Via Overnight Delivery

November 5, 2009

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Schedule 20A Service Providers
Docket No. ER010-_____

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act ("FPA"),[1] the Schedule 20A Service Providers ("SSPs") ,[2] Central Maine Power Company ("CMP"), Northeast Utilities Service Company ("NUSCO") on behalf of its affiliates: The Connecticut Light and Power Company, Western Massachusetts Electric Company, and Public Service Company of New Hampshire (the "NU Companies"), and The United Illuminating Company ("UI") hereby submit for filing amendments to Schedule 20A of Section II of the ISO New England Inc. ("ISO-NE") Transmission, Markets and Services Tariff ("ISO-NE Tariff"), which is the ISO-NE Open Access Transmission Tariff ("ISO-NE OATT"). Schedule 20A sets forth the rates, terms and conditions under which transmission service is provided over the United States portion of the 2,000 MW (nominal) high-voltage direct current transmission facilities (the "Phase I/II HVDC-TF") interconnecting the transmission systems operated by ISO-NE and Hydro-Québec TransÉnergie ("HQTÉ").

I. INTRODUCTION

A. Purpose of Filing

The SSPs are submitting for filing proposed amendments to Schedule 20A to clarify the terms and conditions for service over the Phase I/II HVDC-TF. Specifically, a recent review of Schedule 20A by the SSPs revealed the need for several minor corrections and updates to the common provisions in Part I of Schedule 20A as well as to the individual service schedules of some

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[1] 16 U.S.C. § 824d.

[2] The SSPs include: Bangor Hydro-Electric Company ("BHE") (BHE offers the use rights of PPL EnergyPlus, LLC under Schedule 20A); Central Maine Power Company; Central Vermont Public Service Corp. ("CVPS") (CVPS offers the Use Rights of Fitchburg Gas and Electric Light Company and UNITIL Power Corp., under Schedule 20A); Green Mountain Power Corp.; New England Power Company; Northeast Utilities Service Company on behalf of the NU Companies; NSTAR Electric Company; The United Illuminating Company; and Vermont Electric Cooperative, Inc.

of the SSPs in Part II of Schedule 20A. A description of these minor corrections and updates are provided in Part II.B below.

B. Background and Overview of Schedule 20A and Phase I/II HVDC-TF Service

1. The Phase I/II HVDC-TF

Schedule 20A of the ISO OATT applies to transmission service over the Phase I/II HVDC-TF.[3] The Phase I/II HVDC-TF is under the operational control of ISO-NE pursuant to a transmission operating agreement (the "HVDC TOA") between ISO-NE and the Asset Owners, filed and accepted in 2005.[4] Since their construction, the Phase I/II HVDC-TF have been operated on a coordinated basis among the Asset Owners, the local satellite control center and, initially, the staff of the New England Power Pool, subsequently, ISO-NE. Operations have been coordinated with HQTÉ, the owner and operator of the Canadian portion of the Phase I/II facilities, pursuant to an existing interconnection agreement between ISO-NE and Hydro-Québec. The HVDC TOA clarified and formalized the existing operating arrangements between the Asset Owners and ISO-NE.

2. The Schedule 20A Service Providers

The Phase I/II HVDC-TF were developed as participant-funded transmission projects. The construction and operation of the facilities were funded through a complex series of contracts among lenders, project sponsors, and the ultimate users of the line, and not directly through the regional tariff rates. Utilities throughout New England were offered the opportunity to obtain rights to use the transmission capacity of the Phase I/II HVDC-TF to transmit power to and from Québec in exchange for commitments to pay the costs of building, maintaining, and operating the project. Those utilities that agreed to financially support the project in exchange for such use rights executed "Support Agreements" with respect to the different elements of the Phase I/II HVDC-TF. These entities are the IRH.

Under the Support Agreements, the IRH have a firm, irrevocable obligation to pay all of the support costs of the Phase I/II HVDC-TF. In exchange for accepting this obligation, the IRH were granted the Use Rights, i.e. exclusive rights to the transmission capacity of the Phase I/II HVDC-TF. Each IRH holds a share of the transmission capacity in the Phase I/II HVDC-TF equal to its share of the support cost obligation under the Support Agreements.

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[3] The Phase I/II HVDC-TF were built in two phases ("Phase I" and "Phase II"). Phase I was initiated in 1983 and commenced commercial operations in 1986. Phase II was initiated in 1986 and commenced commercial operations in 1990. The cost of constructing the Phase I/II HVDC-TF exceeded $600 million. The United States portions of the Phase I facilities are owned by New England Electric Transmission Corporation and Vermont Electric Transmission Company. The United States portions of the Phase II facilities are owned by New England Hydro-Transmission Electric Company, Inc. and New England Hydro-Transmission Corporation. Collectively, the owners of the Phase I/II HVDC-TF are referred to herein as the "Asset Owners." The Canadian portion of the interconnection facilities is owned by HQTÉ, the transmission division of Hydro-Québec.

[4] The HVDC TOA was filed on March 31, 2005 in Docket No. ER05-754-000. The Commission accepted the filing on May 25, 2005. *ISO New England Inc., et al.*, 111 FERC ¶ 61,244 (2005).

The Restated Use Agreement is the contract among the IRH that provides the rules for the exercise of the Use Rights, for making the Use Rights available to others, and for the collective management of those rights through the IRH Management Committee. For the IRH, the Restated Use Agreement and its expression of the rights and obligations of the IRH regarding the transmission capacity of the Phase I/II HVDC-TF, is a critically important companion agreement to the Support Agreements.

The Asset Owners have transferred all rights for transmission service over the Phase I/II HVDC-TF to the IRH through at least 2020. In recognition of this fact, the Commission granted the Asset Owners a waiver from the requirement to file an OATT for the Phase I/II HVDC-TF.[5]

In that waiver order, however, the Commission did indicate that public utilities with "control" over Phase I/II transmission service should include terms and conditions governing access to the Phase I/II HVDC-TF in their individual OATTs. Those public utilities are the SSPs. The SSPs are, therefore, the IRH that are transmission providers and offer the Use Rights under an open access transmission tariff. Consistent with the Commission's directive, a number of public utility IRH included rates, terms and conditions for Phase I/II transmission service in their individual local OATTs. As part of the transition to the RTO structure, those rates, terms and conditions for Phase I/II transmission service were initially incorporated into the Local Service Schedules of those utilities in Schedule 21 of the ISO OATT.

During further integration of the Phase I/II HVDC-TF into the New England RTO, the SSPs concluded that it would be better to separate the terms and conditions applicable to Phase I/II HVDC-TF transmission service from the terms applicable to Local Network Service and other services made available under Schedule 21. This separation seemed appropriate, in part, because the group of IRH that make Phase I/II HVDC-TF transmission service available to third parties under their local OATTs is not identical to the group of Participating Transmission Owners that have individual and collective Section 205 rights over Schedule 21. Separation of the rates, terms and conditions applicable to Phase I/II HVDC-TF transmission service into a separate tariff schedule was also appropriate because it facilitated Transmission Customer access to transmission service. Transmission customers for the first time were able to consult a single tariff schedule – Schedule 20A to the ISO OATT– to ascertain the terms, conditions and rates for service over the Phase I/II HVDC-TF. For these reasons, the Schedule 20A Service Providers filed consolidated terms and conditions for Phase I/II HVDC-TF transmission service as Schedule 20A to the ISO OATT.[6]

As part of the development of Schedule 20A, the SSPs undertook an effort to consolidate the terms and conditions for Phase I/II HVDC-TF Service that originated in their local OATTs and were subsequently set forth in separate Schedule 21 Local Service Schedules into a single common set of terms and conditions that would apply to all Phase I/II HVDC-TF transmission service. This effort was based on the principle that existing terms and conditions for Phase I/II HVDC-TF Service would

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[5] *Black Creek Hydro, Inc., et al.*, 76 FERC ¶ 61,250 (1996), *order on reh'g*, 77 FERC ¶ 61,232 (1996).

[6] Schedule 20A was filed in Docket No. ER05-754-000 together with the HVDC TOA and other Phase I/II HVDC-TF related documents, including the Phase I/II HVDC-TF Transmission Service Administration Agreement ("TSAA"), on March 31, 2005 and was accepted on May 25, 2005. *ISO New England Inc., et al.*, 111 FERC ¶ 61,244 (2005).

be retained but that these terms and conditions would be consolidated in a manner that is more "user-friendly" to Transmission Customers.

Schedule 20A is comprised of two parts. Part I contains the common terms and conditions for transmission service over the Phase I/II HVDC-TF. Most of the proposed changes herein that have been made to Schedule 20A have been made to Part I. Part II contains the individual service schedules of each of the SSPs for Phase I/II HVDC-TF Service. As discussed further below, further changes are being proposed by only three SSPs to the sections in Part II of Schedule 20A.

II. SSPs' MODIFICATIONS TO SCHEDULE 20A

A. Authority to File

Under Section 3.05 of the TSAA, the SSPs have the sole authority to file Section 205 changes to Schedule 20A.[7] Under Section 3.12 of the TSAA, the SSPs must consult with ISO-NE and the IRH Management Committee ("IMC") beginning at least sixty days prior to making a Section 205 filing that changes Part I of Schedule 20A. Thirty days' notice and consultation are required for a change to Part II of Schedule 20A. The SSPs provided written notice of this filing to the ISO and the IMC on August 14, 2009 for revisions to Part I and on October 2, 2009 for Part II revisions. The SSPs believe that the ISO and IMC were given an opportunity to consult on this filing and that the SSPs have satisfied their consultation obligations under the TSAA.

B. Proposed Revisions to Schedule 20A

1. Schedule 20A – Part I

As discussed above, Schedule 20A – Part I contains the terms and conditions for transmission service over the Phase I/II HVDC-TF that are common among all the SSPs. In this filing, the SSPs propose to correct minor grammatical errors and make other clarifying and ministerial edits throughout Part I, including the correction of a reference to a website in Attachment C and the elimination of redundant language concerning confidentiality of customer information. In addition, the SSPs propose to remove language providing for the ability of the SSPs to charge a penalty for any unauthorized, unreserved use of the Phase I/II HVDC-TF. The SSPs do not believe that a penalty provision is necessary since unreserved use over the Phase I/II HVDC-TF has never occurred. Moreover, the SSPs have been working with ISO-NE to ensure that OASIS software toggles are appropriately set in order to prevent inadvertent or intentional over-scheduling of service. Finally, in order to facilitate customers' understanding of the procedures for arranging service over the Phase I/II HVDC-TF, the SSPs propose to eliminate the time frames associated with submitting a Completed Application and instead insert a provision requiring that OASIS requests

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[7] Section 3.05 of the TSAA provides: "[t]he IRHs that are Schedule 20A Service Providers shall have the sole authority to file Section 205 changes to Schedule 20A of the ISO Tariff …." Further, the SSPs' individual Schedule 20As also provide that the SSPs or their designees have Section 205 rights to change any of the provisions of Schedule 20A. For example, Section II.C of Schedule 20A-NU provides that the "NU Companies shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Schedule HQ Tie in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations."

comply with those same time frames. This tariff adjustment reflects how service over the Phase I/II HVDC-TF is actually scheduled in New England.

2. Schedule 20A – Part II

CMP, the NU Companies, and UI propose the following revisions to their individual service schedules under Part II of Schedule 20A.

a. Central Maine Power Company

CMP proposes to make changes to Schedule 20A-CMP to remove a reference to a non-functioning web site in Attachment L.

b. NU Companies

NUSCO, on behalf of the NU Companies, proposes to make various changes to Schedule 20A-NU to eliminate specific citations to the ISO-NE OATT, or other Sections of the ISO-NE Tariff, and to replace certain references to the ISO-NE Tariff or Tariff schedule(s) as appropriate. The proposed changes to Schedule 20A-NU will make the need for future changes less likely should sections of the ISO-NE Tariff be moved or renumbered. The NU Companies have inserted a table of contents for Schedule 20A-NU as a reference guide. Additionally, Schedule 20A-NU is revised by removing "Network Service" as a form of service offered by the NU Companies over the Phase I/II HVDC-TF to comport with Schedule 20A. Network Service is not a form of transmission service offered pursuant to Schedule 20A. Lastly, minor amendments to Attachment L of Schedule 20A-NU are submitted herewith to delete references to a separate "Creditworthiness Policy," as no such policy is maintained by the NU Companies. Due to the number of pages affected by these amendments, the NU Companies have revised and renumbered Schedule 20A-NU and submit First Revised Schedule 20A-NU with this filing.

c. The United Illuminating Company

UI proposes to make changes to Schedule 20A-UI to remove a reference to a non-functioning web site in Attachment L.

III. FILING CONTENTS

The following documents are enclosed:

- Attachment A – Schedule 20A – Part I revised tariff sheets in clean and redlined format.
- Attachment B – Schedule 20A-CMP revised tariff sheets in clean and redlined format.
- Attachment C – Schedule 20A-NU revised tariff sheets in clean and redlined format.
- Attachment D – Schedule 20A-UI revised tariff sheets in clean and redlined format.
- Certificate of Service

IV. COMMUNICATIONS

The SSPs request that all communications regarding this filing be directed to the following individuals and that their names be entered on the official service list maintained by the Secretary for this proceeding:

Mary E. Grover Assistant General Counsel NSTAR Electric & Gas Corporation 800 Boylston Street, P1700 Boston, MA 02199-8003 Telephone: (617) 424-2105 Email: mary.grover@nstar.com for the Schedule 20A Service Providers	Kristine L. Mespelli Senior Analyst, Transmission Policy & RTO Coordination National Grid 40 Sylvan Road Waltham, MA 02451 Phone: 781-907-2413 Email: kristine.mespelli@us.ngrid.com for the Schedule 20A Service Providers
R. Scott Mahoney Deputy General Counsel Energy East Management Corp. 83 Edison Drive Augusta, ME 04336 (207) 621-3955 (phone) scott.mahoney@cmpco.com for Central Maine Power Company	
Michael J. Hall Senior Counsel Northeast Utilities Service Company 107 Selden Street Berlin, CT (860) 665-5546 Facsimile: (860) 665-5504 Email: hallmjx@nu.com for Northeast Utilities Service Company	Lisa M. Cooper Manager – Transmission Rates Northeast Utilities Service Company 107 Selden Street Berlin, CT (860) 665-2453 Facsimile: (860) 665-2609 Email: coopelm@nu.com for Northeast Utilities Service Company

Rosann L. Pysh The United Illuminating Company 157 Church Street New Haven, CT 06506-0901 Tel: (203) 499-2031 Fax: (203) 499-3625 rose.pysh@uinet.com for The United Illuminating Company	G. Philip Nowak C. Fairley Spillman Akin Gump Strauss Hauer & Feld LLP 1333 New Hampshire Avenue, N.W. Washington, D.C. 20036-1564 Tel: (202) 887-4000 Fax: (202) 887-4288 pnowak@akingump.com fspillman@akingump.com Attorneys for The United Illuminating Company

V. EFFECTIVE DATE

The SSPs request an effective date of January 24, 2010, which is more than sixty days from the date of this filing. Such date coincides with the requested effective date of a filing made by ISO-NE on October 26, 2009 in Docket No. ER10-108-000 to modify the ISO-NE Tariff by consolidating the definitions to a central location in Section I of the ISO-NE Tariff. Having the same effective date in both proceedings will facilitate ease of administration for certain SSPs with tariff sheets pending in both dockets and will avoid potential customer confusion.

VI. WAIVERS

The SSPs respectfully request a waiver of the Commission's filing regulations to the extent necessary to permit the Commission to accept the corrections and updates contained herein for filing. None of the proposed tariff revisions affect any rate being charged to customers who take service currently over the Phase I/II HVDC-TF or may in the future, other than the elimination of the penalty for unreserved use. However, as explained above, that charge has never been assessed and OASIS settings will prevent the possibility of over-scheduling of Phase I/II HVDC-TF service in the future.

VII. SERVICE

The SSPs are serving a copy of this filing on ISO-NE, members of the NEPOOL Participants Committee, the Connecticut Department of Public Utility Control, the Maine Public Utilities Commission, the Massachusetts Department of Utilities, the New Hampshire Public Utilities Commission, the Rhode Island Public Utilities Commission, and the Vermont Department of Public Service. In addition, a link to the filing will be posted on the SSPs' OASIS pages for transmission service over the Phase I/II HVDC-TF pursuant to Schedule 20A.

VIII. CONCLUSION

The SSPs request that the Commission accept the proposed tariff revisions in Schedule 20A and permit an effective date of January 24, 2010. In the event that additional information is required, please contact the undersigned. In addition, please acknowledge receipt of the enclosed materials by date stamping and returning the extra copy of this transmittal letter in the enclosed self-addressed, postage pre-paid envelope. Thank you.

Very truly yours,

Mary E. Grover

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for the Schedule 20A Service Providers

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for The United Illuminating Company

Enclosure

ATTACHMENT A

SCHEDULE 20A – PART I
CLEAN TARIFF SHEETS

Phase I/II HVDC-TF, as granted under the Support Agreements and as further provided for under

Electric Transmission Corporation; and Vermont Electric Transmission Company. The Phase I facilities in the United States are owned by New England Electric Transmission Corporation and Vermont Electric Transmission Company. The Phase II facilities in the United States are owned by New England Hydro-Transmission Electric Company, Inc. and New England Hydro-Transmission Corporation. The Phase I/II HVDC-TF Owners are parties to financial support agreements (the "Support Agreements") with the IRHs.

1.4 **Phase I/II HVDC-TF Service:** means Firm and Non-Firm Point-To-Point Service over the Phase I/II HVDC-TF.

1.5 **Phase I/II HVDC-TF Service Agreement:** means an executed or unexecuted agreement for Phase I/II HVDC-TF Service, as reflected in Attachment A to Part I of this Schedule 20A.

1.6 **Phase I/II HVDC-TF Transmission Service Administration Agreement:** means the agreement among the ISO, the Schedule 20A Service Providers, and the IRH Management Committee specifying the rights and obligations of the parties regarding transmission service over the Phase I/II HVDC-TF, dated April 1, 2005, as may be amended and restated from time to time, and any successor agreement.

1.7 **Phase I/II HVDC-TF Service Charge:** is the charge for Phase I/II HVDC-TF Service, which shall be determined pursuant to arrangements between the

(d) **Phase I/II HVDC-TF Service Agreements:** A standard form Phase I/II HVDC-TF Service Agreement (Attachment A to Part I of this Schedule 20A) will be offered to an Eligible Customer when it submits a Completed Application for Phase I/II HVDC-TF Service pursuant to this Schedule 20A. Executed Phase I/II HVDC-TF Service Agreements that contain the information required under this Schedule 20A will be reported and/or filed by the Schedule 20A Service Provider with the Commission in compliance with applicable Commission regulations**.** An Eligible Customer that uses Phase I/II HVDC-TF Service at a Point of Receipt or Point of Delivery that it has not reserved and that has not executed a Phase I/II HVDC-TF Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Service Agreement.

(e) **Classification of Phase I/II HVDC-TF Service:**

(i) Transmission Customers requesting Phase I/II HVDC-TF Service do so with the full realization that such service is subject to availability and Curtailment pursuant to Section II.44 of the Tariff and that the ISO will redispatch all Resources subject to its control, pursuant to the Tariff, in order to meet load and to accommodate External Transactions. Transmission Customers will be charged forth in the Phase I/II HVDC-TF Transmission Service Agreement for such service along with a corresponding capacity reservation over the Phase I/II HVDC-TF. The Point of Receipt and Point of Delivery for Phase I/II HVDC-TF Service shall be as mutually agreed upon by the Schedule 20A Service Provider and the Transmission Customer for Phase I/II HVDC-TF Service.

(iii) Non-Firm Phase I/II HVDC-TF Service shall be offered on an hourly, daily, weekly or monthly basis, under applicable terms and conditions contained in this Schedule 20A, and shall not exceed one month's reservation. Firm Phase I/II HVDC-TF Service shall be offered on a daily, weekly, monthly or yearly basis under the applicable terms and conditions contained in this Schedule 20A.

(iv) The Transmission Customer's Reserved Capacity over the Phase I/II HVDC-TF shall be the sum of its Phase I/II HVDC-TF Service reservations.

[Sheet No. 907 is reserved for future use.]

[Sheet No. 907A is reserved for future use.]

(f) **Scheduling Associated with Phase I/II HVDC-TF Service:** An advance reservation is required for Phase I/II HVDC-TF Service for any External Transaction that imports energy into, exports energy out of, or wheels energy through, the New England Control Area over the Phase I/II HVDC-TF. The External Transaction, with its supporting advance reservation, shall be submitted by the Transmission Customer for

4. Procedures for Arranging Phase I/II HVDC-TF Service

4.1 Application: Eligible Customers seeking Phase I/II HVDC-TF Service must submit a Completed Application for Phase I/II HVDC-TF Service to the Schedule 20A Service Provider in accordance with the applicable section of this Schedule 20A and in accordance with the Schedule 20A Service Provider's rules, as posted on the Phase I/II HVDC-TF Transmission Provider Page. The Schedule 20A Service Provider shall post a copy of its form of Application for Phase I/II HVDC-TF Service on its Phase I/II HVDC-TF Transmission Provider Page.

4.2 Completed Application: A Completed Application for Phase I/II HVDC-TF Service shall provide all of the information included at 18 C.F.R. § 2.20 of the Commission's regulations, including but not limited to the following:

- The location of the generating facility(ies) supplying the capacity and energy, and the location of the load ultimately served by the capacity and energy transmitted.
- A description of the supply characteristics of the capacity and energy to be delivered.

4.3 **Deposit:** If required by the Schedule 20A Service Provider, a Completed Application for Phase I/II HVDC-TF Service by a Transmission Customer shall also include a deposit of either (a) one (1) month's charge for Reserved Capacity over the Phase I/II HVDC-TF for service requests of one (1) month or greater or (b) the full charge for Reserved Capacity over the Phase I/II HVDC-TF for service requests of less than one (1) month. If the Application for Phase I/II

4.7 **Reservation of Phase I/II HVDC-TF Service:** OASIS requests for yearly or monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly, daily and hourly service shall be submitted no earlier than twenty-one (21) days before service is to commence.

4.8 **Extensions for Commencement of Firm Phase I/II HVDC-TF Service:** The Transmission Customer can obtain, subject to availability, up to five one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Phase I/II HVDC-TF Service for each year or fraction thereof within 15 days of notifying the Schedule 20A Service Provider it intends to extend the commencement of service. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Phase I/II HVDC-TF Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity over the Phase I/II HVDC-TF, the original Reserved Capacity over the Phase I/II HVDC-TF will be released unless the following condition is satisfied: within thirty (30) days, the original Transmission Customer agrees to pay the applicable rate for Firm Phase I/II HVDC-TF Service for its Reserved Capacity over the Phase I/II HVDC-TF for the period that its reservation overlaps the period covered by such

Eligible Customer's Completed Application for Phase I/II HVDC-TF Service. In the event the Transmission Customer elects to release the Reserved Capacity over the Phase I/II HVDC-TF, the reservation fees or portions thereof previously paid will be forfeited.

4.9 Confidentiality of Information and Standards of Conduct. The Schedule 20A Service Provider will treat all information included in the Completed Application for Phase I/II HVDC-TF Service as confidential in accordance with the standards of conduct contained in 18 C.F.R. Part 37 of the Commission's regulations except to the extent that disclosure of such information is required by this Schedule 20A, the Phase I/II HVDC-TF Service Agreement, Schedule 20A Service Provider's Business Practices, by regulatory or judicial order, or for reliability purposes pursuant to Good Utility Practice.

5. Determination of Available Transfer Capability

The Schedule 20A Service Provider will make a determination on a non-discriminatory basis of ATC pursuant to Attachment C to this Schedule 20A and Section II, Attachment C of the Tariff.

6. Payment for Phase I/II HVDC-TF Service

6.1 Phase I/II HVDC-TF Service Charge: A Transmission Customer shall pay the Schedule 20A Service Provider's Phase I/II HVDC-TF Service Charge to the Schedule 20A Service Provider under the terms of this Schedule 20A.

6.2 Discounts: Information regarding any discounts to the Phase I/II HVDC-TF Service Charge shall be offered by the Schedule 20A Service Provider in a not unduly discriminatory manner and posted on its Phase I/II HVDC-TF Transmission Provider Page pursuant to Commission regulations. Three principal requirements apply to discounts for transmission service over the Phase I/II HVDC-TF: (1) any offer of a discount made by a Schedule 20A Service Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2)

SCHEDULE 20A

ATTACHMENT A

PHASE I/II HVDC-TF SERVICE AGREEMENT

This Phase I/II HVDC-TF Service Agreement ("Service Agreement"), dated as of _______________, is entered into, by and between ____________________ ("Schedule 20A Service Provider") and _____________________ ("Transmission Customer").

PART I – General Terms and Conditions

1. Service Provided: Phase I/II HVDC-TF Service under Part II, Schedule 20A of the ISO New England Inc., Transmission, Markets and Services Tariff ("Tariff") (Check applicable service):

   __Non-Firm (Part I) __Firm (Parts I & II)

2. The Transmission Customer is an Eligible Customer under the Tariff and is a party to either a Market Participant Service Agreement or a Transmission Service Agreement.

3. The Transmission Customer has submitted a Completed Application and the required deposit, if applicable, for Phase I/II HVDC-TF Service under this Service Agreement and the Tariff.

4. The Transmission Customer agrees to supply information associated with its request for Phase I/II HVDC-TF Service to the Schedule 20A Service Provider that the Schedule 20A Service Provider deems reasonably necessary in accordance with Schedule 20A and Good Utility Practice in order for it to receive the requested service.

5. The Schedule 20A Service Provider agrees to provide and the Transmission Customer agrees to take and pay for Phase I/II HVDC-TF Service in accordance with the provisions of the Tariff and this Service Agreement.

6. Service will be subject to some combination of the charges detailed in Part II, Schedule 20A of the Tariff. The appropriate charges will be determined in accordance with the terms and conditions of Schedule 20A.

7. 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.

Transmission Customer:

____

____

____

Schedule 20A Service Provider:

____

____

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8. The Tariff is incorporated herein and made a part hereof.

9. Nothing contained in this Service Agreement shall be construed as affecting in any way the right of the Schedule 20A Service Provider to file with the Commission under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder for a change in any rates, terms and conditions of this Service Agreement. Nothing contained in this Service Agreement shall be construed as affecting in any way the ability of the Transmission Customer to file with the Commission under Section 206 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder for a change in any rates, terms and conditions of this Service Agreement.

10. Phase I/II HVDC-TF Service under this Service Agreement shall commence on the later of: (l) __________________, or (2) such other date as it is permitted to become effective by the Commission. Service shall terminate on ___________________.

PART II – Firm Phase I/II HVDC-TF Service

1. Specifications for Phase I/II HVDC-TF Service.

   a. Term of Transaction: ________________________

   b. Description of capacity and energy to be transmitted over the Phase I/II HVDC-TF including the electric Control Area in which the transaction originates:

      ____

      ____

   c. Point(s) of Receipt and Capacity Reservation:

      ____

____

d. Delivering Party: ____________________________

e. Point(s) of Delivery and Capacity Reservation:
____
____

f. Receiving Party: _____________________________

g. Reserved Capacity: ___________________________

h. Service under this Service Agreement shall be subject to the following charges:
____
____

i. Additional terms and conditions as may be specified in individual Schedule 20A Service Providers' Service Schedule:
____
____

IN WITNESS WHEREOF, the Parties have caused this Phase I/II HVDC-TF Service Agreement to be executed by their respective authorized officials.

Transmission Customer:

By: _______________________ ________________ ______________
Name Title Date

____
Print Name

Schedule 20A Service Provider:

By: _______________________ ________________ ______________
Name Title Date

____
Print Name

SCHEDULE 20A

ATTACHMENT A-1

Form of PHASE I/II-TF Service Agreement For The Resale, Reassignment or Transfer of Point-To-Point Phase I/II HVDC-TF Service

1. This Phase I/II HVDC-TF Service Agreement ("Service Agreement"), dated as of ______________, is entered into, by and between ___________________ ("Schedule 20A Service Provider") and ____________________ ("Assignee").

2. The Assignee has been determined by the Schedule 20A Service Provider to be an Eligible Customer under the Tariff pursuant to which the transmission service rights to be transferred were originally obtained.

3. The terms and conditions for the transaction entered into under this Service Agreement shall be subject to the terms and conditions of Part I of Schedule 20A and the Schedule 20A Service Provider's Service Schedule of Schedule 20A, except for those terms and conditions negotiated by the Reseller of the reassigned transmission capacity (pursuant to Section I.8.1 of this Tariff) and the Assignee, to include: contract effective and termination dates, the amount of reassigned capacity or energy, point(s) of receipt and delivery. Changes by the Assignee to the Reseller's Points of Receipt and Points of Delivery will be subject to the provisions of Section I.8.2 of this Tariff.

4. The Schedule 20A Service Provider shall credit the Reseller for the price reflected in the Assignee's Service Agreement or the associated OASIS schedule.

5. 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.

Specifications For The Resale, Reassignment Or Transfer of
Long-Term Firm Point-To-Point Phase I/II HVDC-TF Service

1. Term of Transaction: ____________________________________

   Start Date:____

   Termination Date:______________________________________

2. Description of capacity and energy to be transmitted by the Schedule 20A Service Provider including the electric Control Area in which the transaction originates.

   ____

3. Point(s) of Receipt:____________________________________

   Delivering Party:____

4. Point(s) of Delivery:___________________________________

   Receiving Party:_______________________________________

5. Maximum amount of reassigned capacity:___________________

6. Designation of party(ies) subject to reciprocal service obligation:____
   ____
   ____
   ____

7. Name(s) of any Intervening Systems providing transmission service:____
   ____
   (Name of Transmission Owner) Open Access Transmission Tariff

8. 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 the Tariff.)

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:_____________________

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9.0 Name of Reseller of the reassigned transmission capacity:

____

1.2 Overview of Phase I/II HVDC-TF

The Phase I/II HVDC-TF is a 2,000 MW HVDC tie line in New England that interconnects the ISO Control Area with the Hydro-Québec Control Area in the Province of Québec, Canada. This HVDC line has one termination point in New England (with paired operation with complementary facilities in Québec). The specific facilities in New England are the Sandy Pond HVDC Terminal, which interconnects Central Massachusetts and the Nicolet and/or Radisson HVDC terminals of Hydro-Québec. Additional information on the Phase I/II HVDC-TF can be found at: https://www.oatioasis.com/ISNE/ISNEdocs/hq.htm.

1.3 Definitions

Capitalized terms used and defined in this Attachment C to Schedule 20A shall have the meaning given them under this Attachment. Capitalized terms used and not defined in this Schedule 20A but defined in other sections of Schedule 20A or the Tariff shall have the meaning given them under those sections. Capitalized terms used in this Attachment C to Schedule 20A that are not defined in it or elsewhere in Schedule 20A or the Tariff shall have the meanings in the Restated Use Agreement or those customarily attributed to applicable criteria, rules,

Sheet Nos. 1149S – 1149Z are reserved for future use.

SCHEDULE 20A – PART I
REDLINED TARIFF SHEETS

~~p~~Phase I/II HVDC-TF, as granted under the Support Agreements and as further provided for under

Electric Transmission Corporation; and Vermont Electric Transmission Company. The Phase I facilities in the United States are owned by New England Electric Transmission Corporation and Vermont Electric Transmission Company. The Phase II facilities in the United States are owned by New England Hydro-Transmission Electric Company, Inc. and New England Hydro-Transmission Corporation. The Phase I/II HVDC-TF Owners are parties to financial support agreements (the "Support Agreements") with the IRHs.

1.4 Phase I/II HVDC-TF Service: means Firm and Non-Firm Point-To-Point Service over the Phase I/II HVDC-TF.

1.5 Phase I/II HVDC-TF Service Agreement: means an executed or unexecuted agreement for Phase I/II HVDC-TF Service, as reflected in Attachment ~~1~~A to Part I of this Schedule 20A.

1.6 Phase I/II HVDC-TF Transmission Service Administration Agreement: means the agreement among the ISO, the Schedule 20A Service Providers, and the IRH Management Committee specifying the rights and obligations of the parties regarding transmission service over the Phase I/II HVDC-TF, dated April 1, 2005, as may be amended and restated from time to time, and any successor agreement.

1.7 Phase I/II HVDC-TF Service Charge: is the charge for Phase I/II HVDC-TF Service, which shall be determined pursuant to arrangements between the

(d) **Phase I/II HVDC-TF Service Agreements:** A standard form Phase I/II HVDC-TF Service Agreement (Attachment A~~1~~ to Part I of this Schedule 20A) will be offered to an Eligible Customer when it submits a Completed Application for Phase I/II HVDC-TF Service pursuant to this Schedule 20A. Executed Phase I/II HVDC-TF Service Agreements that contain the information required under this Schedule 20A will be reported and/or filed by the Schedule 20A Service Provider with the Commission in compliance with applicable Commission regulations**.** An Eligible Customer that uses Phase I/II HVDC-TF Service at a Point of Receipt or Point of Delivery that it has not reserved and that has not executed a Phase I/II HVDC-TF Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Service Agreement.

(e) **Classification of Phase I/II HVDC-TF Service:**

(i) Transmission Customers requesting Phase I/II HVDC-TF Service do so with the full realization that such service is subject to availability and Curtailment pursuant to Section II.44 of the Tariff and that the ISO will redispatch all Resources subject to its control, pursuant to the Tariff, in order to meet load and to accommodate External Transactions. Transmission Customers will be charged forth in the Phase I/II HVDC-TF Transmission Service Agreement for such service along with a corresponding capacity reservation over the Phase I/II HVDC-TF. The Point of Receipt and Point of Delivery for Phase I/II HVDC-TF Service shall be as mutually agreed upon by the Schedule 20A Service Provider and the Transmission Customer for Phase I/II HVDC-TF Service.

(iii) Non-Firm Phase I/II HVDC-TF Service shall be offered on an hourly, daily, weekly or monthly basis, under applicable terms and conditions contained in this Schedule 20A, and shall not exceed one month's reservation. Firm Phase I/II HVDC-TF Service shall be offered on a daily, weekly, monthly or yearly basis under the applicable terms and conditions contained in this Schedule 20A.

(iv) The Transmission Customer's Reserved Capacity over the Phase I/II HVDC-TF shall be the sum of its Phase I/II HVDC-TF Service reservations. ~~The Customer's use may not exceed its Reserved Capacity over the Phase I/II HVDC-TF at each Point of Receipt and each Point of Delivery on the Phase I/II HVDC-TF. In the event that the use by a Transmission Customer (including use associated with secondary sales of Phase I/II HVDC-TF Service by that Transmission Customer) exceeds that Transmission~~

~~Customer's Reserved Capacity over the Phase I/II HVDC-TF at any Point of Receipt or Point of Delivery in any hour, the Transmission Customer shall be charged 200% of the charge for the applicable average rate for Firm Phase I/II HVDC-TF Service without any discount, if one is in place at the time, for the excess amount for the period of unreserved use.~~

~~The applicable average rate will be based on the average of all Schedule 20A Service Providers' Phase I/II HVDC-TF Service Charges for Firm Phase I/II HVDC-TF Service for the applicable period of unreserved use in effect at the time such unreserved use occurred. More than one assessment for unreserved use for a given duration (e.g., daily) shall result in an increase of the penalty period to the next longest duration (e.g., weekly). The unreserved use charge for multiple instances of unreserved use (i.e., more than one hour) within a given day will be based on the average rate of~~

[Sheet No. 907 is reserved for future use.]

~~all Schedule 20A Service Providers' Phase I/II HVDC-TF Service Charges for daily Firm Phase I/II HVDC-TF Service; the unreserved use charge for multiple instances of unreserved use within a given week (i.e., more than one day) will be based on the average rate of all Schedule 20A Service Providers' Phase I/II HVDC-TF Service Charges for weekly Firm Phase I/II HVDC-TF Service; the unreserved use penalty for multiple instances of unreserved use (i.e., more than one week) within a given month will be based on the average rate of all Schedule 20A Service Providers' Phase I/II HVDC-TF Service Charges for monthly Firm Phase I/II HVDC-TF Service; and, the unreserved use penalty for multiple instances of unreserved use (i.e., more than one month) within a given year will be based on the average rate of all Schedule 20A Service Providers' Phase I/II HVDC-TF Service Charges for annual Firm Phase I/II HVDC-TF Service. An entity that takes service which it did not reserve or for which it has not executed a service agreement will be deemed to have executed an agreement for purposes of assessing any appropriate charges and penalties. An entity that engages in unreserved use of the Phase I/II HVDC-TF shall also be responsible for all ancillary service~~

[Sheet No. 907A is reserved for future use.]

~~charges for any unreserved use for the period of such unreserved use. Unauthorized Phase I/II HVDC-TF Service includes uses of transmission service at a Point of Receipt or Point of Delivery that the Transmission Customer has not reserved.~~

~~The base revenues received (i.e., the revenues deriving from 100% of the applicable average stated rate for use of the Phase I/II HVDC-TF as set forth in this Section) will be distributed, on a pro rata basis, to all of the IRHs who had unsold capacity during the time of the excess Reserved Capacity use. All penalties collected in excess of 100% of the applicable average stated rates for use of the Phase I/II HVDC-TF shall be allocated equally to all Transmission Customers under Schedule 20A that have not engaged in unreserved use of the Phase I/II HVDC-TF.~~

(f) Scheduling Associated with Phase I/II HVDC-TF Service: An advance reservation is required for Phase I/II HVDC-TF Service for any External Transaction that imports energy into, exports energy out of, or wheels energy through, the New England Control Area over the Phase I/II HVDC-TF. The External Transaction, with its supporting advance reservation, shall be submitted by the Transmission Customer for

4. Procedures for Arranging Phase I/II HVDC-TF Service

4.1 Application: Eligible Customers seeking Phase I/II HVDC-TF Service must submit a Completed Application for Phase I/II HVDC-TF Service to the Schedule 20A Service Provider in accordance with the applicable section of this Schedule 20A and in accordance with the Schedule 20A Service Provider's rules, as posted on the Phase I/II HVDC-TF Transmission Provider Page. The Schedule 20A Service Provider shall post a copy of its form of Application for Phase I/II HVDC-TF Service on its Phase I/II HVDC-TF Transmission Provider Page.

4.2 ~~**Request for Phase I/II HVDC-TF Service:** A Transmission Customer shall submit a Completed Application for Phase I/II HVDC-TF Service in accordance with the applicable terms of this Schedule 20A.~~

~~**(a)** Requests for yearly or monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly, daily and hourly service shall be submitted no earlier than twenty-one (21) days before service is to commence.~~

~~**(b)**~~ **Completed Application:** A Completed Application for Phase I/II HVDC-TF Service shall provide all of the information included at 18 C.F.R. § 2.20 of the Commission's regulations, including but not limited to the following:

- The location of the generating facility(ies) supplying the capacity and energy, and the location of the load ultimately served by the capacity and energy transmitted.
- A description of the supply characteristics of the capacity and energy to be delivered.

~~The Schedule 20A Service Provider will treat the information described in (vii) above as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Schedule 20A, the Phase I/II HVDC-TF Service Agreement, Schedule 20A Service Provider's Business Practices, by regulatory or judicial order, or for reliability purposes pursuant to Good Utility Practice. The Schedule 20A Service Provider will treat this information consistent with the standards of conduct contained in 18 C.F.R. Part 37 of the Commission's regulations.~~

4.3 Deposit: If required by the Schedule 20A Service Provider, a Completed Application for Phase I/II HVDC-TF Service by a Transmission Customer shall also include a deposit of either (a) one (1) month's charge for Reserved Capacity over the Phase I/II HVDC-TF for service requests of one (1) month or greater or (b) the full charge for Reserved Capacity over the Phase I/II HVDC-TF for service requests of less than one (1) month. If the Application for Phase I/II

4.7 Reservation of Phase I/II HVDC-TF Service: OASIS requests for yearly or monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly, daily and hourly service shall be submitted no earlier than twenty-one (21) days before service is to commence.

4.8 Extensions for Commencement of Firm Phase I/II HVDC-TF Service: The Transmission Customer can obtain, subject to availability, up to five one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Phase I/II HVDC-TF Service for each year or fraction thereof within 15 days of notifying the Schedule 20A Service Provider it intends to extend the commencement of service. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Phase I/II HVDC-TF Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity over the Phase I/II HVDC-TF, the original Reserved Capacity over the Phase I/II HVDC-TF will be released unless the following condition is satisfied: within thirty (30) days, the original Transmission Customer agrees to pay the applicable rate for Firm Phase I/II HVDC-TF Service for its Reserved Capacity over the Phase I/II HVDC-TF for the period that its reservation overlaps the period covered by such

~~Eligible Customer's Completed Application for Phase I/II HVDC-TF Service. In the event the Transmission Customer elects to release the Reserved Capacity over the~~

Eligible Customer's Completed Application for Phase I/II HVDC-TF Service. In the event the Transmission Customer elects to release the Reserved Capacity over the Phase I/II HVDC-TF, the reservation fees or portions thereof previously paid will be forfeited.

~~4.8~~4.9 Confidentiality of Information and Standards of Conduct. The Schedule 20A Service Provider will treat all information included in the Completed Application for Phase I/II HVDC-TF Service as confidential in accordance with the standards of conduct contained in 18 C.F.R. Part 37 of the Commission's regulations except to the extent that disclosure of such information is required by this Schedule 20A, the Phase I/II HVDC-TF Service Agreement, Schedule 20A Service Provider's Business Practices, by regulatory or judicial order, or for reliability purposes pursuant to Good Utility Practice.

5. Determination of Available Transfer Capability

The Schedule 20A Service Provider will make a determination on a non-discriminatory basis of ATC pursuant to Attachment C to this Schedule 20A and Section II, Attachment C of the Tariff.

6. Payment for Phase I/II HVDC-TF Service

6.1 Phase I/II HVDC-TF Service Charge: A Transmission Customer shall pay the Schedule 20A Service Provider's Phase I/II HVDC-TF Service Charge to the Schedule 20A Service Provider under the terms of this Schedule 20A.

6.2 Discounts: Information regarding any discounts to the Phase I/II HVDC-TF Service Charge shall be offered by the Schedule 20A Service Provider in a not unduly discriminatory manner and posted on its Phase I/II HVDC-TF Transmission Provider Page pursuant to Commission regulations. Three principal requirements apply to discounts for transmission service over the Phase I/II HVDC-TF: (1) any offer of a discount made by a Schedule 20A Service Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2)

SCHEDULE 20A

ATTACHMENT ~~1~~A

PHASE I/II HVDC-TF SERVICE AGREEMENT

This Phase I/II HVDC-TF Service Agreement ("Service Agreement"), dated as of _______________, is entered into, by and between ____________________ ("Schedule 20A Service Provider") and _____________________ ("Transmission Customer").

PART I – General Terms and Conditions

1. Service Provided: Phase I/II HVDC-TF Service under Part II, Schedule 20A of the ISO New England Inc., Transmission, Markets and Services Tariff ("Tariff") (Check applicable service):

   __Non-Firm (Part I) __Firm (Parts I & II)

2. The Transmission Customer is an Eligible Customer under the Tariff and is a party to either a Market Participant Service Agreement or a Transmission Service Agreement.

3. The Transmission Customer has submitted a Completed Application and the required deposit, if applicable, for Phase I/II HVDC-TF Service under this Service Agreement and the Tariff.

4. The Transmission Customer agrees to supply information associated with its request for ~~to the~~ Phase I/II HVDC-TF Service to the Schedule 20A Service Provider that the Schedule 20A Service Provider deems reasonably necessary in accordance with Schedule 20A and Good Utility Practice in order for it to receive the requested service.

5. The Schedule 20A Service Provider agrees to provide and the Transmission Customer agrees to take and pay for Phase I/II HVDC-TF Service in accordance with the provisions of the Tariff and this Service Agreement.

6. Service will be subject to some combination of the charges detailed in Part II, Schedule 20A of the Tariff. The appropriate charges will be determined in accordance with the terms and conditions of Schedule 20A.

7. 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.

Transmission Customer:

____
____
____

Schedule 20A Service Provider:

____
____
____

8. The Tariff is incorporated herein and made a part hereof.

9. Nothing contained in this Service Agreement shall be construed as affecting in any way the right of the Schedule 20A Service Provider to file with the Commission under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder for a change in any rates, terms and conditions of this Service Agreement. Nothing contained in this Service Agreement shall be construed as affecting in any way the ability of the Transmission Customer to file with the Commission under Section 206 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder for a change in any rates, terms and conditions of this Service Agreement.

~~**PART II – Firm Phase I/II HVDC-TF Service**~~

10. Phase I/II HVDC-TF Service under this Service Agreement shall commence on the later of: (l) ___________________, or (2) such other date as it is permitted to become effective by the Commission. Service shall terminate on ____________________.

PART II – Firm Phase I/II HVDC-TF Service

~~2~~1. Specifications for Phase I/II HVDC-TF Service.

a. Term of Transaction: ________________________

b. Description of capacity and energy to be transmitted over the Phase I/II HVDC-TF including the electric Control Area in which the transaction originates:

____
____

c. Point(s) of Receipt and Capacity Reservation:

____

____

d. Delivering Party: ______________________________

e. Point(s) of Delivery and Capacity Reservation:
____
____

f. Receiving Party: ______________________________

g. Reserved Capacity: ____________________________

h. Service under this Service Agreement shall be subject to the following charges:
____
____

i. Additional terms and conditions as may be specified in individual Schedule 20A Service Providers' Service Schedule:
____
____

IN WITNESS WHEREOF, the Parties have caused this Phase I/II HVDC-TF Service Agreement to be executed by their respective authorized officials.

Transmission Customer:

By: ________________________ ________________ ______________
Name Title Date

____
Print Name

~~Phase I/II HVDC-TF~~Schedule 20A Service Provider:

By: ________________________ ________________ ______________
Name Title Date

____
Print Name

SCHEDULE 20A

ATTACHMENT A-1

Form of PHASE I/II-TF Service Agreement For The Resale, Reassignment or Transfer of Point-To-Point Phase I/II HVDC-TF Service

1. This Phase I/II HVDC-TF Service Agreement ("Service Agreement"), dated as of ______________, is entered into, by and between ___________________ ("Schedule 20A Service Provider") and ____________________ ("Assignee").

2. The Assignee has been determined by the Schedule 20A Service Provider to be an Eligible Customer under the Tariff pursuant to which the transmission service rights to be transferred were originally obtained.

3. The terms and conditions for the transaction entered into under this Service Agreement shall be subject to the terms and conditions of Part I of Schedule 20A and the Schedule 20A Service Provider's~~'~~ Service Schedule of Schedule 20A, except for those terms and conditions negotiated by the Reseller of the reassigned transmission capacity (pursuant to Section I.8.1 of this Tariff) and the Assignee~~-~~, to include: contract effective and termination dates, the amount of reassigned capacity or energy, point(s) of receipt and delivery. Changes by the Assignee to the Reseller's Points of Receipt and Points of Delivery will be subject to the provisions of Section I.8.2 of this Tariff.

4. The Schedule 20A Service Provider shall credit the Reseller for the price reflected in the Assignee's Service Agreement or the associated OASIS schedule.

5. 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.

Specifications For The Resale, Reassignment Or Transfer of
Long-Term Firm Point-To-Point Phase I/II HVDC-TF Service

1. Term of Transaction: ____________________________________

   Start Date:____

   Termination Date:______________________________________

2. Description of capacity and energy to be transmitted by ~~Transmission Owner~~the Schedule 20A Service Provider including the electric Control Area in which the transaction originates.

   ____

3. Point(s) of Receipt:____________________________________

   Delivering Party:____

4. Point(s) of Delivery:___________________________________

   Receiving Party:____

5. Maximum amount of reassigned capacity:___________________

6. Designation of party(ies) subject to reciprocal service obligation:____
   ____
   ____
   ____

7. Name(s) of any Intervening Systems providing transmission service:____
   ____
   (Name of Transmission Owner) Open Access Transmission Tariff

8. 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 the Tariff.)

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:_____________________

____

____

____

____

____

____

9.0 Name of Reseller of the reassigned transmission capacity:

____

1.2 Overview of Phase I/II HVDC-TF

The Phase I/II HVDC-TF is a 2,000 MW HVDC tie line in New England that interconnects the ISO Control Area with the Hydro-Québec Control Area in the Province of Québec, Canada. This HVDC line has one termination point in New England (with paired operation with complementary facilities in Québec). The specific facilities in New England are the Sandy Pond HVDC Terminal, which interconnects Central Massachusetts and the Nicolet and/or Radisson HVDC terminals of Hydro-Québec. Additional information on the Phase I/II HVDC-TF can be found at: ~~**http://oasis.iso-ne.com/documents/hq.htm**~~ https://www.oatioasis.com/ISNE/ISNEdocs/hq.htm.

1.3 Definitions

Capitalized terms used and defined in this Attachment C to Schedule 20A shall have the meaning given them under this Attachment. Capitalized terms used and not defined in this Schedule 20A but defined in other sections of Schedule 20A or the Tariff shall have the meaning given them under those sections. Capitalized terms used in this Attachment C to Schedule 20A that are not defined in it or elsewhere in Schedule 20A or the Tariff shall have the meanings in the Restated Use Agreement or those customarily attributed to applicable criteria, rules,

Sheet Nos. 1149~~R~~S – 1149Z are reserved for future use.

ATTACHMENT B

SCHEDULE 20A–CMP
CLEAN TARIFF SHEETS

Schedule 20A-CMP
Attachment L
Creditworthiness Procedure

I. General Information

This Attachment L details the specific requirements for creditworthiness procedures of Schedule 20A-CMP of the OATT for Central Maine Power Company ("CMP"). Any customer taking any service under Schedule 20A-CMP, the Phase I/II HVDC-TF Service provided over CMP's Use Rights of the Phase I/II HVDC-TF Facilities under the OATT (such a customer is referred to herein as a "Customer" and such services are referred to individually herein as a "Service" and collectively as "Services") must meet the terms of this Attachment L. The creditworthiness of each Customer must be established prior to receiving Service from CMP. A Customer will be evaluated at the time its application for such Service is provided to CMP. A credit review shall be conducted for each transmission Customer at least annually or upon reasonable request by the transmission Customer. CMP may conduct a credit review any time there is a material change in a Customer's financial conditions as set forth in Section VIII.A. Any change in this Attachment L will be made in accordance with Section 10 and posted on CMP's OASIS.

All Customers must comply with the terms of this Attachment L. The Customer should refer to the Company's web site at www.cmpco.com or the Company's OASIS site, for the applicable contact representative at CMP.

Upon receipt of a Customer's Financial Information, CMP will review it for completeness and will notify the Customer if additional information is required. Upon completion of a credit evaluation of a Customer, CMP will notify the Customer of the results as well as of any Financial Assurance requirements. CMP will provide a written report of the credit evaluation, upon written or email request by the Customer.

II. Financial Information

- Customers requesting Service are required, at the sole discretion of CMP, to submit, if available, all current rating agency reports from Standard and Poor's ("S&P"), Moody's and/or Fitch of the Customer, its direct or indirect parent ("Parent"), or other credit provider, or

SCHEDULE 20A–CMP
REDLINED TARIFF SHEETS

Schedule 20A-CMP
Attachment L
Creditworthiness Procedure

I. General Information

This Attachment L details the specific requirements for creditworthiness procedures of Schedule 20A-CMP of the OATT for Central Maine Power Company ("CMP"). Any customer taking any service under Schedule 20A-CMP, the Phase I/II HVDC-TF Service provided over CMP's Use Rights of the Phase I/II HVDC-TF Facilities under the OATT (such a customer is referred to herein as a "Customer" and such services are referred to individually herein as a "Service" and collectively as "Services") must meet the terms of this Attachment L. The creditworthiness of each Customer must be established prior to receiving Service from CMP. A Customer will be evaluated at the time its application for such Service is provided to CMP. A credit review shall be conducted for each transmission Customer at least annually or upon reasonable request by the transmission Customer. CMP may conduct a credit review any time there is a material change in a Customer's financial conditions as set forth in Section VIII.A. Any change in this Attachment L will be made in accordance with Section 10 and posted on CMP's OASIS. ~~http://oasis.iso-ne.com/oasis/cmp~~

All Customers must comply with the terms of this Attachment L. The Customer should refer to the Company's web site at www.cmpco.com or the Company's OASIS site, for the applicable contact representative at CMP.

Upon receipt of a Customer's Financial Information, CMP will review it for completeness and will notify the Customer if additional information is required. Upon completion of a credit evaluation of a Customer, CMP will notify the Customer of the results as well as of any Financial Assurance requirements. CMP will provide a written report of the credit evaluation, upon written or email request by the Customer.

II. Financial Information

- Customers requesting Service are required, at the sole discretion of CMP, to submit, if available, all current rating agency reports from Standard and Poor's ("S&P"), Moody's and/or Fitch of the Customer, its direct or indirect parent ("Parent"), or other credit provider, or

ATTACHMENT C

SCHEDULE 20A–NU
CLEAN TARIFF SHEETS

Northeast Utilities Companies

Schedule 20A-NU

Table of Contents

SCHEDULE 20A-NU

In accordance with paragraphs 80-84 of Commission Order No. 676-C, the NAESB Version 001 Standards listed below apply to the provision of transmission service pursuant to this Schedule 20A-NU for service provided hereunder by Public Service Company of New Hampshire:

Gas/Electric Coordination (WEQ-011, Version 001, October 31, 2007, with minor corrections applied on November 16, 2007), Standards 011-1.2 and 011-1.3.

NORTHEAST UTILITIES COMPANIES

PHASE I/II HVDC-TF SERVICE NU

This Schedule 20A-NU contains the main substantive provisions applicable to the NU Companies' portion of Phase I/II HVDC-TF Service. It includes rates, terms and conditions for Phase I/II HVDC-TF Point-to-Point Service and NU-specific Phase I/II HVDC-TF Service Schedules. All Transmission Customers taking Phase I/II HVDC-TF Service from the NU Companies shall be subject to and comply with the rates, terms and conditions of this Schedule 20A-NU. In the event of a conflict between any rate, term or condition in the Tariff and any rate, term or condition in this Schedule 20A-NU, this Schedule 20A-NU shall govern.

The NU Companies will perform their functions under this Schedule 20A in a manner that is not inconsistent with the ISO's provision of regional service, administration of the regional markets, dispatch of resources, and operation of the New England Transmission System for purposes of reliability.

I. COMMON SERVICE PROVISIONS

1. Definitions: Capitalized terms not defined herein shall have the meanings as defined within the Tariff.

1.1 **Interest**: The amount computed in accordance with the Commission's regulations at 18 CFR §35.19a(a)(2)(iii). Interest on deposits shall be calculated from the day the deposit check is credited to the NU Companies' account.

1.2 **Service Year:** The calendar year in which the Transmission Customer receives service under this Service Schedule.

1.3 **NU Companies:** The Northeast Utilities Companies (or "NU Companies") which consist of The Connecticut Light and Power Company, Western Massachusetts Electric Company, and Public Service Company of New Hampshire, each an operating company of Northeast Utilities ("NU").

1.4 **NUSCO:** Northeast Utilities Service Company, the Designated Agent for the NU Companies.

1.5 **Transmission Service:** Point-To-Point Transmission Service provided under this Service Schedule on a firm and non-firm basis.

2. **Billing and Payment**

2.1 **Customer Default:** In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the NU Companies on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the NU Companies notify the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist.

Upon the occurrence of a default, the NU Companies 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 the NU Companies and the Transmission Customer, the NU Companies 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 the NU Companies may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy. Neither Party shall have the right to challenge any monthly bill or to bring any court or administrative action of any kind questioning the propriety of any bill after a period of twenty-four (24) months from the date the bill was due; provided, however, that in the case of a bill based on estimates, such twenty-four month period shall run from the due date of the final adjusted bill.

3. **Creditworthiness**: See Attachment L to this Schedule 20A-NU.

4. **Regulatory Filings:** Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of the NU Companies 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 Tariff or any

Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under the Tariff to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

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. Phase I/II HVDC-TF POINT-TO-POINT SERVICE

Preamble

Except as otherwise provided Schedules, Firm and Non-Firm Phase I/II HVDC-TF Point-To-Point Service will be provided pursuant to the rates, terms and conditions set forth below. Phase I/II HVDC-TF Point-To-Point Service is for the receipt of capacity and/or energy at designated Point(s) of Receipt and the transmission of such capacity and energy to designated Point(s) of Delivery.

6. Nature of Firm Phase I/II HVDC-TF Point-To-Point Service

a) Classification of Firm Phase I/II HVDC-TF Point-To-Point Service:

For Firm Point-To-Point Transmission Service over the Phase I/II HVDC-TF, the Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule Phase I/II HVDC-TF-STF or Schedule Phase I/II HVDC-TF-LTF, to this Schedule 20A-NU.

7. Procedures for Arranging Firm Phase I/II HVDC-TF Point-To-Point Service

a) Deposit:

A Completed Application for Firm Phase I/II HVDC-TF Point-To-Point Service also shall include a deposit of either three month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected because it does not meet the conditions for service as set forth herein, said deposit shall be returned with interest less any reasonable costs incurred by NU in connection with the review of the losing bidder's Application. If an Application is withdrawn or the Eligible Customer decides not to enter into a Phase I/II HVDC-TF Service Agreement for Firm Phase I/II HVDC-TF Point-To-Point Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by NU to the extent such costs have not already been recovered by NU from the Eligible Customer. NU 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. Applicable interest shall be computed in accordance with the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to the PTO's account.

8. Rates and Charges

The Transmission Customers taking Phase I/II HVDC-TF Point-To-Point Transmission Service shall pay the NU Companies for any Ancillary Services, consistent with Commission policy, along with the following:

a) Rates for Firm and Non-Firm Point-To-Point Transmission Services: Rates for Firm and Non-Firm Point-To-Point Transmission Service over the Phase I/II HVDC-TF are provided in Schedule Phase I/II HVDC-TF-LTF and Schedule Phase I/II HVDC-TF-STF.

SUPPLEMENT NO. 1 TO

Schedule 20A-NU

Service Over Phase I/II HVDC-TF

I. **Definitions**:

Unless otherwise provided, capitalized terms used herein shall have the definitions provided in the ISO-New England Transmission, Markets and Services Tariff ("Tariff") including Schedule 20A-NU to the OATT.

II. **Transmission Service Over Phase I/II HVDC-TF:**

Transmission service over the Phase I/II HVDC-TF is provided pursuant to the terms and conditions of this Phase I/II HVDC-TF Service Schedule.

III. **Rates For Transmission Service Over Phase I/II HVDC-TF:**

Rates for Point-To-Point Transmission Service over the Phase I/II HVDC-TF are set forth in the following rate schedules attached to this Supplement No. 1: Rate Schedule Phase I/II HVDC-TF-LTF for Long-Term Firm Point-To-Point Transmission Service; Rate Schedule Phase I/II HVDC-TF-STF for Short-Term Firm Point-To-Point Transmission Service; and Rate Schedule Phase I/II HVDC-TF-NF for Non-Firm Point-To-Point Transmission Service.

SCHEDULE PHASE I/II HVDC-TF-LTF

Phase I/II HVDC-TF
Long-Term Firm Point-To-Point
Transmission Service

CHARGE PROVISIONS

I. For each month of service, NUSCO or its agent will bill the Transmission Customer the difference between: (1) the higher of the cumulative annual Embedded Cost Charges or the cumulative annual Opportunity Costs Charges, calculated on a monthly basis for each calendar year and (2) the cumulative annual amount of charges for Embedded Costs and Opportunity Costs preceding the service month for which the bill is being rendered. In January of each calendar year the cumulative billed amount for (2) above will be reset to zero (0).

A. **EMBEDDED COST CHARGE**

1) Determination of Embedded Cost Charge

The Embedded Cost Charge will provide for recovery of the embedded costs of the Phase I/II HVDC-TF of the NU Companies. The Embedded Cost Charge for each month will be the product of: (a) the "NU Companies' Formula Rate" (expressed in dollars per kilowatt-year), divided by twelve (12) months, and (b) the Reserved Capacity (expressed in kilowatts).

2) NU Companies Formula Rate

The NU Companies' formula rate shall be determined in accordance with the rate formulas specified in Appendix A of this Schedule Phase I/II HVDC-TF-LTF ("Formula Rate"), being applied to the costs recorded on each of the NU Companies' books of account (i.e., FERC Form 1). The Formula Rate shall be determined on the basis of estimated costs for each year until the actual NU Companies' costs for such year are determined. Thereafter, payments made on such estimate shall be recalculated based on actual data for that year, and an appropriate billing adjustment shall be made pursuant to Schedule 20A.

3) Tax Rates and Taxes

The Formula Rate in effect during a Service Year shall be based on the local, state, and federal tax rates and taxes in effect during the prior year. If, at any time, additional or new taxes are imposed on the NU Companies or existing taxes are removed, the Formula Rate will be appropriately modified and filed with the Commission in accordance with Part 35 of the Commission's regulations.

4) Provision re: Exchanges

With respect to Entitlement Transactions or Energy Transactions or other transactions that involve an exchange, each party to such transaction shall be treated as an individual Transmission Customer under the Tariff. Accordingly, a separate Schedule Phase I/II HVDC-TF-LTF or other applicable charge(s) will be calculated for, and a separate bill will be rendered to, each such individual Transmission Customer.

B) **<u>OPPORTUNITY COSTS CHARGE</u>**

The Opportunity Costs Charge shall be determined each month in accordance with the provisions set forth in Appendix B of this Schedule Phase I/II HVDC-TF-LTF and the Service Agreement.

II. In addition to the applicable charges set forth in Parts I and II of the Tariff, and as otherwise specified in the Service Agreement, the Transmission Customer shall pay to NUSCO each month the following additional charges for Phase I/II HVDC-TF Long-Term Firm Transmission Service provided during such month.

A. Taxes and Fees Charge
B. Regulatory Expenses Charge
C. Other

A. **<u>TAXES AND FEES CHARGE</u>**

If any governmental authority requires the payment of any fee or assessment or imposes any form of tax with respect to payments made for Phase I/II HVDC-TF Long-Term Firm Point-To-Point Transmission Service provided under the Tariff, not specifically provided for in any of the charge or rate provisions under the Tariff, including any applicable Interest charged on any deficiency assessment made by the taxing authority, together with any further tax on such payments, the obligation to make payment for any such fee, assessment, or tax shall be borne by the Transmission Customer. The NU Companies will make a separate filing with the Commission for recovery of any such costs in accordance with Part 35 of the Commission's regulations.

B. REGULATORY EXPENSES CHARGE

The NU Companies shall have the right to make a Section 205 filing for recovery of regulatory expenses associated with the Tariff and the Service Agreements.

C. OTHER

The NU Companies shall have the right; at any time, unilaterally to file for a change in any of the provisions of this Schedule Phase I/II HVDC-TF-LTF in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations**.**

SCHEDULE PHASE I/II HVDC-TF-LTF

Appendix A

DETERMINATION OF
THE NU COMPANIES' FORMULA RATE
FOR PHASE I/II HVDC-TF
LONG-TERM FIRM POINT-TO-POINT TRANSMISSION SERVICE

The NU Companies' Formula Rate for Phase I/II HVDC-TF Long-Term Firm Point-To-Point Transmission Service ("Formula Rate") is an annual rate determined from the following formula.

$$Formula\ Rate_i = \frac{A_{i-1} - B_{i-1}}{C_{i-1}}$$

WHERE:

- i equals the calendar year during which service is being rendered ("Service Year").

- A_{i-1} is the Annual Cost (expressed in dollars) of the Phase I/II HVDC-TF of the NU Companies for the calendar year prior to the Service Year. The Annual Revenue Requirements are determined pursuant to the formula specified in Exhibit 1 to this Appendix A.

- B_{i-1} is the actual transmission revenues (expressed in dollars) provided from the provision of transmission services over the Phase I/II HVDC-TF to others. The actual transmission revenues shall be those recorded on the books of the NU Companies in FERC Account

Nos. 447 and 456 pertaining to Transmission of Electricity for Others and such other applicable FERC Account for the calendar year prior to the Service Year.

- C_{i-1} is the average of the NU Companies twelve monthly maximum transfer limits (expressed in kilowatts) on its share of the Phase I/II HVDC-TF for the calendar year prior to the Service Year.

SCHEDULE PHASE I/II HVDC-TF-LTF

Appendix A

Exhibit 1

DETERMINATION OF ANNUAL TRANSMISSION REVENUE REQUIREMENTS

The Annual Transmission Cost for the NU Companies' Phase I/II HVDC-TF are the costs assessed by each of them in owning, operating, maintaining, and supporting those facilities, plus any applicable leasing costs and an allocable share of General Plant and other such plant and equipment. These costs shall be computed on a calendar-year basis using costs, from the calendar year prior to the Service Year.

In making such determinations, the provisions of the Uniform System of Accounts prescribed by FERC for Class A and Class B Public Utilities and Licensees shall be controlling.

The formula rate for determination of the annual revenue requirements for the Phase I/II HVDC-TF of the NU Companies are determined pursuant to this Appendix A of Schedule Phase I/II HVDC-TF-LTF, as follows:

A. ANNUAL COST = Sum of [each NU Company's Phase I/II HVDC-TF transmission costs - Chester Static VAR Compensator].

SCHEDULE PHASE I/II HVDC-TF LTF

Appendix B

PROVISIONS FOR RECOVERY OF OPPORTUNITY COSTS FOR PHASE I/II HVDC-TF

The types of Opportunity Costs that may be incurred by the NU Companies and charged to Transmission Customers in connection with the provision of Phase I/II HVDC-TF Long-Term Firm Point-To-Point Transmission Service pursuant to a Service Agreement are described below.

1. **<u>OUT OF RATE COSTS</u>**

1.1 Out of Rate Costs are incurred when: (i) the NU Companies are required under a ISO dispatch order to limit the operation of any of their generation Entitlements below the output level under economic dispatch or to "must run" any of their generation Entitlements above the levels associated with economic dispatch; and (ii) the ISO dispatch order adversely impacts the NU Companies' settlement billing or the settlement billing of another Transmission Customer that has a contractual right (through the purchase of an Entitlement from the NU Companies) to pass the cost back to the NU Companies; and (iii) the ISO does not grant a waiver of the Out of Rate Costs incurred pursuant to (i) and (ii) above.

1.2 The information required from the ISO to establish the existence and level of Out of Rate Costs and the Transmission Customer's responsibility for such costs will normally not be available to the NU Companies by the end of the billing month in which the Out of Rate Costs are incurred. Accordingly, the bills rendered for Phase I/II HVDC-TF Long-Term Firm Point-To-Point Transmission Service pursuant to Schedule 20A shall be subject to subsequent adjustment, as provided in this Appendix B of Schedule Phase I/II HVDC-TF-LTF.

1.3 In circumstances where multiple transactions across a constrained transmission path are causing the incurrence of Out of Rate Costs, the Out of Rate Costs will be allocated first to the Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff to the extent that their service is not curtailed or interrupted pursuant to the provisions of the Tariff. If, after curtailment or interruption of such Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service and/or the allocation of Out of Rate Costs to Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff, Out of Rate Costs remain, such remaining costs will be allocated to Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service customers with the latest date (latest means, the latest dated Service Agreement for Phase I/II HVDC-TF Firm Point-To-Point Transmission Service or latest dated Reservation for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service). Where the reduction in the number of megawatts of Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service and of Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service that would have been required to eliminate the need for the ISO limitation or "must run" in any hour exceeds the megawatts of actual Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service and Phase I/II HVDC-TF Long-Term and Short-Term Firm Point-To-Point Transmission Service of the latest applicable transaction in such hour, the excess Out of Rate Costs will be allocated to the next latest transaction and so on until the total additional megawatts of Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service that is required to be reduced to eliminate the need for such ISO limitation or "must run" order has been achieved. Whenever the transactions across a constrained transmission path that are causing the incurrence of Out of Rate Costs include off-system sales by the NU Companies, such NU Companies' off-system sales shall be included on the same basis as Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service and Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service transactions in determining responsibility for Out of Rate Costs and the date of the off-system sales contract or wholesale transaction shall be used to determine its "service agreement" or "reservation" date.

2. OPPORTUNITY COSTS ON PHASE I/II HVDC-TF

2.1 Short-Term Power Transfers into New England

The NU Companies' lost opportunities to purchase economic short-term power will occur when the amount of power that would be economical for the NU Companies to purchase in the market (at a validated, quoted delivered price below their decremental energy cost) exceeds the amount of the NU Companies' allocated share of Phase I/II HVDC-TF transfer capacity not then committed to others for Non-Firm Point-To-Point Transmission Service and Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service into New England and for purchases on behalf of Native Load Customers ("Short-Term Available Import Capacity"). Operating conditions in New England or elsewhere and/or the location of the seller may affect the amount of Short-Term Available Import Capacity.

The following steps comprise the procedures to be used in assigning such Opportunity Costs on Phase I/II HVDC-TF to Firm Transmission Service customers under the Tariff after assignment of any Opportunity Costs to Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff, pursuant to the provisions of the Tariff.

2.1.1 The megawatt (MW) difference, if any, between the aggregate of economic power purchase opportunities available and Short-Term Available Import Capacity will be determined hourly ("Import Shortfall").

2.1.2 To assign such Opportunity Costs on Phase I/II HVDC-TF to Transmission Customers, Service Agreements for Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service will be ordered (stacked) by date of execution of the Service Agreement under the Tariff, with the Phase I/II HVDC-TF Firm Point-To-Point Transmission Customers under the Tariff having the latest date being assigned the highest order number.

2.1.3 Firm Transmission Customers under the Tariff contributing to the MW amount of lost opportunities will be determined by aggregating MWs of the Reserved Capacity counting backward from the highest order number Firm Point-To-Point Service Agreement under the Tariff until the aggregate MWs equals the Import Shortfall.

2.1.4 Such Opportunity Costs on Phase I/II HVDC-TF for each hour associated with the lowest cost purchase opportunity foregone will be assigned to the highest order numbered Phase I/II HVDC-TF Firm Point-To-Point Service Agreement(s) under the Tariff up to the MWs of such foregone purchase.

2.1.5 The MWs of the next lowest cost purchase foregone will be assigned to the MWs of the next following Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff or (next highest order number not fully included in the calculation in d. above) and so on until the MWs used to calculate the lost opportunities equals the Import Shortfall.

2.1.6 Such Opportunity Costs on Phase I/II HVDC-TF will be calculated for each hour by computing the difference between the cost of the economic power offered to, but not able to be taken by, the NU Companies and the decremental energy cost for the NU Companies for an equivalent amount of megawatt-hours (after reflecting applicable losses) of such foregone purchases. If however, the NU Companies elect to purchase power from an alternative supplier involving an unconstrained interface, such Opportunity Costs on Phase I/II HVDC-TF for each hour will be calculated as the difference between the cost of the economic power for the foregone transaction and the cost of economic power for the alternative transaction. The Service Agreement will set forth the method for calculating charges for Opportunity Costs on Phase I/II HVDC-TF associated with such foregone purchases.

2.1.7 Short Term Power Transfers Out of New England

The NU Companies' lost opportunities to sell short-term power will occur when the amount of power that would be economical for the NU Companies to sell in the market (at validated, quoted prices that exceed their incremental energy cost) exceeds the amount of the NU Companies' allocated share of the Phase I/II HVDC-TF transfer capacity out of New England not then committed for Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service out of New England ("Short-Term Available Export Capacity"). It is recognized that operating conditions in New England or elsewhere and/or the location of the buyer may affect the amount of Phase I/II HVDC-TF Short-Term Available Export Capacity.

2.2 The following steps comprise the procedures to be used in assigning such Opportunity Costs on Phase I/II HVDC-TF to Firm Point-To-Point Transmission Service Customers under the Tariff after assignment of Opportunity Costs to Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff, pursuant to the provision of the Tariff.

2.2.1 The megawatt (MW) difference, if any, between the aggregate of economic power sales opportunities and the Phase I/II HVDC-TF Short-Term Available Export Capacity will be determined hourly ("Export Shortfall").

2.2.2 To assign such Opportunity Costs on Phase I/II HVDC-TF to Firm Point-To-Point Transmission Customers, the date of Service Agreements under the Tariff for transmission service out of New England will be ordered (stacked) by date of the Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff (for NU Companies off-system sales, transmitted under the Tariff, the date used shall be the date of the sales contract or wholesale transaction), with the Phase I/II HVDC-TF Firm Point-To-Point Transmission Customers under the Tariff (or the NU Companies) having the latest execution date being assigned the highest order number.

2.2.3 Phase I/II HVDC-TF Firm Point-To-Point Transmission Customers under the Tariff (and/or the NU Companies) contributing to the MW amount of lost opportunities will be determined by aggregating MWs of Reserved Capacity (including contract or transaction amount of such NU Companies' sales) counting backward from the highest order number Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff (or contract or transaction of such NU Companies' sales) until the aggregate MWs equals the Export Shortfall.

2.2.4 Such Opportunity Costs on Phase I/II HVDC-TF for each hour associated with the highest priced sale opportunity foregone will be assigned to the highest order numbered Phase I/II HVDC-TF Firm Point-To-Point Service Agreement(s) under the Tariff (or contract or transaction for such NU Companies' sales) up to the MWs of such foregone sale.

2.2.5 The MWs of the next highest price sale foregone will be assigned to the MWs of the next following Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff or NU Companies' off-system sale (next highest order number not fully included in the calculation in d. above) and so on until the MWs used to calculate the lost opportunities equals the Export Shortfall.

2.2.6 Such Opportunity Costs on Phase I/II HVDC-TF for each hour will be calculated by computing the difference between the price of the power for which willing buyers exist, but to whom sales cannot be made because of limited Phase I/II HVDC-TF Short Term Available Export Capacity, and the incremental energy cost for the NU Companies for an equivalent amount of megawatt-hours (after reflecting applicable losses) of such foregone sales. If, however, the NU Companies elect to sell power to an alternative supplier involving an unconstrained interface, such Opportunity Costs on Phase I/II HVDC-TF will be calculated as the difference between the delivered price of power of the foregone transaction and the delivered price of power for the alternative transaction. The Service Agreement will set forth the methodology for calculating charges for Opportunity Costs on Phase I/II HVDC-TF associated with such foregone sales.

3. **TIE LINE ADJUSTMENT COSTS**

Service across the Phase I/II HVDC-TF into New England that results in a decrease in the amount of tie line benefits (expressed in kilowatts) reflected in the NU Companies' Capability Responsibility will be subject to claims for Opportunity Costs to account for reduction in such tie line benefits. The Service Agreement will set forth the methodology to determine the reduced tie line benefit to the NU Companies and to calculate the charge for recovery of such Opportunity Costs.

4. **OTHER OPPORTUNITY COSTS**

Nothing in this Appendix B of Schedule Phase I/II HVDC-TF-LTF shall be construed to limit the right of the NU Companies to file unilaterally under Section 205 of the Federal Power Act for recovery of other Opportunity Costs incurred by the NU Companies in connection with Phase I/II HVDC-TF Long-Term Firm Point-To-Point Transmission Service to a Transmission Customer.

5. **LIMIT OF OPPORTUNITY COSTS**

5.1 The aggregate annual Opportunity Costs billed across a given constrained interface shall be limited by the estimated annual levelized revenue requirement associated with new facilities that are technically and economically feasible to build and, if built, would increase the transfer capacity of the applicable interface to a level that would eliminate such costs. Such facilities and their costs will be designated in the Service Agreement. Opportunity Costs for all transactions will be accumulated and compared on an annual basis to the annual levelized revenue requirements associated with expanding the system as described above. The annual levelized revenue requirement so determined is the maximum cumulative Opportunity Costs that will be billed for that year for that interface for service in the applicable direction ("Cost Cap").

5.2 The Cost Cap shall not apply during the construction period set forth in the Service Agreement. The Companies shall not be restricted from filing a request for a waiver of the Cost Cap with the Commission on a case-by-case basis.

6. **OTHER PROVISIONS**

6.1 Whenever the NU Companies determine in advance that they expect to charge the Transmission Customer for Opportunity Costs hereunder, the NU Companies will, if practicable, notify the Transmission Customer, based on the information then available, and give such Customer the option of interrupting its scheduled deliveries for an identified day in order to avoid charges for Opportunity Costs. It is explicitly recognized that the NU Companies may not unilaterally interrupt service to avoid the incurrence of Opportunity Costs, and the option to permit interruption rests solely with the Transmission Customer. It is also explicitly recognized that the NU Companies may not have the ability to make this determination on a timely basis and to provide notice in advance of scheduling deadlines and they shall not be liable in any manner for failure to provide advance notice under this paragraph or for changes in operating conditions that impact on anticipated availability of transfer capability.

6.2 For any hour that the NU Companies incur an Opportunity Cost pursuant to this Appendix B of Schedule Phase I/II HVDC-TF-LTF and NUSCO determines that the Opportunity Cost would not have been incurred if the NU Companies were not providing Phase I/II HVDC-TF Long-Term Firm Point-To-Point Transmission Service to the Transmission Customer, NUSCO shall be obligated to notify the Transmission Customer within one month of the date on which it had knowledge of the incurrence of the Opportunity Costs. In the event that the then calculated annual cumulative Opportunity Costs exceed the annual cumulative charges previously billed to the Transmission Customer for Embedded Costs or Opportunity Costs pursuant to Section I. of Schedule LTF, NUSCO may render an immediate billing adjustment.

6.3 All claims for Opportunity Costs shall be accompanied by a written statement or other documentation: (i) showing that the Opportunity Costs were incurred; showing the calculation for the Opportunity Costs incurred and claimed; and showing that the Opportunity Costs would not have been incurred in the absence of the transaction being charged. If the Transmission Customer, in good faith, disputes NUSCO's claim for Opportunity Costs, such dispute must be made within a ninety (90) day period following the end of the Service Year for which the Opportunity Costs were claimed by NUSCO.

6.4 The NU Companies shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Appendix B of Schedule Phase I/II HVDC-TF-LTF in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

SCHEDULE Phase I/II HVDC-TF STF

Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service

CHARGE PROVISIONS

I. For each daily, weekly or monthly Transaction, NUSCO will bill the Transmission Customer the higher of: (1) the Embedded Cost Charge or (2) the Opportunity Cost Charges, calculated for the term of each such Transaction. For Transaction having a term greater than one month, NUSCO will bill the Transmission Customer the difference between: (1) the higher of the cumulative Embedded Cost Charges or the cumulative Opportunity Costs Charges, calculated from the effective date of Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service through the end of the service month and (2) the cumulative billed amount of charges for Embedded Costs and Opportunity Costs preceding the service month for which the bill is being rendered.

A. **EMBEDDED COST CHARGE**

1. Determination of Embedded Cost Charge

The Embedded Cost Charge will provide for recovery of the embedded costs of the Phase I/II HVDC-TF of the NU Companies. The Embedded Cost Charge for each month will equal the sum of the Embedded Cost Charges for each monthly (or longer term), weekly, or daily Transaction during such month.

The Embedded Cost Charge for each monthly Transaction shall be determined as the product of: (a) the NU Companies' Annual Rate for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission

Service divided by twelve (I2) months (expressed in dollars per kilowatt-month) and (b) the Reserved Capacity set forth for such monthly Transaction (expressed in kilowatts).

The Embedded Cost Charge for each weekly Transaction shall be determined as the product of: (a) the NU Companies' Weekly Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Rate (expressed in dollars per kilowatt-week), and (b) the Reserved Capacity set forth for such weekly Transaction (expressed in kilowatts). The NU Companies' Weekly Rate is the NU Companies' Annual Rate for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service divided by fifty-two (52) weeks.

The Embedded Cost Charge for each daily Transaction shall be determined as the product of: (a) the NU Companies' Daily Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Rate (expressed in dollars per kilowatt-day), and (b) the Reserved Capacity set forth for such daily Transaction (expressed in kilowatts). The NU Companies' Daily Rate is the NU Companies' Weekly Rate for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service divided by five (5) days. The total of the charges for daily Transactions, under an individual reservation, in a seven (7) day period shall not exceed the charges based on the Weekly Rate and the maximum Reserved Capacity in the period.

2. <u>NU Companies' Annual Formula Rate for Phase I/II HVDC-TF Short-Term Transmission Service</u>

The NU Companies' Annual Formula Rate for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service shall be expressed in dollars per kilowatt-year and shall be determined in accordance with the rate formula specified in Appendix A of this Schedule Phase I/II HVDC-TF-STF ("Formula Rate") being applied to the costs recorded on the NU Companies' books of account (i.e., FERC Form 1). The Formula Rate shall be determined on the basis of estimated costs for each year until the actual NU Companies' costs for such year are determined. Thereafter, payments made on such estimate shall be recalculated based on actual data for that year, and an appropriate billing adjustment shall be made.

3. Tax Rates and Taxes

The Formula Rate set forth in this Schedule Phase I/II HVDC-TF-STF in effect during a Service Year shall be based on the local, state, and federal tax rates and taxes in effect during the prior year. If, at any time, additional or new taxes are imposed on the Companies or existing taxes are removed, the Formula Rate will be appropriately modified and filed with the Commission in accordance with Part 35 of the Commission's regulations.

4. Provision re: Exchanges

With respect to Entitlement Transactions or Energy Transactions or other transactions that involve an exchange, each party to such transaction shall be treated as an individual Transmission Customer under the Tariff. Accordingly, a separate Schedule Phase I/II HVDC-TF-STF or other applicable charge(s) will be calculated for, and a separate bill will be rendered to, each such individual Transmission Customer.

B. **OPPORTUNITY COSTS CHARGE**

The Opportunity Costs Charge shall be determined each month in accordance with the provisions set forth in Appendix B of this Schedule Phase I/II HVDC-TF-STF and the Service Agreement.

II. In addition to the applicable charges set forth in Section I of this Schedule Phase I/II HVDC-TF-STF, and as otherwise specified in the Service Agreement, the Transmission Customer shall pay to NUSCO each month the following additional charges for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service provided during such month.

A. Taxes and Fees Charge
B. Regulatory Expenses Charge
C. Other

A. **TAXES AND FEES CHARGE**

If any governmental authority requires the payment of any fee or assessment or imposes any form of tax with respect to payments made for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service provided under the Tariff, not specifically provided for in any of the charge or rate provisions under the Tariff, including any applicable interest charged on any deficiency assessment made by the taxing authority, together with any further tax on such payments, the obligation to make payment for any such fee, assessment, or tax shall be borne by the Transmission Customer. The NU Companies will make a separate filing with the Commission for recovery of any such costs in accordance with Part 35 of the Commission's regulations.

B. **REGULATORY EXPENSES CHARGE**

The NU Companies shall have the right to make a Section 205 filing for recovery of regulatory expenses associated with the Tariff and the Service Agreements.

C. **OTHER**

The NU Companies shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Schedule Phase I/II HVDC-TF-STF in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

SCHEDULE PHASE I/II HVDC-TF STF

Appendix A

DETERMINATION OF
THE NU COMPANIES' FORMULA RATE
FOR PHASE I/II HVDC-TF
SHORT-TERM FIRM POINT-TO-POINT TRANSMISSION SERVICE

The NU Companies' Formula Rate for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service ("Formula Rate") is an annual rate determined from the following formula.

$$\textit{Formula Rate}_i = \frac{A_{i-1} - B_{i-1}}{C_{i-1}}$$

WHERE:

- i equals the calendar year during which service is being rendered ("Service Year").

- A_{i-1} is the Annual Cost (expressed in dollars) of the Phase I/II HVDC-TF of the NU Companies for the calendar year prior to the Service Year. The Annual Revenue Requirements are determined pursuant to the formula specified in Exhibit 1 to this Appendix A of Schedule Phase I/II HVDC-TF-STF.

- B_{i-1} is the actual transmission revenues (expressed in dollars) provided from the provision of transmission services over the Phase I/II HVDC-TF to others. The actual transmission revenues shall be those recorded on the books of the NU Companies in FERC Account Nos. 447 and 456 pertaining to Transmission of Electricity for Others and such other applicable FERC Account for the calendar year prior to the Service Year.

- C_{i-1} is the average of NU Companies' twelve monthly maximum transfer limits (expressed in kilowatts) on its share of the Phase I and Phase II DC facilities for the calendar year prior to the Service Year.

SCHEDULE Phase I/II HVDC-TF-STF

Appendix A

Exhibit 1

DETERMINATION OF ANNUAL TRANSMISSION REVENUE REQUIREMENTS

The Annual Transmission Cost for the NU Companies' Phase I/II HVDC-TF are the costs assessed by each of them in owning, operating, maintaining, and supporting those facilities, plus any applicable leasing costs and an allocable share of General Plant and other such plant and equipment. These costs shall be computed on a calendar-year basis using costs, from the calendar year prior to the Service Year.

In making such determinations, the provisions of the Uniform System of Accounts prescribed by FERC for Class A and Class B Public Utilities and Licensees shall be controlling.

The rate formulae for determination of the annual revenue requirements for the Phase I/II HVDC-TF of the NU Companies are determined pursuant to this Appendix A of Schedule Phase I/II HVDC-TF-STF, as follows:

A. ANNUAL REVENUE REQUIREMENTS = Sum of [each NU Companies' Phase I/II HVDC-TF transmission costs - Chester Static VAR Compensator].

SCHEDULE PHASE I/II HVDC-TF-STF

Appendix B

PROVISIONS FOR RECOVERY OF OPPORTUNITY COSTS FOR PHASE I/II HVDC-TF

The types of Opportunity Costs that may be incurred by the NU Companies and charged to Transmission Customers in connection with the provision of Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service pursuant to a Service Agreement are described below.

1. **<u>OUT OF RATE COSTS</u>**

1.1 Out of Rate Costs are incurred when: (i) the NU Companies are required under an ISO dispatch order to limit the operation of any of their generation Entitlements below the output level under economic dispatch or to "must run" any of their generation Entitlements above the levels associated with economic dispatch; and (ii) the ISO dispatch order adversely impacts the NU Companies' settlement billing or the settlement billing of another Transmission Customer that has a contractual right (through the purchase of an Entitlement from the NU Companies) to pass the cost back to the NU Companies; and (iii) the ISO does not grant a waiver of the Out of Rate Costs incurred pursuant to (i) and (ii) above.

1.2 The information required from the ISO to establish the existence and level of Out of Rate Costs and the Transmission Customer's responsibility for such costs will normally not be available to the NU Companies by the end of the billing month in which the Out of Rate Costs are incurred. Accordingly, the bills rendered for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service pursuant to Schedule 20A shall be subject to subsequent adjustment, as provided in this Appendix B of Schedule Phase I/II HVDC-TF-STF.

1.3 In circumstances where multiple transactions across a constrained transmission path are causing the incurrence of Out of Rate Costs, the Out of Rate Costs will be allocated first to the Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff to the extent that their service is not curtailed or interrupted pursuant to the provisions of the Tariff. If, after curtailment or interruption of such Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service and/or the allocation of Out of Rate Costs to Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff, Out of Rate Costs remain, such remaining costs will be allocated to Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service customers with the latest date (latest means, the latest dated Service Agreement for Firm Point-To-Point Transmission Service). Where the reduction in the number of megawatts of Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service that would have been required to eliminate the need for the ISO limitation or "must run" in any hour exceeds the megawatts of actual Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service of the latest applicable transaction in such hour, the excess Out of Rate Costs will be allocated to the next latest transaction and so on until the total additional megawatts of Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service that is required to be reduced to eliminate the need for such ISO limitation or "must run" order has been achieved. Whenever the transactions across a constrained transmission path that are causing the incurrence of Out of Rate Costs include off-system sales by the NU Companies, such NU Companies' off-system sales shall be included on the same basis as Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service transactions in determining responsibility for Out of Rate Costs and the date of the off-system sales contract or wholesale transaction shall be used to determine its "service agreement" or "transaction" date.

2. **OPPORTUNITY COSTS ON PHASE I/II HVDC-TF**

2.1 Short-Term Power Transfers into New England

The NU Companies' lost opportunities to purchase economic short-term power will occur when the amount of power that would be economical for the NU Companies to purchase in the market (at a validated, quoted delivered price below their decremental energy cost) exceeds the amount of the NU Companies' allocated share of Phase I/II HVDC-TF transfer capacity not then committed to others for Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service into New England and for purchases on behalf of Native Load Customers ("Short-Term Available Import Capacity"). Operating conditions in New England or elsewhere and/or the location of the seller may affect the amount of Phase I/II HVDC-TF Short-Term Available Import Capacity.

The following steps comprise the procedures to be used in assigning such Opportunity Costs on Phase I/II HVDC-TF to Firm customers under the Tariff after assignment of any Opportunity Costs to Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff, pursuant to the provisions of the Tariff.

2.1.1 The megawatt (MW) difference, if any, between the aggregate of economic power purchase opportunities available and Phase I/II HVDC-TF Short-Term Available Import Capacity will be determined hourly ("Import Shortfall").

2.1.2 To assign such Opportunity Costs on Phase I/II HVDC-TF to Transmission Customers, Firm Point-To-Point Service Agreements under the Tariff will be ordered (stacked) by date of execution of the Phase I/II HVDC-TF Firm Point To-Point Service Agreement under the Tariff, with the Firm Point-To-Point Transmission Customers under the Tariff having the latest date being assigned the highest order number.

2.1.3 Phase I/II HVDC-TF Firm Point-To-Point Transmission Customers under the Tariff contributing to the MW amount of lost opportunities will be determined by aggregating MWs of Reserved Capacity counting backward from the highest order number Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff until the aggregate MWs equals the Import Shortfall.

2.1.4 Such Opportunity Costs on Phase I/II HVDC-TF for each hour associated with the lowest cost purchase opportunity foregone will be assigned to the highest order numbered Phase I/II HVDC-TF Firm Point-To-Point Service Agreement(s) under the Tariff up to the MWs of such foregone purchase.

2.1.5 The MWs of the next lowest cost purchase foregone will be assigned to the MWs of the next following Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff (next highest order number not fully included in the calculation in d. above) and so on until the MWs used to calculate the lost opportunities equals the Import Shortfall.

2.1.6 Such Opportunity Costs on Phase I/II HVDC-TF will be calculated for each hour by computing the difference between the cost of the economic power offered to, but not able to be taken by, the NU Companies and the decremental energy cost for the NU Companies for an equivalent amount of megawatt-hours (after reflecting applicable losses) of such foregone purchases. If, however, the NU Companies elect to purchase power from an alternative supplier involving an unconstrained interface, such Opportunity Costs on Phase I/II HVDC-TF for each hour will be calculated as the difference between the cost of the economic power for the foregone transaction and the cost of economic power for the alternative transaction. The Service Agreement will set forth the method for calculating charges for Opportunity Costs on Phase I/II HVDC-TF associated with such foregone purchases.

2.2 Short-Term Power Transfers Out of New England

The NU Companies' lost opportunities to sell Phase I/II HVDC-TF short-term power will occur when the amount of power that would be economical for the NU Companies to sell in the market (at validated, quoted prices that exceed their incremental energy cost) exceeds the amount of the NU Companies' allocated share of the Phase I/II HVDC-TF transfer capacity out of New England not then committed for Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service out of New England ("Short-Term Available Export Capacity"). It is recognized that operating conditions in New England or elsewhere and/or the location of the buyer may affect the amount of Short-Term Available Export Capacity.

The following steps comprise the procedures to be used in assigning such Opportunity Costs on Phase I/II HVDC-TF to Firm Point-To-Point Customers under the Tariff after assignment of Opportunity Costs to Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff, pursuant to the provision of the Tariff.

2.2.1 The megawatt (MW) difference, if any, between the aggregate of economic power sales opportunities and the Short-Term Available Export Capacity will be determined hourly ("Export Shortfall").

2.2.2 To assign such Opportunity Costs on Phase I/II HVDC-TF to Transmission Customers, the date of Phase I/II HVDC-TF Firm Point-To-Point Service Agreements under the Tariff for transmission service out of New England will be ordered (stacked) by date of the Firm Point-To-Point Service Agreement under the Tariff (for NU Companies off-system sales, transmitted under Phase I/II HVDC-TF Firm Point-To-Point Transmission Service under the Tariff, the date used shall be the date of the sales contract or wholesale transaction), with the Phase I/II HVDC-TF Firm Point-To-Point Transmission Customers under the Tariff (or the NU Companies) having the latest execution date being assigned the highest order number.

2.2.3 Firm Point-To-Point Transmission Customers under the Tariff (and/or the NU Companies) contributing to the MW amount of lost opportunities will be determined by aggregating MWs of Reserved Capacity (including contract or transaction amount of such Companies' sales) counting backward from the highest order number Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff (or contract or transaction of such NU Companies' sales) until the aggregate MWs equals the Export Shortfall.

2.2.4 Such Opportunity Costs on Phase I/II HVDC-TF for each hour associated with the highest priced sale opportunity foregone will be assigned to the highest order numbered Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff (or contract or transaction for such Companies' sales) up to the MWs of such foregone sale.

2.2.5 The MWs of the next highest price sale foregone will be assigned to the MWs of the next following Finn Point-To-Point Service Agreement under the Tariff or NU Companies' off-system sale (next highest order number not fully included in the calculation in d. above) and so on until the MWs used to calculate the lost opportunities equals the Export Shortfall.

2.2.6 Such Opportunity Costs on Phase I/II HVDC-TF for each hour will be calculated by computing the difference between the price of the power for which willing buyers exist, but to whom sales cannot be made because of limited Phase I/II HVDC-TF Short-Term Available Export Capacity, and the incremental energy cost for the NU Companies for an equivalent amount of megawatt-hours (after reflecting applicable losses) of such foregone sales. If, however, the NU Companies elect to sell power to an alternative supplier involving an unconstrained interface, such Opportunity Costs on Phase I/II HVDC-TF will be calculated as the difference between the delivered price of power of the foregone transaction and the delivered price of power for the alternative transaction. The Service Agreement will set forth the methodology for calculating charges for Opportunity Costs on Phase I/II HVDC-TF associated with such foregone sales.

3. <u>TIE LINE ADJUSTMENT COSTS</u>

Service across the Phase I/II HVDC-TF into New England that results in a decrease in the amount of tie line benefits (expressed in kilowatts) reflected in the NU Companies' Capability Responsibility will be subject to claims for Opportunity Costs to account for reduction in such tie line benefits. The Service Agreement will set forth the methodology to determine the reduced tie line benefit to the NU Companies and to calculate the charge for recovery of such Opportunity Costs.

4. **OTHER OPPORTUNITY COSTS**

Nothing in this Appendix B of Schedule Phase I/II HVDC-TF-STF shall be construed to limit the right of the NU Companies to file unilaterally under Section 205 of the Federal Power Act for recovery of other Opportunity Costs incurred by the Companies in connection with Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service to a Transmission Customer.

5. **OTHER PROVISIONS**

5.1 Whenever the NU Companies determine in advance that they expect to charge the Transmission Customer for Opportunity Costs hereunder, the NU Companies will, if practicable, notify the Transmission Customer, based on the information then available, and give such Customer the option of interrupting its scheduled deliveries for an identified day in order to avoid charges for Opportunity Costs. It is explicitly recognized that the NU Companies may not unilaterally interrupt service to avoid the incurrence of Opportunity Costs, and the option to permit interruption rests solely with the Transmission Customer. It is also explicitly recognized that the NU Companies may not have the ability to make this determination on a timely basis and to provide notice in advance of scheduling deadlines and they shall not be liable in any manner for failure to provide advance notice under this paragraph or for changes in operating conditions that impact on anticipated availability of transfer capability.

5.2 For any hour that the NU Companies incur an Opportunity Cost pursuant to this Appendix B of Schedule Phase I/II HVDC-TF-STF and NUSCO determines that the Opportunity Cost would not have been incurred if the NU Companies were not providing Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service to the Transmission Customer, NUSCO shall be obligated to notify the Transmission Customer within one month of the date on which it had knowledge of the incurrence of the Opportunity Costs. In the event that the then calculated cumulative Opportunity Costs exceed the cumulative charges previously billed to the Transmission Customer for Embedded Costs or Opportunity Costs pursuant to Section I of Schedule Phase I/II HVDC-TF-STF, NUSCO may render an immediate billing adjustment.

5.3 All claims for Opportunity Costs shall be accompanied by a written statement or other documentation: (i) showing that the Opportunity Costs were incurred; (ii) showing the calculation for the Opportunity Costs incurred and claimed; and (iii) showing that the Opportunity Costs would not have been incurred in the absence of the transaction being charged. If the Transmission Customer, in good faith, disputes NUSCO's claim for Opportunity Costs, such dispute must be made within a ninety (90) day period following the end of the Service Year for which the Opportunity Costs were claimed by NUSCO.

5.4 The NU Companies shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Appendix B of Schedule Phase I/II HVDC-TF-STF in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

SCHEDULE PHASE I/II HVDC-TF-NF

Non-Firm Point-To-Point Phase I/II HVDC-TF
Direct Current Transmission Service

CHARGE PROVISIONS

I. NUSCO shall bill the Transmission Customer for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service, and the Transmission Customer shall be obligated to pay to NUSCO the charges as set forth in this Schedule Phase I/II HVDC-TF-NF as applicable.

A. <u>TRANSMISSION CHARGE</u>

1. <u>General</u>

The Transmission Customer shall pay to NUSCO each month the sum of the Transmission Charges calculated for all of its monthly Transactions, weekly Transactions, daily Transactions and hourly Transactions, each as set forth below.

With respect to any wholesale transactions that involve an exchange, each party to such Transaction shall be an individual Transmission Customer under the Tariff. Accordingly, a Transmission Charge, as applicable, will be calculated for, and a separate bill will be rendered to, each such Transmission Customer.

2. <u>Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service For Monthly Transactions</u>

The Transmission Charge for each month applicable to a monthly Transaction shall be determined as the product of: (a) the rate posted on NU's Open Access Same-Time Information System ("OASIS") at the time the service is reserved, not to exceed the NU Companies' Annual Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service divided by twelve (12) months and (b) the Reserved Capacity set forth in the Transmission Customer's applicable Reservation for such month, expressed in kilowatts.

3. Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service For Weekly Transactions

The Transmission Charge for each month applicable to weekly Transactions shall be the sum of the transmission charges determined for each weekly Transaction during such month. The transmission charge for each weekly Transaction shall be determined as the product of: (a) the rate posted on the NU Companies' OASIS at the time the service is reserved, not to exceed the NU Companies' Weekly Phase I/II HVDC-TF Firm Point-To-Point Transmission Charge Rate (expressed in dollars per kilowatt week), and (b) the Reserved Capacity set forth in the Transmission Customer's applicable Reservation for such week (expressed in kilowatts). The NU Companies' Weekly Rate is the NU Companies' Annual Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service divided by fifty two (52) weeks.

4. Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service For Daily Transactions

The Transmission Charge for each month applicable to daily Transactions will be the sum of the transmission charges determined for each daily Transaction.

The transmission charge for each daily Transaction shall be determined as the product of: (a) the rate posted on the NU Companies' OASIS at the time the service is reserved, not to exceed the NU Companies' Daily Phase I/II HVDC-TF Firm Point-To-Point Transmission Charge Rate (expressed in dollars per kilowatt-day); and (b) the Reserved Capacity set forth in the Transmission Customer's applicable Reservation for such day (expressed in kilowatts). The NU Companies' On-Peak Daily Rate is the Companies' Weekly Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service divided by five (5) days. The NU Companies' Off-Peak Daily Rate is the NU Companies' Weekly Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service plus seven (7) days. The total of the charges for daily Transactions, under an individual Reservation, in a seven (7) day period shall not exceed the charges based on the Weekly Rate and the maximum Reserved Capacity in the period.

5. <u>Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service For Hourly Transactions</u>

The Transmission Charge for each month applicable to hourly Transactions will be the sum of the transmission charges determined for each hourly Transaction. The transmission charge for each hour of an hourly Transaction shall be determined as the product of: (a) the rate posted on the NU Companies' OASIS at the time the service is reserved, not to exceed the NU System Companies' Daily Phase I/II HVDC-TF Firm Point-To-Point Transmission Service Rates divided by sixteen (16) hours (expressed in dollars per kilowatt-hour), and (b) the Reserved Capacity as set forth in the Transmission Customer's applicable Reservation for such hour- (expressed in kilowatts). The NU Companies' Hourly On-Peak Rate is equal to the NU Companies' Daily Rate for Phase I/II HVDC-TF Non-Firm Transmission Service divided by sixteen

(16) hours. The NU Companies' Hourly Off-Peak Rate is equal to the NU Companies' Daily Rate for Phase I/II HVDC-TF Non-Firm Transmission Service divided by twenty-four (24) hours. The total of the charges for hourly Transactions, under an individual Reservation, in a twenty-four (24) hour period shall not exceed the charges based on the Daily Rate and the maximum Reserved Capacity in the period.

6. Credit to the Transmission Charge

Whenever service provided hereunder is interrupted or curtailed by the NU Companies, the Phase I/II HVDC-TF Control Center or the ISO, the Transmission Charges to the Transmission Customer calculated pursuant to Sections A.1 through 5, of this Schedule Phase I/II HVDC-TF-NF shall be credited by an amount equal to the sum of the credits calculated for each hour of interruption or curtailment in service. The credit to the Transmission

Customer for each such hour of interruption or curtailment shall be calculated as the product of (i) the applicable equivalent hourly charge for hourly, daily, weekly, or monthly Transactions, and (ii) the kilowatts of service interruption or curtailment during such hour.

7. NU Companies' Annual Formula Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service

The NU Companies' Annual Formula Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service shall be expressed in dollars per kilowatt-year and shall be determined in accordance with the rate formula specified in Appendix A of this Schedule Phase I/II HVDC-TF-NF ("Formula Rate"), being applied to the costs recorded on each of the NU Companies' books of account (i.e., FERC Form 1). The Formula Rate shall be determined on the basis of estimated costs for each year until the actual NU Companies' costs for such year are determined. Thereafter, payments made on such estimate shall be recalculated based on actual data for that year, and an appropriate billing adjustment shall be made pursuant to Schedule 20A.

8. Tax Rates and Taxes

The Formula Rate set forth in this Schedule Phase I/II HVDC-TF-NF in effect during a Service Year shall be based on local, state, and federal tax rates and taxes in effect during the prior year. If, at any time, additional or new taxes are imposed on the NU Companies or existing taxes are removed, the Formula Rate will be appropriately modified and filed with the Commission in accordance with Part 35 of the Commission's regulations.

II. In addition to the applicable charges set forth in Parts I and II of the Tariff, and as otherwise specified in the Service Agreement, the Transmission Customer shall pay NUSCO each month the following additional charges for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service provided during such month.

A. Taxes and Fees Charge

B. Regulatory Expenses Charge

C. Other

A. **TAXES AND FEES CHARGE**

If any governmental authority requires the payment of any fee or assessment or imposes any form of tax with respect to payments made for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service provided under the Tariff, not specifically provided for in any of the charge or rate provisions under the Tariff, including any applicable interest charged on any deficiency assessment made by the taxing authority, together with any further tax on such payments, the obligation to make payment for such fee, assessment, or tax shall be borne by the Transmission Customer. The NU Companies will make a separate filing with the Commission for recovery of any such costs in accordance with Part 35 of the Commission's regulations.

B. **REGULATORY EXPENSES**

The NU Companies reserve their rights to make a Section 205 filing for recovery of their costs to administer the Tariff and the Service Agreements.

C. **OTHER**

The NU Companies shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Schedule Phase I/II HVDC-TF-NF in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

SCHEDULE Phase I/II HVDC-TF-NF

Appendix A

DETERMINATION OF

THE NU COMPANIES' FORMULA RATE

FOR PHASE I/II HVDC-TF

NON-FIRM POINT-TO-POINT TRANSMISSION SERVICE

The NU Companies' Formula Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service ("Formula Rate") is an annual rate determined from the following formula.

$$\textit{Formula Rate}_i = \frac{A_{i-1} - B_{i-1}}{C_{i-1}}$$

WHERE:

- i equals the calendar year during which service is being rendered ("Service Year").

- A_{i-1} is the Annual Cost (expressed in dollars) of the Phase I/II HVDC-TF of the NU Companies for the calendar year prior to the Service Year. The Annual Revenue Requirements are determined pursuant to the formula specified in Exhibit 1 to this Appendix A of Schedule Phase I/II HVDC-TF-NF.

- B_{i-1} is the actual transmission revenues (expressed in dollars) provided from the provision of transmission services over the Phase I/II HVDC-TF to others. The actual transmission revenues shall be those recorded on the books of the NU Companies in FERC Account Nos. 447 and 456 pertaining to Transmission of Electricity for Others and such other applicable FERC Account for the calendar year prior to the Service Year.

- C_{i-1} is the average of the NU Companies' monthly peak load (expressed in kilowatts of its share of the Phase I/II HVDC-TF of the NU Companies, for the calendar year prior to the Service Year, as reported in FERC Form No. 1.

SCHEDULE Phase I/II HVDC-TF-NF

Appendix A

Exhibit I

DETERMINATION OF ANNUAL TRANSMISSION REVENUE REQUIREMENTS

The Annual Transmission Cost for the NU Companies' Phase I/II HVDC-TF are the costs assessed by each of them in owning, operating, maintaining, and supporting those facilities, plus any applicable leasing costs and an allocable share of General Plant and other such plant and equipment. These costs shall be computed on a calendar-year basis using costs, from the calendar year prior to the Service Year.

In making such determinations, the provisions of the Uniform System of Accounts prescribed by FERC for Class A and Class B Public Utilities and Licensees shall be controlling.

The rate formula for determination of the annual revenue requirements for the Phase I/II HVDC-TF of the NU Companies are determined pursuant this Appendix A of Schedule Phase I/II HVDC-TF-NF, as follows:

A. ANNUAL REVENUE REQUIREMENTS = Sum of each NU Companies' Phase I/II HVDC TF transmission costs-Chester Static VAR Compensator.

SCHEDULE 20A-NU

ATTACHMENT L

Creditworthiness Procedures

1. **General Information –** All customers taking any service over the Phase I/II HVDC-TF facilities provided by The Connecticut Light and Power Company, Western Massachusetts Electric Company, and Public Service Company of New Hampshire (the "NU Companies") under Schedule 20A-NU must meet the terms of this Attachment L.

2. **Establishing Creditworthiness**
   - **a)** Each customer's creditworthiness must be established before receiving transmission services from the NU Companies. A customer will be evaluated at the time that its application for transmission service is provided to the NU Companies based on the creditworthiness information required under this Attachment L. The NU Companies shall conduct a credit review of each transmission customer not less than annually or upon reasonable request by the transmission customer.
   - **b)** The NU Companies will review the customer's creditworthiness information for completeness and will notify the customer if additional information is required.
   - **c)** Upon completion of a creditworthiness evaluation of a customer, the NU Companies will forward a written evaluation to the customer if they determine that Financial Assurance must be provided.

3. **Financial Information –** Customers requesting transmission service must submit if available the following:
   - **a)** All current rating agency reports of the customer from Standard and Poor's ("S&P"), Moody's Investors Service ("Moody's"), and/or Fitch Ratings ("Fitch").
   - **b)** A Management Discussion and Analysis ("MD&A") along with audited financial statements provided by an independent registered public accounting firm or a registered independent auditor for the three (3) most recent fiscal years, or the period of the customer's existence, if shorter than three (3) years.

4. Creditworthiness – Qualification for Unsecured Credit

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

(i) If rated, the customer's lowest rating from the three rating agencies on its senior unsecured long-term debt; or if the customer does not have such a rating, then one rating level below the rating then assigned to the customer's corporate credit rating, as follows:
1. a Standard and Poor's or Fitch rating of at least BBB, or
2. a Moody's rating of least Baa2.

(ii) If un-rated or if rated below BBB/Baa2, as described in 4(a)(i) above, the customer must meet all of the following creditworthiness criteria for the three (3) most recent fiscal years:
1. A Capitalization Ratio (Debt divided by the sum of shareholders' equity and Debt) of no more than 60 percent Debt, where "Debt" is defined as the sum of all long-term and short-term debt, preferred securities and capital leases, each of which is recorded in accordance with generally accepted accounting principles;
2. Earnings before interest, taxes, depreciation and amortization ("EBITDA") in the most recent fiscal quarter divided by interest expense (ratio of EBITDA-to-interest expense of at least three (3) times); and
3. Audited Financial Statements with an unqualified audit opinion from an independent registered public accounting firm or a registered independent auditor.

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

c) If the customer or the customer's parent company do not qualify for unsecured credit under Sections 4(a), or (b) above, the customer can still qualify for unsecured credit equivalent to three (3) months of transmission service charges, if the customer has, on a rolling basis, 12 consecutive months of payments to the NU Companies with no missed, late or defaults in payment.

5. Financial Assurance – If the customer does not meet the applicable requirements for unsecured credit set out in Section 4, then the customer must either:

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

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

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

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

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

a) change in ownership by way of a merger, acquisition, or substantial sale of assets;
b) downgrade by a recognized major financial rating agency;
c) placement on credit watch with negative implications by a major financial rating agency;
d) a bankruptcy filing by the customer or parent;
e) any action requiring the filing of a SEC Form 8-K;
f) declaration of or acknowledgement of insolvency;
g) report of a significant quarterly loss or decline in earnings;

- **h)** resignation of key officer(s); or
- **i)** issuance of a regulatory order and/or the filing of a lawsuit that could materially adversely impact current or future financial results.

7. Ongoing Financial Review – Each customer is required to submit to the NU Companies annually or when issued, as applicable:

- **a)** current rating agency reports;
- **b)** audited financial statements from an independent registered public accounting firm or a registered independent auditor; and
- **c)** SEC Forms 10-K and 8-K, promptly upon their filing.

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

- **a)** the customer no longer meets the applicable criteria for unsecured credit in Section 4;
- **b)** the customer exceeds the amount of unsecured credit extended by the NU Companies, in which case Financial Assurance equal to the amount of exceeded unsecured credit must be provided within five (5) business days; or
- **c)** the customer has missed two or more payments for any of the transmission services provided by the NU Companies in the last twelve (12) months.

9. Procedures for Changes in Credit Levels and Collateral Requirements

- **a)** The NU Companies shall issue notice to a customer of any changes to the approved credit levels and/or collateral requirements within five (5) business days after (1) receiving notification of any material changes in financial condition under Section 6 above; (2) receiving the information required for the customer's ongoing financial review listed in Section 7 above; or (3) the occurrence of any of the events leading to a change in creditworthiness requirements listed in Section 8 above.
- **b)** A customer may submit a written request that the NU Companies provide an explanation of the reasons for the changes in credit levels and/or collateral requirements within five (5) business days after receiving notification of the changes. The NU Companies will provide a written response within five (5) business days after receiving such a request.

10. Contesting Creditworthiness Determinations – A customer may contest the NU Companies' determination of its creditworthiness by submitting a written request for re-evaluation within 20 calendar days of being notified of the creditworthiness determination. The request should provide information supporting the basis for a re-evaluation of the customer's creditworthiness. The NU Companies will review the request and respond within 20 calendar days of receipt.

11. Process for Changing Credit Requirements

- **a)** In the event the NU Companies plan to revise the Schedule 20A-NU requirements for credit levels or collateral requirements described in this Attachment L, they will make a filing under Section 205 of the Federal Power Act.
- **b)** Following Commission acceptance of such filing and upon the effective date, the NU Companies shall revise their Attachment L and an updated version of Schedule 20A-NU shall be posted to the ISO-NE web site.
- **c)** When the NU Companies change their credit requirements for service under Schedule 20A-NU, the customer is responsible for forwarding updated financial information to the NU Companies. The customer must indicate whether the change affects its ability to meet the requirements of Attachment L. In cases where the customer's credit status has changed, the customer must take the necessary steps to comply with the revised credit requirements of Attachment L by the effective date of the change.

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

Sheet Nos. 1107-1120 reserved for future use.

SCHEDULE 20A–NU
REDLINED TARIFF SHEETS

Northeast Utilities Companies

Schedule 20A-NU

Table of Contents

Sheet No.

SCHEDULE 20A-NU

In accordance with paragraphs 80-84 of Commission Order No. 676-C, the NAESB Version 001 Standards listed below apply to the provision of transmission service pursuant to this Schedule 20A-NU for service provided hereunder by Public Service Company of New Hampshire:

> Gas/Electric Coordination (WEQ-011, Version 001, October 31, 2007, with minor corrections applied on November 16, 2007), Standards 011-1.2 and 011-1.3.

NORTHEAST UTILITIES COMPANIES
PHASE I/II HVDC-TF SERVICE NU

This Schedule 20A-NU contains the main substantive provisions applicable to the NU Companies' portion of Phase I/II HVDC-TF Service. It includes rates, terms and conditions for Phase I/II HVDC-TF Point-to-Point ~~Service and Phase I/II HVDC-TF Network~~ Service and NU-specific Phase I/II HVDC-TF Service Schedules. All Transmission Customers taking Phase I/II HVDC-TF Service from the NU Companies shall be subject to and comply with the rates, terms and conditions of this Schedule 20A-NU. In the event of a conflict between any rate, term or condition in the Tariff and any rate, term or condition in this Schedule 20A-NU, this Schedule 20A-NU shall govern.

The NU Companies will perform their functions under this Schedule 20A in a manner that is not inconsistent with the ISO's provision of regional service, administration of the regional markets, dispatch of resources, and operation of the New England Transmission System for purposes of reliability.

I. COMMON SERVICE PROVISIONS

1. Definitions: Capitalized terms not defined herein shall have the meanings as defined

~~**1.1 Phase I/II HVDC-TF Load Ratio Share**: Ratio of a Transmission Customer's~~
within the Tariff.

~~monthly maximum usage of the Phase I/II HVDC-TF by its Network Load (expressed in kilowatts) to the average of the NU Companies' twelve monthly maximum transfer limits (expressed in kilowatts) on its share of the Phase I and Phase II Direct Current Facilities for the calendar year prior to the Service Year.~~

~~**1.2 Interest**: See Schedule 21-NU § 1.20~~

~~**1.4 Network Load**: See Schedule 21-NU § 1.33~~

~~**1.5 Service Year:** See Schedule 21-NU § 1.57~~

~~**1.6 NU Companies:** See Schedule 21-NU § 1.62~~

1.1 Interest: The amount computed in accordance with the Commission's regulations at 18 CFR §35.19a(a)(2)(iii). Interest on deposits shall be calculated from the day the deposit check is credited to the NU Companies' account.

1.2 Service Year: The calendar year in which the Transmission Customer receives service under this Service Schedule.

1.3 NU Companies: The Northeast Utilities Companies (or "NU Companies") which consist of The Connecticut Light and Power Company, Western Massachusetts Electric Company, and Public Service Company of New Hampshire, each an operating company of Northeast Utilities ("NU").

1.4 NUSCO: Northeast Utilities Service Company, the Designated Agent for the NU Companies.

~~**1.7**~~**1.5 Transmission Service:** ~~See Schedule 21-NU § 1.65~~**Point-To-Point Transmission Service provided under this Service Schedule on a firm and non-firm basis.**

2. Billing and Payment

~~**2.1 Customer Default:** See Schedule 21-NU § 7.3.~~

2.1 Customer Default: In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the NU Companies on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the NU Companies notify the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist.

Upon the occurrence of a default, the NU Companies 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 the NU Companies and the Transmission Customer, the NU Companies 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 the NU Companies may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy. Neither Party shall have the right to challenge any monthly bill or to bring any court or administrative action of any kind questioning the propriety of any bill after a period of twenty-four (24) months from the date the bill was due; provided, however, that in the case of a bill based on estimates, such twenty-four month period shall run from the due date of the final adjusted bill.

3. **Creditworthiness**: See Attachment L to this Schedule 20A-NU.

~~4. **Accounting for the NU Companies' Use of the Tariff:** The NU Companies shall record the following amounts, as outlined below.~~

~~4.1 **Transmission Revenues**: See Tariff II.8.5.~~

~~4.2 **Study Costs and Revenues**: See Tariff II.8.5.~~

~~4.3 **ISO-NE Payments/Revenues**: Include in separate operating accounts or~~

~~subaccounts payments made or revenues received under the Tariff.~~

~~**5. Regulatory Filings:** See Schedule 21-NU § 9.~~

~~**6. Dispute Resolution Procedures**~~

4. Regulatory Filings: Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of the NU Companies 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 Tariff or any

Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under the Tariff to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

~~**6.1**~~**5.** **Rights Under The Federal Power Act**: ~~See Schedule 21-NU § 12.5.~~

~~**7. Force Majeure and Indemnification7.1 Force Majeure:** See Schedule 21 Preamble~~**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**.

~~**7.2 Liability:** See Schedule 21 Preamble.~~

~~**7.3 Indemnification:** See Schedule 21 Preamble.~~

~~**8. Stranded Cost Recovery**~~: ~~See Schedule 21 Part I Preamble.~~

II. Phase I/II HVDC-TF POINT-TO-POINT SERVICE

Preamble

Except as otherwise provided Schedules, Firm and Non-Firm Phase I/II HVDC-TF Point-To-Point Service will be provided pursuant to the rates, terms and conditions set forth below. Phase I/II HVDC-TF Point-To-Point Service is for the receipt of capacity and/or energy at designated Point(s) of Receipt and the transmission of such capacity and energy to designated Point(s) of Delivery.

~~A Phase I/II HVDC-TF Point-To-Point Service Customer is not excused from any requirements of state law, or any order or regulation issued pursuant to state law, to arrange for Phase I/II HVDC-TF Delivery Service with the PTO and distribution company providing such service and to pay all applicable charges associated with such service, including charges for stranded costs.~~

~~9.~~6. Nature of Firm Phase I/II HVDC-TF Point-To-Point Service

a) Classification of Firm Phase I/II HVDC-TF Point-To-Point Service:

For Firm Point-To-Point Transmission Service over the Phase I/II HVDC-TF, the Transmission Customer will be billed for its Reserved Capacity under the terms **of** Schedule Phase I/II HVDC-TF-STF or Schedule Phase I/II HVDC-TF-LTF, to ~~the Tariff. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Schedule 20A § 7. In the event that a Transmission Customer (including Third-Party Sales by the NU Companies) exceeds its firm Reserved Capacity at any Point of Receipt or Point of Delivery (except as otherwise specified in Schedule~~

~~20A § 7), the Transmission Customer shall be subject to the penalty set forth at~~

~~Schedule 20A § 2 e (iv).~~**this Schedule 20A-NU.**

~~In the event that the Non-Firm Transmission Service provided to the Transmission Customer for Secondary Receipt and Delivery Points pursuant to Section 7.2 of Schedule 20A of the Tariff exceeds the capacity reservation under which services are provided, the Transmission Customer shall be subject to the penalty set forth at Schedule 20A § 2 e (iv).~~

~~10.~~7. Procedures for Arranging Firm Phase I/II HVDC-TF Point-To-Point Service

a) Deposit:

A Completed Application for Firm Phase I/II HVDC-TF Point-To-Point Service also shall include a deposit of either three month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected because it does not meet the conditions for service as set forth herein, said deposit shall be returned with interest less any reasonable costs incurred by NU in connection with the review of the losing bidder's Application. If an Application is withdrawn or the Eligible Customer decides not to enter into a Phase I/II HVDC-TF Service Agreement for Firm Phase I/II HVDC-TF Point-To-Point Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by NU to the extent such costs have not already been recovered by NU from the Eligible Customer. NU 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. Applicable interest shall be computed in accordance with the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to the PTO's account.

~~11.~~**8.** Rates and Charges

The Transmission Customers taking Phase I/II HVDC-TF Point-To-Point Transmission Service shall pay the NU Companies for any ~~Direct Assignment Facilities,~~ Ancillary Services ~~and applicable study costs~~, consistent with Commission policy, along with the following:

~~11.1~~**a)** **Rates for Firm and Non-Firm Point-To-Point Transmission Services:** Rates for Firm and Non-Firm Point-To-Point Transmission Service over the Phase I/II HVDC-TF are provided in Schedule Phase I/II HVDC-TF-LTF and Schedule Phase I/II HVDC-TF-STF.

~~**III.**~~

~~**PHASE I/II HVDC-TF NETWORK SERVICE**~~

~~**Preamble**~~

~~Phase I/II HVDC-TF Network Service over the Phase I/II HVDC-TF will be provided pursuant to the applicable rates, terms and conditions set forth below.~~

~~**12. Nature of Phase I/II HVDC-TF Network Service**~~

~~Phase I/II HVDC-TF Network Service is provided to Network Customers to serve their loads. It includes transmission service for the delivery to a Network Customer of its energy and capacity from Network Resources and delivery to or by Network Customers of energy and capacity from New England Markets transactions.~~

~~**13. Availability of Phase I/II HVDC-TF Network Service**~~

~~**a) Compliance With State Law**: A Network Customer is not excused from any requirements of state law, or any order or regulation issued pursuant to state law, to arrange for Phase I/II HVDC-TF Delivery Service with the PTO and distribution company providing such service and to pay all applicable charges associated with such service, including charges for stranded costs.~~

~~**b) Scope of Service:** Phase I/II HVDC-TF Network Service allows Network Customers to efficiently and economically utilize their resources and Interchange Transactions to serve their Phase I/II HVDC-TF and Regional Network Load and any additional load that may be designated pursuant to the Tariff. The Network Customer taking Phase I/II HVDC-TF Network Service must obtain or provide Ancillary Services.~~

~~**c)** **Comparability of Service**: Phase I/II HVDC-TF Network Service over the Phase I/II HVDC-TF will be provided to the Network Customer for the delivery of energy and/or capacity from its resources to serve its Phase I/II HVDC-TF and Regional Network Loads on a basis that is comparable to NUs' use of the Phase I/II HVDC-TF to reliably serve Native Load Customers.~~

~~**d)** **Real Power Losses:** See Schedule 20A § 9.~~

~~**14. Initiating Service**~~

~~**a)** **Condition Precedent for Receiving Service:** Phase I/II HVDC-TF Network Service shall be provided only if the following conditions are satisfied by the Eligible Customer: (i) the Eligible Customer completes an Application for service, (ii) the Eligible Customer and NU complete the technical arrangements, and (iii) the Eligible Customer executes a Phase I/II HVDC-TF Service Agreement pursuant to this Schedule 20A-NU and § 4.1 d, e & f of 20A.~~

~~**b)** **Application Procedures:** An Eligible Customer requesting Phase I/II HVDC-TF Network Service must submit an Application, with a deposit equal to the charge for three months of service, unless another charge is specified in the applicable Phase I/II HVDC-TF Service Schedule, to NU as far as possible in advance of the month in which service is to commence. Completed Applications for Phase I/II HVDC-TF Network Service will be assigned a reservation priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. A Completed Application shall provide all of the information included in 18 C.F.R. §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 entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;~~

~~(iii) The Point(s) of Receipt and the Point(s) of Delivery;~~

~~(iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and~~

~~(v) The proposed dates and hours for initiating and terminating transmission service hereunder.~~

~~(vi) Reserved~~

~~(vii) Service Commencement Date and the term of the requested service. The minimum term for service is one year.~~

~~Unless the Eligible Customer and NU agree to a different time frame, NU must acknowledge the request within ten (10) days of receipt. The acknowledgment must include a date by which a response, including a Phase I/II HVDC-TF Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this Section, NU shall notify the entity requesting service within ten (10) days of the Application's receipt the reasons for such failure. Wherever possible, NU will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, NU shall return the Application without prejudice to~~

~~the Eligible Customer, who may thereafter file a new or revised Application that fully complies with the requirements of this Section. The Eligible Customer will be assigned a new reservation priority consistent with the date of the new or revised Application. NU shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.~~

~~**c) Filing of Service Agreement:** NU shall file Phase I/II HVDC-TF Service Agreements with the Commission in compliance with applicable Commission regulations.~~

~~**d) Deposit:** A Completed Application for Phase I/II HVDC-TF Network Service also shall include a deposit of either three month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected because it does not meet the conditions for service as set forth herein, said deposit shall be returned with interest less any reasonable costs incurred by NU in connection with the review of the losing bidder's Application. If an Application is withdrawn or the Eligible Customer decides not to enter into a Phase I/II HVDC-TF Service Agreement for Phase I/II HVDC-TF Network Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by NU to the extent such costs have not already been recovered by NU from the Eligible Customer. NU 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. Applicable interest shall be computed in accordance with the~~

~~Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to the PTO's account.~~

~~15. Rates and Charges~~

~~The Transmission Customers taking Phase I/II HVDC-TF Network Service shall pay the NU Companies for any Direct Assignment Facilities, Ancillary Services and applicable study costs, consistent with Commission policy, along with the following:~~

~~**15.1 Monthly Demand Charge:** The Network Customer shall pay a monthly Demand Charge, which shall be determined by multiplying its Phase I/II HVDC-TF Load Ratio Share times one twelfth (1/12) of the NU Companies' Phase I/II HVDC-TF Annual Transmission Revenue Requirement specified in Attachment Phase I/II HVDC-TF-NETWORK of Supplement No. 1 to this service schedule.~~

~~SCHEDULE 20A-NU~~

~~ATTACHMENT A~~

~~FORM OF PHASE I/II HVDC-TF NETWORK SERVICE AGREEMENT~~

~~This Phase I/II HVDC-TF SERVICE AGREEMENT, dated as of _____________, is entered into, by and between _____________ ("Transmission Owner") _________________ ("Transmission Customer").~~

~~PART I - General Terms and Conditions~~

~~1. Service Provided (Check applicable):~~

~~__ Phase I/II HVDC-TF Network Service~~

~~2. The Transmission Customer is an Eligible Customer under the Tariff and is a party to either a Market Participant Service Agreement or a Transmission Service Agreement.~~

~~3. The Transmission Customer has submitted a Completed Application and the required deposit, if applicable, for service under this Phase I/II HVDC-TF Service Agreement and the Tariff.~~

~~4. The Transmission Customer agrees to supply information to the Transmission Owner that the Transmission Owner deems reasonably necessary in accordance with Schedule 20A-NU and Good Utility Practice in order for it to receive the requested service.~~

~~5. The Transmission Owner agrees to provide and the Transmission Customer agrees to take and pay for service in accordance with the provisions of the Tariff and this Phase I/II HVDC-TF Service Agreement.~~

~~6. Service may be subject to some combination of the charges detailed in Schedule 21 of the OATT. The appropriate charges will be determined in accordance with the terms and conditions of Schedule 20A-NU.~~

~~7. Any notice or request made to or by either party regarding this Phase I/II HVDC-TF Service Agreement shall be made to the representative of the other party as indicated below.~~

~~Transmission Customer:~~

~~Transmission Owner:~~

~~8. The Tariff is incorporated herein and made a part hereof.~~

~~9. Nothing contained in this Phase I/II HVDC-TF Service Agreement shall be construed as affecting in any way the right of the Transmission Owner to file with the Commission under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder for a change in any rates, terms and conditions of this Phase I/II HVDC-TF Service Agreement. Nothing contained in this Phase I/II HVDC-TF Service Agreement shall be construed as affecting in any way the ability of the Transmission Customer to file with the Commission under Section 206 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder for a change in any rates, terms and conditions of this Phase I/II HVDC-TF Service Agreement.~~

~~PART II - Phase I/II HVDC-TF Network Service~~

~~1. The Transmission Customer has been determined by the Transmission Owner to have a Completed Application for Phase I/II HVDC-TF Network Service under the Tariff.~~

~~2. Service shall commence on the later of: (1) ____________________, or (2) such other date as it is permitted to become effective by the Commission. Service shall terminate on ____________________.~~

~~3. Specifications for Phase I/II HVDC-TF Network Service.~~

~~a. Term of Service:~~

~~b. List of Network Resources and Point(s) of Receipt:~~

~~c. Description of capacity and energy to be transmitted:~~

~~d. Description of Phase I/II HVDC-TF Network Load:~~

~~e. Ancillary Services requested or proof of satisfactory arrangements for Ancillary Services:~~

~~f. Identity of Designated Agent:~~
~~Authority of Designated Agent:~~
~~Term of Designated Agent's authority:~~
~~Division of responsibilities and obligations between Transmission Customer and Designated Agent:~~

~~g. Service under this Phase I/II HVDC-TF Service Agreement shall be subject to the following charges:~~

~~h. Additional terms and conditions:~~

~~4. Payment schedule and costs.~~
~~(Study grade estimate, + ___% accuracy, year $s)~~

~~Milestone~~ ~~Amount ($)~~

~~5. Insurance requirements.~~

SUPPLEMENT NO. 1 TO

Schedule 20A-NU

Service Over Phase I/II HVDC-TF

I. **Definitions**:

Unless otherwise provided, capitalized terms used herein shall have the definitions provided in the **ISO-New England Transmission, Markets and Services** Tariff (“Tariff~~’~~**”**) including Schedule 20A-NU to the OATT.

II. **Transmission Service Over Phase I/II HVDC-TF:**

Transmission service over the Phase I/II HVDC-TF is provided pursuant to the terms and conditions of this Phase I/II HVDC-TF Service Schedule.

III. **Rates For Transmission Service Over Phase I/II HVDC-TF:**

~~A.~~ Rates for Point-To-Point Transmission Service over the Phase I/II HVDC-TF are set forth in the following rate schedules attached to this Supplement No. 1: Rate Schedule Phase I/II HVDC-TF-LTF for Long-Term Firm Point-To-Point Transmission Service; Rate Schedule Phase I/II HVDC-TF-STF for Short-Term Firm Point-To-Point Transmission Service; and Rate Schedule Phase I/II HVDC-TF-NF for Non-Firm Point-To-Point Transmission Service.

~~B. Rates for Network Transmission Service over the Phase I/II HVDC-TF are set forth in Attachment Phase I/II HVDC-TF-NETWORK attached to this Supplement No. 1.~~

SCHEDULE PHASE I/II HVDC-TF-LTF

Phase I/II HVDC-TF
Long-Term Firm Point-To-Point
Transmission Service

CHARGE PROVISIONS

~~III~~**I**. For each month of service, NUSCO or its agent will bill the Transmission Customer the difference between: (1) the higher of the cumulative annual Embedded Cost Charges or the cumulative annual Opportunity Costs Charges, calculated on a monthly basis for each calendar year and (2) the cumulative annual amount of charges for Embedded Costs and Opportunity Costs preceding the service month for which the bill is being rendered. In January of each calendar year the cumulative billed amount for (2) above will be reset to zero (0).

A. **EMBEDDED COST CHARGE**

1) Determination of Embedded Cost Charge

The Embedded Cost Charge will provide for recovery of the embedded costs of the Phase I/II HVDC-TF of the NU Companies. The Embedded Cost Charge for each month will be the product of: (a) the "NU Companies' Formula Rate" (expressed in ~~$~~**dollars** per kilowatt-year), divided by twelve (12) months, and (b) the Reserved Capacity (expressed in kilowatts).

2) NU Companies Formula Rate

The NU Companies' formula rate shall be determined in accordance with the rate formulas specified in Appendix A of this Schedule Phase I/II HVDC-TF-LTF ("Formula Rate"), being applied to the costs recorded on each of the NU Companies' books of account (i.e., FERC Form 1). The Formula Rate shall be determined on the basis of estimated costs for each year until the actual NU Companies' costs for such year are determined. Thereafter, payments made on such estimate shall be recalculated based on actual data for that year, and an appropriate billing adjustment shall be made pursuant to ~~Section 7 of this Phase I/II HVDC-TF Service~~ Schedule **20A**.

3) Tax Rates and Taxes

The Formula Rate in effect during a Service Year shall be based on the local, state, and federal tax rates and taxes in effect during the prior year. If, at any time, additional or new taxes are imposed on the NU Companies or existing taxes are removed, the Formula Rate will be appropriately modified and filed with the Commission in accordance with Part 35 of the Commission's regulations.

4) Provision re: Exchanges

With respect to Entitlement Transactions or Energy Transactions or other transactions that involve an exchange, each party to such transaction shall be treated as an individual Transmission Customer under the Tariff. Accordingly, a separate Schedule Phase I/II HVDC-TF-LTF or other applicable charge(s) will be calculated for, and a separate bill will be rendered to, each such individual Transmission Customer.

~~D~~

B) **OPPORTUNITY COSTS CHARGE**

The Opportunity Costs Charge shall be determined each month in accordance with the provisions set forth in Appendix B of this Schedule Phase I/II HVDC-TF-LTF and the Service Agreement.

II~~)~~**.** In addition to the applicable charges set forth in Parts I and II of the Tariff, and as otherwise specified in the Service Agreement, the Transmission Customer shall pay to NUSCO each month the following additional charges for Phase I/II HVDC-TF Long-Term Firm Transmission Service provided during such ~~mouth~~**month**.

A. Taxes and Fees Charge

B. Regulatory Expenses Charge

C. Other

A. TAXES AND FEES CHARGE

If any governmental authority requires the payment of any fee or assessment or imposes any form of tax with respect to payments made for Phase I/II HVDC-TF Long-Term Firm Point-To-Point Transmission Service provided under the Tariff, not specifically provided for in any of the charge or rate provisions under the Tariff, including any applicable Interest charged on any deficiency assessment made by the taxing authority, together with any further tax on such payments, the obligation to make payment for any such fee, assessment, or tax shall be borne by the Transmission Customer. The NU Companies will make a separate filing with the Commission for recovery of any such costs in accordance with Part 35 of the Commission's regulations.

B. **REGULATORY EXPENSES CHARGE**

The NU Companies shall have the right to make a Section 205 filing for recovery of regulatory expenses associated with the Tariff and the Service Agreements.

C. **OTHER**

The NU Companies shall have the right; at any time, unilaterally to file for a change in any of the provisions of this Schedule Phase I/II HVDC-TF-LTF in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations**.**

SCHEDULE PHASE I/II HVDC-TF-LTF

Appendix A

DETERMINATION OF
THE NU COMPANIES' FORMULA RATE
FOR PHASE I/II HVDC-TF
LONG-TERM FIRM POINT-TO-POINT TRANSMISSION SERVICE

The NU Companies' Formula Rate for Phase I/II HVDC-TF Long-Term Firm Point-To-Point **Transmission Service ("Formula Rate") is an annual rate determined from the following formula.**

$$\textit{Formula Rate}_i = \frac{A_{i-1} - B_{i-1}}{C_{i-1}}$$

~~Transmission Service ("Formula Rate") is an annual rate determined from the following formula.~~

WHERE:

- i equals the calendar year during which service is being rendered ("Service Year").

- A_{i-1} is the Annual Cost (expressed in dollars) of the Phase I/II HVDC-TF of the NU Companies for the calendar year prior to the Service Year. The Annual Revenue Requirements are determined pursuant to the formula specified in Exhibit 1 to this Appendix A.

- B_{i-1} is the actual transmission revenues (expressed in dollars) provided from the provision of transmission services over the Phase I/II HVDC-TF to others. The actual transmission revenues shall be those recorded on the books of the NU Companies in FERC Account

Nos. 447 and 456 pertaining to Transmission of Electricity for Others and such other applicable FERC Account for the calendar year prior to the Service Year.

- C_{i-1} is the average of the NU Companies twelve monthly maximum transfer limits (expressed in kilowatts) on its share of the Phase I/II HVDC-TF for the calendar year prior to the Service Year.

SCHEDULE PHASE I/II HVDC-TF-LTF

Appendix A

Exhibit 1

DETERMINATION OF ANNUAL TRANSMISSION REVENUE REQUIREMENTS

The Annual Transmission Cost for the NU Companies' Phase I/II HVDC-TF are the costs assessed by each of them in owning, operating, maintaining, and supporting those facilities, plus any applicable leasing costs and an allocable share of General Plant and other such plant and equipment. These costs shall be computed on a calendar-year basis using costs, from the calendar year prior to the Service Year.

In making such determinations, the provisions of the Uniform System of Accounts prescribed by FERC for Class A and Class B Public Utilities and Licensees shall be controlling.

The ~~rate~~ formula **rate** for determination of the annual revenue requirements for the Phase I/II HVDC-TF of the NU Companies are determined pursuant to this Appendix A of Schedule Phase I/II HVDC-TF-LTF, as follows:

A. ~~A.~~ ANNUAL COST = Sum of [each NU Company's Phase I/II HVDC-TF transmission costs - Chester Static VAR Compensator].

SCHEDULE PHASE I/II HVDC-TF LTF

Appendix B

PROVISIONS FOR RECOVERY OF OPPORTUNITY COSTS FOR PHASE I/II HVDC-TF

The types of Opportunity Costs that may be incurred by the NU Companies and charged to Transmission Customers in connection with the provision of Phase I/II HVDC-TF Long-Term Firm Point-To-Point Transmission Service pursuant to a Service Agreement are described below.

1. **OUT OF RATE COSTS**

1.1 Out of Rate Costs are incurred when: (i) the NU Companies are required under a ISO dispatch order to limit the operation of any of their generation Entitlements below the output level under economic dispatch or to "must run" any of their generation Entitlements above the levels associated with economic dispatch; and (ii) the ISO dispatch order adversely impacts the NU Companies' settlement billing or the settlement billing of another Transmission Customer that has a contractual right (through the purchase of an Entitlement from the NU Companies) to pass the cost back to the NU Companies; and (iii) the ISO does not grant a waiver of the Out of Rate Costs incurred pursuant to (i) and (ii) above.

1.2 The information required from the ISO to establish the existence and level of Out of Rate Costs and the Transmission Customer's responsibility for such costs will normally not be available to the NU Companies by the end of the billing month in which the Out of Rate Costs are incurred. Accordingly, the bills rendered for Phase I/II HVDC-TF Long-Term Firm Point-To-Point Transmission Service pursuant to ~~Section 7 of the Tariff~~**Schedule 20A** shall be subject to subsequent adjustment, as

provided in~~ Section F.2 of~~ this Appendix B of Schedule Phase I/II HVDC-TF-LTF.

1.3 In circumstances where multiple transactions across a constrained transmission path are causing the incurrence of Out of Rate Costs, the Out of Rate Costs will be allocated first to the Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff to the extent that their service is not curtailed or interrupted pursuant to the provisions of the Tariff. If, after curtailment or interruption of such Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service and/or the allocation of Out of Rate Costs to Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff, Out of Rate Costs remain, such remaining costs will be allocated to Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service customers with the latest date (latest means, the latest dated Service Agreement for Phase I/II HVDC-TF Firm Point-To-Point Transmission Service or latest dated Reservation for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service). Where the reduction in the number of megawatts of Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service and of Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service that would have been required to eliminate the need for the ISO limitation or "must run" in any hour exceeds the megawatts of actual Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service and Phase I/II HVDC-TF Long-Term and Short-Term Firm Point-To-Point Transmission Service of the latest applicable transaction in such hour, the excess Out of Rate Costs will be allocated to the next latest transaction and so on until the total additional megawatts of Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service that is required to be reduced to eliminate the need for such ISO limitation or "must run" order has been achieved. Whenever the transactions across a constrained transmission path that are causing the incurrence of Out of Rate Costs

include off-system sales by the NU Companies, such NU Companies' off-system sales shall be included on the same basis as Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service and Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service transactions in ~~determing~~**determining** responsibility for Out of Rate Costs and the date of the off-system sales contract or wholesale transaction shall be used to determine its "service agreement" or "reservation" date.

2. OPPORTUNITY COSTS ON PHASE I/II HVDC-TF

2.1 Short-Term Power Transfers into New England

The NU Companies' lost opportunities to purchase economic short-term power will occur when the amount of power that would be economical for the NU Companies to purchase in the market (at a validated, quoted delivered price below their decremental energy cost) exceeds the amount of the NU Companies' allocated share of Phase I/II HVDC-TF transfer capacity not then committed to others for Non-Firm Point-To-Point Transmission Service and Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service into New England and for purchases on behalf of Native Load Customers ("Short-Term Available Import Capacity"). Operating conditions in New England or elsewhere and/or the location of the seller may affect the amount of Short-Term Available Import Capacity.

The following steps comprise the procedures to be used in assigning such Opportunity Costs on Phase I/II HVDC-TF to Firm Transmission Service customers under the Tariff after assignment of any Opportunity Costs to Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff, pursuant to the provisions of the Tariff.

2.1.1 The megawatt (MW) difference, if any, between the aggregate of economic power purchase opportunities available and Short-Term Available Import Capacity will be determined hourly ("Import Shortfall").

2.1.2 To assign such Opportunity Costs on Phase I/II HVDC-TF to Transmission Customers, Service Agreements for Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service will be ordered (stacked) by date of execution of the Service Agreement under the Tariff, with the Phase I/II HVDC-TF Firm Point-To-Point Transmission Customers under the Tariff having the latest date being assigned the highest order number.

2.1.3 Firm Transmission Customers under the Tariff contributing to the MW amount of lost opportunities will be determined by aggregating MWs of the Reserved Capacity counting backward from the highest order number Firm Point-To-Point Service Agreement under the Tariff until the aggregate MWs equals the Import Shortfall.

2.1.4 Such Opportunity Costs on Phase I/II HVDC-TF for each hour associated with the lowest cost purchase opportunity foregone will be assigned to the highest order numbered Phase I/II HVDC-TF Firm Point-To-Point Service Agreement(s) under the Tariff up to the MWs of such foregone purchase.

2.1.5 The MWs of the next lowest cost purchase foregone will be assigned to the MWs of the next following Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff or (next

highest order number not fully included in the calculation in d. above) and so on until the MWs used to calculate the lost opportunities equals the Import Shortfall.

2.1.6 Such Opportunity Costs on Phase I/II HVDC-TF will be calculated for each hour by computing the difference between the cost of the economic power offered to, but not able to be taken by, the NU Companies and the decremental energy cost for the NU Companies for an equivalent amount of megawatt-hours (after reflecting applicable losses) of such foregone purchases. If however, the NU Companies elect to purchase power from an alternative supplier involving an unconstrained interface, such Opportunity Costs on Phase I/II HVDC-TF for each hour will be calculated as the difference between the cost of the economic power for the foregone transaction and the cost of economic power for the alternative transaction. The Service Agreement will set forth the method for calculating charges for Opportunity Costs on Phase I/II HVDC-TF associated with such foregone purchases.

2.1.7 Short Term Power Transfers Out of New England

The NU Companies' lost opportunities to sell short-term power will occur when the amount of power that would be economical for the NU Companies to sell in the market (at validated, quoted prices that exceed their incremental energy cost) exceeds the amount of the NU Companies' allocated share of the Phase I/II HVDC-TF transfer capacity out of New England not then committed for Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service out of New England ("Short-Term Available Export Capacity"). It is recognized that operating conditions in New England or elsewhere and/or the location of the

buyer may affect the amount of Phase I/II HVDC-TF Short-Term Available Export Capacity.

2.2 The following steps comprise the procedures to be used in assigning such Opportunity Costs on Phase I/II HVDC-TF to Firm Point-To-Point Transmission Service Customers under the Tariff after assignment of Opportunity Costs to Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff, pursuant to the provision of the Tariff.

2.2.1 The megawatt (MW) difference, if any, between the aggregate of economic power sales opportunities and the Phase I/II HVDC-TF Short-Term Available Export Capacity will be determined hourly ("Export Shortfall").

2.2.2 To assign such Opportunity Costs on Phase I/II HVDC-TF to Firm Point-To-Point Transmission Customers, the date of Service Agreements under the Tariff for transmission service out of New England will be ordered (stacked) by date of the Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff (for NU Companies off-system sales, transmitted under the Tariff, the date used shall be the date of the sales contract or wholesale transaction), with the Phase I/II HVDC-TF Firm Point-To-Point Transmission Customers under the Tariff (or the NU Companies) having the latest execution date being assigned the highest order number.

2.2.3 Phase I/II HVDC-TF Firm Point-To-Point Transmission Customers under the Tariff (and/or the NU Companies) contributing to the MW amount of lost opportunities will be

determined by aggregating MWs of Reserved Capacity (including contract or transaction amount of such NU Companies' sales) counting backward from the highest order number Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff (or contract or transaction of such NU Companies' sales) until the aggregate MWs equals the Export Shortfall.

2.2.4 Such Opportunity Costs on Phase I/II HVDC-TF for each hour associated with the highest priced sale opportunity foregone will be assigned to the highest order numbered Phase I/II HVDC-TF Firm Point-To-Point Service Agreement(s) under the Tariff (or contract or transaction for such NU Companies' sales) up to the MWs of such foregone sale.

2.2.5 The MWs of the next highest price sale foregone will be assigned to the MWs of the next following Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff or NU Companies' off-system sale (next highest order number not fully included in the calculation in d. above) and so on until the MWs used to calculate the lost opportunities equals the Export Shortfall.

2.2.6 Such Opportunity Costs on Phase I/II HVDC-TF for each hour will be calculated by computing the difference between the price of the power for which willing buyers exist, but to whom sales cannot be made because of limited Phase I/II HVDC-TF Short Term Available Export Capacity, and the incremental energy cost for the NU Companies for an equivalent amount of megawatt-hours (after reflecting applicable losses) of such foregone sales. If, however, the NU Companies elect to sell power to an alternative supplier involving an unconstrained interface, such Opportunity Costs on Phase I/II HVDC-TF will be calculated as the difference between the delivered price of power of the foregone transaction and the delivered price of power for the alternative transaction. The Service Agreement will set forth the methodology for calculating charges for Opportunity Costs on Phase I/II HVDC-TF associated with such foregone sales.

3. **TIE LINE ADJUSTMENT COSTS**

Service across the Phase I/II HVDC-TF into New England that results in a decrease in the amount of tie line benefits (expressed in kilowatts) reflected in the NU Companies' Capability Responsibility will be subject to claims for Opportunity Costs to account for reduction in such tie line benefits. The Service Agreement will set forth the methodology to determine the reduced tie line benefit to the NU Companies and to calculate the charge for recovery of such Opportunity Costs.

4. **OTHER OPPORTUNITY COSTS**

Nothing in this Appendix B of Schedule Phase I/II HVDC-TF-LTF shall be construed to limit the right of the NU Companies to file unilaterally under Section 205 of the Federal Power Act for recovery of other Opportunity Costs incurred by the NU Companies in connection with Phase I/II HVDC-TF Long-Term Firm Point-To-Point Transmission Service to a Transmission Customer.

5. **LIMIT OF OPPORTUNITY COSTS**

5.1 The aggregate annual Opportunity Costs billed across a given constrained interface shall be limited by the estimated annual levelized revenue requirement associated with new facilities that are technically and economically feasible to build and, if built, would increase the transfer capacity of the applicable interface to a level that would eliminate such costs. Such facilities and their costs will be designated in the Service Agreement. Opportunity Costs for all transactions will be accumulated and compared on an annual basis to the annual levelized revenue requirements associated with expanding the system as described above. The annual levelized revenue requirement so determined is the maximum cumulative Opportunity Costs that will be billed for that year for that interface for service in the applicable direction ("Cost Cap").

5.2 The Cost Cap shall not apply during the construction period set forth in the Service Agreement. The Companies shall not be restricted from filing a request for a waiver of the Cost Cap with the Commission on a case-by-case basis.

6. **OTHER PROVISIONS**

6.1 Whenever the NU Companies determine in advance that they expect to charge the Transmission Customer for Opportunity Costs hereunder, the NU Companies will, if practicable, notify the Transmission Customer, based on the information then available, and give such Customer the option of interrupting its scheduled deliveries for an identified day in order to avoid charges for Opportunity Costs. It is explicitly recognized that the NU Companies may not unilaterally interrupt service to avoid the incurrence of Opportunity Costs, and the option to permit interruption rests solely with the Transmission Customer. It is also explicitly recognized that the NU Companies may not have the ability to make this determination on a timely basis and to provide notice in advance of scheduling deadlines and they shall not be liable in any manner for failure to provide advance notice under this paragraph or for changes in operating conditions that impact on anticipated availability of transfer capability.

6.2 For any hour that the NU Companies incur an Opportunity Cost pursuant to this Appendix B of Schedule Phase I/II HVDC-TF-LTF and NUSCO determines that the Opportunity Cost would not have been incurred if the NU Companies were not providing Phase I/II HVDC-TF Long-Term Firm Point-To-Point Transmission Service to the Transmission Customer, NUSCO shall be obligated to notify the Transmission Customer within one month of the date on which it had knowledge of the incurrence of the Opportunity Costs. In the event that the then calculated annual cumulative Opportunity Costs exceed the annual cumulative charges previously billed to the Transmission Customer for Embedded Costs or Opportunity Costs pursuant to Section I. of Schedule LTF, NUSCO may render an immediate billing adjustment.

6.3 All claims for Opportunity Costs shall be accompanied by a written statement or other documentation: (i) showing that the Opportunity Costs were incurred; showing the calculation for the Opportunity Costs incurred and claimed; and showing that the Opportunity Costs would not have been incurred in the absence of the transaction being charged. If the Transmission Customer, in good faith, disputes NUSCO's claim for Opportunity Costs, such dispute must be made within a ninety (90) day period following the end of the Service Year for which the Opportunity Costs were claimed by NUSCO.

6.4 The NU Companies shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Appendix B of Schedule Phase I/II HVDC-TF-LTF in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

SCHEDULE Phase I/II HVDC-TF STF

Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service

CHARGE PROVISIONS

I. For each daily, weekly or monthly Transaction, NUSCO will bill the Transmission Customer the higher of: (1) the Embedded Cost Charge or (2) the Opportunity Cost Charges, calculated for the term of each such Transaction. For Transaction having a term greater than one month, NUSCO will bill the Transmission Customer the difference between: (1) the higher of the cumulative Embedded Cost Charges or the cumulative Opportunity Costs Charges, calculated from the effective date of Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service through the end of the service month and (2) the cumulative billed amount of charges for Embedded Costs and Opportunity Costs preceding the service month for which the bill is being rendered.

A. **EMBEDDED COST CHARGE**

1. Determination of Embedded Cost Charge

The Embedded Cost Charge will provide for recovery of the embedded costs of the Phase I/II HVDC-TF of the NU Companies. The Embedded Cost Charge for each month will equal the sum of the Embedded Cost Charges for each monthly (or longer term), weekly, or daily Transaction during such month.

The Embedded Cost Charge for each monthly Transaction shall be determined as the product of: (a) the NU Companies' Annual Rate for

Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission

Service ~~÷~~**divided by** twelve (I2) months (expressed in ~~$~~**dollars** per kilowatt-month) and (b) the Reserved Capacity set forth for such monthly Transaction (expressed in kilowatts).

The Embedded Cost Charge for each weekly Transaction shall be determined as the product of: (a) the NU Companies' Weekly Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Rate (expressed in ~~$~~**dollars** per kilowatt-week), and (b) the Reserved Capacity set forth for such weekly Transaction (expressed in kilowatts). The NU Companies' Weekly Rate is the NU Companies' Annual Rate for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service ~~÷~~**divided by** fifty-two (52) weeks.

The Embedded Cost Charge for each daily Transaction shall be determined as the product of: (a) the NU Companies' Daily Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Rate (expressed in ~~$~~**dollars** per kilowatt-day), and (b) the Reserved Capacity set forth for such daily Transaction (expressed in kilowatts). The NU Companies' Daily Rate is the NU Companies' Weekly Rate for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service ~~÷~~**divided by** five (5) days. The total of the charges for daily Transactions, under an individual reservation, in a seven (7) day period shall not exceed the charges based on the Weekly Rate and the maximum Reserved Capacity in the period.

2. NU Companies' Annual Formula Rate for Phase I/II HVDC-TF Short-Term Transmission Service

The NU Companies' Annual Formula Rate for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service shall be expressed in

~~$~~**dollars** per kilowatt-year and shall be determined in accordance with the rate formula specified in Appendix A of this Schedule Phase I/II HVDC-TF-STF ("Formula Rate") being applied to the costs recorded on the NU Companies' books of account (i.e., FERC Form 1). The Formula Rate shall be determined on the basis of estimated costs for each year until the actual NU Companies' costs for such year are determined. Thereafter, payments made on such estimate shall be recalculated based on actual data for that year, and an appropriate billing adjustment shall be made~~ pursuant to Section 7 of the Tariff~~.

3. Tax Rates and Taxes

The Formula Rate set forth in this Schedule Phase I/II HVDC-TF-STF in effect during a Service Year shall be based on the local, state, and federal tax rates and taxes in effect during the prior year. If, at any time, additional or new taxes are imposed on the Companies or existing taxes are removed, the Formula Rate will be appropriately modified and filed with the Commission in accordance with Part 35 of the Commission's regulations.

4. Provision re: Exchanges

With respect to Entitlement Transactions or Energy Transactions or other transactions that involve an exchange, each party to such transaction shall be treated as an individual Transmission Customer under the Tariff. Accordingly, a separate Schedule Phase I/II HVDC-TF-STF or other applicable charge(s) will be calculated for, and a separate bill will be rendered to, each such individual Transmission Customer.

B. **OPPORTUNITY COSTS CHARGE**

The Opportunity Costs Charge shall be determined each month in accordance with the provisions set forth in Appendix B of this Schedule Phase I/II HVDC-TF-STF and the Service Agreement.

II. In addition to the applicable charges set forth in Section I of this Schedule Phase I/II HVDC-TF-STF, and as otherwise specified in the Service Agreement, the Transmission Customer shall pay to NUSCO each month the following additional charges for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service provided during such month.

A. Taxes and Fees Charge

B. Regulatory Expenses Charge

Other

A. **TAXES AND FEES CHARGE**

If any governmental authority requires the payment of any fee or assessment or imposes any form of tax with respect to payments made for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service provided under the Tariff, not specifically provided for in any of the charge or rate provisions under the Tariff, including any applicable interest charged on any deficiency assessment made by the taxing authority, together with any further tax on such payments, the obligation to make payment for any such fee, assessment, or tax shall be borne by the Transmission Customer. The NU Companies will make a separate filing with the Commission for recovery of any such costs in accordance with Part 35 of the Commission's regulations.

B. **REGULATORY EXPENSES CHARGE**

The NU Companies shall have the right to make a Section 205 filing for recovery of regulatory expenses associated with the Tariff and the Service Agreements.

C. **OTHER**

The NU Companies shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Schedule Phase I/II HVDC-TF-STF in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

SCHEDULE PHASE I/II HVDC-TF STF

Appendix A

DETERMINATION OF
THE NU COMPANIES' FORMULA RATE
FOR PHASE I/II HVDC-TF
SHORT-TERM FIRM POINT-TO-POINT TRANSMISSION SERVICE

The NU Companies' Formula Rate for Phase I/II HVDC-TF Short-Term Firm Point-To-Point **Transmission Service ("Formula Rate") is an annual rate determined from the following formula.**

$$\textit{Formula Rate}_i = \frac{A_{i-1} - B_{i-1}}{C_{i-1}}$$

~~Transmission Service ("Formula Rate") is an annual rate determined from the following formula.~~

WHERE:

- i equals the calendar year during which service is being rendered ("Service Year").

- A_{i-1} is the Annual Cost (expressed in dollars) of the Phase I/II HVDC-TF of the NU Companies for the calendar year prior to the Service Year. The Annual Revenue Requirements are determined pursuant to the formula specified in Exhibit 1 to this Appendix A of Schedule Phase I/II HVDC-TF-STF.

- B_{i-1} is the actual transmission revenues (expressed in dollars) provided from the provision of transmission services over the Phase I/II HVDC-TF to others. The actual transmission revenues shall be those recorded on the books of the NU Companies in FERC Account Nos. 447 and 456 pertaining to Transmission of Electricity for Others and such other applicable FERC Account for the calendar year prior to the Service Year.

- C_{i-1} is the average of NU Companies' twelve monthly maximum transfer limits (expressed in kilowatts) on its share of the Phase I and Phase II DC facilities for the calendar year prior to the Service Year.

SCHEDULE Phase I/II HVDC-TF-STF

Appendix A

Exhibit 1

DETERMINATION OF ANNUAL TRANSMISSION REVENUE REQUIREMENTS

The Annual Transmission Cost for the NU Companies' Phase I/II HVDC-TF are the costs assessed by each of them in owning, operating, maintaining, and supporting those facilities, plus any applicable leasing costs and an allocable share of General Plant and other such plant and equipment. These costs shall be computed on a calendar-year basis using costs, from the calendar year prior to the Service Year.

In making such determinations, the provisions of the Uniform System of Accounts prescribed by FERC for Class A and Class B Public Utilities and Licensees shall be controlling.

The rate formulae for determination of the annual revenue requirements for the Phase I/II HVDC-TF of the NU Companies are determined pursuant to this Appendix A of Schedule Phase I/II HVDC-TF-STF, as follows:

A. ANNUAL REVENUE REQUIREMENTS = Sum of [each NU Companies' Phase I/II HVDC-TF transmission costs - Chester Static VAR Compensator].

SCHEDULE PHASE I/II HVDC-TF-STF

Appendix B

PROVISIONS FOR RECOVERY OF OPPORTUNITY COSTS FOR PHASE I/II HVDC-TF

The types of Opportunity Costs that may be incurred by the NU Companies and charged to Transmission Customers in connection with the provision of Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service pursuant to a Service Agreement are described below.

~~1)~~**1.** OUT OF RATE COSTS

1.1 Out of Rate Costs are incurred when: (i) the NU Companies are required under an ISO dispatch order to limit the operation of any of their generation Entitlements below the output level under economic dispatch or to "must run" any of their generation Entitlements above the levels associated with economic dispatch; and (ii) the ISO dispatch order adversely impacts the NU Companies' settlement billing or the settlement billing of another Transmission Customer that has a contractual right (through the purchase of an Entitlement from the NU Companies) to pass the cost back to the NU Companies; and (iii) the ISO does not grant a waiver of the Out of Rate Costs incurred pursuant to (i) and (ii) above.

1.2 The information required from the ISO to establish the existence and level of Out of Rate Costs and the Transmission Customer's responsibility for such costs will normally not be available to the NU Companies by the end of the billing month in which the Out of Rate Costs are incurred. Accordingly, the bills rendered for Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service pursuant to ~~Section 7 of the Tariff~~**Schedule 20A** shall be subject to subsequent adjustment, as provided in ~~Section E.2 of~~ this Appendix B of Schedule Phase I/II HVDC-TF-STF.

1.3 In circumstances where multiple transactions across a constrained transmission path are causing the incurrence of Out of Rate Costs, the Out of Rate Costs will be allocated first to the Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff to the extent that their service is not curtailed or interrupted pursuant to the provisions of the Tariff. If, after curtailment or interruption of such Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service and/or the allocation of Out of Rate Costs to Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff, Out of Rate Costs remain, such remaining costs will be allocated to Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service customers with the latest date (latest means, the latest dated Service Agreement for Firm Point-To-Point Transmission Service). Where the reduction in the number of megawatts of Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service that would have been required to eliminate the need for the ISO limitation or “must run” in any hour exceeds the megawatts of actual Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service of the latest applicable transaction in such hour, the excess Out of Rate Costs will be allocated to the next latest transaction and so on until the total additional megawatts of Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service that is required to be reduced to eliminate the need for such ISO limitation or “must run” order has been achieved. Whenever the transactions across a constrained transmission path that are causing the incurrence of Out of Rate Costs include off-system sales by the NU Companies, such NU Companies’ off-system sales shall be included on the same basis as Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service transactions in determining responsibility for Out of Rate Costs and the date of the

off-system sales contract or wholesale transaction shall be used to determine its "service agreement" or "transaction" date.

~~2)~~2. OPPORTUNITY COSTS ON PHASE I/II HVDC-TF

2.1 Short-Term Power Transfers into New England

The NU Companies' lost opportunities to purchase economic short-term power will occur when the amount of power that would be economical for the NU Companies to purchase in the market (at a validated, quoted delivered price below their decremental energy cost) exceeds the amount of the NU Companies' allocated share of Phase I/II HVDC-TF transfer capacity not then committed to others for Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service into New England and for purchases on behalf of Native Load Customers ("Short-Term Available Import Capacity"). Operating conditions in New England or elsewhere and/or the location of the seller may affect the amount of Phase I/II HVDC-TF Short-Term Available Import Capacity.

The following steps comprise the procedures to be used in assigning such Opportunity Costs on Phase I/II HVDC-TF to Firm customers under the Tariff after assignment of any Opportunity Costs to Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff, pursuant to the provisions of the Tariff.

2.1.1 The megawatt (MW) difference, if any, between the aggregate of economic power purchase opportunities available and Phase I/II HVDC-TF Short-Term Available Import Capacity will be determined hourly ("Import Shortfall").

2.1.2 To assign such Opportunity Costs on Phase I/II HVDC-TF to Transmission Customers, Firm Point-To-Point Service Agreements under the Tariff will be

ordered (stacked) by date of execution of the Phase I/II HVDC-TF Firm Point To-Point Service Agreement under the Tariff, with the Firm Point-To-Point Transmission Customers under the Tariff having the latest date being assigned the highest order number.

2.1.3 Phase I/II HVDC-TF Firm Point-To-Point Transmission Customers under the Tariff contributing to the MW amount of lost opportunities will be determined by aggregating MWs of Reserved Capacity counting backward from the highest order number Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff until the aggregate MWs equals the Import Shortfall.

2.1.4 Such Opportunity Costs on Phase I/II HVDC-TF for each hour associated with the lowest cost purchase opportunity foregone will be assigned to the highest order numbered Phase I/II HVDC-TF Firm Point-To-Point Service Agreement(s) under the Tariff up to the MWs of such foregone purchase.

2.1.5 The MWs of the next lowest cost purchase foregone will be assigned to the MWs of the next following Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff (next highest order number not fully included in the calculation in d. above) and so on until the MWs used to calculate the lost opportunities equals the Import Shortfall.

2.1.6 Such Opportunity Costs on Phase I/II HVDC-TF will be calculated for each hour by computing the difference between the cost of the economic power offered to, but not able to be taken by, the NU Companies and the decremental energy cost for the NU Companies for an equivalent amount of megawatt-hours (after reflecting applicable losses) of such foregone purchases. If, however, the NU Companies elect to purchase power from an alternative supplier involving an unconstrained interface, such Opportunity Costs on Phase I/II HVDC-TF for each hour will be calculated as the difference between the cost of the economic power for the foregone transaction and the cost of economic power for the alternative transaction. The Service Agreement will set forth the method for calculating charges for Opportunity Costs on Phase I/II HVDC-TF associated with such foregone purchases.

2.2 Short-Term Power Transfers Out of New England

The NU Companies' lost opportunities to sell Phase I/II HVDC-TF short-term power will occur when the amount of power that would be economical for the NU Companies to sell in the market (at validated, quoted prices that exceed their incremental energy cost) exceeds the amount of the NU Companies' allocated share of the Phase I/II HVDC-TF transfer capacity out of New England not then committed for Phase I/II HVDC-TF Long-Term and Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service out of New England ("Short-Term Available Export Capacity"). It is recognized that operating conditions in New England or elsewhere and/or the location of the buyer may affect the amount of Short-Term Available Export Capacity.

The following steps comprise the procedures to be used in assigning such Opportunity Costs on Phase I/II HVDC-TF to Firm Point-To-Point Customers under the Tariff after assignment of Opportunity Costs to Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service customers under the Tariff, pursuant to the provision of the Tariff.

2.2.1 The megawatt (MW) difference, if any, between the aggregate of economic power sales opportunities and the Short-Term Available Export Capacity will be determined hourly ("Export Shortfall").

2.2.2 To assign such Opportunity Costs on Phase I/II HVDC-TF to Transmission Customers, the date of Phase I/II HVDC-TF Firm Point-To-Point Service Agreements under the Tariff for transmission service out of New England will be ordered (stacked) by date of the Firm Point-To-Point Service Agreement under the Tariff (for NU Companies off-system sales, transmitted under Phase I/II HVDC-TF Firm Point-To-Point Transmission Service under the Tariff, the date used shall be the date of the sales contract or wholesale transaction), with the Phase I/II HVDC-TF Firm Point-To-Point Transmission Customers under the Tariff (or the NU Companies) having the latest execution date being assigned the highest order number.

2.2.3 Firm Point-To-Point Transmission Customers under the Tariff (and/or the NU Companies) contributing to the MW amount of lost opportunities will be determined by aggregating MWs of Reserved Capacity (including contract or transaction amount of such Companies' sales) counting backward from the highest order number Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff (or contract or transaction of such NU Companies' sales) until the aggregate MWs equals the Export Shortfall.

2.2.4 Such Opportunity Costs on Phase I/II HVDC-TF for each hour associated with the highest priced sale opportunity foregone will be assigned to the highest order numbered Phase I/II HVDC-TF Firm Point-To-Point Service Agreement under the Tariff (or contract or transaction for such Companies' sales) up to the MWs of such foregone sale.

2.2.5 The MWs of the next highest price sale foregone will be assigned to the MWs of the next following Finn Point-To-Point Service Agreement under the Tariff or NU Companies' off-system sale (next highest order number not fully included in the calculation in d. above) and so on until the MWs used to calculate the lost opportunities equals the Export Shortfall.

2.2.6 Such Opportunity Costs on Phase I/II HVDC-TF for each hour will be calculated by computing the difference between the price of the power for which willing buyers exist, but to whom sales cannot be made because of limited Phase I/II HVDC-TF Short-Term Available Export Capacity, and the incremental energy cost for the NU Companies for an equivalent amount of megawatt-hours (after reflecting applicable losses) of such foregone sales. If, however, the NU Companies elect to sell power to an alternative supplier involving an unconstrained interface, such Opportunity Costs on Phase I/II HVDC-TF will be calculated as the difference between the delivered price of power of the foregone transaction and the delivered price of power for the alternative transaction. The Service Agreement will set forth the methodology for calculating charges for Opportunity Costs on Phase I/II HVDC-TF associated with such foregone sales. ~~3)~~

3. TIE LINE ADJUSTMENT COSTS

Service across the Phase I/II HVDC-TF into New England that results in a decrease in the amount of tie line benefits (expressed in kilowatts) reflected in the NU Companies' Capability Responsibility will be subject to claims for Opportunity Costs to account for reduction in such tie line benefits. The Service Agreement will set forth the methodology to determine the reduced tie line benefit to the NU Companies and to calculate the charge for recovery of such Opportunity Costs.

~~4)~~**4.** OTHER OPPORTUNITY COSTS

Nothing in this Appendix B of Schedule Phase I/II HVDC-TF-STF shall be construed to limit the right of the NU Companies to file unilaterally under Section 205 of the Federal Power Act for recovery of other Opportunity Costs incurred by the Companies in connection with Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service to a Transmission Customer.

~~5)~~**5.** OTHER PROVISIONS

5.1 Whenever the NU Companies determine in advance that they expect to charge the Transmission Customer for Opportunity Costs hereunder, the NU Companies will, if practicable, notify the Transmission Customer, based on the information then available, and give such Customer the option of interrupting its scheduled deliveries for an identified day in order to avoid charges for Opportunity Costs. It is explicitly recognized that the NU Companies may not unilaterally interrupt service to avoid the incurrence of Opportunity Costs, and the option to permit interruption rests solely with the Transmission Customer. It is also explicitly recognized that the NU Companies may not have the ability to make this determination on a timely basis and to provide notice in advance of scheduling deadlines and they shall not be liable in any manner for failure to provide advance notice under this paragraph or for changes in operating conditions that impact on anticipated availability of transfer capability.

5.2 For any hour that the NU Companies incur an Opportunity Cost pursuant to this Appendix B of Schedule Phase I/II HVDC-TF-STF and NUSCO determines that the

Opportunity Cost would not have been incurred if the NU Companies were not providing Phase I/II HVDC-TF Short-Term Firm Point-To-Point Transmission Service to the Transmission Customer, NUSCO shall be obligated to notify the Transmission Customer within one month of the date on which it had knowledge of the incurrence of the Opportunity Costs. In the event that the then calculated cumulative Opportunity Costs exceed the cumulative charges previously billed to the Transmission Customer for Embedded Costs or Opportunity Costs pursuant to Section I of Schedule Phase I/II HVDC-TF-STF, NUSCO may render an immediate billing adjustment.

5.3 All claims for Opportunity Costs shall be accompanied by a written statement or other documentation: (i) showing that the Opportunity Costs were incurred; (ii) showing the calculation for the Opportunity Costs incurred and claimed; and (iii) showing that the Opportunity Costs would not have been incurred in the absence of the transaction being charged. If the Transmission Customer, in good faith, disputes NUSCO's claim for Opportunity Costs, such dispute must be made within a ninety (90) day period following the end of the Service Year for which the Opportunity Costs were claimed by NUSCO.

5.4 The NU Companies shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Appendix B of Schedule Phase I/II HVDC-TF-STF in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

SCHEDULE PHASE I/II HVDC-TF-NF

Non-Firm Point-To-Point Phase I/II HVDC-TF
Direct Current Transmission Service

CHARGE PROVISIONS

I. NUSCO shall bill the Transmission Customer for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service, and the Transmission Customer shall be obligated to pay to NUSCO the charges as set forth in this Schedule Phase I/II HVDC-TF-NF as applicable.

A. **TRANSMISSION CHARGE**

1. General

The Transmission Customer shall pay to NUSCO each month the sum of the Transmission Charges calculated for all of its monthly Transactions, weekly Transactions, daily Transactions and hourly Transactions, each as set forth below.

With respect to any wholesale transactions that involve an exchange, each party to such Transaction shall be an individual Transmission Customer under the Tariff. Accordingly, a Transmission Charge, as applicable, will be calculated for, and a separate bill will be rendered to, each such Transmission Customer.

2. Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service For Monthly Transactions

The Transmission Charge for each month applicable to a monthly Transaction shall be determined as the product of: (a) the rate posted on NU's Open Access Same-Time Information System ("OASIS") at the time the service is reserved, not to exceed the NU Companies' Annual Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service divided by twelve (12) months and (b) the Reserved Capacity set forth in the Transmission Customer's applicable Reservation for such month, expressed in kilowatts.

3. Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service For Weekly Transactions

The Transmission Charge for each month applicable to weekly Transactions shall be the sum of the transmission charges determined for each weekly Transaction during such month. The transmission charge for each weekly Transaction shall be determined as the product of: (a) the rate posted on the NU Companies' OASIS at the time the service is reserved, not to exceed the NU Companies' Weekly Phase I/II HVDC-TF Firm Point-To-Point Transmission Charge Rate (expressed in ~~$~~**dollars** per kilowatt week), and (b) the Reserved Capacity set forth in the Transmission Customer's applicable Reservation for such week (expressed in kilowatts). The NU Companies' Weekly Rate is the NU Companies' Annual Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service divided by fifty two (52) weeks.

4. Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service For Daily Transactions

The Transmission Charge for each month applicable to daily Transactions will be the sum of the transmission charges determined for each daily Transaction.

The transmission charge for each daily Transaction shall be determined as the product of: (a) the rate posted on the NU Companies' OASIS at the time the service is reserved, not to exceed the NU Companies' Daily Phase I/II HVDC-TF Firm Point-To-Point Transmission Charge Rate (expressed in ~~$~~**dollars** per kilowatt-day); and (b) the Reserved Capacity set forth in the Transmission Customer's applicable Reservation for such day (expressed in kilowatts). The NU Companies' On-Peak Daily Rate is the Companies' Weekly Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service ~~÷~~**divided by** five (5) days. The NU Companies' Off-Peak Daily Rate is the NU Companies' Weekly Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service ~~+~~**plus** seven (7) days. The total of the charges for daily Transactions, under an individual Reservation, in a seven (7) day period shall not exceed the charges based on the Weekly Rate and the maximum Reserved Capacity in the period.

5. Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service For Hourly Transactions

The Transmission Charge for each month applicable to hourly Transactions will be the sum of the transmission charges determined for each hourly Transaction. The transmission charge for each hour of an hourly Transaction shall be determined as the product of: (a) the rate posted on the NU Companies' OASIS at the time the service is reserved, not to exceed the NU System Companies' Daily Phase I/II HVDC-TF Firm Point-To-Point Transmission Service Rates ~~÷~~**divided by** sixteen (16) hours (expressed in ~~$~~**dollars** per kilowatt-hour), and (b) the Reserved Capacity as set forth in the Transmission Customer's applicable Reservation for such hour- (expressed in kilowatts). The NU Companies' Hourly On-Peak Rate is equal to the NU Companies' Daily Rate for Phase I/II HVDC-TF Non-Firm Transmission Service ~~÷~~ **divided by** sixteen

(16) hours. The NU Companies' Hourly Off-Peak Rate is equal to the NU Companies' Daily Rate for Phase I/II HVDC-TF Non-Firm Transmission Service divided by twenty-four (24) hours. The total of the charges for hourly Transactions, under an individual Reservation, in a twenty-four (24) hour period shall not exceed the charges based on the Daily Rate and the maximum Reserved Capacity in the period.

6. Credit to the Transmission Charge

Whenever service provided hereunder is interrupted or curtailed by the NU Companies, the Phase I/II HVDC-TF Control Center or the ISO, the Transmission Charges to the Transmission Customer calculated pursuant to Sections A.1 through 5, of this Schedule Phase I/II HVDC-TF-NF shall be credited by an amount equal to the sum of the credits calculated for each hour of interruption or curtailment in service. The credit to the Transmission

Customer for each such hour of interruption or curtailment shall be calculated as the product of (i) the applicable equivalent hourly charge for hourly, daily, weekly, or monthly Transactions, and (ii) the kilowatts of service interruption or curtailment during such hour.

7. NU Companies' Annual Formula Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service

The NU Companies' Annual Formula Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service shall be expressed in ~~$~~**dollars** per kilowatt-year and shall be determined in accordance with the rate formula specified in Appendix A of this Schedule Phase I/II HVDC-TF-NF ("Formula Rate"), being applied to the costs recorded on each of the NU Companies' books of account (i.e., FERC Form 1). The Formula Rate shall be determined on the basis of estimated costs for each year until the actual NU Companies' costs for such year are determined. Thereafter, payments made on such estimate shall be recalculated based on actual data for that year, and an appropriate billing adjustment shall be made pursuant to ~~Section 7 of the Tariff~~**Schedule 20A**.

8. Tax Rates and Taxes

The Formula Rate set forth in this Schedule Phase I/II HVDC-TF-NF in effect during a Service Year shall be based on local, state, and federal tax rates and taxes in effect during the prior year. If, at any time, additional or new taxes are imposed on the NU Companies or existing taxes are removed, the Formula Rate will be appropriately modified and filed with the Commission in accordance with Part 35 of the Commission's regulations.

II. In addition to the applicable charges set forth in Parts I and II of the Tariff, and as otherwise specified in the Service Agreement, the Transmission Customer shall pay NUSCO each month the following additional charges for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service provided during such month.

A. Taxes and Fees Charge

B. Regulatory Expenses Charge

C. Other

A. **TAXES AND FEES CHARGE**

If any governmental authority requires the payment of any fee or assessment or imposes any form of tax with respect to payments made for Phase I/II HVDC-TF Non-Firm Point-To-Point Transmission Service provided under the Tariff, not specifically provided for in any of the charge or rate provisions under the Tariff, including any applicable interest charged on any deficiency assessment made by the taxing authority, together with any further tax on such payments, the obligation to make payment for such fee, assessment, or tax shall be borne by the Transmission Customer. The NU Companies will make a separate filing with the Commission for recovery of any such costs in accordance with Part 35 of the Commission's regulations.

B. **REGULATORY EXPENSES**

The NU Companies reserve their rights to make a Section 205 filing for recovery of their costs to administer the Tariff and the Service Agreements.

C. **OTHER**

The NU Companies shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Schedule Phase I/II HVDC-TF-NF in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

SCHEDULE Phase I/II HVDC-TF-NF

Appendix A

DETERMINATION OF

THE NU COMPANIES' FORMULA RATE

FOR PHASE I/II HVDC-TF

NON-FIRM POINT-TO-POINT TRANSMISSION SERVICE

The NU Companies' Formula Rate for Phase I/II HVDC-TF Non-Firm Point-To-Point **Transmission Service ("Formula Rate") is an annual rate determined from the following formula.**

$$\textit{Formula Rate}_i = \frac{A_{i-1} - B_{i-1}}{C_{i-1}}$$

~~Transmission Service ("Formula Rate") is an annual rate determined from the following formula.~~

WHERE:

- i equals the calendar year during which service is being rendered ("Service Year").

- A_{i-1} is the Annual Cost (expressed in dollars) of the Phase I/II HVDC-TF of the NU Companies for the calendar year prior to the Service Year. The Annual Revenue Requirements are determined pursuant to the formula specified in Exhibit 1 to this Appendix A of Schedule Phase I/II HVDC-TF-NF.

- B_{i-1} is the actual transmission revenues (expressed in dollars) provided from the provision of transmission services over the Phase I/II HVDC-TF to others. The actual transmission revenues shall be those recorded on the books of the NU Companies in FERC Account Nos. 447 and 456 pertaining to Transmission of Electricity for Others and such other applicable FERC Account for the calendar year prior to the Service Year.

- C_{i-1} is the average of the NU Companies' monthly peak load (expressed in kilowatts of its share of the Phase I/II HVDC-TF of the NU Companies, for the calendar year prior to the Service Year, as reported in FERC Form No. 1.

SCHEDULE Phase I/II HVDC-TF-NF

Appendix A

Exhibit I

DETERMINATION OF ANNUAL TRANSMISSION REVENUE REQUIREMENTS

The Annual Transmission Cost for the NU Companies' Phase I/II HVDC-TF are the costs assessed by each of them in owning, operating, maintaining, and supporting those facilities, plus any applicable leasing costs and an allocable share of General Plant and other such plant and equipment. These costs shall be computed on a calendar-year basis using costs, from the calendar year prior to the Service Year.

In making such determinations, the provisions of the Uniform System of Accounts prescribed by FERC for Class A and Class B Public Utilities and Licensees shall be controlling.

The rate formula for determination of the annual revenue requirements for the Phase I/II HVDC-TF of the NU Companies are determined pursuant this Appendix A of Schedule Phase I/II HVDC-TF-NF, as follows:

A. ~~ANNUAL REVENUE REQUIREMENTS = Sum of [each NU Companies' Phase I/II HVDC-TF transmission costs-Chester Static VAR Compensator].~~

~~ATTACHMENT Phase I/II HVDC-TF-NETWORK~~

~~Charge Provisions For Phase I/II HVDC-TF Network Integration Transmission Service~~

~~I. CHARGES FOR PHASE I/II HVDC-TF FOR NETWORK TRANSMISSION SERVICE~~

~~A. **DEMAND CHARGE**~~

~~1. Determination of Demand Charge~~

~~The Demand Charge will be determined in accordance with Section 15.1 of the Tariff.~~

~~2. NU Companies' Annual Transmission Cost~~

~~The annual Transmission Cost shall be determined in accordance with the rate formula specified in Appendix A of this Attachment Phase I/II HVDC-TF-NETWORK ("Formula Requirement"), being applied to the costs recorded on each of the NU Companies' books of accounts (i.e., FERC Form 1). The Formula Requirement shall be determined on the basis of estimated costs for each year until the actual NU Companies' costs for such year are determined. Thereafter, payments made on such estimate shall be recalculated based on actual data for that year, and an appropriate billing adjustment shall be made pursuant to Section 7 of the Tariff.~~

~~B. **TAX RATES AND TAXES**~~

~~The Formula Costs set forth in this Attachment Phase I/II HVDC-TF-NETWORK in effect during a Service Year shall be based on local, state, and federal tax rates and taxes in effect during the prior year. If, at any time, additional or new taxes are imposed on the NU Companies or existing taxes are removed, the Formula Requirements will be appropriately modified and filed with the Commission in accordance with Part 35 of the Commission's regulations.~~

~~II. In addition to the applicable charges set forth in Parts I and III of the Tariff, and as otherwise specified in the Service Agreement, the Transmission Customer shall pay to NUSCO each month the following additional charges for Phase I/II HVDC-TF Network Transmission Service provided during such month.~~

~~A. Taxes and Fees Charge~~
~~B. Regulatory Expenses Charge~~
~~C. Other~~

~~A. **TAXES AND FEES CHARGE**~~

~~If any governmental authority requires the payment of any fee or assessment or imposes any form of tax with respect to payments made for service provided under the Tariff, not specifically provided for in any of the charge or rate provisions under the Tariff, including any applicable interest charged on any deficiency assessment by the taxing authority, together with any further tax on such payments, the obligation to make payment for any such fee, assessment, or tax shall be home by the Transmission Customer. The NU Companies will make a separate filing with the Commission for recovery of any such costs in accordance with Part 35 of the Commission's regulations.~~

~~B. **REGULATORY EXPENSES CHARGE**~~

~~The NU Companies shall have the right to make a Section 205 filing for recovery of regulatory expenses associated with the Tariff and the Service Agreements.~~

~~C. **OTHER**~~

~~The NU Companies shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Attachment Phase I/II HVDC-TF-NETWORK in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.~~

~~**ATTACHMENT Phase I/II HVDC-TF-NETWORK**~~

~~**Appendix A**~~

~~**DETERMINATION OF**~~

~~**THE NU COMPANIES'**~~

~~**PHASE I/II HVDC-TF**~~

~~**NETWORK FORMULA REQUIREMENTS**~~

~~**FOR TRANSMISSION SERVICE**~~

~~The NU Companies' formula requirements for Phase I/II HVDC-TF Network Transmission~~

$$\cancel{Formula\ Requirements_i = A_{i-1} - Bi_{-1}}$$

~~Service is determined from the following formula.~~

~~WHERE:~~

- ~~i equals the calendar year during which service is being rendered ("Service Year").~~

- ~~A_{i-1} is the Annual Cost (expressed in dollars) of the Phase I/II HVDC-TF of the NU Companies for the calendar year prior to the Service Year. The Annual Revenue Requirements are determined pursuant to the formula specified in Exhibit 1 to this Appendix A of Attachment Phase I/II HVDC-TF-NETWORK.~~

- ~~B_{i-1} is the actual transmission revenues (expressed in dollars) provided from the provision of transmission services over the Phase I/II HVDC-TF to others. The actual transmission revenues shall be those recorded on the books of the NU Companies in FERC Account Nos. 447 and 456 pertaining to Transmission of Electricity for Others and such other applicable FERC Account for the calendar year prior to the Service Year.~~

~~ATTACHMENT Phase I/II HVDC-TF-NETWORK~~

~~Appendix A~~

~~Exhibit 1~~

~~DETERMINATION OF ANNUAL TRANSMISSION COSTS~~

~~The Annual Transmission Costs for the NU Companies' Phase I/II HVDC-TF are the costs assessed by each of them in owning, operating, maintaining, and supporting those facilities, plus any applicable leasing costs and an allocable share of General Plant and other such plant and equipment. These costs shall be computed on a calendar-year basis using costs, from the calendar year prior to the Service Year.~~

~~In making such determinations, the provisions of the Uniform System of Accounts prescribed by FERC for Class A and Class B Public Utilities and Licensees shall be controlling.~~

~~The rate formula for determination of the annual Costs for the Phase I/II HVDC-TF of the NU Companies are determined pursuant to this Appendix A of Attachment Phase I/II HVDC-TF-NETWORK, as follows:A.~~ ANNUAL REVENUE REQUIREMENTS = Sum of ~~[~~each NU Companies' Phase I/II HVDC- TF transmission costs -Chester Static VAR Compensator~~ costs]~~.

SCHEDULE 20A-NU

ATTACHMENT L

Creditworthiness Procedures

1. **General Information –** All customers taking any service over the Phase I/II HVDC-TF facilities provided by The Connecticut Light and Power Company, Western Massachusetts Electric Company, and Public Service Company of New Hampshire (the "NU Companies") under Schedule 20A-NU must meet the terms of this Attachment L ~~and the Creditworthiness Policy for Transmission Service ("Policy") posted at the following web site: **http://oasis.iso-ne.com/oasis/nu**. All information requested under this Attachment L and the Policy should be forwarded to the person(s) at the address designated in the Policy~~.

2. **Establishing Creditworthiness**
   - **a)** Each customer's creditworthiness must be established before receiving transmission services from the NU Companies. A customer will be evaluated at the time that its application for transmission service is provided to the NU Companies based on the creditworthiness information required under this Attachment L ~~and the Policy~~. The NU Companies shall conduct a credit review of each transmission customer not less than annually or upon reasonable request by the transmission customer.
   - **b)** The NU Companies will review the customer's creditworthiness information for completeness and will notify the customer if additional information is required.
   - **c)** Upon completion of a creditworthiness evaluation of a customer, the NU Companies will forward a written evaluation to the customer if they determine that Financial Assurance must be provided.

3. **Financial Information –** Customers requesting transmission service must submit if available the following:
   - **a)** All current rating agency reports of the customer from Standard and Poor's ("S&P"), Moody's Investors Service ("Moody's"), and/or Fitch Ratings ("Fitch").
   - **b)** A Management Discussion and Analysis ("MD&A") along with audited financial statements provided by an independent registered public accounting firm or a registered independent auditor for the three (3) most recent fiscal years, or the period of the customer's existence, if shorter than three (3) years.

4. Creditworthiness – Qualification for Unsecured Credit

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

(i) If rated, the customer's lowest rating from the three rating agencies on its senior unsecured long-term debt; or if the customer does not have such a rating, then one rating level below the rating then assigned to the customer's corporate credit rating, as follows:
~~1.~~ **1.** a Standard and Poor's or Fitch rating of at least BBB, or
~~2.~~ **2.** a Moody's rating of least Baa2.

(ii) If un-rated or if rated below BBB/Baa2, as described in 4(a)(i) above, the customer must meet all of the following creditworthiness criteria for the three (3) most recent fiscal years:
~~1.~~ **1.** A Capitalization Ratio (Debt divided by the sum of shareholders' equity and Debt) of no more than 60 percent Debt, where "Debt" is defined as the sum of all long-term and short-term debt, preferred securities and capital leases~~. Each~~**, each** of which is recorded in accordance with generally accepted accounting principles;
~~2.~~ **2.** Earnings before interest, taxes, depreciation and amortization ("EBITDA") in the most recent fiscal quarter divided by interest expense (ratio of EBITDA-to-interest expense of at least three (3) times); and
~~3.~~ **3.** Audited Financial Statements with an unqualified ~~auditor opinion~~**audit opinion from an independent registered public accounting firm or a registered independent auditor**.

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

c) If the customer or the customer's parent company do not qualify for unsecured credit under Sections 4(a), or (b) above, the customer can still qualify for unsecured credit equivalent to three (3) months of transmission service charges, if the customer has, on a rolling basis, 12 consecutive months of payments to the NU Companies with no missed, late or defaults in payment.

5. **Financial Assurance –** If the customer does not meet the applicable requirements for unsecured credit set out in Section 4, then the customer must either:
   - **a)** pay in advance an amount equal to the lesser of the total charge for transmission service not less than five (5) days in advance of the commencement of service, in which case the NU Companies will pay to the customer interest on the amounts not yet due to the NU Companies, computed in accordance with 18 C.F.R. §35.19(a)(2)(iii) of the Commission's Regulations; or
   - **b)** obtain Financial Assurance in the form of a letter of credit or a parent guarantee equal to the equivalent of three (3) months of transmission service charges prior to receiving service.

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

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

6. **Notifications -** Each customer must inform the NU Companies in writing within three (3) business days of any material change in its or its letter of credit issuer's financial condition, and if the customer qualifies under Section 4(b), that of its parent company. A material change in financial condition may include, without limitation, the following:
   - **a)** change in ownership by way of a merger, acquisition, or substantial sale of assets;

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

7. **Ongoing Financial Review –** Each customer is required to submit to the NU Companies annually or when issued, as applicable:
   - **a)** current rating agency reports;
   - **b)** audited financial statements from an independent registered public accounting firm or a registered independent auditor; and
   - **c)** SEC Forms 10-K and 8-K, promptly upon their filing.

8. **Change in Creditworthiness Status -** A customer who has been extended unsecured credit pursuant to Section 4, must comply with the terms of Financial Assurance in Section 5, if one or more of the following conditions apply:
   - **a)** the customer no longer meets the applicable criteria for unsecured credit in Section 4;
   - **b)** the customer exceeds the amount of unsecured credit extended by the NU Companies, in which case Financial Assurance equal to the amount of exceeded unsecured credit must be provided within five (5) business days; or
   - **c)** the customer has missed two or more payments for any of the transmission services provided by the NU Companies in the last twelve (12) months.

9. **Procedures for Changes in Credit Levels and Collateral Requirements**
   - **a)** The NU Companies shall issue notice to a customer of any changes to the approved credit levels and/or collateral requirements within five (5) business days after (1) receiving notification of any material changes in financial condition under Section 6 above; (2) receiving the information required for the customer's ongoing financial review listed in Section 7 above; or (3) the occurrence of any of the events leading to a change in creditworthiness requirements listed in Section 8 above.
   - **b)** A customer may submit a written request that the NU Companies provide an explanation of the reasons for the changes in credit levels and/or collateral

requirements within five (5) business days after receiving notification of the changes. The NU Companies will provide a written response within five (5) business days after receiving such a request.

10. **Contesting Creditworthiness Determinations** – A customer may contest the NU Companies' determination of its creditworthiness by submitting a written request for re-evaluation within 20 calendar days of being notified of the creditworthiness determination. The request should provide information supporting the basis for a re-evaluation of the customer's creditworthiness. The NU Companies will review the request and respond within 20 calendar days of receipt.

11. Process for Changing Credit Requirements

- **a)** In the event the NU Companies plan to revise the Schedule 20A-NU requirements for credit levels or collateral requirements described in this Attachment L, they will make a filing under Section 205 of the Federal Power Act.
- **b)** Following Commission acceptance of such filing and upon the effective date, the NU Companies shall revise their Attachment L and an updated version of Schedule 20A-NU shall be posted to the ISO-NE web site.
- ~~**c)** In the event the NU Companies plan to revise the credit procedures contained in the Policy, the procedures contained in the Process for Amending Business Practices shall be followed.~~
- **c)** ~~**d)**~~ When the NU Companies change their credit requirements for service under Schedule 20A-NU, the customer is responsible for forwarding updated financial information to the ~~address listed in the Policy~~**NU Companies**. The customer must indicate whether the change affects its ability to meet the requirements of Attachment L ~~and the Policy~~. In cases where the customer's credit status has changed, the customer must take the necessary steps to comply with the revised credit requirements of Attachment L ~~or the Policy~~ by the effective date of the change.

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

Sheet Nos. ~~1115~~**1107**-1120 reserved for future use.

ATTACHMENT D

SCHEDULE 20A–UI
CLEAN TARIFF SHEETS

ATTACHMENT L to SCHEDULE 20A-UI
Creditworthiness Procedures

I. Overview

For the purpose of determining the ability of the Transmission Customer (Customer) to meet its obligations related to service hereunder, The United Illuminating Company (UI) may require reasonable credit review procedures. All Customers requesting or taking service provided under Schedule 20A and 20A-UI, for service over UI's local transmission facilities or any Federal Energy Regulatory Commission (FERC)-regulated interconnection service from UI, collectively referred to as (Service), must meet the creditworthiness of this Attachment L to Schedule 20A-UI. The creditworthiness of each Customer must be established prior to receiving Service and applies to new Customers requesting Service and existing Customers. The intention of this Attachment L is to make UI's credit practices more transparent and comprehensive to Customers while protecting UI against the risk of non-payment. If the Customer relies on the creditworthiness of a parent company, the Customer's parent company (referred to herein as Guarantor) must provide to UI a written guarantee that it will be unconditionally responsible for all financial obligations associated with the Customer's receipt of Service from UI.

UI shall make this credit review in accordance with procedures based on specific quantitative and qualitative criteria to determine the level of secured and unsecured credit required from the Customer. Quantitative factors may include, among other items, Customer's history, management, and credit exposures. Qualitative factors may include, among other items, financial statements, capital structure and cash flow. UI's Creditworthiness Requirements are described below in this Attachment L.

Customers requesting Service under Schedule 20A and Schedule 20A-UI should send the necessary information for Creditworthiness approval to UI's contact identified on UI's Transmission Website, via the link on UI's OASIS Website.

Upon receipt of a Customer's information, UI will evaluate it for completeness and will notify the Customer if additional information is required. Upon completion of its evaluation, UI will provide a determination letter to the Customer notifying the Customer of their status. If the Customer is required to provide Financial Assurance, as described in Section IV, an estimate of the total payment obligations that the Customer would be expected to pay UI for the first three months of the Service will be included in the determination letter.

SCHEDULE 20A–UI
REDLINED TARIFF SHEETS

ATTACHMENT L to SCHEDULE 20A-UI
Creditworthiness Procedures

I. Overview

For the purpose of determining the ability of the Transmission Customer (Customer) to meet its obligations related to service hereunder, The United Illuminating Company (UI) may require reasonable credit review procedures. All Customers requesting or taking service provided under Schedule 20A and 20A-UI, for service over UI's local transmission facilities or any Federal Energy Regulatory Commission (FERC)-regulated interconnection service from UI, collectively referred to as (Service), must meet the creditworthiness of this Attachment L to Schedule 20A-UI. The creditworthiness of each Customer must be established prior to receiving Service and applies to new Customers requesting Service and existing Customers. The intention of this Attachment L is to make UI's credit practices more transparent and comprehensive to Customers while protecting UI against the risk of non-payment. If the Customer relies on the creditworthiness of a parent company, the Customer's parent company (referred to herein as Guarantor) must provide to UI a written guarantee that it will be unconditionally responsible for all financial obligations associated with the Customer's receipt of Service from UI.

UI shall make this credit review in accordance with procedures based on specific quantitative and qualitative criteria to determine the level of secured and unsecured credit required from the Customer. Quantitative factors may include, among other items, Customer's history, management, and credit exposures. Qualitative factors may include, among other items, financial statements, capital structure and cash flow. UI's Creditworthiness Requirements are described below in this Attachment L.

Customers requesting Service under Schedule 20A and Schedule 20A-UI should send the necessary information for Creditworthiness approval to UI's contact identified on UI's Transmission Website, via the link on UI's OASIS Website~~, https://oasis.iso-ne.com/oasis/uico~~.

Upon receipt of a Customer's information, UI will evaluate it for completeness and will notify the Customer if additional information is required. Upon completion of its evaluation, UI will provide a determination letter to the Customer notifying the Customer of their status. If the Customer is required to provide Financial Assurance, as described in Section IV, an estimate of the total payment obligations that the Customer would be expected to pay UI for the first three months of the Service will be included in the determination letter.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing documents upon ISO New England Inc., members of the NEPOOL Participants Committee, the Connecticut Department of Public Utility Control, the Maine Public Utilities Commission, the Massachusetts Department of Utilities, the New Hampshire Public Utilities Commission, the Rhode Island Public Utilities Commission, and the Vermont Department of Public Service.

Dated at Boston, MA, this 6th day of November, 2009.

*/s/ Mary E. Grover*________________
Mary E. Grover, Esq.
NSTAR Electric & Gas Corporation
800 Boylston Street, P1700
Boston, MA 02199-8003

on behalf of the
Schedule 20A Service Providers