

Effective date: September 22, 2016

**LOCAL SERVICE TARIFF
OF
SWANTON VILLAGE, INC.**

LOCAL SERVICE TARIFF

I COMMON SERVICE PROVISIONS

This Local Service Tariff, designated the “Tariff”, governs the terms and conditions of service taken by Local Transmission Customers over Swanton’s Transmission System. Swanton will endeavour to offer transmission service under terms similar to those provided in the ISO New England Open Access Transmission Tariff (“ISO-NE OATT”) to be consistent with surrounding transmission owners who are ISO New England participants. In the event of a conflict between the provisions of this Tariff and the provisions of the ISO-NE OATT, the provisions of this Tariff shall govern.

1. Definitions

Whenever used in this Tariff, in either the singular or plural form, the following capitalized terms shall have the meanings specified in the Definition Section of this Part I. Terms used in this Tariff but not defined herein shall have the meanings specified in the ISO-NE OATT. Terms used in this Tariff that are not defined in this Tariff or the ISO-NE OATT shall have the meanings customarily attributed to such terms by the electric utility industry in New England. Sections, Schedules, or Attachments referred to in this Tariff shall mean a section in, schedule, or attachment to this Tariff unless otherwise stated.

1.1.Designated Agent: Any entity that performs actions required under the Tariff on behalf of Swanton, an Eligible Customer, or the Local Transmission Customer.

1.2.Firm Local Point-to-Point Transmission Service: Transmission Service that is reserved and/or scheduled between specified Points of Receipt and Delivery on Swanton’s Transmission System pursuant to this Tariff.

- 1.3.Interruption:** A reduction in non-firm transmission service due to economic reasons pursuant to the terms of this Tariff.
- 1.4.Load Ratio Share:** Ratio of Local Transmission Customer's Local Network Load to Swanton's Monthly Transmission System Load computed in accordance with the provisions under this Tariff and calculated on a rolling twelve-month basis.
- 1.5.Load Shedding:** The systematic reduction of a system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under this Tariff.
- 1.6.Local Network Customer:** An entity receiving network transmission service pursuant to the terms of this Tariff.
- 1.7.Local Network Load:** The Local Network Customer's hourly load (including its designated Local Network Load not physically interconnected with Swanton's Transmission System) coincident with Swanton's Monthly Transmission System Peak.
- 1.8.Local Network Operating Agreement:** An executed agreement that contains the terms and agreements under which the Local Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Local Network Service under this Tariff.
- 1.9.Local Operating Network Committee:** A group made up of representatives from the Local Network Customers and Swanton established to determine coordinating criteria and other technical considerations required for implementation of Local Network Service under this Tariff.

- 1.10. Local Reserved Capacity:** The maximum amount of capacity and energy that a Local Transmission Customer has reserved for transmission over Swanton's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under this Tariff. Reserved Capacity shall be expressed in terms of whole kilowatts on a sixty (60) minute interval (commencing on the clock hour) basis.
- 1.11. Local Service Agreement:** The initial agreement and any amendments or supplements thereto entered into by the Local Transmission Customer and Swanton for service under this Tariff.
- 1.12. Local Transmission Customer:** Any Eligible Customer (or its Designated Agent) that executes a Local Service Agreement.
- 1.13. Non-Firm Local Point-to-Point Transmission Service:** Local Point-to-Point Transmission service on Swanton's Transmission System under this Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in this Tariff. Non-Firm Local Point-to-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.
- 1.14. Parties:** Swanton and the Local Transmission Customer receiving service under this Tariff.
- 1.15. Receiving Party:** The entity receiving the capacity and energy transmitted by Swanton to Point(s) of Delivery under this Tariff.
- 1.16. Service Commencement Date:** The date that Swanton begins to provide service pursuant to the terms of an executed Local Service Agreement, or the date that Swanton begins to provide service in accordance with this Tariff.

- 1.17. Short-Term Firm Local Point-to-Point Transmission Service:** Firm Local Point-to-Point Service under this Tariff with a term of less than one year.
- 1.18. Swanton:** Swanton Village, Inc.
- 1.19. Swanton's Native Load:** The load requirements of Swanton to serve its local retail customers. For purposes of this Tariff, Swanton's Native Load is the sum of its transmission ties (inlets less outlets) and internal generation.
- 1.20. Swanton's Monthly Transmission System Peak:** The maximum firm usage of Swanton's Transmission System in a calendar month. For purposes of this Tariff, Swanton's Monthly Transmission System Peak for a month is the highest hourly Native Load value for that month.
- 1.21. Swanton's Monthly Transmission System Load:** The twelve month average of: Swanton's Monthly Transmission System Peak plus all Local Reserved Capacity, plus all Local Network Load pursuant to this Tariff.
- 1.22. Swanton's Transmission System:** The facilities owned, controlled or operated by Swanton that are used to provide transmission service under this Tariff.
- 1.23. Transmission Owner or Transmission Provider:** Swanton Village Inc. (Swanton) or its Designated Agent.

2. Initial Allocation and Renewal Procedures

- 2.1. Reservation Priority For Existing Firm Local Service Customers:** Existing firm local service customers (wholesale requirements and transmission only), with a contract term of two years or more, have the right to continue to take Local Service from Swanton when the contract expires, rolls over or is renewed. This transmission reservation priority is independent of whether the existing service

customer continues to purchase capacity and energy from Swanton or elects to purchase capacity and energy from another supplier. If at the end of the contract term, Swanton's Local Network cannot accommodate all of the requests for Local Service, the existing firm local service customer must agree to accept a contract term at least equal to a competing request by any new Eligible Customer and to pay the current rate, as approved by the Vermont Public Service Board "VPSB"), for such service; provided that, the firm local service customer shall have a right of first refusal at the end of such service only if the new contract is for two years or more. The existing firm service customer must provide notice to Swanton whether it will exercise its right of first refusal no less than one year prior to the expiration date of its Local Service Agreement. This transmission reservation priority for existing firm local service customers is an ongoing right that may be exercised at the end of all firm contract terms of two years or longer. Local Service Agreements subject to a right of first refusal entered into prior to the date of Swanton's filing this tariff with the VPSB, unless terminated, will become subject to the two year/one year requirement on the first rollover date after the date of Swanton's filing this tariff with the VPSB; provided that, the one year notice requirement shall apply to such service agreements with two years or more left in their terms as of the date of Swanton's filing this tariff with the VPSB.

3. Ancillary Service

Ancillary Services are needed with transmission service to maintain reliability within and among the Balancing Areas affected by the transmission service. Swanton is required to provide (or offer to arrange with the ISO New England as discussed below), and the Local Transmission

Customer taking Local Service from Swanton is required to purchase, the following Ancillary Services: (i) Scheduling, System Control and Dispatch, and (ii) Reactive Supply and Voltage Control from Generation or Other Sources.

3.1 Scheduling, System Control and Dispatch Service:

The rates and/or methodology are described in Schedule 1.

3.2 Reactive Supply and Voltage Control from Generation or Other Sources Service:

The rates and/or methodology are described in Schedule 2.

4. Billing and Payments

4.1 Billing Procedure: Within a reasonable time after the first day of each month, Swanton shall submit an invoice to the Local Transmission Customer for the charges for all services furnished under this Tariff during the preceding month. The invoice shall be paid in full by the Local Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to Swanton, or by wire transfer to a bank named by Swanton.

4.2 Interest on Unpaid Balances: Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the rate and methodology approved by the VPSB for customer deposits for retail electric service (Rule 3.200) unless otherwise specifically approved by the VPSB. 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 Swanton. All payments shall be

applied first to interest, then to penalties and past due amounts and then to the charges for services furnished during the preceding month.

4.3 Customer Default: In the event the Local Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to Swanton on or before the due date as described above, and such failure of payment (prior amount billed to Local Transmission Customer plus interest and penalties on delinquent amounts) is not corrected within thirty (30) calendar days after Swanton notifies the Local Transmission Customer to cure such failure, a default by the Local Transmission Customer shall be deemed to exist. Upon the occurrence of a default, Swanton may initiate a proceeding with the VPSB to resolve the default and terminate service but shall not terminate service until the VPSB so approves any such request. Swanton shall provide written notice to the Local Transmission Customer. In the event of a billing dispute between Swanton and the Local Transmission Customer, either party may initiate a proceeding with the VPSB to resolve the dispute and shall provide notice to the other party, however, Swanton shall continue to provide service under the Local Service Agreement and the Local Transmission Customer shall (i) continue to make all payments not in dispute; and (ii) pay into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute by the VPSB.

5. Accounting for Swanton's Use of the Tariff

Swanton shall record the following amounts, as outlined below.

5.1 Transmission Revenues: Include in a separate operating revenue account or subaccount the revenues it receives from Local Point-to-Point Transmission Service when making Third Party Sales under Part II of the Tariff.

5.2 Study Costs and Revenues: Include in a separate transmission operating expense account or subaccount, costs properly chargeable to expenses that are incurred to perform any System Impact Studies or Facilities Studies which Swanton conducts to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales under this Tariff; and include in a separate operating revenue account or subaccount the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Local Transmission Customer's billing under this Tariff.

6. Regulatory Filings

Nothing contained in any Local Service Agreement shall be construed as affecting in any way the right of Swanton to unilaterally make application to the VPSB for a change in rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation under Title 30 of Vermont Statutes Annotated and pursuant to VPSB rules and regulations promulgated thereunder. Nothing contained in any Local Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under this Tariff to exercise its rights under Title 30 and pursuant to the VPSB's rules and regulations promulgated thereunder.

7. Force Majeure and Indemnification

7.1 Force Majeure: An event of Force Majeure means any act of God, labor disturbance, act of public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include an act of negligence, including gross negligence, or intentional wrongdoing. Neither Swanton nor the Local Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure; provided that no event of Force Majeure affecting any entity shall excuse that entity from making any payment that it is obligated to make under this Tariff. However, an entity whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

7.2 Indemnification: A customer receiving transmission services under this Tariff, or any agent acting on behalf of any customer under this Tariff, shall at all times indemnify, defend, and save Swanton, its General Manager, employees, trustees and agents harmless from, any and all damages, liabilities, losses, claims, including claims and causes of actions to or for injury or death of any person(s) or damage to property, demands, suits, judgments, recoveries, settlements, costs and expenses, court costs, attorney fees, and all other penalties, charges, interest or obligations by or to third parties, arising out of or resulting from Swanton's performance of or alleged failure to perform its obligations or alleged obligations

under this Tariff on behalf of the transmission customer or its agent, except in the cases of negligence or intentional wrongdoing by Swanton.

8. Creditworthiness

For the purpose of determining the ability of the Local Transmission Customer to meet its obligations related to service hereunder, Swanton may require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices. In addition, Swanton may require the Local Transmission Customer to provide and maintain in effect during the term of the Local Service Agreement, if Swanton finds the Local Transmission Customer's credit is below acceptable standards for comparable entities, an unconditional and irrevocable letter of credit as security to meet its responsibilities and obligations under this Tariff, or an alternative form of security proposed by the Local Transmission Customer and acceptable to Swanton and consistent with commercial practices established by the Uniform Commercial Code that protects Swanton against the risk of non-payment.

9. Dispute Resolution Procedures

Any dispute between a Local Transmission Customer and Swanton involving transmission service under this Tariff shall be attempted to be resolved directly between the Parties. Each affected party shall designate one or more representatives with the authority to negotiate the matter in dispute to participate in such negotiations. The affected parties shall engage in good-faith negotiations for a period of not less than sixty (60) calendar days, unless: (a) a party identifies exigent circumstances reasonably requiring expedited resolution of the dispute by the VPSB or a court or an agency with jurisdiction over the dispute; or (b) the provisions of this Tariff otherwise provide a party the right to submit a dispute directly to the VPSB for resolution. Any other dispute that is not resolved through good-faith negotiations may

be submitted by any party for resolution to the VPSB, to a court or to an agency with jurisdiction over the dispute upon the conclusion of such negotiations. Any party may request that any dispute submitted to the VPSB for resolution be subject to the VPSB's arbitration procedures pursuant to 30 V.S.A. Section 214 (b) – (e). In such matters there shall be the right to a direct appeal of all questions of law to the Vermont Supreme Court. Notwithstanding the aforementioned, any dispute arising under this Tariff may, in addition to arbitration, be submitted to any other form of alternative dispute resolution upon the agreement of all affected parties to participate in any such dispute resolution process.

10. Real Power Losses

Real Power Losses are associated with all transmission service. Swanton is not obligated to provide Real Power Losses. The Local Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by Swanton. The applicable Real Power Loss factors are as follows:

Service over Swanton's Transmission System: 0.84%;

Service over Swanton's combined Transmission and Distribution facilities: 4.42%.

11. Stranded Cost Recovery

In the event the Local Transmission Customer terminates service before Swanton has recovered its costs for upgrade work done on behalf of that Local Transmission Customer, the Local Transmission Customer shall promptly pay Swanton its share of the upgrade work assigned and billed to the Local Transmission Customer. In the event the Local Transmission Customer fails to pay Swanton within sixty (60) days of terminating service, the Parties shall proceed under Section 9, above. Swanton may seek to recover stranded costs from the Local Transmission Customer by making a filing with the VPSB to recover such costs, with interest.

12. Notice

Unless otherwise stated herein, or due to an emergency affecting Swanton's system requiring immediate action, any notices to be given pursuant to this Tariff shall be sufficient if given by a writing which is personally delivered or is deposited in the United States mail, certified mail or registered mail, postage prepaid, and is addressed as follows:

If to Swanton: General Manager, Swanton Village, Inc.

120 First Street

P.O. Box 279

Swanton, Vermont 05488

If to the Customer: addressed to the name and address set forth in the Local Service Agreement between the Parties.

II LOCAL POINT-TO-POINT TRANSMISSION SERVICE

Preamble

Swanton will provide Firm and Non-Firm Local Point-to-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff. Local Point-to-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transmission of such capacity and energy to designated Point(s) of Delivery.

13. Procedures for Arranging Firm Local Point-to-Point Transmission Service

13.1. Application: A request for Firm Local Point-to-Point Transmission Service for periods of one year or longer must contain a written, Completed Application to: Swanton Village, Inc., 120 First Street, P.O. Box 279, Swanton, Vermont 05488 at least sixty (60) days in advance of the calendar month in which service is to

commence. Swanton will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to the time constraints provided in Section 15. All Firm Local Point-to-Point Transmission Service requests shall be submitted in writing containing the information listed below by transmitting the required information to Swanton by telefax, electronic mail, or other commercially acceptable methods that will provide a time-stamped record for establishing the priority of the Completed Application.

13.2. Completed Application: A Completed Application shall provide all of but not limited to the following information:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. Swanton will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, or for reliability purposes pursuant to Good Utility Practice;
- (v) A description of the supply characteristics of the capacity and energy to be

delivered;

- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested Transmission Service;
- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on Swanton's Transmission System; the minimum transmission capacity requirement is 1 kilowatt; and
- (ix) A statement indicating that the Eligible Customer will execute a Local Service Agreement upon receipt of notification that Swanton can provide the requested Transmission Service.

13.3. Notice of Deficient or Incomplete Application: If an Application fails to meet the requirements of the Tariff, Swanton shall notify the entity requesting service within fifteen (15) days of receipt of the Application of the reasons for such failure. Swanton will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. Upon receipt of a new or revised Completed Application that fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Completed Application.

13.4. Response to a Completed Application: Following receipt of an acceptable Completed Application for Firm Local Point-to-Point Transmission Service, Swanton shall make a determination of available transmission capability consistent with Attachment A of this Tariff. Swanton shall notify the Eligible

Customer as soon as practicable, but not later than (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing a System Impact Study, or (ii) if such a study is needed to evaluate the impact of the Application. Responses by Swanton must be made as soon as practicable to all Completed Applications and the timing of such responses must be made on a non-discriminatory basis.

13.5. Local Service Agreements: Swanton shall offer a standard form Firm Local Point-to-Point Transmission Service Agreement (Attachment F) to an Eligible Customer when it submits an acceptable Completed Application for Long-Term Firm Local Point-to-Point Transmission Service. Swanton shall offer a standard form Firm Local Point-to-Point Transmission Service Agreement (Attachment F) to an Eligible Customer when it first submits an acceptable Completed Application for Short-Term Firm Local Point-to-Point Transmission Service pursuant to the Tariff. An Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved and that has not executed a Local Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Local Service Agreement. The Local Service Agreement may specify any conditional curtailment options agreed upon by Swanton and the Local Transmission Customer.

13.6. Execution of Local Service Agreement: Whenever Swanton determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30)

days after receipt of the Completed Application. Where a System Impact Study is required, the provisions of Attachment B will govern the execution of a Local Service Agreement. Failure of an Eligible Customer to execute and return the Local Service Agreement within fifteen (15) days after it is tendered by Swanton will be deemed a withdrawal and termination of the Application. Nothing herein limits the right of an Eligible Customer to file another Completed Application after such withdrawal and termination.

13.7 Deposit: A Completed Application for Firm Local Point-to-Point Transmission Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected by Swanton said deposit shall be returned with interest less any reasonable costs incurred by Swanton in connection with the review of the Application. The deposit also will be returned with interest less any reasonable costs incurred by Swanton if Swanton is unable to complete new facilities or upgrades needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Local Point-to-Point Transmission Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by Swanton to the extent such costs have not already been recovered by Swanton from the Eligible Customer. Swanton will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities or upgrades are subject to the provisions of Section

16. If a Service Agreement for Firm Local Point-to-Point Transmission Service is executed, the deposit, with interest, will be returned to the Local Transmission Customer upon expiration or termination of the Service Agreement for Firm Local Point-to-Point Transmission Service. Applicable interest shall be computed in accordance with the rate and method approved by the Vermont Public Service Board for customer deposits for retail electric service (Rule 3.200) unless otherwise specifically approved by the VPSB, and shall be calculated from the day the deposit check is credited to Swanton's account.

14. Term:

The minimum term of Firm Local Point-to-Point Transmission Service shall be one day and the maximum term shall be specified in the Local Service Agreement.

15. Reservation Priority:

15.1. Long-Term Firm Local Point-to-Point Transmission Service shall be available on a first-come, first-served basis, i.e., in the chronological sequence in which each Local Transmission Customer has requested service. Long Term Firm Local Point-to-Point Transmission Service shall take priority over Short Term Local Point-to-Point Transmission Service and shall be provided on the basis of the date and time of the reservation.

15.2. Reservations for Short-Term Firm Local Point-to-Point Transmission Service will be conditional based upon the length of the requested transaction or reservation. Among requests or reservations with the same duration, priority will be given to an Eligible Customer's request or reservation that is filed first based upon the date and time of the request or reservation.

- 15.3.** If the Transmission System becomes oversubscribed, requests for service may preempt competing reservations up to the following conditional reservation deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transfer capability is insufficient to satisfy all requests and reservations, an Eligible Customer with a reservation for shorter term service has the right of first refusal to match any longer term request before losing its reservation priority. A longer term competing request for Short-Term Firm Local Point-to-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours from being notified by Swanton of a longer-term competing request for Short-Term Firm Local Point-to-Point Transmission Service. When a longer duration request preempts multiple shorter duration reservations, the shorter duration reservations shall have simultaneous opportunities to exercise the right of first refusal. Duration and time of response will be used to determine the order by which the multiple shorter duration reservations will be able to exercise the right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff.
- 15.4.** Firm Local Point-to-Point Transmission Service will always have a reservation priority over Non-Firm Local Point-to-Point Transmission Service under the Tariff. All Long-Term Firm Local Point-to-Point Transmission Service Customers will have equal reservation priority with Native Load Customers and

Local Network Customers. Reservation priorities for existing firm service customers are provided in Section 2.1.

16. Compensation for New Facilities

- 16.1.** Swanton will determine if a System Impact Study is necessary to accommodate a request for Firm Local Point-to-Point Transmission Service. Whenever a System Impact Study is performed by Swanton in connection with a request for Firm Local Point-to-Point Transmission Service, the Local Transmission Customer shall be responsible for the costs of such study as well as the cost of new facilities or upgrades identified by the study.
- 16.2.** In cases where Swanton determines that the Transmission System is not capable of providing Firm Local Point-to-Point Transmission Service without (1) degrading or impairing the reliability of service to Native Load Customers, Local Network Customers and other Local Transmission Customers taking Firm Local Point-to-Point Transmission Service, or (2) interfering with Swanton's ability to meet prior firm contractual commitments to others, Swanton will use due diligence to expand or modify its Transmission System to provide the requested Firm Local Transmission Service provided the Local Transmission Customer agrees to compensate Swanton for such costs. Swanton will conform to Good Utility Practice in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that Swanton has the right to expand or modify.
- 16.3.** The System Impact Study Agreement will clearly specify Swanton's estimate of the actual cost, and time for completion of the System Impact Study. The charge

shall not exceed the actual cost of the study. In performing the System Impact Study, Swanton shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.

16.4. If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for Swanton to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.

16.5. For System Impact Studies that Swanton conducts on its own behalf, Swanton shall record the cost of the System Impact Studies pursuant to Section 5.2.

17. Curtailment of Firm Local Transmission Service:

In the event that a Curtailment on Swanton's Transmission System, or a portion thereof, is required to maintain reliable operation of such system and the systems directly and indirectly interconnected with Swanton's Transmission System, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, Swanton will curtail service to Local Network Customers and Local Transmission Customers taking Firm Local Point-to-Point Transmission Service on a basis comparable to the curtailment of service to Swanton's Native Load Customers. All Curtailments will be made on a non-discriminatory basis, however, Non-Firm Local Point-to-Point Transmission Service shall be

subordinate to Firm Local Point-to-Point Transmission Service. Long-Term Firm Local Point-to-Point Service will be curtailed on a pro rata basis with other Firm Local Point-to-Point Transmission Service. When Swanton determines that an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail Firm Local Point-to-Point Transmission Service, the Local Transmission Customer shall make the required reductions upon request of Swanton. However, Swanton reserves the right to Curtail, in whole or in part, any Firm Local Point-to-Point Transmission Service provided under the Tariff when, in Swanton's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of its Transmission System. Swanton will notify all affected Local Transmission Customers in a timely manner of any scheduled Curtailments, and if immediate action is required by Swanton it shall thereafter notify all affected Local Transmission Customers within a reasonable time thereafter.

18. Classification of Firm Local Transmission Service:

18.1. The Local Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on Swanton's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of Receipt.

18.2. Swanton shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Local Transmission Customer shall be set forth in the Firm Local Point-to-Point Service Agreement for Long-Term Firm Local Transmission Service along with a corresponding capacity reservation

associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Local Transmission Service. Each Point of Delivery at which firm transfer capability is reserved by the Local Transmission Customer shall be set forth in the Firm Local Point-to-Point Service Agreement for Long-Term Firm Local Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Local Transmission Service. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Local Transmission Customer's Reserved Capacity.

- 18.3.** The Local Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7 of this Tariff. The Local Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in this Tariff. In the event that a Local Transmission Customer (including Third-Party Sales by Swanton) exceeds its firm Reserved Capacity at any Point of Receipt or Point of Delivery, the Local Transmission Customer shall pay, in addition to the otherwise applicable charges, a charge for the unauthorized use equal to twice the applicable rate for the particular service and will be assessed a penalty charge as follows: (1) for unauthorized use within a single day, the penalty charge shall be based on the daily rate; (2) for unauthorized use in two or more days in a calendar week, the

penalty charge shall be based on the weekly rate; or (3) for multiple instances of unauthorized use in more than one calendar week in a calendar month, the penalty charge shall be based on the monthly rate.

18.4. Schedules for Firm Local Point-to-Point Transmission Service must be submitted to Swanton no later than 2:00 p.m. of the day prior to commencement of such service. Schedules submitted after 2:00 p.m. will be accommodated, if practicable. Hour-to-hour schedules of energy that are to be delivered must be stated in increments of 1 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. Swanton will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Local Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify Swanton, and Swanton shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered. In the case of load or generation assets recognized by ISO New England, registered by ISO New England for wholesale market settlement purposes and subject to ISO-New England or VELCO dispatch instructions, Swanton will adjust hourly schedules to follow ISO New England and/or VELCO dispatch instructions.

19. Procedures for Arranging Non-Firm Local Point-to-Point Transmission Service

19.1. Application: A request for Non-Firm Local Point-to-Point Transmission Service must contain a written, Completed Application to: Swanton Village, Inc., 120 First Street, P.O. Box 279, Swanton, Vermont 05488. All Non-Firm Local Point-to-Point Transmission Service requests should be submitted in writing containing the information listed below by transmitting the required information to Swanton by telefax, electronic mail, or other commercially acceptable methods that will provide a time-stamped record for establishing the priority of the Completed Application.

19.2. Completed Application: A Completed Application shall provide all of, but is not limited to, the following information:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The Point(s) of Receipt and the Point(s) of Delivery;
- (iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
- (v) The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, Swanton also may ask the Local Transmission Customer to provide the following:

- (vi) The electrical location of the initial source of the power to be transmitted

pursuant to the Local Transmission Customer's request for service; and

- (vii) The electrical location of the ultimate load. Swanton will treat this information in (vi) and (vii) as confidential at the request of the Local Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, or for reliability purposes pursuant to Good Utility Practice.
- (viii) A statement indicating that the Eligible Customer will execute a Service Agreement upon receipt of notification that Swanton can provide the requested Transmission Service.

19.3. Reservation of Non-Firm Local Point-to-Point Transmission Service:

Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than two (2) days before service is to commence, and requests for hourly service shall be submitted no earlier than noon the day before service is to commence. Requests for service received later than 2:00 p.m. prior to the day service is scheduled to commence will be accommodated if practicable or at such reasonable times that are generally accepted in the region and are consistently adhered to by Swanton.

19.4. Response to a Completed Application: Following receipt of an acceptable Completed Application for Non-Firm Local Point-to-Point Transmission Service, Swanton shall make a determination of available transmission capability consistent with Attachment A of this Tariff. Swanton shall notify the Eligible

Customer as soon as practicable, but not later than (2) days after the date of receipt of a Completed Application.

19.5. Local Service Agreements: Swanton shall offer a standard form Non-Firm Local Point-to-Point Transmission Service Agreement (Attachment G) to an Eligible Customer when it submits a Completed Application for Non-Firm Local Point-to-Point Transmission Service pursuant to this Tariff. An Eligible Customer that uses Non-Firm Local Point-to-Point Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved and that has not executed a Local Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Local Service Agreement. The Local Service Agreement may specify any conditional curtailment options agreed upon by Swanton and the Local Transmission Customer.

19.6. Execution of Local Service Agreement: Failure of an Eligible Customer to execute and return the Non-Firm Local Point-to-Point Service Agreement within seven (7) days after it is tendered by Swanton, or prior to the first requested reservation date, whichever is sooner, will be deemed a withdrawal and termination of the Application. Nothing herein limits the right of an Eligible Customer to file another Completed Application after such withdrawal and termination.

20. Term:

Non-Firm Local Point-to-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a Customer of Non-Firm Local Point-to-

Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 19.3.

21. Reservation Priority:

Non-Firm Local Point-to-Point Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Local Network Customers and other Local Transmission Customers taking Long-Term and Short-Term Firm Local Point-to-Point Transmission Service. A higher priority will be assigned first to requests or reservations with a longer duration of service. In the event the Local Transmission System is constrained, competing requests of equal duration will be prioritized on the basis of first come first serve for the transmission service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term request before being preempted. A longer term competing request for Non-Firm Local Point-to-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Local Point-to-Point Transmission Service after notification by Swanton; and, (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in Section 23.2) for Non-Firm Local Point-to-Point Transmission Service other than hourly transactions after notification by Swanton. Transmission service for Local Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Local Point-to-Point Transmission Service. Non-Firm Local Point-to-Point Transmission Service over secondary

Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

22. Curtailment or Interruption of Non-Firm Local Transmission Service:

Swanton reserves the right to Curtail, in whole or in part, Non-Firm Local Point-to-Point Transmission Service provided under the Tariff for reliability reasons when an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System or the systems directly and indirectly interconnected with Swanton's Transmission System. Swanton reserves the right to Interrupt, in whole or in part, Non-Firm Local Point-to-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Local Transmission Service, (2) a request for Non-Firm Local Point-to-Point Transmission Service of greater duration, (3) transmission service for Local Network Customers from non-designated resources, or (4) transmission service for Firm Local Point-to-Point Transmission Service during conditional curtailment periods as described in Section 13.5. Swanton also will discontinue or reduce service to the Local Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraints, however, Non-Firm Local Point-to-Point Transmission Service shall be subordinate to Firm Local Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Local Network Customers from

resources other than designated Network Resources will have a higher priority than any Non-Firm Local Point-to-Point Transmission Service under the Tariff. Non-Firm Local Point-to-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Local Point-to-Point Transmission Service under the Tariff. Swanton will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.

23. Classification of Non-Firm Local Point-to-Point Transmission Service

23.1. Non-Firm Local Point-to-Point Transmission Service shall be offered under terms and conditions contained in Part II of this Tariff. Swanton undertakes no obligation under this Tariff to plan its Transmission System in order to have sufficient capacity for Non-Firm Local Point-to-Point Transmission Service. Parties requesting Non-Firm Local Point-to-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of this Tariff. In the event that a Local Transmission Customer (including Third-Party Sales by Swanton) exceeds its firm Reserved Capacity at any Point of Receipt or Point of Delivery, the Local Transmission Customer shall pay, in addition to the otherwise applicable charges, a charge for the unauthorized use equal to twice the applicable rate for the particular service and will be assessed a penalty charge as follows: (1) for unauthorized use within a single day, the penalty charge shall be based on the daily rate; (2) for unauthorized use in two or more days in a calendar week, the penalty charge shall be based on the weekly rate; or (3) for multiple instances of unauthorized use in more than one calendar week in a calendar

month, the penalty charge shall be based on the monthly rate. Non-Firm Local Point-to-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule 8 of this Tariff.

23.2. Scheduling of Non-Firm Local Point-to-Point Transmission Service:

Schedules for Non-Firm Local Point-to-Point Transmission Service must be submitted to Swanton no later than 2:00 p.m. of the day prior to commencement of such service. Schedules submitted after 2:00 p.m. will be accommodated, if practicable. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 1 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. Swanton will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Local Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify Swanton, and Swanton shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered. In the case of load or generation assets recognized by ISO New England, registered by ISO New England for wholesale market settlement purposes and subject to ISO-New England or VELCO dispatch instructions, Swanton will adjust hourly schedules to follow

those dispatch instructions and will base Non-Firm Local Point-to-Point charges on actual metered energy values resulting from those dispatch instructions and in accordance with rates set forth on Schedule 8.

24. Limitations on Assignment or Transfer of Service

If an Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specification set forth in its original Local Service Agreement, Swanton will consent to such change subject to the provisions of this Tariff, provided that the change will not impair the operation or reliability of Swanton's Transmission System or the generating, transmission or distribution facilities of other Vermont utilities.

25. Compensation for Transmission Service

Rates or formulae for determining rates for Firm and Non-Firm Local Point-to-Point Transmission Service are provided in the Schedules appended to this Tariff: Firm Local Point-to-Point Transmission Service (Schedule 7) and Non-Firm Local Point-to-Point Transmission Service (Schedule 8). Swanton shall use this Tariff to make its Third-Party Sales. Swanton shall account for such use at the applicable Local Service Schedule rates.

III LOCAL NETWORK SERVICE

26. Initiating Service

26.1 Condition Precedent for Receiving Service: Swanton will provide Local Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part III of the Tariff, (ii) the Eligible Customer and Swanton complete the arrangements set forth in Sections 26.4 and 26.5, and (iii) the Eligible Customer executes a Network Operating Agreement with Swanton pursuant to Attachment E.

26.2 Application Procedures: An Eligible Customer requesting service under Part III of the Tariff must submit a Completed Application, with a deposit approximating the charge for one month of service, to Swanton at least sixty (60) days in advance of the calendar month in which service is to commence. Completed Applications for Local Network Integration Transmission Service will be assigned a priority according to the date and time the Completed Application is received, with the earliest Completed Application receiving the highest priority. Applications should be submitted to: General Manager, Swanton Village, Inc., 120 First Street, P.O. Box 279, Swanton, Vermont 05488. Swanton will consider requests for such network service on shorter notice when feasible. All Local Network Integration Transmission Service requests should be submitted in writing containing the information listed below by transmitting the required information to Swanton by telefax, electronic mail, or other commercially acceptable methods that will provide a time-stamped record for establishing the priority of the Completed Application.

A Completed Application shall provide all of the information including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the party requesting service;
- (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) A description of the Local Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's

best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Swanton substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;

- (iv) The amount and location of any interruptible loads included in the Local Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to (iii) above;
- (v) A description of Network Resources (current and 10-year projection). For each on-system Network Resource, such description shall include:
 - Unit size and amount of capacity from that unit to be designated as Network Resource
 - VAR capability (both leading and lagging) of all generators
 - Operating restrictions
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit

- Any must-run unit designations required for system reliability or contract reasons
- Approximate variable generating cost (\$/MWH) for redispatch computations
- Arrangements governing sale and delivery of power to third parties from generating facilities located in Swanton’s Control Area, where only a portion of unit output is designated as a Network Resource;

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

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

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

- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by Swanton
 - Operating restrictions needed for reliability
 - Operating guides employed by system operators
 - Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
 - Location of Network Resources described in subsection (v) above
 - 10 year projection of system expansions or upgrades
 - Transmission System maps that include any proposed expansions or upgrades
 - Thermal ratings of Eligible Customer's Control Area ties with other Control Areas;
- (vii) Service Commencement Date and the term of the requested Local Network Integration Transmission Service. The minimum term for Local Network Integration Transmission Service is one year;
- (viii) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 26.2(v) satisfy the following conditions: (1) the Local Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation

where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) the Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Local Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program; and

Unless the Parties agree to a different time frame, Swanton shall use best efforts to acknowledge the request within ten (10) business days of receipt. The acknowledgement must include a date by which a response, including a Local Network Operating Agreement, will be sent to the Eligible Customer. If a Completed Application fails to meet the requirements of this section, Swanton shall use best efforts to notify the Eligible Customer requesting service within fifteen (15) business days of receipt and specify the reasons for such failure. Wherever possible, Swanton will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application without prejudice to the Eligible Customer filing a new or revised Completed Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Completed Application.

26.3 Deposit: A Completed Application for Local Network Integration Transmission

Service also shall include a deposit of one month's charge for Reserved Capacity. If the Application is rejected by Swanton said deposit shall be returned with interest less any reasonable costs incurred by Swanton in connection with the review of the Application. The deposit also will be returned with interest less any reasonable costs incurred by Swanton if Swanton is unable to complete new facilities or upgrades needed to provide the service. If a Complete Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Local Network Integration Transmission Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by Swanton to the extent such costs have not already been recovered by Swanton from the Eligible Customer. Swanton will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities or upgrades are subject to the provisions of Attachment B. If a Service Agreement for Local Network Integration Transmission Service is executed, the deposit, with interest, will be returned to the Local Transmission Customer upon expiration or termination of the Service Agreement for Local Network Integration Transmission Service. Applicable interest shall be computed in accordance with the rate and method approved by the Vermont Public Service Board for customer deposits for retail electric service (Rule 3.200) unless otherwise specifically approved by the Board, and shall be calculated from the day the deposit check is credited to Swanton's account.

26.4 Technical Arrangements to be Completed Prior to Commencement of Service:

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

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

27. Secondary Service

The Local Network Customer may use Swanton's Transmission System to deliver energy to its Local Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Deliveries from resources other than Network Resources will have a higher priority than any Non-Firm Local Point-to-Point Transmission Service under this Tariff.

28. Network Resources

28.1 Transmission Arrangements for Network Resources Not Physically

Interconnected With Swanton: The Local Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with Swanton's Transmission System. Swanton will undertake reasonable efforts to assist the Local Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

28.2 Limitation on Designation of Network Resources:

The Local Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Local Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under this Tariff.

28.3 Use of Interface Capacity by the Local Network Customer:

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

28.4 Local Network Customer Owned Transmission Facilities: The Local Network Customer that owns existing transmission facilities that are integrated with Swanton's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Local Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of Swanton to serve Swanton's power and transmission customers. For facilities constructed by the Local Network Customer subsequent to the Service Commencement Date, the Local Network Customer shall receive credit where such facilities are jointly planned and installed in coordination with Swanton. Calculation of the credit shall be addressed in either the Local Network Customer's Local Service Agreement or any other written agreement between the Parties.

29. Local Network Load Not Physically Interconnected with Swanton

This section applies to both the initial designation and the subsequent addition of new Local Network Load not physically interconnected with Swanton. To the extent that the Local Network Customer desires to obtain transmission service for a load not connected to Swanton's Transmission System, the Local Network Customer shall have the option of (1) electing to include the entire load as Local Network Load for all purposes under this Tariff and designating Network Resources in connection with such additional Local Network Load, or (2) excluding that entire load from its Local Network Load and purchasing Local Point-to-Point Transmission Service under this Tariff. To the extent that the Local Network Customer gives notice of its intent to add a new Local Network Load as part of its Local Network Load pursuant to this

section the request must be made through a modification of service pursuant to a new Completed Application.

30. Load Shedding and Curtailment

30.1 Procedures: Prior to the Service Commencement Date, Swanton and the Local Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Local Network Operating Agreement with the objective of responding to contingencies on Swanton's Transmission System. The Parties will implement such programs during any period when Swanton or another transmission owner determines that a system contingency exists and such procedures are necessary to alleviate such contingency. Swanton will notify all affected Local Network Customers in a timely manner of any necessary Load Shedding and Curtailment Procedures on the Swanton system.

30.2 Transmission Constraints: During any period when Swanton determines that a transmission constraint exists on Swanton's Transmission System, or that the ISO or VELCO determines that a transmission constraint exists on the New England Transmission System, and such constraint may impair the reliability of Swanton's Transmission System, Swanton will take whatever actions, consistent with Good Utility Practice, are reasonably necessary to maintain the reliability of Swanton's Transmission System. To the extent Swanton determines that the reliability of Swanton's Transmission System can be maintained by re-dispatching resources, Swanton will work with the ISO and/or VELCO to initiate procedures pursuant to the Local Network Operating Agreement to redispatch all Network Resources and Swanton's own resources on a least-cost basis without regard to the ownership of

such resources. Any redispatch under this section may not discriminate between Swanton's use of Swanton's Transmission System on behalf of its Native Load Customers and any Local Network Customer's use of Swanton's Transmission System to serve its designated Local Network Load. In the event of redispatch, notice shall be given to any Local Transmission Customers.

30.3 Cost Responsibility for Relieving Transmission Constraints: Whenever Swanton implements least-cost redispatch procedures in response to a transmission constraint, Swanton and Local Network Customers will each bear a proportionate share of the total redispatch cost based on their respective Load Ratio Shares.

30.4 Curtailments of Scheduled Deliveries: If a transmission constraint on Swanton's Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and Swanton determines that it is necessary to Curtail scheduled deliveries, the Parties shall Curtail such schedules in accordance with the Local Network Operating Agreement.

30.5 Allocation of Curtailments: Working with the ISO, Swanton shall, on a non-discriminatory basis, Curtail the transaction(s) that effectively relieve the constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by Swanton and Local Network Customer in proportion to their respective Load Ratio Shares. Swanton shall not direct the Local Network Customer to Curtail schedules to an extent greater than Swanton would Curtail its own schedules under similar circumstances.

30.6 Load Shedding: To the extent that a system contingency exists on Swanton's Transmission System or the New England Transmission System and Swanton or the ISO or VELCO determines that it is necessary for Swanton and the Local Network Customer to shed load, the Parties shall shed load in accordance with previously established procedures under the Local Network Operating Agreement.

30.7 System Reliability: Notwithstanding any other provisions of this Schedule, Swanton reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Local Network Service without liability on Swanton's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Local Network Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on Swanton's Transmission System or on any other system(s) directly or indirectly interconnected with Swanton's Transmission System, Swanton, consistent with Good Utility Practice, also may Curtail Local Network Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating, distribution or transmission facilities, or (iii) expedite restoration of service. Swanton will give the Local Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Local Network Service will not be unduly discriminatory relative to Swanton's use of Swanton's Transmission System on behalf of its Native Load Customers. Swanton shall specify the rate treatment and all related terms and conditions applicable in the

event that the Local Network Customer fails to respond to established Load Shedding and Curtailment procedures.

31. Rates and Charges

The Local Network Customer shall pay Swanton for any Direct Assignment Facilities, Ancillary Services, and applicable study costs, as otherwise described in this Tariff, and also the following:

31.1 Monthly Demand Charge: The Local Network Customer shall pay a Monthly Demand Charge specified in Schedule 9, which shall be determined each month by multiplying its Load Ratio Share for that month times Swanton's Transmission Revenue Requirement for that month as specified in Attachment D-1 of this Tariff.

31.2 Determination of Network Customer's Monthly Local Network Load: The Local Network Customer's monthly Local Network Load is its hourly load (including its designated Local Network Load not physically interconnected with Swanton's Transmission System) coincident with Swanton's Monthly Transmission System Peak.

31.3 Determination of Swanton's Monthly Transmission System Load: Swanton's Monthly Transmission System Load is the twelve month average of: Swanton's Monthly Transmission System Peak plus all Local Reserved Capacity, plus all Local Network Load pursuant to this Tariff.

31.4 Redispatch Charge: The Local Network Customer shall pay a Load Ratio Share of any redispatch costs allocated between the Local Network Customer and Swanton. To the extent that Swanton incurs an obligation to the Local Network

Customer for redispatch costs, such amounts shall be credited against the Local Network Customer's bill for the applicable month.

32. Operating Arrangements

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

32.2 Local Network Operating Agreement: The terms and conditions under which the Local Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of this Tariff shall be specified in the Local Network Operating Agreement. The Local Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Local Network Customer within Swanton's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between Swanton and the Local Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside Swanton's 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 the Tariff, including

scheduling protocols. The Local Network Operating Agreement will recognize that the Local 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 Swanton and/or with the ISO for Ancillary Services identified in Schedules 1 through 6 in this Tariff, 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. Swanton shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Local Network Operating Agreement is included in Attachment E.

32.3 Local Network Operating Committee: A Local Network Operating Committee (Committee) shall be established to coordinate operating criteria for the Parties' respective responsibilities under the Local Network Operating Agreement. Each Local Network Customer shall be entitled to have at least one representative on the Committee. The Committee shall meet from time to time as need requires, but no less than once each calendar year.

SCHEDULE 1

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. To the extent that ISO-New England charges Swanton for Scheduling, System Control and Dispatch Service specifically identified as the Local Transmission Customer's responsibility, Swanton will pass those Scheduling, System Control and Dispatch Service charges through to the Local Transmission Customer.

SCHEDULE 2

Reactive Supply and Voltage Control From Generation Sources Service

In order to maintain transmission voltages on Swanton's transmission facilities within acceptable limits, generation facilities under the control of the ISO New England are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation Sources Service must be provided for each transaction on Swanton's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation Sources Service that must be supplied with respect to the Local Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by Swanton. Reactive Supply and Voltage Control from Generation Sources Service is to be secured by the Local Transmission Customer from the ISO New England. To the extent that ISO-New England charges Swanton for Reactive Supply and Voltage Control Service specifically identified as the Local Transmission Customer's responsibility, Swanton will pass those Reactive Supply and Voltage Control Service charges through to the Local Transmission Customer.

SCHEDULE 3

Regulation and Frequency Response Service

Regulation and Frequency Response Service (Automatic Generator Control) is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service (Automatic Generator Control) is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with ISO-NE or other Designated Agent that performs this function for Swanton when the transmission service is used to serve load within the Control Area. When transmission service is used to serve load connected to Swanton's Transmission System, the Local Transmission Customer must make arrangements with the ISO New England to satisfy its Regulation and Frequency Response Service obligation. To the extent that ISO-New England charges Swanton for Regulation and Frequency Response Service specifically identifiable as the Local Transmission Customer's responsibility, Swanton will pass those charges through to the Local Transmission Customer.

SCHEDULE 4

Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. When transmission service is used to serve load connected to Swanton's Transmission System, the Local Transmission Customer must make arrangements with the ISO New England to satisfy its Energy Imbalance Service obligation. To the extent that ISO-New England charges Swanton for Energy Imbalance Service specifically identifiable as the Local Transmission Customer's responsibility, Swanton will pass those charges through to the Local Transmission Customer.

SCHEDULE 5

Operating Reserve – Spinning Reserve Service

Operating Reserve - Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Operating Reserve - Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output. When transmission service is used to serve load connected to Swanton's Transmission System, the Local Transmission Customer must make arrangements with the ISO New England to satisfy its Operating Reserve – Spinning Reserve Service obligation. To the extent that ISO-New England charges Swanton for Operating Reserve – Spinning Reserve Service specifically identifiable as the Local Transmission Customer's responsibility, Swanton will pass those charges through to the Local Transmission Customer.

SCHEDULE 6

Operating Reserve – Supplemental Reserve Service

Operating Reserve – Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Operating Reserve – Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load. When transmission service is used to serve load connected to Swanton's Transmission System, the Local Transmission Customer must make arrangements with the ISO New England to satisfy its Operating Reserve – Supplemental Reserve Service obligation. To the extent that ISO-New England charges Swanton for Operating Reserve – Supplemental Reserve Service specifically identifiable as the Local Transmission Customer's responsibility, Swanton will pass those charges through to the Local Transmission Customer.

SCHEDULE 7

Long-Term Firm and Short-Term Firm Local Point-to-Point Transmission Service

The Local Transmission Customer shall compensate Swanton each month for Reserved Capacity at the sum of the applicable rates and charges set forth below, derived in accordance with the rate formulas given in Attachment D:

1. Firm Local Transmission Rate

Monthly Firm Local Transmission Rate: FTR, as calculated pursuant to Attachment D in this Tariff, payable on a monthly basis, for each kW-Month of Reserved Capacity: \$0.114 per kW-Month.

Weekly Firm Local Transmission Rate: Twelve times the Monthly Firm Local Transmission Rate, as calculated pursuant to Attachment D in this Tariff, divided by 52, payable on a monthly basis, for each kW-Week of Reserved Capacity: \$0.026 per kW-Week.

Daily Firm Local Transmission Rate: Twelve times the Monthly Firm Local Transmission Rate, as calculated pursuant to Attachment D in this Tariff, divided by 365, payable on a monthly basis, for each kW-Day of Reserved Capacity: \$0.004 per kW-Day.

2. Distribution Rate (add to Firm Local Transmission Rate if source or sink is distribution primary voltage, i.e. less than 46 kV)

Monthly Local Distribution Rate: DR, as calculated pursuant to Attachment D in this Tariff, payable on a monthly basis, for each kW-Month of Reserved Capacity: \$9.06 per kW-Month.

Weekly Local Distribution Rate: Twelve times the Monthly Local Distribution Rate, as calculated pursuant to Attachment D in this Tariff, divided by 52, payable on a monthly basis, for each kW-Week of Reserved Capacity: \$2.091 per kW-Week.

Daily Local Distribution Rate: Twelve times the Monthly Local Distribution Rate, as calculated pursuant to Attachment D in this Tariff, divided by 365, payable on a monthly basis, for each kW-Day of Reserved Capacity: \$0.298 per kW-Day.

SCHEDULE 8

Non-Firm Local Point-to-Point Transmission Service

The Local Transmission Customer shall compensate Swanton for Non-Firm Local Point-to-Point Transmission Service at the sum of the applicable charges set forth below, derived in accordance with the rate formula given in Attachment D:

1. Non-Firm Local Transmission Rate

Non-Firm On-peak Local Transmission Rate: FTR, as calculated pursuant to Attachment D in this Tariff, multiplied by 12 and divided by 4,160 (and multiplied by 1000 to be expressed in mills/kWh,) payable on a monthly basis, for each On-Peak kWh of metered usage during the month: 0.327 mills per kWh.

Non-Firm Off-Peak Local Transmission Rate: FTR, as calculated pursuant to Attachment D in this Tariff, multiplied by 12 and divided by 8,760 (and multiplied by 1000 to be expressed in mills/kWh,) payable on a monthly basis, for each Off-Peak kWh of metered usage during the month: 0.156 mills per kWh.

2. Distribution Rate (add to Non-Firm Local Transmission Rate if source or sink is distribution primary voltage, i.e. less than 46 kV)

Hourly Distribution Rate: Twelve times the Monthly Distribution Rate, as calculated pursuant to Attachment D in this Tariff, divided by 8760 (and multiplied by 1000 to be expressed in mills/kWh), payable on a monthly

basis, for each kWh of metered usage during the month: 12.410 mills per kWh.

SCHEDULE 9

Monthly Demand Charge for Local Network Service

The Monthly Demand Charge for Local Network Service shall be one twelfth of the Annual Transmission Revenue Requirement, currently set at \$67,244, derived in accordance with the rate formulas given in Attachment D, times the Local Network Customer's Load Ratio Share as defined in the Tariff:

2. Local Distribution Charge (add to Local Transmission Charge if source or sink is distribution primary voltage, i.e. less than 46 kV)

Monthly Local Distribution Charge: DR, as calculated pursuant to Attachment D in this Tariff, payable on a monthly basis, for each kW-Month of the Local Network Customer's Network Load

ATTACHMENT A

Methodology to Assess Available Transmission Capability

1. When necessary, Swanton will estimate Available Transmission Capacity (“ATC”) as the amount of unused capacity remaining after considering Swanton’s Total Transmission Capacity and Swanton’s existing and pending firm transmission service commitments. The following outlines the methodology that Swanton will employ when necessary to estimate whether sufficient transmission transfer capacity is available for an Application for Local Network Service. **Available Transmission Capacity** is the amount of unused capacity after consideration of reliability requirements to meet Swanton’s obligation to serve its own load and to meet obligations of existing firm transmission customers and pending valid Applications for Local Firm Transmission Service under this Tariff or other existing agreements predating this Tariff.
2. **Guidelines and Principles** – When estimating ATC, Swanton will apply the following, as amended and/or adopted from time to time:
 - Good Utility Practice;
 - Criteria, rules and reliability standards of ISO New England;
 - Northeast Power Coordinating Council criteria and guidelines.
3. **Transmission System Model Representation** – When the total transfer capability (TTC) of an interface is not available from ISO New England analysis, Swanton will estimate TTC using system models that it deems appropriate for study of the application for Firm Local Point-to-Point Transmission Service. To the extent available and appropriate, Swanton may refer to a library of load flow cases prepared by ISO New England for studies of the New England area. The models may include

representations of other NPCC and neighboring systems. These load flow cases include individual system model representations provided by ISO Participants and represent forecasted system conditions for up to ten years into the future. This library of load flow cases is maintained and updated as appropriate by the ISO, and is consistent with information filed under FERC Form 715. Additional system models and operating conditions, including assumptions specific to a particular analysis, may be developed for conditions not available in the library of load flow cases. The system models may be modified, if necessary, to include additional system information on load, transfers and configuration, as it becomes available.

4. Determination of Available Transmission Capacity – ATC will be based on appropriate adjustments for Firm Local Point-To-Point reservations in the direction of the requested transfer. Establishment of ATC will include requirements indicated in Item 1 above and will be the minimum of the remaining capacity estimated from conditions studied in Item 3. To the extent practicable, Swanton will rely on existing transmission planning studies in making such estimates.

5. Jointly Owned or Controlled Transmission Facilities – Where Swanton jointly owns or controls transmission with other utilities or adjoining areas, Swanton's entitlement for use of such lines will be considered in determining ATC in accordance with provisions of this Tariff and consistent with pre-existing agreements on Swanton's rights governing such use. Obtaining Firm Transmission Service over other utilities' facilities is the responsibility of the requesting Local Transmission Customer.

6. Available Capacity Different from Amount Requested – In accordance with the terms and conditions of the Tariff to which this Attachment is appended, the

requesting Local Transmission Customer will be notified of the ATC for the terms identified on the application form.

ATTACHMENT B

Methodology for Completing a System Impact Study

Whenever a System Impact Study performed by Swanton in connection with a request for transmission service identifies the need for new facilities or upgrades, the Local Transmission Customer shall be responsible for such costs.

When Swanton determines on a non-discriminatory basis that a System Impact Study is needed because its Transmission System may be inadequate to accommodate a request for Firm Local Point-to-Point Transmission Service or Local Network Service, Swanton will employ the following methodology to estimate the transmission system impact of the application for service and/or any costs for system redispatch, Direct Assignment Facilities or Network Upgrades that would be incurred in order to provide the requested transmission service.

- 1- **System Impact** will be estimated on consideration of reliability requirements to:
 - Meet obligations under Swanton's agreements that predate this Tariff;
 - Meet obligations of existing and pending Valid Requests for firm transmission service under this Tariff;
 - Meet obligations pursuant to previous commitments for service under this Tariff; and
 - Maintain thermal, voltage and stability system performance within acceptable regional practices.

- 2- **Guidelines and Principles followed by Swanton** – When performing the System Impact Study, Swanton will apply if applicable, the following as amended and/or adopted from time to time:
 - Good Utility Practice;

- ISO New England criteria, rules and reliability standards;
- Northeast Power Coordinating Council criteria and guidelines.

- 3- Transmission System Model Representation** - The transmission system model deemed appropriate by Swanton may be based on a library of load flow cases prepared by ISO New England for studies of the New England area. The models may include representations of other NPCC and neighboring systems. These load flow cases include individual system model representations provided by ISO New England Participants and represent forecasted system conditions for up to ten years into the future. This library of load flow cases is maintained and updated as appropriate by the ISO New England, and is consistent with information filed under FERC Form 715. Swanton will use system models that it deems appropriate for study of the application for Firm Local Point-to-Point Transmission Service. Additional system models and operating conditions, including assumptions specific to a particular analysis, may be developed for conditions not available in the library of load flow cases. The system models may be modified, if necessary, to include additional system information on load, transfers and configuration, as it becomes available.
- 4- System Conditions** – Loading of transmission system elements shall take into consideration the normal ratings for pre-contingency conditions, long term emergency (LTE) ratings for post-contingency conditions, and short-term emergency (STE) ratings for post-contingency conditions. Transmission System steady state voltages shall be within the applicable design ratings of connected

equipment for normal and emergency conditions. Normal and post-contingency voltages shall be in accordance with Swanton and ISO New England standards.

- 5- **Short Circuits** – Transmission System short circuit currents shall be within the applicable equipment design ratings.
- 6- **Study Analysis** – System impact of the integration of a new Network Resource or new interconnection point will be evaluated to meet the requirements of design, identified in the guidelines and principles under Item 2, to provide sufficient transmission capability to maintain stability and to maintain thermal and voltage levels of lines and equipment within applicable limits. The same applies to the evaluation of Firm Local Point-to-Point Transmission Service when it has been determined that insufficient transmission capacity is available and a System Impact Study must be conducted.
- 7- **Loss Evaluation** – The impact of losses on Swanton’s Transmission System will be taken into account in the System Impact Study to ensure Good Utility Practice in the design and operation of its system.
- 8- **System Protection** – Protection requirements will be evaluated by Swanton in accordance with its standard procedures.
- 9- **Study Scope and Reporting** – The study will determine the impacts and identify changes required, if any, to Swanton’s existing Transmission System. Swanton will provide the Eligible Customer with a written report of the physical interconnection alternative(s), required Swanton system additions and/or modifications, if any, associated study grade cost estimates and the results of the analysis.

ATTACHMENT C

This Attachment has been intentionally left blank.

ATTACHMENT D

Swanton's Rate Formulas and Methodology

1. Swanton's transmission rates shall be determined by the following formulas:
 - a. Firm Local Point-to-Point Transmission Service: The monthly firm local point-to-point transmission rate shall be calculated as

$$FTR = TRR / TSPL / 12$$

where FTR is the monthly firm local point-to-point transmission rate in dollars per kW-month

TRR is the Annual Transmission Revenue Requirement

TSPL The twelve month average of: Swanton's Monthly Transmission System Peak plus all Local Reserved Capacity plus all Local Network Load pursuant to this Tariff

- b. Firm Local Point-to-Point Transmission on a weekly or daily basis shall be calculated as the FTR multiplied by 12 and divided by 52 and by 365 respectively.

- c. Non-Firm Local Point-to-Point Transmission. The hourly non-firm local transmission rate shall be calculated as:

- On-peak: FTR multiplied by 12 and divided by 4160 (multiplied by 1000 to be expressed in mills/kW-hr)
- Off-peak: FTR multiplied by 12 and divided by 8760 (multiplied by 1000 to be expressed in mills/k/w-hr)

2. Swanton's distribution rate (for a source or sink located on the distribution system shall be determined by the following formulas:

- a. The monthly distribution rate for firm or non-firm service shall be calculated as

$$DR = DFC / DSPL / 12$$

where DR is the monthly distribution rate in dollars per kW-month

DFC is the Annual Distribution Facilities Cost as calculated in Attachment D-2 of this Tariff

DSPL is the twelve month average of: Swanton's Monthly Transmission System Peak plus all Local Reserved Capacity, plus all Local Network Load pursuant to this Tariff of all Local Transmission Customers taking service at distribution levels.

b. Distribution service on a weekly, daily or hourly basis shall be calculated as the DR multiplied by 12 and divided by 52, by 365 or by 8760 respectively.

3. Swanton's Annual Transmission Revenue Requirement and Annual Distribution Facilities Cost shall be determined by application of the formulas set out below to Swanton's costs and loads.
4. The formulas shall be in effect until amended by Swanton.

ATTACHMENT D-1

Swanton's Annual Transmission Revenue Requirement

The Annual Transmission Revenue Requirement (TRR) shall be calculated by the following method and formula, using data reported in Swanton's Small Electric Company Annual Report to the Vermont Department of Public Service:

TPE shall be the Transmission Plant Expense as reported in Accounts 560-576, excluding account 565, Transmission by Others.

TPD shall be the Transmission Depreciation Allowance accrued during the test year as reported in Accounts 350-359.

TPI shall be the portion of Indirect Expenses allocable to transmission as reported in Account 926 multiplied by Allocation Factor OML.

IT shall be the portion of Interest Expense allocable to transmission as reported in Accounts 427-432 multiplied by Allocation Factor GTP.

AGE shall be the portion of Administrative and General Expenses allocable to transmission as reported in Accounts 920-935, excluding accounts 926 and 928, multiplied by Allocation Factor OML.

GPDT shall be the portion of General Plant Depreciation accrued during the test year allocable to transmission as reported in Accounts 390-399 multiplied by Allocation Factor GTP.

TPT shall be the portion of Payroll Taxes allocable to transmission as reported in Account 408, Federal FICA Tax and Vermont Unemployment Tax, multiplied by Allocation Factor OML.

TOT shall be the portion of Property Taxes and Other Plant-Related Taxes allocable to transmission as reported in Account 408, Local Property Tax, multiplied by Allocation Factor GTP.

TGF shall be the portion of Transfers to General Fund allocable to transmission as reported in Account 408, Contributions to Government Units, multiplied by Allocation Factor GTP.

DOI shall be the portion of other revenue and miscellaneous income allocable to transmission as reported in Accounts 415-421, 451, 454, and 456 multiplied by Allocation Factor GP.

OTR shall be the portion of other wholesale revenue, derived from sources other than this tariff, allocable to transmission as reported in Account 447 and multiplied by the ratio of Transmission Plant to sum of Transmission and Distribution Plant.

Allocation Factors shall be defined as follows:

OML, the O&M Labor Allocation Factor, shall be the ratio of Transmission Salaries and Wages to Total O&M Salaries and Wages (excluding Administrative and General Salaries and Wages).

GTP, the Gross Transmission Plant Allocation Factor, shall be the ratio of Transmission Plant In-Service (including the portion of General Plant In-Service allocable to transmission using the General Plant Allocation Factor) to the Total Electric Plant In-Service.

GP, the General Plant Allocation Factor, shall be the ratio of Transmission Plant In-Service to Total Non-general Plant In-Service.

$$\text{TRR} = \text{TPE} + \text{TPD} + \text{TPI} + \text{IT} + \text{AGE} + \text{GPDT} + \text{TPT} + \text{TOT} + \text{TGF} + \text{DOI} + \text{OTR}$$

ATTACHMENT D-2

Swanton's Annual Distribution Facilities Cost

The Annual Distribution Facilities Cost (DFC) shall be calculated by the following method and formula, using data reported in Swanton's Small Electric Company Annual Report to the Vermont Department of Public Service:

DPE shall be the Distribution Plant Expense as reported in Accounts 580-598 less Line Transformers (Account 595) and Street Lighting and Signal Systems (Account 585).

DPD shall be the Distribution Depreciation Allowance accrued during the test year as reported in Accounts 360-373, less Line Transformers (Account 368), Services (Account 369), and Street Lighting and Signal Systems (Account 373).

DPI shall be the portion of Indirect Expenses allocable to distribution as reported in Account 926 multiplied by Allocation Factors OMLD and DPN.

ID shall be the portion of Interest Expense allocable to distribution as reported in Accounts 427-432 multiplied by Allocation Factors GPD and DPN.

AGED shall be the portion of Administrative and General Expenses allocable to distribution as reported in Accounts 920-935, excluding accounts 926 and 928, multiplied by Allocation Factors OMLD and DPN

GPDD shall be the portion of General Plant Depreciation accrued during the test year allocable to distribution as reported in Accounts 390-399 multiplied by Allocation Factors GDP and DPN.

DPT shall be the portion of Payroll Taxes allocable to distribution as reported in Account 408, Federal FICA Tax and Vermont Unemployment Tax, multiplied by Allocation Factors OMLD and DPN.

DOT shall be the portion of Property Taxes and Other Plant-Related Taxes allocable to distribution as reported in Account 408, Local Property Tax, multiplied by Allocation Factors GDP and DPN.

DOI shall be the portion of other revenue and miscellaneous income allocable to distribution as reported in Accounts 415-421, 451,454, and 456 multiplied by Allocation Factor GPD.

OTR shall be the portion of other wholesale revenue, derived from sources other than this tariff, allocable to distribution as reported in Account 447 and multiplied by the ratio of Distribution Plant to the sum of Transmission and Distribution Plant.

TGFD shall be the portion of Transfers to General Fund allocable to distribution as reported in Account 408, Contributions to Government Units, multiplied by Allocation Factors GDP and DPN.

Allocation Factors shall be defined as follows:

OMLD, the O&M Distribution Labor Allocation Factor, shall be the ratio of Distribution Salaries and Wages to Total O&M Salaries and Wages (excluding Administrative and General Salaries and Wages).

GDP, the Gross Distribution Plant Allocation Factor, shall be the ratio of Distribution Plant In-Service (including the portion of General Plant In-Service allocable to

distribution using the General Plant Allocation Factor) to the Total Electric Plant In-Service.

GPD, the General Plant Allocation Factor, shall be the ratio of Distribution Plant In-Service to Total Non-General Plant In-Service.

DPN, The Net Distribution Plant Allocation Factor, shall be the ratio of Distribution Plant In-Service less Line transformers, Services, and Street lighting and signal systems.

$$DFC = DPE + DPD + DPI + ID + AGED + GPDD + DPT + DOT + TGFD + DOI + OTR$$

ATTACHMENT E

Local Network Operating Agreement

This Local Network Operating Agreement is made this ____ day of _____, 20__, by and between Swanton Village, Inc. ("Swanton"), and _____ ("Local Network Customer").

WHEREAS, Swanton has determined that the Local Network Customer has made a valid request for Local Network Service in accordance with Swanton's Local Service Tariff ("Tariff"); and

WHEREAS, the Local Network Customer has represented that it is an Eligible Customer qualified to take service under the Tariff,

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

1. General Terms and Conditions

This Local Network Operating Agreement is an implementing agreement for Local Network Service under the Tariff and is subject to the Tariff as it is in effect at the time this Agreement is executed or as it thereafter may be amended. In the case of any conflict between this Local Network Operating Agreement and the Tariff, the Tariff shall control.

Swanton agrees to provide local transmission service to the Local Network Customer's equipment or facilities, subject to the Local Network Customer operating its facilities in accordance with applicable criteria, rules, standards, procedures, or guidelines of Swanton, ISO-New England, and the Northeast Power Coordinating Council ("NPCC"), as they may be adopted and/or amended from time to time. In addition to those requirements, service to the

Local Network Customer's equipment or facilities is provided subject to the following specified terms and conditions.

- a. Electrical Supply: The electrical supply to the Point(s) of Delivery shall be in the form of three-phase sixty hertz alternating current at a voltage class determined by mutual agreement of the parties.
 - b. Coordination of Operations: Swanton shall consult with the Local Network Customer regarding timing of scheduled maintenance of the Transmission System, and Swanton shall schedule any shutdown or withdrawal of facilities to coincide with the Local Transmission Customer's equipment or facilities, etc. scheduled outages of the Local Transmission Customer's resources, to the extent practicable. In the event Swanton is unable to schedule the shutdown of its facilities to coincide with Local Transmission Customer's schedule, Swanton shall notify the Local Transmission Customer and/or its Designated Agent, in advance if feasible, of reasons for the shutdown, the time scheduled for it to take place, and its expected duration. In the event of a curtailment of service or the implementation of load shedding procedures, Swanton shall use due diligence to resume delivery of electric power as quickly as possible.
2. Reporting Obligations:
 - a. The Local Network Customer shall be responsible for providing all information required by Swanton's dispatching functions. Failure by the Local Transmission Customer to do so may constitute delinquency. Delinquency in responding by the Local Transmission Customer may result in Swanton taking action as described in section 11 below. The Local Network Customer shall respond promptly and completely to Swanton's requests

for information, including but not limited to data necessary for operations, maintenance, regulatory requirements and analysis. In particular, that information may include:

- i. For Local Network Loads: 10-year annual peak load forecast; load power factor performance; load shedding capability; under frequency load shedding capability; disturbance/interruption reports; protection system setting conformance; system testing and maintenance conformance; planned changes to protection systems; metering testing and maintenance conformance; planned changes in transformation capability; conformance to harmonic and voltage fluctuation limits; dead station tripping conformance; and voltage reduction capability conformance.
 - ii. For Network Resources and interconnected generators: 10 year forecast of generation capacity retirements and additions; generator reactive capability verification; generator under frequency relaying conformance; protection system testing and maintenance conformance; planned changes to protection system; and planned changes to generation parameters.
- b. The Local Network Customer shall supply accurate and reliable information to Swanton regarding metered values for MW, MVAR, volt, amp, frequency, breaker status indication, and all other information deemed necessary by Swanton for safe and reliable operation. Information shall be gathered for electronic communication using one or more of the following: supervisory control and data acquisition ("SCADA"), remote terminal unit ("RTU") equipment, and remote access pulse recorders ("RAPR"). All equipment used for metering, SCADA, RTU, RAPR, and communications must be approved by Swanton.

3. Operational Obligations

The Local Network Customer shall request permission from Swanton prior to opening and/or closing circuit breakers in accordance with applicable switching and operating procedures. The Local Network Customer shall carry out all switching orders from Swanton or Swanton's Designated Agent in a timely manner.

- a. The Local Network Customer shall balance the load at the Point(s) of Delivery such that the differences in the individual phase currents are acceptable to Swanton.
- b. The Local Network Customer's equipment shall conform with harmonic distortion and voltage fluctuation standards of Swanton.
- c. The Local Network Customer's equipment must comply with all environmental requirements to the extent they impact the operation of Swanton's system.
- d. The Local Network Customer shall operate all of its equipment and facilities connected to Swanton's system in a safe and efficient manner and in accordance with manufacturers' recommendations, Good Utility Practice, applicable regulations, and applicable requirements of Swanton, the ISO, NPCC, the National Electric Safety Code and the National Electric Code.
- e. The Local Network Customer is responsible for supplying voltage regulation equipment on its sub transmission and distribution facilities.

4. Notice of Transmission Service Interruptions

If at any time, in the reasonable exercise of Swanton's judgment, operation of the Local Network Customer's equipment adversely affects the quality of service or interferes with the safe and reliable operation of the system, Swanton may discontinue transmission service until the condition has been corrected. Unless Swanton perceives that an emergency exists or the risk of

an emergency is imminent, Swanton shall give the Local Network Customer reasonable notice of its intention to discontinue transmission service and, where practical, allow suitable time for the Local Network Customer to remove the interfering condition. Swanton's judgment with regard to the discontinuance of service under this paragraph shall be made in accordance with Good Utility Practice. In the case of such discontinuance, Swanton shall immediately confer with the Local Network Customer regarding the conditions causing such discontinuance and its recommendation concerning timely correction thereof.

5. Access and Control

Properly accredited representatives of Swanton shall at all reasonable times have access to the Local Network Customer's facilities to make reasonable inspections and obtain information required in connection with the Tariff. Such representatives shall make themselves known to the Local Network Customer's personnel, state the object of their visit, and conduct themselves in a manner that shall not interfere with the construction or operation of the Local Network Customer's facilities. Swanton shall have control such that it may open or close the circuit breaker or disconnect and place safety grounds at the Point(s) of Delivery, or at the station, if the Point(s) of Delivery is remote from the station.

6. Point(s) of Delivery

Local Network Service shall be provided by Swanton to the Point(s) of Delivery as specified by the Local Network Customer in accordance with the Tariff. Each Point of Delivery shall have a unique identifier, meter location, meter number, metered voltage, terms on meter compensation and, the actual, or if not currently in service, the projected in-service year.

7. Maintenance of Equipment

a. Unless otherwise agreed, Swanton shall own all metering equipment.

- b. The Local Network Customer shall maintain all of its equipment and facilities connected to Swanton's system in a safe and efficient manner and in accordance with manufacturers' recommendations, Good Utility Practice, applicable regulations and requirements of Swanton, the ISO and NPCC.
- c. Swanton may request that the Local Network Customer test, calibrate, verify or validate the data link, metering, data acquisition, transmission, protective, or other equipment or software owned by the Local Network Customer, consistent with the Local Network Customer's routine obligation to maintain its equipment and facilities or for the purposes of investigating potential problems on the Local Network Customer's facilities. The Local Network Customer shall be responsible for the cost to test, calibrate, verify or validate the equipment or software.
- d. Swanton shall have the right to inspect the tests, calibrations, verifications and validations of the Local Network Customer's data link, metering, data acquisition, transmission, protective, or other equipment or other software connected to Swanton's system.
- e. The Local Network Customer, at Swanton's request, shall supply Swanton with a copy of the installation, test, and calibration records of the data link, metering, data acquisition, transmission, protective or other equipment or software owned by the Local Network Customer and connected to Swanton's system.
- f. Swanton shall have the right, at the Local Network Customer's expense, to monitor the factory acceptance test, the field acceptance test, and the installation of any metering, data acquisition, transmission, protective or other equipment or software owned by the Local Network Customer and connected to Swanton's system.

8. Emergency System Operations

- a. The Local Network Customer's equipment and facilities, etc. shall be subject to all applicable emergency operation standards required of and by Swanton to operate in an interconnected transmission network.
- b. Swanton reserves the right to take whatever actions or inactions it deems necessary during emergency operating conditions to: (i) preserve the integrity of the Transmission System, (ii) limit or prevent damage, (iii) expedite restoration of service, or (iv) preserve public safety.

9. Cost Responsibility

The Local Network Customer shall be responsible for all costs incurred by Swanton relative to the Local Network Customer's facilities. Appropriate costs may be allocated to more than one Local Network Customer, in a manner within the reasonable discretion of Swanton.

10. Additional Operational Obligations of Local Network Customer

a. Voltage or Reactive Control Requirements:

- i. Unless directed otherwise by Swanton, the Local Network Customer shall ensure that all generating facilities designated as Network Resources are operated with an automatic voltage regulator(s). The Local Network Customer shall ensure that the voltage regulator(s) control voltage at the Point(s) of Receipt consistent with the range of voltage scheduled by Swanton or Swanton's Designated Agent.
- ii. At the discretion of Swanton or Swanton's Designated Agent, the Local Network Customer may be directed to deactivate the automatic voltage regulator and to supply reactive power in accordance with a schedule which shall be provided by

Swanton or Swanton's Designated Agent, and in such event the Local Network Customer shall act in accordance with such direction.

- iii. If the Local Network Customer does not have sufficient installed capacity in generating facilities designated as Network Resources to enable the Local Network Customer to operate such facilities consistent with recommendations of Swanton, or if Network Resources fail to operate at such capacity, Swanton or Swanton's Designated Agent may install, at the Local Network Customer's expense, reactive compensation equipment necessary to ensure the proper voltage or reactive supply at the Point(s) of Receipt.
- b. Station Service: When generating facilities designated as Network Resources are producing electricity, the Local Network Customer shall supply its own station service power. If and when the Local Network Customer's generation facility is not producing electricity, the Local Network Customer shall obtain station service capacity and energy from the franchise utility providing service or other source.
- c. Protection Requirements: Protection requirements shall be agreed upon by the Local Network Customer and Swanton in accordance with Good Utility Practice, and shall conform to Swanton's and, as applicable, ISO, Swanton and NPCC documents as may be adopted or amended from time to time.
- d. Operational Obligations:
 - i. The ISO may require that generation facilities designated as Network Resources be equipped for Automatic Generation Control ("AGC"). The Local Network Customer shall be responsible for all costs associated with installing and maintaining an AGC system on applicable Network Resources.

- ii. Swanton retains the right to require reduced generation at times when system conditions present transmission restrictions or otherwise adversely affect Swanton's other customers. Swanton shall use due diligence to resolve the problems to allow the generator to return to the operating level prior to Swanton's notice to reduce generation. If the restrictions or other problems are deemed by Swanton to be imminent or sufficiently imminent to require immediate action notice may be provided to the Local Network Customer in any reliable form, including oral notice, provided electronic or written notice is thereafter provided to the Local Network Customer within a reasonable time.
 - iii. All operations (including start-up, shutdown and determination of hourly generation) shall be coordinated with Swanton or Swanton's Designated Agent.
- e. Coordination of Operations:
- i. The Local Network Customer shall furnish Swanton with generator annual maintenance schedules for all Network Resources and shall advise Swanton if a Network Resource is capable of participation in system restoration and/or if it has black start capability.
 - ii. Swanton reserves the right to specify turbine and/or generator control settings as determined by the System Impact or Facilities Study or subsequent studies. The Local Network Customer agrees to comply with such specifications by Swanton at the Local Network Customer's expense.
 - iii. If the generator is not dispatchable by Swanton or the ISO, the Local Network Customer shall notify Swanton at least 48 hours in advance of its intent to take its resource temporarily off-line and its intent to resume generation. In circumstances

such as forced outages, the Local Network Customer shall notify Swanton as promptly as possible of the Network Resource's temporary interruption of generation and/or transmission.

- f. Power Factor Requirement: The Local Network Customer agrees to maintain an overall Load Power Factor and reactive power supply within predefined sub-areas as measured at the Point(s) of Delivery within ranges specified by Swanton criteria, rules and standards which identify the power factor levels that must be maintained throughout the applicable sub-area for each anticipated level of load. The Local Network Customer agrees to maintain Load Power Factor and reactive power requirements within the range specified by Swanton or the ISO, as appropriate for the sub-area based on total New England load during that hour. The ISO may revise the power factor limits required from time to time. If the Local Network Customer lacks the capability to maintain the Load Power Factor within the ranges specified, Swanton may install, at the Local Network Customer's expense, reactive compensation equipment necessary to ensure proper load power factor at the Point(s) of Delivery.
- g. Protection Requirement: The Local Network Customer's relay and protection systems must comply with all applicable Swanton, ISO and NPCC criteria, rules, procedures, guidelines, standards or requirements as may be adopted or amended from time to time.
- h. Operational Obligation: The Local Network Customer shall be responsible for operating and maintaining security of its electric system in a manner that avoids adverse impact to Swanton's or other's interconnected systems and complies with all applicable Swanton, ISO and NPCC operating criteria, rules, procedures, guidelines and interconnection standards as may be amended or adopted from time to time. These actions include, but

are not limited to: Voltage Reduction Load Shedding; Under Frequency Load Shedding, Block Load Shedding; Dead Station Tripping; Transferring Load Between Point(s) of Delivery; Implementing Voluntary Load Reductions Including Interruptible Customers; Starting Stand-by Generation; Permitting Swanton Controlled Service Restoration Following Supply Delivery Contingencies on Swanton Facilities.

11. Failure to perform

If the Local Network Customer fails to carry out its obligations under this Agreement, the matter shall be subject to the dispute resolution procedures of the Tariff.

The Parties whose authorizing signatures appear below warrant that they shall abide by the foregoing terms and conditions.

Swanton Village, Inc.

By:

Title:

Date:

(Name of Local Network Customer)

By:

Title:

Date:

ATTACHMENT F

**Form Of Local Service Agreement For
Firm Local Point-to-Point Transmission Service**

- 1.0 This Local Service Agreement, dated as of _____, is entered into, by and between _____ (the Transmission Provider), and _____ ("Local Transmission Customer").
- 2.0 The Local Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Local Point-to-Point Transmission Service under the Tariff.
- 3.0 The Local Transmission Customer has provided to the Transmission Provider an Application deposit in accordance with the provisions of Section 13.7 of the Tariff.
- 4.0 Service under this agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the VPSB. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
- 5.0 The Transmission Provider agrees to provide and the Local Transmission Customer agrees to take and pay for Firm Local Point-to-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Local Service Agreement.
- 6.0 Any notice or request made to or by either Party regarding this Local Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Local Transmission Customer:

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

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

Transmission Provider:

By: _____
Name Title Date

Local Transmission Customer:

By: _____
Name Title Date

Specifications For Long-Term Firm Local Point-To-Point
Transmission Service

1.0 Term of Transaction: _____

Start Date: _____

Termination Date: _____

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

3.0 Point(s) of Receipt: _____

Delivering Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

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

6.0 Designation of party(ies) subject to reciprocal service
obligation: _____

7.0 Name(s) of any Intervening Systems providing transmission
service: _____

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

8.1 Transmission Charge: _____

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

8.3 Direct Assignment Facilities Charge: _____

8.4 Ancillary Services Charges: _____

ATTACHMENT G

**Form Of Local Service Agreement For Non-Firm Local Point-to-Point
Transmission Service**

- 1.0 This Local Service Agreement, dated as of _____, is entered into, by and between _____ (the Transmission Provider), and _____ (Local Transmission Customer).
- 2.0 The Local Transmission Customer has been determined by the Transmission Provider to be a Local Transmission Customer under Part II of the Tariff and has filed a Completed Application for Non-Firm Local Point-to-Point Transmission Service in accordance with Section 19.2 of the Tariff.
- 3.0 Service under this Agreement shall be provided by the Transmission Provider upon request by an authorized representative of the Local Transmission Customer.
- 4.0 The Local Transmission Customer agrees to supply information the Transmission Provider deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.
- 5.0 The Transmission Provider agrees to provide and the Local Transmission Customer agrees to take and pay for Non-Firm Local Point-to-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Local Service Agreement.
- 6.0 Any notice or request made to or by either Party regarding this Local Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Local Transmission Customer:

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

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

Transmission Provider:

By: _____
Name Title Date

Local Transmission Customer:

By: _____
Name Title Date