minutes of the Curtailment directive.

9.3 Versant Power Penalties for Exceeding Firm Reserved Capacity: Pursuant to Schedule 21, Part I.1.g of the OATT, in the event that a Transmission Customer (including Third-Party Sales by Versant Power) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery, the Transmission Customer shall pay the following penalty at the election of Versant Power: up to 200% of the Firm Local Point-To-Point Service charge for the period during which the Transmission Customer exceeded its firm reserved capacity.

The penalty for one or more hours of exceeding firm reserved capacity within a given day will be based on the rate for daily Firm Local Point-To-Point Service; the penalty for exceeding firm reserved capacity for a period of one or more days within a given week will be based on the rate for weekly Firm Local Point-To-Point Service; the penalty for exceeding firm reserved capacity for a period equal to one or more weeks within a given month will be based on the rate for monthly Firm Local Point-To-Point Service; and the penalty for exceeding firm reserved capacity for a period equal to one or more months within a given year will be based on the rate for annual Firm Local Point-To-Point Service.

More than one assessment for a given duration (e.g., daily) shall result in an increase of the penalty period to the next longest duration (e.g., weekly).

For the amounts exceeding firm reserved capacity, the Transmission Customer also must replace losses as required by this Schedule 21-VP.

All penalties collected under this provision shall be allocated equally to all Transmission Customers under this Schedule 21-VP that have not exceeded their firm reserved capacity.

10 Nature of Non-Firm Local Point-To-Point Service

10.1 Service Agreements: Versant Power shall offer a standard form Service

Agreement (Attachment A of Schedule 21-VP) to an Eligible Customer when it first submits a Completed Application for Non-Firm Local Point-To-Point Service pursuant to Schedule 21 and Schedule 21-VP of the OATT. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission if necessary to comply with applicable Commission regulations.

10.2 Versant Power Penalties for Exceeding Non-Firm Capacity Reservation:

Pursuant to Schedule 21, Part I.2.e of the OATT, in the event that a Transmission Customer (including Third-Party Sales by Versant Power) exceeds its non-firm capacity reservation, the Transmission Customer shall pay the following penalty at the election of Versant Power: up to 200% of the Firm Local Point-To-Point Service charge for the period during which the Transmission Customer exceeded its non-firm reserved capacity.

The penalty for one or more hours of exceeding non-firm reserved capacity within a given day will be based on the rate for daily Firm Local Point-To-Point Service; the penalty for exceeding non-firm reserved capacity for a period of one or more days within a given week will be based on the rate for weekly Firm Local Point-To-Point Service; the penalty for exceeding non-firm reserved capacity for a period equal to one or more weeks within a given month will be based on the rate for monthly Firm Point-To-Point Service; and the penalty for exceeding non-firm reserved capacity for a period equal to one or more months within a given year will be based on the rate for annual Firm Local Point-To-Point Service.

More than one assessment for a given duration (e.g., daily) shall result in an increase of the penalty period to the next longest duration (e.g., weekly).

For the amounts exceeding the non-firm capacity reservation, the Transmission Customer must replace losses as required by this Schedule 21-VP.

All penalties collected under this provision shall be allocated equally to all Transmission Customers under this Schedule 21-VP that have not exceeded their non-firm reserved capacity.

10.3 Versant Power Penalties Applicable to Curtailment of Non-Firm Local Point-

To-Point Service: Pursuant to Schedule 21, Part I.2.g of the OATT, in the event the Transmission Customer fails to curtail service in response to a directive by Versant Power, the Transmission Customer shall pay any applicable charges and the following penalty at the election of Versant Power: up to 200% of the Non-Firm Local Point-To-Point Service charge for the entire length of the reserved period but not to exceed one month. This penalty shall apply only to the portion of the service that the Transmission Customer fails to curtail in response to a Curtailment directive. If the Curtailment is for reliability purposes, Versant Power may assess the penalty charge for failure to curtail if the Transmission Customer does not make the required reductions within 10 minutes of the Curtailment directive. If the Curtailment is for economic purposes, Versant Power may assess the penalty charge for failure to curtail if the Transmission Customer does not make the required reductions within 20 minutes of the Curtailment directive.

11 Service Availability

11.1 Determination of Available Transfer Capability: A description of Versant Power's specific methodology for assessing available transfer capability is contained in Attachment C of Schedule 21-VP. In the event sufficient transmission capability may not exist to accommodate a service request, Versant Power will respond by performing a System Impact Study.

11.2 Real Power Losses: Pursuant to Schedule 21, Part I.3.g of the OATT, the applicable Real Power Loss factor for Local Point-To-Point Service is 1.764%.

12 Procedures for Arranging Firm Local Point-To-Point Service

12.1 Deposit: A Completed Application for Firm Local Point-To-Point Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month; provided, however, Versant Power shall have the right to waive the requirement of a deposit on a nondiscriminatory basis if Versant Power determines that the Eligible Customer is creditworthy pursuant to Section 7 and is not in default of its obligations as defined in Section 4.3 at the time of the Application. Versant Power will bill the Eligible Customer

for any reasonable costs incurred by Versant Power in connection with its review of the Application. If the Application is rejected by Versant Power because it does not meet the conditions for service as set forth herein, or in the case of requests for service arising in connection with losing bidders in a Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by Versant Power in connection with the review of the losing bidder's Application. The deposit also will be returned with interest less any reasonable costs incurred by Versant Power, if Versant Power is unable to complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Local Point-To-Point Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by Versant Power to the extent such costs have not already been recovered by Versant Power from the Eligible Customer. Versant Power will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Part I.7 of Schedule 21 of the OATT. If a Service Agreement for Firm Local Point-To-Point Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Service Agreement for Firm Local Point-To-Point Service. Applicable interest shall be computed in accordance with the Commission's regulations at 18 CFR § 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to Versant Power's account.

13 Procedures for Arranging Non-Firm Local Point-To-Point Service

13.1 Determination of Available Transfer Capability: Following receipt of a tendered schedule Versant Power will make a determination on a non-discriminatory basis of available transfer capability pursuant to Section 11.2 of this Schedule 21-VP. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service: (i) thirty (30) minutes for hourly service, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly service, and (iv) two (2) days for monthly service.

14 Additional Study Procedures For Firm Local Point-To-Point Service Requests

14.1 Expedited Procedures for New Facilities: In lieu of the procedures set forth in Part I.7 of Schedule 21 of the OATT, the Eligible Customer shall have the option to expedite the process by requesting Versant Power to tender at one time, together with the results of required studies, an “Expedited Service Agreement” pursuant to which the Eligible Customer would agree to compensate Versant Power for all costs incurred pursuant to the terms of Schedule 21 and Schedule 21-VP. In order to exercise this option, the Eligible Customer shall request in writing an expedited Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested service. While Versant Power agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate Versant Power for all costs incurred pursuant to the provisions of Schedule 21 and Schedule 21-VP of the OATT. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer’s request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

III. LOCAL NETWORK SERVICE

Preamble

Versant Power will provide Local Network Service pursuant to the applicable terms and conditions contained in Schedule 21 and Schedule 21-VP of the OATT and Service Agreement. Local Network Service allows the Network Customer to integrate, economically dispatch, and regulate its current and planned Network Resources to serve its Network Load in a manner comparable to that in which Versant Power utilizes the BHD Transmission System to serve its Native Load Customers. Local Network Service also may be used by the Network Customer to deliver economy energy purchases to its Network Load from non-designated resources on an as-available basis without additional charge. Transmission service for sales to non-designated loads will be provided pursuant to the applicable terms and conditions of Schedule 21 and

Schedule 21-VP of the OATT. Service Agreements for Local Network Service shall be based on the standard form service agreement in Attachment A of Schedule 21. Service Agreements for Retail Local Network Service shall be based on the standard form service agreement in Attachment N-VP and Umbrella Network Operation Agreement for Retail Local Network Service in Attachment O-VP of this Schedule 21-VP.

15. Nature of Local Network Service

15.1 Real Power Losses: As explained in Schedule 21, Part II.2.f. of the OATT, Real Power Losses are associated with all transmission service. Versant Power is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing losses associated with all transmission service as calculated by Versant Power. The applicable Real Power Loss factor is 1.764%.

16 Initiating Service

16.1 Condition Precedent for Receiving Service: Subject to the terms and conditions of Schedule 21 and Schedule 21-VP of the OATT, Versant Power will provide Local Network Service to any Eligible Customer, provided that: (i) the Eligible Customer completes an Application for Local Network Service as provided under Schedule 21 and Schedule 21-VP of the OATT, (ii) the Eligible Customer and the Versant Power complete the technical arrangements set forth in Sections 16.3 and 16.4 of Schedule 21-VP, (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment A of Schedule 21 or requests in writing that a proposed unexecuted Service Agreement be filed with the Commission, and (iv) the Eligible Customer executes a Local Network Operating Agreement with Versant Power pursuant to Attachment G-VP.

16.2 Application Procedures: An Eligible Customer requesting Local Network Service pursuant to Schedule 21 and Schedule 21-VP of the OATT must submit an Application, with a deposit approximating the charge for one month of service, to the ISO as far as possible in advance of the month in which service is to commence. Versant Power shall have the right to waive the requirement of a deposit on a nondiscriminatory basis if Versant Power determines that the Transmission Customer is creditworthy

pursuant to Section 7 of Schedule 21-VP and is not in default of its obligations as defined in Section 4.3 of Schedule 21-VP at the time of the Application. Versant Power will bill the Eligible Customer for any reasonable costs incurred by Versant Power in connection with its review of the Application. Unless subject to the procedures in Section 2 of Schedule 21-VP, Completed Applications for Local Network Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. A Completed Application may be submitted by transmitting the required information by telefax. This method will provide a time-stamped record for establishing the service priority of the Application. A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the party requesting service;
- (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Schedule 21 and Schedule 21-VP of the OATT;
- (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Versant Power substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;
- (iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to (iii) above;

(v) A description of Network Resources (current and 10-year projection). For each on-system Network Resource, such description shall include:

- Unit size and amount of capacity from that unit to be designated as Network Resource
- VAR capability (both leading and lagging) of all generators
- Operating restrictions
- Any periods of restricted operations throughout the year
- Maintenance schedules
- Minimum loading level of unit
- Normal operating level of unit
- Any must-run unit designations required for system reliability or contract reasons
- Arrangements governing sale and delivery of power to third parties from generating facilities located in Versant Power's Control Area, where only a portion of unit output is designated as a Network Resource;

For each off-system Network Resource, such description shall include:

- Identification of the Network Resource as an off-system resource
- Amount of power to which the customer has rights
- Identification of the control area(s) from which the power will originate
- Delivery point(s) to the BHD Transmission System;
- Transmission arrangements on the external transmission system(s)
- Operating restrictions, if any
- Any periods of restricted operations throughout the year
- Maintenance schedules
- Minimum loading level of unit
- Normal operating level of unit
- Any must-run unit designations required for system reliability or contract reasons;

(vi) Description of Eligible Customer's transmission system:

- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that

used by Versant Power

- Operating restrictions needed for reliability
- Operating guides employed by system operators
- Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
- Location of Network Resources described in subsection (v) above
- 10 year projection of system expansions or upgrades
- Transmission system maps that include any proposed expansions or upgrades
- Thermal ratings of Eligible Customer's Control Area ties with other Control Areas;

(vii) Service Commencement Date and the term of the requested Local Network Service (the minimum term for Local Network Service is one year); and

(viii) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 16.2(v) satisfy the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) the Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a noninterruptible basis.

Unless the Parties agree to a different time frame, the ISO or Versant Power must acknowledge the request within ten (10) days of receipt. The acknowledgment must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, the ISO or Versant Power shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, Versant Power will attempt to remedy deficiencies in the Application through informal

communications with the Eligible Customer. If such efforts are unsuccessful, the ISO or Versant Power shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. Versant Power shall treat this information consistent with the Standards of Conduct contained in Part 358 of the Commission's regulations.

16.3 Technical Arrangements to be Completed Prior to Commencement of

Service: Local Network Service shall not commence until Versant Power and the Network Customer, or a third party, have completed installation of all equipment specified under the Local Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the BHD Transmission System. Versant Power shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

16.4 Network Customer Facilities: The provision of Local Network Service shall be conditioned upon the Network Customer's constructing, maintaining, and operating the facilities on its side of each delivery point or interconnection necessary to reliably deliver capacity and energy from the BHD Transmission System to the Network Customer. The Network Customer shall be solely responsible for constructing or installing all facilities on the Network Customer's side of each such delivery point or interconnection.

17 Network Resources

17.1 Operation of Network Resources: The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Versant Power's Control Area such that the output of those facilities exceeds its designated Network Load, plus non-firm sales delivered pursuant to Schedule 21 and Schedule 21-VP of the OATT, plus losses. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of Versant Power to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of

the BHD Transmission System. For all Network Resources not physically connected with the BHD Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application pursuant to Schedule 21, Part II, section 3, unless the Network Customer supports such delivery within the BHD Transmission System by either obtaining Local Point-To-Point Service or utilizing secondary service pursuant to Schedule 21, Part II, section 2(g). Versant Power shall specify the rate treatment and all related terms and conditions applicable in the event that a Network Customer's schedule at the delivery point for a Network Resource not physically interconnected with the BHD Transmission System exceeds the Network Resource's designated capacity, excluding energy delivered using secondary service or Local Point-To-Point Service.

17.2 Use of Interface Capacity by the Network Customer: There is no limitation upon a Network Customer's use of the BHD Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of Versant Power's total interface capacity between the BHD Transmission System and other transmission systems may not exceed the Network Customer's Load.

18 Designation of Network Load

18.1 Network Load: The Network Customer must designate the individual Network Loads on whose behalf Versant Power will provide Local Network Service. The Network Loads shall be specified in the Service Agreement.

18.2 New Network Loads Connected with Versant Power: The Network Customer shall provide Versant Power with as much advance notice as reasonably practicable of the designation of new Network Load that will be added to the BHD Transmission System. A designation of new Network Load must be made through a modification of service pursuant to a new Application. Versant Power will use due diligence to install any transmission facilities required to interconnect a new Network Load designated by the Network

18.3 Network Load Not Physically Interconnected with Versant Power: This section applies to both initial designation and the subsequent addition of new Network Load not physically interconnected with Versant Power. To the extent that the Network Customer desires to obtain transmission service for a load outside the BHD Transmission System, the Network Customer shall have the option of (1) electing to include the entire load as Network Load for all purposes under Schedule 21 and Schedule 21-VP of the OATT and designating Network Resources in connection with such additional Network Load, or (2) excluding that entire load from its Network Load and purchasing Local Point-To-Point Service under Schedule 21 and Schedule 21-VP of the OATT. To the extent that the Network Customer gives notice of its intent to add a new Network Load as part of its Network Load pursuant to this section the request must be made through a modification of service pursuant to a new Application.

18.4 New Interconnection Points: To the extent the Network Customer desires to add a new Delivery Point or interconnection point between the BHD Transmission System and a Network Load, the Network Customer shall provide Versant Power with as much advance notice as reasonably practicable.

18.5 Changes in Service Requests: Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Local Network Service (e.g. the addition of a new Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by Versant Power and charged to the Network Customer as reflected in the Service Agreement. However, Versant Power must treat any requested change in Local Network Service in a non-discriminatory manner.

18.6 Annual Load and Resource Information Updates: The Network Customer shall provide Versant Power with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Local Network Service under Schedule 21 and Schedule 21-VP of the OATT. The Network Customer also shall provide Versant Power with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's

Network Load, Network Resources, its transmission system or other aspects of its facilities, or operations affecting Versant Power's ability to provide reliable service.

19 Load Shedding and Curtailments

19.1 Load Shedding: To the extent that a system contingency exists on the BHD Transmission System and Versant Power determines that it is necessary for Versant Power and the Network Customer to shed load, the Parties shall shed load in accordance with previously established procedures under the Local Network Operating Agreement.

20 Rates and Charges

The Network Customer shall pay Versant Power for any Direct Assignment Facilities, Local Distribution Facilities, Ancillary Services, and applicable study costs, consistent with Commission policy, along with the following:

20.1 Monthly Demand Charge: The Network Customer shall pay a monthly Demand Charge, which shall be determined by multiplying its monthly Network Load times the monthly Local Network Service rate determined in accordance with Attachment P-VP.

20.2 Determination of Network Customer's Monthly Network Load: The Network Customer's monthly Network Load is its hourly load (including its designated Network Load not physically interconnected with Versant Power under Section 18.3 of Schedule 21-VP) coincident with the Monthly BHD Transmission System Peak.

20.3 Stranded Cost Recovery: Versant Power may seek to recover stranded costs from the Network Customer pursuant to Schedule 21 and Schedule 21-VP of the OATT in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However Versant Power must separately file any proposal to recover stranded costs under Section 205 of the Federal Power Act.

21 Operating Arrangements

21.1 Operation Under The Local Network Operating Agreement: The Network

Customer shall plan, construct, operate, and maintain its facilities in accordance with Good Utility Practice and in conformance with the Local Network Operating Agreement.

21.2 Local Network Operating Agreement: The terms and conditions under which the Network Customer shall operate its facilities, and the technical and operational matters associated with the implementation of Schedule 21 and Schedule 21-VP of the OATT, shall be specified in the Local Network Operating Agreement. The Local Network Operating Agreement shall provide for the Parties to: (i) operate and maintain equipment necessary for integrating the Network Customer within the BHD Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between Versant Power and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the BHD Transmission System, interchange schedules, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of Schedule 21 and Schedule 21-VP of the OATT, including scheduling protocols. The Local Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the Electric Reliability Organization (ERO) as defined in 18 C.F.R. § 39.1, (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with Versant Power, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies the applicable reliability guidelines of the ERO. Versant Power shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Local Network Operating Agreement is included in Attachment G-VP.

21.3 Local Network Operating Committee: A Local Network Operating Committee (Committee) shall be established to coordinate operating criteria for the Parties' respective responsibilities under the Local Network Operating Agreement. Each local

Network Customer shall be entitled to have at least one representative on the Committee. The Committee shall meet from time to time as need requires, but no less than once each calendar year.

SCHEDULE 1-VP
SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE

This service is required to schedule the movement of power through, out of, within, or into the BHD Transmission System. Scheduling, System Control and Dispatch Service can only be provided directly by Versant Power and/or indirectly by Versant Power making arrangements with the Control Area operator that performs this service for the BHD Transmission System. The Transmission Customer must purchase this service from Versant Power. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below. To the extent the Control Area operator performs this service for Versant Power, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to Versant Power by that Control Area operator.

Each wholesale and retail Transmission Customer taking Local Network Service or Local Point-To-Point Service, including point-to-point wheeling off the BHD Transmission System, shall pay up to the following transmission rates for service under Schedule 21-VP of the OATT:

- 1) **Yearly delivery:** (a) for all wholesale network and point-to-point (including wheeling off) customers, and retail point-to-point customers, the Annual Rate established pursuant to Attachment P-VP Section VI.A.1 per KW of Reserved Capacity per year or (b) for retail network customers, the Annual Rate established pursuant to Attachment P-VP Section VI.A.2 per KW of Reserved Capacity per year.
- 2) **Monthly delivery:** (a) for all wholesale network and point-to-point (including wheeling off) customers, and retail point-to-point customers, the Monthly Rate established pursuant to Attachment P-VP Section VI.A.1 per KW of Reserved Capacity per month or (b) for retail network customers, the Monthly Rate established pursuant to Attachment P-VP Section VI.A.2 per KW of Reserved Capacity per month.
- 3) **Weekly delivery:** (a) for all wholesale network and point-to-point (including wheeling off) customers, and retail point-to-point customers, Weekly Rate established pursuant to Attachment P-VP Section VI.A.1 per KW of Reserved Capacity per week or (b) for retail network customers, the Weekly Rate established pursuant to Attachment P-VP Section VI.A.2

per KW of Reserved Capacity per week.

4) **Daily delivery:** (a) for all wholesale network and point-to-point (including wheeling off) customers, and retail point-to-point customers, the Daily Rate established pursuant to Attachment P-VP Section VI.A.1 per KW of Reserved Capacity per day or (b) for retail network customers, the Daily Rate established pursuant to Attachment P-VP Section VI.A.2 per KW of Reserved Capacity per day.

5) **Hourly delivery:** (a) for all wholesale network and point-to-point (including wheeling off) customers, and retail point-to-point customers, the Hourly Rate established pursuant to Attachment P-VP Section VI.A.1 per KW of Reserved Capacity per hour or (b) for retail network customers, the Hourly Rate established pursuant to Attachment P-VP Section VI.A.2 per KW of Reserved Capacity per hour.

The total demand charge in any week, pursuant to a reservation for Daily delivery shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

SCHEDULE 2-VP
REACTIVE SUPPLY AND VOLTAGE CONTROL FROM
GENERATION OR OTHER SOURCES SERVICE

In order to maintain transmission voltages on Versant Power's transmission facilities within acceptable limits, generation facilities and non-generation resources capable of providing this service that are under the control of the control area operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation or Other Sources Service must be provided for each transaction on Versant Power's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation or Other Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by Versant Power.

Reactive Supply and Voltage Control from Generation or Other Sources Service is to be provided directly by Versant Power (if Versant Power is the Control Area operator) or indirectly by Versant Power making arrangements with the Control Area operator that performs this service for the BHD Transmission System. The Transmission Customer must purchase this service from Versant Power or the Control Area operator. The charges for such service will be based on the rates set forth below. To the extent the Control Area operator performs this service for Versant Power, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to Versant Power by the Control Area operator.

The Transmission Customer shall pay up to the following transmission rates for service under Schedule 21 and Schedule 21-VP of the OATT:

Versant Power is not the Control Area operator, and has divested itself of the generation in its service territory that provides Reactive Supply and Voltage Control from Generation Sources Service. To the extent Transmission Customers are also Transmission Customers under provisions of the OATT besides Schedule 21 and Schedule 21-VP, which provide Reactive Supply and Voltage Control from Generation Sources Service throughout the ISO Control Area, no additional charges for this service shall be charged hereunder. To the extent a Transmission Customer is a customer under Schedule 21 and Schedule 21-VP of the OATT, but not a customer

under the other provisions of the OATT, Versant Power will pass through to the Transmission Customer any charges for this service assessed to it by the ISO for the Transmission Customer's account.

SCHEDULE 3-VP
REGULATION AND FREQUENCY RESPONSE SERVICE

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with Versant Power (or the Control Area operator that performs this function for Versant Power). Versant Power must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from Versant Power or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation. The amount of and charges for Regulation and Frequency Response Service are set forth below. To the extent the Control Area operator performs this service for Versant Power, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to Versant Power by that Control Area operator.

The Transmission Customer shall pay up to the following transmission rates for service under Schedule 21-VP of the OATT:

Regulation and Frequency Response Service is provided within the ISO Control Area by a market in Automatic Generation Control administered for the benefit of the ISO Participants and non-Participants alike by the ISO. To the extent Transmission Customers under Schedule 21 and Schedule 21-VP of the OATT are also Transmission Customers under other provisions of the OATT, Regulation and Frequency Control Service will be provided under those other provisions of the OATT, and not hereunder. To the extent a Transmission Customer is a customer under the Schedule 21 and Schedule 21-VP of the OATT, but not a customer under the other provisions of the OATT, Versant Power will pass through to the Transmission Customer any charges for this service assessed to it by the ISO for the Transmission Customer's account.

SCHEDULE 4-VP

ENERGY IMBALANCE SERVICE

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. Versant Power must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from Versant Power or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for Versant Power, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to Versant Power by that Control Area operator.

Within the ISO Control Area, Energy Imbalance Service is provided to load serving entities, which choose not to balance their hourly energy requirements with their own resources or bilateral arrangements, via the energy market administered by the ISO. Versant Power has divested itself of the generation in its service territory, and is no longer capable of supplying this service itself. To the extent Transmission Customers under Schedule 21 and Schedule 21-VP of the OATT are also Transmission Customers under other provisions of the OATT, Energy Imbalance Service shall be provided under the other provisions of the OATT, and no additional charges for this service shall be charged hereunder. To the extent a Transmission Customer is a customer under the Schedule 21 and Schedule 21-VP of the OATT, but not a customer under the other provisions of the OATT, Versant Power will pass through to the Transmission Customer any charges for this service assessed to it by the ISO for the Transmission Customer's account.

SCHEDULE 5-VP
OPERATING RESERVE - SPINNING RESERVE SERVICE

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service. Versant Power must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from Versant Power or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below.

Within the ISO Control Area, Spinning Reserve Service is provided to load serving entities, which choose not to supply their hourly spinning reserve requirements with their own resources or bilateral arrangements, via the 10-Minute Spinning Reserve Market administered by the ISO. Versant Power has divested itself of the generation in its service territory, and is no longer capable of supplying this service itself. To the extent Transmission Customers under Schedule 21 and Schedule 21-VP of the OATT are also Transmission Customers under other provisions of the OATT, Spinning Reserve Service shall be provided under those other provisions, and no additional charges for this service shall be charged hereunder. To the extent a Transmission Customer is a customer under Schedule 21 and Schedule 21-VP of the OATT, but not a customer under other provisions of the OATT, Versant Power will pass through to the Transmission Customer any charges for this service assessed to it by the ISO for the Transmission Customer's account.

SCHEDULE 6-VP
OPERATING RESERVE - SUPPLEMENTAL RESERVE SERVICE

Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. Versant Power must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from Versant Power or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below.

Within the ISO Control Area, Supplemental Reserve Service is provided to load serving entities, which choose not to supply their hourly supplemental reserve requirements with their own resources or bilateral arrangements, via the 10-Minute Non-Spinning and 30-Minute Reserve Markets administered by the ISO. Versant Power has divested itself of the generation in its service territory, and is no longer capable of supplying this service itself. To the extent Transmission Customers under Schedule 21 and Schedule 21-VP of the OATT are also Transmission Customers under other provisions of the OATT, Supplemental Reserve Service shall be provided under the other provisions, and no additional charges for this service shall be charged hereunder. To the extent a Transmission Customer is a customer under Schedule 21 and Schedule 21-VP of the OATT, but not a customer under other provisions of the OATT, Versant Power will pass through to the Transmission Customer any charges for this service assessed to it by the ISO for the Transmission Customer's account.

SCHEDULE 7-VP
CHARGES FOR WHOLESALE CUSTOMERS INTERCONNECTED ON THE BHD
SYSTEM - FIRM

Each wholesale Transmission Customer taking Local Network Service or firm Local Point-To-Point Service, including point-to-point wheeling off the BHD Transmission System, shall pay up to the following transmission rates for service under Schedule 21-VP of the OATT:

- 1) **Yearly delivery:** (a) in the case of wholesale (network and point-to-point) load located on the BHD Transmission System, the Annual Rate established pursuant to Attachment P-VP Section VI.B, plus the Annual Rate established pursuant to Attachment P-VP Section VI.C, plus, if applicable, the Annual Rate established pursuant to Attachment P-VP Section VI.D, all per KW of Reserved Capacity per year; or (b) in the case of wheeling off the BHD Transmission System, the Annual Rate established pursuant to Attachment P-VP Section VI.B per KW of Reserved Capacity per year.
- 2) **Monthly delivery:** (a) in the case of wholesale (network and point-to-point) load located on the BHD Transmission System, the Monthly Rate established pursuant to Attachment P-VP Section VI.B, plus the Monthly Rate established pursuant to Attachment P-VP Section VI.C, plus, if applicable, the Monthly Rate established pursuant to Attachment P-VP Section VI.D, all per KW of Reserved Capacity per month; or (b) in the case of wheeling off the BHD Transmission System, the Monthly Rate established pursuant to Attachment P-VP Section VI.B per KW of Reserved Capacity per month.
- 3) **Weekly Delivery:** (a) in the case of wholesale (network and point-to-point) load located on the BHD Transmission System, the Weekly Rate established pursuant to Attachment P-VP Section VI.B, plus the Weekly Rate established pursuant to Attachment P-VP Section VI.C, plus, if applicable, the Weekly Rate established pursuant to Attachment P-VP Section VI.D, all per KW of Reserved Capacity per week; or (b) in the case of wheeling off the BHD Transmission System, the Weekly Rate established pursuant to Attachment P-VP Section VI.B per KW of Reserved Capacity per week.
- 4) **Daily delivery:** (a) in the case of wholesale (network and point-to-point) load located

on the BHD Transmission System, the Daily Rate established pursuant to Attachment P-VP Section VI.B, plus the Daily Rate established pursuant to Attachment P-VP Section VI.C, plus, if applicable, the Daily Rate established pursuant to Attachment P-VP Section VI.D, all per KW of Reserved Capacity per day; or (b) in the case of wheeling off the BHD Transmission System, the Daily Rate established pursuant to Attachment P-VP Section VI.B per KW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

5) **Discounts:** Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by Versant Power must be announced to all Eligible Customers solely by posting on the ISO OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the ISO OASIS, and (3) once a discount is negotiated, details must be immediately posted on the ISO OASIS.

6) **Resales:** The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Part I.11 of Schedule 21.

For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, Versant Power must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the BHD Transmission System.

7) **Direct Assignment Costs:** Where a Facilities Study indicates the need to construct Direct Assignment Facilities to accommodate a request for Local Point-To-Point Service, the Transmission Customer shall be charged the full cost of such Direct Assignment Facilities in addition to the charges specified in this Schedule. Losses on Direct Assignment Facilities shall be the responsibility of the Transmission Customer.

8) **Network Upgrades:** Where a Facilities Study identifies the need for Network Upgrades

to relieve a capacity constraint and Versant Power undertakes such Network Upgrades, in addition to any charges for Direct Assignment Facilities and losses, as applicable, the Transmission Customer shall be required to pay the higher of the following two charges:

- a) the base charge for Local Point-To-Point Service set forth in this schedule, modified to include the cost of required Network Upgrades on a rolled-in basis; or
- b) a charge based on the incremental cost of any Network Upgrades that would not have been needed for the service requested by the Transmission Customer. Such incremental cost charge shall be based upon the Transmission Customer's appropriate share of the cost of such Network Upgrades up to one hundred percent of such cost.

If the requested Firm Local Point-To-Point Service requires use of Network Upgrades previously determined to have been necessary to provide Local Point-To-Point Service for another Transmission Customer and if the costs of such Network Upgrades already are reflected in the rate for Local Point-To-Point Service paid by such other Customer and are not reflected in the base rate for Firm Local Point-To-Point Service, the subsequent Transmission Customer receiving Local Point-To-Point Service shall pay a contribution to cover a portion of the cost of such Network Upgrades. The amount of the contribution shall be based on the subsequent Transmission Customer's pro-rata use of the Network Upgrades, as determined by FERC, and in the period of time over which the use occurs. The rate of the Transmission Customer(s) for whom the Network Upgrades originally were made shall be reduced by an amount equivalent to the contribution(s) made by other Transmission Customers pursuant to this section.

9) **Local Distribution Costs:** Any customer requiring transmission over facilities not included in the base transmission charge facilities below 34.5 KV shall pay a separate charge for service over those facilities. These charges shall be pursuant to Maine Public Utilities Commission rates, where applicable, and specified in a service agreement filed with the Commission.

10) **Taxes:** There shall be added to any amount calculated pursuant to any of the foregoing

provisions of this Schedule 21-VP an amount in dollars sufficient to reimburse Versant Power for any amounts paid or payable by them as sales, excise or similar taxes in respect of the total amount payable to Versant Power pursuant to this Schedule 21-VP, in order to allow Versant Power, after provision for such taxes, to realize the net amount payable to them under this Schedule 21-VP. The amount of these taxes shall be detailed in the Service Agreement. If the taxes or tax rates change, then Versant Power shall have the right to revise the Service Agreement and file it with FERC.

SCHEDULE 8-VP
CHARGES FOR WHOLESALE CUSTOMERS INTERCONNECTED ON THE BHD
SYSTEM - NON FIRM

Each wholesale Transmission Customer taking non-firm Local Point-To-Point Service, including point-to-point wheeling off the BHD Transmission System, shall pay up to the following transmission rates for service under this Schedule 21-VP:

- 1) **Monthly delivery:** (a) in the case of wholesale load located on the BHD Transmission System, the Monthly Rate established pursuant to Attachment P-VP Section VI.B, plus the Monthly Rate established pursuant to Attachment P-VP Section VI.C, plus, if applicable, the Monthly Rate established pursuant to Attachment P-VP Section VI.D, all per KW of Reserved Capacity per month; or (b) in the case of wheeling off the BHD Transmission System, the Monthly Rate established pursuant to Attachment P-VP Section VI.B per KW of Reserved Capacity per month.
- 2) **Weekly delivery:** (a) in the case of wholesale load located on the BHD Transmission System, the Weekly Rate established pursuant to Attachment P-VP Section VI.B, plus the Weekly Rate established pursuant to Attachment P-VP Section VI.C, plus, if applicable, the Weekly Rate established pursuant to Attachment P-VP Section VI.D, all per KW of Reserved Capacity per week; or (b) in the case of wheeling off the BHD Transmission System, the Weekly Rate established pursuant to Attachment P-VP Section VI.B per KW of Reserved Capacity per week.
- 3) **Daily delivery:** (a) in the case of wholesale load located on the BHD Transmission System, the Daily Rate established pursuant to Attachment P-VP Section VI.B, plus the Daily Rate established pursuant to Attachment P-VP Section VI.C, plus, if applicable, the Daily Rate established pursuant to Attachment P-VP Section VI.D, all per KW of Reserved Capacity per day; or (b) in the case of wheeling off the BHD Transmission System, the Daily Rate established pursuant to Attachment P-VP Section VI.B per KW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved

Capacity in any day during such week.

4) **Hourly delivery:** The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed: (a) in the case of wholesale load located on the BHD Transmission System, the Hourly Rate established pursuant to Attachment P-VP Section VI.B, plus the Hourly Rate established pursuant to Attachment P-VP Section VI.C, plus, if applicable, the Hourly Rate established pursuant to Attachment P-VP Section VI.D, all per KW of Reserved Capacity per hour; or (b) in the case of wheeling off the BHD Transmission System, the Hourly Rate established pursuant to Attachment P-VP Section VI.B per KW of Reserved Capacity per hour. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

5) **Discounts:** Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by Versant Power must be announced to all Eligible Customers solely by posting on the ISO OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the ISO OASIS, and (3) once a discount is negotiated, details must be immediately posted on the ISO OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, Versant Power must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the BHD Transmission System.

6) **Resales:** The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Part I.11 of Schedule 21.

7) **Direct Assignment Costs:** Where a Facilities Study indicates the need to construct Direct Assignment Facilities to accommodate a request for Local Point-To-Point Service, the Transmission Customer shall be charged the full cost of such Direct Assignment Facilities in

addition to the charges specified in this Schedule. Losses on Direct Assignment Facilities shall be the responsibility of the Transmission Customer.

8) **Network Upgrades:** Where a Facilities Study identifies the need for Network Upgrades to relieve a capacity constraint and Versant Power undertakes such Network Upgrades, in addition to any charges for Direct Assignment Facilities and losses, as applicable, the Transmission Customer shall be required to pay the higher of the following two charges:

- a) the base charge for Local Point-To-Point Service set forth in this schedule, modified to include the cost of required Network Upgrades on a rolled-in basis; or
- b) a charge based on the incremental cost of any Network Upgrades that would not have been needed for the service requested by the Transmission Customer. Such incremental cost charge shall be based upon the Transmission Customer's appropriate share of the cost of such Network Upgrades up to one hundred percent of such cost.

If the requested Firm Point-To-Point Service requires use of Network Upgrades previously determined to have been necessary to provide Local Point-To-Point Service for another Transmission Customer, and if the costs of such Network Upgrades already are reflected in the rate for Local Point-To-Point Service paid by such other Customer and are not reflected in the base rate for Firm Local Point-To-Point Service, the subsequent Transmission Customer receiving Local Point-To-Point Service shall pay a contribution to cover a portion of the cost of such Network Upgrades. The amount of the contribution shall be based on the subsequent Transmission Customer's pro-rata use of the Network Upgrades, as determined by FERC and in the period of time over which the use occurs. The rate of the Transmission Customer(s) for whom the Network Upgrades originally were made shall be reduced by an amount equivalent to the contribution(s) made by other Transmission Customers pursuant to this section.

9) **Local Distribution Costs:** Any customer requiring transmission over facilities not included in the base transmission charge facilities below 34.5 KV shall pay a separate charge for service over those facilities. These charges shall be pursuant to Maine Public Utilities

Commission rates, where applicable, and specified in a service agreement filed with the Commission.

10) **Taxes:** There shall be added to any amount calculated pursuant to any of the foregoing provisions of this Schedule 21-VP an amount in dollars sufficient to reimburse Versant Power for any amounts paid or payable by them as sales, excise, or similar taxes in respect of the total amount payable to Versant Power, pursuant to Schedule 21-VP in order to allow Versant Power, after provision for such taxes, to realize the net amount payable to them under Schedule 21-VP. The amount of these taxes shall be detailed in the Service Agreement. If the taxes or tax rates change, then Versant Power shall have the right to revise the Service Agreement and file it with FERC.

SCHEDULE 9-VP
CHARGES FOR RETAIL POINT TO POINT CUSTOMERS INTERCONNECTED ON
THE BHD SYSTEM - FIRM

The rates, terms and conditions of Retail Firm Local Point-To-Point Service shall be as stated in this Schedule 21-VP for Firm Local Point-To-Point Service, except as stated below. In the event that there are differences between this Schedule 9-VP and other provisions of Schedule 21-VP, this Schedule 9-VP shall control in all cases.

This Schedule 9-VP shall apply to retail customers, their Designated Agents, and to other entities taking transmission service under Schedule 21-VP to sell power to such retail customers. A retail customer is an entity that purchases electricity at retail Versant Power or another entity, including the retail customer's Designated Agent.

A. The rates for Retail Firm Local Point-To-Point Service are as follows:

- 1) **Yearly delivery:** the Annual Rate established pursuant to Attachment P-VP Section VI.F.1, plus the Annual Rate established pursuant to Attachment P-VP Section VI.G.1, plus, if applicable, the Annual Rate established pursuant to Attachment P-VP Section VI.H.1, all per KW of Reserved Capacity per year.
- 2) **Monthly delivery:** the Monthly Rate established pursuant to Attachment P-VP Section VI.F.1, plus the Monthly Rate established pursuant to Attachment P-VP Section VI.G.1, plus, if applicable, the Monthly Rate established pursuant to Attachment P-VP Section VI.H.1, all per KW of Reserved Capacity per month.
- 3) **Weekly delivery:** the Weekly Rate established pursuant to Attachment P-VP Section VI.F.1, plus the Weekly Rate established pursuant to Attachment P-VP Section VI.G.1, plus, if applicable, the Weekly Rate established pursuant to Attachment P-VP Section VI.H.1, all per KW of Reserved Capacity per week.
- 4) **Daily delivery:** the Daily Rate established pursuant to Attachment P-VP Section VI.F.1, plus the Daily Rate established pursuant to Attachment P-VP Section VI.G.1, plus, if applicable, the Daily Rate established pursuant to Attachment P-VP Section VI.H.1, all per KW of Reserved

Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

5) Discounts: Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by Versant Power must be announced to all Eligible Customers solely by posting on the ISO OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the ISO OASIS, and (3) once a discount is negotiated, details must be immediately posted on the ISO OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, Versant Power must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the BHD Transmission System.

6) Resales: The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Part I.11 of Schedule 21.

7) Direct Assignment Costs: Where a Facilities Study indicates the need to construct Direct Assignment Facilities to accommodate a request for Local Point-To-Point Service, the Transmission Customer shall be charged the full cost of such Direct Assignment Facilities in addition to the charges specified in this Schedule. Losses on Direct Assignment Facilities shall be the responsibility of the Transmission Customer.

8) Network Upgrades: Where a Facilities Study identifies the need for Network Upgrades to relieve a capacity constraint and Versant Power undertakes such Network Upgrades, in addition to any charges for Direct Assignment Facilities and losses, as applicable, the Transmission Customer shall be required to pay the higher of the following two charges:

- a) the base charge for Local Point-To-Point Service set forth in this schedule, modified to include the cost of required Network Upgrades on a rolled-in basis; or

- b) a charge based on the incremental cost of any Network Upgrades that would not have been needed for the service requested by the Transmission Customer. Such incremental cost charge shall be based upon the Transmission Customer's appropriate share of the cost of such Network Upgrade up to one hundred percent of such cost.

If the requested Retail Firm Point-To-Point Service requires use of Network Upgrades previously determined to have been necessary to provide Local Point-To-Point Service for another Transmission Customer, and if the costs of such Network Upgrades already are reflected in the rate for Local Point-To-Point Service paid by such other Customer and are not reflected in the base rate for Retail Firm Local Point-To-Point Service, the subsequent Transmission Customer receiving Local Point-To-Point Service shall pay a contribution to cover a portion of the cost of such Network Upgrades. The amount of the contribution shall be based on the subsequent Transmission Customer's pro-rata use of the Network Upgrades, as determined by FERC, and in the period of time over which the use occurs. The rate of the Transmission Customer(s) for whom the Network Upgrades originally were made shall be reduced by an amount equivalent to the contribution(s) made by other Transmission Customers pursuant to this section.

9) Local Distribution Costs: Any customer requiring transmission over facilities not included in the base transmission charge facilities below 34.5 KV shall pay a separate charge for service over those facilities. These charges shall be pursuant to Maine Public Utilities Commission rates, where applicable, and specified in a service agreement filed with the Commission.

10) Taxes: There shall be added to any amount calculated pursuant to any of the foregoing provisions of Schedule 21-VP an amount in dollars sufficient to reimburse Versant Power for any amounts paid or payable by them as sales, excise, or similar taxes in respect of the total amount payable to Versant Power pursuant to Schedule 21-VP, in order to allow Versant Power, after provision for such taxes, to realize the net amount payable to them under the Schedule 21-VP. The amount of these taxes shall be detailed in the Service Agreement. If the taxes or tax rates change, then Versant Power shall have the right to revise the Service Agreement and file it with

FERC.

B. The following sections of Schedule 21 and Schedule 21-VP are modified for a Transmission Customer taking Retail Firm Local Point-To-Point Service pursuant to Schedule 9-VP and under a Service Agreement for Retail Firm Local Point-To-Point Service.

a. Schedule 21: The reservation priority for existing firm service customers section is modified such that retail customers, irrespective of term, have the right to continue to take transmission service from Versant Power when the contract expires, rolls over, or is renewed.

b. Section 4 of Schedule 21-VP: The billing, payment, and default section is applicable to a Designated Agent taking transmission service on behalf of its retail customers and any retail customer taking service directly from Versant Power. If the Transmission Customer is a Designated Agent, Versant Power shall bill directly and receive payment from the Designated Agent's retail customers for applicable transmission and ancillary charges (except for Energy Imbalance Service) unless other mutually agreeable provisions for payment are made. Versant Power shall bill directly the Designated Agent, if it is not Versant Power, for Energy Imbalance Service, unless other mutually agreeable provisions for payment are made. For the direct billing of retail customers taking transmission service through a Designated Agent, the billing, payment, and default provisions shall be pursuant to Versant Power's retail Terms and Conditions, the relevant portions of which are included in Schedule 12-VP.

c. Section 8 of Schedule 21-VP: The dispute resolution procedures are applicable to a Designated Agent taking transmission service on behalf of its retail customers and any retail customer taking service directly from Versant Power. For retail customers taking transmission service through a Designated Agent, the dispute resolution procedures shall be pursuant Versant Power's retail Terms and Conditions, the relevant portions of which are included in Schedule 12-VP.

d. Section 9.1 of Schedule 21-VP: The service agreements section is modified to add the following: "If the Eligible Customer submits a Completed Application for Retail

Firm Local Point-To-Point Service for service to retail load, Versant Power shall offer a standard form Retail Firm Local Point-To-Point Service Agreement (Attachment L-VP) or Retail Non-Firm Local Point-To-Point Service Agreement (Attachment M-VP), as applicable, to Eligible Customer.”

e. Part I.5.a of Schedule 21: The first sentence of the application section is modified to state the following: “A request for Retail Firm Local Point-To-Point Service for periods of one year or longer must be made in a completed Application submitted to Versant Power at least sixty (60) days in advance of the calendar month in which service is to commence.” The second to last sentence of the application is modified to state the following: “A Completed Application may be submitted by transmitting the required information to Versant Power by telefax.”

f. Part I.5.d of Schedule 21: The first sentence of the notice of deficient application section is modified to state the following: “If an Application fails to meet the requirements of the Tariff, Versant Power shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure.” The third sentence is modified to state the following: “If such efforts are unsuccessful, Versant Power shall return the Application.”

SCHEDULE 10-VP
CHARGES FOR RETAIL POINT TO POINT CUSTOMERS INTERCONNECTED ON
THE BHD SYSTEM - NON FIRM

The rates, terms, and conditions of Retail Non-Firm Local Point-To-Point Service shall be as stated in this Schedule 21-VP for Non-Firm Local Point-To-Point Service, except as stated below. In the event that there are differences between this Schedule 10-VP and Schedule 21-VP, this Schedule 10-VP shall control in all cases.

This Schedule 10-VP shall apply to retail customers, their Designated Agents, and to other entities taking transmission service under Schedule 21-VP to sell power to such retail customers. A retail customer is an entity that purchases electricity at retail from Versant Power or another entity, including the retail customer's Designated Agent.

A. The rates for Retail Non-Firm Local Point-To-Point Service are as follows:

- 1) **Monthly delivery:** the Monthly Rate established pursuant to Attachment P-VP Section VI.F.1, plus the Monthly Rate established pursuant to Attachment P-VP Section VI.G.1, plus, if applicable, the Monthly Rate established pursuant to Attachment P-VP Section VI.H.1, all per KW of Reserved Capacity per month.
- 2) **Weekly delivery:** the Weekly Rate established pursuant to Attachment P-VP Section VI.F.1, plus the Weekly Rate established pursuant to Attachment P-VP Section VI.G.1, plus, if applicable, the Weekly Rate established pursuant to Attachment P-VP VI.H.1, all per KW of Reserved Capacity per week.
- 3) **Daily delivery:** the Daily Rate established pursuant to Attachment P-VP Section VI.F.1, plus the Daily Rate established pursuant to Attachment P-VP Section VI.G.1, plus, if applicable, the Daily Rate established pursuant to Attachment P-VP Section VI.H.1, all per KW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

4) **Hourly delivery:** The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed the Hourly Rate established pursuant to Attachment P-VP Section VI.F.1, plus the Hourly Rate established pursuant to Attachment P-VP Section VI.G.1, plus, if applicable, the Hourly Rate established pursuant to Attachment P-VP Section VI.H.1, all per KW of Reserved Capacity per hour. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

5) **Discounts:** Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by Versant Power must be announced to all Eligible Customers solely by posting on the ISO OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the ISO OASIS, and (3) once a discount is negotiated, details must be immediately posted on the ISO OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, Versant Power must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the BHD Transmission System.

6) **Resales:** The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Part I.11 of Schedule 21.

7) **Direct Assignment Costs:** Where a Facilities Study indicates the need to construct Direct Assignment Facilities to accommodate a request for Local Point-To-Point Service, the Transmission Customer shall be charged the full cost of such Direct Assignment Facilities in addition to the charges specified in this Schedule. Losses on Direct Assignment Facilities shall be the responsibility of the Transmission Customer.

8) **Network Upgrades:** Where a Facilities Study identifies the need for Network Upgrades to relieve a capacity constraint and Versant Power undertakes such Network Upgrades, in

addition to any charges for Direct Assignment Facilities and losses, as applicable, the Transmission Customer shall be required to pay the higher of the following two charges:

- a) the base charge for Local Point-To-Point Service set forth in this schedule, modified to include the cost of required Network Upgrades on a rolled-in basis; or
- b) a charge based on the incremental cost of any Network Upgrades that would not have been needed for the service requested by the Transmission Customer. Such incremental cost charge shall be based upon the Transmission Customer's appropriate share of the cost of such Network Upgrade up to one hundred percent of such cost.

If the requested Retail Non-Firm Local Point-To-Point Service requires use of Network Upgrades previously determined to have been necessary to provide Local Point-To-Point Service for another Transmission Customer and if the costs of such Network Upgrades already are reflected in the rate for Local Point-To-Point Service paid by such other Customer and are not reflected in the base rate for Retail Non-Firm Local Point-To-Point Service, the subsequent Transmission Customer receiving Local Point-To-Point Service shall pay a contribution to cover a portion of the cost of such Network Upgrades. The amount of the contribution shall be based on the subsequent Transmission Customer's pro-rata use of the Network Upgrades, as determined by FERC, and in the period of time over which the use occurs. The rate of the Transmission Customer(s) for whom the Network Upgrades originally were made shall be reduced by an amount equivalent to the contribution(s) made by other Transmission Customers pursuant to this section.

9) Local Distribution Costs: Any customer requiring transmission over facilities not included in the base transmission charge facilities below 34.5 KV shall pay a separate charge for service over those facilities. These charges shall be pursuant to Maine Public Utilities Commission rates, where applicable, and specified in a service agreement filed with the Commission.

10) Taxes: There shall be added to any amount calculated pursuant to any of the foregoing provisions of Schedule 21-VP an amount in dollars sufficient to reimburse Versant Power for any amounts paid or payable by them as sales, excise or similar taxes in respect of the total amount

payable to Versant Power pursuant Schedule 21-VP, in order to allow Versant Power, after provision for such taxes, to realize the net amount payable to them under Schedule 21-VP. The amount of these taxes shall be detailed in the Service Agreement. If the taxes or tax rates change, then Versant Power shall have the right to revise the Service Agreement and file it with FERC.

B. The following sections of Schedule 21 and Schedule 21-VP are modified for a Transmission Customer taking Retail Non-Firm Local Point-To-Point Service pursuant to Schedule 10-VP and under a Service Agreement for Retail Non-Firm Local Point-To-Point Service.

a. Schedule 21: The reservation priority for existing firm service customers section is modified such that retail customers, irrespective of term, have the right to continue to take transmission service from Versant Power when the contract expires, rolls over or is renewed.

b. Section 4 of Schedule 21-VP: The billing, payment, and default section is applicable to a Designated Agent taking transmission service on behalf of its retail customers and any retail customer taking service directly from Versant Power. If the Transmission Customer is a Designated Agent, Versant Power shall bill directly and receive payment from the Designated Agent's retail customers for applicable transmission and ancillary charges (except for Energy Imbalance Service), unless other mutually agreeable provisions for payment are made. Versant Power shall bill directly the Designated Agent, if it is not Versant Power, for Energy Imbalance Service unless other mutually agreeable provisions for payment are made. For the direct billing of retail customers taking transmission service through a Designated Agent, the billing, payment, and default provisions shall be pursuant to Versant Power's retail Terms and Conditions, the relevant portions of which are included in Schedule 12-VP.

c. Section 8 of Schedule 21-VP: The dispute resolution procedures are applicable to a Designated Agent taking transmission service on behalf of its retail customers and shall be pursuant Versant Power's retail Terms and Conditions, the relevant portions of which are included in Schedule 12-VP.

d. Section 10.4 of Schedule 21-VP: The service agreements section is modified to add the following: “If the Eligible Customer submits a Completed Application for Retail Non-Firm Local Point-To-Point Service for service to retail load, Versant Power shall offer a standard form Retail Non-Firm Local Point-To-Point Service Agreement (Attachment M-VP) to Eligible Customer.”

e. Part I.6.a of Schedule 21: The first two sentences of the application section are modified to state the following: “Eligible Customers seeking Retail Non-Firm Local Point-To-Point Service must submit a Completed Application to Versant Power. A Completed Application may be submitted by transmitting the required information to Versant Power by telefax.”

SCHEDULE 11-VP
CHARGES FOR RETAIL NETWORK CUSTOMERS INTERCONNECTED ON THE
BHD SYSTEM

The rates, terms and conditions of Retail Local Network Service shall be as stated in Schedule 21-VP, for Local Network Service, except as stated below. In the event that there are differences between this Schedule 11-VP and Schedule 21-VP, this Schedule 11 shall control in all cases.

This Schedule 11-VP shall apply to retail customers, their Designated Agents, and to other entities taking transmission service under Schedule 21-VP to sell power to such retail customers. A retail customer is an entity that purchases electricity at retail from Versant Power or another entity, including the retail customer's Designated Agent.

A1. The rate for Monthly Retail Local Network Service shall be the Monthly Rate established pursuant to Attachment P-VP Section VI.F.2, plus the Monthly Rate established pursuant to Attachment P-VP Section VI.G.2, plus, if applicable, the Monthly Rate established pursuant to Attachment P-VP Section VI.H.2.

A2. The rate for Hourly Retail Local Network Service shall be the Hourly Rate established pursuant to Attachment P-VP Section VI.F.2, plus the Hourly Rate established pursuant to Attachment P-VP Section VI.G.2, plus, if applicable, the Hourly Rate established pursuant to Attachment P-VP Section VI.H.2.

B. The following sections of Schedule 21 and Schedule 21-VP are modified for a Transmission Customer taking Retail Local Network Service pursuant to Schedule 11-VP and under a Service Agreement for Retail Local Network Service.

a. Schedule 21: The reservation priority for existing firm service customers section is modified such that retail customers, irrespective of term, have the right to continue to take transmission service from Versant Power when the contract expires, rolls over or is renewed.

b. Section 4 of Schedule 21-VP: The billing, payment, and default section is

applicable to a Designated Agent taking transmission service on behalf of its retail customers and any retail customer taking service directly from Versant Power. If the Transmission Customer is a Designated Agent, Versant Power shall bill directly and receive payment from the Designated Agent's retail customers for applicable transmission and ancillary charges (except for Energy Imbalance Service), unless other mutually agreeable provisions for payment are made. Versant Power shall bill directly the Designated Agent, if it is not Versant Power, for Energy Imbalance Service, unless other mutually agreeable provisions for payment are made. For the direct billing of retail customers taking transmission service through a Designated Agent, the billing, payment, and default provisions shall be pursuant to Versant Power's retail Terms and Conditions, the relevant portions of which are included in Schedule 12-VP.

c. Section 8 of Schedule 21-VP: The dispute resolution procedures are applicable to a Designated Agent taking transmission service on behalf of its retail customers and any retail customer taking service directly from Versant Power. For retail customers taking transmission service through a Designated Agent, the dispute resolution procedures shall be pursuant Versant Power's retail Terms and Conditions, the relevant portions of which are included in Schedule 12-VP.

d. Section 16.1 of Schedule 21-VP: The condition precedent for receiving service section is modified to add the following provision: "Unless retail Transmission Customers elect otherwise as provided in this Schedule 21 and Schedule 21-VP, retail Transmission Customers shall take service from Versant Power as their Designated Agent pursuant to an Umbrella Service Agreement for Retail Local Network Service pursuant to Attachment N-VP; these retail Transmission Customers are not required to execute the service agreement which will be filed with FERC. Such retail Transmission Customers shall be obligated to comply with the applicable terms and conditions of Schedule 21 and Schedule 21-VP including paying for service notwithstanding the absence of a customer signature on a Service Agreement. If a retail Transmission Customer elects to take Retail Local Network Service directly from Versant Power or through a Designated Agent other than Versant Power, the Eligible Customer shall execute a Service Agreement for Retail Local Network Service pursuant to Attachment N-VP for service under Schedule

21-VP or request in writing that Versant Power file a proposed unexecuted Service Agreement for Retail Local Network Service with the Commission and the Eligible Customer shall execute a Local Network Operating Agreement for Retail Local Network Service with Versant Power pursuant to Attachment O-VP. The following additional requirement applies to a retail Transmission Customer that takes at least 500 KW of transmission service in any one hour in the calendar year from Versant Power and takes Retail Local Network Service from Versant Power as its Designated Agent: it shall execute a Service Agreement for Retail Local Network Service pursuant to Attachment N-VP for service under Schedule 21-VP or request in writing that Versant Power file a proposed unexecuted Service Agreement for Retail Local Network Service with the Commission, if Versant Power must construct either Direct Assignment Facilities or Network Upgrades in order to provide Local Point-To-Point Service to the retail Transmission Customer.”

e. Sections 16.2, 16.3, 16.4 of Schedule 21-VP: A retail Transmission Customer taking Retail Local Network Service from Versant Power as its Designated Agent shall not be required to satisfy the application procedures and technical arrangements in sections 16.2, 16.3 and 16.4 of Schedule 21-VP, except that a retail Transmission Customer that takes at least 500 KW of transmission service in any one hour in the calendar year from Versant Power and takes Retail Local Network Service from Versant Power as its Designated Agent shall be required to comply with sections 16.3 and 16.4 of Schedule 21-VP to the extent Versant Power deems it necessary to provide service.

f. Section 16.2(vii) of Schedule 21-VP: The minimum term application procedures section is modified, to change the last sentence to the following: “The minimum term for Local Network Service is one year, except that for service provided with respect to a state required retail access program, the minimum term is Versant Power’s typical monthly billing cycle for retail customers taking Retail Local Network Service directly from Versant Power as its Designated Agent that are not required to execute a Service Agreement for Retail Local Network Service or provide notice that an unexecuted Service Agreement for Retail Local Network Service should be filed.”

- g. Section 18 of Schedule 21-VP: The designation of network load sections are modified to allow load distribution profiles of customer classes to be used for determining retail customer peak loads.
- h. Sections 20.1 and 20.2 of Schedule 21-VP: The sections are superseded by the charges set out in this Schedule 11-VP.
- i. Section 21 of Schedule 21-VP: The operating arrangements sections are not applicable for a retail Transmission Customer that takes Retail Local Network Service from Versant Power as its Designated Agent. The operating arrangements for a Transmission Customer taking Retail Local Network Service directly from Versant Power or through a Designated Agent other than Versant Power shall be set forth in the Operating Agreement for Retail Local Network Service entered into between the Transmission Customer Versant Power.

SCHEDULE 12-VP
RETAIL TERMS AND CONDITIONS

4-A PAYMENT OBLIGATION - GENERAL. The supply of service for any purpose at any location, is contingent upon payment of all charges provided for in this Rate Schedule as applicable to the Location and the character of service. Other terms including deposit requirements, late payment charges, and disconnection of service for non-payment are governed by several Maine Public Utilities Commission (MPUC) Rules and Regulations, namely:

MPUC Chapter 815 - Consumer Protection Standards For Electric And Gas Transmission And Distribution Utilities

MPUC Chapter 870 - Late Payment Charges, Interest Rates to be Paid on Customer Deposits, and Charges for Returned Checks

Copies of these Rules and Regulations hereinafter referred to as Chapters 815 and 870 of the MPUC Rules and Regulations are available for inspection at the MPUC's website.

Bills for utility service shall be due twenty-five (25) days after the postmarked date of the bill in accordance with Section 8(B) - Chapter 815 of the Commission's Rule and Regulations. No bill shall be subject to discount.

4-B GUARANTEE OF PAYMENTS:

Residential Accounts:

Versant Power may require a deposit as security for the payment of bills and compliance with the Terms and Conditions as a prerequisite to the rendering or continuing of residential utility service by Versant Power in accordance with Section 7(C) - Chapter 815 of the MPUC's Rules and Regulations as in effect on the effective date hereof or as amended from time to time hereafter.

Non-Residential Accounts:

Versant Power may require a deposit as security for the payment of bills and compliance with the

Terms and Conditions as a prerequisite to the rendering or continuing of non-residential utility service by Versant Power in accordance with Section 7(B) - Chapter 815 of the MPUC's Rules and Regulations as in effect on the effective date hereof or amended from time to time hereafter.

4-C AMOUNT OF DEPOSIT.

Residential Accounts:

The amount of the deposit for residential utility service shall be determined in accordance with the provisions of Section 7(E) - Chapter 815 of the MPUC's Rules and Regulations as in effect on the effective date hereof or as amended from time to time hereafter.

Non-Residential Accounts:

The amount of the deposit for non-residential utility service shall be determined in accordance with the provisions of Section 7(D) - Chapter 815 of the MPUC's Rules and Regulations as in effect on the effective date hereof or as amended from time to time hereafter.

4-D REFUND OF DEPOSIT.

Residential Accounts:

Refund of deposits for residential utility service shall be determined in accordance with Section 7(I) - Chapter 815 of the MPUC's Rules and Regulations as in effect on the effective date hereof and amended from time to time hereafter.

Non-Residential Accounts:

Refund of deposits for non-residential utility service shall be determined in accordance with Section 7(I) - Chapter 815 of the MPUC's Rules and Regulations as in effect on the effective date hereof and amended from time to time thereafter.

4-E INTEREST ON DEPOSITS. Versant Power will pay interest on all customer deposits in accordance with Section 2 - Chapter 870 of the MPUC's Rules and Regulations as in effect on the effective date hereof or as amended from time to time hereafter.

4-F LATE PAYMENT CHARGE. All customers having bills not paid within twenty-five (25) days from the postmark date of the bill shall be subject to a late payment charge. The late payment charge shall be the maximum rate allowed in accordance with Section 1 - Chapter 870 of the MPUC's Rules and Regulations as in effect on the effective date hereof or as amended from time to time hereafter.

4-G DISCONNECTION OF SERVICE FOR CAUSE.

Residential Accounts:

The disconnect of residential customers for cause shall be governed by Chapter 815 of the MPUC's Rules and Regulations as in effect on the effective date hereof or as amended from time to time hereafter.

Non-Residential Accounts:

The disconnect of non-residential customers for cause shall be governed by Chapter 815 of the MPUC's Rules and Regulations as in effect on the effective date hereof or as amended from time to time hereafter.

4-H COLLECTION CHARGE. When an employee is sent to the Customer's premises for the purpose of disconnecting service and the Customer tenders payment in full of the bill to prevent disconnection, the employee shall either accept payment, give a receipt and leave the service intact, or else, without disconnecting, direct the Customer to go to the utility's nearest office within a reasonable time and tender payment there. The employee must know the full amount to be paid but shall not be required to make change or negotiate payment arrangements. When payment is made under these circumstances, Versant Power will charge the Customer an amount not to exceed \$10.00.

4-I CHARGE FOR RETURNED CHECKS. Customers whose checks have been returned to Versant Power by financial institutions for non-payment shall be subject to a charge of \$5.00 per check.

4-J SINGLE-METER, MULTI-UNIT DWELLINGS. In cases of disconnection of single-meter, multi-unit dwellings in which the Customer is the landlord, in addition to any other

applicable fees, the landlord shall be required to pay a collection fee of \$50.00. In addition, Versant Power may require each dwelling unit to be individually metered at the landlord's expense before service will be restored.

ATTACHMENT A-VP

[Reserved]

ATTACHMENT B-VP

[Reserved]

ATTACHMENT C-VP

METHODOLOGY TO ASSESS AVAILABLE TRANSFER CAPABILITY

Following receipt of a Completed Application for Service, Versant Power will assess its available transfer capability (ATC) to determine if sufficient capability exists to accommodate firm transmission service in accordance with Schedule 21 and Schedule 21-VP of the OATT.

ATC will be assessed considering Versant Power's existing and projected native load requirements, existing firm transactions and all other requests for firm transmission service on a priority basis as per Schedule 21 and Schedule 21-VP of the OATT.

The Versant Power assessment of ATC involves calculating, using Transmission Reliability Margins (TRM), the Incremental Transfer Capability and Total Transfer Capability (TTC) of the interface between Versant Power and the ISO and specific path availabilities when they are requested by potential transmission customers.

The assessment of available transfer capability uses the basic North American Electric Reliability Council (NERC) transfer capability measures of First Contingency Incremental Transfer Capability (FCITC) and First Contingency Total Transfer Capability (FCTTC). Additionally, the assessment will comply with acceptable adjacent operating system standards and utilize the Northeast Power Coordinating Council (NPCC) criteria and guidelines. The assessment of available transmission will be performed using system models and load flow analysis. The following is a more detailed description of the process for determining ATC.

1. Roles of ISO New England and Versant Power

As explained in Attachment C of the OATT, while the ISO is the transmission service provider for Regional Service associated with Pool Transmission Facilities (PTF), there are additional transmission service providers within the RTO footprint that calculate ATC associated with transmission services offered over the non-PTF external tielines and that calculate TTC and ATC associated with Local Point-To-Point Service. The ISO is not responsible for the calculation of these values.

Pursuant to the terms of the Transmission Operating Agreement executed between Versant Power

as a Participating Transmission Owner (PTO) and ISO, Versant Power is a transmission service provider and calculates TTC and ATC for certain facilities over which Local Point-To-Point Service is provided under Schedule 21-VP. These are primarily radial paths that provide transmission service to directly interconnected generators.

1.1 Scope of Attachment C-VP

As the transmission service provider of Schedule 21-VP Local Point-to Point Service pursuant to the PTOs' Transmission Operating Agreement and the ISO OATT, Versant Power performs the following functions within the scope of Attachment C-VP:

- ☐ Total Transfer Capability (TTC) methodology
- ☐ Available Transfer Capability (ATC) methodology
- ☐ Existing Transmission Commitment (ETC)

As explained further below in Section 2, TTC, ATC, and ETC are calculated only for certain non-PTF internal paths over which Local Point-To-Point Service is required under Schedule 21-VP pursuant to NERC Standards (MOD-001-1) regarding Available BHD Transmission System Capability and (MOD-029-1) regarding Rated System Path Methodology. TTC, ATC, and ETC are not calculated by Versant Power for Local Network Service because ISO employs a market model for economic, security constrained dispatch of generation, and Versant Power does not require advance reservation for such network service.

As defined by ISO and as applicable to all transmission service providers under the RTO footprint, the following functions will be performed:

- ☐ Use of Capacity Benefit Margin (CBM) methodology
- ☐ Use of Transmission Reliability Margin (TRM) methodology
- ☐ Use of Rollover Rights (ROR) in the calculation of ETC

In addition, as explained further below in Sections 4 and 5, the NERC Standards (MOD 004-1) regarding Capacity Benefit Margin and (MOD 008-1) regarding Transmission Reliability Margin

calculation methodology.

2. Transmission Service in the ISO New England Markets

As explained in Attachment C of the OATT, the process by which generation located inside the footprint of the ISO (the “ISO Area”) supplies energy to bulk electric system differs from the pro forma OATT. The fundamental difference is that internal generation is dispatched in an economic, security constrained manner by the ISO rather than utilizing a system of physical rights, advance reservations and point-to-point transmission service. Through this process, internal generation provides supply offers to the ISO energy market which are utilized by the ISO in the Real-Time Energy Market dispatch software. This process provides the least-cost dispatch to satisfy Real-Time load on the system.

In addition to offers from generation within the ISO Area, market participants may submit energy transactions to move energy into the ISO Area, out of the ISO Area or through the ISO Area. The ISO Real-Time Energy Market clears these energy transactions based on forecast Locational Marginal Pricing (LMPs) and the availability of the external interfaces. With those external energy transactions in place, the Real-Time Energy Market dispatches internal generation in an economic, security constrained manner to meet Real-Time load within the region.

This process for submitting energy transactions into the ISO Real-Time Energy Market does not require an advance physical reservation for use of the PTF. In the event that the net of economic energy transactions is greater than the capability of an external interface, the energy transactions selected to flow are selected based on the ISO Wholesale Market rules. For any energy transactions that are scheduled to flow in Real-Time based on the economics of the system, a transmission reservation is created after-the-fact to satisfy the transparency needs of the market.

The process described above is applicable to the PTF within the ISO Area, and non-PTF Local Facilities where utilized for Local Network Service by generation or load. However, Versant Power owns Local Facilities over which an advance transmission service reservation for firm or non-firm transmission service is required. On those Local Facilities, the market participant must obtain a transmission service reservation from Versant Power under Schedule 21-VP prior to delivery of energy into the ISO Wholesale Market. Attachment C-VP addresses the calculation

of ATC and TTC for these non-PTF internal paths.

3. Schedule 21-VP Total Transfer Capability

The TTC on Versant Power's non-PTF Local Facilities that require Local Point-To-Point Service reservations are relatively static values. Consistent with the NERC definition, TTC is the amount of electric power that can be moved or transferred reliably between the BHD Transmission System and other interconnected transmission systems by way of all transmission lines (or paths) between those areas under specified system conditions. Versant Power thus calculates the TTC for posted paths as the rating of the particular radial transmission path.

3.1 Posting TTCs

Versant Power will calculate and post TTC on its OASIS site for all non-PTF posted paths that require Local Point-To-Point Service reservations. The posting of the TTCs is performed for those non-PTF facilities that serve as a path for Versant Power's Transmission Customers. TTC is calculated as the rating of the limiting element that constitutes that path.

4. Capacity Benefit Margin

The use of CBM within the ISO Area is governed by the overall ISO approach to capacity planning requirements. Load Serving Entities (LSEs) operating within the ISO Area are required to arrange their Installed Capability requirements prior to the beginning of any given month in accordance with ISO Wholesale Market rules. As such, Load Serving Entities do not utilize CBM to ensure their capacity needs are met, and CBM is, therefore, not relevant within the ISO market design. As long as this market design is in place in the ISO Area, the CBM is set to zero.

Wherever applicable, the administration of Schedule 21-VP is consistent with the services provided under the ISO OATT by ISO. Versant Power provides local transmission service over its non-PTF facilities (or PTF facilities that are not Pool Supported) that are connected only to the ISO system and they do not interconnect with other systems. Therefore, Versant Power does not reserve CBM for these paths, and the CBM is presently set to zero.

5. Transmission Reliability Margin

The TRM is the portion of the TTC that cannot be used for the reservation of firm transmission service because of uncertainties in system operation. It is used only for external interfaces under the ISO market design. As Versant Power under Schedule 21-VP provides transmission service over its non-PTF facilities (or PTF facilities that are not Pool Supported) that are connected only to the internal ISO system, Versant Power does not reserve TRM for these paths, and the TRM is presently set to zero.

6. Calculation of ATC for Versant Power's Local Facilities

6.1 ATC Calculation General Description

This section defines the ATC calculations performed by Versant Power for its non-PTF internal interfaces. Consistent with the NERC definition, ATC_F is the capability for Firm transmission reservations that remain after allowing for ETC_F , CBM, TRM, $Postbacks_F$ and $counterflows_F$. Additionally, consistent with NERC definition, ATC_{NF} is the capability for non-firm transmission reservations that remain after allowing for ETC_F , ETC_{NF} , scheduled CBM (CBM_S), unreleased TRM (TRM_U), non-firm Postbacks ($Postbacks_{NF}$) and non-firm counterflows ($counterflows_{NF}$). As discussed above, the TRM and CBM for Versant Power's non-PTF posted paths is zero. The purpose of the ETC (Existing Transmission Commitment) component of the ATC equation is for the Transmission Provider to ensure all existing transmission service commitments that reduce the ATC available to Firm Local Point-To-Point Service and Non-Firm Local Point-To-Point Service Customers are accounted for. As described in Section 2, under Schedule 21-VP, Versant Power requires the purchase of transmission service in advance of delivery of energy to the ISO Wholesale Market over certain non-PTF paths, and those existing transmission commitments would be applied to the ATC equation for the specific posted path. As a practical matter, the ratings of the radial transmission paths are generally higher than the transmission requirements of the Transmission Customers connected to that path. As such, transmission services over these posted paths are considered to be generally available.

As Real-Time approaches, the ISO utilizes the Real-Time Energy Market rules to determine which of the submitted energy transactions will be scheduled in the coming hour. In Real-Time, ETC effectively becomes equal to 0 (zero), as the ISO does not recognize nor utilize OASIS scheduled transmission reservations in its determination of generation dispatch pursuant to the

Market Rules. Therefore, in Real-Time, the ATC is equal to TTC minus the amount of net energy transactions subject to ISO security constrained dispatch for each non-PTF interface for the designated hour. With this simplified version of ATC, there is no detailed algorithm to be described or posted other than: ATC equals TTC minus total Real-Time generation dispatch for each non-PTF interface. Because ISO Real-Time generation dispatch determines transmission usage in this time period for those non-PTF facilities that serve as a path for Schedule 21-VP Local Point-To-Point Service Customers, and existing transmission reservations are not determinate of transmission capacity usage in Real-Time, Versant Power posts the ATC as 9999, consistent with industry practice. Actual ATC on these paths varies depending on the time of day. Thus, ATC is posted with an ATC of “9999” to reflect the fact that there are generally no restrictions on these paths for commercial transactions.

6.2 Existing Transmission Commitments, Firm (ETC_F)

The ETC_F are those confirmed Firm transmission reservation (PTP_F) plus any rollover rights for Firm transmission reservations (ROR_F) that have been exercised. There are no allowances necessary for Native Load forecast commitments (NL_F), Network Integration Transmission Service ($NITS_F$), grandfathered transmission service (GF_F) and other service(s), contract(s) or agreement(s) (OS_F) to be considered in the ETC_F calculation.

6.3 Existing Transmission Commitments, Non-Firm (ETC_{NF})

The (ETC_{NF}) are those confirmed non-firm transmission reservations (PTP_{NF}). There are no allowances necessary for non-firm Network Integration Transmission Service ($NITS_{NF}$), non-firm grandfathered transmission service (GF_{NF}) or other service(s), contract(s) or agreement(s) (OS_{NF}).

7. Posting of ATC Related Information

7.1 Calculation of ATC Values

As described above, the Real-Time ATC values for Versant Power’s non-PTF internal assets that are utilized for point-to-point transmission service are almost always positive, and are thus set at 9999. The Real-Time ATC values for these internal posted paths are posted in accordance with

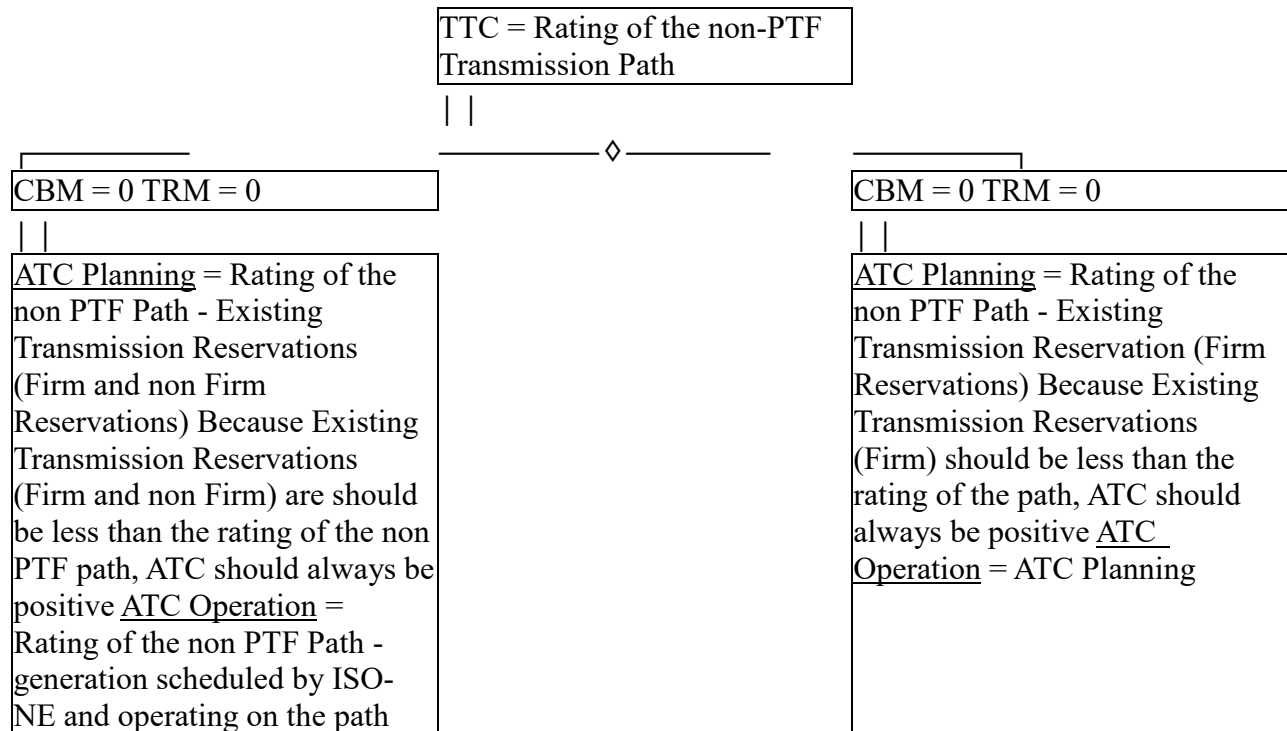
NAESB standards on Versant Power's OASIS website.

Common practice is not to calculate or post firm and non-firm ATC values for the non-PTF assets described in Section 6.1 where ATC is positive and listed as 9999. Transmission customers are not restricted from reserving firm or non-firm transmission service on non-PTF facilities.

To the extent a posted path is constrained, Versant Power shall post the ATC in accordance with the general formula set forth in Section 6.1 of this Attachment C-VP.

Further, the mathematical algorithm and mathematical definition of Available Transmission Capability (ATC) for non-PTF for Versant Power under Schedule 21-VP are posted on Versant Power's website at <https://www.versantpower.com>.

8. Non-PTF Transmission Path ATC Process Flow Diagram



Note: Firm includes Conditional Firm

ATTACHMENT D-
METHODOLOGY FOR COMPLETING A SYSTEM IMPACT STUDY

Versant Power will respond to an executed System Impact Study Agreement as per time outlined in Schedule 21 and Schedule 21-VP of the OATT. The System Impact Study shall identify any system constraints and redispatch options, additional required Direct Assignment facilities, or network upgrades to provide the requested service.

The transmission capability will be calculated in accordance with both the NERC definitions for “First Contingency Incremental Transfer Capability” and “First Contingency Total Transfer Capability.”

First Contingency Incremental Transfer Capability (FCITC) - is the amount of electric power, incremental above normal base power transfers, that can be transferred over the interconnected BHD Transmission System in a reliable manner based on all of the following conditions:

1. For the existing or planned system configuration, and with normal (pre-contingency) operating procedures in effect, all facility loadings are within normal ratings and all voltages are within normal limits.
2. The electric systems are capable of absorbing the dynamic power swings and remaining stable following a disturbance that results in the loss of any single electric system element, such as a transmission line, transformer, or generating unit, and
3. After the dynamic power swings subside following a disturbance that results in the loss of any single electric system element as described in 2 above, and after the operation of any automatic operating systems, but before any post-contingency operator-initiated system adjustments are implemented, all transmission facility loadings are within emergency ratings and all voltages are within emergency limits.

With reference to condition 1 above, in the case where pre-contingency facility loadings reach normal thermal ratings at a transfer level below that at which any first contingency transfer limits are reached, the transfer capability is defined as that transfer level at which such normal ratings

are reached. Such a transfer capability is referred to as a normal incremental transfer capability (NTC).

First Contingency Total Transfer Capability (FCTTC) - is the total amount of electric power (net of normal base power transfers plus first contingency incremental transfers) that can be transferred between two areas of the interconnected transmission systems in a reliable manner based on conditions 1, 2, and 3 in the FCITC definition above.

The capability evaluation will utilize load flow analysis based on the BHD Transmission System load flow database. When Versant Power feels no stability problems exist, it will generally use the Transmission 2000 Power Flow Program for software to conduct the study. This software may change in the future, without notice, but the replacement software will have the same minimum capabilities as its predecessor. If stability concerns exists, the studies may require a contractor to perform the studies. In conducting the studies, Versant Power will adhere to good utility practice including the NPCC documents, relating to design and operation of interconnected power systems, and information submitted in the FERC Form No. 715.

The Versant Power database will be modified to include the resources and the load information to be provided by the Customer as well as additional detail on the BHD Transmission System.

Versant Power will perform the same types of studies related to transmission service requests as it performs transmission studies for its own use of the system. However, as a practical matter, it must be noted that planning studies must gauge the performance of the system based on a limited number of simulations. In actual daily operations of the system, the limits as determined in the transfer capability study may vary due to system conditions.

The transfer capability studies will analyze the impact of the proposed transmission request on the thermal capability, voltage profile, and stability of the BHD Transmission System. The transfer capability available will be the remaining capacity after accounting for Company import requirements to service its Native Load Customers reliably and prior contractual commitments, including any network transmission service or firm transmission service contract(s) previously filed and submitted as applications for Local Network or Firm Local Point-To-Point Service. In addition, Versant Power will take into account Non-Firm Local Point-To-Point Service when

evaluating the transfer capability available for Non-Firm Local Point-To-Point Service.

Versant Power will notify the Eligible Customer immediately upon completion of the System Impact Study, if the BHD Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. A copy of the completed System Impact Study and related work papers will be made available to the Eligible Customer.

ATTACHMENT E-VP
INDEX OF VERSANT POWER LOCAL POINT-TO-POINT SERVICE CUSTOMERS

[See Electric Quarterly Reports]

ATTACHMENT G-VP
VERSANT POWER LOCAL NETWORK OPERATING AGREEMENT

Example

THIS AGREEMENT, entered into this _____ day
of _____,

_____ is between the Transmission Customer and Versant Power, either or both of which
area hereinafter referred as “Party” or “Parties”.

WHEREAS, the Transmission Customer is directly interconnected with Versant Power’s electric
system and the Parties desire to formalize that interconnection; and

WHEREAS, Versant Power has certain duties and obligations to meet its own capacity and
energy requirements and to support its own system safely and economically; and

WHEREAS, the Transmission Customer has certain duties and obligations to meet its own
capacity and energy requirements and to support its own system safely and economically; and

WHEREAS, to the extent provided herein the Transmission Customer and Versant Power are
willing to operate their facilities in a manner that assists each Party in meeting its own system
reliability, economics, and obligations;

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set
forth, the Parties agree as follows:

**I. ADDITIONAL DEFINITIONS NOT CONTAINED IN THE OATT OR
SCHEDULE 21-VP OF THE OATT**

The following terms shall have the following meanings under this Agreement, including the
Attachments hereto:

A. “Transmission Customer’s Interconnection Equipment” is all equipment and facilities (1)
necessary for the interconnection of the Transmission Customer’s system and Versant Power’s
system, and (2) located on the Transmission Customer’s side of the Point(s) of Delivery. This

equipment may include, but is not limited to, connection, switching, and safety equipment.

B. “Versant Power’s Interconnection Equipment” is all equipment and facilities (1) necessary for the interconnection of Versant Power’s system and the Transmission Customer’s system, and (2) located on Versant Power’s side of the Point(s) of Delivery. This equipment may include, but is not limited to, connection, switching, and safety equipment.

C. “System Emergency” is a condition on Versant Power’s system or on a system with which Versant Power’s system is interconnected which, in Versant Power’s sole judgment at the time of the occurrence, is likely to result in imminent disruption of service to a network service customer or is imminently likely to endanger life or property.

II. TERM

This Agreement shall become effective on the date specified or such other date as FERC may approve (the “Effective Date”). This Agreement terminates on the later of the date of termination of the Transmission Customer being a Transmission Customer of Versant Power or of the date of termination of the transmission Service Agreement between Versant Power and the Customer.

III. CHARACTER OF SERVICE

A. All electric energy delivered to the Transmission Customer shall be in the form of three-phase alternating current at a frequency of approximately sixty (60) Hz.

B. Versant Power agrees that it will only curtail or interrupt service to the interconnection as provided under this Agreement or in accordance with Schedule 21, Parts I.1.f, I.2.g., II.7, and Schedule 21-VP, sections 13.6 and 14.7, of the OATT.

C. Except as expressly provided in this Agreement, the interconnection may not be de-energized without the approval of FERC.

IV. INTERCONNECTION EQUIPMENT DESIGN AND CONSTRUCTION

A. Each Party, at its own expense, shall design, purchase, construct, install, and be

responsible for maintaining all of its Interconnection Equipment that connects its Interconnection Equipment to the other Party's Interconnection Equipment.

B. Each Party's Interconnection Equipment and any changes to its Interconnection Equipment shall meet all standards of Good Utility Practices.

C. The construction, design, installation, and maintenance of each Party's Interconnection Equipment shall meet all standards of Good Utility Practice. Each Party shall allow the other Party reasonable access to the construction site during any construction for the purpose of inspecting the Interconnection Equipment.

D. Neither Party will bear any costs of the other Party's Interconnection Equipment required by this Agreement. The cost of Direct Assignment Facilities currently used by Versant Power is set forth in Appendix A of this Agreement and will be paid for by the Transmission Customer.

Versant Power may recover from the Transmission Customer costs in connection with Direct Assignment Facilities in accordance with the OATT. Prior to Versant Power incurring any such expense, the Transmission Customer shall be responsible for forwarding to Versant Power funds sufficient to cover the expense or may pay directly for changes to the interconnection. Versant Power will provide the Transmission Customer with actual expenses associated with the funding of new Direct Assignment Facilities within sixty (60) days of completion of construction, and appropriate payment will be made within (30) days thereafter.

E. Each Party may inspect the other Party's Interconnection Equipment to determine if all standards of Good Prudent Utility Practice are met. Neither Party shall be required to deliver to or receive electricity from the other Party's Interconnection Equipment until those standards are met, subject to the provisions of Section III.C, Article VII and Section VIII.C of this Agreement.

F. The Transmission Customer shall not connect any generators after the execution of this Agreement without first informing Versant Power in writing six months in advance of such connection. Any third party generating facilities connected after the date of the execution of this Agreement shall comply with the then-existing interconnection requirements for non-utility generation as it is used by Versant Power and as it applies to generation connected directly to Versant Power's system. The Transmission Customer shall be responsible to ensure compliance

with these requirements as set forth in writing by Versant Power.

G. The Transmission Customer agrees to provide to Versant Power complete documentation, to the extent available, of the Transmission Customer's Interconnection Equipment, including, but not limited to, power one-line diagrams, relaying diagrams, plan, sectional and elevation views, grading plans, conduit plans, foundation plans, fence and grounding plans, and detailed steel erection diagrams. In addition, the Transmission Customer agrees to provide to Versant Power complete documentation of any changes to the Transmission Customer's Interconnection Equipment. Versant Power agrees to provide the Transmission Customer complete documentation for all Direct Assignment Facilities constructed by Versant Power for the Transmission Customer or provided by Versant Power to the Transmission Customer.

H. Based on the representations of the Parties to one another, the Parties agree that as of the Effective Date of this Agreement, all of Versant Power's Interconnection Equipment and the Transmission Customer's Interconnection Equipment satisfy the requirements of this Agreement.

V. METERING

A. Versant Power shall own, install, and maintain all metering devices and equipment required to measure the energy and capacity delivered to the Transmission Customer at the point of interconnection with the BHD Transmission System.

B. Versant Power will measure the energy and capacity delivered on an hourly basis using 15-minute interval integrating meters with recorded readings. The readings will be remotely recorded by Versant Power and will be made available to the Transmission Customer or a third party designated by the Transmission Customer. These readings will include the integrated kWh load for the Transmission Customer for 2, 15, and 60 minute intervals, the integrated load for the Transmission Customer for the previous 24-hour period, and the kVAR/hour.

C. Versant Power shall provide pulses from its metering (kWh, kVAR) for use in the Transmission Customer-owned and maintained electronic recorder(s). Versant Power shall permit the Transmission Customer to install a telecommunications link with the Transmission Customer-owned recorder(s).

D. Versant Power shall provide pulses (kWh) to the Transmission Customer-owned and maintained load management systems (totalizer and transponder), and agrees (1) that the Transmission Customer may own and maintain a V2h meter and (2) to pulse readings from that meter to the Transmission Customer-owned recorder(s).

E. All metering equipment used to measure energy and capacity shall be sealed, and the seals shall be broken only by Versant Power and only upon occasions when the meters are to be inspected, tested or adjusted.

F. Versant Power shall provide access, including telecommunications access, to the Versant Power meters for a representative of the Transmission Customer at reasonable times for the purposes of reading and inspecting, provided that the Transmission Customer's access shall not interfere with Versant Power's normal business operations.

G. Unless otherwise mutually agreed, the meters shall not be tested or recalibrated, and none of the connections, including those of the transformers, shall be disturbed or changed, except in the presence of duly authorized representatives of each of the Parties or unless either Party, after reasonable notice, fails or refuses to have its representative present.

H. Versant Power shall make annual tests of the metering devices and equipment for measuring all energy and capacity. The cost of this annual test shall be shared equally between Versant Power and the Transmission Customer. The transmission Customer will reimburse Versant Power for all expenses and cost incurred under this Section within thirty (30) days after Versant Power provides the Transmission Customer with an invoice for such cost and expenses. Upon request in writing within 90 days and at the expense of the Transmission Customer, Versant Power will make additional tests; provided, however, if the Transmission Customer requests an additional test and errors greater than 2% are discovered, Versant Power shall pay the expense of the additional test. If a meter fails to register or if the measurement made by a meter is found to be inaccurate, then a retroactive billing adjustment shall be made by Versant Power in accordance with Article X of this Agreement correcting all previous bills from Versant Power to the Transmission Customer that were based upon measurements made by the meter during the actual period in which the meter failed to register or was inaccurate. A payment for the adjusted billing shall be made by the Transmission Customer in accordance with Articles X and XI of this

Agreement.

I. Versant Power shall notify the Transmission Customer prior to all metering tests and the Transmission Customer shall have the right to observe the tests. If a meter is found to be inaccurate or defective, it shall be adjusted, repaired, or replaced at the Transmission Customer's expense in order to provide accurate metering. Versant Power shall provide to the Transmission Customer a written report of results of all meter tests.

VI. MONITORING

A. Versant Power shall own, install, and maintain all automatic control and monitoring devices and equipment on its system up to the POD with the Transmission Customer required under this Agreement. This equipment shall: (i) be compatible with the Versant Power System Operators SCADA control system; (ii) permit direct control of the interconnecting circuit breaker and motor-operated switch by Versant Power system operators; (iii) provide for the transmission of all data that Versant Power deems necessary to permit the Versant Power system operator to monitor the overall operation of the interconnection equipment; (iv) provide for necessary data to permit Versant Power to monitor Unscheduled Energy; and (v) provide such other capabilities as Versant Power deems necessary, including, but not limited to, the ability to open the interconnection between the Transmission Customer and Versant Power under the conditions specified in Articles VII and VIII of this Agreement.

B. The Transmission Customer shall provide to Versant Power on a daily basis, at the Transmission Customer's expense, the following: (1) the instantaneous kW and kVARh load for the Transmission Customers; (2) the integrated kWh load for the Transmission Customer for 2, 15, and 60 minute intervals; (3) the integrated load for the Transmission Customer for the previous 24-hour period; and (4) any other information, as may be reasonably requested by Versant Power. Versant Power agrees that the Transmission Customer has provided sufficient devices and equipment for these purposes.

VII. PROTECTION AND CONTROL OF INTERCONNECTION EQUIPMENT

The Transmission Customer, at its expense, shall design, purchase, construct, install, and be responsible for the expense of maintaining all of the Interconnection Equipment that isolates the

Transmission Customer's equipment from Versant Power's system. All such Interconnection Equipment shall be of sufficient size to accommodate the delivery of energy and capacity under the Service Agreement between Versant Power and the Transmission Customer and shall be of utility grade, acceptable to Versant Power.

The required protective relay system shall be capable of detecting faults to allow for disconnection of the Transmission Customer's load at the POD to facilitate restoration of service, maintain system stability, mitigate any fault damage, and protect the general public, the Transmission Customer and Versant Power personnel. This protective relay system must be approved by Versant Power, which approval shall not be unreasonably withheld. Versant Power shall provide relay settings and have the right to review and make recommendations with respect to the design, equipment selection, operation, and routine maintenance and testing of the protective relay system. The Transmission Customer shall purchase and install the protective relay system at its own expense. The Transmission Customer shall maintain the protective relay system in accordance with Section IX.B.

The protective relay system shall include, without limitation, the following:

- A. Linkable main disconnect switch with arc restrictions that permits isolation of the load from the BHD Transmission System;
- B. An automatic circuit breaker that is (1) capable of tripping the Transmission Customer both automatically and by remote control from Versant Power and (2) capable of synchronizing the Transmission Customer load to the BHD Transmission System;
- C. Underfrequency protective relays used in conjunction with the automatic circuit breaker in Section VII.B above;
- D. Potential and current transformers;
- E. Phase fault protection and ground fault protection.

Should Versant Power consistent with Good Utility Practices, determine that the Transmission Customer is not providing proper operation of the protective relay system, Versant Power shall so notify the Transmission Customer in writing, providing specific engineering detail of the

acceptable testing operation and maintenance procedures and shall provide the Transmission Customer with a period of time that is reasonable under the circumstances to accomplish the specified corrective actions, but in no event less than five (5) days. If the Transmission Customer fails to accomplish the required corrective actions within the time specified in the notice, Versant Power may, after giving such actual further notice (including no further notice) to the Transmission Customer as Versant Power shall, in its sole discretion, determine to be reasonable under the terms of the OATT (including Schedule 21-VP) open the Interconnection between the Transmission Customer and Versant Power until the required corrective action is accomplished. Versant Power shall take the action contemplated in the previous sentence only if the Transmission Customer's failure to take the corrective action could, in Versant Power's reasonable judgment, result in a System Emergency or is otherwise required by Good Utility Practices. Versant Power shall not be responsible for any loss, damage, expense, or liability whatsoever experienced by the Transmission Customer resulting from the opening of the interconnection as permitted under this paragraph. The Transmission Customer moreover agrees to indemnify and hold harmless Versant Power, its officers, agents, employees, and directors from and against all loss, damage, expense, and liability of any type whatsoever for any claim or other liability resulting from such opening of the interconnection.

VIII. INTERCONNECTION OPERATION

A. Versant Power will operate and maintain its nominal transmission voltage within a range of +/- 5% at the point of interconnection between Versant Power and the Transmission Customer. The Transmission Customer, at its expense, shall maintain appropriate voltage on its system in accordance with Good Utility Practice

B. The Transmission Customer shall have a reactive operating range (power factor) that is continuous throughout the 95% lead to 95% lag range; provided, however, that under normal operating conditions the Transmission Customer shall not deliver excess reactive power to the Versant Power system unless otherwise agreed to by Versant Power.

C. During a System Emergency, the Transmission Customer at Versant Power's request, shall operate its system in a manner to mitigate the System Emergency. That operation may call for full or partial interruption of power, but in an amount and duration only as reasonably

required by the System Emergency.

D. The Transmission Customer shall, in the event of an unscheduled outage or limitation of transmission facilities, report that outage or limitation immediately to Versant Power's dispatcher. Further, the Transmission Customer shall notify Versant Power when the outage or limitation has been remedied.

E. In the event the Transmission Customer load requires Versant Power to serve the load, curtailment of delivery to the Transmission Customer will be in accordance with the Backup Service Agreement between Versant Power and the Transmission Customer in effect at the time. The Backup Service Agreement is attached as Appendix B to the Agreement.

IX. MAINTENANCE AND MODIFICATION TO THE INTERCONNECTION

A. Each Party shall maintain and replace at its expense during the term hereof all its Interconnection Equipment, in accordance with established practices and standards for the operation and maintenance of power system equipment.

B. The Transmission Customer shall arrange with Versant Power for an annual, visual inspection of all Interconnection Equipment and associated maintenance records. Every two years, the Transmission Customer shall arrange a relay calibration test and operation test of the Transmission Customer's Interconnection Equipment. These tests must be performed by a qualified contractor, approved by Versant Power and acceptable to the Transmission Customer, or by Versant Power itself. After the relay calibration tests are completed, Versant Power may perform a relay system functional test. The Transmission Customer shall bear the cost of any relay testing and other assistance that may be requested of Versant Power before and after the system is made operational. The Transmission Customer shall reimburse Versant Power for all its costs and expenses, including administrative expenses, incurred under this Section within thirty (30) days after Versant Power provides the Transmission Customer with an invoice for such costs and expenses.

C. At the Transmission Customer's request during the Term of this Agreement, Versant Power shall move any of its lines or other equipment used exclusively for the purpose of furnishing and delivering to the Transmission Customer electric energy, if: (i) the Transmission

Customer furnishes without charge or expense to Versant Power a new, suitable, and sufficient right(s)-of-way to enable Versant Power to deliver electric energy, and (ii) the Transmission Customer reimburses Versant Power in advance on a progress payment basis for all costs incurred by Versant Power in connection with the moving of said lines or equipment. The Transmission Customer is responsible for securing for Versant Power such new location and new right(s)-of-way.

D. Versant Power retains the right, after prior consultation with the Transmission Customer, to increase the transmission voltage level to accommodate system requirements. In the event of an interconnection voltage upgrade, the Transmission Customer shall be responsible, at its own expense, for making all equipment alterations to receive energy at the new transmission voltage. Versant Power shall provide the Transmission Customer with two (2) years written notice of the planned upgrade and shall coordinate its construction schedule with the Transmission Customer.

E. In the event of a failure of the Transmission Customer facilities, Versant Power shall, at the Transmission Customer's expense, make best efforts, consistent with its own practices, to transfer service to the backup facilities owned by the Transmission Customer. Such transfer may include, but would not be limited to, removal and installation of substation buswork and field relocation of protective relay sensing circuits.

X. BILLING AND PAYMENTS

Billing and Payments shall be in accordance with Section 4 of the Schedule 21-VP of the OATT.

XI. AUDITS OF ACCOUNTS AND RECORDS

Within three (3) years following any calendar year, during which service was rendered hereunder, Versant Power and the Transmission Customer shall have the right to audit each other's applicable accounts and records during normal business hours at the offices where such accounts and records are maintained; provided that appropriate notice shall have been given prior to any audit and provided that the audit shall be limited to those portions of such accounts and records that relate to service under the OATT for said calendar year. The costs of the audit shall be borne by the party requesting the audit.

XII. SCHEDULING

A. Local Point-To-Point Service

Schedules for Local Point-To-Point Service must be submitted pursuant to Part I.1.h and Part I.2.f of Schedule 21 of the OATT.

B. Local Network Service

Schedules for the Transmission Customer Local Network Service must be submitted to Versant Power no later than 10:00 a.m. of the day prior to commencement of such service. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour. The Transmission Customer will arrange for monthly schedules of hourly transfer from the network resources to Versant Power and any Transmission Provider involved in scheduling of control area interchanges. The Transmission Customer schedule change will be permitted on an instantaneous basis if Versant Power and the Transmission Customer and all intervening control areas agree and agreements are in place to provide for scheduling modifications. Versant Power will furnish to dispatchers of the Delivering Party hour-to-hour schedules equal to those furnished by the Receiving Party and shall deliver capacity and energy at the POD's in an amount provided by the schedules. Should the Transmission Customer, Delivering Party, or Receiving Party revise or terminate any schedule, such party shall notify Versant Power.

XIII. ACCESS

A. Versant Power will grant, with a reasonable notification and without cost to the Transmission Customer for the Term of this Agreement, any access that may be necessary for reasonable ingress and egress over property owned by Versant Power in order to operate, inspect, maintain, replace, and remove control facilities, meters, recorders, load management system (totalizer and transponder), telecommunications link, and any other Transmission Customer-owned Interconnection Equipment, provided that such access shall not disrupt or otherwise interfere with the normal operations of Versant Power.

B. The Transmission Customer will grant, with a reasonable notification and without cost to Versant Power for the Term of this Agreement, any access that may be necessary for reasonable

ingress and egress over property owned by the Transmission Customer in order to operate, inspect, maintain, replace, and remove Versant Power-owned Interconnection Equipment, provided that such access shall not disrupt or otherwise interfere with the normal operations of the Transmission Customer.

IN WITNESS WHEREOF the Parties hereto have caused this instrument to be executed in their corporate names by their duly authorized representatives.

WITNESSES:

VERSANT POWER

By: _____

Its: _____

Dated: _____

TRANSMISSION CUSTOMER

By: _____

Its: _____

Dated: _____

APPENDIX A-VP
CUSTOMER DIRECT ASSIGNMENT FACILITIES

ATTACHMENT H-VP

[Reserved]

ATTACHMENT I-VP
INDEX OF NETWORK CUSTOMERS

[See Electric Quarterly Reports]

ATTACHMENT J-VP

[Reserved]

ATTACHMENT K-VP
[Reserved]

ATTACHMENT L-VP
UMBRELLA SERVICE AGREEMENT FOR
RETAIL FIRM LOCAL POINT-TO-POINT SERVICE

1.0 This Service Agreement, dated as of _____, including the specifications for Retail Firm Local Point-To-Point Service attached hereto and incorporated herein, is entered into, by and between Versant Power and _____, (“Transmission Customer”) (hereinafter referred to individually as “Party” or collectively as “Parties”).

2.0 The Transmission Customer has been determined by Versant Power to have a completed application for Firm Point-To-Point Service under Schedule 21 and Schedule 21-VP of the OATT and to have satisfied the conditions for service imposed by Schedule 21 and Schedule 21-VP of the OATT to the extent necessary to obtain service with respect to its participation in the State of Maine’s retail access program.

3.0 Service under this agreement shall commence on the later of: (1) _____, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as permitted by the Commission. Service under this Service Agreement shall terminate on _____, unless earlier terminated for default. Upon termination the Transmission Customer will remain responsible for any outstanding charges incurred under Schedule 21 and Schedule 21-VP of the OATT and this Service Agreement, including any costs incurred and apportioned or assigned to the Transmission Customer by FERC, including any costs associated with Direct Assignment Facilities and/or Network Upgrades.

4.0 The Transmission Customer agrees to supply information Versant Power deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.

5.0 The Transmission Customer has provided Versant Power with assurance of creditworthiness in accordance with the provisions of Section 11 of Schedule 21-VP of the OATT. The Transmission Customer has provided an application deposit in the amount of \$_____ in accordance with the provisions of Schedule 21-VP of the OATT.

6.0 If the Transmission Customer is a Designated Agent delivering power to retail customers, the Transmission Customer represents and warrants that it is duly authorized to sign this agreement on behalf of its retail customers and shall provide reasonable documentation upon request demonstrating such authorization.

7.0 Versant Power agrees to provide and the Transmission Customer agrees to take and pay for Retail Firm Local Point-To-Point Service in accordance with the provisions of Schedule 21 and Schedule 21-VP of the OATT, and this Service Agreement. Retail Transmission Customers taking service directly or through a Designated Agent pursuant to this Service Agreement and under Schedule 21 and Schedule 21-VP of the OATT shall continue to pay Maine Public Utilities Commission ordered stranded costs and other distribution-related cost, as applicable. If the Transmission Customer is a Designated Agent delivering power to retail customers and taking transmission service on their behalf, the Transmission Customer agrees that Versant Power shall collect receipts for applicable transmission and ancillary charges (except for Energy Imbalance Service) directly from retail customers served by Versant Power unless other mutually agreeable provisions for payment are made. Versant Power shall bill directly the Designated Agent, if it is not Versant Power, for Energy Imbalance Service.

8.0 Monthly bills will be sent to the Transmission Customer at the following address:

9.0 Payment to Versant Power by the Transmission Customer must be made by electronic wire transfer or such other means as will cause payment to be available for Versant Power's use on the date payment is due. Unless other arrangements are made with Versant Power, the Transmission Customer shall transfer all payments by wire to the following:

Bank: _____

ABA No.: _____

Account Name: _____

Account No.: _____

10.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Versant Power:

Transmission Customer:

11.0 The OATT (including Schedule 21 and Schedule 21-VP) are incorporated herein and made a part hereof.

12.0 Nothing contained in this Service Agreement shall be construed as affecting in any way Versant Power's right unilaterally to file with FERC, or to make application to FERC, or other regulatory bodies having jurisdiction for changes in rates, charges, classification of service, or any rule, regulation, or agreement related thereto, under section 205 of the Federal Power Act, and pursuant to FERC's rules and regulations promulgated thereunder, or under applicable statutes or regulations or the Transmission Customer's rights under the Federal Power Act and rules and regulations promulgated thereunder.

13.0 This Service Agreement may be executed in any number of counterparts with the same effect as if all parties executed the same document. All such counterparts shall be construed together and shall constitute one instrument.

14.0 The OASIS Standards and Protocols document states that if a Transmission Provider approves a request for service, the Transmission Customer must confirm. Once the Transmission Customer confirms an approved purchase, a reservation is considered to exist. In order for a request to remain valid, the Transmission Customer must confirm within the following time periods or the request is deemed withdrawn:

Transmission Provider approves request within _____ before start of service	Transmission Customer must confirm within _____ or request is deemed withdrawn
24 hours or less	1 hour
25-48 hours	24 hours before transaction begins
2-6 days	24 hours
7-30 days	72 hours
31-90 days	1 week
90 days or more	15 days

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Versant Power:

By: _____
Name Title Date

Transmission Customer:

By: _____
Name Title Date

Specifications For Retail Firm Local Point-To-Point Service

1.0 Term of Service: _____

Start Date:

Termination Date:

2.0 Description of capacity and energy to be transmitted by Versant Power including the electric Control Area in which the transaction originates.

3.0 Point(s) of Receipt: _____

Delivery Party:

4.0 Point(s) of Delivery: _____

Receiving Party:

5.0 Maximum amount of capacity and energy to be transmitted (Reserved

Capacity): _____

6.0 Designation of Party subject to reciprocal service obligation: _____

7.0 Name(s) of any intervening systems providing transmission service:

8.0 Service under this Service Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of Schedule 21 and Schedule 21-VP of the OATT)

8.1 Transmission Charge:

8.2 System Impact and/or Facilities Study Charge(s):

8.3 Direct Assignment Facilities Charge:

8.4 Ancillary Services Charges:

Schedule 1 (Scheduling): _____

Schedule 2 (Reactive Supply): _____

Schedule 3 (Regulation): _____

Schedule 4 (Energy Imbalance): _____

Schedule 5 (Spinning Reserve): _____

Schedule 6 (Supplemental Reserve): _____

8.5 Losses: _____

8.6 Taxes: _____

8.7 Local Distribution Costs: _____

9.0 Description of Method of Supplying of Losses: _____

10.0 Source of supply of each Ancillary Service not provided by Versant Power:

ATTACHMENT M-VP
UMBRELLA SERVICE AGREEMENT FOR
RETAIL NON-FIRM LOCAL POINT-TO-POINT SERVICE

1.0 This Service Agreement, dated as of _____, including the specifications for Retail Non-Firm Local Point-To-Point Service attached hereto and incorporated herein, is entered into, by and between Versant Power and _____, (“Transmission Customer”) (hereinafter referred to individually as “Party” or collectively as “Parties”).

2.0 The Transmission Customer has been determined by Versant Power to have a completed application for Non-Firm Local Point-To-Point Service under Schedule 21 and Schedule 21-VP of the OATT and to have satisfied the conditions for service imposed by Schedule 21 and Schedule 21-VP of the OATT to the extent necessary to obtain service with respect to its participation in the State of Maine’s retail access program.

3.0 Service under this agreement shall commence on the later of: (1) _____, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as permitted by the Commission. Service under this Service Agreement shall terminate on _____, unless earlier terminated for default. Upon termination the Transmission Customer will remain responsible for any outstanding charges incurred under Schedule 21 and Schedule 21-VP of the OATT and this Service Agreement, including any costs incurred and apportioned or assigned to the Transmission Customer by FERC, including any costs associated with Direct Assignment Facilities and/or Network Upgrades.

4.0 The Transmission Customer agrees to supply information Versant Power deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.

5.0 The Transmission Customer has provided Versant Power with assurance of creditworthiness in accordance with the provisions of Section 11 of Schedule 21-VP of the OATT.

6.0 If the Transmission Customer is a Designated Agent delivering power to retail customers, the Transmission Customer represents and warrants that it is duly authorized to sign this

agreement on behalf of its retail customers and shall provide reasonable documentation upon request demonstrating such authorization.

7.0 Versant Power agrees to provide and the Transmission Customer agrees to take and pay for Retail Non-Firm Local Point-To-Point Service in accordance with the provisions of Schedule 21 and Schedule 21-VP of the OATT and this Service Agreement. Retail Transmission Customers taking service directly or through a Designated Agent pursuant to this Service Agreement and under Schedule 21 and Schedule 21-VP of the OATT shall continue to pay Maine Public Utilities Commission ordered stranded costs and other distribution-related costs, as applicable. If the Transmission Customer is a Designated Agent delivering power to retail customers and taking transmission service on their behalf, the Transmission Customer agrees that Versant Power shall collect receipts for applicable transmission and ancillary charges (except for Energy Imbalance Service) directly from retail customers served by Versant Power, unless other mutually agreeable provisions for payment are made. Versant Power shall bill directly the Designated Agent, if it is not Versant Power, for Energy Imbalance Service.

8.0 Monthly bills will be sent to the Transmission Customer at the following address:

9.0 Payment to Versant Power by the Transmission Customer must be made by electronic wire transfer or such other means as will cause payment to be available for Versant Power's use on the date payment is due. Unless other arrangements are made with Versant Power, the Transmission Customer shall transfer all payments by wire to the following:

Bank: _____

ABA No.: _____

Account Name: _____

Account No.: _____

10.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Versant Power:

Transmission Customer:

11.0 The OATT (including Schedule 21 and Schedule 21-VP) are incorporated herein and made a part hereof.

12.0 Nothing contained in this Service Agreement shall be construed as affecting in any way the Versant Power's right unilaterally to file with FERC, or to make application to FERC, or other regulatory bodies having jurisdiction for changes in rates, charges, classification of service, or any rule, regulation, or agreement related thereto, under section 205 of the Federal Power Act, and pursuant to FERC's rules and regulations promulgated thereunder, or under applicable statutes or regulations, or the Transmission Customer's rights under the Federal Power Act and rules and regulations promulgated thereunder.

13.0 This Service Agreement may be executed in any number of counterparts with the same effect as if all parties executed the same document. All such counterparts shall be construed together and shall constitute one instrument.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

VERSANT POWER:

By: _____
Name Title Date

Transmission Customer:

By: _____
Name Title Date

Specifications For Retail Non-Firm Local Point-To-Point Service

1.0 Term of Service: _____

Start Date:

Termination Date:

2.0 Description of capacity and energy to be transmitted by Versant Power including the electric Control Area in which the transaction originates.

3.0 Point(s) of Receipt: _____

Delivery Party:

4.0 Point(s) of Delivery: _____

Receiving Party:

5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity):

6.0 Designation of Party subject to reciprocal service obligation: _____

7.0 Name(s) of any intervening systems providing transmission service:

8.0 Service under this Service Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of Schedule 21 and Schedule 21-VP of the OATT.)

8.1 Transmission Charge:

8.2 System Impact and/or Facilities Study Charge(s):

8.3 Direct Assignment Facilities Charge:

8.4 Ancillary Services Charges:

Schedule 1 (Scheduling): _____

Schedule 2 (Reactive Supply): _____

Schedule 3 (Regulation): _____

Schedule 4 (Energy Imbalance): _____

Schedule 5 (Spinning Reserve): _____

Schedule 6 (Supplemental Reserve): _____

8.5 Losses: _____

8.6 Taxes: _____

8.7 Local Distribution Costs: _____

9.0 Description of Method of Supplying of Losses: _____

10.0 Source of supply of each Ancillary Service not provided by Versant Power:

ATTACHMENT N-VP
UMBRELLA SERVICE AGREEMENT FOR
RETAIL LOCAL NETWORK SERVICE

1.0 This Service Agreement, dated as of _____, including the specifications for Retail Local Network Service attached hereto and incorporated herein, is entered into, by and between Versant Power, and _____, (“Network Customer”) (hereinafter referred to individually as “Party” or collectively as “Parties”).

2.0 A retail customer of Versant Power that does not elect to (i) take transmission service directly from Versant Power, or (ii) take transmission service from Versant Power through a Designated Agent other than Versant Power, shall be deemed to take Retail Local Network Service from Versant Power as its Designated Agent. Such retail customer is not required to sign a Service Agreement, but shall take Retail Local Network Service from the Versant Power as its Designated Agent under this Service Agreement. A retail customer that takes at least 500 KW of transmission service in any one hour in the calendar year from Versant Power and takes Retail Local Network Service from Versant Power as its Designated Agent is not required to sign a Service Agreement for Retail Local Network Service, unless Versant Power must construct either Direct Assignment Facilities or Network Upgrades in order to provide Local Point-To-Point Service to the retail customer.

3.0 If an application is required under Schedule 21 and Schedule 21-VP of the OATT, the Network Customer has been determined by Versant Power to have a completed application for Local Network Service under Schedule 21 and Schedule 21-VP of the OATT and to have satisfied the conditions for service imposed by Schedule 21 and Schedule 21-VP of the OATT to the extent necessary to obtain service with respect to its participation in the State of Maine’s retail access program.

4.0 Service under this agreement shall commence on the later of: (1) _____, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as permitted by the Commission. The Service Agreement shall be effective for an initial term of one year for a retail customer taking Retail Local Network Service directly from Versant Power or through a Designated Agent other than Versant Power or

for any Network Customer required to execute a Service Agreement or provide notice that an unexecuted Service Agreement should be filed. Thereafter, it will continue from year to year unless terminated by the Network Customer or Versant Power by giving the other one-year advance written notice or by mutual agreement of the Parties, unless earlier terminated for default. The Service Agreement shall be effective for an initial term of one of Versant Power's typical monthly billing cycles for retail customers taking Retail Local Network Service from Versant Power as their Designated Agent that are not required to execute a Service Agreement or provide notice that an unexecuted Service Agreement should be filed. Thereafter, it will continue from typical monthly billing cycle to typical monthly billing cycle unless terminated by the Network Customer or Versant Power by giving the other one month advance written notice or by a mutual agreement of the Parties, unless earlier terminated. Upon termination the Network Customer shall remain responsible for any outstanding charges incurred under Schedule 21 and Schedule 21-VP of the OATT and this Service Agreement, including any costs incurred and apportioned or assigned to the Network Customer by FERC, including any costs associated with Direct Assignment Facilities and/or Network Upgrades.

5.0 The Network Customer agrees to supply information Versant Power deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.

6.0 The Network Customer has provided Versant Power with assurance of creditworthiness in accordance with the provisions of Section 7 of Schedule 21-VP of the OATT.

7.0 If the Network Customer is a Designated Agent delivering power to retail customers, the Network Customer represents and warrants that it is duly authorized to sign this agreement on behalf of its retail customers and shall provide reasonable documentation upon request demonstrating such authorization.

8.0 Versant Power agrees to provide and the Network Customer agrees to take and pay for Retail Local Network Service in accordance with the provisions of Schedule 21 and Schedule 21-VP of the OATT and this Service Agreement. Retail customers taking service directly or through a Designated Agent pursuant to this Service Agreement and under Schedule 21 and Schedule 21-VP of the OATT shall continue to pay Maine Public Utilities Commission ordered

stranded costs and other distribution-related costs, as applicable. If the Network Customer is a Designated Agent delivering power to retail customers and taking transmission service on their behalf, the Network Customer agrees that Versant Power shall collect receipts for applicable transmission and ancillary charges (except for Energy Imbalance Service) directly from retail customers served by Versant Power unless other mutually agreeable provisions for payment are made. Versant Power shall bill directly the Designated Agent, if it is not Versant Power, for Energy Imbalance Service.

9.0 Monthly bills will be sent to the Network Customer at the following address:

10.0 Payment to Versant Power by the Network Customer must be made by electronic wire transfer or such other means as will cause payment to be available for Versant Power's use on the date payment is due. Unless other arrangements are made with Versant Power, the Network Customer shall transfer all payments by wire to the following:

Bank: _____

ABA No.: _____

Account Name: _____

Account No.: _____

11.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Versant Power:

Network Customer:

12.0 The OATT (including Schedule 21 and Schedule 21-VP) are incorporated herein and made a part hereof.

13.0 Nothing contained in this Service Agreement or any associated Operating Agreement shall be construed as affecting in any way Versant Power's right unilaterally to file with FERC, to make application to FERC, or other regulatory bodies having jurisdiction for changes in rates, charges, classification of service, or any rule, regulation, or agreement related thereto, under section 205 of the Federal Power Act, and pursuant to FERC's rules and regulations promulgated thereunder, or under applicable statutes or regulations; or the Network Customer's rights under the Federal Power Act and rules and regulations promulgated thereunder.

14.0 This Service Agreement may be executed in any number of counterparts with the same effect as if all parties executed the same document. All such counterparts shall be construed together and shall constitute one instrument.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

VERSANT POWER:

By: _____

Name

Title

Date

Network Customer:

By: _____

Name

Title

Date

Specifications For Retail Local Network Service

1.0 Term of Service: _____

Start Date:

Termination Date:

2.0 Description of capacity and energy to be transmitted by Versant Power including the electric Control Area in which the transaction originates.

3.0 Point(s) of Receipt: _____

Delivery Party:

4.0 Point(s) of Delivery: _____

Receiving Party:

5.0 Maximum amount of capacity and energy to be transmitted (Reserved

Capacity):

6.0 Designation of Party subject to reciprocal service obligation: _____

7.0 Name(s) of any intervening systems providing transmission service:

8.0 Service under this Service Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of Schedule 21 and Schedule 21-VP of the OATT.)

8.1 Transmission Charge:

8.2 System Impact and/or Facilities Study Charge(s):

8.3 Direct Assignment Facilities Charge:

8.4 Ancillary Services Charges:

Schedule 1 (Scheduling): _____

Schedule 2 (Reactive Supply): _____

Schedule 3 (Regulation): _____

Schedule 4 (Energy Imbalance): _____

Schedule 5 (Spinning Reserve): _____

Schedule 6 (Supplemental Reserve): _____

8.5 Losses: _____

8.6 Taxes: _____

8.7 Local Distribution Costs: _____

9.0 Description of Method of Supplying of Losses: _____

10.0 Source of supply of each Ancillary Service not provided by Versant Power:

ATTACHMENT O-VP
UMBRELLA NETWORK OPERATING AGREEMENT
FOR RETAIL LOCAL NETWORK SERVICE

1.0 This Network Operating Agreement, dated as of _____, is entered into, by and between Versant Power and _____ (“Network Customer”) (hereinafter referred to individually as “Party” or collectively as “Parties”).

2.0 The Network Customer has been determined by Versant Power to have a completed application for Local Network Service under Schedule 21 and Schedule 21-VP of the OATT and to have satisfied the conditions for service imposed by Schedule 21 and Schedule 21-VP of the OATT to the extent necessary to obtain service with respect to its participation in the State of Maine’s retail access program.

3.0 The Parties have entered into a Service Agreement for Retail Local Network Service under Schedule 21-VP of the OATT.

4.0 All terms used in this Operating Agreement shall have the meaning defined in Schedule 21 and Schedule 21-VP of the OATT unless a different definition is specifically provided for herein.

5.0 Versant Power and the Network Customer agree that the provisions of this Operating Agreement, the Service Agreement for Retail Local Network Service, and Schedule 11-VP of Schedule 21-VP of the OATT govern Versant Power’s provision of Retail Local Network Service to the Network Customer in accordance with Schedule 21 and Schedule 21-VP of the OATT, as it may be amended from time to time.

6.0 Power and energy transmitted by Versant Power for the Network Customer shall be delivered as three-phase alternating current at a frequency of approximately 60 Hertz, and at the nominal voltages at the delivery and receipt points. When multiple delivery points are provided to a specific Network Load, they shall not be operated in parallel by the Network Customer without the approval of Versant Power. Versant Power and the Network Customer shall also establish and monitor standards and operating rules and procedures to assure that BHD Transmission System integrity and the safety of customer, the public, and employees are

maintained or enhanced when such parallel operation is permitted either on a continuing basis or for intermittent switching or other service needs. Each Party shall exercise due diligence and reasonable care in maintaining and operating its facilities so as to maintain continuity of service.

7.0 Versant Power reserves the right to inspect the facilities and operating records of a Network Customer upon mutually agreeable terms and conditions.

8.0 The Network Customer shall be required at all times to maintain, consistent with North American Electric Reliability Council (“NERC”) and Northeast Power Coordinating Council (“NPCC”) guidelines, a balance between its owned or purchased generation resources and load. The provision of transmission service under Schedule 21 and Schedule 21-VP of the OATT is not an offer to provide generation sufficient to meet the Network Customer’s load requirements. The Network Customer must meet its load reliability either through the construction and ownership of generation facilities and/or the purchase of power from a third party and the purchase of such Ancillary Services from Versant Power or a third party.

9.0 The Network Customer shall purchase in appropriate amounts all of the required Ancillary Services described in Schedule 21 and Schedule 21-VP of the OATT from Versant Power or, where applicable, self-supply or obtain these services from other providers. Where the Network Customer elects to self-supply or have others provide Ancillary Services, the Network Customer must demonstrate that it has either acquired the Ancillary Services from another source or is capable of self-supplying the services. The Network Customer must designate the supplier of Ancillary Services.

10.0 Versant Power reserves the right to take whatever actions it deems necessary to preserve the reliability and integrity of its electric system, limit or prevent damage, expedite restoration of service, ensure safe and reliable operation, avoid adverse effects on the quality of service, or preserve public safety. If the transmission service is causing harmful physical effects to the BHD Transmission System facilities or to its customers (e.g., harmonics, undervoltage, overvoltage, flicker, voltage variations, etc.), Versant Power shall promptly notify the Network Customer and if the Network Customer does not take the appropriate corrective actions immediately, Versant Power shall have the right to interrupt transmission service in order to alleviate the situation and to suspend all or any portion of the transmission service until

appropriate corrective action is taken.

11.0 If the function of any Party's facilities is impaired, the capacity of any delivery point is reduced, or synchronous operation at any delivery point(s) becomes interrupted, either manually or automatically, as a result of force majeure or maintenance coordinated by the Parties, the Parties will cooperate to remove the cause of such impairment, interruption, or reduction, so as to restore normal operating conditions expeditiously.

12.0 It is recognized by the Parties that the BHD Transmission System is, and will be, directly or indirectly interconnected with BHD Transmission Systems owned or operated by others, that the flow of power and energy between such systems will be controlled by the physical and electrical characteristics of the facilities involved and the manner in which they are operated, and that part of the power and energy being delivered under this Operating Agreement may flow through such other systems rather than through the facilities of Versant Power. Each Party will at all times cooperate with other interconnected systems in establishment of arrangements that may be necessary to relieve any hardship in such other systems and in the systems of the other entities caused by energy flows of scheduled deliveries hereunder.

13.0 No later than December 15 of each year, the Network Customer shall provide Versant Power the following information:

- a) a three (3) year projection of monthly peak demands with the corresponding power factors and annual energy requirements on an aggregate basis for each delivery point. If there is more than one delivery point, provide the monthly peak demands and energy requirements at each delivery point for the normal operating configuration;
- b) a three (3) year projection by month of planned generating capabilities and committed transactions with third parties which resources are expected to be used by the Network Customer to supply the peak demand and energy requirements provided in (a);
- c) a three (3) year projection by month of the estimated maximum demand in kilowatts that the Network Customer plans to acquire from the generation resources owned by the Network Customer, and generation resources purchased from others;

d) a projection for each of the next three (3) years of transmission facility additions to be owned and/or constructed by the Network Customer which facilities are expected to affect the planning and operation of the BHD Transmission System.

Information exchanged by the Parties under Section 13 will be used for system planning and protection only, and will not be disclosed to third parties absent mutual consent or order of a court or regulatory agency.

Versant Power will incorporate this information in its system load flow analyses performed during the first half of each year. Following the completion of these analyses, Versant Power will provide the following to the Network Customer only in the event of a constraint or a partial limitation:

- a) A statement regarding the ability of the BHD Transmission System to meet the forecast deliveries at each of the delivery points;
- b) A detailed description of any constraints on Versant Power's Bangor Hydro District system within the three (3) year horizon that will restrict forecast deliveries.
- c) In the event that studies reveal a potential limitation of Versant Power's ability to deliver power and energy to any of the delivery points, Versant Power and Network Customer shall identify appropriate remedies for such constraints including but not limited to: construction of new transmission facilities, upgrade or other improvements to existing transmission facilities, or temporary modification to operation procedures designed to relieve identified constraints. Versant Power will, consistent with Good Utility Practice, endeavor to construct and place into service sufficient transmission capacity to maintain reliable service to the Network Customer. An appropriate sharing of the costs to relieve such constraints will be determined by the Parties, consistent with FERC rules, regulations, policies, and precedents then in effect. If the Parties are unable to agree upon an appropriate remedy or sharing of the costs, Versant Power shall submit its proposal for the remedy or sharing of such costs to the FERC for approval consistent with Schedule 21 and Schedule 21-VP of the OATT.

14.0 Prior to service commencing under this Operating Agreement and the Service Agreement for Retail Local Network Service, and prior to the beginning of each month thereafter, the

Network Customer shall provide to Versant Power, the Network Customer's daily peak load expressed in terms of tenths of a megawatt and shall include all losses within the BHD Transmission System.

15.0 Prior to the beginning of each month, the Network Customer shall provide to Versant Power forward hourly loads and energy schedules for all energy flowing into the BHD Transmission System.

16.0 The Network Customer shall provide Versant Power, at least twelve (12) hours in advance of every calendar day, Network Customer's hourly energy schedules for the next calendar day for all energy flowing into the BHD Transmission System. The Network Customer may modify its hourly energy schedules up to twenty (20) minutes before the start of the next clock hour. The hourly schedule must be stated in increments of tenths of a megawatt and shall include all losses within the BHD Transmission System. These hourly schedules will be used by Versant Power to determine whether any Energy Imbalance Service charges apply, pursuant to Schedule 4 of the OATT and Schedule 4-VP of Schedule 21-VP of the OATT.

17.0 The procedures by which a Network Customer will determine the peak and hourly loads reported to Versant Power pursuant to this Operating Agreement may be set forth in a separate schedule to this Operating Agreement. Load distribution profiles of customer classes may be used to determine peak and hourly loads.

18.0 Prior to service commencing under this Operating Agreement and the Service Agreement for Retail Local Network Service, the Network Customer shall designate its Network Resources consistent with Schedule 21 and Schedule 21-VP of the OATT. Consistent with Schedule 21 and Schedule 21-VP of the OATT, changes in the designation of Network Resources will be treated as an application for modification of service.

19.0 In accordance with Part II.4.d of Schedule 21 and Section 33 of Schedule 21-VP of the OATT, the ISO and/or Versant Power may require redispatching of generation resources or curtailment of loads to relieve existing or potential BHD Transmission System constraints.

20.0 The Network Customer and Versant Power shall implement load-shedding procedures to maintain the reliability and integrity of the BHD Transmission System as provided in Section 45

of the OATT and in accordance with applicable NERC and NPCC requirements and Good Utility Practice. Load shedding may include (1) automatic load shedding, (2) mutual load shedding, and (3) rotating interruption of customer load. When manual load shedding or rotating interruptions are necessary, Versant Power shall notify the Network Customer of the required action and the Network Customer shall comply immediately.

21.0 This Operating Agreement shall become effective, and remain in effect, for the same term as the term of the Retail Local Network Service Agreement entered into by Versant Power and Network Customer pursuant to which Versant Power will provide Retail Local Network Service under Schedule 21 and Schedule 21-VP of the OATT.

22.0 Any dispute among the Parties regarding this Operating Agreement shall be resolved pursuant to Section 12 of Schedule 21-VP of the OATT, or otherwise, as mutually agreed by the Parties.

23.0 This Operating Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and assigns, but shall not be assigned by any Party, except to successors to all or substantially all of the electric properties and assets of such Party, without the written consent of the others. Such written consent shall not be unreasonably withheld.

24.0 The interpretation, enforcement, and performance of this Operating Agreement shall be governed by the laws of the State of Maine, except laws and precedent of such jurisdiction concerning choice of law shall not be applied.

25.0 The OATT (including Schedule 21 and Schedule 21-VP) and Retail Local Network Service Agreement, as they are amended from time to time, are incorporated herein and made a part hereof. To the extent that a conflict exists between the terms of this Operating Agreement and the terms of Schedule 21 and Schedule 21-VP of the OATT, Schedule 21 and Schedule 21-VP of the OATT shall control.

26.0 Nothing contained in this Operating Agreement or any associated Service Agreement shall be construed as affecting in any way Versant Power's right unilaterally to file with FERC, or make application to FERC, or other regulatory body for changes in rates, charges, classification of service, or any rule, regulation, or agreement related thereto, under section 205

of the Federal Power Act and pursuant to FERC's rules and regulations promulgated thereunder, or under other applicable statutes or regulations, or to the Network Customer's rights under the Federal Power Act and rules and regulations promulgated thereunder.

27.0 Except as otherwise provided, any notice that may be given to or made upon any Party by the other Party under any of the provisions of the Operating Agreement shall be in writing, unless otherwise specifically provided herein and shall be considered delivered when the notice is either personally delivered or deposited in the United States mail, certified, or registered postage prepaid, to the following:

Versant Power

[name]

[title][address]

[phone]

[fax]

Network Customer

[name]

[title]

[address]

[phone]

[fax]

Any notice, request, or demand pertaining to operating matters may be delivered in person or by first class mail, messenger, telephone, telegraph, or facsimile transmission as may be appropriate and shall be confirmed in writing as soon as practical thereafter, if any Party so requests in any particular instance.

28.0 This Operating Agreement may be executed in any number of counterparts with the same effect as if all parties executed the same document. All such counterparts shall be construed together and shall constitute one instrument.

IN WITNESS WHEREOF, the Parties have caused this Operating Agreement to be executed by their respective authorized officials:

VERSANT POWER:

Date:

By: _____

TRANSMISSION CUSTOMER:

Date:

By: _____

ATTACHMENT P-VP DETERMINATION OF CHARGES

I. INTRODUCTION

This Attachment P-VP sets forth details with respect to the determination each year of charges for load and generation interconnected with Versant Power's non-Pool Transmission Facilities ("PTF") based on annual transmission revenue requirements calculated in accordance with Attachment F of the OATT ("Attachment F") and this Attachment P-VP. In accordance with Attachment F, such charges shall change and become effective each January 1.

Retail transmission price changes may or may not take effect on January 1, however. The transmission revenue effect of any difference (positive or negative) between when transmission price changes would normally occur (January 1) and when they actually occur will be accrued with interest, calculated pursuant to Section 35.19a of FERC's regulations and included in the next determination of transmission prices for retail transmission customers (the "Retail True Up").

The processes for calculation of the revenue requirements established by Attachment F are set forth in Appendix D to Attachment F. Versant Power shall follow these same processes, to the extent practicable, for the purpose of establishing charges in accordance with this Attachment P-VP.

II. DEFINITIONS

"Forecast Period" means the calendar year immediately following the Reported Year.

"Incremental Forecasted ISO Charges" represents the difference in the forecast Regional Service charges for the Forecast Period as compared to the actual Reported Year Regional Service charges, and

"Incremental Forecasted Regional Service Credits" represents the difference in the forecast Regional Service credits for the Forecast Period as compared to the actual Reported Year Regional Service credits, with each reduced by any incremental revenues associated with Commission-approved adders for RTO participation and new transmission investment.

“Local Service ATRR” means the value calculated for Versant Power at Worksheet 1, Line 9(A) of Attachment 2 of Appendix B to Attachment F plus the value calculated for Versant Power at Worksheet 1, Line 8(A) of Attachment 3 of Appendix B to Attachment F.

“PTP Transaction Revenue Credit” means ninety (90) percent of the transmission component of revenues for sales that use the BHD non-PTF transmission system, as recorded in Account No. 456.1 [FF1 at 300:22b] (if the transactions are not reflected in adjusted monthly peak loads).

“Reported Year” means the past calendar year for which data is used to calculate the transmission revenue requirements and associated charges in accordance with Attachment F and this Attachment P-VP.

“Retail True Up” has the meaning provided in Part I.

“Regional Service ATRR” means the value calculated for Versant Power at Worksheet 1, Line 8(A) of Attachment 1 of Appendix B to Attachment F.

“Regional Service and ISO Costs” means the transmission payments Versant Power makes to the ISO for Regional Service and all associated regional transmission-related services, such amounts fully assigned to PTF function.

“Regional Service and ISO Revenues” means the transmission revenues Versant Power receives from the ISO, less any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment, such amounts fully assigned to PTF function.

“Scheduling Revenue Requirement” has the meaning provided in Part IV.

III. CALCULATION OF VERSANT POWER TRANSMISSION REVENUE REQUIREMENTS

Notwithstanding any provision in Attachment F to the contrary, for purposes of calculating Versant Power’s transmission revenue requirements and associated charges in accordance with Attachment F and this Attachment P-VP:

(i) Reported Year load, revenue and sales data may be adjusted, as appropriate, to reflect known

and measurable anticipated changes for the subject rate year, provided, however, that to the extent any such adjusted data used in the annual calculation of charges differs from actual data for the Forecast Period, Versant Power will apply a true-up (equal to the difference between adjusted and actual data multiplied by the applicable tariff rate), with interest, through the Annual True-Ups calculated at: (a) Worksheet 1, Line 6(A) of Attachment 1 of Appendix B to Attachment F and (b) Worksheet 1, Line 7(A) of Attachment 2 of Appendix B to Attachment F; and

(ii) Versant Power may include in its calculations of the transmission revenue requirements such transaction-related costs that it is authorized to recover as a result of settlement or order in the consolidated proceedings in Docket Nos. EC10-67-002, *et al.*

IV. SCHEDULING REVENUE REQUIREMENT

A. Definitions

For purposes of this Section IV, the following terms shall be defined as follows.

- (1) Scheduling, System Control and Dispatching Expense shall equal the balance of Account Nos. 561.1-561.4 [FF1 at 321:85b-88b].
- (2) ISO Scheduling Credits and Schedule 1 Revenues shall equal such amounts associated with short-term and non-firm transactions and penalties for unauthorized use of Schedule 1 service as set forth in ISO monthly billing statements to Versant Power.

B. Scheduling Revenue Requirement

The Scheduling Revenue Requirement shall equal the following:

- (1) Scheduling, System Control and Dispatching Expense,
- minus (2) ISO Scheduling Credits and Schedule 1 Revenues.

V. [RESERVED]

VI. VERSANT POWER RATE DESIGN

A.1. Wholesale (Network and Point-To-Point, including Wheeling Off) and Retail Local Point-To-Point Scheduling, System Control and Dispatch Service

The components of the Scheduling, System Control and Dispatch Service rates are (1) the Scheduling Revenue Requirement and (2) the average monthly Network Load for the Reported Year that includes loads associated with wheeling off the BHD Transmission System.

The rates are calculated as follows using the numbers described immediately above:

Annual Rate	$(1) \div (2)$
Monthly Rate	Annual Rate divided by 12
Weekly Rate	Annual Rate divided by 52
Daily Rate	Annual Rate divided by 365
Hourly Rate	Annual Rate divided by 8760

A.2. Retail Local Network Scheduling, System Control and Dispatch Service

The components of the rates for retail customers interconnected on the BHD Transmission System and taking Retail Local Network Service are (1) the Scheduling Revenue Requirement, (2) the average monthly Network Load for the Reported Year that includes loads associated with wheeling off the BHD Transmission System, and (3) the applicable retail conversion factors for the applicable retail customer class (12 cp kW to kWh conversion factors for those classes not having billing demands or 12 cp kW to kW conversion factors for those classes that are demand metered and have billing demands).

The annual rate (after conversion of rate units to kW) is calculated as follows using the numbers described immediately above:

Annual Rate	$(1) \div (2) \times (3)$
Monthly Rate	Annual Rate divided by 12
Weekly Rate	Annual Rate divided by 52
Daily Rate	Annual Rate divided by 365
Hourly Rate	Annual Rate divided by 8760

B. Rates for Wholesale Customers Interconnected on the Versant Power System - Local Service

The components of the transmission rates for wholesale customers interconnected on the BHD Transmission System and taking Local Service are (1) the Local Service ATRR, (2) the PTP Transaction Revenue Credit, and (3) the average monthly Network Load for the Reported Year that includes loads associated with wheeling off the BHD Transmission System.

The rates are calculated as follows using the numbers described immediately above:

Annual Rate	$[(1) - (2)] \div (3)$
Monthly Rate	Annual Rate divided by 12
Weekly Rate	Annual Rate divided by 52
Daily Rate	Annual Rate divided by 365
Hourly Rate	Annual Rate divided by 8760

C. Rates for Wholesale Customers Interconnected on the Versant Power System - Regional Network Service

The components of the rates for wholesale customers interconnected on the BHD Transmission System and taking Regional Network Service are (1) the Regional Service ATRR, (2) Regional

Service and ISO Revenues plus Incremental Forecasted Regional Service Credits, and (3) the average monthly Network Load for the Reported Year that excludes loads associated with wheeling off the BHD Transmission System.

The rates are calculated as follows using the numbers described immediately above:

Annual Rate	$[(1) - (2)] \div (3)$
Monthly Rate	Annual Rate divided by 12
Weekly Rate	Annual Rate divided by 52
Daily Rate	Annual Rate divided by 365
Hourly Rate	Annual Rate divided by 8760

D. Rates for Wholesale Customers Interconnected on the Versant Power System – Versant Power's Unit Costs of Acting as Customer's Agent for Service

The components of Versant Power's unit costs of acting as customer's agent for service are (1) the Reported Year Regional Service and ISO Costs plus Incremental Forecasted Regional Service Charges and (2) the average monthly Network Load for which Versant Power provides ISO services.

The rates are calculated as follows using the numbers described immediately above:

Annual Rate	$(1) \div (2)$
Monthly Rate	Annual Rate divided by 12
Weekly Rate	Annual Rate divided by 52
Daily Rate	Annual Rate divided by 365
Hourly Rate	Annual Rate divided by 8760

E. [Reserved]

F.1. Rates for Local Retail Point-To-Point Customers Interconnected on the Versant Power System - Local Service

The components of the rates for Local Retail Point-To-Point Customers interconnected on the BHD Transmission System and taking Local Service are (1) the Local Service ATRR, (2) the PTP Transaction Revenue Credit, (3) the Retail True Up, and (4) the average monthly Network Load for the Reported Year that includes loads associated with wheeling off the BHD Transmission System.

The rates are calculated as follows using the numbers described immediately above:

Annual Rate	$[(1) - (2) + (3)] \div (4)$
Monthly Rate	Annual Rate divided by 12
Weekly Rate	Annual Rate divided by 52
Daily Rate	Annual Rate divided by 365
Hourly Rate	Annual Rate divided by 8760

F.2. Rates for Local Retail Network Customers Interconnected on the Versant Power System - Local Service

The components of the rates for Local Retail Network Customers interconnected on the BHD Transmission System and taking Local Service are (1) the Local Service ATRR, (2) the PTP Transaction Revenue Credit, (3) the Retail True Up, (4) the average monthly Network Load for the Reported Year that includes loads associated with wheeling off the BHD Transmission System, and (5) the applicable retail conversion factors for the applicable retail customer class (12 cp kW to kWh conversion factors for those classes not having billing demands or 12 cp kW to kW conversion factors for those classes that are demand metered and have billing demands).

The rates (after conversion of rate units to kW) are calculated as follows using the numbers described immediately above:

Annual Rate	$[(1) - (2) + (3)] \div (4) \times (5)$
Monthly Rate	Annual Rate divided by 12
Hourly Rate	Annual Rate divided by 8760

G.1. Rates for Local Retail Point-To-Point Customers Interconnected on the Versant Power System - Regional Network Service

The components of the rates for Local Retail Point-To-Point Customers interconnected on the BHD Transmission System and taking Regional Network Service are (1) the Regional Service ATRR, (2) Regional Service and ISO Revenues plus Incremental Forecasted Regional Service Credits, (3) the Retail True Up, and (4) the average monthly Network Load for the Reported Year that excludes loads associated with wheeling off the BHD Transmission System.

The rates are calculated as follows using the numbers described immediately above:

Annual Rate	$[(1) - (2) + (3)] \div (4)$
Monthly Rate	Annual Rate divided by 12
Weekly Rate	Annual Rate divided by 52
Daily Rate	Annual Rate divided by 365
Hourly Rate	Annual Rate divided by 8760

G.2. Rates for Local Retail Network Customers Interconnected on the Versant Power System - Regional Network Service

The components of the rates for Local Retail Network Customers interconnected on the BHD

Transmission System and taking Regional Network Service are (1) the Regional Service ATRR, (2) Regional Service and ISO Revenues plus Incremental Forecasted Regional Service Credits, (3) the Retail True Up, (4) the average monthly Network Load for the Reported Year that excludes loads associated with wheeling off the BHD Transmission System, and (5) the applicable retail conversion factors for the applicable retail customer class (12 cp kW to kWh conversion factors for those classes not having billing demands or 12 cp kW to kW conversion factors for those classes that are demand metered and have billing demands).

The annual rate (after conversion of rate units to kW) is calculated as follows using the numbers described immediately above:

Annual Rate	$[(1) - (2) + (3)] \div (4) \times (5)$
Monthly Rate	Annual Rate divided by 12
Hourly Rate	Annual Rate divided by 8760

H.1. Rates for Local Retail Point-To-Point Customers Interconnected on the Versant Power System – Versant Power’s Unit Costs of Acting as Customer’s Agent for Service

The components of the rates for Local Retail Point-To-Point Customers interconnected on the BHD Transmission System and taking Regional Network Service are (1) Reported Year Regional Service and ISO Costs plus Incremental Forecasted Regional Service Charges and (2) the average monthly Network Load for which Versant Power provides ISO services.

The rates are calculated as follows using the numbers described immediately above:

Annual Rate	$(1) \div (2)$
Monthly Rate	Annual Rate divided by 12
Weekly Rate	Annual Rate divided by 52

Daily Rate Annual Rate divided by 365

Hourly Rate Annual Rate divided by 8760

H.2. Rates for Local Retail Network Customers Interconnected on the Versant Power System
 – Versant Power’s Unit Costs of Acting as Customer’s Agent for Service

The components of the rates for Local Retail Network Customers interconnected on the Versant Power system and taking Regional Network Service are (1) the Reported Year Regional Service and ISO Costs plus Incremental Forecasted Regional Service Charges, (2) the average monthly Network Load for which Versant Power provides ISO services, and (3) the applicable retail conversion factors for the applicable retail customer class (12 cp kW to kWh conversion factors for those classes not having billing demands or 12 cp kW to kW conversion factors for those classes that are demand metered and have billing demands).

The annual rate (after conversion of rate units to kW) is calculated as follows using the numbers described immediately above:

Annual Rate $(1) \div (2) \times (3)$

Monthly Rate Annual Rate divided by 12

Hourly Rate Annual Rate divided by 8760

ATTACHMENT Q-VP CREDITWORTHINESS GUIDE

1. General Information:

This Creditworthiness Guide details the specific requirements for the creditworthiness for Versant Power. All customers taking (i) any service under Schedule 21-VP, the Local Service Schedule (“LSS”) for Versant Power under the OATT, (ii) any service provided under the Schedule 20A service schedule of Versant Power under the OATT, for service over the Phase I/II HVDC-TF or (iii) any FERC-regulated interconnection service from Versant Power must meet the terms of this Guide (where all the above, collectively, are referred to as “Services”). The creditworthiness of each customer must be established prior to receiving transmission service from Versant Power. A customer will be evaluated at the time its application for transmission service is provided to Versant Power. A credit review shall be conducted for each transmission customer periodically or upon reasonable request by the transmission customer. This Creditworthiness Guide (“Guide”) when updated, will be done so in accordance with Section 4 of this Guide:

The information requested under this Guide should be forwarded to the individual identified on Versant Power’s website, <https://www.versantpower.com/>.

Upon receipt of a customer’s information, Versant Power will review it for completeness and will notify the customer if additional information is required. Upon completion of an evaluation of a Customer under this Guide, Versant Power will forward a written evaluation if the customer is required to provide Financial Assurance. Versant Power also will provide a written evaluation, upon request, to customers who are not required to provide Financial Assurance.

2. Financial Information

Customers receiving transmission service or requesting Interconnection Service may submit, if available, the following:

- All current rating agency reports from Standard and Poor’s (“S&P”), Moody’s and/or Fitch of the customer.

- Audited financial statements provided by a registered independent auditor for the two most recent years, or the period of its existence, if shorter, for the customer.

3. Creditworthiness Requirements

A. The customer must meet at least one of the following criteria based on the information provided in Section 2 of this Guide:

a) If rated, the customer must have either for itself or for its outstanding debt the following:

- Standard and Poor's or Fitch rating of at least a **BBB**, or
- Moody's rating of at least a **Baa2**.

b) If un-rated or if rated below BBB/Baa2, as stated in a), the customer must meet all of the following:

- A Current Ratio of at least 1.0 times (current assets divided by all current liabilities);
- A Total Capitalization Ratio of less than 60% debt: total debt (including all short-term borrowing) divided by total shareholders' equity plus total debt;
- Earnings before interest, taxes, depreciation, and amortization in most recent fiscal quarter divided by expense for interest (EBITDA-to-Interest Expense Ratio) of at least 2.0 times; and
- Audited Financial Statement with an unqualified audit opinion.

c) If the customer relies on the creditworthiness of a parent company, the customer's parent company must meet the criteria set out in (a) or (b) above, and must provide to Versant Power a written guarantee that it will be unconditionally responsible for all financial obligations associated with the customer's receipt of transmission service from Versant Power.

d) If the customer is a municipal that is a member of the Massachusetts Municipals Wholesale Electric Cooperative (MMWEC), MMWEC must meet the criteria set out in (a) or (b) above and provide to Versant Power a written guarantee that MMWEC will be unconditionally responsible

for all financial obligations associated with the customer's receipt of transmission service from Versant Power.

B. If the customer does not qualify for unsecured credit under Section A, the customer will qualify for unsecured credit equivalent to two months of transmission service charges, or for interconnections, the credit equivalent of two months of the annual facilities charges and other ongoing charges, if the customer has, on a rolling basis, 12 consecutive months of payments to Versant Power with no missed, late or defaults in payment.

4. Financial Assurance

If the customer does not meet the applicable requirements for creditworthiness set out in Section 3 or if required by the terms of an agreement or state law or regulation, then the customer must:

- Pay in advance for service an amount equal to the lesser of the total charge for transmission service or the charge for three months of transmission service, not less than 5 days in advance of the commencement of service;
- Obtain Financial Assurance in the form of a letter of credit, performance bond, or corporate guarantee equal to the equivalent of 3 months of transmission service charges prior to receiving service; or
- Obtain Financial Assurance in the form of a letter of credit based on the value of any new facilities or upgrades associated with such transmission service.

If the customer pays for service in advance, Versant Power will pay to the customer interest on the amounts not yet due to Versant Power, computed in accordance with the Commission's regulations at 18 CFR § 35.19a(a)(2)(iii).

5. Credit Levels

If the Customer meets the applicable criteria outlined in Section 3, that Customer may receive unsecured credit equivalent to 3 months of transmission charges or, for interconnections, the credit equivalent of 3 months of the annual facilities charges and other ongoing charges.

6. Contesting Creditworthiness Determination

The Transmission Customer may contest Versant Power's determination of creditworthiness by submitting a written request for re-evaluation within 20 calendar days of being notified of the creditworthiness determination. Such request should provide information supporting the basis for a request to re-evaluate a Transmission Customer's creditworthiness. Versant Power will review and respond to the request within 20 calendar days.

7. Process for Changing Credit Requirements

In the event that Versant Power plans to revise its requirements for credit levels or collateral requirements, as detailed in this Creditworthiness Guide, the following process shall be followed:

A. General Notification Process

1) Versant Power shall submit such changes in a filing to the Federal Energy Regulatory Commission ("Commission") under Section 205 of the Federal Power Act. Versant Power shall follow the notification

requirements pursuant to Section 3.04(a) of the Transmission Operating Agreement and reflected herein.

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

a) Filing notifications shall include a detailed description of the filing, including a redlined document containing revised change(s) to the Creditworthiness Guide.

b) Versant Power shall consult with interested stakeholders upon request.

3) Versant Power shall consult with ISO-NE and the IRH Management Committee regarding any filing described above, at least 30 days in advance of such filing.

4) Following Commission acceptance of such filing and upon the effective date, Versant Power shall revise its Creditworthiness Guide and an updated version of Schedule 21-VP shall be posted the ISO-NE website.

B. Transmission Customer Responsibility

- 1) When there is a change in requirements, it is the responsibility of the Transmission Customers to forward updated financial information to Versant Power, to the address noted below, and indicate whether the change affects their ability to meet the requirements of this Creditworthiness Guide. In such cases where the customer's status has changed, the Customer must take the necessary steps to comply with the revised requirements of the Creditworthiness Guide by the effective date of the change.
- 2) Correspondence associated with creditworthiness should be forwarded to the contact indicated in Versant Power's Creditworthiness Guide.

C. Notification for Active Customers

- 1) Active Customers are defined as any current Transmission Customer that has reserved transmission service within the last 6 months.
- 2) All Active Customers will be notified via either e-mail or U.S. mail that the above posting has been made and must follow the steps outlined in this procedure.

8. Posting Collateral Requirements

A. Changes in Customer's Financials

Each customer must inform Versant Power, in writing, within five (5) business days of any material change in its financial condition, and, if the customer qualifies under Section 3A(c), that of its parent company. A material change in financial condition may include, but is not limited to, the following:

- Change in ownership by way of a merger, acquisition, or substantial sale of assets;
- A downgrade of long- or short-term debt rating by a major rating agency;
- Being placed on a credit watch with negative implications by a major rating agency;
- A bankruptcy filing;

- Any action requiring filing of a Form 8-K;
- A declaration of or acknowledgement of insolvency;
- A report of a significant quarterly loss or decline in earnings;
- The resignation of key officer(s);
- The issuance of a regulatory order and/or the filing of a lawsuit that could materially adversely impact current or future financial results.

B. Change in Creditworthiness Status

A customer who has been extended unsecured credit under this policy must comply with the terms of Financial Assurance in item 4 if one or more of the following conditions apply:

- The customer no longer meets the applicable criteria for creditworthiness in item 3;
- The customer exceeds the amount of unsecured credit extended by Versant Power, in which case Financial Assurance equal to the amount of excess must be provided within 5 business days; or
- The customer has missed two or more payments for any of the Services offered by Versant Power in the last 12 months.

9. Ongoing Financial Review

Each customer qualifying under Section 3.A of this Guide is required to submit to Versant Power annually or when issued, as applicable:

- Current rating agency report;
- Audited financial statements from a registered independent auditor; and
- 10-Ks and 8-Ks, promptly upon their issuance.

10. Suspension of Service

Versant Power may immediately suspend service (with notification to Commission) to a customer, and may initiate proceedings with Commission to terminate service, if the customer does not meet the terms described in items 3 through 7 at any time during the term of service or if the customer's payment obligations to Versant Power exceed the amount of unsecured or secured credit to which it is entitled under this Guide. A customer is not obligated to pay for transmission service that is not provided as a result of a suspension of service.