

ISO New England Inc. Transmission, Markets and Services Tariff

ISO New England

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Northeast Utilities Companies
SCHEDULE 21-NU

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SCHEDULE 21-NU
NORTHEAST UTILITIES COMPANIES
LOCAL SERVICE SCHEDULE

In accordance with paragraphs 126-130 of Commission Order No. 676-E, the NAESB Version 002.1 Standards listed below apply to the provision of transmission service pursuant to this Schedule 21-NU for service provided hereunder by Public Service Company of New Hampshire:

Gas/Electric Coordination (WEQ-011, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009), Standards 011-1.2 and 011-1.3.

I. COMMON SERVICE PROVISIONS

1 Definitions

Capitalized terms not defined herein shall have the meanings given them in the Tariff.

1.1 Annual Transmission Costs

The total annual cost of the Transmission System for purposes of Local Network Service shall be the amount specified in Attachments NU-H and NU-I, until amended by the Companies or modified by the Commission.

1.2 Annual True Up

The reconciliation to actual costs and actual loads of the estimated costs and loads costs used for billing purposes under Section 3.0 of this Local Service Schedule for any Service Year.

1.3 Category A Load Ratio Share

Ratio of a Transmission Customer's Category A Network Load to the NU Companies' total load computed in accordance with Sections 34.3 and 34.4 under Part III of this Local Service Schedule and calculated on a rolling twelve month basis. Also referred to as "Load Ratio Share".

1.4 Category B Load Ratio Share

Ratio of a Transmission Customer's Category B Network Load for a state or area in which Localized Facilities are located to the monthly transmission system peak Load for the state or area, and calculated on a rolling twelve month basis. Category B Load Ratio share will be calculated for each state or area where Localized Facilities are located. For the Bethel to Norwalk transmission project, the Middletown to Norwalk transmission project, and the Glenbrook Cables transmission project (each such project referred to herein as a "Localized Transmission Project"), such state or area shall be the State of Connecticut.

1.5 Designated Agent

See Tariff. Also, the Designated Agent of the NU Companies is the Northeast Utilities Service Company ("NUSCO") which is a subsidiary of Northeast Utilities ("NU").

1.6 Interest

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

1.7 Interruption

A reduction in non-firm transmission service due to economic reasons pursuant to Schedule 21.

1.8 Localized Facilities

Facilities, the cost of which the New England System Operator determines should not be included in Attachment F of the Tariff revenue requirements calculation.

1.9 Network Load

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

1.10 Network Operating Agreement

An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Local Network Service under Part III of this Local Service Schedule.

1.11 Network Upgrades

Modifications or additions to transmission-related facilities that are integrated with and support the NU Companies' overall Transmission System for the general benefit of all users of such Transmission System.

1.12 New England System Operator

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

1.13 Party(ies)

The NU Companies and the Transmission Customer receiving service under the Tariff.

1.14 Reserved Capacity

The maximum amount of capacity and/or energy that the NU Companies agrees to transmit for the Transmission Customer over the NU Companies' Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in increments of 10 kW or greater on a sixty (60) minute interval (commencing on the clock hour) basis.

1.15 Short-Term Firm Point-To-Point Transmission Service

Firm Point-To-Point Transmission Service with a term of less than one year.

1.16 Service Year

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

1.17 NU Companies

The Northeast Utilities Companies (or "NU Companies") which consists 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").

1.18 NU Companies' Monthly Transmission System Peak

The maximum firm usage of the NU Companies Transmission System in a calendar month (this does not include load of the NU Companies' customers exclusively connected to PTF).

1.19 NU Companies' Transmission System

The PTF and non-PTF facilities owned, controlled or operated by the NU Companies that are used to provide transmission service under this Local Service Schedule. This includes PTF facilities whose costs are not included in the regional rate.

1.20 Transmission Service

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

2. Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. The NU Companies are required to provide (or offer to arrange with the New England System Operator as discussed below), and the Transmission Customer is required to purchase, the following Ancillary Service (i) Scheduling, System Control and Dispatch.

The Transmission Customer serving load within the NU Companies' Control Area shall also obtain the following ancillary services: (i) Reactive Supply and Voltage Control from Generation Sources, (ii) Regulation and Frequency Response, (iii) Energy Imbalance, (iv) Operating Reserve - Spinning, and (v) Operating Reserve - Supplemental.

The Transmission Customer serving load within the NU Companies' Control Area is required to acquire the appropriate Ancillary Services, whether from the New England System Operator, NU Companies, another party, or by self-supply.

The Transmission Customer may not decline the NU Companies' or the New England System Operator's offer of appropriate Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from the NU Companies.

If the NU Companies are unable to provide Scheduling, System Control and Dispatch, the NU Companies can fulfill their obligation to provide this Ancillary Service by acting as the Transmission Customer's agent to secure this Ancillary Service from the New England System Operator. The Transmission Customer may elect to (i) have the NU Companies act as its agent to obtain Scheduling, System Control and Dispatch, (ii) secure Scheduling, System Control and Dispatch directly from the New England System Operator, or from a third party.

The NU Companies or New England System Operator shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedule that is attached to and made a part of the Tariff. Three principal requirements apply to discounts for Ancillary Services provided by the NU Companies in conjunction with their provision of transmission service as follows: (1) any offer of a discount made by the NU Companies must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on the NU Companies' system.

3. Billing and Payment

3.1 Billing Procedure

Within a reasonable time after the first day of each month, the NU Companies shall submit an invoice to the Transmission Customer for the charges for all services furnished under the Tariff during the preceding month.

The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to the NU Companies, or by wire transfer to a bank named by the NU Companies. Billing hereunder shall be based on cost estimates made by the NU Companies subject to Annual True-up when actual costs for the Service Year are known. Such Annual True-up shall occur no later than six (6) months after the close of the Service Year to which the Annual True-up relates. The Annual True-up will include interest calculated in accordance with Section 35.19a of the Commission's regulations. If the in service date of a forecasted capital addition changes, and the impact of such change on the NU Companies' annual revenue requirement is ten percent or more, the NU Companies will adjust current billing to the Transmission Customer as appropriate.

3.2 Interest on Unpaid Balances

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

3.3 Customer Default

In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to 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 notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, 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.

3.4 Transmission Customer Right to Audit

The NU Companies shall keep complete and accurate accounts and records with respect to their performance under this Local Service Schedule and shall maintain such data for a period of at least two (2) years after final billing for audit by a Transmission Customer. The Transmission Customer shall provide thirty (30) days' written notice to the NU Companies to request an audit of all such accounts and records relevant to service provided to the Transmission Customer for a specific time period. The Transmission Customer shall have the right, during normal business hours and at its own expense, to examine, inspect and make copies of all such accounts and records relevant to service provided to the Transmission Customer at such offices where such accounts and records are maintained, insofar as may be necessary for the purpose of ascertaining the reasonableness and accuracy of all relevant data, estimates or statements of charges submitted hereunder to the Transmission Customer. The records made available to a Transmission Customer for auditing purposes hereunder shall not include information pertaining to the loads of

or charges to an individual customer other than the Transmission Customer; unless the Transmission Customer requests that the Commission order that such information be made available to the Transmission Customer and the Commission so orders. Nothing in this section shall be interpreted as limiting the Transmission Customer's access to system-wide load or charge data.

3.5 Regulatory Oversight of Formula Rate

The NU Companies will submit to the Connecticut Department of Public Utility Control, the Massachusetts Department of Public Utilities and the New Hampshire Public Utilities Commission ("State Commissions") the following information:

- (a) A copy of the New England Power Pool's ("NEPOOL's") or any successor's annual informational filing at FERC supporting the total transmission revenue requirement for New England, which contains information submitted by the NU Companies supporting their total transmission revenue requirement;
- (b) The NU Companies' total transmission revenue requirement as calculated in Attachments H & I under Schedule 21-NU;
- (c) A copy of the NU Companies' applications under Restated NEPOOL Agreement Section 15.5, concerning the installation of or material changes to transmission facilities (or any successor approval process), and Section 18.4, concerning plans for additions, retirements, or changes in the capacity of transmission facilities (including descriptions of facilities and cost estimates);
- (d) A copy of ISO New England's or any successor's Regional Transmission System Plan, which contains all identified improvements to the New England power system approved by the ISO New England or any successor's board;
- (e) A copy of NU's filing to each New England state's siting council for those projects to be recovered through the RNS or LNS rates, such copy to be filed with the State Commissions when the estimated costs of the projects in question are proposed to be included in the RNS and LNS rates;

(f) At the same time that new estimated rates are implemented, the estimated cost for each capital addition (on a project-by-project basis) the cost of which is to be included in the estimated rates; and, for each such capital addition with an estimated cost of \$20 million or greater, the NU Companies will provide the following to the extent available: (i) a breakdown of the projected cost into the following categories: labor (broken down into planning, engineering, construction, and other), outside services (broken down into planning, engineering, construction and other), materials (broken down into station equipment, towers and poles, overhead conductor, underground conduit and conductor, and other), land (broken down into fee ownership, easement, and other), and other (if applicable) and (ii) a non-binding estimate of the total project costs by calendar quarter;

(g) Within 60 days after the true-up is rendered for a year, the actual cost for each capital addition that was placed in service during that year; and, for each such capital addition with an actual or estimated cost of \$20 million or greater, the NU Companies will provide the following to the extent available: (i) a breakdown of the actual cost into the following categories: labor (broken down into planning, engineering, construction, and other), outside services (broken down into planning, engineering, construction, and other), materials (broken down into station equipment, towers and poles, overhead conductor, underground conduit and conductor, and other), land (broken down into fee ownership, easement, and other), and other (if applicable) and (ii) the actual total project costs by calendar quarter.

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. Creditworthiness: See Attachment NU-L to this Schedule 21-NU.

6. 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. POINT-TO-POINT TRANSMISSION SERVICE

7. Nature of Firm Point-To-Point Transmission Service

7.1 Classification of Firm Transmission Service

The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule NU-2, as appropriate, for Long and Short-Term Firm Point-To-Point Transmission Service. 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 21. 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 21), the Transmission Customer shall pay, for each day 200% of the charge which is otherwise applicable for such excess, as calculated pursuant to Schedule NU-2, including ancillary services provided pursuant to Schedule NU-1 hereto, for the maximum amount that the Transmission Customer exceeds its firm Reserved Capacity at any Point of Receipt or Point of Delivery in that day. In the event that the Non-Firm Transmission Service provided to the Transmission Customer for Secondary Receipt and Delivery Points pursuant to Schedule 21 exceeds the capacity reservation under which services are provided, the Transmission Customer shall pay 200% of the charge for each hour of such excess, as calculated pursuant to Schedule NU-2, including ancillary services provided pursuant to Schedule NU-1 hereto, for the maximum amount that the Transmission Customer exceeds its capacity reservation in that hour. 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 penalties assessed pursuant to this Section 7.1 shall be disbursed in accordance with Attachment NU-D of this Schedule 21-NU.

7.2 Scheduling of Firm Point-To-Point Transmission Service:

The System Operator will dispatch all resources subject to its control, pursuant to Market Rule 1, in order to meet load and to accommodate external transactions. Resources within the New England Control Area using Firm Point-to-Point Transmission Service shall be dispatched based on economic merit in accordance with Market Rule 1 and will have no physical scheduling or

dispatch rights. Transmission Customers will be charged for congestion costs and any other costs associated with such dispatch in accordance with Market Rule 1.

8. Nature of Non-Firm Point-To-Point Transmission Service

8.1 Classification of Non-Firm Point-To-Point Transmission Service

In the event that a Transmission Customer (including Third-Party Sales by the NU Companies) exceeds its non-firm capacity reservation at any Point of Receipt or Point of Delivery, the Transmission Customer shall pay, for each hour of such excess, 200% of the charge as calculated pursuant to Schedule NU-2, including ancillary services provided pursuant to Schedule NU-1 hereto, for the maximum amount that the Transmission Customer exceeds its capacity reservation in that hour. More than one assessment for unreserved use for a given duration (e.g., hourly) shall result in an increase of the penalty period to the next longest duration (e.g., daily). Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and/or energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule NU-3. The Penalties assessed pursuant to this Section 8.1 shall be disbursed in accordance with Attachment NU-D of this Schedule 21-NU.

9. Service Availability

9.1 Real Power Losses

Real Power Losses are associated with all transmission service. The NU Companies are not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as determined under Market Rule 1. The applicable Real Power Loss factors are as follows:

The amount of transmission losses incurred in transmitting power from the POR(s) to the POD(s) ("Loss Amount") shall be determined from time to time by the New England System Operator in accordance with ISO procedures applicable at the time of delivery. The Loss Amounts, when determined by the New England System Operator, shall be posted on the NU Companies' Open Access Same-Time Information System ("OASIS"). In the event that the New England System Operator, for any reason, does not determine the entire Loss Amount, the losses not determined by the New England System Operator shall be based on average system losses as set forth below:

Cumulative Losses in Percent

POR/POD	24 Hr.		
	Peak*	Off-Peak	Avg.
Bulk Transmission	1.98	2.42	2.21
Bulk Substation	2.46	2.92	2.70
Pri. Distribution	4.58	4.50	4.54

*Peak hours are defined as 0700-2300, Monday-Friday; Off-Peak hours are all other hours.

10. Procedures for Arranging Firm Point-To-Point Transmission Service

10.1 Deposit

A Completed Application for Firm Point-To-Point Transmission 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.

11. Additional Study Procedures For Firm Point-To-Point Transmission Service Requests:

11.1 Disbursement Methodology for Late Study Penalties

See Attachment NU-D to Schedule 21-NU.

12. Compensation for Transmission Service

The Transmission Customers taking Point-To-Point Transmission Service shall pay the NU Companies for any Direct Assignment Facilities, Ancillary Services and applicable study costs, along with the following:

12.1 Rates and Charges for Transmission Service

Rates for Firm and Non-Firm Point-To-Point Transmission Services are provided in the Attachments appended to this Local Service Schedule: Firm Point-To-Point Transmission Services (Schedule NU-2); and Non-Firm Point-To-Point Transmission Services (Schedule NU-3).

12.2 Rates for Firm and Non-Firm Point-To-Point Transmission Services

Rates for Firm and Non-Firm Point to Point Transmission Services shall be determined as set forth in Attachments NU-2 and NU-3 of this Local Service Schedule on the basis of estimated costs for each Service Year until the actual costs for such Service Year are determined.

Thereafter, payments made on such estimated costs shall be recalculated based on actual data for that Service Year, and an appropriate billing adjustment shall be made pursuant to Section 3 of this Local Service Schedule. The NU Companies shall use Part II of the Tariff to make their Third-Party Sales. The NU Companies shall account for such use at the applicable Tariff rates.

Within 60 days following the Commission's issuance of a order accepting and approving a transmission tariff for the New England RTO, the NU Companies will submit a compliance filing in order to conform, as necessary, the provisions in this Local Service Schedule regarding the charges for Localized Facilities (including the Category B Formula Rate referenced in Appendix B to Attachments NU-2 and NU-3) to the provisions of the Tariff, including any necessary conforming changes relating to the specification of the customers subject to Category B charges. The proceeding on such compliance filing will be for the limited purpose of reviewing such filing. The NU Companies will not charge any Transmission Customers under the Category B Formula Rate until such compliance filing has been accepted and approved.

III. LOCAL NETWORK SERVICE

13. Nature of Local Network Service

13.1 Real Power Losses

Real Power Losses are associated with all transmission service. The NU Companies are not obligated to provide Real Power Losses. The Network Customer is responsible for replacing losses associated with all transmission service as determined under Market Rule 1. The applicable Real Power Loss factors are as follows:

The amount of transmission losses incurred in transmitting power across the NU Companies' Transmission System to the Network Customer's Network Load shall be determined from time to time by the New England System Operator in accordance with ISO procedures applicable at the time of delivery. The Loss Amounts, when determined by the New England System Operator, shall be posted on the Open Access Same-Time Information System ("OASIS"). In the event that

the New England System Operator, for any reason, does not determine the entire Loss Amount, the losses not determined by the New England System Operator shall be based on average system losses as set forth below:

POR/POD	Cumulative Losses in Percent		
	Peak*	Off-Peak	24 Hr. Avg.
Bulk Transmission	1.98	2.42	2.21
Bulk Substation	2.46	2.92	2.70
Pri. Distribution	4.58	4.50	4.54

*Peak hours are defined as 0700-2300, Monday-Friday; Off-Peak hours are all other hours.

14. Network Resources

14.1 Use of Interface Capacity by the Network Customer

There is no limitation upon a Network Customer's use of the NU Companies' Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of the NU Companies' total interface capacity with other transmission systems may not exceed the Network Customer's Load.

15. Additional Study Procedures For Local Network Service Requests

15.1 Disbursement Methodology for Late Study Penalties See Attachment NU-D to Schedule 21-NU

16. Rates and Charges

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

16.1 Rates and Charges

Rates for Local Network Service shall be determined as set forth in Schedule NU-4 on the basis of estimated costs for each Service Year until the actual costs for such Service Year are

determined. Thereafter, payments made on such estimated costs shall be recalculated based on actual data for that Service Year, and an appropriate billing adjustment shall be made pursuant to Section 3 of this Local Service Schedule.

16.2 Eligible Customers Taking Service Under the ISO Tariff

Any Eligible Customer taking Regional Network Service under the ISO Tariff in a state or area in which Localized Facilities are located, and which is not subject to the Monthly Demand Charges set forth in Section 16.3 of this Local Service Schedule, shall pay to the NU Companies the customer's Category B Load Ratio Share of the Formula Requirements as calculated in Schedule NU-4, Appendix B for such state or area. The NU Companies shall file a Service Agreement under this Local Service Schedule, in the form set forth in Attachment NU-E, to recover such charges from such customer. The NU Companies shall not charge any such customer any such costs until such Service Agreement has been accepted by the Commission.

16.3 Monthly Demand Charge

The Network Customer shall pay monthly Demand Charges, which shall be determined by multiplying its Category A Load Ratio Share times one twelfth (1/12) of the Formula Requirements in Schedule NU-4, Appendix A, and by multiplying its Category B Load Ratio Share for each state or area in which localized Facilities are located times one twelfth (1/12) of the Formula Requirements in Schedule NU-4, Appendix B for such state or area.

Within 60 days following the Commission's issuance of a order accepting and approving a transmission tariff for the New England RTO, the NU Companies will submit a compliance filing in order to conform, as necessary, the provisions in this Local Service Schedule regarding the charges for Localized Facilities (including the Category B Formula Rate referenced in Appendix B to Schedule NU-4) to the provisions of the Tariff, including any necessary conforming changes relating to the specification of the customers subject to Category B charges. The proceeding on such compliance filing will be for the limited purpose of reviewing such filing. The NU Companies will not charge any Transmission Customers under the Category B Formula Rate until such compliance filing has been accepted and approved.

16.4 Determination of Network Customer's Monthly Network Load

The Network Customer's Monthly Category A Network Load is its hourly load (including its designated Network Load not physically interconnected with the NU Companies under Schedule 21 coincident with the NU Companies' Monthly Transmission System Peak.

The Network Customer's Monthly Category B Load for a state or area in which Localized Facilities are located is its hourly load in such state or area coincident with the monthly transmission system peak load for such state or area.

16.5 Determination of NU Companies' Monthly Transmission System Load

The NU Companies' Monthly Transmission System Category A Load is the NU Companies' Monthly Transmission System Peak minus the coincident peak usage of all Firm Point-To-Point Transmission Service customers pursuant to this Local Service Schedule plus the Reserved Capacity of all Firm Point-To-Point Transmission Service customers.¹

The NU Companies' Monthly Transmission System Category B Load for a state or area in which Localized Facilities are located is the monthly transmission system peak load for such state or area.¹

¹ Excludes MWs associated with lump sum payment transactions identified in footnote 2.

17. Operating Arrangements

17.1 Operation under the Network Operating Agreement

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

17.2 Network Operating Agreement

The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Network Customer within the NU Companies' Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between the NU Companies and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the NU Companies' Transmission System, interchange schedules, unit outputs for redispatch, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the North American Electric Reliability Council (NERC) and the Northeast Power Coordinating Council (NPCC), (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with the NU Companies, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies NERC and NPCC requirements. The NU Companies shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment NU-G.

SCHEDULE NU-1

SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the NU Companies (if the NU Companies are the Control Area operator) or indirectly by the NU Companies making arrangements with the New England System Operator that performs this service for the NU Companies' Transmission System. The Transmission Customer must purchase this service from the NU Companies or the New England System Operator. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below. To the extent the New England System Operator performs this service for the NU Companies, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the NU Companies by that New England System Operator.

Each Point-To-Point Transmission Customer under this Local Service Schedule will be charged for Transmission Scheduling, System Control and Dispatch Services for the total Reserved Capacity specified in each reservation for Point-To-Point Transmission Service made under this Local Service Schedule at the rates set forth in Appendix A of this Schedule NU-1.

Each Network Customer under this Local Service Schedule will be charged a monthly Transmission Scheduling, System Control and Dispatch Service Demand Charge, which shall be determined by multiplying its Load Ratio Share times one twelfth (1/12) of the Formula Requirements specified in Appendix B of this Schedule NU-1.

Each Transmission Customer with generation within the New England Control Area shall be required also to provide for Scheduling, System Control and Dispatch Service for that generation. It is anticipated that the Transmission Customer will obtain these services from the ISO. The NU Companies will make available Generation Scheduling, System Control and Dispatch Service at the rates set forth in Appendix C of this Schedule NU-1.

Each Transmission Customer with generation located outside of the New England Control Area shall be required to provide for Scheduling, System Control and Dispatching Service for that generation. It is

anticipated that the Transmission Customer will obtain these services by contracting for these services from the provider of these services within the Control Area where the generation is located.

The NU Companies shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Schedule NU-1 in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

SCHEDULE NU-1

Appendix A

POINT-TO-POINT TRANSMISSION RATE

The NU Companies' Formula Rate for Point-To-Point Transmission Scheduling, System Control and Dispatch Service ("Formula Rate") is an annual rate determined from the following formula.

$$\text{Formula Rate}_i = (A_{i-1} - B_{i-1}) C_{i-1} \text{ WHERE:}$$

- i equals the calendar year during which service is being rendered ("Service Year").
- A_{i-1} is the Annual Control Center Expenses (expressed in dollars) of the NU Companies for the calendar year prior to the Service Year. The Annual Control Center Expenses are determined pursuant to the formula specified in Exhibit 1 to this Appendix A of Schedule NU-1.
- B_{i-1} is the actual transmission scheduling, system control and dispatch revenues (expressed in dollars) provided from the provision of transmission services to others. The actual transmission scheduling and dispatch revenues shall be those recorded on the books of the NU Companies in FERC Account No. 456.1 pertaining to Transmission of Electricity for Others and such other applicable FERC accounts for the calendar year prior to the Service Year.
- C_{i-1} is the average NU Companies' Monthly Transmission System Category A Load (expressed in kilowatts).

SCHEDULE NU-1

Appendix A

Exhibit 1

DETERMINATION OF ANNUAL CONTROL CENTER EXPENSES

The rate formula for determination of the annual control center expenses revenue requirements for each of the NU Companies is determined as follows:

A. ANNUAL CONTROL CENTER EXPENSES

The NU Companies' System Control and Load Dispatching Expense, for the calendar year prior to the Service Year, as recorded in FERC Account 561.1-561.4 and the revenue requirement calculation for the CL&P Dispatch Center Plant as described in Appendix A, Exhibit 2.

SCHEDULE NU-1
APPENDIX A
EXHIBIT 2
CL&P DISPATCH CENTER REVENUE REQUIREMENT

This exhibit calculates the CL&P Dispatch Center Revenue Requirement. The CL&P Dispatch Center Revenue Requirement for use during a calendar year shall be based on CL&P's costs for the immediately preceding calendar year.

I. DEFINITIONS

Capitalized terms not otherwise defined in Section I. of the ISO-NE Transmission, Markets and Services Tariff and as used in this exhibit have the following definitions:

Dispatch Center means CL&P's CONVEX dispatch center.

Dispatch Center Plant shall equal CL&P's year-end gross plant balances used for CL&P's Dispatch Center as recorded in FERC Account Nos. 303, 350-359, and 389-399.

Dispatch Center Depreciation Reserve shall equal CL&P's year-end depreciation reserve balance for Dispatch Center Plant as recorded in FERC Account No. 108.

Dispatch Center Accumulated Deferred Income Taxes shall equal the net of CL&P's year-end deferred tax balances for Dispatch Center Plant as recorded in FERC Account Nos. 281-283 and 190.

II. CALCULATION OF TOTAL DISPATCH CENTER REVENUE REQUIREMENT

The Dispatch Center Revenue Requirement shall equal the sum of (A) Dispatch Center Return and Associated Income Taxes, (B) Dispatch Center Depreciation Expense, (C) Dispatch Center Amortization of Investment Tax Credits, and (D) Dispatch Center Municipal Tax Expense; provided, that during the period January 1, 2008 through December 31, 2008, the Dispatch Center Revenue Requirement shall equal the product of (i) the number of months (or fractions thereof) remaining in 2007 on and after the date upon which the CONVEX Agreements are permitted to be made effective by FERC, divided by 12 and (ii) the sum of (A) Dispatch Center Return and Associated Income Taxes, (B) Dispatch Center Depreciation Expense, (C) Dispatch Center Amortization of Investment Tax Credits, and (D) Dispatch Center Municipal Tax Expense. "CONVEX Agreements" refers to the agreements between The

Connecticut Light & Power Company and various entities relating to the operation of the Dispatch Center and filed with FERC contemporaneously with the filing of this Exhibit 2.

A. Dispatch Center Return and Associated Income Taxes shall equal the product of the Dispatch Center Investment Base and the Cost of Capital Rate.

1. Dispatch Center Investment Base

The Dispatch Center Investment Base will be the year-end balances of: (a) Dispatch Center Plant, less (b) Dispatch Center Depreciation Reserve, less (c) Dispatch Center Accumulated Deferred Income Taxes.

2. Cost of Capital Rate

The Cost of Capital Rate will equal (a) the Weighted Cost of Capital, plus (b) Federal Income Tax plus (c) State Income Tax.

(a) The Weighted Cost of Capital will be calculated based upon CL&P's capital structure at the end of each year and will equal the sum of (i),(ii), and (iii) below.

(i) The long-term debt component, which equals the product of the year-end balance of CL&P's first mortgage bonds and pollution control notes adjusted for premiums, discounts, debt expense and losses on reacquired debt and the ratio of the long term debt to CL&P's total capital.

(ii) The preferred stock component, which equals the product of the year-end balance of CL&P's preferred stock adjusted for premiums, discounts and unamortized issue expense and the ratio of the preferred stock to CL&P's total capital.

(iii) The common equity component, which equals the product of 10.3% and the ratio of the common equity to CL&P's total capital.

(b and c) Federal and State Income Taxes shall be computed as follows:

$$A \times B \times C$$

where:

A = Dispatch Center Investment Base

B = Cost of equity capital (the sum of the preferred stock component and common equity component)

C = $TE / (1-TE)$, where TE is the effective combined federal and state statutory income tax rates in effect at the applicable time.

B. Dispatch Center Depreciation Expense shall equal CL&P's Dispatch Center depreciation expense as recorded in FERC Account No. 403.

C. Dispatch Center Amortization of Investment Tax Credits shall equal CL&P's Dispatch Center amortization of investment tax credits as recorded in FERC Account No. 411.4.

D. Dispatch Center Municipal Tax Expense shall equal CL&P's Dispatch Center municipal tax expense as recorded in FERC Account Nos. 408.1 and 409.1.

SCHEDULE NU-1

Appendix B

NETWORK TRANSMISSION FORMULA REQUIREMENTS

The NU Companies' formula requirements for Network Transmission Scheduling, System Control and Dispatch Service is determined from the following formula.

$$\text{Formula Requirements}_i = (A_{i-1} - B_{i-1})$$

WHERE:

- i equals the calendar year during which service is being rendered ("Service Year").
- A_{i-1} is the Annual Control Center Expenses (expressed in dollars) of the NU Companies for the calendar year prior to the Service Year. The Annual Control Center Expenses are determined pursuant to the formula specified in Exhibit 1 to this Appendix B of Schedule NU-1.
- B_{i-1} is the actual transmission scheduling, system control and dispatch revenues (expressed in dollars) provided from the provision of transmission services to others. The actual transmission scheduling, system control and dispatch revenues shall be those recorded on the books of the NU Companies in FERC Account No. 456.1 pertaining to Transmission of Electricity for Others and such other applicable FERC Account for the calendar year prior to the Service Year.

SCHEDULE NU-1

APPENDIX B

EXHIBIT 1

DETERMINATION OF ANNUAL CONTROL CENTER EXPENSES

The rate formula for determination of the annual control center expenses for each of the NU Companies is determined as follows:

A. ANNUAL CONTROL CENTER EXPENSES

The NU Companies' System Control and Load Dispatching Expense), for the calendar year prior to the Service Year as recorded in FERC Account 561.1-561.4 and the revenue requirement calculation for the CL&P Dispatch Center Plant as described in Appendix B, Exhibit 2.

SCHEDULE NU-1

APPENDIX B

EXHIBIT 2

CL&P DISPATCH CENTER REVENUE REQUIREMENT

This exhibit calculates the CL&P Dispatch Center Revenue Requirement. The CL&P Dispatch Center Revenue Requirement for use during a calendar year shall be based on CL&P's costs for the immediately preceding calendar year.

I. DEFINITIONS

Capitalized terms not otherwise defined in Section I. of the ISO-NE Transmission, Markets and Services Tariff and as used in this exhibit have the following definitions:

Dispatch Center means CL&P's CONVEX dispatch center.

Dispatch Center Plant shall equal CL&P's year-end gross plant balances used for CL&P's Dispatch Center as recorded in FERC Account Nos. 303, 350-359, and 389-399.

Dispatch Center Depreciation Reserve shall equal CL&P's year-end depreciation reserve balance for Dispatch Center Plant as recorded in FERC Account No. 108.

Dispatch Center Accumulated Deferred Income Taxes shall equal the net of CL&P's year-end deferred tax balances for Dispatch Center Plant as recorded in FERC Account Nos. 281-283 and 190.

II. CALCULATION OF TOTAL DISPATCH CENTER REVENUE REQUIREMENT

The Dispatch Center Revenue Requirement shall equal the sum of (A) Dispatch Center Return and Associated Income Taxes, (B) Dispatch Center Depreciation Expense, (C) Dispatch Center Amortization of Investment Tax Credits, and (D) Dispatch Center Municipal Tax Expense; provided, that during the period January 1, 2008 through December 31, 2008, the Dispatch Center Revenue Requirement shall equal the product of (i) the number of months (or fractions thereof) remaining in 2007 on and after the date upon which the CONVEX Agreements are permitted to be made effective by FERC, divided by 12 and (ii) the sum of (A) Dispatch Center Return and Associated Income Taxes, (B) Dispatch Center Depreciation Expense, (C) Dispatch Center Amortization of Investment Tax Credits, and (D) Dispatch Center Municipal Tax Expense. "CONVEX Agreements" refers to the agreements between The

Connecticut Light & Power Company and various entities relating to the operation of the Dispatch Center and filed with FERC contemporaneously with the filing of this Exhibit 2.

A. Dispatch Center Return and Associated Income Taxes shall equal the product of the Dispatch Center Investment Base and the Cost of Capital Rate.

1. Dispatch Center Investment Base

The Dispatch Center Investment Base will be the year-end balances of: (a) Dispatch Center Plant, less (b) Dispatch Center Depreciation Reserve, less (c) Dispatch Center Accumulated Deferred Income Taxes.

2. Cost of Capital Rate

The Cost of Capital Rate will equal (a) the Weighted Cost of Capital, plus (b) Federal Income Tax plus (c) State Income Tax.

(a) The Weighted Cost of Capital will be calculated based upon CL&P's capital structure at the end of each year and will equal the sum of (i),(ii), and (iii) below.

(i) The long-term debt component, which equals the product of the year-end balance of CL&P's first mortgage bonds and pollution control notes adjusted for premiums, discounts, debt expense and losses on reacquired debt and the ratio of the long term debt to CL&P's total capital.

(ii) The preferred stock component, which equals the product of the year-end balance of CL&P's preferred stock adjusted for premiums, discounts and unamortized issue expense and the ratio of the preferred stock to CL&P's total capital.

(iii) The common equity component, which equals the product of 10.3% and the ratio of the common equity to CL&P's total capital.

(b and c) Federal and State Income Taxes shall be computed as follows:

$$A \times B \times C$$

where:

A = Dispatch Center Investment Base

B = Cost of equity capital (the sum of the preferred stock component and common equity component)

C = $TE / (1-TE)$, where TE is the effective combined federal and state statutory income tax rates in effect at the applicable time.

B. Dispatch Center Depreciation Expense shall equal CL&P's Dispatch Center depreciation expense as recorded in FERC Account No. 403.

C. Dispatch Center Amortization of Investment Tax Credits shall equal CL&P's Dispatch Center amortization of investment tax credits as recorded in FERC Account No. 411.4.

D. Dispatch Center Municipal Tax Expense shall equal CL&P's Dispatch Center municipal tax expense as recorded in FERC Account Nos. 408.1 and 409.1.

SCHEDULE NU-1
Appendix C
GENERATION RATES

The NU Companies' Formula Rate for Generation Scheduling, System Control and Dispatch Service ("Formula Rate") shall be calculated using the Point-to-Point Formula Rate for Transmission Scheduling, System Control, and Dispatch Service in Appendix A of Schedule NU-1.

SCHEDULE NU-2
FIRM POINT-TO-POINT SERVICE

I. Each month, NUSCO shall bill the Transmission Customer for Long-Term Firm and Short-Term Firm Transmission Service and the Transmission Customer shall be obligated to pay the NU Companies the charges as set forth in this Schedule NU-2, as applicable.

A. TRANSMISSION CHARGES

1. Determination of Transmission Charges

The Transmission Charges will provide for recovery of the costs of the transmission facilities of the NU Companies. There are two sets of Transmission Charges, the Category A Transmission Charges and the Category B Transmission Charges. The Category A Transmission Charges for each month will equal the sum of the Category A Charges for each monthly (or longer term), weekly or daily transaction during such month, and the Category B Transmission Charges for each month will equal the sum of the Category B Charges for each monthly (or longer term), weekly or daily transaction during such month.

The Category A Charge for each monthly (or longer term) transactions will be the product of: (a) the NU Companies' Category A Formula Rate (expressed in \$ per kilowatt-year), divided by twelve (12) months, and (b) the Reserved Capacity set forth for such monthly (or longer term) transaction (expressed in kilowatts).

The Category A Charge for each weekly transaction will be the product of: (a) the NU Companies' Weekly Category A Short-Term Firm Point-To-Point Transmission Rate (expressed in \$ per kilowatt-week), and (b) the Reserved Capacity set forth for such weekly transaction (expressed in kilowatts). The NU Companies' Weekly Category A Rate is the NU Companies' Category A Formula Rate for Firm Point-To-Point Transmission Service divided by fifty-two (52) weeks.

The Category A Charge for each daily transaction will be the product of: (a) the NU Companies' Daily Category A Short-Term Firm Point-To-Point Transmission Rate (expressed in \$ per kilowatt-day), and (b) the Reserved Capacity set forth for such daily transaction (expressed in kilowatts). The NU Companies' Daily Category A Rate is the NU Companies' Weekly Category

A Rate for Short-Term Firm Point-To-Point Transmission Service divided by five (5) days. The total of the Transmission Customer's charges for daily transactions, under an individual reservation, in a seven (7) day period shall not exceed the charges based on the Weekly Category A Rate and the Transmission Customer's maximum Reserved Capacity in the period.

The Category B Charge for each monthly (or longer term) transaction in a state or area in which Localized Facilities are located will be the product of: (a) the NU Companies' Category B Formula Rate (expressed in \$ per kilowatt-year) for such state or area, divided by twelve (12) months, and (b) the Reserved Capacity set forth for such monthly (or longer term) transaction (expressed in kilowatts).

The Category B Charge for each weekly transaction in a state or area in which Localized Facilities are located will be the product of: (a) the NU

Companies' Weekly Category B Short-Term Firm Point-To-Point Transmission Rate (expressed in \$ per kilowatt-week) for such state or area, and (b) the Reserved Capacity set forth for such weekly transaction (expressed in kilowatts). The NU Companies' Weekly Category B Rate is the NU Companies' Category B Formula Rate for Firm Point-To-Point Transmission Service divided by fifty-two (52) weeks.

The Category B Charge for each daily transaction in a state or area in which Localized Facilities are located will be the product of: (a) the NU Companies' Daily Category B Short-Term Firm Point-To-Point Transmission Rate (expressed in \$ per kilowatt-day), and (b) the Reserved Capacity set forth for such daily transaction (expressed in kilowatts). The NU Companies' Daily Category B Rate is the NU Companies' Weekly Category B Rate for Short-Term Firm Point-To-Point Transmission Service divided by five (5) days. The total of the Transmission Customer's charges for daily transactions, under an individual reservation, in a seven (7) day period shall not exceed the charges based on the Weekly Category B Rate and the Transmission Customer's maximum Reserved Capacity in the period.

2. NU Companies' Formula Rates

The NU Companies' Formula Rates for Long-Term Firm and Short-Term Firm Point-To-Point Service shall be determined in accordance with the rate formulas specified in Appendices A and B of this Schedule NU-2.

3. Tax Rates and Taxes

The NU Companies' Formula Rates set forth in this schedule in effect during a Service Year shall be based on the local, state, and federal tax rates and taxes in effect during the Service Year. If, at any time, additional or new taxes are imposed on the NU Companies or existing taxes are removed, the NU Companies' 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 this Local Service Schedule. Accordingly, a separate Schedule NU-2 or other applicable charge(s) will be calculated for, and a separate bill will be rendered to, each such individual Transmission Customer.

5. Discounts

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

6. Resales

The rates and rules governing charges and discounts in Sections I.A.1 and 5 of this Schedule NU-2 stated above shall not apply to resales of transmission service, compensation for which shall be governed by Schedule 21.

II. In addition to the applicable charges of this Local Service Schedule, and as otherwise specified in the Service Agreement, the Transmission Customer shall pay to NUSCO each month the following additional charges for Long-Term, and 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 Long-Term Firm or Short Term Firm Point-To-Point Transmission Service provided under this Local Service Schedule, not specifically provided for in any of the charge or rate provisions under this Local Service Schedule, 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 this Local Service Schedule 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 NU-2 in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

SCHEDULE NU-2
Appendix A
CATEGORY A RATE
FIRM POINT-TO-POINT TRANSMISSION SERVICE

The NU Companies' Category A Formula Rate for Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service ("Formula Rate") is an annual rate determined from the following formula.

$$\text{Formula Rate}_i = (A_i - B_i + C_i - D_i) / E_i$$

WHERE:

- i equals the Service Year.
- A is the annual Total Transmission Revenue Requirements (expressed in dollars) as described in Attachment NU-H,
- B is the revenues received (expressed in dollars) from the provision of transmission and other related services, to others as recorded in FERC Accounts 456.1 and 454 to the extent that such transactions are not included in the determination of load (E),² minus any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment.
- C is the transmission payments (expressed in dollars) to the New England System Operator as recorded in FERC Account 565 in accordance with the Tariff.
- D is the sum of the annual revenues received (expressed in dollars) for the costs associated with the Localized Facilities, minus any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment.
- E is the average NU Companies' Monthly Transmission System Category A Load (expressed in kilowatts).

² Includes amortization of revenues from point-to-point transmission service provided to Consolidated Edison Energy Massachusetts, Inc. and NRG Energy, Inc. under contracts in which customers paid based on single lump sum payment.

SCHEDULE NU-2
Appendix B
CATEGORY B RATE
FIRM POINT-TO-POINT TRANSMISSION SERVICE

The NU Companies' Category B Formula Rate for Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service ("Formula Rate") is an annual rate determined from the following formula and separately determined for each state or area in which Localized Facilities are located:

$$\text{Formula Rate}_i = (D_i/E_i)$$

WHERE:

- i equals the Service Year.
- D is the annual Localized Transmission Revenue Requirements (expressed in dollars) of the Localized Facilities of the NU Companies for a state or area in which Localized Facilities are located, as described in Attachment NU-I.
- E is the average Monthly Transmission System Category B Load (expressed in kilowatts) for the state or area for which the Revenue Requirements in D are calculated.

SCHEDULE NU-3
NON-FIRM POINT-TO-POINT SERVICE

I. The NU Companies shall bill the Transmission Customer for Non-Firm Point-To-Point Transmission Service, and the Transmission Customer shall be obligated to pay the NU Companies the charges as set forth in this Schedule NU-3 as applicable.

A. **TRANSMISSION CHARGES**

1. General

There are two sets of Transmission Charges, the Category A Transmission Charges and the Category B Transmission Charges. The Transmission Customer shall pay to NUSCO each month the sum of the Category A Transmission Charges and Category B Transmission Charges calculated for all of the Transmission Customer's 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 this Local Service Schedule. Accordingly, a Transmission Charge, as applicable, will be calculated for, and a separate bill will be rendered to, each such Transmission Customer.

The Category A Transmission Charge for each month applicable to a monthly transaction shall be determined as the product of: (a) the Category A 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 Category A Rate for 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).

The Category A 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 Category A rate posted on the NU Companies' OASIS at the time the service is reserved, not to exceed the NU Companies' Weekly Category A Firm Point-To-Point Transmission Charge Rate (expressed in \$ 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 Category A Rate is the NU Companies' Annual Category A Rate for Non-Firm Point-To-Point Transmission Service divided by fifty-two (52) weeks.

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 Category A Firm Point-To-Point Transmission Charge Rate (expressed in \$ 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' Daily Category A On-Peak Rate is the NU Companies' Weekly Category A Rate for Non-Firm Point-To-Point Transmission Service divided by five (5) days. The NU Companies' Daily Category A Off-Peak Rate is the NU Companies'

Weekly Category A Rate for Non-Firm Point-To-Point Transmission Service divided by seven (7) days. The total of the Transmission Customer's charges for daily transactions, under an individual Reservation, in a seven (7) day period shall not exceed the charges based on the Weekly Category A Rate and the Transmission Customer's maximum Reserved Capacity in the period.

The Transmission Charge for each month applicable to hourly transactions will be the sum of the transmission charges determined for each hourly transaction during such month. 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 Companies' Daily Category A Firm Point-To-Point Transmission Service Rate divided by sixteen (16) hours (expressed in \$ 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 Category A On-Peak Rate is equal to the NU Companies' Daily Category A Rate for Non-Firm Transmission Service divided by sixteen (16) hours. The NU Companies' Hourly Category A Off-Peak Rate is equal to the NU Companies' Daily Category A Rate for Non-Firm Transmission Service divided by twenty-four (24) hours. The total of the Transmission Customer's charges for hourly transactions, under an individual Reservation, in a twenty-four (24) hour period shall not exceed the charges based on the Daily Category A Rate and the Transmission Customer's maximum Reserved Capacity in the period.

The Category B Transmission Charge for each month applicable to a monthly transaction in a state or area in which Localized Facilities are located shall be determined as the product of: (a) the Category B rate posted on NU's Open Access Same-Time Information System ("OASIS") for such state or area at the time the service is reserved, not to exceed the NU Companies' Annual Category B Rate for Non-Firm Point-To-Point Transmission Service for such state or area 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).

The Category B Transmission Charge for each month applicable to weekly transactions in a state or area in which Localized Facilities are located 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 Category B rate posted on the NU Companies' OASIS for such state or area at the time the service is reserved, not to exceed the NU Companies' Weekly Category B Firm Point-To-Point Transmission Charge Rate (expressed in \$ per kilowatt-week) for such state or area, and (b) the Reserved Capacity set forth in the Transmission Customer's applicable Reservation for such week (expressed in kilowatts). The NU Companies' Weekly Category B Rate is the NU Companies' Annual Category B Rate for Non-Firm Point-To-Point Transmission Service divided by fifty-two (52) weeks.

The Transmission Charge for each month applicable to daily transactions in a state or area in which Localized Facilities are located will be the sum of the transmission charges determined for each daily transaction during such month. The transmission charge for each daily transaction shall be determined as the product of: (a) the rate posted on the NU Companies' OASIS for such state or area at the time the service is reserved, not to exceed the NU Companies' Daily Category B Firm Point-To-Point Transmission Charge Rate (expressed in \$ per kilowatt-day) for such state or area, and (b) the Reserved Capacity set forth in the Transmission Customer's applicable Reservation for such day (expressed in kilowatts). The NU Companies' Daily Category B On-Peak Rate is the NU Companies' Weekly Category B Rate for Non-Firm Point-To-Point Transmission Service divided by five (5) days. The NU Companies' Daily Category B Off-Peak Rate is the NU Companies' Weekly Category B Rate for Non-Firm Point-To-Point Transmission Service divided by seven (7) days. The total of the Transmission Customer's charges for daily transactions, under an individual Reservation, in a seven (7) day period shall not exceed the

charges based on the Weekly Category B Rate and the Transmission Customer's maximum Reserved Capacity in the period.

The Transmission Charge for each month applicable to hourly transactions in a state or area in which Localized Facilities are located will be the sum of the transmission charges determined for each hourly transaction during such month. 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 for such state or area at the time the service is reserved, not to exceed the NU Companies' Daily Category B Firm Point-To-Point Transmission Service Rate divided by sixteen (16) hours (expressed in \$ per kilowatt-hour) for such state or area, 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 Category B On-Peak Rate is equal to the NU Companies' Daily Category B Rate for Non-Firm Transmission Service divided by sixteen (16) hours. The NU Companies' Hourly Category B Off-Peak Rate is equal to the NU Companies' Daily Category B Rate for Non-Firm Transmission Service divided by twenty four (24) hours. The total of the Transmission Customer's charges for hourly transactions, under an individual Reservation, in a twenty-four (24) hour period shall not exceed the charges based on the Daily Category B Rate and the Transmission Customer's maximum Reserved Capacity in the period.

2. Discounts

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

3. Resales

The rates and rules governing charges and discounts in Sections I.A.1 and 2 of this Schedule NU-3 stated above shall not apply to resales of transmission service, compensation for which shall be governed by Schedule 21.

4. Credit to the Transmission Charge

Whenever service provided hereunder is interrupted or curtailed by the NU Companies, the Local Control Center or the New England System Operator, the Transmission Charges to the Transmission Customer calculated pursuant to Section A, of this Schedule NU-3 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.

5. NU Companies' Annual Formula Rate for Non Firm Point-To-Point Transmission Service

The NU Companies' Annual Formula Rates for Non Firm Point-To-Point Transmission Service shall be expressed in \$ per kilowatt-year and shall be determined in accordance with the rate formulas specified in Appendices A and B of this Schedule NU-3 ("Formula Rates").

6. Tax Rates and Taxes

The Formula Rates set forth in this Schedule NU-3 in effect during a Service Year shall be based on local, state, and federal tax rates and taxes in effect during the Service 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 of this Local Service Schedule, and as otherwise specified in the Service Agreement, the Transmission Customer shall pay NUSCO each month the following additional charges for 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 Non-Firm Point-To-Point Transmission Service provided under this Local Service Schedule, not specifically provided for in any of the charge or rate provisions under this Local Service Schedule, 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 this Local Service Schedule 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 NU-3 in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

SCHEDULE NU-3
Appendix A
CATEGORY A RATE
FOR NON-FIRM POINT-TO-POINT SERVICE

The NU Companies' Category A Formula Rate for Non-Firm Point-To-Point Transmission Service ("Formula Rate") is an annual rate determined from the following formula.

$$\text{Formula Rate}_i = (A_i - B_i + C_i - D_i) / E_i$$

WHERE:

- i equals the Service Year.

- A is the annual Total Transmission Revenue Requirements (expressed in dollars) as described in Attachment NU-H.

- B is the revenues received (expressed in dollars) from the provision of transmission and other related services to others as recorded in FERC Accounts 456.1 and 454 to the extent that such transactions are not included in the determination of load (E),² minus any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment.

- C is the transmission payments (expressed in dollars) to the New England System Operator as recorded in FERC Account 565 in accordance with the Tariff.

- D is the sum of the annual revenues received (expressed in dollars) for the costs associated with the Localized Facilities, minus any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment.

- E is the average NU Companies' Monthly Transmission System Category A Load (expressed in kilowatts).

² Includes amortization of revenues from point-to-point transmission service provided to Consolidated Edison Energy Massachusetts, Inc. and NRG Energy, Inc. under contracts in which customers paid based on single lump sum payment.

SCHEDULE NU-3
Appendix B
CATEGORY B RATE
FOR NON-FIRM POINT-TO-POINT SERVICE

The NU Companies' Category B Formula Rate for Non-Firm Point-To-Point Transmission Service ("Formula Rate") is an annual rate determined from the following formula, and separately determined for each state or area in which Localized Facilities are located.

$$\text{Formula Rate}_i = (D_i / E_i)$$

WHERE:

- i equals the Service Year.
- D is the annual Localized Transmission Revenue Requirements (expressed in dollars) of the Localized Facilities of the NU Companies for a state or area in which Localized Facilities are located, as described in Attachment NU-I.
- E is the average Monthly Transmission System Category B Load (expressed in kilowatts) for the state or area for which the Revenue Requirements in D are calculated.

SCHEDULE NU-4
CHARGE PROVISIONS FOR LOCAL NETWORK SERVICE

I. Network Customers will pay the following demand charges for Local Network Service.

A. **DEMAND CHARGE A**

1. Determination of Demand Charge:

The Demand Charge will be determined in accordance with Section 16.3 of this Local Service Schedule.

2. NU Companies' Annual Transmission Revenue Requirements:

The annual Transmission Revenue Requirements shall be determined in accordance with the formula specified in Appendix A of this Schedule NU-4 ("Formula Requirements").

B. **DEMAND CHARGE B**

1. Determination of Demand Charge

The Demand Charge will be determined in accordance with Section 16.3 of this Local Service Schedule.

2. NU Companies' Annual Transmission Revenue Requirements:

The annual Transmission Revenue Requirements for a state or area in which Localized Facilities are located shall be determined in accordance with the formula specified in Appendix B of this Schedule NU-4 ("Formula Requirements").

C. **TAX RATES AND TAXES**

The Formula Requirements set forth in this Schedule NU-4 in effect during a Service Year shall be based on local, state, and federal tax rates and taxes in effect during the Service 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 of this Local Service Schedule, and as otherwise specified in the Service Agreement, the Transmission Customer shall pay to NUSCO each month the following additional charges for Local Network 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 this Local Service Schedule, not specifically provided for in any of the charge or rate provisions under this Local Service Schedule, 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 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 this Local Service Schedule 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 NU-4 in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

SCHEDULE NU-4
Appendix A
NETWORK FORMULA REQUIREMENTS
FOR CATEGORY A COSTS

The NU Companies' formula requirements for Local Network Service is determined from the following formula.

$$\text{Formula Requirements}_i = A_i - B_i + C_i - D_i$$

WHERE:

- i equals the Service Year.
- A is the annual Total Transmission Revenue Requirements (expressed in dollars) as described in Attachment NU-H.
- B is the revenues received (expressed in dollars) from the provision of transmission and other related services to others as recorded in FERC Accounts 456.1 and 454 to the extent that such transactions are not included in the determination of load,² minus any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment.
- C is the transmission payments to (expressed in dollars) the New England System Operator as recorded in FERC Accounts 565 in accordance with the Tariff.
- D is the sum of the annual revenues received (expressed in dollars) for the costs associated with Localized Facilities, minus any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment.

² Includes amortization of revenues from point-to-point transmission service provided to Consolidated Edison Energy Massachusetts, Inc. and NRG Energy, Inc. under contracts in which customers paid based on single lump sum payment.

SCHEDULE NU-4
Appendix B
NETWORK FORMULA REQUIREMENTS
FOR CATEGORY B COSTS

The NU Companies' formula requirements for Local Network Service and for Eligible Customers taking Regional Network Service under this Tariff in a state or area in which Localized Facilities are located, is determined from the following formula, and separately determined for each state or area in which Localized Facilities are located.

$$\text{Formula Requirements}_i = D_i$$

WHERE:

- i equals the Service Year.
- D is the annual Localized Transmission Revenue Requirements (expressed in dollars) of the Localized Facilities of the NU Companies for a state or area in which Localized Facilities are located, as described in Attachment NU-I.

ATTACHMENT NU-C
AVAILABLE TRANSFER CAPABILITY METHODOLOGY

TABLE OF CONTENTS

1. Introduction
2. Transmission Service in the New England Markets
3. NU Companies' Total Transfer Capability (TTC)
4. Capacity Benefit Market (CBM)
5. Transmission Reliability Margin (TRM)
6. Calculation of ATC for the NU Companies' Local Facilities
7. Posting of ATC Related Information
8. Process Flow Diagram for ATC Calculation

1. Introduction

ISO is the regional transmission organization (“RTO”), serving the New England Control Area. ISO is responsible for the development, oversight, and fair administration of New England’s wholesale market, management of the bulk electric power system and wholesale markets' planning processes. The ISO serves as the Balancing Authority for the New England Control Area. The New England Control Area is interconnected to three neighboring Balancing Authority Areas (“BAA”): New Brunswick System Operator Area (“NBSO Area”), New York Independent System Operator Area (“NYISO Area”), and Hydro-Quebec TransEnergie Area (“HQTE Area”).

As part of its RTO responsibilities, the ISO is registered with the North American Electric Reliability Corporation (“NERC”) as several functional model entities that have responsibilities related to the calculation of ATC as defined in the following NERC Standards: MOD-001 – Available Transmission System Capability (“MOD-001”), MOD-004 – Capacity Benefit Margin (“MOD-004”), and MOD-008 – Transmission Reliability Margin Calculation Methodology (“MOD-008”). The extent of those responsibilities is based on various Commission approved transmission operating agreements and the provisions of the ISO New England Operating Documents.

While the ISO is the Transmission Service Provider for Regional Network Service (“Regional Transmission Service”) associated with Pool Transmission Facilities, the Participating Transmission Owners (“PTOs”) provide local transmission service over Non-Pool Transmission Facilities within the RTO footprint and are responsible for calculating TTC and ATC associated with Local Transmission Service provided under Schedule 21 pursuant to the Transmission Operating Agreement (“TOA”). Pursuant to CFR § 37.6(b)¹ of the FERC Regulations Transmission Provider’s are obligated to calculate and post TTC and ATC for each Posted Path. The ISO is not responsible for the calculation of these values.

Pursuant to the terms of the Transmission Operating Agreement executed between the NU Companies as Participating Transmission Owners (“PTOs”) and ISO, the NU Companies are Transmission Service Providers and calculate TTC and ATC for certain Local Facilities over which Point-to-Point transmission service is provided under Schedule 21-NU of the ISO Open Access Transmission Tariff (“ISO OATT”).

¹ §37.6(b) Posting transfer capability. The available transfer capability on the Transmission Provider’s system (ATC) and the total transfer capability (TTC) of that system shall be calculated and posted for each Posted Path as set out in this section.

Posted Path is defined as any control area to control area interconnection; any path for which service is denied, curtailed or interrupted for more than 24 hours in the past 12 months; and any path for which a customer requests to have ATC or TTC posted. For this last category, the posting must continue for 180 days and thereafter until 180 days have elapsed from the most recent request for service over the requested path. For purposes of this definition, an hour includes any part of any hour during which service was denied, curtailed or interrupted (§37.6(b)(1)(i)).

Non-PTF facilities are primarily radial paths that provide transmission service directly to interconnected generators. It is possible, in the future that a particular path may interconnect more nameplate capacity generation than the path's TTC. However, for the NU Companies' Non-PTF modeled by the ISO or the Local Control Center ("LCC"), the ISO or the LCC will only dispatch an amount of generation interconnected to such path so as not to incur a reliability or stability violation on the subject path consistent with ISO's economic, security constrained dispatch methodology.

The NU Companies do not currently have any Posted Paths based on the above definition. However, if the NU Companies do have any Posted Path(s) in the future, the NU Companies will calculate TTC using NERC Standard MOD-029-1 Rated System Path Methodology as outlined below.

1.1 Scope of Document

The scope of this document is limited to those functions performed or utilized by the NU Companies as the Transmission Provider of Schedule 21-NU Local Point-to Point transmission service over Non-PTF pursuant to the PTOs' Transmission Operating Agreement and the ISO OATT:

- Total Transfer Capability (TTC) methodology
- Available Transfer Capability (ATC) methodology
- Existing Transmission Commitment (ETC)
- Use of Rollover Rights (ROR) in the calculation of ETC

As explained in Section 2, TTC and ATC are required to be calculated only for certain non-PTF internal Posted Paths over which Local Point-to-Point transmission service is provided under Schedule 21-NU. TTC and ATC is not calculated by the NU Companies for Local Network Service because ISO employs a market model for economic, security constrained dispatch of generation, and the NU Companies do not require advance reservation for such network service.

2. Transmission Service in the New England Markets

Since the inception of the OATT for New England, the process by which generation located inside New England supplies energy to the bulk electric system has differed from the Commission's pro forma OATT. The fundamental difference is that internal generation is dispatched in an economic, security constrained manner by the ISO rather than utilizing a system of physical rights, advance reservations and point-to-point transmission service. Through this process, internal generation provides offers that are utilized by the ISO in the Real-Time Energy Market dispatch software. This process provides the least-cost dispatch to satisfy Real-Time load on the system.

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

This process for submitting External Transactions into the New England Real-Time Energy Market does not require an advance physical reservation for use of the PTF. In the event that the net of the economic External Transactions is greater than the transfer capability of the associated external interface, the External Transactions selected to flow are selected based on the rules specified in the Tariff. For any External Transactions that are confirmed to flow in Real-Time based on the economics of the system, a transmission reservation for RNS and Through or Out Service is created after-the-fact to satisfy the transparency needs of the market.

The process described above is applicable to the PTF within the ISO Area, and non-PTF Local Facilities where utilized for Local Network Service by generation or load. However, the NU Companies own Local Facilities over which an advance transmission service reservation for firm or non-firm transmission service may be required. On those Local Facilities, the market participant may obtain a transmission service reservation from the NU Companies under Schedule 21-NU prior to delivery of energy into the New England Wholesale Market. This document addresses the calculation of ATC and TTC for these non-PTF internal paths.

3. NU Companies Total Transfer Capability (TTC)

The Total Transfer Capability (TTC) is the amount of electric power that can be moved or transferred reliably from one area to another area of the interconnected transmission systems by way of all transmission lines (or paths) between those areas under specified system conditions. TTC for Schedule 21-NU is calculated using NERC Standard MOD-029-1 Rated System Path Methodology and posted on the NU Companies' OASIS site.

The NU Companies will calculate and post TTC on its OASIS site for all non-PTF Posted Paths that are eligible for Point-to-Point transmission service reservations. The TTC on the NU Companies' non-PTF Local Facilities that are eligible for Local Point-to-Point transmission service reservations are relatively static values. The NU Companies thus calculate the TTC for Non-PTF Posted Paths that may require Local Point-to-Point Local Point-to-Point transmission reservations on its OASIS provider page according to NAESB Standards.

4. Capacity Benefit Market (CBM)

CBM is defined as the amount of firm transmission transfer capability set aside by a TSP for use by the Load Serving Entities. The ISO does not set aside any CBM for use by the Load Serving Entities, because of the New England approach to capacity planning requirements in the ISO New England Operating Documents. Load Serving Entities operating within the New England Control Area are required to arrange for their Capacity Requirements prior to the beginning of any given month in accordance with ISO Tariff, Section III.13.7.3.1 (Calculation of Capacity Requirement and Capacity Load Obligation). Load Serving Entities do not utilize CBM to ensure that their capacity needs are met; therefore, CBM is not applicable within the New England market design. Accordingly, for purposes of the NU Companies' ATC calculation and because CBM for the New England Control Area is set to zero (0), the NU Companies utilize a zero (0) CBM value.

Existing Transmission Commitments, Firm (ETC_F)

The ETC_F are those confirmed Firm transmission reservations (PTP_F) plus any rollover rights for Firm transmission reservations (ROR_F) that have been exercised. There are no allowances necessary for Native Load forecast commitments (NL_F), Network Integration Transmission Service (NITS_F),

grandfathered Transmission Service (GF_F) and other service(s), contract(s) or agreement(s) (OS_F) to be considered in the ETC_F calculation.

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

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

5. Transmission Reliability Margin (TRM)

TRM is the amount of transmission transfer capability set aside to provide reasonable assurance that the interconnected transmission network will be secure. TRM accounts for the inherent uncertainty in system conditions and the need for operating flexibility to ensure reliable system operation as system conditions change. It is used only for external interfaces under the New England market design. The NU Companies do not have any external interfaces, and therefore TRM for the NU Companies' non-PTF facilities is zero.

6. Calculation of ATC for the NU Companies' Local Facilities - General Description:

NERC Standards MOD-001-1 – Available Transmission System Capability and MOD-029-1 – Rated System Path Methodology define the required items to be identified when describing a transmission provider's ATC methodology. As a practical matter, the ratings of the radial transmission paths are always higher than the transmission requirements of the Transmission Customers connected to that path. As such, transmission services over these posted paths are considered to be always available.

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

As Real-Time approaches, the ISO utilizes the Real-Time energy market rules to determine which of the submitted energy transactions will be scheduled in the coming hour. Basically, the ATC of the non-PTF assets in the New England market is almost always positive. With this simplified version of ATC, there is no detailed algorithm to be described or posted. Thus, for those non-PTF facilities that serve as a path for the NU Companies' Schedule 21-NU Point-to-Point Transmission Customers, the NU Companies have posted the ATC as 9999, consistent with industry practice. ATC on these paths varies depending on

the time of day. However, it is posted with an ATC of "9999" to reflect the fact that there are no restrictions on these paths for commercial transactions.

6.1 Calculation of Schedule 21-NU Firm ATC (ATC_F)

6.1.1 Calculation of ATC_F in the Planning Horizon (PH)

For purposes of this Attachment C PH is any period before the Operating Horizon.

Consistent with the NERC definition, ATC_F is the capability for Firm transmission reservations that remain after allowing for TRM, CBM, ETC_F , Postbacks_F and counterflows_F.

As discussed above, TRM and CBM are zero. Firm Transmission Service under Schedule 21-NU that is available in the Planning Horizon (PH) includes: Yearly, Monthly, Weekly, and Daily. Postbacks_F and counterflows_F of Schedule 21-NU transmission reservations are not considered in the ATC calculation. Therefore, ATC_F in the PH is equal to the TTC minus ETC_F

6.1.2 Calculation of ATC_F in the Schedule 21-NU Operating Horizon (OH)

For purposes of this Attachment C OH is noon eastern prevailing time each day. At that time, the OH spans from noon through midnight of the next day for a total of 36 hours. As time progresses, the total hours remaining in the OH decreases until noon the following day when the OH is once again reset to 36 hours.

Consistent with the NERC definition, ATC_F is the capability for Firm transmission reservations that remain after allowing for ETC_F , CBM, TRM, Postbacks_F and counterflows_F.

As discussed above, TRM and CBM is zero. Daily Firm Transmission Service under Schedule 21-NU is the only firm service offered in the Operating Horizon (OH). Postbacks_F and counterflows_F of Schedule 21-NU transmission reservations are not considered in the ATC_F calculation. Therefore, ATC_F in the OH is equal to the TTC minus ETC_F .

6.1.3 Because Firm Schedule 21-NU transmission service is not offered in the Scheduling Horizon (SH): ATC_F in the SH is zero.

6.2 Calculation of Schedule 21-NU Non-Firm ATC (ATC_{NF})

6.2.1 Calculation of ATC_{NF} in the PH

ATC_{NF} is the capability for Non-Firm transmission reservations that remain after allowing for ETC_F , ETC_{NF} , scheduled CBM (CBM_S), unreleased TRM (TRM_U), Non-Firm Postbacks ($Postbacks_{NF}$) and Non-Firm counterflows ($counterflows_{NF}$).

As discussed above, the TRM and CBM for Schedule 21-NU are zero. Non-Firm ATC available in the PH includes: Monthly, Weekly, Daily and Hourly. TRM_U , $Postbacks_{NF}$ and $counterflows_{NF}$ of Schedule 21-NU transmission reservations are not considered in this calculation. Therefore, ATC_{NF} in the PH is equal to the TTC minus ETC_F and ETC_{NF} .

6.2.2 Calculation of ATC_{NF} in the OH

ATC_{NF} available in the OH includes: Daily and Hourly.

As discussed above TRM and CBM for Schedule 21-NU are zero. TRM_U , counterflows and ETC_{NF} are not considered in this calculation. Therefore, ATC_{NF} in the OH is equal to the TTC minus ETC_F , plus postbacks of PTP_F in OH as PTP_{NF} ($Postbacks_{NF}$)

6.3 Negative ATC

As stated above, the ratings of the radial transmission paths are always higher than the transmission requirements of the Transmission Customers connected to that path. As such, transmission services over these posted paths are considered to be always available.

As stated above, the NU Companies' non-PTF facilities are primarily radial paths that provide transmission service to directly interconnected generators. It is possible, in the future, that a particular radial path may interconnect more nameplate capacity generation than the path's TTC. However, due to the ISO's security constrained dispatch methodology, the ISO will only dispatch an amount of generation interconnected to such path so as not to incur a reliability or stability violation on the subject path. Therefore, ATC in the PH, OH and SH may become zero, but will not become negative.

7. Posting of Schedule 21-NU ATC

7.1 Location of ATC Posting

ATC values are posted on the NU Companies' OASIS site.

7.2 Updates To ATC

When any of the variables in the ATC equations change, the ATC values are recalculated and immediately posted.

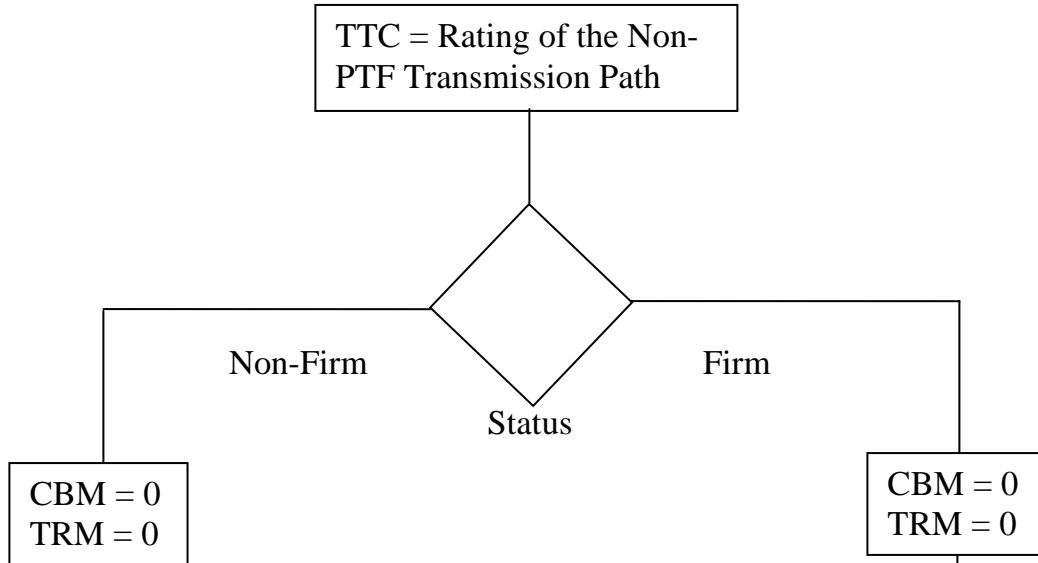
7.3 Coordination of ATC Calculations

Schedule 21-NU non-PTF has no external interfaces. Therefore it is not necessary to coordinate the values.

7.4 Mathematical Algorithms A link to the actual mathematical algorithm for the calculation of ATC for the NU Companies non-PTF internal interfaces is located at <http://www.transmission-nu.com/business/pdfs/Attachment%206.pdf>.

8. Process Flow Diagram for ATC Calculation

Non-PTF Transmission Path ATC Process Flow Diagram



ATC Planning = Rating of the non PTF Path – Existing Transmission Commitments (Firm and non Firm Reservations)

Because Existing Transmission Commitments (Firm and non Firm) are always less than the rating of the non PTF path, ATC is always positive

ATC Operation = ATC Planning

ATC Planning = Rating of the non PTF Path – Existing Transmission Commitments (Firm Reservations)

Because Existing Transmission Commitments (Firm) are always less than the rating of the path, ATC is always positive

ATC Operation = ATC Planning

ATTACHMENT NU-D
PENALTY DISBURSEMENT METHODOLOGY

Late Study Penalties: Penalties paid by the Transmission Provider pursuant to Schedule 21 are referred to as "Late Study Penalties," and therefore subject to distribution to all Transmission Customers that are not affiliated with the Transmission Provider. On the month following the end of each calendar quarter, each Transmission Customer that is not affiliated with the Transmission Provider shall receive, on the relevant monthly invoice, a credit for its share of the Late Study Penalties that were assessed during the applicable calendar quarter. The Transmission Customer's share of the Late Study Penalties (if any) will be determined as follows:

(a) For each quarter, the Transmission Provider will determine: (1) the sum of all Late Study Penalties assessed during the quarter measured in dollars (LSRq), and (2) the sum of all transmission revenue from Transmission Customers that are not affiliated with the Transmission Provider during that quarter, measured in dollars (LSTRq). Where:

LSRq = Late Study Penalty Revenue in the quarter

LSTRq = Transmission Revenue from Transmission Customers not affiliated with the
Transmission Provider in the quarter

(b) For each quarter, each Transmission Customer that was not affiliated with the Transmission Provider will receive a credit equal to the product of (i) LSRq multiplied by (ii) a fraction derived from dividing the amount of transmission revenue from that Transmission Customer (TC1) during that quarter (measured in dollars), where TC1 is equal to one Transmission Customer, and a denominator equal to LSTRq.

(c) The Transmission Provider shall apply the credit for Late Study Penalties to service that the non-affiliated Transmission Customer takes from the Transmission Provider pursuant to this Schedule 21-NU. Any remaining credit will be refunded to the Transmission Customer.

Unreserved Use Penalties: Charges assessed by the Transmission Provider pursuant to Schedule 21-NU that are in excess of the Transmission Provider's transmission and ancillary service rates on file at the time of the unreserved use are referred to as "Unreserved Use Penalties," and are subject to distribution to all "non-offending" (or non-penalized) Transmission Customers. Each month, each non-offending

Transmission Customer shall receive on its monthly invoice a credit for its share of the Unreserved Use Penalties that were assessed in connection with service rendered by the Transmission Provider during the applicable month. The Transmission Customer's share of the Unreserved Use Penalties (if any) will be determined as follows:

(a) For each month, the Transmission Provider will determine: (1) the sum of all Unreserved Use Penalties assessed during each calendar month, measured in dollars (UUR_m), and (2) the sum of all transmission revenue from non-offending Transmission Customers during that month, measured in dollars (TR_m). Where:

UUR_m = Unreserved Use Penalty Revenue in the month

TR_m = Transmission Revenue from non-offending Transmission Customers in the month

(b) For each month, each Transmission Customer that was not assessed Unreserved Use Penalties during that month will receive a credit equal to the product of (i) UUR_m multiplied by (ii) a fraction derived from dividing the amount of transmission revenue from that Transmission Customer (TC₁) during that month (measured in dollars), where TC₁ is equal to on non-offending Transmission Customer, and a denominator equal to TR_m.

(c) The Transmission Provider shall apply the credit for Unreserved Use Penalties to those Transmission Customers that were not assessed Unreserved Use Penalties pursuant to this Schedule 21-NU, as a credit against service. Any remaining credit will be refunded to the Transmission Customer.

**ATTACHMENT NU-E
SERVICE AGREEMENT**

This Service Agreement, dated as of _____, is entered into by and between the Northeast Utilities Service Company ("NUSCO" or "COMPANY"), acting as agent for The Connecticut Light and Power Company, Western Massachusetts Electric Company, Public Service Company of New Hampshire, and ("Transmission Customer").

The Transmission Customer is _____ and has been determined by NUSCO to be an Eligible Customer taking Regional Network Service under the Tariff who is located in the state or area in which Localized Facilities have been identified under Section 16.2 of this Schedule on file with, and as may be revised from time to time in accordance with the rules of the Federal Energy Regulatory Commission. The Transmission Customer agrees to pay its portion of the cost of Localized Facilities as provided in the Tariff. Service under this agreement shall commence on the later of: (1) 0001 hours on _____, or (2) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on 2400 hours on _____.

Other special provisions (if any)

_____.

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

COMPANY:

TRANSMISSION CUSTOMER:

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

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

NORTHEAST UTILITIES SERVICE COMPANY

By:

Its Vice President

TRANSMISSION CUSTOMER

By:

Its

ATTACHMENT NU-G
NETWORK OPERATING AGREEMENT

This Network Operating Agreement is an appendix to Schedule 21-NU (this Local Service Schedule) of the OATT and operates as an implementing agreement for Local Network Service under this Local Service Schedule. This Network Operating Agreement is subject to and in accordance with Part III of this Local Service Schedule. All definitions and other terms and conditions of this Local Service Schedule are incorporated herein by reference.

1.0 Definitions:

1.1 Data Acquisition Equipment

Supervisory control and data acquisition ("SCADA"), remote terminal units ("RTUs") to obtain information from a Party's facilities, telephone equipment, leased telephone circuits, fiber optic circuits, and other communications equipment necessary to transmit data to remote locations, and any other equipment or service necessary to provide for the telemetry and control requirements of this Local Service Schedule.

1.2 Data Link

The direct communications link between the Transmission Customer's energy control center and the NU Companies' designated location(s) that will enable the NU Companies to receive real time telemetry and data from the Transmission Customer.

1.3 Metering Equipment

High accuracy, solid state kW, kVAR, kWh meters, metering cabinets, metering panels, conduits, cabling, high accuracy current transformers and high accuracy potential transformers, which directly or indirectly provide input to meters or transducers, metering recording devices, telephone circuits, signal or pulse dividers, transducers, pulse accumulators, metering sockets, test switch devices, enclosures, conduits, and any other metering, telemetering or communication equipment necessary to implement the provisions of this Local Service Schedule.

1.4 Protective Equipment

Protective relays, relaying panels, relaying cabinets, circuit breakers, conduits, cabling, current transformers, potential transformers, coupling capacitor voltage transformers, wave traps, transfer trip and

fault recorders, which directly or indirectly provide input to relays, fiber optic communication equipment, power line carrier equipment and telephone circuits, and any other protective equipment necessary to implement the protection provision of this Local Service Schedule.

2.0 Term

The term shall be as provided in the Service Agreement consistent with this Local Service Schedule (including, but not limited to, application procedures, commencement of service, and effect of termination).

3.0 Point(s) Of Interconnection

Local Network Service will be provided by the NU Companies at the point(s) of interconnection specified in Appendix __, as amended from time to time. Each point of interconnection in this listing shall have a unique identifier, meter location, meter number, metered voltage, terms on meter compensation and designation of current or future year of in service.

4.0 Cogeneration And Small Power Production Facilities

If a Qualifying Facility is located or locates in the future on the System of the Transmission Customer, and the owner or operator of such Qualifying Facility sells the output of such Qualifying Facility to an entity other than the Transmission Customer, the delivery of such Qualifying Facility's power shall be subject to and contingent upon transmission arrangements being established with the NU Companies prior to commencement of delivery of any such power and energy.

5.0 Character Of Service

Network Transmission Service at the points of interconnection shall be in the form of single phase or balanced three-phase alternating current at a frequency of sixty (60) hertz. The Transmission Customer shall operate and maintain its electric system in a manner that avoids: (i) the generation of harmonic frequencies exceeding the limits established by the latest revision of IEEE-519; (ii) voltage flicker exceeding the limits established by the latest revision of IEEE-141; (iii) negative sequence currents; (iv) voltage or current fluctuations; (v) frequency variations; or (vi) voltage or power factor levels that could adversely affect the NU Companies' electrical equipment or facilities or those of its customers, and in a manner that complies with all applicable NERC, NPCC, ISO and the NU Companies', operating criteria, rules, regulations, procedures, guidelines and interconnection standards as amended from time to time.

6.0 Continuity Of Service

(a) The NU Companies and the Transmission Customer shall operate and maintain their respective network systems, in accordance with Good Utility Practice, and in a manner that will allow the NU Companies to safely and reliably operate the NU Transmission System in accordance with this Local Service Schedule, so that either Party shall not unduly burden the other Party; provided, however, that notwithstanding any other provision of this Local Service Schedule, the NU Companies shall retain the sole responsibility and authority for all operating decisions that could affect the integrity, reliability and security of the NU Transmission System.

(b) The NU Companies shall exercise reasonable care and Due Diligence to ensure Local Network Service hereunder in accordance with Good Utility Practice; provided, however, that the NU Companies shall not be responsible for any failure to ensure electric power service, nor for interruption, reversal or abnormal voltage of the service, if such failure, interruption, reversal or abnormal voltage is due to a Force Majeure.

7.0 Power Factor

(a) Where Local Network Service provided under this Local Service Schedule is for delivery of power to a load center of the Transmission Customer served from the NU Companies' Transmission System, the Transmission Customer shall maintain load power factor levels, during both on- and off- peak hours, appropriate to meet the operating requirements of the NU Companies, and shall follow the ISO standards and practices, as set forth in the Service Agreement.

(b) Where Local Network Service provided under this Local Service Schedule is for delivery of power from a generating facility connected to the NU Companies' Transmission System, the Transmission Customer shall deliver power at a lagging or leading power factor as set forth in the Service Agreement.

(c) Where Local Network Service provided under this Local Service Schedule is for delivery of power from outside the NU Companies' Transmission System, the obligation to maintain proper sending and receiving end voltages rests with the Transmission Customer, as set forth in the Service Agreement.

(d) In the event that the power factor levels and reactive supply requirements set forth in the Service Agreement are not maintained by the Transmission Customer, the NU Companies shall thereupon have the right to take the appropriate corrective action and to charge the Transmission Customer for the costs thereof. The NU Companies shall have the right, at any time, unilaterally to make a Section 205 filing with the Commission for the recovery of any such costs.

8.0 Metering

(a) The Transmission Customer shall, at its expense, purchase all necessary metering equipment to accurately account for the electric power being transmitted under this Local Service Schedule. The NU Companies may require the installation of telemetering equipment for the purposes of billing, power factor measurements and to allow the NU Companies to maximize economic and reliable operation of their transmission system. Such metering equipment shall meet the specifications and accepted metering practices of the NU Companies and applicable criteria, rules, standards and operating procedures, or such successor rules and standards. At the NU Companies' option, communication metering equipment may be installed in order to transmit meter readings to the NU Companies' designated locations.

(b) Electric power being transmitted under this Local Service Schedule will be measured by meters at all points of interconnection and/or on generating facilities (Network and non-Network Resources) located on and outside the Transmission Customer's system as required by the NU Companies.

(c) The Transmission Customer shall purchase meters capable of time-differentiated (by hour) measurement of the instantaneous flow in kW and net active power flow in kWh and of reactive power flow. All meters shall compensate for applicable line and/or transformer losses in accordance with Good Utility Practice when measurement is made at any location other than the point of interconnection.

(d) The NU Companies reserve the right: (i) to determine metering equipment ownership; (ii) to determine the equipment installation at each point of interconnection; (iii) to require the Transmission Customer to install the equipment -- or -- install the equipment with the Transmission Customer supplying without cost to the NU Companies a suitable place for the installation of such equipment; (iv) to determine other equipment allowed in the metering circuit; (v) to determine metering accuracy requirements; (vi) to determine the responsibilities for operation, maintenance, testing and repair of metering equipment.

(e) The NU Companies shall have access to metering data, including telephone line access, which may reasonably be required to facilitate measurement and billing under this Local Service Schedule. The NU Companies may require the Transmission Customer provide, at its expense, a separate dedicated voice grade telephone circuit for the NU Companies and the Transmission Customer to remotely access each meter. Metering equipment and data shall be accessible at all reasonable hours for purposes of inspection and reading.

(f) All metering equipment shall be tested in accordance with practices of the NU Companies, applicable criteria, rules, standards and operating procedures or upon the request by the NU Companies. If at any time metering equipment fails to register or is determined to be inaccurate, in accordance with the NU Companies' practices and applicable criteria, rules, standards and operating procedures, the Transmission Customer shall make the equipment accurate as soon thereafter as practicable, and the meter readings and rate computation for the period of such inaccuracy, insofar as can reasonably be ascertained, shall be adjusted; provided, however, that no adjustment to charges shall be required for any period exceeding two (2) months prior to the date of the test. Representatives of the NU Companies will be afforded opportunity to witness such tests.

9.0 Network Load

The Transmission Customer shall provide the NU Companies with the actual hourly Network Load for each calendar month by the seventh day of the following calendar month.

10.0 Data Transfer:

(a) The Transmission Customer shall provide timely, accurate real time information to the NU Companies in order to facilitate performance of its obligations under this Local Service Schedule.

(b) The selection of real time telemetry and data to be received by the NU Companies and the Transmission Customer shall be necessary for safety, reliability, security, economics, and/or monitoring of real-time conditions that affect the NU Transmission System. This telemetry shall include, but is not limited to, loads, line flows (MW and MVAR), voltages, generator output, and status of substation equipment at any of the Transmission Customer's transmission and generation facilities. To the extent that the NU Companies or the Transmission Customer requires data that are not available from existing equipment, the Transmission Customer shall, at its expense and at locations designated by the NU Companies or the Transmission Customer, install any metering equipment, data acquisition equipment, or

other equipment and software necessary for the telemetry to be received by the NU Companies or the Transmission Customer. The NU Companies shall have the right to inspect equipment and software associated with the data transfer in order to assure conformance with Good Utility Practices.

11.0 Maintenance of Equipment

The Transmission Customer shall, on a regular basis in accordance with practices of the NU Companies, applicable criteria, rules, standards and operating procedures or at the request of the NU Companies, and at its expense, test, calibrate, verify and validate the data link, metering equipment, data acquisition equipment, transmission equipment, protective equipment and other equipment or software used to implement the provisions of this Local Service Schedule. The NU Companies shall have the right to inspect such tests, calibrations, verifications and validations of the data link, metering equipment, data acquisition equipment, transmission equipment, protective equipment and other equipment or software used to implement the provisions of this Local Service Schedule. Upon The NU Companies' request, the Transmission Customer will provide the NU System Companies a copy of the installation, test and calibration records of the data link, metering equipment, data acquisition equipment, transmission equipment, protective equipment and other equipment or software. The NU Companies shall, at the Transmission Customer's expense, have the right to monitor the factory acceptance test, the field acceptance test, and the installation of any metering equipment, data acquisition equipment, transmission equipment, protective equipment and other equipment or software used to implement the provisions of this Local Service Schedule.

12.0 Notification

(a) The Transmission Customer shall notify and coordinate with the NU Companies prior to the commencement of any work or maintenance by the Transmission Customer, Network Member, or contractors or agents performing on behalf of either or both, which may directly or indirectly have an adverse effect on the Transmission Customer or The NU Companies' data link, or the reliability of the NU Transmission System. All notifications for scheduled outages of the data link, metering equipment, data acquisition equipment, transmission equipment, protective equipment and other equipment or software must meet the requirements of the ISO and the NU Companies.

13.0 Emergency System Operations

(a) The Transmission Customer, at its expense, shall be subject to all applicable emergency operation standards promulgated by NERC, NPCC, ISO and the NU Companies which may include but not limited to underfrequency relaying equipment, load shedding equipment and voltage reduction equipment.

(b) The NU Companies reserve the right to take whatever actions they deem necessary to preserve the integrity of the NU Companies' Transmission System during emergency operating conditions. If the Local Network Service at the points of interconnection is causing harmful physical effects to the NU Transmission System facilities or to its customers (e.g., harmonics, undervoltage, overvoltage, flicker, voltage variations, etc.), the NU Companies shall promptly notify the Transmission Customer and if the Transmission Customer does not take the appropriate corrective actions immediately, the NU Companies shall have the right to interrupt Local Network Service under this Local Service Schedule in order to alleviate the situation and to suspend all or any portion of Local Network Service under this Local Service Schedule until appropriate corrective action is taken.

(c) In the event of any adverse condition or disturbance on the NU Transmission System or on any other system directly or indirectly interconnected with the NU Transmission System, the NU Companies may, as they deem necessary, take actions or inactions that, in the NU Companies' sole judgment, result in the automatic or manual interruption of Local Network Service in order to: (i) limit the extent or damage of the adverse condition or disturbance; (ii) prevent damage to generating or transmission facilities; (iii) expedite restoration of service; or (iv) preserve public safety.

14.0 Cost Responsibility

(a) The Transmission Customer shall be responsible for the costs incurred by the Transmission Customer and the NU Companies to implement the provisions of this Local Service Schedule including, but not limited to, engineering, administrative and general expenses, material and labor expenses associated with the specifications, design, review, approval, purchase, installation, maintenance, modification, repair, operation, replacement, checkouts, testing, upgrading, calibration, removal, and relocation of equipment, or software.

(b) Additionally, the Transmission Customer shall be responsible for all costs incurred by the Transmission Customer and the NU Companies for on-going operation and maintenance of the metering, telecommunications and safety protection facilities and equipment required to implement the provisions of this Local Service Schedule. Such work shall include, but not

limited to, normal and extraordinary engineering, administrative and general expenses, material, and labor expenses associated with the specifications, design, review, approval, purchase, installation, maintenance, modification, repair, operation, replacement, checkouts, testing, upgrading, calibration, removal, or relocation of equipment required to accommodate service under this Local Service Schedule.

15.0 Default

The Transmission Customer's failure to implement the terms and conditions of this Network Operating Agreement will be deemed to be a default under this Local Service Schedule and will result in the NU Companies seeking, consistent with FERC rules and regulations, immediate termination of service under this Local Service Schedule.

16.0 Regulatory Filings

Nothing contained in this Local Service Schedule or any associated Service Agreement, including this Network Operating 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 any portion of this Network Operating Agreement under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

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

Date: _____

Northeast Utilities Service Company

by: _____

its Vice President

Transmission Customer

by: _____

its _____

ATTACHMENT NU-H
ANNUAL TRANSMISSION REVENUE REQUIREMENTS

Attachment NU-H Methodology:

This formula sets forth the method that the NU Companies' will use to determine their annual Total Transmission Revenue Requirements. The Transmission Revenue Requirements reflect the NU Companies' total cost to own, operate and maintain the transmission facilities used for providing Open Access Transmission Service to transmission customers under this Local Service Schedule. The Transmission Revenue Requirements will be an annual formula rate calculation, effective for an initial term commencing on the effective date established by FERC and ending on May 31 of the following year. The calculation will be based on the previous calendar year's FERC Form 1 data, with an estimate of the NU Companies' current year average plant additions, Construction Work in Progress (CWIP), and the Allowance for Funds Used During Construction (AFUDC) regulatory liability account. Plant additions will be multiplied by a fixed charge carrying cost, and CWIP and the AFUDC regulatory liability account will be multiplied by the Cost of Capital. The revenue requirements will be updated thereafter each June 1 based on actual costs from the Service Year. The true-up information will be based on actual data, in lieu of allocated data if specifically identified in the FERC Form 1. For a capital addition whose cost exceeds \$20 million, the NU Companies will make rate base adjustments to estimates and in the true-up process to represent the estimated and actual in-service dates for the capital addition. Specifically, the NU Companies will adjust for transmission plant, CWIP, AFUDC regulatory liability, accumulated depreciation and accumulated deferred taxes.

I. Definitions

Capitalized terms not otherwise defined in the Tariff and as used in this formula have the following definitions:

A. Allocation Factors

1. Transmission Wages and Salaries Allocation Factor shall equal the ratio of the NU Companies' Transmission-related direct wages and salaries, including those of affiliated companies, to the NU Companies' total direct wages and salaries, including those of affiliated companies, excluding administrative and general wages and salaries.

2. Plant Allocation Factor shall equal the ratio of the sum of total investment in Transmission Plant and Transmission Related General Plant to Total Plant in Service.

B. Terms

Administrative and General Expense shall equal The NU Companies' expenses as recorded in FERC Account Nos. 920-935, excluding FERC Account Nos. 924, 928 and 930.1.

AFUDC Regulatory Liability shall equal the unamortized balance of the capitalized AFUDC booked on the NU Companies' transmission projects as recorded in FERC Account 254 consistent with Commission orders.

Amortization of Loss on Reacquired Debt shall equal the NU Companies' expenses as recorded in FERC Account No. 428.1.

Amortization of Investment Tax Credits shall equal the NU Companies' credits as recorded in FERC Account No. 411.4.

Depreciation Expense for Transmission Plant shall equal The NU Companies' transmission expense as recorded in FERC Account No. 403.

Dispatch Center means CL&P's CONVEX dispatch center.

Dispatch Center Plant shall equal CL&P's gross plant balance for the Dispatch Center as recorded in FERC Account Nos. 350-359 and 389-399.

Dispatch Center Depreciation Expense shall equal the Dispatch Center depreciation expense as recorded in FERC Account No. 403.

Dispatch Center Amortization of Investment Tax Credits shall equal the Dispatch Center amortization of investment tax credits as recorded in FERC Account No. 411.4.

Dispatch Center Accumulated Deferred Income Taxes shall equal the net of the NU Companies' Dispatch Center deferred tax balance as recorded in FERC Account Nos. 281-283 and the NU Companies' Dispatch Center deferred tax balance as recorded in FERC Account No. 190.

Dispatch Center Municipal Tax Expense shall equal the Dispatch Center municipal tax expense as recorded in FERC Account Nos. 408.1 and 409.1.

General Plant shall equal the NU Companies' gross plant balance as recorded in FERC Account Nos. 389-399, less the Dispatch Center general plant.

General Plant Depreciation Expense shall equal the NU Companies' general plant expenses as recorded in FERC Account No. 403.

General Plant Depreciation Reserve shall equal the NU Companies' general plant reserve balance as recorded in FERC Account No. 108 less the portion of such reserve for the Dispatch Center.

Other Regulatory Assets/Liabilities – FAS 106 shall equal the net of the NU Companies' FAS 106 balance as recorded in FERC Account No. 182.3 and any FAS 106 balance as recorded in the NU Companies' FERC Account No. 254.

Other Regulatory Assets/Liabilities – FAS 109 shall equal the net of the NU Companies' FAS 109 balance in FERC Account No. 182.3 and any FAS 109 balance as recorded in the NU Companies' FERC Account No. 254.

Payroll Taxes shall equal those payroll expenses as recorded in the NU Companies' FERC Account Nos. 408.1 and 409.1.

Plant Held for Future Use shall equal the NU Companies' balance in FERC Account No. 105.

Prepayments shall equal the NU Companies' prepayment balance as recorded in FERC Account No. 165.

Property Insurance shall equal the NU Companies' expenses as recorded in FERC Account No. 924.

Total Accumulated Deferred Income Taxes shall equal the net of the NU Companies' deferred tax balance as recorded in FERC Account Nos. 281-283 and the NU Companies' deferred tax balance as recorded in FERC Account No. 190.

Total Loss on Reacquired Debt shall equal the NU Companies' expenses as recorded in FERC Account 189.

Total Municipal Tax Expense shall equal the NU Companies' expenses as recorded in FERC Account Nos. 408.1, 409.1.

Total Plant in Service shall equal the NU Companies' total gross plant balance as recorded in FERC Account Nos. 301-399.

Total Transmission Depreciation Reserve shall equal the NU Companies' Transmission reserve balance as recorded in FERC Account 108 less the portion of such reserve for the Dispatch Center.

Transmission Operation and Maintenance Expense shall equal the NU Companies' expenses as recorded in FERC Account Nos. 560, 561.5 – 561.8, 562-564 and 566-576.5 and shall exclude all HQ HVDC expenses booked to accounts 560 through 576.5 and expenses already included in Transmission Support Expense, as described in Section I below, that are included in FERC Account Nos. 560-576.5.

Transmission Plant shall equal the NU Companies' gross plant balance as recorded in FERC Account Nos. 350-359, less Dispatch Center transmission plant.

Transmission Plant Materials and Supplies shall equal the NU Companies' balance as assigned to transmission, as recorded in FERC Account 154.

Transmission Related Construction Work in Progress shall equal the NU Companies' investment in Transmission-related projects as recorded in FERC Account 107 consistent with commission orders.

II. Calculation of Transmission Revenue Requirements

The Transmission Revenue Requirement shall equal the sum of the NU Companies' (A) Return and Associated Income Taxes, (B) Transmission Depreciation Expense, (C) Transmission Related Amortization of Loss on Reacquired Debt, (D) Transmission Related Amortization of Investment Tax

Credits, (E) Transmission Related Municipal Tax Expense, (F) Transmission Related Payroll Tax Expense, (G) Transmission Operation and Maintenance Expense, (H) Transmission Related Administrative and General Expense (I) Transmission Support Expense, and(J) Transmission Related Taxes and Fees Charge.

A. Return and Associated Income Taxes shall equal the product of the Transmission Investment Base and the Cost of Capital Rate.

1. Transmission Investment Base

The Transmission Investment Base will be the average balances of (a) Transmission Plant, plus (b) Transmission Related General Plant, plus (c) Transmission Plant Held for Future Use, plus (d) Transmission Related Construction Work in Progress, less (e) Transmission Related Depreciation Reserve, less (f) Transmission Related Accumulated Deferred Taxes, plus (g) Transmission Related Loss on Reacquired Debt, plus (h) Other Regulatory Assets/Liabilities, less (i) AFUDC Regulatory Liability, plus (j) Transmission Prepayments, plus (k) Transmission Materials and Supplies, plus (l) Transmission Related Cash Working Capital.

(a) Transmission Plant will equal the balance of the NU Companies' investment in Transmission Plant.

(b) Transmission Related General Plant shall equal the NU Companies' balance of investment in General Plant multiplied by the Transmission Wages and Salaries Allocation Factor.

(c) Transmission Plant Held for Future Use shall equal the balance of Transmission Plant Held for Future Use.

(d) Transmission Related Construction Work in Progress shall equal the portion of the NU Companies' investment in Transmission-related projects as recorded in FERC Account 107 consistent with Commission orders.

(e) Transmission Related Depreciation Reserve shall equal the balance of Total Transmission Depreciation Reserve, plus the balance of Transmission Related General Plant Depreciation Reserve. Transmission Related General Plant Depreciation Reserve shall

equal the product of General Plant Depreciation Reserve and the Transmission Wages and Salaries Allocation Factor.

- (f) Transmission Accumulated Deferred Taxes shall equal the NU Companies' electric balance of Total Accumulated Deferred Income Taxes multiplied by the Plant Allocation Factor, less the transmission and general plant components of Dispatch Center Accumulated Deferred Income Taxes.
- (g) Transmission Related Loss on Reacquired Debt shall equal the NU Companies' electric balance of Total Loss on Reacquired Debt multiplied by the Plant Allocation Factor.
- (h) Other Regulatory Assets/Liabilities shall equal the NU Companies' electric balance of any deferred rate recovery of FAS 106 expense multiplied by the Transmission Wages and Salaries Allocation Factor, plus the NU Companies' electric balance of FAS 109 multiplied by the Plant Allocation Factor.
- (i) AFUDC Regulatory Liability shall equal the unamortized balance of the capitalized AFUDC booked on the NU Companies' transmission projects as recorded in FERC Account 254 consistent with Commission orders.
- (j) Transmission Prepayments shall equal the NU Companies' electric balance of Prepayments multiplied by the Transmission Wages and Salaries Allocation Factor.
- (k) Transmission Materials and Supplies shall equal the NU Companies' electric balance of Transmission Plant Materials and Supplies.
- (l) Transmission Related Cash Working Capital shall be a 12.5% allowance (45 days/360 days) of Transmission Operation and Maintenance Expense and Transmission Related Administrative and General Expense.

2. Cost of Capital Rate

The Cost of Capital Rate will equal (a) the NU Companies' Weighted Cost of Capital, plus (b) Federal Income Tax plus (c) State Income Tax.

- (a) The Weighted Cost of Capital will be calculated based upon the capital structure at the end of each year and will equal the sum of:
- (i) the long term debt component, which equals the product of the actual weighted average embedded cost to maturity of the NU Companies' long-term debt then outstanding and the ratio that long-term debt is to the NU Companies' total capital.
 - (ii) the preferred stock component, which equals the product of the actual weighted average embedded cost to maturity of the NU Companies' preferred stock then outstanding and the ratio that preferred stock is to the NU Companies' total capital.
 - (iii) the return on equity component, shall equal the product of Northeast Utilities' return on equity ("ROE") of 11.14% and the ratio that common equity is to Northeast Utilities' total capital.
- (b) Federal Income Tax shall equal

$$[(A+[(C+B)/D] \times (FT))] \text{ divided by } (1-FT)$$

where FT is the Federal Income Tax Rate and A is the sum of the preferred stock component and the return on equity component, as determined in Sections II.A.2.(a)(ii) and (iii) above, B is Transmission Related Amortization of Investment Tax Credits, as determined in Section II.D., below, C is the Equity AFUDC component of Transmission Depreciation Expense, as defined in Section II.B., and D is Transmission Investment Base, as Determined in II.A.1., above.

- (c) State Income Tax shall equal

$$[A+[(C+B)/D] + \text{Federal Income Tax}] \times (ST) \text{ divided by } (1-ST)$$

where ST is the State Income Tax Rate, A is the sum of the preferred stock component and return on equity component determined in Sections II.A.2.(a)(ii) and (iii) above, B is the Amortization of Investment Tax Credits as determined in Section II.D. below, C is the equity AFUDC component of Transmission Depreciation Expense, as defined in Section II.B., D is the

Transmission Investment Base, as determined in II.A.1., above and Federal Income Tax is the rate determined in Section II.A.2.(b) above.

B. Transmission Depreciation Expense shall equal the sum of Depreciation Expense for Transmission Plant, plus an allocation of General Plant Depreciation Expense calculated by multiplying General Plant Depreciation Expense by the Transmission Wages and Salaries Allocation Factor, less the amortization of AFUDC Regulatory Credit as recorded in Account 407.4, less the transmission plant and general plant components of Dispatch Center Depreciation Expense.

C. Transmission Related Amortization of Loss on Reacquired Debt shall equal the NU Companies' electric Amortization of Loss on Reacquired Debt multiplied by the Plant Allocation Factor.

D. Transmission Related Amortization of Investment Tax Credits shall equal the NU Companies' electric Amortization of Investment Tax Credits multiplied by the Plant Allocation Factor less the transmission plant and general plant components of Dispatch Center Amortization of Investment Tax Credits.

E. Transmission Related Municipal Tax Expense shall equal the NU Companies' electric Total Municipal Tax Expense multiplied by the Plant Allocation Factor, less the transmission plant and general plant components of Dispatch Center Municipal Tax Expense.

F. Transmission Related Payroll Tax Expense shall equal the NU Companies' electric Payroll Tax expense, multiplied by the Transmission Wages and Salaries Allocation Factor.

G. Transmission Operation and Maintenance Expense shall equal Transmission Operation and Maintenance Expenses.

H. Transmission Related Administrative and General Expenses shall equal the sum of (1) the NU Companies' Administrative and General Expenses multiplied by the Transmission Wages and Salaries Allocation Factor, (2) Property Insurance multiplied by the Transmission Plant Allocation Factor, (3) Expenses included in Account 928 related to FERC Assessments multiplied by the Plant Allocation Factor, plus any other Federal and State transmission related expenses or assessments in Account 928 plus specific transmission related expenses included in Account 930.1 and, (4) specific transmission related public education expenses included in Account 426.54.

I. Transmission Support Expense shall equal the expense paid by the NU Companies' for transmission support.

J. Transmission Related Taxes and Fees Charge shall include any fee or assessment imposed by any governmental authority on service provided under this Local Service Schedule that is not specifically identified under any other section of this Local Service Schedule.

ATTACHMENT NU-I
ANNUAL LOCALIZED TRANSMISSION REVENUE REQUIREMENT

Attachment NU-I Methodology

This formula sets forth the method that the NU Companies will use to determine their annual total revenue requirements for Localized Facilities costs (“Localized Transmission Revenue Requirement”) for each Localized Transmission Project. Subsequent references in this formula to “Localized Facilities” and “Localized Facilities Revenue Requirement” refer to the Localized Facilities and Localized Facilities Revenue Requirement for each individual Localized Transmission Project.

The Localized Transmission Revenue Requirement will be calculated for an initial term for a Localized Transmission Project commencing when the NU Companies first incur costs for the Localized Transmission Project, and ending on the day prior to the effective date approved by the Commission for including the costs of the Localized Transmission Project in this Attachment NU-I (“Initial Term”), and continuing thereafter for successive 12 month periods commencing each June 1st (“Rate Year”). The Localized Transmission Revenue Requirement for the Initial Term for a Localized Transmission Project will be calculated based on the estimated cost of the Localized Facilities placed in service during the Initial Term, and will be charged to customers in equal monthly installments beginning on the effective date approved by the Commission for including the costs of the Localized Transmission Project in this Attachment NU-I, and continuing through December 31st of that year. The Localized Transmission Revenue Requirement for the Initial Term for a Localized Transmission Project will be trued up by June 30th of the succeeding year based on actual costs for the Initial Term.

The Localized Transmission Revenue Requirement for a Localized Transmission Project for a Rate Year commencing after the Initial Term (and for succeeding Rate Years) will be an annual calculation based on the previous calendar year’s Localized Transmission Revenue Requirements, plus the forecasted revenue requirements of Localized Facilities to be placed in service in the upcoming Rate Year. In the first Rate Year, this Localized Transmission Revenue Requirement will be in addition to the Localized Transmission Revenue Requirement for the Initial Term. Each June 30th, the Localized Transmission Revenue Requirement in effect during the portion of the Rate Year that occurred in the previous calendar year will be trued-up based on actual costs from such previous calendar year.

The true-up information will be based on actual data, in lieu of allocated data if specifically identified in the FERC Form 1, or based on allocated data if such specific information is not identified. For a capital addition whose cost exceeds \$20 million, the NU Companies will make rate base adjustments to estimates and in the true-up process to represent the estimated and actual in-service dates for the capital addition. Specifically, the NU Companies will adjust for transmission plant, accumulated depreciation and accumulated deferred taxes.

The Localized Transmission Revenue Requirement for the NU Companies that is based on data for calendar year 2004 or later shall include a Localized Incremental Return and Associated Income Taxes on the NU Companies' Localized PTF transmission plant investments placed in-service on or after January 1, 2004 (such investments referred to herein as "Localized Post-2003 PTF Investment"). The Localized Incremental Return and Associated Income Taxes for Localized Post-2003 Investment shall incorporate an incentive ROE adder of 100 basis points for plant investments placed in service by December 31, 2008 or as otherwise permitted in Docket Nos. ER04-157 et al. for any projects included in the Regional System Plan ("RSP"), and shall incorporate any incentive ROE adder approved by the FERC under Order No. 679 for other plant investments. The data used in determining the NU Companies' Localized Incremental Return and Associated Taxes for Localized Post-2003 Investment shall be based on actual data in lieu of allocated data if specifically identified in the NU Companies' accounting records.

I. Definitions

Capitalized terms not otherwise defined in the Tariff and as used in this formula have the following definitions:

A. Allocation Factors

1. Localized Transmission Allocation Factor shall equal the ratio of Localized Transmission Plant in Service to total investment in Transmission Plant.
2. Total Localized Plant Allocation Factor shall equal the ratio of Localized Transmission Plant in Service to Total Plant in Service.
3. Transmission Wages and Salaries Allocation Factor shall equal the ratio of the NU Companies' Transmission-related direct wages and salaries, including those of affiliated

companies, to the NU Companies' total direct wages and salaries, including those of affiliated companies, and excluding administrative and general wages and salaries.

B. Terms

Administrative and General Expense shall equal the NU Companies' expenses as recorded in FERC Account Nos. 920-935, excluding FERC Account Nos. 924, 928 and 930.1.

Amortization of Loss on Reacquired Debt shall equal the NU Companies' expenses as recorded in FERC Account No. 428.1.

Amortization of Investment Tax Credits shall equal the NU Companies' expenses as recorded in FERC Account No. 411.4.

Depreciation Expense for Localized Transmission Plant shall equal the NU Companies' Localized Facilities expenses as recorded in FERC Account No. 403.

Dispatch Center means CL&P's CONVEX dispatch center.

Dispatch Center Plant shall equal CL&P's gross plant balance for the Dispatch Center as recorded in FERC Account Nos. 350-359 and 389-399.

General Plant shall equal the NU Companies' gross plant balance as recorded in FERC Account Nos. 389-399 less Dispatch Center general plant.

General Plant Depreciation Expense shall equal the NU Companies' general plant expenses as recorded in FERC Account No. 403 less the portion of such expense for the Dispatch Center.

General Plant Depreciation Reserve shall equal the NU Companies' general plant reserve balance as recorded in FERC Account No. 108 less the portion of such reserve for the Dispatch Center.

Payroll Taxes shall equal those payroll expenses as recorded in NU Companies' FERC Account Nos. 408.1 and 409.1.

Prepayments shall equal the NU Companies' prepayment balance as recorded in FERC Account No. 165.

Property Insurance shall equal the NU Companies' expenses as recorded in FERC Account No. 924.

Total Accumulated Deferred Income Taxes shall equal the net of the NU Companies' deferred tax balance as recorded in FERC Account Nos. 281-283 and NU Companies' deferred tax balance as recorded in FERC Account No. 190.

Total Loss on Reacquired Debt shall equal the NU Companies' expenses as recorded in FERC Account 189.

Total Municipal Tax Expense shall equal the NU Companies' expenses as recorded in FERC Account Nos. 408.1, 409.1.

Localized Transmission Plant in Service shall equal the NU Companies' Localized Facilities gross plant balance as recorded in FERC Account Nos. 350-359.

Localized Transmission Plant Held for Future Use shall equal the NU Companies' Localized Facilities balance as recorded in FERC Account 105.

Localized Transmission Depreciation Reserve shall equal the NU Companies' Localized Facilities reserve balance as recorded in FERC Account 108.

Transmission Operation and Maintenance Expense shall equal NU Companies' expenses as recorded in FERC Account Nos. 560, 561.5 – 561.8, 562-564 and 566-576.5 and shall exclude all HQ HVDC expenses booked to accounts 560 through 576.5 and expenses already included in Transmission Support Expense, as described in Section I below, which are included in FERC Account Nos. 560-576.5.

Transmission Plant shall equal the NU Companies' gross plant balance as recorded in FERC Account Nos. 350-359.

Transmission Plant Materials and Supplies shall equal the NU Companies' balance as assigned to transmission, as recorded in FERC Account 154.

Total Plant in Service shall equal the NU Companies' total gross plant balance as recorded in FERC Account Nos. 301-399.

II. Calculation of Localized Transmission Revenue Requirements

The Localized Transmission Revenue Requirements shall equal the sum of the NU Companies' (A) Localized Return and Associated Income Taxes (including the Incremental Return and Associated Income Taxes for Post-2003 PTF Investment), (B) Localized Transmission Depreciation Expense, (C) Localized Transmission Related Amortization of Loss on Reacquired Debt, (D) Localized Transmission Related Amortization of Investment Tax Credits, (E) Localized Transmission Related Municipal Tax Expense, (F) Localized Transmission Related Payroll Tax Expense, (G) Localized Transmission Operation and Maintenance Expense, (H) Localized Transmission Related Administrative and General Expense, (I) Localized Transmission Support Expense, and (J) Localized Transmission Related Taxes and Fees Charge. The Localized Incremental Return and Associated Income Taxes for Localized Post-2003 PTF Investment for the NU Companies shall be calculated using the investment base components specifically identified in Section A.1 of the formula below.

A. Localized Return and Associated Income Taxes shall equal the product of the Localized Transmission Investment Base and the Cost of Capital Rate. To calculate the Localized Incremental Return and Associated Income Taxes for Localized Post-2003 PTF Investment, Localized Transmission Plant will only include Sections II.A.1.(a), (c), and (d), in the manner indicated.

1. Localized Transmission Investment Base

The Localized Transmission Investment Base will be the average balances of (a) Localized Transmission Plant, plus (b) Localized Transmission Plant Held for Future Use less (c) Localized Transmission Related Depreciation Reserve, less (d) Localized Transmission Related Accumulated Deferred Taxes, plus (e) Localized Transmission Related Loss of Reacquired Debt, plus (f) Localized Transmission Prepayments, plus (g) Localized Transmission Materials and Supplies, plus (h) Localized Transmission Related Cash Working Capital.

(a) Localized Transmission Plant will equal the balance of (1) the NU Companies' investment in Localized Transmission Plant plus, (2) the NU Companies' balance of investment in General Plant multiplied by the Transmission Wages and Salaries Allocation Factor, further multiplied by the Localized Transmission Allocation Factor. In order to calculate the Localized

Incremental Return and Associated Income Taxes for Localized Post-2003 PTF Investment, Localized Post-2003 PTF Transmission Plant shall be separately identified.

(b) Localized Transmission Plant Held for Future Use shall equal the NU Companies' balance of Localized Transmission Plant Held for Future Use.

(c) Localized Transmission Related Depreciation Reserve shall equal the balance of Localized Transmission Depreciation Reserve plus the balance of Localized Transmission Related General Plant Depreciation Reserve. Localized Transmission Related General Plant Depreciation Reserve shall equal the product of General Plant Depreciation Reserve and the Transmission Wages and Salaries Allocation Factor, further multiplied by the Localized Transmission Allocation Factor. In order to calculate the Localized Incremental Return and Associated Income Taxes for Localized Post-2003 PTF Investment, Localized Transmission Related Depreciation Reserve associated with Localized Post-2003 PTF Investment shall equal the NU Companies' balance of Localized Transmission Depreciation Reserve.

(d) Localized Transmission Related Accumulated Deferred Taxes shall equal the NU Companies' electric balance of Total Accumulated Deferred Income Taxes, multiplied by the Total Localized Plant Allocation Factor. To calculate the Localized Incremental Return and Associated Income Taxes for Localized Post-2003 PTF Investment, Localized Transmission Related Accumulated Deferred Taxes associated with Localized Post-2003 PTF Investment shall equal the NU Companies' electric balance of Total Accumulated Deferred Income Taxes multiplied by the Total Localized Plant Allocation Factor.

(e) Localized Related Loss on Reacquired Debt shall equal the NU Companies' electric balance of Total Loss on Reacquired Debt multiplied by the Total Localized Plant Allocation Factor.

(f) Localized Transmission Prepayments shall equal the NU Companies' electric balance of Prepayments multiplied by the Transmission Wages and Salaries Allocation Factor and further multiplied by the Localized Transmission Allocation Factor.

(g) Localized Transmission Materials and Supplies shall equal the NU Companies' electric balance of Transmission Plant Materials and Supplies multiplied by the Localized Transmission Allocation Factor.

(h) Localized Transmission Related Cash Working Capital shall be a 12.5% allowance (45 days/360 days) of (i) Localized Transmission Operation and Maintenance Expense, plus (ii) Localized Administrative and General Expense.

2. Cost of Capital Rate

The Cost of Capital Rate will equal (a) the NU Companies' Weighted Cost of Capital, plus (b) Federal Income Tax plus (c) State Income Tax.

(a) The Weighted Cost of Capital will be calculated based upon the average capital structure and will equal the sum of:

(i) the long term debt component, which equals the product of the actual weighted average embedded cost to maturity of the NU Companies' long-term debt then outstanding and the ratio that long-term debt is to the NU Companies' total capital.

(ii) the preferred stock component, which equals the product of the actual weighted average embedded cost to maturity of the Northeast Utilities' preferred stock then outstanding and the ratio that preferred stock is to the Northeast Utilities' total capital.

(iii) the return on equity component shall equal the product of the NU Companies' return on equity ("ROE") of 11.64% and the ratio that common equity is to the NU Companies' total capital. In order to calculate the Localized Incremental Return and Associated Taxes for Post-2003 PTF Investment, the Localized Incremental Return on Equity shall be the product of (1) the NU Companies' incremental return on equity of 1% for transmission plant investments associated with projects included in the RSP and placed in service by December 31, 2008 or otherwise permitted in Docket Nos. ER04-157 et al., and (2) any ROE incentive adder approved by the FERC under Order No. 679 for other transmission plant investments; and (3) the ratio of that common equity to total capital.¹

(b) Federal Income Tax shall equal

$[(A+[(C+B)/D] \times (FT))] \text{ divided by } (1-FT)$

where FT is the Federal Income Tax Rate and A is the sum of the preferred stock component and the return on equity component, as determined in Sections II.A.2.(a)(ii) and (iii) above, B is Localized Transmission Related Amortization of Investment Tax Credits, as determined in Section II.D., below, C is the Equity AFUDC component of Localized Transmission Depreciation Expense, as defined in Section II.B., and D is Localized Transmission Investment Base, as Determined in II.A.1., above.

1 FERC Form-730 contains a list of transmission projects for which FERC has granted incentives under Order No. 679.

(c) State Income Tax Shall equal:

$$[(A+[(C+B)/D] + \text{Federal Income Tax}) \times (ST)] \text{ divided by } (1-ST)$$

where ST is the State Income Tax Rate, A is the sum of the preferred stock component and return on equity component determined in Sections II.A.2.(a)(ii) and (iii) above, B is the

Localized Transmission Related Amortization of Investment Tax Credits as determined in Section II.D. below, C is the equity AFUDC component of Localized Transmission Depreciation Expense, as defined in Section II.B., D is the Localized Transmission Investment Base, as determined in II.A.1. above and Federal Income Tax is the rate determined in Section II.A.2.(b) above.

B. Localized Transmission Depreciation Expense shall equal the sum of Depreciation Expense for Localized Transmission Plant, plus an allocation of General Plant Depreciation Expense calculated by multiplying General Plant Depreciation Expense by the Transmission Wages and Salaries Allocation Factor and further multiplied by the Localized Transmission Allocation Factor.

C. Localized Transmission Related Amortization of Loss on Reacquired Debt shall equal the NU Companies' electric Amortization of Loss on Reacquired Debt multiplied by the Total Localized Plant Allocation Factor.

D. Localized Transmission Related Amortization of Investment Tax Credits shall equal the NU Companies' electric Amortization of Investment Tax Credits multiplied by the Total Localized Plant Allocation Factor.

E. Localized Transmission Related Municipal Tax Expense shall equal the NU Companies' Total Municipal Tax Expense multiplied by the Total Localized Plant Allocation Factor.

F. Localized Transmission Related Payroll Tax Expense shall equal the NU Companies' electric Payroll Taxes expense, multiplied by the Transmission Wages and Salaries Allocation Factor, and further multiplied by the Localized Transmission Allocation Factor.

G. Localized Transmission Operation and Maintenance Expense shall equal the NU Companies' Transmission Operation and Maintenance Expense multiplied by the Localized Transmission Allocation Factor.

H. Localized Transmission Related Administrative and General Expense shall equal the sum of (1) the NU Companies' Administrative and General Expense multiplied by the Transmission Wages and Salaries Allocation Factor and further multiplied by the Localized Transmission Allocation Factor, (2) Property Insurance multiplied by the Total Localized Plant Allocation Factor, (3) Expenses included in Account 928 related to FERC Assessments multiplied by the Total Localized Plant Allocation Factor, (4) Federal and State transmission related expenses or assessments in Account 928 multiplied by the Localized Transmission Allocation Factor, (5) specific transmission related expenses included in Account No. 930.1, multiplied by the Localized Transmission Allocation Factor, and (6) specific Localized Facility related public education expenses included in Account 426.54.

I. Transmission Support Expense shall equal the expense paid by the NU Companies' for transmission support for Localized Facilities.

J. Transmission Related Taxes and Fees Charge shall include any fee or assessment imposed by any governmental authority on transmission service provided under this Local Service Schedule that is not specifically identified under any other section of this Local Service Schedule, multiplied by the Localized Transmission Allocation Factor.

SCHEDULE 21-NU
ATTACHMENT NU-L
Creditworthiness Procedures

1. General Information

All customers taking any service under Schedule 21-NU, the Local Service Schedule (“LSS”), and the associated schedules of The Connecticut Light and Power Company, Western Massachusetts Electric Company, and Public Service Company of New Hampshire (the “NU Companies”) must meet the terms of this Attachment NU-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 NU-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 auditor opinion.

b) If the customer relies on the creditworthiness of a parent company, the parent company must satisfy the ratings criteria in Section 4(a) above, and must provide to 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:
 - (i) the customer has, on a rolling basis, 12 consecutive months of payments to the NU Companies with no missed, late or defaults in payment; or
 - (ii) the customer has an executed long-term contract for the sale of the full output (energy and capacity) of its generating unit and either has executed a corresponding service transmission service agreement under Schedule 21-NU for the transmission of that output or the execution of such agreement is pending the customer's demonstration of creditworthiness.

5. Financial Assurance

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

- a) pay in advance an amount equal to the lesser of the total charge for transmission service not less than five (5) days in advance of the commencement of service, in which case 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 21-NU requirements for credit levels or collateral requirements described in this Attachment NU-L, they will make a filing under Section 205 of the Federal Power Act.
- b)** The NU Companies shall provide written notification to ISO-NE and stakeholders of any filing described above, at least 30 days in advance of such filing.
- c)** Filing notifications shall include a detailed description of the filing, including a redlined document containing revised changes(s) to this Attachment NU-L.
- d)** The NU Companies shall consult with interested stakeholders upon request.
- e)** Following Commission acceptance of such filing and upon the effective date, the NU Companies shall revise their Attachment NU-L an updated version of Schedule 21-NU shall be posed to the ISO-NE web site.
- f)** When the NU Companies change their credit requirements for service under Schedule 21-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 NU-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 NU-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 NU-L. A customer is not obligated to pay for transmission service that is not provided as a result of a suspension of service.

Effective Date: 4/1/2011