



CMEEC Board of Directors' Meeting

March 27, 2014

MINUTES

The Connecticut Municipal Electric Energy Cooperative (“CMEEC”) Board of Directors (referred to hereafter sometimes as the “Board” or “BOD”) conducted a regular meeting of the Board on Thursday, March 27, 2014, at CMEEC’s offices. The meeting was legally noticed, in compliance with Connecticut State Law, and all proceedings and actions hereinafter recorded occurred during the publicly open portions of the meeting.

Chairman James Sullivan called the meeting to order at 9:35 A.M. and determined that a quorum was present.

The following Directors participated:

Jewett City – Louis Demicco, Kenneth Sullivan, Richard Throwe
Groton – Edward DeMuzzio, David Collard, Paul Yatcko
Norwich – John Bilda, James Sullivan, Stephen Sinko
East Norwalk – David Brown, James Smith
South Norwalk – Mark Harris, Scott Whittier

The following staff and guests participated:

Drew Rankin, CMEEC, Chief Executive Officer
Edward Pryor, CMEEC, Chief Financial Officer
Philip Sussler, CMEEC, General Counsel
Brian Forshaw, CMEEC, Chief Regulatory and Risk Officer
Justin Connell, CMEEC, Director, Portfolio Management
Michael Cassella, CMEEC, Director, Customer Programs
Gabriel Stern, CMEEC, Director, Strategic Planning
Michael Rall, CMEEC, Project Manager
Beth Mullin, CMEEC, Controller
Ellen Kachmar, CMEEC, Office and Facility Manager

Ms. Kachmar Recorded

Standard Action Items:

(A) Approval of the Minutes of the February 27, 2014 CMEEC Board of Directors' Meeting.

A motion was made by Director DeMuzzio, seconded by Director Smith, to approve the Minutes of the February 27, 2014 CMEEC Board of Directors' Meeting.

Vote passed unanimously.

(14-13)

Director Bilda requested an additional Agenda item be added to Executive Session. This change to the agenda was addressed later in the meeting.

Specific Agenda Items

(B) Review: Objective (s) Summary Report

Mr. Rankin discussed the Objective Summary Report (or "Dashboard Report") of CMEEC's performance relative to its performance metrics, included in the Board package (tab 2 of the Board package). This is provided as a succinct summary of the more comprehensive and detailed information supporting the Objective Summary Report also provided in the Board package. The Dashboard Report is a summary of the key Objectives and associated metrics defining the financial and operating health of CMEEC for the previous month, year-to-date ("YTD"), and year-end projections.

Mr. Rankin began by stating January overall was discouraging due to three factors, (1) exceptionally high locational marginal prices ("LMPs") in the energy market administered by the Independent System Operator – New England, Inc. ("ISO-NE"), (2) higher than budgeted electric load causing open positions, and (3) Pierce Project operations due to January 1 natural gas price volatility. The metric for regional competitiveness deviation with investments was -12% compared to the target value of -20%; without investments, the deviation was -11% compared to the target value of -20%. Mr. Rankin noted that metric for regional competitiveness for the balance of the year, however, is projected to be favorable as Connecticut Light and Power Company's ("CL&P's") near term power supply costs are reset on six month intervals. It is anticipated that the adverse cost consequences of the January and February, 2014 period, if and to the extent experienced by CL&P, will filter into CL&P's power supply costs through such later rate reconciliations.

Mr. Rankin reported with respect to the Customer Fulfillment Objective metric, that due to price escalations, all-in costs both with and without investments are projected at 2 – 2 ½ % over budget through year end.

Mr. Rankin updated the Board on the Financial Stability metric, pointing out that the metrics are very strong, CMEEC conforms to Risk Management Plan ("RMP") to the RMP's targets, and the CMEEC equity to debt ratio for January is 4% above target at 25%. Under the CMEEC

Membership Agreement, the Board has a window of 60 days from the approval of the audited annual financial statements (which vote is before the Board today) to decide on whether or not to provide equity distributions to the Members. Mr. Rankin stated that days cash on hand was below target for January due to the short term increase in energy costs, net A&G was good at 23% below budget, and aggressive steps would be taken to mitigate adverse market conditions. With respect to the Maximize Asset Value metric, Mr. Rankin reported an adverse net benefit for the Pierce Project due to a \$16k locational forward reserve (“LFR”) penalty for the unit not starting, and to an exposure to the “spark spread” and the timing mismatch and resulting difficulty in coordinating electric energy bids and the required natural gas nominations to support the bids coupled with the current natural gas contract pricing structure for natural gas supply to the Pierce Project. The balance of the assets, the market distributed generators (“DGs”), the MicroGen units, and Transmission Project No. 1, and CMEEC margin performed well in January.

(C) NPU Trust Fund Withdrawal

Mr. Pryor reported CMEEC received a request from Norwich Public Utilities to withdraw \$2.75 million from its Municipal Competitive Trust Fund in order to stabilize rates. Under the terms of CMEEC’s governance documents, the Board is required to approve the withdrawal and the purpose of the withdrawal must conform to the permitted uses of the trust funds. Director Bilda noted the funds were intended to be used for a permitted purpose, to maintain rate competitiveness.

A motion was made by Director Bilda, seconded by Director Harris, to approve Resolution 14-14 Approving Norwich Public Utilities’ Request for Use of Funds from its Account held pursuant to the Municipal Competitive Trust.

Vote passed unanimously.

(14-14)

(D) Audited 2013 Annual Financial Statements Report and Vote

Mr. Pryor reported the Audit Committee met with the auditors on March 11, 2014 and went through the results of the annual audit for 2013, which went very smoothly. The auditors were complimentary of the good order of CMEEC’s books and audit process which was led by CMEEC’s Controller, Ms. Mullin. Mr. Pryor thanked the Audit Committee and recommended that the consolidated audit be accepted by the Board. Director Collard, Chairman of the Audit Committee, reported that the committee had reviewed the audit page by page and suggested minor adjustments. A second meeting by phone was held to ensure the changes had been made. Mr. Collard requested the Board accept the consolidated audited 2013 annual financial statements. Director DeMuzzio posed a question about the impact of pending contract disputes with Wallingford, to which Mr. Pryor responded that the auditors had reviewed the issue and were satisfied with the financial statements as presented.

A motion was made by Director Yatcko, seconded by Director K. Sullivan, to approve Resolution 14-15 which Approves and Accepts the CMEEC 2013 Audited Financial Statements.

Vote passed unanimously.

(14-15)

(E) February Market Analysis Review

Mr. Connell reported energy costs in February, 2014, which were similar to those of January (but not as extreme). The energy costs reflected several factors, including under-forecasted loads which caused greater exposure during colder weather, higher forward market prices, and higher natural gas transportation costs. A discussion took place regarding the magnitude of natural gas prices and extreme volatility of the markets. Director Bilda commented that the Algonquin Natural Gas Transmission Pipeline peak was in March this year, which had never occurred before. Chairman Sullivan encouraged the Board to step up advocacy efforts on the policy issues which bear on or may affect these developments, including lack of sufficient inter-regional natural gas pipeline delivery infrastructure as well as other matters.

(F) Rate 9 and Rate 10 Discussion & Vote

Mr. Rankin reported on the procedure for adoption of CMEEC's Rate 9 and Rate 10 followed prior to the Board meeting. These procedures are mandated by statute and require a public hearing for the establishment of a new or modification of an existing CMEEC rate. Mr. Rankin reported that notice of the was published in the newspapers circulating in all areas of CMEEC's operations and, conforming to the notice, a public hearing was held at CMEEC's offices on March 24, 2104 from 5 pm to 7 pm. Mr. Rankin noted that no members of the public attended but that he, Director DeMuzzio (by phone), Mr. Sussler, and Ms. Kachmar were present. Written and comments were received from Wallingford Electric Division ("WED") and Attorney O'Neil, on WED's behalf, to which CMEEC provided responses. Formal minutes of the public hearing and a record of the hearing had been provided in writing previously to the Board.

A motion was made by Director Brown, seconded by Director Demicco, to approve Resolution 14-16 to Approve, Adopt, Ratify, and Confirm Rate 9, Under the Replacement Power Sales Contracts.

Vote passed unanimously.

(14-16)

A motion was made by Director Bilda, seconded by Director Yatcko to approve Resolution 14-17 to Approve, Adopt, Ratify, and Confirm Rate 10.

Vote passed. Director Smith was out of the room during the vote.

(14-17)

(G) ERMP (Enterprise Risk Management Policy) Update

Mr. Rankin reported that Mr. Forshaw was working with the Risk Management Committee on the edits to the ERMP and another meeting is being scheduled in early April to review these edits. The entire Board is invited to the April meeting should they have questions or wish to

review the policy in detail. Chairman Sullivan noted there will be a Board vote on the ERMP at the April 24th meeting.

(H) March, 2014 American Public Power Association (“APPA”) legislative rally in Washington, D.C. Summary

Chairman Sullivan, Mr. Rankin, and Mr. Forshaw recapped the meetings held with legislators during their recent visit to Washington, DC for the annual APPA Legislative Rally. The important issues of high natural gas and electric prices in New England and the failures of the ISO-New England market rules under which power providers are operating were cornerstones of the discussions with the legislators. Chairman Sullivan expressed his encouragement at the positive reaction from the legislators, their interest in the matter, and willingness to engage to help promote beneficial change. Mr. Forshaw noted his participation on a panel with energy staffers from the U.S. House of Representatives and U.S. House Energy and Commerce Committee.

(I) Backus MicroGrid Project Update

Mr. Rall reported the phase-gate meeting for the Backus MicroGrid project is completed. The Department of Energy and Environmental Protection (“DEEP”) draft air emissions permit 30 day public comment period began on March 3 and no comments have been received to date. Mr. Rall was pleased to announce the DEEP air emissions permit should be received around April 7, pending successful completion of the public comment period. Mr. Rall noted the project is slated to remain under budget by \$760k, taking into consideration a requirement by DEEP, incorporated into the draft permit, to construct oxidation catalysts. The project is currently on schedule for completion at the end of July, 2014, in time for a potential August peak.

Motion by Director Bilda, seconded by Director Demicco, to change the Agenda and add discussion of a Personnel related matter to the Executive Session.

Vote passed unanimously. (14-18)

A motion was made to go into Executive Session by Director DeMuzzio, and seconded by Director Brown, to update the Board on the status of; (1) New Power Supply Customer Development, (2) Business Development Update, (3) Sustainable Energy Analytics (“SEA”) Legal Entity Preservation.

Vote passed unanimously. (14-19)

The meeting went into executive session at 10:30 A.M. The basis for the going into executive session was Conn. Gen. Stat. Section 1-200(6) (E) (entailing discussion of any matter which would result in the disclosure of public records or the information contained therein described in sub-sections (b)(1),(5) and (7) of section (1-210)). In addition to the Directors, Messrs. Rankin, Pryor, and Sussler remained in the meeting during the Executive Session.

A motion was made to come out of Executive Session by Director Demicco, seconded by Director Bilda.

Vote passed unanimously. (14-20)

The meeting came out of executive session at 11:15 A.M.

A motion was made to go into Executive Session by Director DeMuzzio, and seconded by Director Brown, to discuss a personnel related matter.

Vote passed unanimously. (14-21)

The meeting went into executive session at 11:17 A.M. The basis for the going into executive session was Conn. Gen. Stat. Section 1-200(6) (A) (Discussion concerning the appointment, employment, performance, evaluation, health or dismissal of a public officer or employee) and (E) (entailing discussion of any matter which would result in the disclosure of public records or the information contained therein described in sub-sections (b) (1), (5) and (7) of section (1-210)). Only the Directors remained in the meeting during the Executive Session.

A motion was made to come out of Executive Session by Director Throwe, seconded by Director Demicco.

Vote passed unanimously. (14-22)

The meeting came out of executive session at 12:22 P.M.

Motion by Director Bilda, seconded by Director K. Sullivan, to adjourn the meeting.

Vote passed unanimously. (14-23)

There being no further matters to be discussed, the meeting was adjourned at 12:23 P.M.

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE

RESOLUTION 14-14

**Resolution Approving Norwich Public Utilities' Request for
Use of Funds from its Account held pursuant to the
Municipal Competitive Trust**

WHEREAS, Norwich Public Utilities has submitted a request pursuant to the CMEEC Municipal Competitive Trust, created as of March 25, 2003 (the "MCT") to transfer an amount of \$2.75 million from its Account, as such term is defined by the MCT, held under the MCT to its Rate Stabilization Fund for the purpose of stabilizing rates; and,

WHEREAS, Norwich Public Utilities has determined that this use of funds currently held for its account in the MCT will help stabilize its electric rates at a competitive level and conforms to its intended plan for use of these funds; and,

WHEREAS, CMEEC Membership Agreement, section 9.3.2. requires the Board of Directors of CMEEC to approve or disapprove any proposed use of the funds being requested for transfer from the MCT, subject in all cases to conformity with the terms of the MCT; and,

WHEREAS, it has been determined that the proposed use of the funds is consistent with the terms of the MCT for use of such funds.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of CMEEC does hereby approve the request of Norwich Public Utilities for the transfer from and use of funds from Norwich Public Utilities' Account held pursuant to the MCT as previously described in this Resolution.



Edward DeMuzzio
Secretary

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Connecticut Municipal Electric Energy Cooperative

Resolution 14-15

Acceptance of the 2013 Audit Report

Whereas, the firm of Blum Shapiro (the "Outside Accountants") was previously engaged by CMEEEC to audit CMEEEC's books and records for CMEEEC's operations during calendar year 2013 and;

Whereas, the Outside Accountants have completed their annual audit of CMEEEC's books and accounts for the calendar year 2013, and have submitted the written report of that audit to the CMEEEC Board of Directors (the "2013 Audit Report"), and;

Whereas, the Joint CMEEEC and TRANSCO Audit Committee (Audit Committee) has reviewed the results of the 2013 Audit and the 2013 Audit Report with the representatives of the Outside Accountants responsible for the conduct of the audit of CMEEEC's books and accounts and with CMEEEC management, and;

Whereas, all comments and input of the Audit Committee deemed appropriate by the Outside Accountants has been incorporated into the final report, and;

Whereas, the Audit Committee unanimously recommends to the full Board acceptance of the 2013 Audit Report as presented at this meeting.

Now Therefore Be it Resolved That:

The Board of Directors of CMEEEC does hereby accept the receipt and completion of the 2013 Audit Report.

March 27, 2014



Edward DeMuzzio
Secretary

Version 1.0

Connecticut Municipal Electric Energy Cooperative

Board of Directors Meeting

Resolution 14-16

**RESOLUTION FOR APPROVAL, ADOPTION, RATIFICATION, AND
CONFIRMATION OF RATE 9, UNDER THE REPLACEMENT POWER SALES
CONTRACTS (as defined herein, the “RPSCs”).**

WHEREAS, the Connecticut Municipal Electric Energy Cooperative (“**CMEEC**”) entered into power sales agreements each of the MEUs, as defined below (the “**Original Power Sales Contracts**” or “**OPSCs**”) which were superseded and replaced by the Replacement Power Sales Contracts (the “**RPSCs**”) and the General Transmission Services Agreements (the “**GTSA**s”) for the supply of the full requirements of Electric Products, as defined by the RPSCs and GTSA, of such MEUs.

WHEREAS, for purposes of this Resolution, the MEUs are defined as Groton Utilities, the Department of Public Utilities of the Borough of Jewett City, Norwich Public Utilities, the Second Taxing District of the City of Norwalk, and the Third Taxing District of the City of Norwalk (collectively, the “**Municipal Electric Utilities**” or “**MEUs**”) and the provisions of this Resolution shall extend to and apply to any future MEU or qualifying electric power entity (“**EPE**”) which executes a RPSC and a GTSA and becomes subject to the provisions of Rate 9, as approved and adopted by this Resolution.

WHEREAS, the obligations of CMEEC and the MEUS (and of future MEUs or qualifying EPEs executing a RPSC and GTSA) to supply and pay for power supply are defined by contract in the RPSCs and GTSA.

WHEREAS, pursuant to Chapter 101a of the General Connecticut Statutes (the “**Act**”) and specifically Conn. Gen. Stat. Section 7-233m, CMEEC is required to have a published rate on file, adopted by CMEEC following publication of notice of a public hearing and the conduct of the public hearing, with respect to CMEEC’s prices, charges, costs and rates.

WHEREAS, CMEEC has a duly adopted pre-existing rate, referred to as “Rate 9”, with respect to CMEEC’s rates, fees, rentals or other charges and recovery of its costs and required reserves, if any, incurred under the OPSCs and the RPSCs and GTSA and other charges for the supply of Electric Products applicable to those entities purchasing power supply from CMEEC.

WHEREAS, CMEEC has revised and updated Rate 9 with respect to its rates, fees, rentals or other charges so as to reflect changes in the electric power industry, changes in the rules and tariffs of the Independent System Operator New England, Inc. (“**ISO-NE**”) and changes in the

arrangements between CMEEC and the MEUs and made applicable to the MEUs or qualifying EPEs which have entered into RPSCs and GTSAAs with CMEEC.

WHEREAS, publication of notice of a public hearing to consider the revision and update to Rate 9 was duly made, copies of the proposed revision and update to Rate 9 were duly made available to the public and the subsequent public hearing held on March 24, 2014 was duly called and convened and completed, all as required by the Act.

WHEREAS, the Board of Directors of CMEEC have duly considered the record of the public hearing conducted with respect to the revision and update of Rate 9 in adopting this Resolution.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE AS FOLLOWS:

Section 1. The foregoing recitals are true and correct.

Section 2. The Board of Directors of CMEEC does hereby adopt and approve the revision and update to Rate 9, in the form attached hereto.

Section 3. The Board of Directors of CMEEC do hereby ratify and confirm all invoices billed prior to the date of this Resolution, subject to such adjustments and process for dispute resolution as is authorized under the RPSCs and GTSAAs and Rate 9, adopted pursuant to this Resolution.

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Secretary

ATTACHMENT A: (Revised) Rate 9

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Exhibit G (as referenced in the Replacement Power Supply Contract(s))
CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
MASTER RATE SCHEDULE TARIFF 9
RESALE POWER SERVICE

This Master Rate Schedule Tariff 9 (sometimes referred to herein as “Rate 9” or “Rate Schedule”) is established and made available in accordance with the General Transmission Services Agreement (“GTSA”) and the Replacement Power Supply Contract (“RPSC”) by and between the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) and the Rate 9 Participant, and in the case of the Town of Wallingford acting by and through its municipal electric utility (“MEU”), the Wallingford Electric Division (“WED”), the Memorandum of Agreement (“MOA”) by and between CMEEC and WED, until the MOA is superseded by a RPSC and GTSA, or is terminated.

Terms defined in the RPSC and GTSA shall have the meanings in this Master Rate Schedule Tariff 9 as such terms are defined and used in the RPSC and GTSA.

DEFINITIONS

Capitalized terms used in this Master Rate Schedule Tariff 9, if not otherwise defined herein, shall have the meanings as such terms are defined in the RPSC and the GTSA.

For purposes of Rate 9, the following capitalized terms shall have the following meanings:

Applicable Law shall mean the requirements of any Federal and/or State law, code, statute, rule, regulation, decree, as well as any decree, order or judgment, not otherwise subject to appeal, validly issued or promulgated, and then in effect, by any court, tribunal, arbitrator or governmental agency having competent jurisdiction.

Electric Obligations shall mean the obligations incurred by each Rate 9 Participant with responsibility for serving electric load as required under Applicable Law and/or the ISO-NE Tariff, excluding Transmission Services supplied under the GTSAs, which are required under separate agreements or by regulation or Applicable Law, including but not limited to the ISO-NE Participants Agreement, Market Participant Service Agreement and the ISO-NE Tariff, and including, but not limited to: Day Ahead and Real Time Energy Load Obligations, Capacity Load Obligations, Real Time and Forward Reserve Charge Obligations and Net Commitment Period Compensation Charge Obligations. Capitalized terms used in this definition shall have the meanings given to such terms in the ISO-NE Tariff.

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Electric Products shall mean the Electric Obligations, hedges, forward purchases, transactions, and agreements, other than Transmission Services, procured or entered into, to supply, manage, and partially or fully hedge the costs incurred in meeting the Electric Obligations of the Rate 9 Participant and, when procured by CMEEC, shall include such additional support and administrative services performed by CMEEC as are necessary to procure and manage such procurement.

ISO-NE Tariff shall mean the FERC-approved and/or regulated tariffs, market rules and procedures, as amended, adopted by ISO-NE for its administration of Electric Product-related markets and supply.

Load as used in determining Participants' shares of Administration Costs (General) or Administration Costs, shall mean, for any period, and with respect to any Participant, electric energy measured in megawatt hours ("MWh") during a given period and delivered to the applicable Participant, including Special Contract load, and as reconstituted and as applicable within the RPSC.

Rate 9 Participant, or **Participant**, shall mean the Power Purchaser and Transmission Purchaser taking service under this Rate Schedule.

AVAILABILITY

This Rate Schedule is available for the supply of Electric Products as defined in the RPSC and the supply of Transmission Services as defined in the GTSA, to each of which, respectively, the Rate 9 Participant is a party, which together, form the required and uniform basis for the provision of Electric Products and Transmission Services by CMEEC to all Rate 9 Participants.

GENERAL SERVICE TERMS

The general service terms applicable to this Rate Schedule shall be as set forth in Appendix A (Exhibit H to the RPSC), and may be amended from time to time by resolution of the Board.

Section 1 - Base Charges

The Base Charges shall be computed and billed by CMEEC as the sum of the charges and credits as set forth in Sections 2, 3, 4, 5 and 6 of this Rate Schedule.

Pending the availability of actual data, billing of the Base Charges shall utilize estimates of such data developed by CMEEC, subject to true up as provided in Section 8 of this Rate Schedule. The Base Charges shall be computed and billed by the fifth (5th) business day following the month CMEEC supplied the services.

Section 2 - Transmission Services

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The Rate 9 Participant shall be responsible for the payment of all transmission related costs incurred by TRANSCO and billed to CMEEC pursuant to the GTSA, which are related to the delivery of Electric Products to the Rate 9 Participant and/or the output of any Power Projects in which the Rate 9 Participant is a Participant, as provided under the GTSA, inclusive of all Transmission Services. The transmission related costs incurred by CMEEC and/or TRANSCO in providing Transmission Services to the Rate 9 Participant and for which the Rate 9 Participant shall be responsible shall be consistent with the manner in which costs are incurred by CMEEC and/or TRANSCO, as applicable, pursuant to the GTSA, if applicable, in the ISO-NE markets and pursuant to the ISO-NE Tariff.

Section 3 - Fixed Costs Obligation

The Fixed Costs obligations of the Rate 9 Participant shall be as provided in the Rate 9 Participant's RPSC and the GTSA, as supplemented by this Rate 9. As provided in the RPSC and GTSA, the annual Fixed Costs obligations shall be computed by CMEEC as the product of 1) the Annual Budget of CMEEC for Fixed Costs associated with a given Power Project or Transmission Project (referred to generically as the "Projects"), and 2) the Rate 9 Participant's Entitlement Allocation by specific Project expressed as a decimal to two significant places, plus 3) the Rate 9 Participant's Load share of the Administration Costs (General) as annually determined by the following convention:

By July of each and every year, CMEEC will calculate each Participant's Load weighted share, equal to the ratio of (x) such Participant's five (5) year rolling average Load, inclusive of Special Contracts, over (y) the aggregate total five (5) year rolling average Load of all Participants, inclusive of Special Contracts. Each Participant's Load share shall be calculated by CMEEC no later than July 1 of each year using the five (5) year rolling average Load from the previous five (5) years, and shall apply to the year following its calculation. For example, on or before July 1, 2013, the Participant's Administration Costs (General) share shall be calculated using the five (5) year rolling average Load during the time period from July 1, 2008 to June 30, 2013, with resulting Participant's Administration Costs (General) share applying during the 2014 calendar year. One hundred percent (100%) of the Administration Costs (General) will be applied using this convention to all Participants under this Rate 9.

The Fixed Costs charged to and due from each Rate 9 Participant shall be computed and billed by CMEEC as the sum of the Participant's project-based Fixed Costs and the Participant's share of the Administration Costs (General), both as determined above.

When special arrangements are established with a withdrawing Participant or potentially withdrawing Participant for CMEEC conducting supplemental services related to securing Forward Energy Contracts and or other Electric Products or Transmission

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Services, in addition to the negotiated terms and conditions for pro rata assignment of Administration Costs if different than those specifically defined above, those Administration Costs shall include usage related costs defined in Section 6, Sub Section (vi).

Section 4 - Power Costs

Power Supply Costs shall be determined as a combination of the measurement of the requirements of the Rate 9 Participant for all Electric Products and the costs incurred by CMEEC for providing such Electric Products. The Rate 9 Participant's Electric Product requirements shall be computed by CMEEC as set forth in Subsection (a) below.

(a) The Rate 9 Participant's full requirements for all Electric Products exclusive of: 1) any Electric Products from Native Supply Resources permitted under the RPSC, if applicable and not otherwise assigned to CMEEC as set forth in Section 2 of the RPSC ("Permitted Native Supply Resources"), and 2) any Electric Products sold under a CMEEC interruptible rate or special Customer Purchase arrangement as provided for in Section 7 of this Schedule with the Rate 9 Participant. Electric Products requirements shall be computed by CMEEC on an hourly basis or such other time interval as applicable to how such costs are allocated to CMEEC.

(i) For purposes of the measurement of quantities of Electric Products the Rate 9 Participant's demand for the applicable hours during which such Electric Products are allocated to CMEEC, as measured in kilowatts, metered to all Delivery Points of the Rate 9 Participant inclusive of 1) any Electric Products from generation facilities owned, operated or controlled by the Rate 9 Participant and not Permitted Native Supply Resources and 2) any metering adjustment to compensate for delivery to the high-voltage side of the Delivery Point substations and adjustments to compensate for losses to Delivery Points at below transmission voltage as determined by the GTSA or other applicable transmission arrangements required for the delivery of the Electric Products to the Rate 9 Participant, or the local Transmission Provider, but exclusive of 1) any Electric Products from generation facilities owned by the Rate 9 Participant which are permitted to reduce Rate 9 Participant's full requirement obligation and not assigned to CMEEC, and 2) Electric Products sold to the Rate 9 Participant under a CMEEC interruptible rate arrangement or any special Customer Purchase arrangements as provided for in Section 7 of this Schedule.

(ii) For purposes of the measurement of quantities of Electric Products the Rate 9 Participant's system energy during the applicable Time Period shall be the sum of the hourly kilowatt-hours metered at all Delivery Points of the Rate 9 Participant, adjusted to coincide with the start and end of each Time Period, inclusive of 1) any actual Electric Products in any such hour from generation facilities owned, operated, or controlled by the

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Rate 9 Participant, and 2) any metering adjustments to compensate for delivery to the high-voltage side of the Delivery Point substations and adjustments to compensate for losses to Delivery Points at below transmission voltages as determined by the transmission arrangements entered into by CMEEC and/or TRANSCO or the Local Transmission Provider required to deliver the Electric Products to the Rate 9 Participant but exclusive of 1) any Electric Products in any such hour from Permitted Native Supply Resources which are permitted to reduce Rate 9 Participant's full requirements obligation and not assigned to CMEEC and 2) Electric Products sold in any such hour to the Rate 9 Participant under a CMEEC interruptible rate arrangement or any special Customer Purchase arrangements as provided for in Section 6 of the Rate Schedule.

The cost of Electric Products as defined by ISO-NE for all load serving entities participating in the ISO-NE markets and the cost of additional Electric Products entered into by CMEEC to manage and partially or fully hedge the costs associated with the Electric Obligations of the Rate 9 Participants, shall be computed as the sum of the Rate 9 Participant's share of charges and credits as set forth in Subsections (i), (ii), (iii), (iv), and (v) (as they may be amended pursuant to the ISO-NE Tariff) below:

- (i) Forward Capacity Market charges and credits
- (ii) Energy Market Charges and Credits
- (iii) Ancillary Services Charges and Credits
- (iv) ISO-NE Tariff and Charges and Credits (including charges under the Service Agreement with CONVEX)
- (v) Other Charges and Credits Allocated to CMEEC under the ISO-NE Tariff.

The Rate 9 Participant will receive a charge or credit for all variable costs incurred by CMEEC for the Rate 9 Participant's Entitlement Allocation of the Power Projects and all other power supplies acquired by CMEEC to meet the full requirements of Electric Products of the Rate 9 Participant needed pursuant to the ISO-NE Tariff and Applicable Law.

Section 5 – Levelized Billing of Power Costs

The computation of the requirements for Electric Products and the costs of CMEEC providing such Electric Products on an hourly basis and all Transmission Services provided to the Rate 9 Participant, or any such other time frame, shall be consistent with the manner in which costs are incurred by CMEEC in the ISO-NE administered markets and pursuant to the ISO-NE Tariff. To the extent that such cost information is not readily available, CMEEC shall utilize estimates as provided for in Section 8 in developing bills

for the applicable Time Period. Hourly costs for Electric Products may experience significant volatility over any given period. To the extent such volatility is inconsistent with the Rate 9 Participant's retail rate design, or the needs of the Rate 9 Participants, individual Participants can direct use of their respective rate stabilization funds, if available, or alternatively, request the CMEEC Board, on an annual basis coinciding with the approval CMEEC's Annual Budget, to establish a levelized billing rate for Power Supply Costs and Transmission Services based upon CMEEC's estimate of the costs of the Electric Product requirements of all Rate 9 Participants or each Rate 9 Participant individually as measured on a per unit basis. CMEEC will provide the Rate 9 Participant with estimated true up of costs on a basis as set by the Board to the extent levelized billing is set by the Board, the Rate 9 Participant shall receive a charge or credit from over-billings or under-billings, as the case may be, of actual Power Supply Costs and the costs of Transmission Services incurred for the previous year compared with the Rate 9 Participant's levelized Power Supply Costs and costs of Transmission Services billed for such year.

Section 6 – Other Charges or Credits to Power and Transmission and Costs

The Rate 9 Participant shall receive a statement of other charges or credits to the Rate 9 Participant's Base Costs as are applicable based on charges or credits 1) pursuant to the RPSC and GTSA or 2) approved by the Rate 9 Participant and/or the Board as appropriate. Such charges and credits may include the following items.

(i) The Rate 9 Participant shall receive a credit for, or the Electric Products from, generating facilities under assignment to CMEEC by the terms of any specific agreement, or by the market clearing prices for Electric Products available from such generating facilities, to CMEEC from ISO-NE.

(ii) The Rate 9 Participant shall receive a charge or credit as appropriate for disbursements to or from individual accounts established for the sole benefit of the Rate 9 Participant, including but not limited to, the Rate 9 Participant's Economic Development Fund, Rate 9 Participant's Rate Stabilization Fund, Rate 9 Participant's Trust Fund, or any other Fund established by the Rate 9 Participant where such charges or credits shall be as authorized by a designated representative of the Rate 9 Participant.

The Economic Development Fund shall be set at 0.5 mils/kWh for the total kWh of the Rate 9 Participant. The amount of the contribution to the Economic Development fund may be changed at any time by notice given to CMEEC by an authorized representative of the Rate 9 Participant.

(iii) The Rate 9 Participant, if a signatory to the Membership Agreement and thereby a "Member", shall receive a charge or credit in the manner provided in the Membership Agreement, and in Section 12 of the RPSC, for the excess revenues, net of expenses,

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attributable to the sale of power, any contractual arrangement or other service provided by CMEEC.

(iv) The Rate 9 Participant shall receive a charge or credit as approved by the Board as may be applied to reflect unique costs or revenue credits, which do not affect all other Rate 9 Participants on a pro-rata basis. Such special charges or credits shall be clearly specified in addendum to this Rate Schedule approved by the Board and may include, but are not limited to, such items as interest charges or credits, prepayments, the recovery of costs of any special financing, or sanction penalties imposed by ISO-NE.

(v) The Rate 9 Participant, if a Member, shall receive a credit for any dividend, distribution, or return of capital as approved by the Board from time to time.

(vi) The Rate 9 Participant shall receive an usage related charge to supplement Administration Costs for energy procurement and ancillary service fees as assessed and approved time to time by the Board, currently at the rate of \$1.00 / MWh, applied to each MWh of energy delivered to Purchaser Delivery Points for each Time Period in which the energy deliveries occurred.

(vii) The Rate 9 Participant shall receive a charge or credit to meet the Power Supply Cost, Transmission Services Cost, and Administration Cost (General) Allocation as defined in the RPSC and GTSA applicable to such Rate 9 Participant, where costs incurred by CMEEC are not provided for in any other Section of this Rate Schedule.

Section 7 - Supplemental Rates and Special Arrangements

In addition to the Base Charges, this Rate Schedule provides for additional services as may be required by the Rate 9 Participant from time to time. Additional services shall consist of those services or arrangements provided for in the Supplemental Rider to this Rate Schedule as set forth below. The Board may approve additional Supplemental Riders from time to time as required by the Rate 9 Participants to meet their needs.

(i) Supplemental Rider - Customer Purchase Arrangements; Special Contracts.

This Rider is available to any Rate 9 Participant that may desire to enter into Special Contract with CMEEC to facilitate specific power purchase contract or rate arrangements between the Rate 9 Participant and any of its retail customers or group of retail customers. This Rider shall be available to each Rate 9 Participant to facilitate any Special Contract including, but not limited to, market priced power, interruptible service, back-up service, renewable resource energy and conservation and load management services.

The costs and terms of providing such service shall be determined by prices and terms at such time as agreed to by the Rate 9 Participant and CMEEC provided, however, that any special arrangement offered hereunder shall not reduce the Rate 9 Participant's Fixed

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Costs obligations set forth in Section 3. All such Special Contract arrangements shall provide for the recovery of any incremental costs and risks incurred by CMEEEC in supplying the Special Contract service, and shall be determined by uniform and equitable standards, and defined in each Special Contract.

Section 8 - Use of Estimates

For the services and charges described in this Rate Schedule, the CMEEEC may utilize estimates to the extent reflected in CMEEEC's Annual Budget. Deviations between collections under this Rate Schedule and the CMEEEC's actual expenses will be reconciled through a month-to-month or a year-to-year prospective true up as appropriate. Any deviations between estimated and actual true-up amounts for any Year will be reflected in the Annual Budget as determined by the Board for the subsequent Year.

Section 9 – Billing Format

The charges or credits comprising the various components of this Rate Schedule shall be provided in a billing format that enables the Rate 9 Participant to provide its retail customers with a standard billing format which is generally consistent with the guidelines and regulations of the State of Connecticut Department of Public Utility Control as appropriate with respect to Public Act 98-28, An Act Concerning Electric Restructuring or such other format or grouping of costs as may be required by a Rate 9 Participant and approved by the Board from time to time.

Section 10 - Effective Date and Amendments

The Rate Schedule shall become effective for service rendered on the first day of the month following the Commencement Date of the RPSC and shall remain in effect until superseded by vote of the Board. This Rate Schedule may be amended by the Board to provide for different terms or additional services. All such amendments to this Rate Schedule shall be in the form of Riders to this Rate Schedule provided however that no such amendment shall reduce the obligations of the Rate 9 Participant for the payment of its Fixed Costs obligations, as set forth in the RPSC and the GTSA.

Effective Date:

March 27, 2014

**Exhibit H (as referenced in the RPSC(s))
(Appendix A to Rate Schedule Tariff 9)**

General Service Terms

Character of Service

Alternating current; 60 Hertz, three-phase; delivery at 69 kV or 115 kV or at other voltages subject to conditions as agreed upon.

For service taken at a voltage below 69 kV, the hourly meter readings of the load of the RC Power Purchaser and/or Rate 9 Participant (the "Power Purchaser" for purposes of this Appendix A) shall be increased by 2% to compensate for losses until such time as new engineering studies show a loss factor of greater or less than 2% is more appropriate at which time the CMEEC and the Power Purchaser shall mutually agree on the appropriate loss adjustment factor as shall be accepted by Connecticut Light and Power Company ("CL&P"). The Power Purchaser shall be required to maintain power factors appropriate to meet the system operating requirements of the CL&P set forth in the GTSA, or otherwise in CMEEC's Transmission Service Agreement or the New England Power Pool ("NEPOOL") Agreement, as amended, or as established by the Independent System Operator – New England, Inc. or any successor entity ("ISO-NE"). In the event that a Power Purchaser does not maintain such a power factor, CMEEC shall have the right to apply additional charges as determined by the Board of Directors of CMEEC (the "Board") as appropriate to this Rate Schedule Tariff 9 to cause compliance with such power factor requirements. Such additional charges shall be applicable to all Power Purchasers who are not in compliance with the ISO-NE power factor requirements. As of the effective date of this Rate Schedule, the power-factor deficiency charge shall be \$0.33 kVAR/Time Period for all kVAR the Power Purchaser is deficient from the ISO-NE compliance level. The Board shall specifically approve any and all additional power factor deficiency charges to the Power Purchaser prior to implementation.

Metering Adjustment

When delivery is made at the high-voltage side of the substation and the service is metered on the low-voltage side, all metered quantities at the substation shall be increased by an amount to compensate for reasonable transformation losses, where such amount shall be set by the Board and may be changed from time to time by the Board. Each Power Purchaser is required to comply with the requirements of the ISO-NE, as applicable, and the ISO-NE Tariff as if such Power Purchaser were a direct participant in NEPOOL and ISO-NE. To the extent any Power Purchaser engages in sanctionable behavior as provided in the ISO-NE Tariff and such behavior (or lack of behavior) causes Sanctions to be imposed on CMEEC, CMEEC shall have the right to impose on the Power Purchaser the consequences of such sanctions.

Version 1.0

Connecticut Municipal Electric Energy Cooperative

Board of Directors Meeting

Resolution 14-17

**RESOLUTION FOR APPROVAL, ADOPTION, RATIFICATION, AND
CONFIRMATION OF RATE 10.**

WHEREAS, the Connecticut Municipal Electric Energy Cooperative (“**CMEEC**”) may from time to time enter into power sales agreements (“**PSAs**”) with electric power entities (“**EPEs**”) for the provision of Electric Products, as such term may be defined under the rules and tariffs of the Independent System Operator New England, Inc. (“**ISO-NE**”), or under such PSAs or other contracts which CMEEC may enter into with such EPEs.

WHEREAS, for purposes of this resolution the PSAs shall not be deemed to include the Replacement Power Sales Contracts (the “**RPSCs**”) or the General Transmission Services Agreement (the “**GTSAs**”) which CMEEC has entered or in the future may enter into with the MEUs, as defined herein, or, in future may enter into with qualifying EPEs for the provision of the full requirements power supply of such existing or future MEUs or qualifying EPEs which is separately provided for under such RPSCs, GTSAs, and Rate 9, as duly approved and adopted by separate resolution of the Board of Directors of CMEEC.

WHEREAS, for purposes of this Resolution, the MEUs are defined as Groton Utilities, the Department of Public Utilities of the Borough of Jewett City, Norwich Public Utilities, the Second Taxing District of the City of Norwalk, and the Third Taxing District of the City of Norwalk and shall include any future MEU (collectively, the “**Municipal Electric Utilities**” or “**MEUs**”) which executes a RPSC and GTSA and becomes subject to the provisions of Rate 9, as duly approved and adopted by separate Resolution of the Board of Directors of CMEEC.

WHEREAS, the obligations of CMEEC and any EPE, which is not a qualifying EPE executing a RPSC and GTSA, to supply and pay for the delivery of Electric Products are defined by separate contractual arrangement by and between CMEEC and any such EPE.

WHEREAS, pursuant to Chapter 101a of the General Connecticut Statutes (the “**Act**”) and specifically Conn. Gen. Stat. Section 7-233m, CMEEC is required to have a published rate on file, adopted by CMEEC following publication of notice of a public hearing and the conduct of the public hearing, with respect to CMEEC’s rates, fees, rentals and other charges.

WHEREAS, CMEEC has a duly adopted pre-existing rate, referred to as “**Rate 9**” which provides for CMEEC’s rates, fees, rentals or other charges and recovery of its costs and any required reserves, if any, applicable to those entities purchasing power supply from CMEEC.

WHEREAS, CMEEC is establishing a new Rate 10 providing for CMEEC's rates, fees, rentals or other charges so as to reflect changes in the electric power industry, changes in the rules and tariffs of the Independent System Operator New England, Inc. ("ISO-NE") and changes in the arrangements between CMEEC and its customers and applicable to those customers of CMEEC which constitute EPEs, and have not entered into a RPSC and GTSA with CMEEC and to which Rate 9 is not applicable.

WHEREAS, publication of notice of a public hearing to consider Rate 10 was duly made, copies of the proposed Rate 10 were duly made available to the public and the subsequent public hearing held on March 24, 2014 was duly called and convened and completed, all as required by the Act.

WHEREAS, the Board of Directors of CMEEC have duly considered the record of the public hearing conducted with respect to the establishment of Rate 10 in adopting this Resolution.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE AS FOLLOWS:

Section 1. The foregoing recitals are true and correct.

Section 2. The Board of Directors of CMEEC does hereby adopt and approve Rate 10, in the form attached hereto.

Section 3. The Board of Directors of CMEEC do hereby ratify and confirm all invoices billed prior to the date of this Resolution, subject to such adjustments and process for dispute resolution as is authorized under any existing contractual arrangements which CMEEC has with any EPE and Rate 10, adopted pursuant to this Resolution.

March 27, 2014



Secretary

ATTACHMENT A: Rate 10

March 27, 2014

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE

MASTER RATE SCHEDULE TARIFF 10

RESALE POWER SERVICE

This Master Rate Schedule Tariff 10 (sometimes referred to herein as “Rate 10” or “Rate Schedule”) is established and made available in accordance with certain specific contracts between the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) and the Rate 10 Participant (“Participant”). The contracts between CMEEC and Participant(s) shall be referred to as “Participant Contract” as used within this Master Rate Schedule Tariff 10.

Terms defined in Participant Contracts shall have the meanings in this Master Rate Schedule Tariff 10 as such terms are defined and used in the Participant Contracts.

DEFINITIONS

Capitalized terms used in this Master Rate Schedule Tariff 10, if not otherwise defined herein, shall have the meanings as such terms are defined in the Participant Contracts.

For purposes of Rate 10, the following capitalized terms shall have the following meanings:

Applicable Law shall mean the requirements of any Federal and/or State law, code, statute, rule, regulation, decree, as well as any decree, order or judgment, not otherwise subject to appeal, validly issued or promulgated, and then in effect, by any court, tribunal, arbitrator or governmental agency having competent jurisdiction.

Electric Obligations shall mean the obligations incurred by each Rate 10 Participant with responsibility for serving electric load as required under Applicable Law and/or the ISO-NE Tariff, which are required under separate agreements or by regulation or Applicable Law, including but not limited to the ISO-NE Participants Agreement, Market Participant Service Agreement and the ISO-NE Tariff, and including, but not limited to: Day Ahead and Real Time Energy Load Obligations, Capacity Load Obligations, Real Time and Forward Reserve Charge Obligations and Net Commitment Period Compensation Charge Obligations. Capitalized terms used in this definition shall have the meanings given to such terms in the ISO-NE Tariff.

Electric Products shall mean the Electric Obligations, hedges, forward purchases, transactions, and agreements, other than Transmission Services, procured or entered into, to supply, manage, and partially or fully hedge the costs incurred in meeting the Electric Obligations of the Rate 10 Participant and, when procured by CMEEC, shall include such

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additional support and administrative services performed by CMEEC as are necessary to procure and manage such procurement.

ISO-NE Tariff shall mean the FERC-approved and/or regulated tariffs, market rules and procedures, as amended, adopted by ISO-NE for its administration of Electric Product-related markets and supply.

Load as used in determining Participants' shares of Administration Costs (General) or Administration Costs, shall mean, for any period, and with respect to any Participant, electric energy measured in megawatt hours ("MWh") during a given period and delivered to the applicable Participant, including Special Contract load, and as reconstituted and as applicable within the Participant Contract.

Rate 10 Participant, or **Participant**, shall mean the Power Purchaser and Transmission Purchaser taking service under this Rate Schedule.

AVAILABILITY

This Rate Schedule is available for the supply of Electric Products and Transmission Services as defined in the Participant Contracts which form the required and uniform basis for the provision of Electric Products and Transmission Services by CMEEC to all Rate 10 Participants.

GENERAL SERVICE TERMS

The general service terms applicable to this Rate Schedule shall be as set forth in Appendix A and may be amended from time to time by resolution of the Board.

Section 1 - Base Charges

The Base Charges shall be computed and billed by CMEEC as the sum of the charges and credits as set forth in Sections 2, 3, 4, 5 and 6 of this Rate Schedule.

Pending the availability of actual data, billing of the Base Charges shall utilize estimates of such data developed by CMEEC, subject to true up as provided in Section 8 of this Rate Schedule. The Base Charges shall be computed and billed by the fifth (5th) business day following the month CMEEC supplied the services.

Section 2 - Transmission Services

The Rate 10 Participant shall be responsible for the payment of all transmission related costs incurred by CMEEC pursuant to the Participant Contract, which are related to the delivery of Electric Products to the Rate 10 Participant and/or the output of any Power Projects in which the Rate 10 Participant is a Participant, as provided under the Participant Contract and or other contract, including the General Transmission Services

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Agreement (“GTSA”), inclusive of all Transmission Services. The transmission related costs incurred by CMEEC in providing Transmission Services to the Rate 10 Participant and for which the Rate 10 Participant shall be responsible shall be consistent with the manner in which costs are incurred by CMEEC, as applicable, pursuant to the Participant Contract, if applicable, in the ISO-NE markets and pursuant to the ISO-NE Tariff.

Section 3 – CMEEC Charge(s) Costs Obligation

Participants shall be responsible for CMEEC charges as defined in the Participant Contract, which such charges are regularly revised by and between CMEEC and the Participant as part of the comprehensive perfection of each Participant Contract, for CMEEC providing all services within the Participant Contract (“CMEEC Charges”)

Section 4 - Power Costs

Power Supply Costs shall be determined as a combination of the measurement of the requirements of the Rate 10 Participant for all Electric Products and the costs incurred by CMEEC for providing such Electric Products. The Rate 10 Participant’s Electric Product requirements shall be computed by CMEEC as set forth in Subsection (a) below.

(a) The Rate 10 Participant's full requirements for all Electric Products exclusive of: 1) any Electric Products from Native Supply Resources permitted under the Participant Contract, if applicable and not otherwise assigned to CMEEC, and 2) any Electric Products sold under a CMEEC interruptible rate or special Customer Purchase arrangement as provided for in Section 7 of this Schedule with the Rate 10 Participant. Electric Products requirements shall be computed by CMEEC on an hourly basis or such other time interval as applicable to how such costs are allocated to CMEEC.

(i) For purposes of the measurement of quantities of Electric Products the Rate 10 Participant's demand for the applicable hours during which such Electric Products are allocated to CMEEC, as measured in kilowatts, metered to all Delivery Points of the Rate 10 Participant inclusive of 1) any Electric Products from generation facilities owned, operated or controlled by the Rate 10 Participant and not Permitted Native Supply Resources and 2) any metering adjustment to compensate for delivery to the high-voltage side of the Delivery Point substations and adjustments to compensate for losses to Delivery Points at below transmission voltage as determined by the Participant Contract or other applicable transmission arrangements required for the delivery of the Electric Products to the Rate 10 Participant, or the local Transmission Provider, but exclusive of 1) any Electric Products from generation facilities owned by the Rate 10 Participant which are permitted to reduce Rate 10 Participant's full requirement obligation and not assigned to CMEEC, and 2) Electric Products sold to the Rate 10 Participant under a CMEEC interruptible rate arrangement or any special Customer Purchase arrangements as provided for in Section 7 of this Schedule.

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(ii) For purposes of the measurement of quantities of Electric Products the Rate 10 Participant's system energy during the applicable Time Period shall be the sum of the hourly kilowatt-hours metered at all Delivery Points of the Rate 10 Participant, adjusted to coincide with the start and end of each Time Period, inclusive of 1) any actual Electric Products in any such hour from generation facilities owned, operated, or controlled by the Rate 10 Participant, and 2) any metering adjustments to compensate for delivery to the high-voltage side of the Delivery Point substations and adjustments to compensate for losses to Delivery Points at below transmission voltages as determined by the transmission arrangements entered into by CMEEC or the Local Transmission Provider required to deliver the Electric Products to the Rate 10 Participant but exclusive of 1) any Electric Products in any such hour from Permitted Native Supply Resources which are permitted to reduce Rate 10 Participant's full requirements obligation and not assigned to CMEEC and 2) Electric Products sold in any such hour to the Rate 10 Participant under a CMEEC interruptible rate arrangement or any special Customer Purchase arrangements as provided for in Section 6 of the Rate Schedule.

The cost of Electric Products as defined by ISO-NE for all load serving entities participating in the ISO-NE markets and the cost of additional Electric Products entered into by CMEEC to manage and partially or fully hedge the costs associated with the Electric Obligations of the Rate 10 Participants, shall be computed as the sum of the Rate 10 Participant's share of charges and credits as set forth in Subsections (i), (ii), (iii), (iv), and (v) (as they may be amended pursuant to the ISO-NE Tariff) below:

- (i) Forward Capacity Market charges and credits
- (ii) Energy Market Charges and Credits
- (iii) Ancillary Services Charges and Credits
- (iv) ISO-NE Tariff and Charges and Credits (including charges under the Service Agreement with CONVEX)
- (v) Other Charges and Credits Allocated to CMEEC under the ISO-NE Tariff.

The Rate 10 Participant will receive a charge or credit for all variable costs incurred by CMEEC for the Rate 10 Participant's Entitlement Allocation of the Power Projects and all other power supplies acquired by CMEEC to meet the full requirements of Electric Products of the Rate 10 Participant needed pursuant to the ISO-NE Tariff and Applicable Law.

Section 5 – Levelized Billing of Power Costs

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The computation of the requirements for Electric Products and the costs of CMEEC providing such Electric Products on an hourly basis and all Transmission Services provided to the Rate 10 Participant, or any such other time frame, shall be consistent with the manner in which costs are incurred by CMEEC in the ISO-NE administered markets and pursuant to the ISO-NE Tariff. To the extent that such cost information is not readily available, CMEEC shall utilize estimates as provided for in Section 8 in developing bills for the applicable Time Period. Hourly costs for Electric Products may experience significant volatility over any given period. To the extent such volatility is inconsistent with the Rate 10 Participant's retail rate design, or the needs of the Rate 10 Participants, individual Participants can direct use of their respective rate stabilization funds, if available, or alternatively, request the CMEEC Board, on an annual basis coinciding with the approval CMEEC's Annual Budget, to establish a levelized billing rate for Power Supply Costs and Transmission Services based upon CMEEC's estimate of the costs of the Electric Product requirements of all Rate 10 Participants or each Rate 10 Participant individually as measured on a per unit basis. CMEEC will provide the Rate 10 Participant with estimated true up of costs on a basis as set by the Board to the extent levelized billing is set by the Board, the Rate 10 Participant shall receive a charge or credit from over-billings or under-billings, as the case may be, of actual Power Supply Costs and the costs of Transmission Services incurred for the previous year compared with the Rate 10 Participant's levelized Power Supply Costs and costs of Transmission Services billed for such year.

Section 6 – Other Charges or Credits to Power and Transmission and Costs

The Rate 10 Participant shall receive a statement of other charges or credits to the Rate 10 Participant's Base Costs as are applicable based on charges or credits 1) pursuant to the Participant Contract or 2) approved by the Rate 10 Participant and/or the Board as appropriate. Such charges and credits may include the following items.

(i) The Rate 10 Participant shall receive a credit for, or the Electric Products from, generating facilities under assignment to CMEEC by the terms of any specific agreement, or by the market clearing prices for Electric Products available from such generating facilities, to CMEEC from ISO-NE.

(ii) The Rate 10 Participant shall receive a charge or credit to meet the Power Supply Cost, Transmission Services Cost, and Administration Cost (General) Allocation as defined in the Participant Contract applicable to such Rate 10 Participant, where costs incurred by CMEEC are not provided for in any other Section of this Rate Schedule.

Section 7 - Supplemental Rates and Special Arrangements

In addition to the Base Charges, this Rate Schedule provides for additional services as may be required by the Rate 10 Participant from time to time. Additional services shall consist of those services or arrangements provided for in the Supplemental Rider to this Rate Schedule as set forth below. The Board may approve additional Supplemental Riders from time to time as required by the Rate 10 Participants to meet their needs.

(i) Supplemental Rider - Customer Purchase Arrangements; Special Contracts.

This Rider is available to any Rate 10 Participant that may desire to enter into Special Contract with CMEEC to facilitate specific power purchase contract or rate arrangements between the Rate 10 Participant and any of its retail customers or group of retail customers. This Rider shall be available to each Rate 10 Participant to facilitate any Special Contract including, but not limited to, market priced power, interruptible service, back-up service, renewable resource energy and conservation and load management services.

The costs and terms of providing such service shall be determined by prices and terms at such time as agreed to by the Rate 10 Participant and CMEEC provided, however, that any special arrangement offered hereunder shall not reduce the Rate 10 Participant's CMEEC Charges obligations set forth in Section 3. All such Special Contract arrangements shall provide for the recovery of any incremental costs and risks incurred by CMEEC in supplying the Special Contract service, and shall be determined by uniform and equitable standards, and defined in each Special Contract.

Section 8 - Use of Estimates

For the services and charges described in this Rate Schedule, the CMEEC may utilize estimates to the extent reflected in CMEEC's Annual Budget. Deviations between collections under this Rate Schedule and the CMEEC's actual expenses will be reconciled through a month-to-month or a year-to-year prospective true up as appropriate. Any deviations between estimated and actual true-up amounts for any Year will be reflected in the Annual Budget as determined by the Board for the subsequent Year.

Section 10 – Billing Format

The charges or credits comprising the various components of this Rate Schedule shall be provided in a billing format that enables the Rate 10 Participant to provide its retail customers with a standard billing format which is generally consistent with the guidelines and regulations of the State of Connecticut Department of Public Utility Control as appropriate with respect to Public Act 108-28, An Act Concerning Electric Restructuring

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or such other format or grouping of costs as may be required by a Rate 10 Participant and approved by the Board from time to time.

Section 10 - Effective Date and Amendments

The Rate Schedule shall become effective for service rendered on the first day of the month following the Board Resolution approving the Rate Schedule, and shall remain in effect until superseded by vote of the Board. This Rate Schedule may be amended by the Board to provide for different terms or additional services. All such amendments to this Rate Schedule shall be in the form of Riders to this Rate Schedule provided however that no such amendment shall reduce the obligations of the Rate 10 Participant for the payment of its CMEEC Charges, as set forth in the Participant Contracts.

Effective Date: April 1, 2014

March 27, 2014

(Appendix A to Rate Schedule Tariff 10)

General Service Terms

Character of Service

Alternating current; 60 Hertz, three-phase; delivery at 610 kV or 115 kV or at other voltages subject to conditions as agreed upon.

For service taken at a voltage below 610 kV, the hourly meter readings of the load of the RC Power Purchaser and/or Rate 10 Participant (the "Power Purchaser" for purposes of this Appendix A) shall be increased by 2% to compensate for losses until such time as new engineering studies show a loss factor of greater or less than 2% is more appropriate at which time the CMEEC and the Power Purchaser shall mutually agree on the appropriate loss adjustment factor as shall be accepted by Connecticut Light and Power Company ("CL&P"). The Power Purchaser shall be required to maintain power factors appropriate to meet the system operating requirements of the CL&P set forth in the Participant Contract, or otherwise in CMEEC's Transmission Service Agreement or the New England Power Pool ("NEPOOL") Agreement, as amended, or as established by the Independent System Operator – New England, Inc. or any successor entity ("ISO-NE"). In the event that a Power Purchaser does not maintain such a power factor, CMEEC shall have the right to apply additional charges as determined by the Board of Directors of CMEEC (the "Board") as appropriate to this Rate Schedule Tariff 10 to cause compliance with such power factor requirements. Such additional charges shall be applicable to all Power Purchasers who are not in compliance with the ISO-NE power factor requirements. As of the effective date of this Rate Schedule, the power-factor deficiency charge shall be \$0.33 kVAR/Time Period for all kVAR the Power Purchaser is deficient from the ISO-NE compliance level. The Board shall specifically approve any and all additional power factor deficiency charges to the Power Purchaser prior to implementation.

Metering Adjustment

When delivery is made at the high-voltage side of the substation and the service is metered on the low-voltage side, all metered quantities at the substation shall be increased by an amount to compensate for reasonable transformation losses, where such amount shall be set by the Board and may be changed from time to time by the Board.

Each Power Purchaser is required to comply with the requirements of the ISO-NE, as applicable, and the ISO-NE Tariff as if such Power Purchaser were a direct participant in NEPOOL and ISO-NE. To the extent any Power Purchaser engages in sanctionable behavior as provided in the ISO-NE Tariff and such behavior (or lack of behavior) causes Sanctions to be imposed on CMEEC, CMEEC shall have the right to impose on the Power Purchaser the consequences of such sanctions.