

March 31, 2016

VIA FERC ETARIFF PORTAL

Ms. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street NE
Washington, DC 20426

Re: *Emera Maine*
Docket No. ER16-____-000
Changes to Bangor Hydro District Open Access Transmission Tariff

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act (“FPA”)¹ and Section 35.13 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”),² Emera Maine respectfully tenders for filing a limited revision to Schedule 21-EM of the ISO New England Inc. Transmission, Markets and Services Tariff (the “ISO-NE Tariff”).³ Emera Maine respectfully requests that the revision be accepted for filing, without condition, suspension, or trial-type hearing, effective as of June 1, 2016.

1. Description of Emera Maine

Emera Maine, a Maine corporation, is the successor to Bangor Hydro Electric Company (“Bangor Hydro”) and Maine Public Service Company (“Maine Public”). More specifically, Maine Public merged into Bangor Hydro on January 1, 2014, and, on that same day, was renamed Emera Maine.

Emera Maine is presently engaged in the transmission and distribution of electric energy and related services to approximately 158,000 retail customers in portions of northern, eastern, and coastal Maine. Emera Maine directly owns approximately 1,265 miles of transmission lines

¹ 16 U.S.C.S. § 824d (2015).

² 18 C.F.R. § 35.13 (2015).

³ Emera Maine, and not ISO-NE, has the FPA section 205 rights over Schedule 21-EM of the ISO-NE Tariff. This filing is being submitted through the eTariff system by ISO-NE on behalf of Emera Maine given ISO-NE’s capacity as administrator of the ISO-NE Tariff in the eTariff system.

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and approximately 6,068 miles of distribution lines. Emera Maine also holds a 21.7 percent voting interest in Maine Electric Power Company, a transmission-only public utility.

Open access to Emera Maine's transmission facilities in eastern and coastal Maine (the "Bangor Hydro District" or "BHD") is provided pursuant to the ISO-NE Tariff. More specifically: (a) transmission service over Emera Maine's facilities designated as Pool Transmission Facilities ("PTF") is provided pursuant to Section II of the ISO-NE Tariff, (b) transmission service over HVDC facilities known as the Hydro-Quebec Interconnection is provided pursuant to Schedule 20A-EM of the ISO-NE Tariff, and (c) transmission service over Emera Maine's non-PTF assets is provided pursuant to Schedule 21-EM of the ISO-NE Tariff.⁴

Emera Maine has received market-based rate authority.⁵ Presently, Emera Maine owns only 10 MW (nameplate) of generating capacity and has long-term energy purchase contracts for certain qualifying facilities.

2. Background

Schedule 21-EM contains a formula rate which provides for the calculation, effective each June 1, of the transmission revenue requirements for service over the BHD PTF and non-PTF assets (the "Schedule 21-EM Formula Rate"),⁶ based in large part on inputs drawn from Emera Maine's FERC Form 1 for the immediately preceding calendar year. More particularly, the Schedule 21-EM Formula Rate uses historic data for all inputs except for transmission plant, and ISO-NE regional network service ("RNS") charges and revenues, which instead are based on current year forecasts and then trued up to reflect actual values during the next annual update. The Schedule 21-EM Formula Rate also provides for the calculation, effective each June 1, of the specific dollars-per-unit (*e.g.*, \$/MWh) charges for service over the BHD non-PTF assets for both wholesale and retail customers.

Historical load values form an important part of the calculations of charges under Schedule 21-EM. These values are used to determine the allocation of costs between Emera Maine's two transmission districts, the allocation of the Schedule 21-EM revenue requirement

⁴ Open access to Emera Maine's transmission facilities in northern Maine (the "Maine Public District" or "MPD") is provided pursuant to the Emera Maine Open Access Transmission Tariff for Maine Public District. The transmission facilities in Emera Maine's two districts are not directly interconnected. Indeed, the MPD transmission system is not directly interconnected with any portion of the United States transmission grid. Rather, entities interconnected with the MPD transmission system can only access the ISO-NE system or other parts of the U.S. transmission grid over transmission facilities in New Brunswick, Canada.

⁵ *Bangor Hydro Elec. Co.*, Docket No. ER14-264-000, Letter Order, Dec. 19, 2013.

⁶ The Schedule 21-EM Formula Rate, more particularly, is contained in Attachment P-EM of Schedule 21-EM.

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between customer classes (*e.g.*, between wholesale and retail, as well as among various retail classes), and the specific charges to be paid by wholesale point-to-point or retail customers.⁷

Owing to the use of historical data as inputs, the structure of the Schedule 21-EM Formula Rate permits Emera Maine, by and large, to recover the full amount of its permitted expenses and regulated rate of return. The use of historical load data, however, can and will result in Emera Maine under-recovering its revenue requirement if and when there is a significant loss of load on its system from year to year.

3. Basis for Filing

Unlike the adjustment mechanism for transmission plant—which ensures that Emera Maine recovers the full costs of transmission plant—there currently is no adjustment mechanism in the Schedule 21-EM Formula Rate to address when actual load falls short of historic load. Rather, in such instances, Emera Maine will fail to recover the full amount of its revenue requirement and transmission customers end up paying rates that do not reflect their actual share of system use in the current year.

Attached as Exhibit No. EM-1 hereto is the Testimony of Kris Chahley, Emera Maine’s Vice President Finance and Treasurer.⁸ As explained by Mr. Chahley, Emera Maine has enjoyed a relatively stable overall system load over the past several years but, in late 2015, experienced a marked decrease in industrial load as a result of Expera Specialty Solutions, LLC (“Expera”) and Lincoln Paper and Tissue LLC (“Lincoln”) either ceasing or significantly curtailing operations.

For the 2014-2015 rate year, Expera and Lincoln, combined, paid Emera Maine approximately \$1.96 million for transmission service (as a line item on their retail invoice) based on 93,488 MWh of service in which they had a combined peak load of 26 MW and average peak monthly loads of 19 MW. *See* Exhibit No. EM-2 at Lines 12-14.

Emera Maine forecasts that, for the 2015-2016 rate year (in which Expera and Lincoln have already curtailed operations), they will pay Emera Maine approximately \$1.25 million and have average peak monthly loads of only 8.2 MW. *See* Exhibit Nos. EM-3 at Lines 37-38. Emera Maine forecasts that, for the 2016-2017 rate year, Expera and Lincoln loads will fall even more, to average peak monthly loads of only 2.4 MW. *See* Exhibit No. EM-4, Cells 6g + 25g.

⁷ *See* ISO-NE Tariff, Schedule 21-EM, Att. P-EM, Section II.B (allocator definitions), Section IV (rate design calculations).

⁸ Mr. Chahley’s workpapers are being submitted under separate cover.

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The Schedule 21-EM Formula Rate currently requires Emera Maine to calculate charges for the 2016-2017 rate year based on actual, unadjusted load data from 2015. These load data inputs will be significantly greater than actual loads for 2016-2017 as a result of the loss of Expera and Lincoln load which, in 2015 rate year, represented approximately 4.7 percent of the BHD average system peak.⁹

As explained in detail by Mr. Chahley, absent a change to the Schedule 21-EM Formula Rate, this difference in historic and actual loads will result in Emera Maine under-recovering its revenue requirement for 2016-2017 by approximately \$2.1 million. *See* Exhibit No. EM-4 at Cell 22l. In addition, this difference will result in per unit charges for retail customers that do not reflect their fair share of system costs during the year in which these rates are charged.

Emera Maine respectfully suggests that such an outcome is not just or reasonable. Formula rates, by their very purpose and design, are intended to permit utilities a reasonable opportunity to collect their actual costs and a fair return, year after year.¹⁰ Indeed, formula rates are generally designed to avoid the potential under- or over-collection that can result from stated rates. Absent an ability to adjust its formula rate calculations to account for material losses of load, however, Emera Maine will suffer a significant under-recovery in its transmission revenue requirement.

4. Description of Schedule 21-EM Changes

In order to avoid such an inequitable outcome, Emera Maine proposes a limited change to the Schedule 21-EM Formula Rate to permit it to adjust historical load, revenue, and sales data used as inputs to the formula rate to reflect “known and measurable” anticipated changes. This change is shown on page 104 of Exhibit No. EM-7 (proposed Schedule 21-EM in blackline form).

Emera Maine respectfully submits that this change is just and reasonable, and thus should be accepted for filing without condition, suspension, or trial-type hearing. Emera Maine emphasizes that this amended tariff language, if accepted, would not permit Emera Maine to adjust load, revenue, and sales data based on speculative changes. Rather, it will only permit

⁹ Expera and Lincoln, combined, had a 12-CP total for 2015 of 11.5 MW, as shown on Exhibit No. EM-4 at Cell 13c. The BHD had in 2015 an average monthly system peak of 242 MW.

¹⁰ *Cf. Southwest Power Pool, Inc.*, 111 FERC ¶ 61,118 at P 32 (2005) (encouraging “utilities to consider adopting formula rates to facilitate” recovery of costs for new transmission upgrades); *Northeast Utilities Service Co.*, 105 FERC ¶ 61,089 at P 23 (2003) (“[U]se of a formula rate for transmission service is consistent with other regional rates in New England and will allow NU Companies greater certainty for cost recovery of capital expenditures to improve the transmission infrastructure.”).

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Emera Maine to adjust such values based on circumstances, similar to that presented by Expera and Lincoln, where the impact of the events is truly known and measurable based on historical data and concrete, demonstrated intervening events.¹¹ Any adjustments would be fully documented in Emera Maine's annual charges update filed each year with the Commission and subject to review (and, if desired, challenge) by interested parties.¹²

In the context of applications for stated electric rates, the Commission's regulations expressly permit adjustments to test period data for "known and measurable" changes.¹³ Similarly, in the context of oil pipelines, the Commission has stated that "[b]y including [known and measurable] changes, the resulting test period correctly reflects the best projection of the actual circumstances which will be in effect under which the proposed rates of the pipeline are filed."¹⁴ These same principles apply here to Emera Maine's Schedule 21-EM Formula Rate. Known and measurable changes to Emera Maine's historical data are needed to establish the circumstances which will be in effect during its 2016-2017 rate year.

The Commission recently addressed a similar situation involving the OATT formula rate of Idaho Power Company ("Idaho Power") which is instructive here but also distinguishable. In that case, Idaho Power forecast a material loss of transmission load in the next rate year and sought Commission authorization for a one-time adjustment to its load inputs (without changing the formula rate itself) to reflect this anticipated loss of load. The Commission denied the request, finding that Idaho Power's request was "inconsistent with its Formula Rate,"¹⁵ but stated that "[i]f Idaho Power wishes to calculate its rate divisor based on something other than actual

¹¹ *Contrast Williams Natural Gas Co.*, 77 FERC ¶ 61,277 at 62,183 (1996) (finding environmental clean-up costs to be "known and measurable" but executive compensation too speculative to be "known and measurable" as it is affected by the "unpredictability of future stock prices").

¹² *See* ISO-NE Tariff, Schedule 21-EM, Att. P-EM, Section V (establishing process for annual update and opportunity for interested parties to conduct discovery and dispute Emera Maine's filing).

¹³ 18 C.F.R. § 35.13(a)(1)(D). *Cf. Golden Spread Elec. Coop. v. Southwestern Pub. Serv. Co.*, 123 FERC ¶ 61,047 at P 96 (2008) ("By synchronizing these three parameters - expenses, allocation factors, and billing determinants - the resulting unit rate should allow the utility to fully recover its cost of providing wholesale electric service. While historic test period data may be adjusted to reflect known and measurable changes that affect revenues and costs, such adjustments must also be synchronized so that the resulting unit charge would not result in over- or under-recovery of the utility's cost of providing wholesale electric service."); *PJM Interconnection, L.L.C.*, 129 FERC ¶ 61,294 at P 3 (2009) (accepting changes to PJM credit policy based on known, measurable, and sustained changes in customer expected market activity).

¹⁴ *Cost-of-Service Reporting & Filing Requirements for Oil Pipelines*, Final Order, 69 FERC ¶ 61,102 at P 39 (1994) (discussing 18 C.F.R. § 154.6).

¹⁵ *Idaho Power Co.*, 153 FERC ¶ 61,212 at P 1 (2015) ("*Idaho Power*").

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data from the previous year as reflected in FERC Form 1, it may file an FPA section 205 filing to change its Formula Rate.”¹⁶

Emera Maine with the present filing seeks to change its formula rate, as the Commission suggested Idaho Power could do in order address this issue. In addition, the concerns raised by the Commission in that proceeding are not present here. First, the Schedule 21-EM Formula Rate is not the product of a settlement and, thus, will not upset any comprehensive agreement reached with customers.¹⁷ Indeed, when Emera Maine filed the current Schedule 21-EM Formula Rate last year, not a single entity commented on (let alone protested) the filing, and the formulas were accepted by delegated authority.¹⁸ Second, Emera Maine’s remaining customers would not, if the proposed changes to the Schedule 21-EM Formula Rate is accepted, will not experience a sudden increase in rates even approaching the level that would have occurred for Idaho Power’s customers.¹⁹ Rather, as shown on Exhibit Nos. EM-3 and EM-4, Emera Maine’s customers would only experience a very mild increase in rates as compared to what they would face absent the requested formula rate change.

Emera Maine thus respectfully submits that it is just and reasonable for the Schedule 21-EM Formula Rate to permit Emera Maine to adjust historical load, revenue, and sales data for “known and measurable” anticipated changes as it will result in more accurate and appropriate charges under Schedule 21-EM. Emera Maine thus requests that the revised tariff section, enclosed as Exhibit No. EM-6 hereto, be accepted for filing, without condition, suspension, or trial-type hearing, effective as of June 1, 2016, the first date of the next rate year under Schedule 21-EM.

5. Required Information

In accordance with Section 35.13(a)(1) of the Commission’s regulations,²⁰ Emera Maine provides the following information.

¹⁶ *Id.* at n.56.

¹⁷ *Contrast id.* at P 32 (“Idaho Power’s proposal to reflect changes to the demand inputs to reflect the results of the Transaction in the October 1, 2015 rates is inconsistent with the historic, or backward-looking, Formula Rate that Idaho Power agreed to in the settlement proceedings that established its Formula Rate and protocols.”).

¹⁸ *Emera Maine*, Docket No. ER15-1434-000, Letter Order dated May 4, 2015.

¹⁹ *Contrast Idaho Power* at 34 (“[B]y requiring Idaho Power to apply its historic Formula Rate as filed, its wholesale transmission customers will avoid the sudden application of a 42 percent rate increase that would result under Idaho Power’s proposal.”).

²⁰ 18 C.F.R. § 35.13(a)(1).

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a. General Information

i. List of Documents Submitted, 18 C.F.R. § 35.13(b)(1)

In addition to this filing letter, this filing includes the following documents:

Exhibit Nos. EM-1 to EM-5	Testimony of Kris Chahley and Associated Exhibits
Exhibit No. EM-6	Revised Tariff Section (clean)
Exhibit No. EM-7	Revised Tariff Section (blackline)

ii. Proposed Effective Date, 18 C.F.R. § 35.13(b)(2)

Emera Maine requests that the Revised Tariff Section be accepted for filing effective June 1, 2016, the first date of the next rate year under Schedule 21-EM.

iii. Persons Receiving Notice, 18 C.F.R. § 35.13(b)(3)

This filing is being served on the following representatives of the entities currently taking transmission service under Schedule 21-EM as well as other potentially interested entities.

Maine Public Utilities Commission
Attn: Lisa Fink
18 State House Station
Augusta, ME 04333-0018

Maine Office of the Public Advocate
Attn: Eric Bryant
112 State House Station
Augusta, ME 04333-0112

Black Bear Hydro Partners LLC
Attn: Legal Department
P.O. Box 480
Marlboro, MA 01752

Brookfield Energy Marketing LP
Attn: Grp Settlements Structured Transactions
480 de la Cite Boulevard
Gatineau QC J8T 8R3 CANADA

Central Maine Power Company
Attn: Carol Purinton
83 Edison Drive
Augusta, ME 04336

Covanta Maine
Attn: Plant Manager
P.O. Box 31
West Enfield, ME 04493

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Isle au Haut Electric Power Company
Attn: Treasurer
P.O. Box 53
Isle Au Haut, ME 04645

Swan's Island Electric Cooperative
Attn: Jeffrey Ellison
P.O. Box 14
Swan's Island, ME 04685

Monica Gonzalez
Senior Regulatory Counsel
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040

iv. Brief Description of Rate Change, 18 C.F.R. § 35.13(b)(4)

See Section 4, *supra*, and Exhibit No. EM-1.

v. Reasons for the Rate Change, 18 C.F.R. § 35.13(b)(5)

See Section 3, *supra*, and Exhibit No. EM-1.

vi. Agreement to Rate Change, 18 C.F.R. § 35.13(b)(6)

Emera Maine is not required to obtain agreement of any party or parties in order to make the present filing. In accordance with Section 3.04(a) of the ISO-NE Transmission Operating Agreement (“TOA”), Emera Maine provided prior notice of this filing to the ISO-NE Participating Transmission Owners Administrative Committee, NEPOOL Participants Committee Members and Alternates, NEPOOL Transmission Committee Members and Alternates, the Executive Director of the New England Conference of Public Utilities Commissioners, and ISO-NE.

vii. Statement as to Expenses or Costs, 18 C.F.R. § 35.13(b)(7)

No expenses or costs that Emera Maine proposes to use as inputs to the Schedule 21-EM Formula Rate “have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs that are demonstrably the product of discriminatory employment practices.”²¹

²¹ 18 C.F.R. § 35.13(b)(7).

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b. Information Relating to the Effect of the Rate Change, 18 C.F.R. § 35.13(c)

See Section 4, *supra*, and Exhibit Nos. EM-1 to EM-5.

c. Cost of Service Information, 18 C.F.R. §§ 35.13(d), (e)(1)(i), (h)

Schedule 21-EM contains a formula rate which calls for the updating of annual charges by each June 15 based largely on data from Emera Maine's FERC Form 1 for the prior calendar year. Insofar as Emera Maine has not yet filed its FERC Form 1 for 2015, it is unable to provide complete cost of service information at this time. However, Exhibit No. EM-5 and Mr. Chahley's workpapers provide *pro forma* forecast cost of service information based on Emera Maine's current best estimates of the 2015 data that will be used to calculate 2016-2017 charges loads, as adjusted for the anticipated loss of Expera and Lincoln loads.

d. Testimony and Exhibits, 18 C.F.R. §§ 35.13(e)(1)(ii), (2)

Testimony and associated exhibits supporting this filing, designated as Exhibit Nos. EM-1 to EM-5, is provided by Kris Chahley, Vice President Finance and Treasurer of Emera Maine. The proposed revised section of Schedule 21-EM is provided as Exhibit No. EM-6. A blacklined version of this tariff section showing the proposed change is provided as Exhibit No. EM-7. In the event this matter is set for hearing, Exhibits Nos. EM-1 through EM-7, shall comprise Emera Maine's case in chief, subject to the Presiding Judge permitting the submission of amended or additional materials.

6. Waivers

Emera Maine respectfully requests waiver of any provision of the Commission's regulations not met by the present filing.

7. Communications

Communications regarding this application should be addressed to the following persons.²²

²² Emera Maine respectfully request waiver of the Commission's regulations, to the extent necessary, so as to permit more than two persons to be placed on the official service list for this docket.

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8. Conclusion

Thank you for your attention to this matter. Please direct any questions to the undersigned.

Respectfully submitted,

/s/ Jeffrey M. Jakubiak

Jeffrey M. Jakubiak
Jennifer C. Mansh
Kristine Beaudoin

Counsel to Emera Maine

Attachments

102078898_2.DOC

Exhibit No. EM-1

Testimony of Kris Chahley

[See Attached]

1 **Q. What are your current responsibilities at Emera Maine?**

2 A. In my current position at Emera Maine, I am responsible for all accounting, tax, finance,
3 and rates matters, including the calculation and filing of charges under Emera Maine's
4 Open Access Transmission Tariffs ("OATTs"). I thus have professional expertise and
5 personal knowledge of the matters discussed in this Testimony.

6 **II. PURPOSE OF TESTIMONY, BACKGROUND**

7 **Q. What is the purpose of this, your Prepared Direct Testimony?**

8 A. I provide this Testimony in support of the filing of Emera Maine seeking acceptance of a
9 limited but nonetheless important change to the formula rate contained in Attachment P-
10 EM to Schedule 21-EM of the ISO New England, Inc. Transmission, Markets and
11 Services Tariff (the "ISO-NE Tariff"). Specifically, Emera Maine seeks to amend
12 Section 1 of Attachment P-EM as follows (added language in underline):

13 The Transmission Revenue Requirement will reflect the
14 costs for the BHD Transmission System, as detailed in
15 Section III below. The Transmission Revenue
16 Requirement will be calculated annually, effective each
17 June 1, based in part on the previous calendar year's data
18 and the FF1 data for that previous year (the "Reported
19 Year"), and based in part on forecasted amounts. The
20 calendar year immediately following the Reported Year is
21 referred to herein as the "Forecast Period." Reported Year
22 load, revenue and sales data may be adjusted, as

1 appropriate, to reflect known and measurable anticipated
2 changes for the subject rate year.

3 **Q. Please describe Emera Maine.**

4 A. Emera Maine is engaged in the transmission and distribution of electric energy and
5 related services to approximately 158,000 retail customers in portions of northern,
6 eastern, and coastal Maine. Emera Maine directly owns approximately 1,265 miles of
7 transmission lines and approximately 6,068 miles of distribution lines.

8 Emera Maine's transmission system is divided into two discrete "districts": (a) the
9 "Bangor Hydro District" or "BHD Transmission System" which includes Emera Maine's
10 transmission facilities in eastern and coastal Maine and (b) the "Maine Public District" or
11 "MPD Transmission System" which includes the former Maine Public Service
12 transmission facilities in northern Maine. The transmission facilities in Emera Maine's
13 two districts are not directly interconnected.

14 **Q. How is open access provided over Emera Maine's transmission systems?**

15 A. Open access over the BHD Transmission System is provided pursuant to the ISO-NE
16 Tariff, including Section II and Schedule 21-EM thereof.¹ More specifically: (a)
17 transmission service over Emera Maine's assets designated as Pool Transmission
18 Facilities ("PTF") is provided pursuant to Section II of the ISO-NE Tariff, and

¹ In addition, Emera Maine offers service under Schedule 20A-EM of the ISO-NE Tariff over certain high voltage direct current facilities known as the Hydro-Quebec Interconnection. Emera Maine offers such service as a Schedule 20A Service Provider for a third-party Interconnection Rights Holder, Talen Energy Marketing, LLC ("Talen"). Under a transfer agreement dated December 31, 1998, Bangor Hydro, Emera Maine's predecessor in name, transferred to PP&L Global, Inc. ("PP&L Global") Bangor Hydro's transmission service rights under certain agreements pertaining to the Hydro-Quebec Interconnection, *see Bangor Hydro Elec. Co.*, 86 FERC ¶ 61,281 (1999), and these rights subsequently were acquired by PP&L Global's former affiliate, Talen. The rates set forth in Schedule 20A-EM are fixed, not formula, rates which cannot be changed absent action of the Commission under FPA section 205 or section 206.

1 (b) transmission service over Emera Maine’s non-PTF assets (the “BHD Non-PTF
2 Assets”) is provided pursuant to Schedule 21-EM of the ISO-NE Tariff. Open access
3 over the MPD Transmission System is provided pursuant to the Emera Maine Open
4 Access Transmission Tariff for Maine Public District, which is an OATT fully separate
5 from the ISO-NE Tariff. Only Schedule 21-EM is affected by the present filing.

6 **III. REASON FOR FILING**

7 **Q. Why is Emera Maine making the present filing?**

8 A. Emera Maine is making the present filing so it can avoid a significant shortfall in
9 collecting its annual transmission revenue requirements (“ATRRs”) for the 2016-2017
10 rate year as a result of a significant loss of industrial loads in late 2015.

11 **Q. Please describe Schedule 21-EM as it pertains to the present filing.**

12 A. Attachment P-EM of Schedule 21-EM contains a formula rate (the “Schedule 21-EM
13 Formula Rate”) which provides for the calculation, effective each June 1, of the ATRRs
14 for service over the BHD PTF and non-PTF assets. In addition, the Schedule 21-EM
15 Formula Rate provides for the calculation, effective each June 1, of the specific dollars-
16 per-unit (*e.g.*, \$/MWh) charges for service over the BHD non-PTF assets for both
17 wholesale and retail customers.

18 **Q. How are charges established under Schedule 21-EM Formula Rate?**

19 A. The Schedule 21-EM Formula Rate, generally speaking, uses data from the Emera Maine
20 FERC Form 1 for a given calendar year to calculate charges for the immediately
21 following June 1 to May 31 rate year, in the case of wholesale and wheeling customers,
22 or the following July 1 to June 30 rate year, in the case of retail customers. More
23 specifically, the Schedule 21-EM Formula Rate uses historic data for all inputs except for

1 transmission plant, and ISO-NE regional network service (“RNS”) charges and revenues,
2 which instead are based on current year forecasts and then trued up to reflect actual
3 values during the next annual update.

4 **Q. Does such use of historical data create problems for Emera Maine?**

5 A. For the most part, it does not, as it allows Emera Maine to establish ATRRs based on its
6 known, historic costs and a reasonable forecast of incremental transmission plant and
7 RNS charges/costs (subject to a *post facto* true-up if actual transmission plant and RNS
8 charges/costs differ from the forecast). The use of historical data, however, can create
9 problems, particularly in the process for establishing charges for non-PTF service based
10 on these ATRR figures.

11 **Q. Please explain.**

12 A. An ATRR is just a total revenue requirement—a figure that represents what the utility is
13 permitted to collect for transmission service. It is not a representation of what any given
14 customer or set of customers pays. Rather, an ATRR must be converted to a usage fee
15 for customers that pay for transmission on a dollars per unit basis (*e.g.*, \$/MWh). If, for
16 example, the MWh of non-PTF transmission service actually provided is less than the
17 MWh used to calculate charges, Emera Maine will not recover its full ATRR.

18 **Q. Can you please provide an example?**

19 A. Yes. Assume for the sake of argument a utility that has an ATRR of \$1 million and, in
20 the prior year, provided one million MWh of transmission service. Assume for the sake
21 of simplicity that the utility had only one class of customer. The utility’s formula rate
22 would then (most likely) dictate that the charges for the forthcoming rate year should be
23 \$1/MWh. If, however, the utility experienced a marked loss of load and provided only

1 900,000 MWh of transmission service in the forthcoming year, it would collect only
2 \$900,000 and, thus, would under-collect its ATRR by \$100,000.

3 **Q. Is there a mechanism in the Schedule 21-EM Formula Rate for Emera Maine to**
4 **recoup such a shortfall in revenue actually collected?**

5 A. No, there is not, and Emera Maine is not proposing to establish such a mechanism (at
6 least not at this time). Rather, it is merely proposing a change to Schedule 21-EM so that
7 it can use in its calculation of charges load, revenue, and sales data that more accurately
8 reflect such figures for the forthcoming rate year when the charges will be levied, so that
9 it has a more reasonable chance of recovering its full ATRR.

10 **Q. Returning to your example, are many of Emera Maine's customers under Schedule**
11 **21-EM charged on a dollars per unit basis like you use in the example?**

12 A. Yes. All retail customers classes and wholesale point-to-point customers are charged on
13 a dollars per unit basis set at the beginning of the rate year based on historic values as I
14 explain above (but for a few customers paying settlement rates). Some pay based on
15 consumption (*i.e.*, \$/kwh or \$/MWh) while others pay based on monthly peak load (*i.e.*,
16 \$/kw-month based on peak usage or usage at the BHD monthly system peak) or a
17 combination of the two.

18 **Q. As you explain it, the use of historical load, revenue, and sales data would only**
19 **result in a revenue shortfall if actual load or transmission use in a given rate year is**
20 **less than that from the prior calendar year. Is that correct?**

21 A. Yes, that is correct. And, for Emera Maine, this is what has recently occurred as Emera
22 Maine recently lost a significant amount of industrial load on its system.

1 **Q. Please explain.**

2 A. First, on August 31, 2015, Lincoln Paper and Tissue LLC (“Lincoln”) announced the shut
3 down one of three tissue-making machines at its compound in Lincoln, Maine.² Second,
4 on September 28, 2015, Lincoln announced that it had filed for bankruptcy, calling into
5 question whether the remaining machines will continue to operate at all.³ Third, in
6 December 2015, Expera Specialty Solutions, LLC (“Expera”) closed a pulp and paper
7 mill that it operated in Old Town, Maine,⁴

8 Historically, the two mills combined contributed approximately 22 MW of load to
9 the BHD system. *See* Exhibit No. EM-2. By contrast, Emera Maine anticipates the two
10 mills combined under 3 MW of load of the system in 2016 if Lincoln and Expera
11 continue to operate in “warm mode.” *See* Exhibit No. EM-3 at Line 37, Cols. g-l. That
12 figure, however, could drop to essentially zero very easily.

13 **Q. What is the impact of these events on Emera Maine?**

14 A. The impact, in short, is significant. Both plants contributed significant load to the BHD
15 system and thus were a significant source of revenue for Emera Maine. During the
16 July 1, 2014, to June 30, 2015, rate year—the last retail rate year before these recent
17 announcements and shut downs—the two customers, combined, paid Emera Maine
18 \$1,960,766 for transmission service. *See* Exhibit No. EM-2 at 14*m*.

² Bangor Daily News, “Lincoln mill to shut down tissue machine, lay off 20-25 workers,” Aug. 31, 2015
<<http://bangordailynews.com/2015/08/31/business/lincoln-mill-to-shut-down-tissue-machine-lay-off-20-25-workers/>> (last visited March 29, 2016).

³ Bangor Daily News, “Lincoln tissue company files for bankruptcy,” Sep. 28, 2015
<<http://bangordailynews.com/2015/09/28/news/penobscot/lincoln-paper-company-files-for-bankruptcy/>> (last visited March 29, 2016).

⁴ Expera Press Release dated Sep. 29, 2015, “Expera Specialty Solutions Announces Exit of Old Town Mill,”
<<http://experaspecialty.com/expera-specialty-solutions-announces-exit-of-old-town-mill>> (last visited March 29, 2016).

1 **IV. IMPACT OF LOAD LOSS ON CHARGES, REVENUES COLLECTED**

2 **Q. Have you conducted an analysis of the revenue impact of the and Expera load**
3 **losses?**

4 A. Yes, I have. Exhibit No. EM-3 contains an analysis of the anticipated revenue impacts of
5 the recent events regarding Lincoln and Expera for the 2015-2016 rate year, as compared
6 to the revenues Emera Maine expects it would have collected were it not for these events.
7 As one can see, the events have already had a significant impact on Emera Maine's
8 revenues—namely an anticipated transmission revenue drop of approximately
9 \$1.45 million.⁵ See Exhibit No. EM-3 at 42*m*. There is nothing Emera Maine can do
10 about this fact. The rates for the 2015-2016 were set last year based on 2014 demand (as
11 is required by the Schedule 21-EM Formula Rate). Actual 2015-2016 demand, however,
12 will be considerably less than that in 2014. Emera Maine has no choice here but to
13 absorb this revenue shortfall.

14 **Q. Have you conducted a similar analysis of the revenue impact for the 2016-2017 rate**
15 **year?**

16 A. Yes, I have, as shown in Exhibit No. EM-4 which demonstrates how the use of actual,
17 unadjusted 2015 loads in the Schedule 21-EM Formula Rate calculations will result in a
18 significant under-collection in Emera Maine's ATRR for the 2016-2017 rate year.

19 **Q. Please explain Exhibit No. EM-4.**

20 A. As noted, charges under Schedule 21-EM for the 2016-2017 rate year will be based by
21 and large on actual 2015 data. But Emera Maine does not have most final 2015 data

⁵ Emera Maine forecast that Expera and Lincoln would pay approximately \$2.7 million for transmission service for the 2015-2016 rate year, *see* Exhibit No. EM-3 at 16*m*, a significant increase from the amounts paid in 2014-2015.

1 available. For purposes of illustrating the adverse impact of the load loss on Emera
2 Maine's ATRR recovery, the Schedule 21-EM Formula Rate was populated with Emera
3 Maine's current best estimates of the data that will be filed in support of the revenue
4 requirement and charges for the 2016-2017 rate year.⁶ This *pro forma* 2016-2017 ATRR
5 is shown on Exhibit No. EM-4 at 20l and the *pro forma* retail charges are shown in
6 columns *d* and *e*. I emphasize that these figures are only estimates, based on preliminary
7 and, in some cases, incomplete data.

8 **Q. How close are these *pro forma* figures to what Emera Maine expects to actually file**
9 **for the 2016-2017 rate year?**

10 A. That is hard to tell, but they should be close. But the accuracy of these *pro forma* figures
11 to the actual 2016-2017 charges is immaterial as these calculations are merely being used
12 for the purpose of showing how the loss of the Expera and Lincoln loads will result in
13 Emera Maine under-collecting its ATRR by a significant amount.

14 **Q. Please continue.**

15 A. Columns *f*, *g*, and *h* of Exhibit No. EM-4 show Emera Maine's anticipated 2016-2017
16 changes to 2015 actual loads as a result of the loss of Expera and Lincoln loads. Both of
17 these entities were Competitive Power Subtransmission Voltage customers during most
18 of 2015. On December 10, 2015, Lincoln switched to the Large Power Subtransmission
19 Voltage rate. On January 27, 2016, Expera changed its mill to the Large Power
20 Subtransmission Voltage rate and changed its treatment plant to the Coincident Peak
21 Subtransmission voltage rate. Thus, columns *f*, *g*, and *h* show reductions (*vis à vis* 2015
22 actual loads) in the Competitive Power Subtransmission Voltage customer class. These

⁶ The calculations supporting these estimates are provided in my workpapers.

1 anticipated changes are applied to the 2015 actual data to arrive at 2016-2017 forecast
2 loads, as shown in columns *i, j, and k*.

3 Finally, the analysis shows in column *l* the anticipated (*pro forma*) revenues that
4 Emera Maine would expect to receive in 2016-2017 from retail customers based on these
5 *pro forma* rates and forecast loads. The total is shown in Exhibit No. EM-4 at 18*l*. As
6 one can see, this figure is considerably less than the *pro forma* ATRR (shown in 20*l*) that
7 was used to calculate the *pro forma* retail rates in the first instance here. The \$2,100,356
8 difference between 18*l* and 20*l*, shown in 22*l*, is Emera Maine's anticipated under-
9 collection *solely as a result of the loss of Expera and Lincoln loads*.

10 **Q. You said that Emera Maine desires to avoid such under-collection by amending the**
11 **Schedule 21-EM Formula Rate so that it may make adjustments to historical load,**
12 **revenue, and sales data used as inputs to the formula rate. How will the proposed**
13 **changes avoid under-collection?**

14 A. The proposed changes will avoid under-collection—or at least give Emera Maine a
15 reasonable opportunity to collect its ATRRs—by allowing it to adjust the historical load,
16 revenue, and sales data used as inputs to reflect known and measurable anticipated
17 changes. In short, using the example that I discuss above, instead of being required to
18 use actual 2015 load data in Exhibit EM-4 columns *a, b, and c* to set charges, Emera
19 Maine would be able to use the forecast data shown in columns *i, j, and k*.

20 **Q. Do you have an example of how using the adjusted data will help with this under-**
21 **collection problem resulting from the loss of Expera and Lincoln loads?**

22 A. Yes, Exhibit No. EM-5 provides such an example. For this example, I started with the
23 same *pro forma* calculations of 2016-2017 ATRR and charges noted above, but for the

1 load data, instead of using 2015 actuals, I used the forecast 2016-2017 data shown in
2 Exhibit No. EM-4 at columns *i, j*, and *k*.

3 These calculations yielded the 2016-2017 *pro forma* revenue requirement and
4 retail charges shown in Exhibit No. EM-5 at 20*f* and columns *d* and *e*, respectively. I
5 then calculated the anticipated revenues based on these *pro forma* charges, as shown in
6 18*f*. As you can see, if actual load is the same as forecast load, Emera Maine will come
7 close to recovering its revenue requirement—far closer than it would be if it were
8 required to use unadjusted 2015 load data. See Exhibit No. EM-5 at 22*f* (showing
9 forecast under-collection of only \$132,911).

10 **Q. Looking at the bigger picture, what do these Exhibit Nos. EM-4 and EM-5 show?**

11 A. These exhibits show that if Emera Maine is allowed to establish charges based on
12 forecast loads, revenues, and sales, it at least has a reasonable opportunity to recover its
13 ATRR. On the other hand, if Emera Maine is required to use unadjusted, historical loads
14 in establishing charges in the face of known and measurable losses of load it will most
15 likely have a significant under-collection of transmission revenues as compared to its
16 ATRR.

17 **Q. Is it appropriate for Emera Maine to have such an under-collection in transmission**
18 **revenues?**

19 A. Not in this instance. Under-collection is a risk that utilities face every day. Loads come
20 and go. Costs increase and decrease. There is always a possibility that a utility will
21 under-collect. But such risk of under-collection is usually quite small in the grand
22 scheme of things as loads tend to be relatively steady over time. For the Emera Maine

1 BHD (formerly Bangor Hydro), system loads have in fact been relatively steady, as
2 shown in the table below.

Year	Retail MWh⁷	Average of Monthly System Peaks (MW)⁸
2005	1,625,584	266
2006	1,568,085	253
2007	1,587,656	266
2008	1,552,296	249
2009	1,530,277	251
2010	1,556,822	258
2011	1,517,805	248
2012	1,512,639	244
2013	1,533,483	252
2014	1,513,644	245
2015	1,516,169	242

3 That said, as one can see from the table, the retail MWh and system peaks have
4 been in steady decline over the past decade. This decline has been a constant impediment
5 to Emera Maine fully collecting its ATRR over this time period.

6 The cause and impact of the loss of Expera and Lincoln loads is different,
7 however, and I do not think it is fair for Emera Maine to suffer significant under-
8 collections as a result of a loss of load of this magnitude.

9 Unlike smaller customers that come and go over time resulting at times in load
10 loss, or milder weather resulting in less system use, the loss of Expera and Lincoln loads,
11 as a percentage of the BHD system load, will be significant. Before these companies
12 reduced their operations in 2015, they were on track to take about 95,000 MWh of
13 service for calendar year 2015, and have average peak monthly loads of approximately 19

⁷ For years through 2013, Bangor Hydro FERC Form 1 at 301:10(d). For 2014 and 2015, company records (as figure reported in Emera Maine FERC Form 1 includes MPD values.

⁸ Bangor Hydro or Emera Maine FERC Form 1 at page 400:17(b) divided by 12.

1 MW.⁹ As one can see from the table above, these amounts represent a significant portion
2 of Emera Maine BHD load.

3 If the loss of these loads results in under-collection by Emera Maine on a scale
4 similar to what I forecast will occur absent the proposed formula rate changes (in Exhibit
5 EM-4), it will significantly crimp Emera Maine's cash flow and thus put significant
6 downward financial pressure on Emera Maine, making it more difficult for Emera Maine
7 to undertake capital improvements and other expenditures necessary to maintain this
8 highest levels of reliability in the long-term.

9 As a result, I believe it appropriate, if not necessary, for Emera Maine to be
10 permitted to adjust historical load, revenue, and sales data for known and measurable
11 anticipated changes so that it has a reasonable opportunity to collect its ATRR and avoid
12 under-collection.

13 **Q. Will the failure to make these changes to Schedule 21-EM necessarily result in**
14 **under-collection in the 2016-2017 rate year?**

15 A. It is not a mathematical certainty that the failure to make such changes will result in
16 under-collection but it would be almost impossible for there to be any other outcome.
17 Absent such changes, the only way Emera Maine could collect its full ATRR (or even get
18 close) would be if system load jumped in 2016-2017 by the same amount of the lost
19 Expera and Lincoln load. Given the current state of the economy in Maine, the lead time
20 necessary to construct facilities that would have such demand (alone or in the aggregate)
21 and the overall downward trend in the BHD load profile, I think it highly unlikely—

⁹ See Exh. EM-2 at Cols. *g-m*, Lines 12 & 13, and Exh. EM-3 at Cols. *a-f*, Lines 6, 11, 15.

1 essentially impossible—for load to increase enough in 2016-2017 to make up for the loss
2 of Expera and Lincoln load.

3 **Q. It is possible that, if these changes to the Schedule 21-EM Formula Rate are**
4 **accepted and the load data inputs adjusted, Emera Maine will over-collect in 2016-**
5 **2017 as compared to its ATRR?**

6 A. That outcome is possible but, again, I think it unlikely. For one, Emera Maine has
7 forecast the loss of Expera and Lincoln loads conservatively—erring on the side of
8 under- rather than over-forecasting the loss. In addition, as noted, load on the BHD
9 system has been in steady decline. Thus, over-collection would only occur if either
10 Emera Maine significantly over-forecasted the loss of Expera and Lincoln loads or other
11 customer load ended up higher than in 2015. In any event, over-collection can occur in
12 any year as a result of increased load, and neither of these possibilities (over-forecasting
13 load loss or increases in other customer load) is likely to increase the chances of over-
14 collection more than they otherwise would be absent the proposed the Schedule 21-EM
15 Formula Rate changes.

16 **V. CONCLUSION**

17 **Q. Does this conclude your Testimony?**

18 A. Yes, it does.

Exhibit Nos. EM-2 to EM-5

Supporting Exhibits of Kris Chahley

[See Attached]

Emera Maine, Bangor Hydro District (BHD)
Docket No. ER16-____-000
Exhibit No. EM-2
Historical Load and Transmission Revenues

Line	Description	a Jul-14	b Aug-14	c Sep-14	d Oct-14	e Nov-14	f Dec-14	g Jan-15	h Feb-15	i Mar-15	j Apr-15	k May-15	l Jun-15	m Peak/Total	Reference(s)
1	<u>Lincoln</u>														
2	Peak (kw)	11,065	11,325	11,177	10,924	10,825	11,369	11,670	11,680	11,843	12,006	11,542	11,081	12,006	Company Records
3	Load (kwh)	6,534,000	5,478,000	6,476,000	4,343,000	6,806,000	7,457,000	6,401,000	6,505,000	5,506,000	3,676,000	7,023,000	7,166,000	73,371,000	Company Records
4	Revenues	\$ 135,842	\$ 113,888	\$ 134,636	\$ 90,291	\$ 141,497	\$ 155,031	\$ 133,076.79	\$ 153,762.84	\$ 114,469.74	\$ 76,424.04	\$ 146,008.17	\$ 148,981.14	\$ 1,543,907	Company Records
5															
6	<u>Expera</u>														
7	Peak (kw)	11,159	11,013	6,722	1,923	1,629	3,563	5,070	14,556	7,240	8,133	12,776	8,225	14,556	Company Records
8	Load (kwh)	2,745,699	2,381,130	1,893,090	898,582	979,158	1,030,002	674,860	3,851,481	1,242,051	790,641	1,925,514	1,705,061	20,117,269	Company Records
9	Revenues	\$ 57,083	\$ 49,504	\$ 39,357	\$ 18,682	\$ 20,357	\$ 21,414	\$ 12,651.28	\$ 80,072.29	\$ 25,822.24	\$ 16,437.43	\$ 40,031.45	\$ 35,448.20	\$ 416,858.97	Company Records
10															
11	<u>Total</u>														
12	Peak (kw)	22,224	22,338	17,899	12,847	12,454	14,932	16,740	26,236	19,083	20,139	24,318	19,306	26,236	Sum: Line 2, Line 7
13	Load (kwh)	9,279,699	7,859,130	8,369,090	5,241,582	7,785,158	8,487,002	7,075,860	10,356,481	6,748,051	4,466,641	8,948,514	8,871,061	93,488,269	Sum: Line 3, Line 8
14	Revenues	\$ 192,925	\$ 163,391	\$ 173,993	\$ 108,972	\$ 161,853	\$ 176,445	\$ 145,728	\$ 233,835	\$ 140,292	\$ 92,861	\$ 186,040	\$ 184,429	\$ 1,960,766	Sum: Line 4, Line 9

Emera Maine, Bangor Hydro District (BHD)
Docket No. ER16-___-000
Exhibit No. EM-3
Anticipated and Actual Load and Transmission Revenues, 2015-2016

Anticipated Load and Transmission Revenues	<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>	<i>g</i>	<i>h</i>	<i>i</i>	<i>j</i>	<i>k</i>	<i>l</i>	<i>m</i>	Reference(s)
	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Peak/Total	
1 <u>Common Billing Determinants</u>														
2 Competitive Power Subtransmission Voltage Rate (\$/kwh)	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602	ER15-1434, 6/15/15, WP Retail Prospective
3														
4 <u>Lincoln</u>														
5 Peak Load (kw)	11,065	11,325	11,177	10,924	10,825	11,369	14,631	11,114	11,097	11,539	12,141	11,523	14,631	Company Records
6 Use (kWh)	6,534,000	5,478,000	6,476,000	4,343,000	6,806,000	7,457,000	7,388,000	5,604,000	5,985,000	6,956,000	7,701,000	6,720,000	77,448,000	Company Records
7 Revenues	\$ 170,015	\$ 142,538	\$ 168,506	\$ 113,005	\$ 177,092	\$ 194,031	\$ 192,236	\$ 145,816	\$ 155,730	\$ 180,995	\$ 200,380	\$ 174,854	\$ 2,015,197	Line 2 x Line 6
8														
9 <u>Expera</u>														
10 Peak (kw)	11,159	11,013	6,722	1,923	1,629	3,563	4,651	11,410	11,030	9,991	10,152	10,547	11,410	Company Records
11 Use (kWh)	2,745,699	2,381,130	1,893,090	898,582	979,158	1,030,002	3,467,096	3,669,880	4,287,584	1,870,254	1,382,618	1,871,077	26,476,170	Company Records
12 Revenues	\$ 71,443	\$ 61,957	\$ 49,258	\$ 23,381	\$ 25,478	\$ 26,801	\$ 90,214	\$ 95,490	\$ 111,563	\$ 48,664	\$ 35,976	\$ 48,685	\$ 688,910	Line 2 x Line 11
13														
14 <u>Total Anticipated</u>														
15 Peak (kw)	22,224	22,338	17,899	12,847	12,454	14,932	19,282	22,524	22,127	21,530	22,293	22,070	22,524	Company Records
16 Revenues	\$ 241,458	\$ 204,495	\$ 217,764	\$ 136,386	\$ 202,570	\$ 220,832	\$ 282,450	\$ 241,306	\$ 267,293	\$ 229,659	\$ 236,356	\$ 223,540	\$ 2,704,107	Sum: Line 7, Line 12
Actual/Revised Forecast Load and Transmission Revenues	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Peak/Total	
17 <u>Lincoln</u>														
18 Competitive Power Subtransmission Voltage Rate (\$/kwh)	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602					ER15-1434, 6/15/15, WP Retail Prospective
19 Large Power Subtransmission Voltage Rate (\$/kW-month)							\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40		ER15-1434, 6/15/15, WP Retail Prospective
20 Use (kWh)	7,141,000	6,057,000	5,660,000	5,615,000	5,292,000	1,166,000	199,000							
21 Peak (kw)	11,392	11,078	8,989	9,440	5,156	1,110	1,260	1,718	1,159	1,432	1,432	1,432	11,392	Company Records
22 Revenues	\$ 185,809	\$ 157,603	\$ 147,273	\$ 146,102	\$ 137,698	\$ 30,339	\$ 18,282	\$ 17,867	\$ 12,054	\$ 14,893	\$ 14,893	\$ 14,893	\$ 897,706	Line 18 x Line 20 and/or Line 19 x Line 21
23														
24 <u>Expera - Mill</u>														
25 Competitive Power Subtransmission Voltage Rate (\$/kwh)	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602	\$ 0.02602					ER15-1434, 6/15/15, WP Retail Prospective
26 Large Power Subtransmission Voltage Rate (\$/kW-month)							\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40		ER15-1434, 6/15/15, WP Retail Prospective
27 Use (kWh)	2,937,396	3,099,563	986,660	775,783	1,519,311	1,553,264	720,978	\$ 499,168.00						
28 Peak (kw)	14,759	8,532	4,281	5,531	2,806	1,997	1,261	93	931	872	872	872	14,759	Company Records
29 Revenues	\$ 76,431	\$ 80,651	\$ 25,673	\$ 20,186	\$ 39,532	\$ 40,416	\$ 18,288	\$ 13,956	\$ 9,682	\$ 9,073	\$ 9,073	\$ 9,073	\$ 352,034	Line 25 x Line 27 and/or Line 26 x Line 28
30														
31 <u>Expera - Treatment Plant</u>														
32 Coincident Peak Subtransmission Voltage Rate (\$/kw-month)								\$ 16.48	\$ 16.48	\$ 16.48	\$ 16.48	\$ 16.48		ER15-1434, 6/15/15, WP Retail Prospective
33 Peak (kw)								0	87	87	87	87	87	Company Records
34 Revenues								\$ -	\$ 1,430	\$ 1,430	\$ 1,430	\$ 1,430	\$ 5,722	Line 32 x Line 33
35														
36 <u>Total Actual/Revised Forecast</u>														
37 Peak (kw)	26,151	19,610	13,270	14,971	7,962	3,107	2,521	1,811	2,177	2,391	2,391	2,391	26,151	Sum: Lines 21, 28, 33
38 Revenues	\$ 262,240	\$ 238,254	\$ 172,946	\$ 166,288	\$ 177,230	\$ 70,755	\$ 36,570	\$ 31,823	\$ 23,166	\$ 25,396	\$ 25,396	\$ 25,396	\$ 1,255,461	Sum: Lines 22, 29, 34
39														
40 <u>Actual/Revised Forecast less Anticipated</u>														
41 Peak (kw)	3,927	(2,728)	(4,629)	2,124	(4,492)	(11,825)	(16,761)	(20,713)	(19,951)	(19,139)	(19,902)	(19,678)		Line 47 - Line 11
42 Revenues	\$ 20,782	\$ 33,759	\$ (44,818)	\$ 29,902	\$ (25,339)	\$ (150,077)	\$ (245,880)	\$ (209,484)	\$ (244,126)	\$ (204,263)	\$ (210,960)	\$ (198,144)	\$ (1,448,646)	Line 38 - Line 12

Notes: Competitive rates are based on actual customer monthly peak. Coincident rates are based on customer coincident monthly peak.
Lincoln switched to Large Power Subtransmission Voltage rate December 10, 2015. Expera changed to two services on January 27, 2016; Expera Mill switched to Large Power Subtransmission Voltage rate and Expera Treatment Plant switched to Coincident Peak Subtransmission voltage rate.
Expera Treatment Plant was included in the Peak and Revenues for Expera Mill up to January 27th, 2016
Figures for June 2015 through March 2016 represent actuals. Figures for April 2016 through June 2016 represent forecasts.

Emera Maine, Bangor Hydro District (BHD)

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Exhibit No. EM-4

Pro Forma Forecast Transmission Revenues, 2016-2017 - No Tariff Changes

Line	Retail Class	2015 Actuals			2016-2017 Pro Forma Charges		Forecasting Adjustments (see Notes)			2016-2017 Forecast Actuals (see Notes)			2016-2017 Pro Forma Revenues	References
		Billed kWh	Billing (kW)	12-CP kW @ Meter	Demand Charge (\$/kw-month)	Use Charge (\$/kWh)	Billed kWh	Billing (kW)	12-CP kW @ Meter	Billed kWh	Billing (kW)	12-CP kW @ Meter		
1	Residential Service	618,655,955		91,430	\$ -	\$ 0.03209				618,655,955	-	91,430	\$ 19,853,379	Column e x Column i
2	General Service	156,555,162		23,602	\$ -	\$ 0.03274				156,555,162	-	23,602	\$ 5,125,060	Column e x Column i
3	Medium Power Secondary	395,411,370	104,434	60,540	\$ 10.96	\$ -				395,411,370	104,434	60,540	\$ 13,734,683	Column d x Column j x 12
4	Medium Power Primary	50,172,331	12,268	7,656	\$ 10.58	\$ -				50,172,331	12,268	7,656	\$ 1,558,265	Column d x Column j x 12
5	Large Power - Primary Voltage	136,291,061	25,867	19,098	\$ 10.58	\$ -				136,291,061	25,867	19,098	\$ 3,285,591	Column d x Column j x 12
6	Large Power - Subtransmission Voltage	46,858,794	13,806	6,798	\$ 10.19	\$ -	14,407,971	2,304	1,841	61,266,765	16,110	8,639	\$ 1,970,853	Column d x Column j x 12
7	Large Power - Transmission Voltage	3,194,086	10,972	68	\$ 0.10	\$ -				3,194,086	10,972	68	\$ 13,490	
8	High Tension D-5/F-2	-			\$ -	\$ -				-	-	-	\$ -	
9	Street & Area Lighting	7,245,180		870	\$ -	\$ 0.02609				7,245,180	-	870	\$ 189,007	Column e x Column i
10	Municipal Lighting	1,442,748		174	\$ -	\$ 0.02609				1,442,748	-	174	\$ 37,637	Column e x Column i
11	Competitive Power Secondary Voltage	-			\$ 10.81	\$ 0.02810				-	-	-	\$ -	
12	Competitive Power Primary Voltage	141,120	73	22	\$ 10.44	\$ 0.02679				141,120	73	22	\$ 3,781	Column e x Column i
13	Competitive Power Subtransmission Voltage	89,359,586	19,449	11,561	\$ 10.05	\$ 0.02599	(89,359,586)	(19,449)	(11,561)	-	-	-	\$ -	
14	Coincident Peak - Secondary Voltage	-			\$ 18.21	\$ -				-	-	-	\$ -	
15	Coincident Peak - Primary Voltage	651,541	248	248	\$ 17.59	\$ -				651,541	248	248	\$ 52,352	Column d x Column j x 12
16	Coincident Peak - Subtransmission Voltage	17,444			\$ 16.94	\$ -	818,931	96	96	836,375	96	96	\$ 19,464	Column d x Column j x 12
17	Coincident Peak - Transmission Voltage	10,172,577	381	381	\$ 16.53	\$ -				10,172,577	381	381	\$ 75,585	Column d x Column j x 12
18										Forecast Total Collection w/o OATT Changes			\$ 45,919,149	Sum: Above
19														
20										Pro Forma Revenue Requirement			\$ 48,019,505	Workpapers, Exh. 2c at Lines 49 + 58
21														
22										Forecast Undercollection			\$ 2,100,356	Line 20 - Line 18

Notes: Forecasting adjustments reflect anticipated loss of loads and change in retail class of Expera and Lincoln. Cols. a-c, see Workpapers at Exh. 13; Cols. d & e, see Workpapers at WP Retail Prospective

Emera Maine, Bangor Hydro District (BHD)

Docket No. ER16-___-000

Exhibit No. EM-5

Pro Forma Forecast Transmission Revenues, 2016-2017 - With Proposed Tariff Changes

Line	Retail Class	<u>2015 Actuals w/ F'cast Adjustments</u>			<u>2016-2017 Pro Forma Charges</u>		<u>2016-2017 Pro Forma Revenues</u>	References
		<i>a</i> Billed kWh	<i>b</i> Billing (kW)	<i>c</i> 12-CP kW @ Meter	<i>d</i> Demand Charge (\$/kw-month)	<i>e</i> Use Charge (\$/kWh)		
1	Residential Service	618,655,955	-	91,430	\$ -	\$ 0.03338	\$ 20,653,063	Column a x Column e
2	General Service	156,555,162	-	23,602	\$ -	\$ 0.03406	\$ 5,331,495	Column a x Column e
3	Medium Power Secondary	395,411,370	104,434	60,540	\$ 11.46	\$ -	\$ 14,356,013	Column b x Column d x 12
4	Medium Power Primary	50,172,331	12,268	7,656	\$ 11.06	\$ -	\$ 1,628,758	Column b x Column d x 12
5	Large Power - Primary Voltage	136,291,061	25,867	19,098	\$ 11.06	\$ -	\$ 3,434,225	Column b x Column d x 12
6	Large Power - Subtransmission Voltage	61,266,765	16,110	8,639	\$ 10.66	\$ -	\$ 2,060,011	Column b x Column d x 12
7	Large Power - Transmission Voltage	3,194,086	10,972	68	\$ 0.11	\$ -	\$ 14,034	Column b x Column d x 12
8	High Tension D-5/F-2	-	-	-	\$ -	\$ -	\$ -	
9	Street & Area Lighting	7,245,180	-	870	\$ -	\$ 0.02714	\$ 196,620	Column a x Column e
10	Municipal Lighting	1,442,748	-	174	\$ -	\$ 0.02714	\$ 39,153	Column a x Column e
11	Competitive Power Secondary Voltage	-	-	-	\$ 5.71	\$ 0.03521	\$ -	
12	Competitive Power Primary Voltage	141,120	73	22	\$ 5.51	\$ 0.03357	\$ 4,737	Column a x Column e
13	Competitive Power Subtransmission Voltage	-	-	-	\$ 5.31	\$ 0.03256	\$ -	
14	Coincident Peak - Secondary Voltage	-	-	-	\$ 18.95	\$ -	\$ -	
15	Coincident Peak - Primary Voltage	651,541	-	248	\$ 18.30	\$ -	\$ 54,461	Column b x Column d x 12
16	Coincident Peak - Subtransmission Voltage	836,375	96	96	\$ 17.63	\$ -	\$ 20,248	Column b x Column d x 12
17	Coincident Peak - Transmission Voltage	10,172,577	381	381	\$ 17.20	\$ -	\$ 78,630	Column b x Column d x 12
18					<u>Forecast Total Collection w/ OATT Changes</u>		<u>\$ 47,871,448</u>	Sum: Above
19								
20					<u>Pro Forma Revenue Requirement</u>		<u>\$ 48,004,360</u>	Workpapers
21								
22					<u>Forecast Undercollection</u>		<u>\$ 132,911</u>	Line 20 - Line 18

Notes: Forecasting adjustments reflect anticipated loss of loads and change in retail class of Expera and Lincoln.

SCHEDULE 21 - EM

**EMERA MAINE
BANGOR HYDRO DISTRICT
LOCAL SERVICE SCHEDULE**

SCHEDULE 21-EM

I. COMMON SERVICE PROVISIONS

1 Definitions

1.1 Annual Transmission Costs: The total annual cost of the BHD Transmission System for purposes of Local Network Service shall be the amount specified in Attachment H until amended by Emera Maine or modified by the Commission.

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

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

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

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

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

1.5A Emera Maine: Emera Maine, formerly named Bangor Hydro Electric Company. Except where the context clearly indicates otherwise, all references herein to Emera Maine shall be understood to refer to the BHD Transmission System as that term is defined herein, also known as the Emera Maine - Bangor Hydro District.

1.5B Monthly BHD Transmission System Peak: The maximum firm usage of the BHD Transmission System in a calendar month as calculated pursuant to the rate formula in Attachment

P-EM.

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

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

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

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

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

1.11 Parties: Emera Maine and the Transmission Customer receiving service under Schedule 21-EM of the OATT.

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

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

1.14 Point-To-Point Service: The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under the local point-to-point service provisions of Schedule 21-EM of the OATT.

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

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

1.17 [Reserved].

1.18 Transmission Service: Local Point-To-Point Service provided over the BHD Transmission System under Schedule 21 and Schedule 21-EM of the OATT on a firm and non-firm basis.

2 Initial Allocation and Renewal Procedures

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

received after the initial sixty (60) day period shall be assigned a priority pursuant to Section I.1.b. of Schedule 21 of the OATT.

3 Ancillary Services

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

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

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

The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of this Schedule 21-EM. Three principal requirements apply to discounts for Ancillary Services provided by Emera Maine in conjunction with its provision of transmission service as follows: (i) any offer of a discount made by Emera Maine must be announced to all Eligible Customers

solely by posting on the ISO OASIS, (ii) any customer-initiated request for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the ISO OASIS, and (iii) once a discount is negotiated, details must be immediately posted on the ISO OASIS. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on Emera Maine's system. Sections 3.1 through 3.6 below list the six Ancillary Services.

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

3.2 Reactive Supply and Voltage Control from Generation or Other Sources Service: The rates and/or methodology are described in Schedule 2-EM.

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

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

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

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

4 Billing and Payment

4.1 Billing Procedure: Within a reasonable time after the first day of each month, Emera Maine shall submit an invoice to the Transmission Customer for the charges for all services furnished under Schedule 21 and Schedule 21-EM of the OATT during the preceding month. The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to Emera Maine, or by wire transfer to a bank named by Emera Maine.

4.2 Interest on Unpaid Balances: Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments

are made by mail, bills shall be considered as having been paid on the date of receipt by Emera Maine.

4.3 Customer Default: In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to Emera Maine on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after Emera Maine notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, Emera Maine may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission so approves any such request. In the event of a billing dispute between Emera Maine and the Transmission Customer, Emera Maine will continue to provide service under the Service Agreement as long as the Transmission Customer: (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then Emera Maine may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

5 Accounting for Emera Maine's Use of the Tariff: Emera Maine 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 Transmission Service when making Third-Party Sales under Schedule 21 and Schedule 21-EM of the OATT.

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

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

7 **Creditworthiness:** The applicable Creditworthiness procedures are specified in Attachment Q-EM.

8 **Dispute Resolution Procedures**

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

8.2 External Arbitration Procedures: Any arbitration initiated under Schedule 21-EM shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations or Regional Transmission Group rules.

8.3 Arbitration Decisions: Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of Schedule 21 and Schedule 21-EM of the OATT and any Service Agreement entered into under Schedule 21-EM and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment

on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities.

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

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

8.5 Rights Under The Federal Power Act: Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act

II. LOCAL POINT-TO-POINT SERVICE

Preamble

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

9 Nature of Firm Local Point-to-Point Service

9.1 Service Agreements: Emera Maine shall offer a standard form Firm Local Point-To-Point Service Agreement (Attachment A of Schedule 21) to an Eligible Customer when it submits a Completed Application for Long-Term Firm Local Point-To-Point Service. Emera

Maine shall offer a standard form Firm Local Point-To-Point Service Agreement (Attachment A of Schedule 21) to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Local Point-To-Point Service pursuant to Schedule 21 and Schedule 21-EM of the OATT. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations. 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 Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Service Agreement.

If Emera Maine determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on the BHD Transmission System, Emera Maine will offer the Firm Transmission Service with the condition that Emera Maine may curtail the service prior to the curtailment of other Firm Transmission Service for a specified number of hours per year or during System Condition(s). If the Transmission Customer accepts the service, Emera Maine will use due diligence to provide the service until: (i) Network Upgrades are completed for the Transmission Customer, (ii) the Emera Maine determines through a biennial reassessment that it can no longer reliably provide such service, or (iii) the Transmission Customer terminates the service because the reassessment increased the number of hours per year of conditional curtailment or changed the System Conditions.

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

9.2 Emera Maine Penalties Applicable to Curtailment of Firm Local Service. Pursuant to Schedule 21, Part I.1.f of the OATT, in the event the Transmission Customer fails to curtail service in response to a directive by Emera Maine, the Transmission Customer shall pay any applicable charges and the following penalty at the election of Emera Maine: up to 200% of the Firm Point-to-Point Transmission Service charge for the entire length of the reserved period but not exceeding one month. This penalty shall apply only to the portion of the service that the

Transmission Customer fails to curtail in response to a Curtailment directive. If the Curtailment is for reliability purposes, Emera Maine may assess the penalty charge for failure to curtail if the Transmission Customer does not make the required reductions within 10 minutes of the Curtailment directive. If the Curtailment is for economic purposes, Emera Maine may assess the penalty charge for failure to curtail if the Transmission Customer does not make the required reductions within 20 minutes of the Curtailment directive.

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

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

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

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

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

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

10.1 Service Agreements: Emera Maine shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment A of Schedule 21-EM) to an Eligible Customer when it first submits a Completed Application for Non-Firm Local Point-To-Point Service pursuant

to Schedule 21 and Schedule 21-EM of the OATT. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

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

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

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

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

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

10.3 Emera Maine Penalties Applicable to Curtailment of Non-Firm Local Point-to-Point Service: Pursuant to Schedule 21, Part I.2.g of the OATT, in the event the Transmission Customer fails to curtail service in response to a directive by Emera Maine, the Transmission Customer shall pay any applicable charges and the following penalty at the election of Emera Maine: up to 200% of the Non-Firm Point-to-Point Transmission Service charge for the entire length of the reserved period but not to exceed one month. This penalty shall apply only to the portion of the service that the Transmission Customer fails to curtail in response to a Curtailment directive. If the

Curtailment is for reliability purposes, Emera Maine may assess the penalty charge for failure to curtail if the Transmission Customer does not make the required reductions within 10 minutes of the Curtailment directive. If the Curtailment is for economic purposes, Emera Maine may assess the penalty charge for failure to curtail if the Transmission Customer does not make the required reductions within 20 minutes of the Curtailment directive.

11 Service Availability

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

11.2 Real Power Losses: Pursuant to Schedule 21, Part I.3.g of the OATT, the applicable Real Power Loss factor for Emera Maine Local Transmission Service is 1.99%.

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

12.1 Deposit: A Completed Application for Firm Local Point-To-Point Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month; provided, however, Emera Maine shall have the right to waive the requirement of a deposit on a nondiscriminatory basis if Emera Maine determines that the Eligible Customer is creditworthy pursuant to Section 7 and is not in default of its obligations as defined in Section 4.3 at the time of the Application. Emera Maine will bill the Eligible Customer for any reasonable costs incurred by Emera Maine in connection with its review of the Application. If the Application is rejected by Emera Maine because it does not meet the conditions for service as set forth herein, or in the case of requests for service arising in connection with losing bidders in a Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by Emera Maine in connection with the review of the losing bidder's Application. The deposit also will be returned with interest less any reasonable costs incurred by Emera Maine, if Emera Maine is unable to complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Local Point-To-Point Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by Emera Maine to the extent such costs have not already been recovered by Emera Maine from the Eligible Customer. Emera Maine will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit,

which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Part I.7 of Schedule 21 of the OATT. If a Service Agreement for Firm Local Point-To-Point Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Service Agreement for Firm Local Point-To-Point Service. Applicable interest shall be computed in accordance with the Commission's regulations at 18 CFR § 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to Emera Maine's account.

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

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

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

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

III. LOCAL NETWORK SERVICE

Preamble

Emera Maine will provide Local Network Service pursuant to the applicable terms and conditions contained in Schedule 21 and Schedule 21-EM of the OATT and Service Agreement. Local Network Service allows the Network Customer to integrate, economically dispatch, and regulate its current and planned Network Resources to serve its Network Load in a manner comparable to that in which Emera Maine utilizes the BHD Transmission System to serve its Native Load Customers. Local Network Service also may be used by the Network Customer to deliver economy energy purchases to its Network Load from non-designated resources on an as-available basis without additional charge. Transmission service for sales to non-designated loads will be provided pursuant to the applicable terms and conditions of Schedule 21 and Schedule 21-EM of the OATT. Service Agreements for Local Network Service shall be based on the standard form service agreement in Attachment A of Schedule 21. Service Agreements for Local Retail Network Service shall be based on the standard form service agreement in Attachment N-EM and Umbrella Network Operation Agreement for Retail Local Network Service in Attachment O-EM of this Schedule 21-EM.

15. Nature of Local Network Service

15.1 Real Power Losses: As explained in Schedule 21, Part II.2.f. of the OATT, Real Power Losses are associated with all transmission service. Emera Maine is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing losses associated with all transmission service as calculated by Emera Maine. The applicable Real Power Loss factor is 1.99%.

16 Initiating Service

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

Operating Agreement with Emera Maine pursuant to Attachment G-EM.

16.2 Application Procedures: An Eligible Customer requesting Local Network Service pursuant to Schedule 21 and Schedule 21-EM of the OATT must submit an Application, with a deposit approximating the charge for one month of service, to the ISO as far as possible in advance of the month in which service is to commence. Emera Maine shall have the right to waive the requirement of a deposit on a nondiscriminatory basis if Emera Maine determines that the Transmission Customer is creditworthy pursuant to Section 7 of Schedule 21-EM and is not in default of its obligations as defined in Section 4.3 of Schedule 21-EM at the time of the Application. Emera Maine will bill the Eligible Customer for any reasonable costs incurred by Emera Maine in connection with its review of the Application. Unless subject to the procedures in Section 2 of Schedule 21-EM, Completed Applications for Local Network Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. A Completed Application may be submitted by transmitting the required information by telefax. This method will provide a time-stamped record for establishing the service priority of the Application. A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

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

any) included in the 10 year load forecast provided in response to (iii) above;

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

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

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

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

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

- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by Emera Maine
- Operating restrictions needed for reliability
- Operating guides employed by system operators

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

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

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

Unless the Parties agree to a different time frame, the ISO or Emera Maine must acknowledge the request within ten (10) days of receipt. The acknowledgment must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, the ISO or Emera Maine shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, Emera Maine will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the ISO or Emera Maine shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. Emera Maine shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

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

Local Network Service shall not commence until Emera Maine and the Network Customer, or a third party, have completed installation of all equipment specified under the Local Network

Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the BHD Transmission System. Emera Maine shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

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

17 Network Resources

17.1 Operation of Network Resources: The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Emera Maine's Control Area such that the output of those facilities exceeds its designated Network Load, plus Non-Firm sales delivered pursuant to Schedule 21 and Schedule 21-EM of the OATT, plus losses. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of Emera Maine to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the BHD Transmission System. For all Network Resources not physically connected with the BHD Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application pursuant to Schedule 21, Part II, section 3, unless the Network Customer supports such delivery within the BHD Transmission System by either obtaining Point-to-Point Transmission Service or utilizing secondary service pursuant to Schedule 21, Part II, section 2(g). Emera Maine shall specify the rate treatment and all related terms and conditions applicable in the event that a Network Customer's schedule at the delivery point for a Network Resource not physically interconnected with the BHD Transmission System exceeds the Network Resource's designated capacity, excluding energy delivered using secondary service or Point-to-Point Transmission Service.

17.2 Use of Interface Capacity by the Network Customer: There is no limitation upon a Network Customer's use of the BHD Transmission System at any particular interface to integrate

the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of Emera Maine's total interface capacity between the BHD Transmission System and other transmission systems may not exceed the Network Customer's Load.

18 Designation of Network Load

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

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

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

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

18.5 Changes in Service Requests: Under no circumstances shall the Network Customer's

decision to cancel or delay a requested change in Local Network Service (e.g. the addition of a new Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by Emera Maine and charged to the Network Customer as reflected in the Service Agreement. However, Emera Maine must treat any requested change in Local Network Service in a non-discriminatory manner.

18.6 Annual Load and Resource Information Updates: The Network Customer shall provide Emera Maine with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Local Network Service under Schedule 21 and Schedule 21-EM of the OATT. The Network Customer also shall provide Emera Maine with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities, or operations affecting Emera Maine's ability to provide reliable service.

19 Load Shedding and Curtailments

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

20 Rates and Charges

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

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

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

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

21 Operating Arrangements

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

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

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

SCHEDULE 1-EM

SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE

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

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

- 1) **Yearly delivery:** (a) for all wholesale customers, customers who wheel-off the Emera Maine system, and retail point-to-point customers, the Annual Rate established pursuant to Attachment P-EM Section VI.A1 per KW of Reserved Capacity per year or (b) for retail network customers, the Annual Rate established pursuant to Attachment P-EM Section VI.A2 per KW of Reserved Capacity per year.
- 2) **Monthly delivery:** (a) for all wholesale customers, customers who wheel-off the Emera Maine system, and retail point-to-point customers, the Monthly Rate established pursuant to Attachment P-EM Section VI.A1 per KW of Reserved Capacity per month or (b) for retail network customers, the Monthly Rate established pursuant to Attachment P-EM Section VI.A2 per KW of Reserved Capacity per month.
- 3) **Weekly delivery:** (a) for all wholesale customers, customers who wheel-off the Emera Maine system, and retail point-to-point customers, Weekly Rate established pursuant to Attachment P-EM Section VI.A1 per KW of Reserved Capacity per week or (b) for retail network customers, the Weekly Rate established pursuant to Attachment P-EM Section VI.A2 per KW of Reserved Capacity per week.
- 4) **Daily delivery:** (a) for all wholesale customers, customers who wheel-off the Emera Maine system, and retail point-to-point customers, the Daily Rate established pursuant to Attachment P-EM Section VI.A1 per KW of Reserved Capacity per day or (b) for retail network customers, the Daily Rate

established pursuant to Attachment P-EM Section VI.A2 per KW of Reserved Capacity per day.

5) **Hourly delivery:** (a) for all wholesale customers, customers who wheel-off the Emera Maine system, and retail point-to-point customers, the Hourly Rate established pursuant to Attachment P-EM Section VI.A1 per KW of Reserved Capacity per hour or (b) for retail network customers, the Hourly Rate established pursuant to Attachment P-EM Section VI.A2 per KW of Reserved Capacity per hour.

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

SCHEDULE 2-EM

REACTIVE SUPPLY AND VOLTAGE CONTROL FROM GENERATION OR OTHER SOURCES SERVICE

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

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

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

Emera Maine is not the Control Area operator, and has divested itself of the generation in its service territory that provides Reactive Supply and Voltage Control from Generation Sources Service. To the extent Transmission Customers are also Transmission Customers under provisions of the OATT besides Schedule 21 and Schedule 21-EM, which provide Reactive Supply and Voltage Control from Generation Sources Service throughout the ISO Control Area, no additional charges for this service shall be charged hereunder. To the extent a Transmission Customer is a customer under Schedule 21 and Schedule 21-EM of the OATT, but not a customer under the other provisions of the OATT, Emera Maine will pass through to the Transmission Customer any charges for this service assessed to it by the ISO for the Transmission Customer's account.

SCHEDULE 3-EM

REGULATION AND FREQUENCY RESPONSE SERVICE

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

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

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

SCHEDULE 4-EM

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. Emera Maine must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from Emera Maine or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for Emera Maine, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to Emera Maine by that Control Area operator.

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

SCHEDULE 5-EM

OPERATING RESERVE - SPINNING RESERVE SERVICE

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

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

SCHEDULE 6-EM

OPERATING RESERVE - SUPPLEMENTAL RESERVE SERVICE

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

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

SCHEDULE 7-EM

WHOLESALE OR WHEELING LONG-TERM FIRM AND SHORT-TERM FIRM LOCAL POINT-TO-POINT SERVICE

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

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE 8-EM

WHOLESALE OR WHEELING NON-FIRM LOCAL POINT-TO-POINT SERVICE

The Transmission Customer shall pay up to the following transmission rates for service under this Schedule 21-EM:

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

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

- 4) **Hourly delivery:** The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed: (a) in the case of wholesale load located on the Emera Maine system, the Hourly Rate established pursuant to Attachment P-EM Section VI.B, plus the Hourly Rate established pursuant to Attachment P-EM Section VI.C, plus, if applicable, the Hourly Rate established

pursuant to Attachment P-EM Section VI.D, all per KW of Reserved Capacity per hour; or (b) in the case of wheeling off the Emera Maine system, the Hourly Rate established pursuant to Attachment P-EM Section VI.E per KW of Reserved Capacity per hour. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

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

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

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

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

- a) the base charge for Transmission Service set forth in this schedule, modified to include the cost of required Network Upgrades on a rolled-in basis; or
- b) a charge based on the incremental cost of any Network Upgrades that would not have been needed for the Service requested by the Transmission Customer. Such incremental cost

charge shall be based upon the Transmission Customer's appropriate share of the cost of such Network Upgrade up to one hundred percent of such cost.

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

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

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

SCHEDULE 9-EM

RETAIL FIRM LOCAL POINT-TO-POINT SERVICE

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

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

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

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

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

such week.

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

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

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

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

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

If the requested Retail Firm Point-to-Point Service requires use of Network Upgrades previously determined to have been necessary to provide Transmission Service for another Transmission Customer, and if the costs of such Network Upgrades already are reflected in the rate for Transmission Service paid by such other Customer and are not reflected in the base rate for Retail

Firm Transmission Service, the subsequent Transmission Customer receiving Transmission Service shall pay a contribution to cover a portion of the cost of such Network Upgrades. The amount of the contribution shall be based on the subsequent Transmission Customer's pro-rata use of the Network Upgrades, as determined by FERC, and in the period of time over which the use occurs. The rate of the Transmission Customer(s) for whom the Network Upgrades originally were made shall be reduced by an amount equivalent to the contribution(s) made by other Transmission Customers pursuant to this section.

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

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

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

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

b. Section 4 of Schedule 21-EM: The billing, payment, and default section is applicable to a Designated Agent taking transmission service on behalf of its retail customers and any retail customer taking service directly from Emera Maine. If the Transmission Customer is a Designated Agent, Emera Maine shall bill directly and receive payment from the Designated Agent's retail customers for applicable transmission and ancillary charges (except for Energy Imbalance Service) unless other mutually agreeable provisions for payment are made. Emera Maine shall bill directly the Designated Agent, if it is not Emera Maine, for Energy Imbalance

Service, unless other mutually agreeable provisions for payment are made. For the direct billing of retail customers taking transmission service through a Designated Agent, the billing, payment, and default provisions shall be pursuant to Emera Maine's retail Terms and Conditions, the relevant portions of which are included in Schedule 12-EM.

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

d. Section 9.1 of Schedule 21-EM: The service agreements section is modified to add the following: "If the Eligible Customer submits a Completed Application for Retail Firm Point-To-Point Transmission for service to retail load, Emera Maine shall offer a standard form Retail Firm Local Point-To-Point Service Agreement (Attachment L-EM) or Retail Non-Firm Local Point-To-Point Service Agreement (Attachment M-EM), as applicable, to Eligible Customer."

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

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

SCHEDULE 10-EM

RETAIL NON-FIRM LOCAL POINT-TO-POINT SERVICE

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

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

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

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

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

- 4) **Hourly delivery:** The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed the Hourly Rate established pursuant to Attachment P-EM Section VI.F.1, plus the Hourly Rate established pursuant to Attachment P-EM Section VI.G.1, plus, if applicable,

the Hourly Rate established pursuant to Attachment P-EM Section VI.H.1, all per KW of Reserved Capacity per hour. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

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

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

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

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

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

Upgrade up to one hundred percent of such cost.

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

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

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

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

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

b. Section 4 of Schedule 21-EM: The billing, payment, and default section is applicable to a

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

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

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

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

SCHEDULE 11-EM

RETAIL LOCAL NETWORK SERVICE

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

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

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

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

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

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

portions of which are included in Schedule 12-EM.

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

d. Section 16.1 of Schedule 21-EM: The condition precedent for receiving service section is modified to add the following provision: "Unless retail Transmission Customers elect otherwise as provided in this Schedule 21 and Schedule 21-EM, retail Transmission Customers shall take service from Emera Maine as their Designated Agent pursuant to an Umbrella Service Agreement for Retail Local Network Service pursuant to Attachment N-EM; these retail Transmission Customers are not required to execute the service agreement which will be filed with FERC. Such retail Transmission Customers shall be obligated to comply with the applicable terms and conditions of Schedule 21 and Schedule 21-EM including paying for service notwithstanding the absence of a customer signature on a Service Agreement. If a retail Transmission Customer elects to take Retail Local Network Service directly from Emera Maine or through a Designated Agent other than Emera Maine, the Eligible Customer shall execute a Service Agreement for Retail Local Network Service pursuant to Attachment N-EM for service under Schedule 21-EM or request in writing that Emera Maine file a proposed unexecuted Service Agreement for Retail Local Network Service with the Commission and the Eligible Customer shall execute a Local Network Operating Agreement for Retail Local Network Service with Emera Maine pursuant to Attachment O-EM. The following additional requirement applies to a retail Transmission Customer that takes at least 500 KW of transmission service in any one hour in the calendar year from Emera Maine and takes Retail Local Network Service from Emera Maine as its Designated Agent: it shall execute a Service Agreement for Retail Local Network Service pursuant to Attachment N-EM for service under Schedule 21-EM or request in writing that Emera Maine file a proposed unexecuted Service Agreement for Retail Local Network Service with the Commission, if Emera Maine must construct either Direct Assignment Facilities or Network Upgrades in order to provide Transmission Service to the retail Transmission Customer."

e. Sections 16.2, 16.3, 16.4 of Schedule 21-EM: A retail Transmission Customer taking Retail Local Network Service from Emera Maine as its Designated Agent shall not be required to satisfy

the application procedures and technical arrangements in sections 16.2, 16.3 and 16.4 of Schedule 21-EM, except that a retail Transmission Customer that takes at least 500 KW of transmission service in any one hour in the calendar year from Emera Maine and takes Retail Local Network Service from Emera Maine as its Designated Agent shall be required to comply with sections 16.3 and 16.4 of Schedule 21-EM to the extent Emera Maine deems it necessary to provide service.

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

g. Section 18 of Schedule 21-EM: The designation of network load sections are modified to allow load distribution profiles of customer classes to be used for determining retail customer peak loads.

h. Sections 20.1 and 20.2 of Schedule 21-EM: The sections are superseded by the charges set out in this Schedule 11-EM.

i. Section 21 of Schedule 21-EM: The operating arrangements sections are not applicable for a retail Transmission Customer that takes Retail Local Network Service from Emera Maine as its Designated Agent. The operating arrangements for a Transmission Customer taking Retail Local Network Service directly from Emera Maine or through a Designated Agent other than Emera Maine shall be set forth in the Operating Agreement for Retail Local Network Service entered into between the Transmission Customer Emera Maine.

SCHEDULE 12-EM

RETAIL TERMS AND CONDITIONS

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

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

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

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

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

4-B GUARANTEE OF PAYMENTS:

Residential Accounts:

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

Non-Residential Accounts:

Emera Maine may require a deposit as security for the payment of bills and compliance with the Terms and Conditions as a prerequisite to the rendering or continuing of non-residential utility service by Emera

Maine in accordance with Section 7(B) - Chapter 815 of the MPUC's Rules and Regulations as in effect on the effective date hereof or amended from time to time hereafter.

4-C AMOUNT OF DEPOSIT.

Residential Accounts:

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

Non-Residential Accounts:

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

4-D REFUND OF DEPOSIT.

Residential Accounts:

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

Non-Residential Accounts:

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

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

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

Regulations as in effect on the effective date hereof or as amended from time to time hereafter.

4-G DISCONNECTION OF SERVICE FOR CAUSE.

Residential Accounts:

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

Non-Residential Accounts:

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

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

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

4-J SINGLE-METER, MULTI-UNIT DWELLINGS. In cases of disconnection of single-meter, multi-unit dwellings in which the Customer is the landlord, in addition to any other applicable fees, the landlord shall be required to pay a collection fee of \$50.00. In addition, Emera Maine may require each dwelling unit to be individually metered at the landlord's expense before service will be restored.

ATTACHMENT A-EM

[Reserved]

ATTACHMENT B-EM

[Reserved]

ATTACHMENT C-EM
METHODOLOGY TO ASSESS AVAILABLE TRANSFER CAPABILITY

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

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

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

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

1. Roles of ISO New England and Emera Maine

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

Pursuant to the terms of the Transmission Operating Agreement executed between Emera Maine as a Participating Transmission Owner (PTO) and ISO, Emera Maine is a Transmission Service Provider and calculates TTC and ATC for certain facilities over which Local Point-to-Point Service is provided under Schedule 21-EM. These are primarily radial paths that provide transmission service to directly

interconnected generators.

1.1 Scope of Attachment C-EM

As the Transmission Service Provider of Schedule 21-EM Local Point-to-Point Service pursuant to the PTOs' Transmission Operating Agreement and the ISO OATT, Emera Maine performs the following functions within the scope of Attachment C-EM:

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

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

As defined by ISO and as applicable to all Transmission Service Providers under the RTO footprint, the following functions will be performed:

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

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

2. Transmission Service in the New England Markets

As explained in Attachment C of the OATT, the process by which generation located inside New England supplies energy to bulk electric system differs from the pro forma OATT. The fundamental difference is

that internal generation is dispatched in an economic, security constrained manner by the ISO rather than utilizing a system of physical rights, advance reservations and point-to-point transmission service. Through this process, internal generation provides supply offers to the New England energy market which are utilized by the ISO in the Real-Time Energy Market dispatch software. This process provides the least-cost dispatch to satisfy Real-Time load on the system.

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

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

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

3. Schedule 21-EM Total Transfer Capability

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

3.1 Posting TTCs

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

4. Capacity Benefit Margin

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

Wherever applicable, the administration of Schedule 21-EM is consistent with the services provided under the ISO OATT by ISO. Emera Maine provides local transmission service over its non-PTF facilities that are connected only to the New England system and they do not interconnect with other systems. Therefore, Emera Maine does not reserve CBM for these paths, and the CBM is presently set to zero.

5. Transmission Reliability Margin

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

6. Calculation of ATC for Emera Maine's Local Facilities

6.1 ATC Calculation General Description

This section defines the ATC calculations performed by Emera Maine for its non-PTF internal interfaces. Consistent with the NERC definition, ATC_F is the capability for Firm transmission reservations that remain after allowing for ETC_F , CBM, TRM, $Postbacks_F$ and $counterflows_F$. Additionally, consistent with NERC definition, ATC_{NF} is the capability for Non-Firm transmission reservations that remain after allowing for

ETC_F , ETC_{NF} , scheduled CBM (CBM_S), unreleased TRM (TRM_U), Non-Firm Postbacks ($Postbacks_{NF}$) and Non-Firm counterflows ($counterflows_{NF}$). As discussed above, the TRM and CBM for Emera Maine's non-PTF posted paths is zero. The purpose of the ETC (Existing Transmission Commitment) component of the ATC equation is for the Transmission Provider to ensure all existing transmission service commitments that reduce the ATC available to Firm and Non-Firm Local Point-to-Point Service Customers are accounted for. As described in Section 2, under Schedule 21-EM, Emera Maine requires the purchase of transmission service in advance of delivery of energy to the New England Wholesale Market over certain non-PTF paths, and those existing transmission commitments would be applied to the ATC equation for the specific posted path. As a practical matter, the ratings of the radial transmission paths are generally higher than the transmission requirements of the Transmission Customers connected to that path. As such, transmission services over these posted paths are considered to be generally available.

As Real-Time approaches, the ISO utilizes the Real-Time energy market rules to determine which of the submitted energy transactions will be scheduled in the coming hour. In Real-Time, ETC effectively becomes equal to 0 (zero), as the ISO does not recognize nor utilize OASIS scheduled transmission reservations in its determination of generation dispatch pursuant to the Market Rules. Therefore, in Real-Time, the ATC is equal to TTC minus the amount of net energy transactions subject to ISO security constrained dispatch for each non-PTF interface for the designated hour. With this simplified version of ATC, there is no detailed algorithm to be described or posted other than: ATC equals TTC minus total Real-Time generation dispatch for each non-PTF interface. Because ISO Real-Time generation dispatch determines transmission usage in this time period for those non-PTF facilities that serve as a path for Schedule 21-EM Point-to-Point Transmission Customers, and existing transmission reservations are not determinate of transmission capacity usage in Real-Time, Emera Maine posts the ATC as 9999, consistent with industry practice. Actual ATC on these paths varies depending on the time of day. Thus, ATC is posted with an ATC of "9999" to reflect the fact that there are generally no restrictions on these paths for commercial transactions.

6.2 Existing Transmission Commitments, Firm (ETC_F)

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

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

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

7. Posting of ATC Related Information

7.1 Calculation of ATC Values

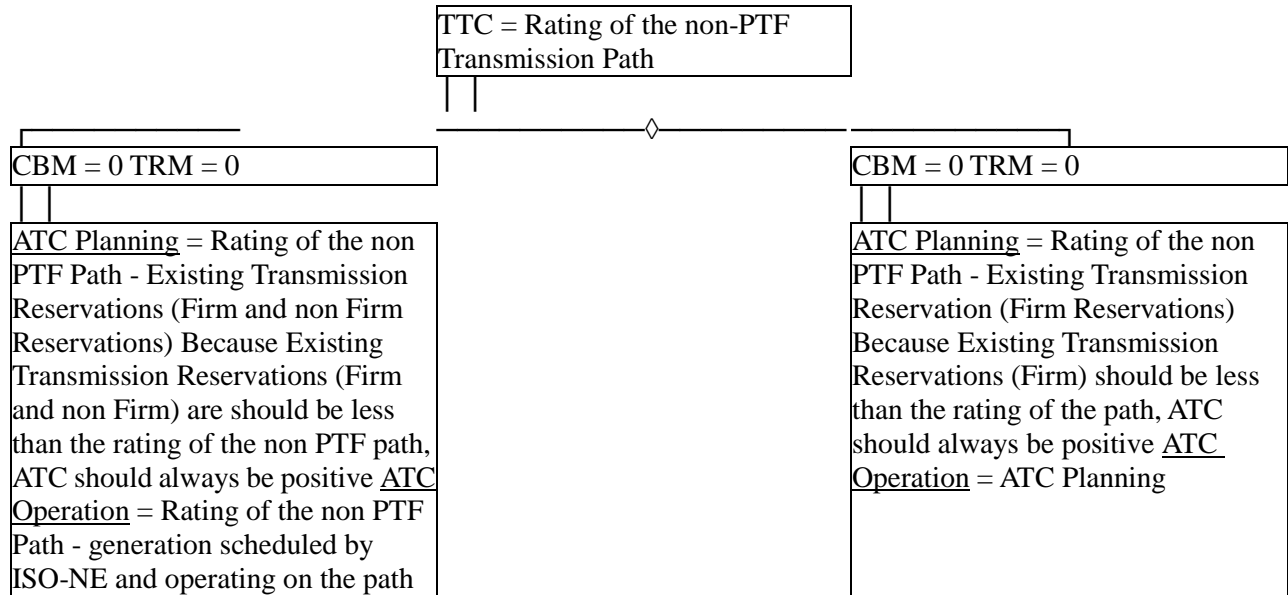
As described above, the Real-Time ATC values for Emera Maine's non-PTF internal assets that are utilized for Point-to-Point transmission service are almost always positive, and are thus set at 9999. The Real-Time ATC values for these internal posted paths are posted in accordance with NAESB standards on Emera Maine's OASIS website.

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

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

Further, the mathematical algorithm and mathematical definition of Available Transmission Capability (ATC) for non-PTF for Emera Maine under Schedule 21-EM are posted on Emera Maine's website at www.emeramaine.com.

8. Non-PTF Transmission Path ATC Process Flow Diagram



Note: Firm includes Conditional Firm

ATTACHMENT D-EM

METHODOLOGY FOR COMPLETING A SYSTEM IMPACT STUDY

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

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

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

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

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

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

the FCITC definition above.

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

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

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

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

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

ATTACHMENT E-EM
INDEX OF EMERA MAINE POINT-TO-POINT TRANSMISSION SERVICE CUSTOMERS

[See Electric Quarterly Reports]

ATTACHMENT G-EM
EMERA MAINE LOCAL NETWORK OPERATING AGREEMENT

Example

THIS AGREEMENT, entered into this _____ day of _____,

_____ is between the Transmission Customer and Emera Maine, either or both of which area hereinafter referred as "Party" or "Parties".

WHEREAS, the Transmission Customer is directly interconnected with Emera Maine's electric system and the Parties desire to formalize that interconnection; and

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

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

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

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

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

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

A. "Transmission Customer's Interconnection Equipment" is all equipment and facilities (1) necessary for the interconnection of the Transmission Customer's system and Emera Maine's system, and (2) located on the Transmission Customer's side of the Point(s) of Delivery. This equipment may include, but is not limited to, connection, switching, and safety equipment.

B. "Emera Maine's Interconnection Equipment" is all equipment and facilities (1) necessary for the

interconnection of Emera Maine's system and the Transmission Customer's system, and (2) located on Emera Maine's side of the Point(s) of Delivery. This equipment may include, but is not limited to, connection, switching, and safety equipment.

C. "System Emergency" is a condition on Emera Maine's system or on a system with which Emera Maine's system is interconnected which, in Emera Maine's sole judgment at the time of the occurrence, is likely to result in imminent disruption of service to a network service customer or is imminently likely to endanger life or property.

II. TERM

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

III. CHARACTER OF SERVICE

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

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

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

IV. INTERCONNECTION EQUIPMENT DESIGN AND CONSTRUCTION

A. Each Party, at its own expense, shall design, purchase, construct, install, and be responsible for maintaining all of its Interconnection Equipment that connects its Interconnection Equipment to the other Party's Interconnection Equipment.

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

C. The construction, design, installation, and maintenance of each Party's Interconnection Equipment

shall meet all standards of Good Utility Practice. Each Party shall allow the other Party reasonable access to the construction site during any construction for the purpose of inspecting the Interconnection Equipment.

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

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

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

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

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

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

V. METERING

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

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

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

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

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

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

G. Unless otherwise mutually agreed, the meters shall not be tested or recalibrated, and none of the connections, including those of the transformers, shall be disturbed or changed, except in the presence of

duly authorized representatives of each of the Parties or unless either Party, after reasonable notice, fails or refuses to have its representative present.

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

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

VI. MONITORING

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

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

VII. PROTECTION AND CONTROL OF INTERCONNECTION EQUIPMENT

The Transmission Customer, at its expense, shall design, purchase, construct, install, and be responsible for the expense of maintaining all of the Interconnection Equipment that isolates the Transmission Customer's equipment from Emera Maine's system. All such Interconnection Equipment shall be of sufficient size to accommodate the delivery of energy and capacity under the Service Agreement between Emera Maine and the Transmission Customer and shall be of utility grade, acceptable to Emera Maine.

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

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

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

- D. Potential and current transformers;
- E. Phase fault protection and ground fault protection.

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

VIII. INTERCONNECTION OPERATION

- A. Emera Maine will operate and maintain its nominal transmission voltage within a range of +/- 5% at the point of interconnection between Emera Maine and the Transmission Customer. The Transmission Customer, at its expense, shall maintain appropriate voltage on its system in accordance with Good Utility Practice
- B. The Transmission Customer shall have a reactive operating range (power factor) that is continuous throughout the 95% lead to 95% lag range; provided, however, that under normal operating conditions the Transmission Customer shall not deliver excess reactive power to the Emera Maine system unless otherwise agreed to by Emera Maine.
- C. During a System Emergency, the Transmission Customer at Emera Maine's request, shall operate

its system in a manner to mitigate the System Emergency. That operation may call for full or partial interruption of power, but in an amount and duration only as reasonably required by the System Emergency.

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

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

IX. MAINTENANCE AND MODIFICATION TO THE INTERCONNECTION

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

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

C. At the Transmission Customer's request during the Term of this Agreement, Emera Maine shall move any of its lines or other equipment used exclusively for the purpose of furnishing and delivering to the Transmission Customer electric energy, if: (i) the Transmission Customer furnishes without charge or expense to Emera Maine a new, suitable, and sufficient right(s)-of-way to enable Emera Maine to deliver electric energy, and (ii) the Transmission Customer reimburses Emera Maine in advance on a progress payment basis for all costs incurred by Emera Maine in connection with the moving of said lines or

equipment. The Transmission Customer is responsible for securing for Emera Maine such new location and new right(s)-of-way.

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

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

X. BILLING AND PAYMENTS

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

XI. AUDITS OF ACCOUNTS AND RECORDS

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

XII. SCHEDULING

A. Local Point-to-Point Service

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

B. Local Network Service

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

XIII. ACCESS

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

B. The Transmission Customer will grant, with a reasonable notification and without cost to Emera Maine for the Term of this Agreement, any access that may be necessary for reasonable ingress and egress over property owned by the Transmission Customer in order to operate, inspect, maintain, replace, and remove Emera Maine-owned Interconnection Equipment, provided that such access shall not disrupt or otherwise interfere with the normal operations of the Transmission Customer.

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

WITNESSES:

EMERA MAINE

By: _____

Its: _____

Dated: _____

TRANSMISSION CUSTOMER

By: _____

Its: _____

Dated: _____

APPENDIX A-EM
CUSTOMER DIRECT ASSIGNMENT FACILITIES

ATTACHMENT H-EM

[Reserved]

ATTACHMENT I-EM

INDEX OF NETWORK CUSTOMERS

[See Electric Quarterly Reports]

ATTACHMENT J-EM

[Reserved]

ATTACHMENT K-EM

[Reserved]

ATTACHMENT L-EM

UMBRELLA SERVICE AGREEMENT FOR RETAIL FIRM LOCAL POINT-TO-POINT SERVICE

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

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

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

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

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

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

upon request demonstrating such authorization.

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

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

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

Bank: _____

ABA No.: _____

Account Name: _____

Account No.: _____

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

Emera Maine:

Transmission Customer:

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

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

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

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

Transmission Provider approves
request within _____

Transmission Customer must confirm
within _____ or request

before start of service	is deemed withdrawn
24 hours or less	1 hour
25-48 hours	24 hours before transaction begins
2-6 days	24 hours
7-30 days	72 hours
31-90 days	1 week
90 days or more	15 days

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

Emera Maine:

By: _____
Name Title Date

Transmission Customer:

By: _____
Name Title Date

Specifications For Retail Firm Local Point-To-Point Service

1.0 Term of Service: _____

Start Date: _____

Termination Date: _____

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

3.0 Point(s) of Receipt: _____

Delivery Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

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

Capacity): _____

6.0 Designation of Party subject to reciprocal service obligation: _____

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

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

8.1 Transmission Charge:

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

8.3 Direct Assignment Facilities Charge:

8.4 Ancillary Services Charges:

Schedule 1 (Scheduling): _____

Schedule 2 (Reactive Supply): _____

Schedule 3 (Regulation): _____

Schedule 4 (Energy Imbalance): _____

Schedule 5 (Spinning Reserve): _____

Schedule 6 (Supplemental Reserve): _____

8.5 Losses: _____

8.6 Taxes: _____

8.7 Local Distribution Costs: _____

9.0 Description of Method of Supplying of Losses: _____

10.0 Source of supply of each Ancillary Service not provided by Emera Maine:

ATTACHMENT M-EM

UMBRELLA SERVICE AGREEMENT FOR RETAIL NON-FIRM LOCAL POINT-TO-POINT SERVICE

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

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

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

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

5.0 The Transmission Customer has provided Emera Maine with assurance of creditworthiness in accordance with the provisions of Section 11 of Schedule 21-EM of the OATT.

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

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

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

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

Bank: _____

ABA No.: _____

Account Name: _____

Account No.: _____

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

Emera Maine:

Transmission Customer:

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

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

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

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

EMERA MAINE:

By: _____
Name Title Date

Transmission Customer:

By: _____
Name Title Date

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

1.0 Term of Service: _____

Start Date: _____

Termination Date: _____

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

3.0 Point(s) of Receipt: _____

Delivery Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

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

6.0 Designation of Party subject to reciprocal service obligation: _____

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

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

8.1 Transmission Charge:

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

8.3 Direct Assignment Facilities Charge:

8.4 Ancillary Services Charges:

Schedule 1 (Scheduling): _____

Schedule 2 (Reactive Supply): _____

Schedule 3 (Regulation): _____

Schedule 4 (Energy Imbalance): _____

Schedule 5 (Spinning Reserve): _____

Schedule 6 (Supplemental Reserve): _____

8.5 Losses: _____

8.6 Taxes: _____

8.7 Local Distribution Costs: _____

9.0 Description of Method of Supplying of Losses: _____

10.0 Source of supply of each Ancillary Service not provided by Emera Maine:

ATTACHMENT N-EM

UMBRELLA SERVICE AGREEMENT FOR RETAIL LOCAL NETWORK SERVICE

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

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

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

4.0 Service under this agreement shall commence on the later of: (1) _____, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as permitted by the Commission. The Service Agreement shall be effective for an initial term of one year for a retail customer taking Retail Local Network Service directly from Emera Maine or through a Designated Agent other than Emera Maine or for any Network Customer required to execute a Service Agreement or provide notice that an unexecuted Service Agreement should be filed. Thereafter, it will continue from year to year unless terminated by the Network Customer or Emera Maine by giving the other one-year advance written notice or by mutual agreement of the Parties, unless earlier terminated for

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

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

6.0 The Network Customer has provided Emera Maine with assurance of creditworthiness in accordance with the provisions of Section 7 of Schedule 21-EM of the OATT.

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

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

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

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

Bank: _____

ABA No.: _____

Account Name: _____

Account No.: _____

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

Emera Maine:

Network Customer:

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

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

promulgated thereunder.

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

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

EMERA MAINE:

By: _____

Name

Title

Date

Network Customer:

By: _____

Name

Title

Date

Specifications For Retail Local Network Service

1.0 Term of Service: _____

Start Date: _____

Termination Date: _____

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

3.0 Point(s) of Receipt: _____

Delivery Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

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

Capacity): _____

6.0 Designation of Party subject to reciprocal service obligation: _____

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

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

8.1 Transmission Charge:

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

8.3 Direct Assignment Facilities Charge:

8.4 Ancillary Services Charges:

Schedule 1 (Scheduling): _____

Schedule 2 (Reactive Supply): _____

Schedule 3 (Regulation): _____

Schedule 4 (Energy Imbalance): _____

Schedule 5 (Spinning Reserve): _____

Schedule 6 (Supplemental Reserve): _____

8.5 Losses: _____

8.6 Taxes: _____

8.7 Local Distribution Costs: _____

9.0 Description of Method of Supplying of Losses: _____

10.0 Source of supply of each Ancillary Service not provided by Emera Maine:

ATTACHMENT O-EM

UMBRELLA NETWORK OPERATING AGREEMENT FOR RETAIL LOCAL NETWORK SERVICE

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

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

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

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

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

6.0 Power and energy transmitted by Emera Maine for the Network Customer shall be delivered as three-phase alternating current at a frequency of approximately 60 Hertz, and at the nominal voltages at the delivery and receipt points. When multiple delivery points are provided to a specific Network Load, they shall not be operated in parallel by the Network Customer without the approval of Emera Maine. Emera Maine and the Network Customer shall also establish and monitor standards and operating rules and procedures to assure that BHD Transmission System integrity and the safety of customer, the public, and employees are maintained or enhanced when such parallel operation is permitted either on a continuing basis or for intermittent switching or other service needs. Each Party shall exercise due diligence and reasonable care in maintaining and operating its facilities so as to maintain continuity of service.

7.0 Emera Maine reserves the right to inspect the facilities and operating records of a Network

Customer upon mutually agreeable terms and conditions.

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

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

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

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

12.0 It is recognized by the Parties that the BHD Transmission System is, and will be, directly or indirectly interconnected with BHD Transmission Systems owned or operated by others, that the flow of power and energy between such systems will be controlled by the physical and electrical characteristics of

the facilities involved and the manner in which they are operated, and that part of the power and energy being delivered under this Operating Agreement may flow through such other systems rather than through the facilities of Emera Maine. Each Party will at all times cooperate with other interconnected systems in establishment of arrangements that may be necessary to relieve any hardship in such other systems and in the systems of the other entities caused by energy flows of scheduled deliveries hereunder.

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

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

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

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

- a) A statement regarding the ability of the BHD Transmission System to meet the forecast deliveries at each of the delivery points;

b) A detailed description of any constraints on Emera Maine's system within the three (3) year horizon that will restrict forecast deliveries.

c) In the event that studies reveal a potential limitation of Emera Maine's ability to deliver power and energy to any of the delivery points, Emera Maine and Network Customer shall identify appropriate remedies for such constraints including but not limited to: construction of new transmission facilities, upgrade or other improvements to existing transmission facilities, or temporary modification to operation procedures designed to relieve identified constraints. Emera Maine will, consistent with Good Utility Practice, endeavor to construct and place into service sufficient transmission capacity to maintain reliable service to the Network Customer. An appropriate sharing of the costs to relieve such constraints will be determined by the Parties, consistent with FERC rules, regulations, policies, and precedents then in effect. If the Parties are unable to agree upon an appropriate remedy or sharing of the costs, Emera Maine shall submit its proposal for the remedy or sharing of such costs to the FERC for approval consistent with Schedule 21 and Schedule 21-EM of the OATT.

14.0 Prior to service commencing under this Operating Agreement and the Service Agreement for Retail Local Network Service, and prior to the beginning of each month thereafter, the Network Customer shall provide to Emera Maine, the Network Customer's daily peak load expressed in terms of tenths of a megawatt and shall include all losses within the BHD Transmission System.

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

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

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

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

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

20.0 The Network Customer and Emera Maine shall implement load-shedding procedures to maintain the reliability and integrity of the BHD Transmission System as provided in Section 45 of the OATT and in accordance with applicable NERC and NPCC requirements and Good Utility Practice. Load shedding may include (1) automatic load shedding, (2) mutual load shedding, and (3) rotating interruption of customer load. When manual load shedding or rotating interruptions are necessary, Emera Maine shall notify the Network Customer of the required action and the Network Customer shall comply immediately.

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

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

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

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

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

and Schedule 21-EM of the OATT, Schedule 21 and Schedule 21-EM of the OATT shall control.

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

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

Emera Maine

[name]

[title][address]

[phone]

[fax]

Network Customer

[name]

[title]

[address]

[phone]

[fax]

Any notice, request, or demand pertaining to operating matters may be delivered in person or by first class mail, messenger, telephone, telegraph, or facsimile transmission as may be appropriate and shall be

confirmed in writing as soon as practical thereafter, if any Party so requests in any particular instance.

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

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

EMERA MAINE:

Date:

By: _____

TRANSMISSION CUSTOMER:

Date:

By: _____

ATTACHMENT P-EM

FORMULAIC RATES DESCRIPTION

I. INTRODUCTION

This Attachment P-EM sets forth details with respect to the determination each year of Emera Maine's Transmission Revenue Requirement and its Scheduling Revenue Requirement. Except where otherwise noted or where the context otherwise indicates, all values referenced herein shall be understood to be end of year or full calendar year values as reflected on Emera Maine's FERC Form 1 ("FF1").

The Transmission Revenue Requirement will reflect the costs for the BHD Transmission System, as detailed in Section III below. The Transmission Revenue Requirement will be calculated annually, effective each June 1, based in part on the previous calendar year's data and the FF1 data for that previous year (the "Reported Year"), and based in part on forecasted amounts. The calendar year immediately following the Reported Year is referred to herein as the "Forecast Period." Reported Year load, revenue and sales data may be adjusted, as appropriate, to reflect known and measurable anticipated changes for the subject rate year.

The Scheduling Revenue Requirement will reflect the costs of provision of the Ancillary Service "Scheduling, System Control and Dispatching Service" ("Scheduling") for the BHD Transmission System, as detailed in Section IV below. The Scheduling Revenue Requirement will be calculated annually, effective each June 1, based on the previous calendar year's data and the FF1 data for the Reported Year.

If and to the extent such FF1 data are not applicable to the BHD in whole or in part, such data (i) where practicable, will be expressly excluded from the calculations in this Attachment P-EM (*i.e.*, directly assigned to an Emera Maine business unit other than the BHD) or (ii) allocated between the BHD and one or more other business units of Emera Maine, as detailed herein.

Retail transmission price changes will take effect contemporaneously with annual changes to distribution rates. The transmission revenue effect of any difference (positive or negative) between when transmission price changes would normally occur (June 1) and when they actually occur will be accrued with interest, calculated pursuant to Section 35.19a of FERC's regulations and included in the next determination of transmission prices for retail transmission customers.

Subject to the foregoing, separate Transmission Revenue Requirements will be calculated pursuant to this Attachment P-EM, applicable to the following:

- A. Wholesale Load on the BHD Transmission System
 - 1. for Non-Pool Transmission Facilities (“PTF”) Service
 - 2. for PTF Service
 - 3. for Emera Maine’s unit costs of acting as customer’s agent for service
- B. Wheeling Off the BHD Transmission System (Non-PTF Service)
- C. Retail Load on the BHD Transmission System
 - 1. for Non-PTF Service
 - 2. for PTF Service
 - 3. for Emera Maine’s unit costs of acting as customer’s agent for service

Each revenue requirement will be calculated in accordance with the general formula set forth in Section III (modified, as appropriate, for each specified revenue requirement in accordance with the detailed provisions of this Attachment P-EM).

Capitalized terms not otherwise defined in Section 1 of the OATT and as used in this Attachment P-EM have the definitions provided herein.

II. ALLOCATORS/ADJUSTMENT FACTORS

This Section II establishes three types of allocation factors (allocators) to be used in this Attachment P-EM: (i) factors that allocate values between the BHD and other Emera Maine business units (“Company Allocators”), (ii) factors that allocate values within the BHD, such as between transmission and distribution, or between PTF and non-PTF (“BHD Allocators”), and (iii) a factor that allocators values based on salaries and wages. Additionally, this Section establishes an adjustment factor based on the Settlement reached in Docket No. ER00-980-000 on November 1, 2000.

A. Definitions

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

- (1) BHD Total Transmission Plant (Recorded) shall equal the balance of Account Nos. 350-359.1 [FF1 at 207:58g] as directly assigned to the BHD, excluding any values for transmission investments for which Emera Maine received up-front customer

contributions that it does not have to repay.

- (2) BHD Total Transmission Plant (Adjusted) shall equal:
- (a) BHD Total Transmission Plant (Recorded), less
 - (b) the amounts therein applicable to generator step-ups and generator radial lines, plus
 - (c) the gross book value of distribution plant reclassified to transmission in accordance with the FERC approved jurisdictional delineation of facilities for retail transmission,

provided that the foregoing values in

(a), (b), and (c) reflect values for BHD only and exclude any values for transmission investments for which Emera Maine received up-front customer contributions that it does not have to repay.

B. Allocators

(1) Company Allocators

- (a) Company Customer Count Allocator (BHD) shall equal:
 - (i) the number of BHD customers contributing to the total average number of customers per rate schedule as reported on FF1 at 304:43d, divided by
 - (ii) the total of average number of customers per rate schedule as reported on FF1 at 304:43d.

- (b) Company Customer/Load/Sales Allocator (BHD) shall equal:
 - (i) Company Customer Count Allocator (BHD) divided by three, plus
 - (ii) Company Monthly Peak Loads Allocator (BHD) divided by three, plus
 - (iii) Company Energy Sales Allocator (BHD) divided by three.

- (c) Company Customer/Revenue Allocator (BHD) shall equal:
 - (i) the Company Revenue Allocator (BHD) (described below) divided by two, plus
 - (ii) the Company Customer Count Allocator (BHD) (described below) divided by two.

- (d) Company Customer/Sales Allocator (BHD) shall equal:
 - (i) Company Customer Count Allocator (BHD) divided by two, plus
 - (ii) Company Energy Sales Allocator (BHD) divided by two.

- (e) Company Energy Sales Allocator (BHD) shall equal:
 - (i) the contribution by BHD loads to the total quantity of electricity sold for the year as reported on FF1 at 304:43b, divided by
 - (ii) the total quantity of electricity sold for the year as reported on FF1 at 304:43b.

- (f) Company Monthly Peak Loads Allocator (BHD) shall equal:
 - (i) the contribution by BHD loads to the total of monthly peak loads for the year as reported on FF1 at 400:17b, divided by
 - (ii) the total of monthly peak loads for the year as reported on FF1 at 400:17b.

- (g) Company Revenue Allocator (BHD) shall equal:
 - (i) the contribution by BHD loads to the revenues from electricity sales as reported on FF1 at 304:43c, divided by
 - (ii) total Emera Maine revenues from electricity sales as reported on FF1 at 304:43c.

- (h) Company Total Plant Allocator (BHD) shall equal:
 - (i) the value reported as Total Electric Plant in Service on FF1 at 207:104g as directly assigned to the BHD, divided by
 - (ii) the value reported as Total Electric Plant in Service on FF1 at 207:104g.

(2) BHD Allocators

- (a) BHD Plant Allocator (Transmission) shall equal:
 - (i) BHD Total Transmission Plant (Adjusted) plus Transmission-Related General and Intangible Plant (defined in Section III.A.1.b below), divided by
 - (ii) the value reported as Total Electric Plant in Service on FF1 at 207:104g as directly assigned to the BHD.

- (b) BHD Revenue Allocator (Transmission) shall equal:
 - (i) the contribution by BHD loads to that amount of revenues reported on FF1

- at 304:43c attributable to transmission service (either bundled or unbundled), divided by
- (ii) the contribution by BHD loads to total revenues as reported on FF1 at 304:43c.
- (c) BHD Transmission Plant Allocator (PTF) shall equal:
- (i) the balance of Account Nos. 350-359.1 [FF1 at 207:58g] attributable to PTF based on company records, excluding any values for transmission investments for which Emera Maine received up-front customer contributions that it does not have to repay, divided by
 - (ii) BHD Total Transmission Plant (Adjusted).

(3) Salaries and Wages Allocator, Adjustment Factor

- (a) Company Salaries and Wages Allocator (Transmission) shall equal:
- (i) transmission salaries and wages as reported on FF1 at 354:21b, divided by
 - (ii) the difference between (i) total operations and maintenance salaries and wages as reported on FF1 at 354:28b, less (ii) administrative and general salaries and wages as reported on FF1 at 354:27b.
- (b) BHD Transmission Plant Adjustment Factor shall equal:
- (i) BHD Total Transmission Plant (Adjusted), divided by
 - (ii) BHD Total Transmission Plant (Recorded).

III. CALCULATION OF TRANSMISSION REVENUE REQUIREMENT

In general, the Transmission Revenue Requirement shall equal:

- (A) Return and Associated Income Taxes,
- plus (B) Transmission-Related Depreciation Expense,
- minus (C) Transmission-Related Amortization of Investment Tax Credits,
- plus (D) Transmission-Related Property Tax Expense,
- plus (E) Transmission-Related Payroll Tax Expense,
- plus (F) Transmission Operation and Maintenance Expense,
- plus (G) Transmission-Related Administrative and General Expense,
- minus (H) Revenues from Point-to-Point Transactions Under the Tariff,
- minus (I) Other Transmission-Related Revenues,

- plus (J) RNS and ISO Costs,
- minus (K) RNS and ISO Revenues,
- plus (L) Support Payments,
- plus (M) Incremental Forecasted Transmission Revenue Requirement,

- plus (N) Annual True-Up with Interest.

For service provided to retail loads in the BHD, the Transmission Revenue Requirement shall also include as part of the Annual True-Up with Interest: (a) the product of (i) Total Customer Accounts Expenses as reported on FF1 at 322:164b multiplied first by (ii) the Company Customer/Revenue Allocator (BHD) and then multiplied by (iii) the BHD Revenue Allocator (Transmission).

Through the application of the BHD Allocators described in Section II.B.2. above, the Transmission Revenue Requirement shall be functionalized between PTF and Non-PTF, resulting in the PTF Revenue Requirement and Non-PTF Revenue Requirement, respectively.

There shall be separately calculated, in addition to the PTF and Non-PTF revenue requirements, Emera Maine's costs of acting as customer's agent for service as directly assigned to the BHD.

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

(1) Transmission Investment Base shall equal:

- (a) BHD Total Transmission Plant (Adjusted),
- plus (b) Chester SVC Plant,
- plus (c) Transmission-Related General and Intangible Plant,
- plus (d) Transmission Plant Held for Future Use,
- less (e) Transmission-Related Depreciation Reserve,
- less (f) Transmission-Related Accumulated Deferred Taxes,
- plus (g) Other Transmission-Related Regulatory Assets/Liabilities,
- plus (h) Transmission-Related Prepayments,
- plus (i) Transmission Materials and Supplies,
- plus (j) Transmission-Related Cash Working Capital.

(a) BHD Total Transmission Plant (Adjusted) is as defined above and shall be further

allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).

- (b) Chester SVC Plant shall equal one-half of the gross value recorded on the books of Chester SVC Partnership of the control system upgrades placed in service in 2014, and shall be directly assigned to PTF function.
- (c) Transmission-Related General and Intangible Plant shall equal the following value calculated in the following arithmetic order:
 - (i) the balance of Account Nos. 301-303 and 389-399.1 [FF1 at 205:5g and 207:99g] as directly assigned to the BHD, less
 - (ii) any amounts attributable to FERC hydroelectric relicensing recorded in Account No. 302 [FF1 at 205:2g], less
 - (iii) any Customer Information System (“CIS”) costs recorded in Account No. 303 [FF1 at 205:4g] as directly assigned to the BHD, multiplied by
 - (iv) Company Salaries and Wages Allocator (Transmission), plus
 - (v) the CIS costs recorded in Account No. 303 [FF1 at 205:4g] multiplied by the BHD Revenue Allocator (Transmission).

The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).

- (d) Transmission Plant Held for Future Use shall equal the balance recorded in Account No. 105 attributable to transmission plant as directly assigned to the BHD [FF1 at 214:d] multiplied by the BHD Transmission Plant Adjustment Factor and further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).
- (e) Transmission-Related Depreciation Reserve shall equal:
 - (i) the balance of Account No. 108 attributable to transmission plant [FF1 at 219:25b] as directly assigned to the BHD Transmission System multiplied by the BHD Transmission Plant Adjustment Factor, plus

- (ii) the balance recorded in Account No. 108 attributable to intangible plant and general plant [FF1 219:28b] as directly assigned to the BHD Transmission System, exclusive of any amounts attributable to FERC hydroelectric relicensing or the CIS, multiplied by the Company Salaries and Wages Allocator (Transmission), plus
- (iii) the balance recorded in Account No. 108 attributable to the CIS as directly assigned to the BHD multiplied by the BHD Revenue Allocator (Transmission), plus
- (iv) one-half of the accumulated depreciation recorded on the books of Chester SVC Partnership of the control system upgrades placed in service in 2014.

The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF), provided however that all Chester SVC amounts shall be directly assigned to PTF function.

(f) Transmission-Related Accumulated Deferred Taxes shall equal:

- (i) the balance of Account No. 282 [FF1 at 113:63c] attributable to transmission plant and directly assigned to the BHD, but exclusive of ASC-740 amounts (formerly FASB 109), plus
- (ii) the balance of Account No. 282 [FF1 at 113:63c] attributable to general and intangible plant and directly assigned to the BHD, but exclusive of amounts attributable to ASC-740 and the CIS, multiplied by the Company Salaries and Wages Allocator (Transmission), plus
- (iii) the balance of Account No. 282 [FF1 at 113:63c] attributable to the CIS as directly assigned to the BHD multiplied by the BHD Revenue Allocator (Transmission), plus
- (iv) the balance of Account No. 283 [FF1 at 113:64c] as directly assigned to the BHD, but exclusive of amounts attributable to property taxes, stranded costs, retail rate-making, affiliated companies, or any ASC-740 amounts, multiplied by the Company Salaries and Wages Allocator (Transmission), plus

- (v) the balance of Account No. 283 [FF1 at 113:64c] attributable to property taxes multiplied first by the Company Total Plant Allocator (BHD) and then multiplied by the BHD Plant Allocator (Transmission), plus
- (vi) the balance of Account No. 190 [FF1 at 111:82c] as directly assigned to the BHD, exclusive of amounts associated with accrued vacation, stranded costs, retail rate-making, affiliated companies, or any ASC-740 amounts, multiplied by the Company Salaries and Wages Allocator (Transmission), plus
- (vii) the balance of Account No. 190 [FF1 at 111:82c] attributable to accrued vacation multiplied first by the Company Customer/Load/Sales Allocator (BHD) and then multiplied by the Company Salaries and Wages Allocator (Transmission).

The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).

- (g) Other Transmission-Related Regulatory Assets/Liabilities shall equal:

The Company Salaries and Wages Allocator (Transmission) multiplied by the sum of:

- (i) pension and post-retirement benefits other than pension amounts recorded in Account Nos. 182.3, 228.3 and 254 [FF1 at 111:72c, 112:29c and 113:60c], as directly assigned to the BHD, plus
- (ii) deferred employee transition costs recorded in Account No. 228.3 [FF1 at 112:29c] as directly assigned to the BHD, plus
- (iii) pension and post-retirement benefits other than pension amounts reported as Accumulated Other Comprehensive Income [FF1 at 122a:10c] as directly assigned to the BHD.

The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).

- (h) Transmission-Related Prepayments shall equal the balance of Account No. 165

[FF1 at 111:57c] multiplied first by the Company Total Plant Allocator (BHD) and then multiplied by the Company Salaries and Wages Allocator (Transmission). The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).

- (i) Transmission Materials and Supplies shall equal the balance of Account No. 154 of transmission plant materials and supplies [FF1 at 227:8c] multiplied by the Company Total Plant Allocator (BHD). The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).
- (j) Transmission-Related Cash Working Capital shall equal 12.5% (45 days/360 days) multiplied by the sum of Transmission Operation and Maintenance Expense (as defined herein in Section III.F.) and Transmission-Related Administrative and General Expense (as defined herein in Section III.G.), with the resultant value allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF). In addition, the value for Transmission-Related Cash Working Capital for PTF function shall also include 12.5% of the value of Support Payments (as defined herein in Section III.L.).

For calculation of the revenue requirement for transmission service to retail loads, this figure shall also include 12.5% (45 days/360 days) of the product of (i) Total Customer Accounts Expenses as reported on FF1 at 322:164b multiplied first by (ii) the Company Customer/Revenue Allocator (BHD) and then multiplied by (iii) the BHD Revenue Allocator (Transmission).

(2) Cost of Capital Rate

shall equal (a) Weighted Cost of Capital, plus (b) Federal Income Tax, plus (c) State Income Tax.

- (a) Weighted Cost of Capital will be calculated based upon the average beginning and end of year capital structure at the end of each year and will equal the sum of:
 - (i) the long-term debt component, which shall equal the product of Emera Maine's long-term debt cost rate calculated on a net proceeds basis, and the ratio that Total Long-Term Debt as reported on FF1 at 112:24 is to Emera Maine Total Capital (defined below), plus

- (ii) the preferred stock component, which shall equal the product of Emera Maine's preferred stock cost rate, and the ratio that Preferred Stock Issued as reported on FF1 at 112:3 is to Emera Maine Total Capital, plus
- (iii) the return on equity component, which shall equal the product of 10.57 percent and the ratio that Emera Maine Common Equity Adjusted (defined below) is to Emera Maine Total Capital,

Where:

- (x) Emera Maine Common Equity Adjusted equals (aa) Total Proprietary Capital as reported on FF1 at 112:16 less (bb) goodwill associated with the transactions approved by the Commission in Docket Nos. EC01-13 and EC10-67 less (cc) the balance of Account No. 216.1 [FF1 at 112:12] less (dd) the balance of Account No. 204 [FF1 at 112:3] plus (ee) the absolute value of the balance of Account No. 219 [FF1 at 112:15]; and
- (y) Emera Maine Total Capital equals (aa) Total Long-Term Debt as reported on FF1 at 112:24 plus (bb) Preferred Stock Issued as reported on FF1 at 112:3 plus (cc) Emera Maine Common Equity Adjusted.

- (b) Federal Income Tax shall equal:

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

where

- FT = Emera Maine's federal income tax rate;
- A = the sum of the preferred stock component and the return on equity component determined in Sections III.A.2.(a)(ii) and (iii) above;
- B = Transmission-Related Amortization of Investment Tax Credits, as determined in Section III.C., below;
- C = the equity AFUDC component of transmission depreciation expense as directly assigned to the BHD;
- D = Transmission Investment Base.

- (c) State Income Tax shall equal:

$$((A+[(B+C)/D]) + E) \times ST$$

1-ST

where:

- ST = Emera Maine's state income tax rate;
- A = the sum of the preferred stock component and return on equity component determined in Sections III.A.2.(a)(ii) and (iii) above;
- B = Transmission-Related Amortization of Investment Tax Credits as determined in Section III.C. below;
- C = the equity AFUDC component of transmission depreciation expense as directly assigned to the BHD;
- D = Transmission Investment Base; and
- E = Federal Income Tax calculated in Section III.A.2(b) above.

B. Transmission-Related Depreciation Expense shall equal:

- (1) the balance of Account No. 403 attributable to transmission plant as directly assigned to the BHD [FF1 at 336:7b] multiplied by the BHD Transmission Plant Adjustment Factor, plus
- (2) the balance of Account No. 403 attributable to intangible plant or general plant [FF1 at 336:1b and 336:10b] as directly assigned to the BHD, exclusive of any amounts attributable to FERC hydroelectric relicensing and the CIS, multiplied by the Company Salaries and Wages Allocator (Transmission),
- (3) the balance of Account No. 403 attributable to the CIS as directly assigned to the BHD, multiplied by the BHD Revenue Allocator (Transmission), plus
- (4) one-half of the depreciation expense recorded on the books of Chester SVC Partnership of the control system upgrades placed in service in 2014 of Chester SVC Partnership.

The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF), provided however that all Chester SVC amounts shall be directly assigned to PTF function.

For purposes of calculating charges under this Schedule 21-EM, the following depreciation rates shall apply:

FERC Account	Description	Proposed Rate
350.2	Rights of Way	1.39%
353	Station Equipment	2.13%

353.1	Station Equipment - SCADA	3.61%
354	Towers and Fixtures	2.19%
354.1	Towers and Fixtures - 115 kV	6.47%
354.2	Towers and Fixtures - 345 kV	2.69%
355	Poles and Fixtures	3.36%
355.1	Poles and Fixtures - 115 kV	3.06%
355.2	Poles and Fixtures - 345 kV	2.69%
355.3	Poles and Fixtures - Steel Poles	2.02%
356	Overhead Conductors and Devices	3.34%
356.1	Overhead Conductors and Devices - 115 kV	2.31%
356.2	Overhead Conductors and Devices - 345 kV	2.51%
357	Underground Conduit	1.41%
358	Underground Conductors and Devices	1.76%
359	Roads and Trails	1.68%
390	Structures and Improvements (Average Rate)	4.83%*
390 - Item	Park Street	2.81%
390 - Item	Main St. - Bus Garage and Store / Boiler Bldg.	15.47%
390 - Item	Main St. - Stockroom	0.55%
390 - Item	Main St. - Quonset Hut	2.35%
390 - Item	Main St. - Meter / Planner Bldg.	0.84%
390 - Item	Eddington	6.10%
390 - Item	Ellsworth Office Bldg. - New	4.05%
390 - Item	Graham Sta. - Internal Combustion Bldg.	0.81%
390 - Item	Graham Sta. - Steam Plant Bldg.	1.19%
390 - Item	Graham Sta. - Transformer Bldg.	2.13%
390 - Item	Graham Sta. - Car Barn	2.69%
390 - Item	Lamoine Service Center	2.74%
390 - Item	Lamoine Transformer Bldg.	0.00%
390 - Item	Lincoln Service Center - New	2.67%
390 - Item	Lincoln Transformer Bldg. (Northern)	2.39%
390 - Item	Machias Transformer Bldg.	1.65%
390 - Item	Machias Division Office	0.75%
390 - Item	Machias Garage and Washbay	2.40%
390 - Item	West Enfield	0.00%
390 - Item	Charleston	2.10%
390 - Item	Hampden Fleet Maintenance Bldg.	1.83%
390 - Item	Hampden Rte. 202 Site	1.81%
390 - Item	Cranberry Isle	1.12%
390 - Item	Illinois Avenue	2.81%
390 - Item	Telecom	2.73%
391.12	Office Furniture and Equipment - PC	25.90%
391.13	Office Furniture and Equipment - Office Machines	14.19%
391.14	Office Furniture and Equipment - Furniture	5.82%
391.15	Office Furniture and Equipment - Unallocated	20.51%
392	Transportation Equipment - Cars	3.18%
393	Stores Equipment	9.47%
394	Tools, Shop and Garage Equipment	5.82%
395	Laboratory Equipment	7.67%

396	Power Operated Equipment - Trucks	6.97%
397.1	Communication Equipment - General Equip.	6.52%
397.2	Communication Equipment - AMR Substation Equip.	4.42%
397.21	Communication Equipment - Fiber	4.28%
397.3	Communication Equipment - General Equip. - SCADA	3.45%
398	Miscellaneous Equipment	6.30%
* This value represents the average rate of the structure-specific depreciation rates that will be applied to Account No. 390.		

- C. Transmission-Related Amortization of Investment Tax Credits shall equal the balance of Account No. 411.4 [FF1 at 266:8f] as directly assigned to the BHD multiplied by the BHD Plant Allocator (Transmission). The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).
- D. Transmission-Related Property Tax Expense shall equal the balance of Account No. 408.1 [FF1 at 114:14c] attributable to property tax multiplied first by the Company Total Plant Allocator (BHD) and then multiplied by the BHD Plant Allocator (Transmission). The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).
- E. Transmission-Related Payroll Tax Expense shall equal the balance of Account No. 408.1 [FF1 at 263:i] attributable to payroll tax multiplied first by the Company Customer/Load/Sales Allocator (BHD) and then multiplied by the Company Salaries and Wages Allocator (Transmission). The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).
- F. Transmission Operation and Maintenance Expense shall equal:
- (1) the balance of Account Nos. 560, 562-564 and 566-573 [FF1 at 321:83b, 321:93b-95b, 321:97b, 321:98b, 321:111b] attributable to transmission plant and as directly assigned to the BHD, less
 - (2) expenses for the support of other utilities' facilities recorded in Account Nos. 560, 562-564 and 566-573 [FF1 at 321:83b, 321:93b-95b, 321:97b, 321:98b, 321:111b] attributable to transmission plant and as directly assigned to the BHD, with the resulting difference multiplied by
 - (3) the BHD Transmission Plant Adjustment Factor.

The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).

G. Transmission-Related Administrative and General Expense shall equal:

- (1) (a) the balance of Account Nos. 920-935 [FF1 at 323:197b], less (b) the balance of Account Nos. 924 and 928 [FF1 at 323:185b and 323:189b], less (c) the balance of Account No. 923 [FF1 at 323:184b] attributable to regulatory proceedings or regulatory compliance activities, less (d) the balance of account No. 926 attributable to post-retirement benefits other than pensions (“PBOP”), all multiplied first by the Company Customer/Sales Allocator (BHD) and then multiplied by the Company Salaries and Wages Allocator (Transmission), plus
- (2) the balance of Account No. 924 [FF1 at 323:185b] multiplied first by the Company Total Plant Allocator (BHD) and then multiplied by the BHD Plant Allocator (Transmission), plus
- (3) the balance of Account No. 928 [FF1 at 323:189b] applicable to Commission Annual Charges as required by 18 C.F.R. § 382.201 as directly assigned to BHD and then multiplied by the BHD Transmission Plant Adjustment Factor, plus
- (4) the balance of Account No. 928 [FF1 at 323:189b] constituting transmission-related expenses or assessments, other than Commission Annual Charges, and either (a) directly assigned to the BHD or (b) if not so directly assigned, multiplied by the Company Salaries and Wages Allocator (Transmission), plus
- (5) the balance of Account No. 923 [FF1 at 323:184b] attributable to regulatory proceedings or regulatory compliance activities involving the BHD Transmission System or services provided over the BHD Transmission System, multiplied by the BHD Transmission Plant Adjustment Factor, plus
- (6) \$1,344,505 (a fixed figure for PBOP as directly assigned to the BHD) multiplied by the Company Salaries and Wages Allocator (Transmission), plus
- (7) the balance of Account No. 407.3 [FF1 at 114:12c] applicable to pension and post-retirement benefits other than pension regulatory amortization expense, as directly assigned to the BHD and multiplied by the Company Salaries and Wages Allocator

(Transmission), plus

- (8) the balance of Account No. 407.3 [FF1 at 114:12c] attributable to deferred employee transition costs multiplied by the Company Salaries and Wages Allocator (Transmission).

The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).

H. Revenues from Point-to-Point Transactions Under the Tariff shall equal:

- (1) the balance of Account No. 456 [FF1 at 300:21b] as directly assigned to the BHD, plus
- (2) the transmission component of revenues for sales that use the BHD Non-PTF transmission system, as recorded in Account No. 456.1 [FF1 at 300:22b] (if the transactions are not reflected in adjusted monthly peak loads).

Ninety percent of the resulting value shall be credited only to the Non-PTF Revenue Requirement.

I. Other Transmission-Related Revenues shall equal the sum of the following values as directly assigned to the BHD:

- (1) the balance of Account No. 454 [FF1 at 300:19b] attributable to electric property associated with transmission plant multiplied by the BHD Transmission Plant Adjustment Factor, plus
- (2) all transmission-related revenues recorded in the balance of Account No. 456 [FF1 at 300:21b] attributable to transmission except: (a) non-penalty revenues associated with the rolled-in base transmission rates for point-to-point or network transmission service or ancillary services, (b) revenues associated with service provided under the Tariff, (c) revenues associated with operations and maintenance performed on other utilities' facilities; (d) revenues associated with the assignment of Hydro Quebec DC support obligations, and (e) revenues associated with generator radial lines and step-up transformers for which Emera Maine did not receive up-front customer capital contributions, or for which Emera Maine received up-front customer capital contributions that Emera Maine is obligated to repay, plus
- (3) the balance of Account No. 454 [FF1 at 300:19b] attributable to rents from the use of general plant multiplied by the Company Salaries and Wages Allocator (Transmission).

The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).

- J. RNS and ISO Costs shall equal the transmission payments Emera Maine makes to the ISO for Regional Network Service (“RNS”) and all associated regional transmission-related services, such amounts fully assigned to PTF function.
- K. RNS and ISO Revenues shall equal the transmission revenues Emera Maine receives from the ISO, less any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment, such amounts fully assigned to PTF function.
- L. Support Payments shall equal, as the case may be: (1) PTF support payments (exclusive of such amounts attributable to the Hydro Quebec HVDC tie), such amounts fully assigned to PTF function or (2) Non-PTF integrated support payments (inclusive of such amounts associated with Non-PTF facilities integrated with the BHD Transmission System), such amounts fully assigned to Non-PTF function.
- M. Incremental Forecasted Transmission Revenue Requirement shall equal (1) Forecasted Transmission Plant Additions multiplied by the Carrying Charge Factor, plus (2) Incremental Forecasted RNS Charges, less (3) Incremental Forecasted RNS Credits,

where:

Forecasted Transmission Plant Additions represents the costs attributable to transmission assets that are projected to go into service during the Forecast Period,

Carrying Charge Factor represents the costs to service the BHD Transmission System and is inclusive of the investment return associated with Emera Maine’s pre-tax weighted average cost of capital, plus interest and other certain expenses,

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

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

N. Annual True-Up with Interest shall equal (1) Prior Year Annual True-Up plus (2) Interest on Annual True-Up.

(1) Prior Year Annual True-Up shall equal (a) Prior Year Actual Transmission Revenue Requirement less (b) Prior Year Implemented Transmission Revenue Requirement.

(a) Prior Year Actual Transmission Revenue Requirement represents the actual costs and revenues incurred during the Reported Year as calculated in accordance with the methodology set forth in this Section III. For service provided to retail loads in the BHD, the Prior Year Actual Transmission Revenue Requirement shall also include: (a) the product of (i) Total Customer Accounts Expenses as reported on FF1 at 322:164b multiplied first by (ii) the Company Customer/Revenue Allocator (BHD) and then multiplied by (iii) the BHD Revenue Allocator (Transmission).

(b) Prior Year Implemented Transmission Revenue Requirement represents the previous year's Transmission Revenue Requirement upon which transmission rates were based upon during the previous rate period.

(2) Interest on Annual True-Up equals the monthly interest accrued on the Prior Year Annual True-Up from June 1 through May 31 of the previous rate period calculated in accordance with 18 C.F.R. Section 35.19a.

IV. SCHEDULING REVENUE REQUIREMENT

A. Definitions

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

(1) Scheduling, System Control and Dispatching Expense shall equal the balance of Account Nos. 561.1-561.8 [FF1 at 321:85b-92b].

(2) ISO Scheduling Credits and Schedule 1 Revenues shall equal such amounts associated with short-term and non-firm transactions and penalties for unauthorized use of Schedule 1 service as set forth in ISO monthly billing statements to Emera Maine.

B. Scheduling Revenue Requirement

The Scheduling Revenue Requirement shall equal the following:

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

V. ANNUAL UPDATE AND INFORMATIONAL FILING

By June 15 of each year, Emera Maine shall make an informational filing with the FERC and serve copies of such filing on FERC Trial Staff, the Maine Public Utilities Commission (“MPUC”), and all OATT customer that request to receive a copy (collectively, “Interested Parties”). Through this informational filing, Emera Maine will show its implementation of the Rate Formula for the rates that became effective the previous June 1. Emera Maine shall include in the informational filing the following:

- Excel spreadsheets detailing the calculation of the formula rate as described in this Attachment P-EM, including all applicable worksheets.
- FERC Form 1 cites for those applicable inputs, including supporting material for all calculations and all formula inputs that reflect a level of detail not reported in the FERC Form 1.
- Information regarding the discounts given to transmission customers over the prior rate period. This information shall include the name of the transmission customer, the transmission path, the price, the quantity, and the period of the discount. Emera Maine shall provide a brief explanation of the transmission customer’s justification of the discount. Emera Maine shall not provide to any Interested Party any customer’s confidential information absent the Interested Party’s execution of the Commission’s model protective order. Emera Maine shall not be required to provide explanations for discounts provided pursuant to a settlement agreement, except that (1) Emera Maine shall provide an explanation in the first informational filing after the discount begins, and (2) if terms of the discount not previously applied are implemented after the first year of the discount, Emera Maine shall provide an explanation of the new terms.

Interested Parties shall have the opportunity to conduct discovery seeking any information relevant to implementation of the Rate Formula, including the discounts for which Emera Maine is required to provide explanations, under the same discovery rules that were in effect in FERC Docket No. ER00-980-000, including the requirement that responses be provided within ten (10) Business Days on a best efforts basis. Discovery requests may be served through the 30th day, or the first Business Day following the 30th day if the 30th day is not a Business Day, following the informational filing.

If an Interested Party disputes the implementation of the Rate Formula, such Interested Party shall communicate and detail its dispute in writing to Emera Maine and the other Interested Parties by the close of business on the 60th day, or the first Business Day following the 60th day if the 60th day is not a Business Day, following the informational filing. Thereafter, Emera Maine and the Interested Parties shall make a good faith effort to meet by appropriate means to resolve such dispute. If such dispute is not resolved in a timely manner, Interested Parties shall have until the close of business on the 90th day, or the first Business Day following the 90th day if the 90th day is not a Business Day, following the informational filing, to file a complaint with the Commission concerning the implementation of the Rate Formula for the current rate year.

If no such complaint is filed, and no investigation is instituted by the Commission of its own accord, such rates shall become final; provided, however, that Emera Maine's compliance with the filed rate under the Federal Power Act Section 306, 16 U.S.C. § 825e, is not limited by the informational filing procedures of this Attachment P-EM (1) where the costs included in the filed rate were imprudently incurred, (2) where the costs claimed were fraudulently included in the filed rates, or (3) where the costs were otherwise improperly included in the filed rate and where, despite the exercise of due diligence, that fact would not ordinarily come to the attention of the Interested Parties, provided, however, a party may not assert this right if it could have through the exercise of due diligence determined that the costs were improperly included in the filed rate. Further, the procedures established in this Attachment P-EM do not limit the ability of the Commission to investigate and render decisions on Emera Maine's FERC-jurisdictional rates.

These procedures similarly do not limit the ability of the MPUC to investigate and render decisions on Emera Maine's MPUC-jurisdictional rates or to use its processes to obtain information from Emera Maine. These procedures established in Attachment P-EM do not limit the rights of any party to contest under section 206 of the Federal Power Act, 16 U.S.C. § 824e, the prudence of any costs included in the informational filing.

VI. RATE DESIGN FOR FORECASTED TRANSMISSION REVENUE REQUIREMENT WITH ANNUAL TRUE UP AND INTEREST

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

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

associated with wheeling off the Emera Maine system.

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

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

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

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

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

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

B. Rates for Wholesale Customers Interconnected on the Emera Maine System - Non-PTF Service

The components of the transmission rates for wholesale customers interconnected on the Emera Maine system and taking Non-PTF Service are (1) the Non-PTF Revenue Requirement and (2) the average monthly Network Load for the Reported Year that includes loads associated with wheeling off the Emera

Maine system.

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

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

C. Rates for Wholesale Customers Interconnected on the Emera Maine System - PTF Service

The components of the rates for wholesale customers interconnected on the Emera Maine system and taking PTF Service are (1) the PTF Revenue Requirement and (2) the average monthly Network Load for the Reported Year that excludes loads associated with wheeling off the Emera Maine system.

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

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

D. Rates for Wholesale Customers Interconnected on the Emera Maine System - Emera Maine's Unit Costs of Acting as Customer's Agent for Service

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

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

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

E. Rates for Wheeling Off the Emera Maine System

The components of the rates for wheeling off the Emera Maine system are (1) the Non-PTF Revenue Requirement and (2) the average monthly Network Load for the Reported Year that includes loads associated with wheeling off the Emera Maine system.

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

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

F.1. Rates for Local Retail Point-to-Point Customers Interconnected on the Emera Maine System - Non-PTF Service

The components of the rates for Local Retail Point-to-Point Customers interconnected on the Emera Maine system and taking Non-PTF Service are (1) the Non-PTF Revenue Requirement and (2) the average monthly Network Load for the Reported Year that includes loads associated with wheeling off the Emera Maine system.

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

Annual Rate	(1) ÷ (2)
Monthly Rate	Annual Rate divided by 12

Weekly Rate	Annual Rate divided by 52
Daily Rate	Annual Rate divided by 365
Hourly Rate	Annual Rate divided by 8760

F.2. Rates for Local Retail Network Customers Interconnected on the Emera Maine System - Non-PTF Service

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

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

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

G.1. Rates for Local Retail Point-to-Point Customers Interconnected on the Emera Maine System - PTF Service

The components of the rates for Local Retail Point-to-Point Customers interconnected on the Emera Maine system and taking PTF Service are (1) the PTF Revenue Requirement, and (2) the average monthly Network Load for the Reported Year that excludes loads associated with wheeling off the Emera Maine system.

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

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

G.2. Rates for Local Retail Network Customers Interconnected on the Emera Maine System - PTF Service

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

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

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

H.1. Rates for Local Retail Point-to-Point Customers Interconnected on the Emera Maine System - Emera Maine's Unit Costs of Acting as Customer's Agent for Service

The components of the rates for Local Retail Point-to-Point Customers interconnected on the Emera Maine system and taking PTF Service are (1) Reported Year plus Incremental Forecasted RNS Charges and (2) the average monthly Network Load for which Emera Maine provides ISO services.

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

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

H.2. Rates for Local Retail Network Customers Interconnected on the Emera Maine System - Emera Maine's Unit Costs of Acting as Customer's Agent for Service

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

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

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

ATTACHMENT Q-EM
CREDITWORTHINESS GUIDE

1. General Information:

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

The information requested under this Guide should be forwarded to the individual identified on Emera Maine’s website, www.emeramaine.com <<http://www.emeramaine.com>>.

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

2. Financial Information

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

- All current rating agency reports from Standard and Poor’s (“S&P”), Moody’s and/or Fitch of the customer.
- Audited financial statements provided by a registered independent auditor for the two most recent years, or the period of its existence, if shorter, for the customer.

3. Creditworthiness Requirements

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

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

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

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

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

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

d) If the customer is a municipal that is a member of the Massachusetts Municipals Wholesale Electric Cooperative (MMWEC), MMWEC must meet the criteria set out in (a) or (b) above and provide to Emera Maine a written guarantee that MMWEC will be unconditionally responsible for all financial obligations associated with the customer's receipt of transmission service from Emera Maine.

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

4. Financial Assurance

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

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

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

5. Credit Levels

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

6. Contesting Creditworthiness Determination

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

7. Process for Changing Credit Requirements

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

A. General Notification Process

- 1) Emera Maine shall submit such changes in a filing to the Federal Energy Regulatory Commission (“Commission”) under Section 205 of the Federal Power Act. Emera Maine shall follow the notification requirements pursuant to Section 3.04(a) of the Transmission Operating Agreement and reflected herein.
- 2) Emera Maine shall provide written notification to ISO-NE and stakeholders of any filing described above, at least 30 days in advance of such filing.
 - a) Filing notifications shall include a detailed description of the filing, including a redlined document containing revised change(s) to the Creditworthiness Guide.
 - b) Emera Maine shall consult with interested stakeholders upon request.
- 3) Emera Maine shall consult with ISO-NE and the IRH Management Committee regarding any filing described above, at least 30 days in advance of such filing.
- 4) Following Commission acceptance of such filing and upon the effective date, Emera Maine shall revise its Creditworthiness Guide and an updated version of Schedule 21-EM shall be posted the ISO-NE website.

B. Transmission Customer Responsibility

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

C. Notification for Active Customers

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

made and must follow the steps outlined in this procedure.

8. Posting Collateral Requirements

A. Changes in Customer's Financials

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

- Change in ownership by way of a merger, acquisition, or substantial sale of assets;
- A downgrade of long- or short-term debt rating by a major rating agency;
- Being placed on a credit watch with negative implications by a major rating agency;
- A bankruptcy filing;
- Any action requiring filing of a Form 8-K;
- A declaration of or acknowledgement of insolvency;
- A report of a significant quarterly loss or decline in earnings;
- The resignation of key officer(s);
- The issuance of a regulatory order and/or the filing of a lawsuit that could materially adversely impact current or future financial results.

B. Change in Creditworthiness Status

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

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

the last 12 months.

9. Ongoing Financial Review

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

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

10. Suspension of Service

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

SCHEDULE 21 - EM

**EMERA MAINE
BANGOR HYDRO DISTRICT
LOCAL SERVICE SCHEDULE**

SCHEDULE 21-EM

I. COMMON SERVICE PROVISIONS

1 Definitions

1.1 Annual Transmission Costs: The total annual cost of the BHD Transmission System for purposes of Local Network Service shall be the amount specified in Attachment H until amended by Emera Maine or modified by the Commission.

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

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

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

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

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

1.5A Emera Maine: Emera Maine, formerly named Bangor Hydro Electric Company. Except where the context clearly indicates otherwise, all references herein to Emera Maine shall be understood to refer to the BHD Transmission System as that term is defined herein, also known as the Emera Maine - Bangor Hydro District.

1.5B Monthly BHD Transmission System Peak: The maximum firm usage of the BHD Transmission System in a calendar month as calculated pursuant to the rate formula in Attachment P-EM.

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

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

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

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

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

1.11 Parties: Emera Maine and the Transmission Customer receiving service under Schedule 21-EM of the OATT.

1.12 Point(s) of Delivery: Point(s) on the BHD Transmission System where capacity and energy transmitted by Emera Maine will be made available to the Receiving Party under the local

point-to-point service provisions of Schedule 21-EM of the OATT. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Local Point-To-Point Service.

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

1.14 Point-To-Point Service: The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under the local point-to-point service provisions of Schedule 21-EM of the OATT.

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

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

1.17 [Reserved].

1.18 Transmission Service: Local Point-To-Point Service provided over the BHD Transmission System under Schedule 21 and Schedule 21-EM of the OATT on a firm and non-firm basis.

2 Initial Allocation and Renewal Procedures

2.1 Initial Allocation of Available Transfer Capability: For purposes of determining whether existing capability on the BHD Transmission System is adequate to accommodate a

request for firm service under Schedule 21 and Schedule 21-EM of the OATT, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing with the effective date of the OATT will be deemed to have been filed simultaneously. A lottery system conducted by an independent party shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section I.1.b. of Schedule 21 of the OATT.

3 Ancillary Services

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

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

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

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

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

3.2 Reactive Supply and Voltage Control from Generation or Other Sources Service: The rates and/or methodology are described in Schedule 2-EM.

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

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

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

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

4 Billing and Payment

4.1 Billing Procedure: Within a reasonable time after the first day of each month, Emera Maine shall submit an invoice to the Transmission Customer for the charges for all services furnished under Schedule 21 and Schedule 21-EM of the OATT during the preceding month. The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to Emera Maine, or by wire transfer to a bank named by Emera Maine.

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

4.3 Customer Default: In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to Emera Maine on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after Emera Maine notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, Emera Maine may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission so approves any such request. In the event of a billing dispute between Emera Maine and the Transmission Customer, Emera Maine will continue to provide service under the Service Agreement as long as the Transmission Customer: (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then Emera Maine may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

5 Accounting for Emera Maine's Use of the Tariff: Emera Maine 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 Transmission Service when making Third-Party Sales under Schedule 21 and Schedule 21-EM of the OATT.

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

Nothing contained in the OATT (including this Schedule 21-EM) or any Service Agreement shall be

construed as affecting in any way the ability of any Party receiving service under this Schedule 21-EM to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

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

8 Dispute Resolution Procedures

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

8.2 External Arbitration Procedures: Any arbitration initiated under Schedule 21-EM shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations or Regional Transmission Group rules.

8.3 Arbitration Decisions: Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the

provisions of Schedule 21 and Schedule 21-EM of the OATT and any Service Agreement entered into under Schedule 21-EM and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities.

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

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

8.5 Rights Under The Federal Power Act: Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act

II. LOCAL POINT-TO-POINT SERVICE

Preamble

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

9 Nature of Firm Local Point-to-Point Service

9.1 Service Agreements: Emera Maine shall offer a standard form Firm Local Point-To-Point Service Agreement (Attachment A of Schedule 21) to an Eligible Customer when it submits a Completed Application for Long-Term Firm Local Point-To-Point Service. Emera Maine shall offer a standard form Firm Local Point-To-Point Service Agreement (Attachment A of Schedule 21) to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Local Point-To-Point Service pursuant to Schedule 21 and Schedule 21-EM of the OATT. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations. 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 Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Service Agreement.

If Emera Maine determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on the BHD Transmission System, Emera Maine will offer the Firm Transmission Service with the condition that Emera Maine may curtail the service prior to the curtailment of other Firm Transmission Service for a specified number of hours per year or during System Condition(s). If the Transmission Customer accepts the service, Emera Maine will use due diligence to provide the service until: (i) Network Upgrades are completed for the Transmission Customer, (ii) the Emera Maine determines through a biennial reassessment that it can no longer reliably provide such service, or (iii) the Transmission Customer terminates the service because the reassessment increased the number of hours per year of conditional curtailment or changed the System Conditions.

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

9.2 Emera Maine Penalties Applicable to Curtailment of Firm Local Service. Pursuant to Schedule 21, Part I.1.f of the OATT, in the event the Transmission Customer fails to curtail service in response to a directive by Emera Maine, the Transmission Customer shall pay any

applicable charges and the following penalty at the election of Emera Maine: up to 200% of the Firm Point-to-Point Transmission Service charge for the entire length of the reserved period but not exceeding one month. This penalty shall apply only to the portion of the service that the Transmission Customer fails to curtail in response to a Curtailment directive. If the Curtailment is for reliability purposes, Emera Maine may assess the penalty charge for failure to curtail if the Transmission Customer does not make the required reductions within 10 minutes of the Curtailment directive. If the Curtailment is for economic purposes, Emera Maine may assess the penalty charge for failure to curtail if the Transmission Customer does not make the required reductions within 20 minutes of the Curtailment directive.

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

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

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

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

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

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

10.1 Service Agreements: Emera Maine shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment A of Schedule 21-EM) to an Eligible Customer when it first submits a Completed Application for Non-Firm Local Point-To-Point Service pursuant to Schedule 21 and Schedule 21-EM of the OATT. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

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

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

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

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

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

10.3 Emera Maine Penalties Applicable to Curtailment of Non-Firm Local Point-to-Point Service: Pursuant to Schedule 21, Part I.2.g of the OATT, in the event the Transmission Customer fails to curtail service in response to a directive by Emera Maine, the Transmission Customer shall pay any applicable charges and the following penalty at the election of Emera

Maine: up to 200% of the Non-Firm Point-to-Point Transmission Service charge for the entire length of the reserved period but not to exceed one month. This penalty shall apply only to the portion of the service that the Transmission Customer fails to curtail in response to a Curtailment directive. If the Curtailment is for reliability purposes, Emera Maine may assess the penalty charge for failure to curtail if the Transmission Customer does not make the required reductions within 10 minutes of the Curtailment directive. If the Curtailment is for economic purposes, Emera Maine may assess the penalty charge for failure to curtail if the Transmission Customer does not make the required reductions within 20 minutes of the Curtailment directive.

11 Service Availability

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

11.2 Real Power Losses: Pursuant to Schedule 21, Part I.3.g of the OATT, the applicable Real Power Loss factor for Emera Maine Local Transmission Service is 1.99%.

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

12.1 Deposit: A Completed Application for Firm Local Point-To-Point Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month; provided, however, Emera Maine shall have the right to waive the requirement of a deposit on a nondiscriminatory basis if Emera Maine determines that the Eligible Customer is creditworthy pursuant to Section 7 and is not in default of its obligations as defined in Section 4.3 at the time of the Application. Emera Maine will bill the Eligible Customer for any reasonable costs incurred by Emera Maine in connection with its review of the Application. If the Application is rejected by Emera Maine because it does not meet the conditions for service as set forth herein, or in the case of requests for service arising in connection with losing bidders in a Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by Emera Maine in connection with the review of the losing bidder's Application. The deposit also will be returned with interest less any reasonable costs incurred by Emera Maine, if Emera Maine is unable to complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Local Point-To-Point Service, the deposit shall be

refunded in full, with interest, less reasonable costs incurred by Emera Maine to the extent such costs have not already been recovered by Emera Maine from the Eligible Customer. Emera Maine will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Part I.7 of Schedule 21 of the OATT. If a Service Agreement for Firm Local Point-To-Point Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Service Agreement for Firm Local Point-To-Point Service. Applicable interest shall be computed in accordance with the Commission's regulations at 18 CFR § 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to Emera Maine's account.

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

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

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

14.1 Expedited Procedures for New Facilities: In lieu of the procedures set forth in Part I.7 of Schedule 21 of the OATT, the Eligible Customer shall have the option to expedite the process by requesting Emera Maine to tender at one time, together with the results of required studies, an "Expedited Service Agreement" pursuant to which the Eligible Customer would agree to compensate Emera Maine for all costs incurred pursuant to the terms of Schedule 21 and Schedule 21-EM. In order to exercise this option, the Eligible Customer shall request in writing an expedited Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested service. While Emera Maine agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in

writing to compensate Emera Maine for all costs incurred pursuant to the provisions of Schedule 21 and Schedule 21-EM of the OATT. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

III. LOCAL NETWORK SERVICE

Preamble

Emera Maine will provide Local Network Service pursuant to the applicable terms and conditions contained in Schedule 21 and Schedule 21-EM of the OATT and Service Agreement. Local Network Service allows the Network Customer to integrate, economically dispatch, and regulate its current and planned Network Resources to serve its Network Load in a manner comparable to that in which Emera Maine utilizes the BHD Transmission System to serve its Native Load Customers. Local Network Service also may be used by the Network Customer to deliver economy energy purchases to its Network Load from non-designated resources on an as-available basis without additional charge. Transmission service for sales to non-designated loads will be provided pursuant to the applicable terms and conditions of Schedule 21 and Schedule 21-EM of the OATT. Service Agreements for Local Network Service shall be based on the standard form service agreement in Attachment A of Schedule 21. Service Agreements for Local Retail Network Service shall be based on the standard form service agreement in Attachment N-EM and Umbrella Network Operation Agreement for Retail Local Network Service in Attachment O-EM of this Schedule 21-EM.

15. Nature of Local Network Service

15.1 Real Power Losses: As explained in Schedule 21, Part II.2.f. of the OATT, Real Power Losses are associated with all transmission service. Emera Maine is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing losses associated with all transmission service as calculated by Emera Maine. The applicable Real Power Loss factor is 1.99%.

16 Initiating Service

16.1 Condition Precedent for Receiving Service: Subject to the terms and conditions of Schedule 21 and Schedule 21-EM of the OATT, Emera Maine will provide Local Network Service to any Eligible Customer, provided that: (i) the Eligible Customer completes an

Application for Local Network Service as provided under Schedule 21 and Schedule 21-EM of the OATT, (ii) the Eligible Customer and the Emera Maine complete the technical arrangements set forth in Sections 16.3 and 16.4 of Schedule 21-EM, (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment A of Schedule 21 or requests in writing that a proposed unexecuted Service Agreement be filed with the Commission, and (iv) the Eligible Customer executes a Local Network Operating Agreement with Emera Maine pursuant to Attachment G-EM.

16.2 Application Procedures: An Eligible Customer requesting Local Network Service pursuant to Schedule 21 and Schedule 21-EM of the OATT must submit an Application, with a deposit approximating the charge for one month of service, to the ISO as far as possible in advance of the month in which service is to commence. Emera Maine shall have the right to waive the requirement of a deposit on a nondiscriminatory basis if Emera Maine determines that the Transmission Customer is creditworthy pursuant to Section 7 of Schedule 21-EM and is not in default of its obligations as defined in Section 4.3 of Schedule 21-EM at the time of the Application. Emera Maine will bill the Eligible Customer for any reasonable costs incurred by Emera Maine in connection with its review of the Application. Unless subject to the procedures in Section 2 of Schedule 21-EM, Completed Applications for Local Network Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. A Completed Application may be submitted by transmitting the required information by telefax. This method will provide a time-stamped record for establishing the service priority of the Application. A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the party requesting service;
- (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Schedule 21 and Schedule 21-EM of the OATT;
- (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Emera Maine substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after

the service is scheduled to commence;

(iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to (iii) above;

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

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

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

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

- (vi) Description of Eligible Customer's transmission system:
- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by Emera Maine
 - Operating restrictions needed for reliability
 - Operating guides employed by system operators
 - Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
 - Location of Network Resources described in subsection (v) above
 - 10 year projection of system expansions or upgrades
 - Transmission system maps that include any proposed expansions or upgrades
 - Thermal ratings of Eligible Customer's Control Area ties with other Control Areas;

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

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

Unless the Parties agree to a different time frame, the ISO or Emera Maine must acknowledge the request within ten (10) days of receipt. The acknowledgment must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, the ISO or Emera Maine shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, Emera Maine will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the ISO or Emera Maine shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The

Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. Emera Maine shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

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

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

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

17 Network Resources

17.1 Operation of Network Resources: The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Emera Maine's Control Area such that the output of those facilities exceeds its designated Network Load, plus Non-Firm sales delivered pursuant to Schedule 21 and Schedule 21-EM of the OATT, plus losses. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of Emera Maine to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the BHD Transmission System. For all Network Resources not physically connected with the BHD Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application pursuant to Schedule 21, Part II, section 3, unless the Network Customer supports such delivery within the BHD Transmission System by either obtaining Point-to-Point Transmission Service or utilizing secondary service pursuant to Schedule 21, Part II, section 2(g). Emera Maine shall specify the rate treatment and all related

terms and conditions applicable in the event that a Network Customer's schedule at the delivery point for a Network Resource not physically interconnected with the BHD Transmission System exceeds the Network Resource's designated capacity, excluding energy delivered using secondary service or Point-to-Point Transmission Service.

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

18 Designation of Network Load

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

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

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

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

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

18.6 Annual Load and Resource Information Updates: The Network Customer shall provide Emera Maine with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Local Network Service under Schedule 21 and Schedule 21-EM of the OATT. The Network Customer also shall provide Emera Maine with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities, or operations affecting Emera Maine's ability to provide reliable service.

19 Load Shedding and Curtailments

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

20 Rates and Charges

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

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

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

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

21 Operating Arrangements

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

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

necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies the applicable reliability guidelines of the ERO. Emera Maine shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G-EM.

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

SCHEDULE 1-EM

SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE

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

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

- 1) **Yearly delivery:** (a) for all wholesale customers, customers who wheel-off the Emera Maine system, and retail point-to-point customers, the Annual Rate established pursuant to Attachment P-EM Section VI.A1 per KW of Reserved Capacity per year or (b) for retail network customers, the Annual Rate established pursuant to Attachment P-EM Section VI.A2 per KW of Reserved Capacity per year.
- 2) **Monthly delivery:** (a) for all wholesale customers, customers who wheel-off the Emera Maine system, and retail point-to-point customers, the Monthly Rate established pursuant to Attachment P-EM Section VI.A1 per KW of Reserved Capacity per month or (b) for retail network customers, the Monthly Rate established pursuant to Attachment P-EM Section VI.A2 per KW of Reserved Capacity per month.
- 3) **Weekly delivery:** (a) for all wholesale customers, customers who wheel-off the Emera Maine system, and retail point-to-point customers, Weekly Rate established pursuant to Attachment P-EM Section VI.A1 per KW of Reserved Capacity per week or (b) for retail network customers, the Weekly Rate established pursuant to Attachment P-EM Section VI.A2 per KW of Reserved Capacity per week.
- 4) **Daily delivery:** (a) for all wholesale customers, customers who wheel-off the Emera Maine system, and retail point-to-point customers, the Daily Rate established pursuant to Attachment P-EM Section VI.A1 per KW of Reserved Capacity per day or (b) for retail network customers, the Daily Rate

established pursuant to Attachment P-EM Section VI.A2 per KW of Reserved Capacity per day.

5) **Hourly delivery:** (a) for all wholesale customers, customers who wheel-off the Emera Maine system, and retail point-to-point customers, the Hourly Rate established pursuant to Attachment P-EM Section VI.A1 per KW of Reserved Capacity per hour or (b) for retail network customers, the Hourly Rate established pursuant to Attachment P-EM Section VI.A2 per KW of Reserved Capacity per hour.

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

SCHEDULE 2-EM

REACTIVE SUPPLY AND VOLTAGE CONTROL FROM GENERATION OR OTHER SOURCES SERVICE

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

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

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

Emera Maine is not the Control Area operator, and has divested itself of the generation in its service territory that provides Reactive Supply and Voltage Control from Generation Sources Service. To the extent Transmission Customers are also Transmission Customers under provisions of the OATT besides Schedule 21 and Schedule 21-EM, which provide Reactive Supply and Voltage Control from Generation Sources Service throughout the ISO Control Area, no additional charges for this service shall be charged hereunder. To the extent a Transmission Customer is a customer under Schedule 21 and Schedule 21-EM of the OATT, but not a customer under the other provisions of the OATT, Emera Maine will pass through to the Transmission Customer any charges for this service assessed to it by the ISO for the Transmission Customer's account.

SCHEDULE 3-EM

REGULATION AND FREQUENCY RESPONSE SERVICE

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

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

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

SCHEDULE 4-EM

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. Emera Maine must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from Emera Maine or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for Emera Maine, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to Emera Maine by that Control Area operator.

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

SCHEDULE 5-EM

OPERATING RESERVE - SPINNING RESERVE SERVICE

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

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

SCHEDULE 6-EM

OPERATING RESERVE - SUPPLEMENTAL RESERVE SERVICE

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

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

SCHEDULE 7-EM

WHOLESALE OR WHEELING LONG-TERM FIRM AND SHORT-TERM FIRM LOCAL POINT-TO-POINT SERVICE

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

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE 8-EM

WHOLESALE OR WHEELING NON-FIRM LOCAL POINT-TO-POINT SERVICE

The Transmission Customer shall pay up to the following transmission rates for service under this Schedule 21-EM:

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

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

- 4) **Hourly delivery:** The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed: (a) in the case of wholesale load located on the Emera Maine system, the Hourly Rate established pursuant to Attachment P-EM Section VI.B, plus the Hourly Rate established pursuant to Attachment P-EM Section VI.C, plus, if applicable, the Hourly Rate

established pursuant to Attachment P-EM Section VI.D, all per KW of Reserved Capacity per hour; or (b) in the case of wheeling off the Emera Maine system, the Hourly Rate established pursuant to Attachment P-EM Section VI.E per KW of Reserved Capacity per hour. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

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

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

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

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

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

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

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

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

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

SCHEDULE 9-EM

RETAIL FIRM LOCAL POINT-TO-POINT SERVICE

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

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

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

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

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

during such week.

5) Discounts: Three principal requirements apply to discounts for transmission service as follows:

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

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

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

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

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

If the requested Retail Firm Point-to-Point Service requires use of Network Upgrades previously determined to have been necessary to provide Transmission Service for another Transmission Customer, and if the costs of such Network Upgrades already are reflected in the rate for

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

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

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

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

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

b. Section 4 of Schedule 21-EM: The billing, payment, and default section is applicable to a Designated Agent taking transmission service on behalf of its retail customers and any retail customer taking service directly from Emera Maine. If the Transmission Customer is a Designated Agent, Emera Maine shall bill directly and receive payment from the Designated Agent's retail customers for applicable transmission and ancillary charges (except for Energy Imbalance Service) unless other mutually agreeable provisions for payment are made. Emera

Maine shall bill directly the Designated Agent, if it is not Emera Maine, for Energy Imbalance Service, unless other mutually agreeable provisions for payment are made. For the direct billing of retail customers taking transmission service through a Designated Agent, the billing, payment, and default provisions shall be pursuant to Emera Maine's retail Terms and Conditions, the relevant portions of which are included in Schedule 12-EM.

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

d. Section 9.1 of Schedule 21-EM: The service agreements section is modified to add the following: "If the Eligible Customer submits a Completed Application for Retail Firm Point-To-Point Transmission for service to retail load, Emera Maine shall offer a standard form Retail Firm Local Point-To-Point Service Agreement (Attachment L-EM) or Retail Non-Firm Local Point-To-Point Service Agreement (Attachment M-EM), as applicable, to Eligible Customer."

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

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

SCHEDULE 10-EM

RETAIL NON-FIRM LOCAL POINT-TO-POINT SERVICE

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

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

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

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

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

- 4) **Hourly delivery:** The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed the Hourly Rate established pursuant to Attachment P-EM

Section VI.F.1, plus the Hourly Rate established pursuant to Attachment P-EM Section VI.G.1, plus, if applicable, the Hourly Rate established pursuant to Attachment P-EM Section VI.H.1, all per KW of Reserved Capacity per hour. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

5) Discounts: Three principal requirements apply to discounts for transmission service as follows:

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

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

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

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

- a) the base charge for Transmission Service set forth in this schedule, modified to include the cost of required Network Upgrades on a rolled-in basis; or
- b) a charge based on the incremental cost of any Network Upgrades that would not have

been needed for the Service requested by the Transmission Customer. Such incremental cost charge shall be based upon the Transmission Customer's appropriate share of the cost of such Network Upgrade up to one hundred percent of such cost.

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

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

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

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

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

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

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

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

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

SCHEDULE 11-EM

RETAIL LOCAL NETWORK SERVICE

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

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

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

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

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

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

relevant portions of which are included in Schedule 12-EM.

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

d. Section 16.1 of Schedule 21-EM: The condition precedent for receiving service section is modified to add the following provision: "Unless retail Transmission Customers elect otherwise as provided in this Schedule 21 and Schedule 21-EM, retail Transmission Customers shall take service from Emera Maine as their Designated Agent pursuant to an Umbrella Service Agreement for Retail Local Network Service pursuant to Attachment N-EM; these retail Transmission Customers are not required to execute the service agreement which will be filed with FERC. Such retail Transmission Customers shall be obligated to comply with the applicable terms and conditions of Schedule 21 and Schedule 21-EM including paying for service notwithstanding the absence of a customer signature on a Service Agreement. If a retail Transmission Customer elects to take Retail Local Network Service directly from Emera Maine or through a Designated Agent other than Emera Maine, the Eligible Customer shall execute a Service Agreement for Retail Local Network Service pursuant to Attachment N-EM for service under Schedule 21-EM or request in writing that Emera Maine file a proposed unexecuted Service Agreement for Retail Local Network Service with the Commission and the Eligible Customer shall execute a Local Network Operating Agreement for Retail Local Network Service with Emera Maine pursuant to Attachment O-EM. The following additional requirement applies to a retail Transmission Customer that takes at least 500 KW of transmission service in any one hour in the calendar year from Emera Maine and takes Retail Local Network Service from Emera Maine as its Designated Agent: it shall execute a Service Agreement for Retail Local Network Service pursuant to Attachment N-EM for service under Schedule 21-EM or request in writing that Emera Maine file a proposed unexecuted Service Agreement for Retail Local Network Service with the Commission, if Emera Maine must construct either Direct Assignment Facilities or Network Upgrades in order to provide Transmission Service to the retail Transmission Customer."

e. Sections 16.2, 16.3, 16.4 of Schedule 21-EM: A retail Transmission Customer taking Retail Local Network Service from Emera Maine as its Designated Agent shall not be required to

satisfy the application procedures and technical arrangements in sections 16.2, 16.3 and 16.4 of Schedule 21-EM, except that a retail Transmission Customer that takes at least 500 KW of transmission service in any one hour in the calendar year from Emera Maine and takes Retail Local Network Service from Emera Maine as its Designated Agent shall be required to comply with sections 16.3 and 16.4 of Schedule 21-EM to the extent Emera Maine deems it necessary to provide service.

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

g. Section 18 of Schedule 21-EM: The designation of network load sections are modified to allow load distribution profiles of customer classes to be used for determining retail customer peak loads.

h. Sections 20.1 and 20.2 of Schedule 21-EM: The sections are superseded by the charges set out in this Schedule 11-EM.

i. Section 21 of Schedule 21-EM: The operating arrangements sections are not applicable for a retail Transmission Customer that takes Retail Local Network Service from Emera Maine as its Designated Agent. The operating arrangements for a Transmission Customer taking Retail Local Network Service directly from Emera Maine or through a Designated Agent other than Emera Maine shall be set forth in the Operating Agreement for Retail Local Network Service entered into between the Transmission Customer Emera Maine.

SCHEDULE 12-EM

RETAIL TERMS AND CONDITIONS

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

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

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

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

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

4-B GUARANTEE OF PAYMENTS:

Residential Accounts:

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

Non-Residential Accounts:

Emera Maine may require a deposit as security for the payment of bills and compliance with the Terms and Conditions as a prerequisite to the rendering or continuing of non-residential utility service by Emera

Maine in accordance with Section 7(B) - Chapter 815 of the MPUC's Rules and Regulations as in effect on the effective date hereof or amended from time to time hereafter.

4-C AMOUNT OF DEPOSIT.

Residential Accounts:

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

Non-Residential Accounts:

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

4-D REFUND OF DEPOSIT.

Residential Accounts:

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

Non-Residential Accounts:

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

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

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

Regulations as in effect on the effective date hereof or as amended from time to time hereafter.

4-G DISCONNECTION OF SERVICE FOR CAUSE.

Residential Accounts:

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

Non-Residential Accounts:

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

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

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

4-J SINGLE-METER, MULTI-UNIT DWELLINGS. In cases of disconnection of single-meter, multi-unit dwellings in which the Customer is the landlord, in addition to any other applicable fees, the landlord shall be required to pay a collection fee of \$50.00. In addition, Emera Maine may require each dwelling unit to be individually metered at the landlord's expense before service will be restored.

ATTACHMENT A-EM

[Reserved]

ATTACHMENT B-EM

[Reserved]

ATTACHMENT C-EM
METHODOLOGY TO ASSESS AVAILABLE TRANSFER CAPABILITY

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

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

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

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

1. Roles of ISO New England and Emera Maine

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

Pursuant to the terms of the Transmission Operating Agreement executed between Emera Maine as a Participating Transmission Owner (PTO) and ISO, Emera Maine is a Transmission Service Provider and calculates TTC and ATC for certain facilities over which Local Point-to-Point Service is provided under Schedule 21-EM. These are primarily radial paths that provide transmission service to directly

interconnected generators.

1.1 Scope of Attachment C-EM

As the Transmission Service Provider of Schedule 21-EM Local Point-to-Point Service pursuant to the PTOs' Transmission Operating Agreement and the ISO OATT, Emera Maine performs the following functions within the scope of Attachment C-EM:

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

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

As defined by ISO and as applicable to all Transmission Service Providers under the RTO footprint, the following functions will be performed:

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

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

2. Transmission Service in the New England Markets

As explained in Attachment C of the OATT, the process by which generation located inside New England supplies energy to bulk electric system differs from the pro forma OATT. The fundamental difference is

that internal generation is dispatched in an economic, security constrained manner by the ISO rather than utilizing a system of physical rights, advance reservations and point-to-point transmission service. Through this process, internal generation provides supply offers to the New England energy market which are utilized by the ISO in the Real-Time Energy Market dispatch software. This process provides the least-cost dispatch to satisfy Real-Time load on the system.

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

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

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

3. Schedule 21-EM Total Transfer Capability

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

3.1 Posting TTCs

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

4. Capacity Benefit Margin

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

Wherever applicable, the administration of Schedule 21-EM is consistent with the services provided under the ISO OATT by ISO. Emera Maine provides local transmission service over its non-PTF facilities that are connected only to the New England system and they do not interconnect with other systems. Therefore, Emera Maine does not reserve CBM for these paths, and the CBM is presently set to zero.

5. Transmission Reliability Margin

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

6. Calculation of ATC for Emera Maine's Local Facilities

6.1 ATC Calculation General Description

This section defines the ATC calculations performed by Emera Maine for its non-PTF internal interfaces. Consistent with the NERC definition, ATC_F is the capability for Firm transmission reservations that remain after allowing for ETC_F , CBM, TRM, Postbacks_F and counterflows_F. Additionally, consistent with

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

As Real-Time approaches, the ISO utilizes the Real-Time energy market rules to determine which of the submitted energy transactions will be scheduled in the coming hour. In Real-Time, ETC effectively becomes equal to 0 (zero), as the ISO does not recognize nor utilize OASIS scheduled transmission reservations in its determination of generation dispatch pursuant to the Market Rules. Therefore, in Real-Time, the ATC is equal to TTC minus the amount of net energy transactions subject to ISO security constrained dispatch for each non-PTF interface for the designated hour. With this simplified version of ATC, there is no detailed algorithm to be described or posted other than: ATC equals TTC minus total Real-Time generation dispatch for each non-PTF interface. Because ISO Real-Time generation dispatch determines transmission usage in this time period for those non-PTF facilities that serve as a path for Schedule 21-EM Point-to-Point Transmission Customers, and existing transmission reservations are not determinate of transmission capacity usage in Real-Time, Emera Maine posts the ATC as 9999, consistent with industry practice. Actual ATC on these paths varies depending on the time of day. Thus, ATC is posted with an ATC of "9999" to reflect the fact that there are generally no restrictions on these paths for commercial transactions.

6.2 Existing Transmission Commitments, Firm (ETC_F)

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

considered in the ETC_F calculation.

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

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

7. Posting of ATC Related Information

7.1 Calculation of ATC Values

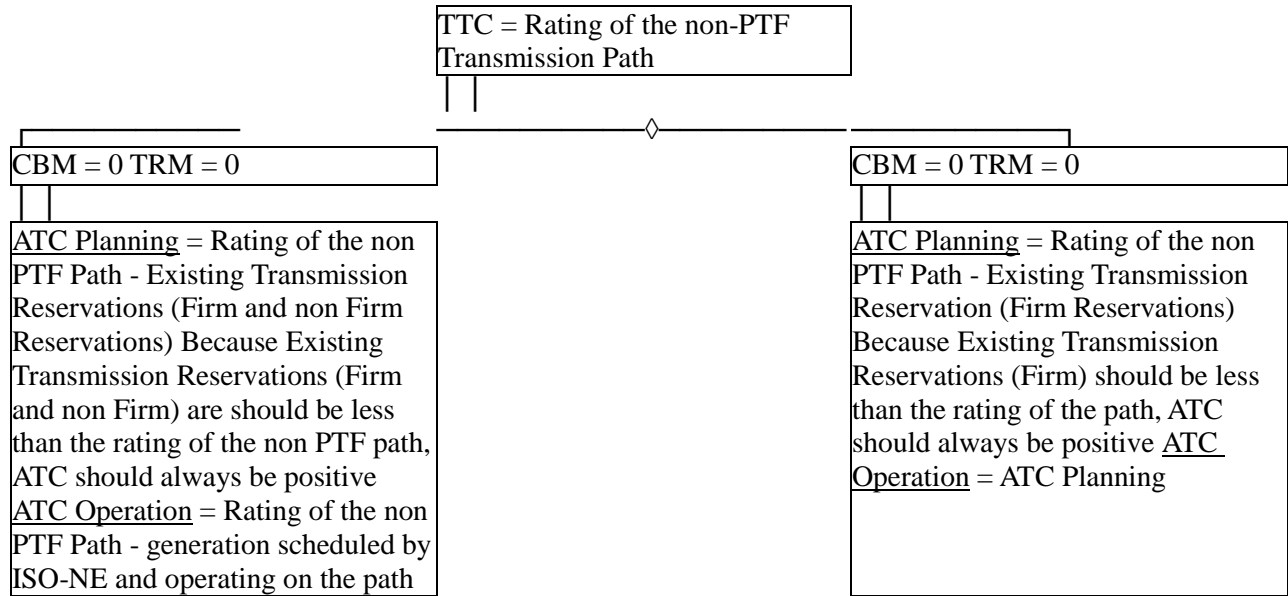
As described above, the Real-Time ATC values for Emera Maine's non-PTF internal assets that are utilized for Point-to-Point transmission service are almost always positive, and are thus set at 9999. The Real-Time ATC values for these internal posted paths are posted in accordance with NAESB standards on Emera Maine's OASIS website.

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

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

Further, the mathematical algorithm and mathematical definition of Available Transmission Capability (ATC) for non-PTF for Emera Maine under Schedule 21-EM are posted on Emera Maine's website at www.emeramaine.com.

8. Non-PTF Transmission Path ATC Process Flow Diagram



Note: Firm includes Conditional Firm

ATTACHMENT D-EM

METHODOLOGY FOR COMPLETING A SYSTEM IMPACT STUDY

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

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

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

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

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

First Contingency Total Transfer Capability (FCTTC) - is the total amount of electric power (net of normal base power transfers plus first contingency incremental transfers) that can be transferred between

two areas of the interconnected transmission systems in a reliable manner based on conditions 1, 2, and 3 in the FCITC definition above.

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

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

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

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

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

ATTACHMENT E-EM
INDEX OF EMERA MAINE POINT-TO-POINT TRANSMISSION SERVICE CUSTOMERS

[See Electric Quarterly Reports]

ATTACHMENT G-EM
EMERA MAINE LOCAL NETWORK OPERATING AGREEMENT

Example

THIS AGREEMENT, entered into this _____ day of _____,

_____ is between the Transmission Customer and Emera Maine, either or both of which area hereinafter referred as "Party" or "Parties".

WHEREAS, the Transmission Customer is directly interconnected with Emera Maine's electric system and the Parties desire to formalize that interconnection; and

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

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

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

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

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

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

A. "Transmission Customer's Interconnection Equipment" is all equipment and facilities (1) necessary for the interconnection of the Transmission Customer's system and Emera Maine's system, and (2) located on the Transmission Customer's side of the Point(s) of Delivery. This equipment may include, but is not limited to, connection, switching, and safety equipment.

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

C. "System Emergency" is a condition on Emera Maine's system or on a system with which Emera Maine's system is interconnected which, in Emera Maine's sole judgment at the time of the occurrence, is likely to result in imminent disruption of service to a network service customer or is imminently likely to endanger life or property.

II. TERM

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

III. CHARACTER OF SERVICE

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

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

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

IV. INTERCONNECTION EQUIPMENT DESIGN AND CONSTRUCTION

A. Each Party, at its own expense, shall design, purchase, construct, install, and be responsible for maintaining all of its Interconnection Equipment that connects its Interconnection Equipment to the other Party's Interconnection Equipment.

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

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

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

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

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

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

G. The Transmission Customer agrees to provide to Emera Maine complete documentation, to the extent available, of the Transmission Customer's Interconnection Equipment, including, but not limited to, power one-line diagrams, relaying diagrams, plan, sectional and elevation views, grading plans, conduit plans, foundation plans, fence and grounding plans, and detailed steel erection diagrams. In addition, the Transmission Customer agrees to provide to Emera Maine complete documentation of any changes to the Transmission Customer's Interconnection Equipment. Emera Maine agrees to provide the Transmission

Customer complete documentation for all Direct Assignment Facilities constructed by Emera Maine for the Transmission Customer or provided by Emera Maine to the Transmission Customer.

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

V. METERING

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

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

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

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

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

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

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

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

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

VI. MONITORING

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

ability to open the interconnection between the Transmission Customer and Emera Maine under the conditions specified in Articles VII and VIII of this Agreement.

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

VII. PROTECTION AND CONTROL OF INTERCONNECTION EQUIPMENT

The Transmission Customer, at its expense, shall design, purchase, construct, install, and be responsible for the expense of maintaining all of the Interconnection Equipment that isolates the Transmission Customer's equipment from Emera Maine's system. All such Interconnection Equipment shall be of sufficient size to accommodate the delivery of energy and capacity under the Service Agreement between Emera Maine and the Transmission Customer and shall be of utility grade, acceptable to Emera Maine.

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

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

- A. Linkable main disconnect switch with arc restrictions that permits isolation of the load from the BHD Transmission System;
- B. An automatic circuit breaker that is (1) capable of tripping the Transmission Customer both automatically and by remote control from Emera Maine and (2) capable of synchronizing the Transmission Customer load to the BHD Transmission System;

- C. Underfrequency protective relays used in conjunction with the automatic circuit breaker in Section VII.B above;
- D. Potential and current transformers;
- E. Phase fault protection and ground fault protection.

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

VIII. INTERCONNECTION OPERATION

- A. Emera Maine will operate and maintain its nominal transmission voltage within a range of +/- 5% at the point of interconnection between Emera Maine and the Transmission Customer. The Transmission Customer, at its expense, shall maintain appropriate voltage on its system in accordance with Good Utility Practice
- B. The Transmission Customer shall have a reactive operating range (power factor) that is continuous throughout the 95% lead to 95% lag range; provided, however, that under normal operating conditions the Transmission Customer shall not deliver excess reactive power to the Emera Maine system

unless otherwise agreed to by Emera Maine.

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

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

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

IX. MAINTENANCE AND MODIFICATION TO THE INTERCONNECTION

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

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

C. At the Transmission Customer's request during the Term of this Agreement, Emera Maine shall move any of its lines or other equipment used exclusively for the purpose of furnishing and delivering to the Transmission Customer electric energy, if: (i) the Transmission Customer furnishes without charge or

expense to Emera Maine a new, suitable, and sufficient right(s)-of-way to enable Emera Maine to deliver electric energy, and (ii) the Transmission Customer reimburses Emera Maine in advance on a progress payment basis for all costs incurred by Emera Maine in connection with the moving of said lines or equipment. The Transmission Customer is responsible for securing for Emera Maine such new location and new right(s)-of-way.

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

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

X. BILLING AND PAYMENTS

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

XI. AUDITS OF ACCOUNTS AND RECORDS

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

XII. SCHEDULING

A. Local Point-to-Point Service

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

Schedule 21 of the OATT.

B. Local Network Service

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

XIII. ACCESS

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

B. The Transmission Customer will grant, with a reasonable notification and without cost to Emera Maine for the Term of this Agreement, any access that may be necessary for reasonable ingress and egress over property owned by the Transmission Customer in order to operate, inspect, maintain, replace, and remove Emera Maine-owned Interconnection Equipment, provided that such access shall not disrupt or otherwise interfere with the normal operations of the Transmission Customer.

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

WITNESSES:

EMERA MAINE

By: _____

Its: _____

Dated: _____

TRANSMISSION CUSTOMER

By: _____

Its: _____

Dated: _____

APPENDIX A-EM
CUSTOMER DIRECT ASSIGNMENT FACILITIES

ATTACHMENT H-EM

[Reserved]

ATTACHMENT I-EM

INDEX OF NETWORK CUSTOMERS

[See Electric Quarterly Reports]

ATTACHMENT J-EM

[Reserved]

ATTACHMENT K-EM

[Reserved]

ATTACHMENT L-EM

UMBRELLA SERVICE AGREEMENT FOR RETAIL FIRM LOCAL POINT-TO-POINT SERVICE

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

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

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

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

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

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

upon request demonstrating such authorization.

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

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

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

Bank: _____

ABA No.: _____

Account Name: _____

Account No.: _____

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

Emera Maine:

Transmission Customer:

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

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

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

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

Transmission Provider approves
request within _____

Transmission Customer must confirm
within _____ or request

before start of service	is deemed withdrawn
24 hours or less	1 hour
25-48 hours	24 hours before transaction begins
2-6 days	24 hours
7-30 days	72 hours
31-90 days	1 week
90 days or more	15 days

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

Emera Maine:

By: _____
Name Title Date

Transmission Customer:

By: _____
Name Title Date

Specifications For Retail Firm Local Point-To-Point Service

1.0 Term of Service: _____

Start Date: _____

Termination Date: _____

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

3.0 Point(s) of Receipt: _____

Delivery Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

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

Capacity): _____

6.0 Designation of Party subject to reciprocal service obligation: _____

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

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

8.1 Transmission Charge:

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

8.3 Direct Assignment Facilities Charge:

8.4 Ancillary Services Charges:

Schedule 1 (Scheduling): _____

Schedule 2 (Reactive Supply): _____

Schedule 3 (Regulation): _____

Schedule 4 (Energy Imbalance): _____

Schedule 5 (Spinning Reserve): _____

Schedule 6 (Supplemental Reserve): _____

8.5 Losses: _____

8.6 Taxes: _____

8.7 Local Distribution Costs: _____

9.0 Description of Method of Supplying of Losses: _____

10.0 Source of supply of each Ancillary Service not provided by Emera Maine:

ATTACHMENT M-EM

UMBRELLA SERVICE AGREEMENT FOR RETAIL NON-FIRM LOCAL POINT-TO-POINT SERVICE

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

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

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

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

5.0 The Transmission Customer has provided Emera Maine with assurance of creditworthiness in accordance with the provisions of Section 11 of Schedule 21-EM of the OATT.

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

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

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

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

Bank: _____

ABA No.: _____

Account Name: _____

Account No.: _____

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

Emera Maine:

Transmission Customer:

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

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

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

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

EMERA MAINE:

By: _____

Name

Title

Date

Transmission Customer:

By: _____

Name

Title

Date

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

1.0 Term of Service: _____

Start Date: _____

Termination Date: _____

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

3.0 Point(s) of Receipt: _____

Delivery Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

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

6.0 Designation of Party subject to reciprocal service obligation: _____

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

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

8.1 Transmission Charge:

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

8.3 Direct Assignment Facilities Charge:

8.4 Ancillary Services Charges:

Schedule 1 (Scheduling): _____

Schedule 2 (Reactive Supply): _____

Schedule 3 (Regulation): _____

Schedule 4 (Energy Imbalance): _____

Schedule 5 (Spinning Reserve): _____

Schedule 6 (Supplemental Reserve): _____

8.5 Losses: _____

8.6 Taxes: _____

8.7 Local Distribution Costs: _____

9.0 Description of Method of Supplying of Losses: _____

10.0 Source of supply of each Ancillary Service not provided by Emera Maine:

ATTACHMENT N-EM

UMBRELLA SERVICE AGREEMENT FOR RETAIL LOCAL NETWORK SERVICE

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

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

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

4.0 Service under this agreement shall commence on the later of: (1) _____, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as permitted by the Commission. The Service Agreement shall be effective for an initial term of one year for a retail customer taking Retail Local Network Service directly from Emera Maine or through a Designated Agent other than Emera Maine or for any Network Customer required to execute a Service Agreement or provide notice that an unexecuted Service Agreement should be filed. Thereafter, it will continue from year to year unless terminated by the Network Customer or Emera Maine by giving the other one-year advance written notice or by mutual agreement of the Parties, unless earlier terminated

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

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

6.0 The Network Customer has provided Emera Maine with assurance of creditworthiness in accordance with the provisions of Section 7 of Schedule 21-EM of the OATT.

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

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

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

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

Bank: _____

ABA No.: _____

Account Name: _____

Account No.: _____

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

Emera Maine:

Network Customer:

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

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

rules and regulations promulgated thereunder.

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

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

EMERA MAINE:

By: _____

Name

Title

Date

Network Customer:

By: _____

Name

Title

Date

Specifications For Retail Local Network Service

1.0 Term of Service: _____

Start Date: _____

Termination Date: _____

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

3.0 Point(s) of Receipt: _____

Delivery Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

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

Capacity): _____

6.0 Designation of Party subject to reciprocal service obligation: _____

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

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

8.1 Transmission Charge:

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

8.3 Direct Assignment Facilities Charge:

8.4 Ancillary Services Charges:

Schedule 1 (Scheduling): _____

Schedule 2 (Reactive Supply): _____

Schedule 3 (Regulation): _____

Schedule 4 (Energy Imbalance): _____

Schedule 5 (Spinning Reserve): _____

Schedule 6 (Supplemental Reserve): _____

8.5 Losses: _____

8.6 Taxes: _____

8.7 Local Distribution Costs: _____

9.0 Description of Method of Supplying of Losses: _____

10.0 Source of supply of each Ancillary Service not provided by Emera Maine:

ATTACHMENT O-EM

UMBRELLA NETWORK OPERATING AGREEMENT FOR RETAIL LOCAL NETWORK SERVICE

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

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

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

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

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

6.0 Power and energy transmitted by Emera Maine for the Network Customer shall be delivered as three-phase alternating current at a frequency of approximately 60 Hertz, and at the nominal voltages at the delivery and receipt points. When multiple delivery points are provided to a specific Network Load, they shall not be operated in parallel by the Network Customer without the approval of Emera Maine. Emera Maine and the Network Customer shall also establish and monitor standards and operating rules and procedures to assure that BHD Transmission System integrity and the safety of customer, the public, and employees are maintained or enhanced when such parallel operation is permitted either on a continuing basis or for intermittent switching or other service needs. Each Party shall exercise due diligence and reasonable care in maintaining and operating its facilities so as to maintain continuity of service.

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

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

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

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

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

12.0 It is recognized by the Parties that the BHD Transmission System is, and will be, directly or indirectly interconnected with BHD Transmission Systems owned or operated by others, that the flow of

power and energy between such systems will be controlled by the physical and electrical characteristics of the facilities involved and the manner in which they are operated, and that part of the power and energy being delivered under this Operating Agreement may flow through such other systems rather than through the facilities of Emera Maine. Each Party will at all times cooperate with other interconnected systems in establishment of arrangements that may be necessary to relieve any hardship in such other systems and in the systems of the other entities caused by energy flows of scheduled deliveries hereunder.

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

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

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

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

- a) A statement regarding the ability of the BHD Transmission System to meet the forecast deliveries at each of the delivery points;

b) A detailed description of any constraints on Emera Maine's system within the three (3) year horizon that will restrict forecast deliveries.

c) In the event that studies reveal a potential limitation of Emera Maine's ability to deliver power and energy to any of the delivery points, Emera Maine and Network Customer shall identify appropriate remedies for such constraints including but not limited to: construction of new transmission facilities, upgrade or other improvements to existing transmission facilities, or temporary modification to operation procedures designed to relieve identified constraints. Emera Maine will, consistent with Good Utility Practice, endeavor to construct and place into service sufficient transmission capacity to maintain reliable service to the Network Customer. An appropriate sharing of the costs to relieve such constraints will be determined by the Parties, consistent with FERC rules, regulations, policies, and precedents then in effect. If the Parties are unable to agree upon an appropriate remedy or sharing of the costs, Emera Maine shall submit its proposal for the remedy or sharing of such costs to the FERC for approval consistent with Schedule 21 and Schedule 21-EM of the OATT.

14.0 Prior to service commencing under this Operating Agreement and the Service Agreement for Retail Local Network Service, and prior to the beginning of each month thereafter, the Network Customer shall provide to Emera Maine, the Network Customer's daily peak load expressed in terms of tenths of a megawatt and shall include all losses within the BHD Transmission System.

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

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

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

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

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

20.0 The Network Customer and Emera Maine shall implement load-shedding procedures to maintain the reliability and integrity of the BHD Transmission System as provided in Section 45 of the OATT and in accordance with applicable NERC and NPCC requirements and Good Utility Practice. Load shedding may include (1) automatic load shedding, (2) mutual load shedding, and (3) rotating interruption of customer load. When manual load shedding or rotating interruptions are necessary, Emera Maine shall notify the Network Customer of the required action and the Network Customer shall comply immediately.

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

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

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

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

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

21 and Schedule 21-EM of the OATT, Schedule 21 and Schedule 21-EM of the OATT shall control.

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

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

Emera Maine

[name]

[title][address]

[phone]

[fax]

Network Customer

[name]

[title]

[address]

[phone]

[fax]

Any notice, request, or demand pertaining to operating matters may be delivered in person or by first class mail, messenger, telephone, telegraph, or facsimile transmission as may be appropriate and shall be

confirmed in writing as soon as practical thereafter, if any Party so requests in any particular instance.

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

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

EMERA MAINE:

Date:

By: _____

TRANSMISSION CUSTOMER:

Date:

By: _____

ATTACHMENT P-EM

FORMULAIC RATES DESCRIPTION

I. INTRODUCTION

This Attachment P-EM sets forth details with respect to the determination each year of Emera Maine's Transmission Revenue Requirement and its Scheduling Revenue Requirement. Except where otherwise noted or where the context otherwise indicates, all values referenced herein shall be understood to be end of year or full calendar year values as reflected on Emera Maine's FERC Form 1 ("FF1").

The Transmission Revenue Requirement will reflect the costs for the BHD Transmission System, as detailed in Section III below. The Transmission Revenue Requirement will be calculated annually, effective each June 1, based in part on the previous calendar year's data and the FF1 data for that previous year (the "Reported Year"), and based in part on forecasted amounts. The calendar year immediately following the Reported Year is referred to herein as the "Forecast Period." Reported Year load, revenue and sales data may be adjusted, as appropriate, to reflect known and measurable anticipated changes for the subject rate year.

The Scheduling Revenue Requirement will reflect the costs of provision of the Ancillary Service "Scheduling, System Control and Dispatching Service" ("Scheduling") for the BHD Transmission System, as detailed in Section IV below. The Scheduling Revenue Requirement will be calculated annually, effective each June 1, based on the previous calendar year's data and the FF1 data for the Reported Year.

If and to the extent such FF1 data are not applicable to the BHD in whole or in part, such data (i) where practicable, will be expressly excluded from the calculations in this Attachment P-EM (*i.e.*, directly assigned to an Emera Maine business unit other than the BHD) or (ii) allocated between the BHD and one or more other business units of Emera Maine, as detailed herein.

Retail transmission price changes will take effect contemporaneously with annual changes to distribution rates. The transmission revenue effect of any difference (positive or negative) between when transmission price changes would normally occur (June 1) and when they actually occur will be accrued with interest, calculated pursuant to Section 35.19a of FERC's regulations and included in the next determination of transmission prices for retail transmission customers.

Subject to the foregoing, separate Transmission Revenue Requirements will be calculated pursuant to this Attachment P-EM, applicable to the following:

- A. Wholesale Load on the BHD Transmission System
 - 1. for Non-Pool Transmission Facilities (“PTF”) Service
 - 2. for PTF Service
 - 3. for Emera Maine’s unit costs of acting as customer’s agent for service
- B. Wheeling Off the BHD Transmission System (Non-PTF Service)
- C. Retail Load on the BHD Transmission System
 - 1. for Non-PTF Service
 - 2. for PTF Service
 - 3. for Emera Maine’s unit costs of acting as customer’s agent for service

Each revenue requirement will be calculated in accordance with the general formula set forth in Section III (modified, as appropriate, for each specified revenue requirement in accordance with the detailed provisions of this Attachment P-EM).

Capitalized terms not otherwise defined in Section 1 of the OATT and as used in this Attachment P-EM have the definitions provided herein.

II. ALLOCATORS/ADJUSTMENT FACTORS

This Section II establishes three types of allocation factors (allocators) to be used in this Attachment P-EM: (i) factors that allocate values between the BHD and other Emera Maine business units (“Company Allocators”), (ii) factors that allocate values within the BHD, such as between transmission and distribution, or between PTF and non-PTF (“BHD Allocators”), and (iii) a factor that allocators values based on salaries and wages. Additionally, this Section establishes an adjustment factor based on the Settlement reached in Docket No. ER00-980-000 on November 1, 2000.

A. Definitions

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

- (1) BHD Total Transmission Plant (Recorded) shall equal the balance of Account Nos. 350-359.1 [FF1 at 207:58g] as directly assigned to the BHD, excluding any values for transmission investments for which Emera Maine received up-front customer

contributions that it does not have to repay.

- (2) BHD Total Transmission Plant (Adjusted) shall equal:
- (a) BHD Total Transmission Plant (Recorded), less
 - (b) the amounts therein applicable to generator step-ups and generator radial lines, plus
 - (c) the gross book value of distribution plant reclassified to transmission in accordance with the FERC approved jurisdictional delineation of facilities for retail transmission,

provided that the foregoing values in

(a), (b), and (c) reflect values for BHD only and exclude any values for transmission investments for which Emera Maine received up-front customer contributions that it does not have to repay.

B. Allocators

(1) Company Allocators

- (a) Company Customer Count Allocator (BHD) shall equal:
 - (i) the number of BHD customers contributing to the total average number of customers per rate schedule as reported on FF1 at 304:43d, divided by
 - (ii) the total of average number of customers per rate schedule as reported on FF1 at 304:43d.

- (b) Company Customer/Load/Sales Allocator (BHD) shall equal:
 - (i) Company Customer Count Allocator (BHD) divided by three, plus
 - (ii) Company Monthly Peak Loads Allocator (BHD) divided by three, plus
 - (iii) Company Energy Sales Allocator (BHD) divided by three.

- (c) Company Customer/Revenue Allocator (BHD) shall equal:
 - (i) the Company Revenue Allocator (BHD) (described below) divided by two, plus
 - (ii) the Company Customer Count Allocator (BHD) (described below) divided by two.

- (d) Company Customer/Sales Allocator (BHD) shall equal:
 - (i) Company Customer Count Allocator (BHD) divided by two, plus
 - (ii) Company Energy Sales Allocator (BHD) divided by two.

- (e) Company Energy Sales Allocator (BHD) shall equal:
 - (i) the contribution by BHD loads to the total quantity of electricity sold for the year as reported on FF1 at 304:43b, divided by
 - (ii) the total quantity of electricity sold for the year as reported on FF1 at 304:43b.

- (f) Company Monthly Peak Loads Allocator (BHD) shall equal:
 - (i) the contribution by BHD loads to the total of monthly peak loads for the year as reported on FF1 at 400:17b, divided by
 - (ii) the total of monthly peak loads for the year as reported on FF1 at 400:17b.

- (g) Company Revenue Allocator (BHD) shall equal:
 - (i) the contribution by BHD loads to the revenues from electricity sales as reported on FF1 at 304:43c, divided by
 - (ii) total Emera Maine revenues from electricity sales as reported on FF1 at 304:43c.

- (h) Company Total Plant Allocator (BHD) shall equal:
 - (i) the value reported as Total Electric Plant in Service on FF1 at 207:104g as directly assigned to the BHD, divided by
 - (ii) the value reported as Total Electric Plant in Service on FF1 at 207:104g.

(2) BHD Allocators

- (a) BHD Plant Allocator (Transmission) shall equal:
 - (i) BHD Total Transmission Plant (Adjusted) plus Transmission-Related General and Intangible Plant (defined in Section III.A.1.b below), divided by
 - (ii) the value reported as Total Electric Plant in Service on FF1 at 207:104g as directly assigned to the BHD.

- (b) BHD Revenue Allocator (Transmission) shall equal:
 - (i) the contribution by BHD loads to that amount of revenues reported on FF1 at 304:43c attributable to transmission service (either bundled or unbundled), divided by
 - (ii) the contribution by BHD loads to total revenues as reported on FF1 at 304:43c.
- (c) BHD Transmission Plant Allocator (PTF) shall equal:
 - (i) the balance of Account Nos. 350-359.1 [FF1 at 207:58g] attributable to PTF based on company records, excluding any values for transmission investments for which Emera Maine received up-front customer contributions that it does not have to repay, divided by
 - (ii) BHD Total Transmission Plant (Adjusted).

(3) Salaries and Wages Allocator, Adjustment Factor

- (a) Company Salaries and Wages Allocator (Transmission) shall equal:
 - (i) transmission salaries and wages as reported on FF1 at 354:21b, divided by
 - (ii) the difference between (i) total operations and maintenance salaries and wages as reported on FF1 at 354:28b, less (ii) administrative and general salaries and wages as reported on FF1 at 354:27b.
- (b) BHD Transmission Plant Adjustment Factor shall equal:
 - (i) BHD Total Transmission Plant (Adjusted), divided by
 - (ii) BHD Total Transmission Plant (Recorded).

III. CALCULATION OF TRANSMISSION REVENUE REQUIREMENT

In general, the Transmission Revenue Requirement shall equal:

- (A) Return and Associated Income Taxes,
- plus (B) Transmission-Related Depreciation Expense,
- minus (C) Transmission-Related Amortization of Investment Tax Credits,
- plus (D) Transmission-Related Property Tax Expense,
- plus (E) Transmission-Related Payroll Tax Expense,
- plus (F) Transmission Operation and Maintenance Expense,

- plus (G) Transmission-Related Administrative and General Expense,
- minus (H) Revenues from Point-to-Point Transactions Under the Tariff,
- minus (I) Other Transmission-Related Revenues,
- plus (J) RNS and ISO Costs,
- minus (K) RNS and ISO Revenues,
- plus (L) Support Payments,
- plus (M) Incremental Forecasted Transmission Revenue Requirement,

- plus (N) Annual True-Up with Interest.

For service provided to retail loads in the BHD, the Transmission Revenue Requirement shall also include as part of the Annual True-Up with Interest: (a) the product of (i) Total Customer Accounts Expenses as reported on FF1 at 322:164b multiplied first by (ii) the Company Customer/Revenue Allocator (BHD) and then multiplied by (iii) the BHD Revenue Allocator (Transmission).

Through the application of the BHD Allocators described in Section II.B.2. above, the Transmission Revenue Requirement shall be functionalized between PTF and Non-PTF, resulting in the PTF Revenue Requirement and Non-PTF Revenue Requirement, respectively.

There shall be separately calculated, in addition to the PTF and Non-PTF revenue requirements, Emera Maine's costs of acting as customer's agent for service as directly assigned to the BHD.

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

(1) Transmission Investment Base shall equal:

- (a) BHD Total Transmission Plant (Adjusted),
- plus (b) Chester SVC Plant,
- plus (c) Transmission-Related General and Intangible Plant,
- plus (d) Transmission Plant Held for Future Use,
- less (e) Transmission-Related Depreciation Reserve,
- less (f) Transmission-Related Accumulated Deferred Taxes,
- plus (g) Other Transmission-Related Regulatory Assets/Liabilities,
- plus (h) Transmission-Related Prepayments,

- plus (i) Transmission Materials and Supplies,
- plus (j) Transmission-Related Cash Working Capital.

(a) BHD Total Transmission Plant (Adjusted) is as defined above and shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).

(b) Chester SVC Plant shall equal one-half of the gross value recorded on the books of Chester SVC Partnership of the control system upgrades placed in service in 2014, and shall be directly assigned to PTF function.

(c) Transmission-Related General and Intangible Plant shall equal the following value calculated in the following arithmetic order:

- (i) the balance of Account Nos. 301-303 and 389-399.1 [FF1 at 205:5g and 207:99g] as directly assigned to the BHD, less
- (ii) any amounts attributable to FERC hydroelectric relicensing recorded in Account No. 302 [FF1 at 205:2g], less
- (iii) any Customer Information System (“CIS”) costs recorded in Account No. 303 [FF1 at 205:4g] as directly assigned to the BHD, multiplied by
- (iv) Company Salaries and Wages Allocator (Transmission), plus
- (v) the CIS costs recorded in Account No. 303 [FF1 at 205:4g] multiplied by the BHD Revenue Allocator (Transmission).

The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).

(d) Transmission Plant Held for Future Use shall equal the balance recorded in Account No. 105 attributable to transmission plant as directly assigned to the BHD [FF1 at 214:d] multiplied by the BHD Transmission Plant Adjustment Factor and further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).

(e) Transmission-Related Depreciation Reserve shall equal:

- (i) the balance of Account No. 108 attributable to transmission plant [FF1 at 219:25b] as directly assigned to the BHD Transmission System multiplied by the BHD Transmission Plant Adjustment Factor, plus
- (ii) the balance recorded in Account No. 108 attributable to intangible plant and general plant [FF1 219:28b] as directly assigned to the BHD Transmission System, exclusive of any amounts attributable to FERC hydroelectric relicensing or the CIS, multiplied by the Company Salaries and Wages Allocator (Transmission), plus
- (iii) the balance recorded in Account No. 108 attributable to the CIS as directly assigned to the BHD multiplied by the BHD Revenue Allocator (Transmission), plus
- (iv) one-half of the accumulated depreciation recorded on the books of Chester SVC Partnership of the control system upgrades placed in service in 2014.

The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF), provided however that all Chester SVC amounts shall be directly assigned to PTF function.

(f) Transmission-Related Accumulated Deferred Taxes shall equal:

- (i) the balance of Account No. 282 [FF1 at 113:63c] attributable to transmission plant and directly assigned to the BHD, but exclusive of ASC-740 amounts (formerly FASB 109), plus
- (ii) the balance of Account No. 282 [FF1 at 113:63c] attributable to general and intangible plant and directly assigned to the BHD, but exclusive of amounts attributable to ASC-740 and the CIS, multiplied by the Company Salaries and Wages Allocator (Transmission), plus
- (iii) the balance of Account No. 282 [FF1 at 113:63c] attributable to the CIS as directly assigned to the BHD multiplied by the BHD Revenue Allocator (Transmission), plus

- (iv) the balance of Account No. 283 [FF1 at 113:64c] as directly assigned to the BHD, but exclusive of amounts attributable to property taxes, stranded costs, retail rate-making, affiliated companies, or any ASC-740 amounts, multiplied by the Company Salaries and Wages Allocator (Transmission), plus
- (v) the balance of Account No. 283 [FF1 at 113:64c] attributable to property taxes multiplied first by the Company Total Plant Allocator (BHD) and then multiplied by the BHD Plant Allocator (Transmission), plus
- (vi) the balance of Account No. 190 [FF1 at 111:82c] as directly assigned to the BHD, exclusive of amounts associated with accrued vacation, stranded costs, retail rate-making, affiliated companies, or any ASC-740 amounts, multiplied by the Company Salaries and Wages Allocator (Transmission), plus
- (vii) the balance of Account No. 190 [FF1 at 111:82c] attributable to accrued vacation multiplied first by the Company Customer/Load/Sales Allocator (BHD) and then multiplied by the Company Salaries and Wages Allocator (Transmission).

The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).

- (g) Other Transmission-Related Regulatory Assets/Liabilities shall equal:

The Company Salaries and Wages Allocator (Transmission) multiplied by the sum of:

- (i) pension and post-retirement benefits other than pension amounts recorded in Account Nos. 182.3, 228.3 and 254 [FF1 at 111:72c, 112:29c and 113:60c], as directly assigned to the BHD, plus
- (ii) deferred employee transition costs recorded in Account No. 228.3 [FF1 at 112:29c] as directly assigned to the BHD, plus
- (iii) pension and post-retirement benefits other than pension amounts reported as Accumulated Other Comprehensive Income [FF1 at 122a:10c] as

directly assigned to the BHD.

The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).

- (h) Transmission-Related Prepayments shall equal the balance of Account No. 165 [FF1 at 111:57c] multiplied first by the Company Total Plant Allocator (BHD) and then multiplied by the Company Salaries and Wages Allocator (Transmission). The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).
- (i) Transmission Materials and Supplies shall equal the balance of Account No. 154 of transmission plant materials and supplies [FF1 at 227:8c] multiplied by the Company Total Plant Allocator (BHD). The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).
- (j) Transmission-Related Cash Working Capital shall equal 12.5% (45 days/360 days) multiplied by the sum of Transmission Operation and Maintenance Expense (as defined herein in Section III.F.) and Transmission-Related Administrative and General Expense (as defined herein in Section III.G.), with the resultant value allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF). In addition, the value for Transmission-Related Cash Working Capital for PTF function shall also include 12.5% of the value of Support Payments (as defined herein in Section III.L.).

For calculation of the revenue requirement for transmission service to retail loads, this figure shall also include 12.5% (45 days/360 days) of the product of (i) Total Customer Accounts Expenses as reported on FF1 at 322:164b multiplied first by (ii) the Company Customer/Revenue Allocator (BHD) and then multiplied by (iii) the BHD Revenue Allocator (Transmission).

(2) Cost of Capital Rate

shall equal (a) Weighted Cost of Capital, plus (b) Federal Income Tax, plus (c) State Income Tax.

- (a) Weighted Cost of Capital will be calculated based upon the average beginning and end of year capital structure at the end of each year and will equal the sum

of:

- (i) the long-term debt component, which shall equal the product of Emera Maine's long-term debt cost rate calculated on a net proceeds basis, and the ratio that Total Long-Term Debt as reported on FF1 at 112:24 is to Emera Maine Total Capital (defined below), plus
- (ii) the preferred stock component, which shall equal the product of Emera Maine's preferred stock cost rate, and the ratio that Preferred Stock Issued as reported on FF1 at 112:3 is to Emera Maine Total Capital, plus
- (iii) the return on equity component, which shall equal the product of 10.57 percent and the ratio that Emera Maine Common Equity Adjusted (defined below) is to Emera Maine Total Capital,

Where:

- (x) Emera Maine Common Equity Adjusted equals (aa) Total Proprietary Capital as reported on FF1 at 112:16 less (bb) goodwill associated with the transactions approved by the Commission in Docket Nos. EC01-13 and EC10-67 less (cc) the balance of Account No. 216.1 [FF1 at 112:12] less (dd) the balance of Account No. 204 [FF1 at 112:3] plus (ee) the absolute value of the balance of Account No. 219 [FF1 at 112:15]; and
- (y) Emera Maine Total Capital equals (aa) Total Long-Term Debt as reported on FF1 at 112:24 plus (bb) Preferred Stock Issued as reported on FF1 at 112:3 plus (cc) Emera Maine Common Equity Adjusted.

- (b) Federal Income Tax shall equal:

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

where

- FT = Emera Maine's federal income tax rate;
- A = the sum of the preferred stock component and the return on equity component determined in Sections III.A.2.(a)(ii) and (iii) above;
- B = Transmission-Related Amortization of Investment Tax Credits,

as determined in Section III.C., below;

C = the equity AFUDC component of transmission depreciation expense as directly assigned to the BHD;

D = Transmission Investment Base.

(c) State Income Tax shall equal:

$$\frac{((A+[(B+C)/D]) + E) \times ST}{1-ST}$$

where:

ST = Emera Maine's state income tax rate;

A = the sum of the preferred stock component and return on equity component determined in Sections III.A.2.(a)(ii) and (iii) above;

B = Transmission-Related Amortization of Investment Tax Credits as determined in Section III.C. below;

C = the equity AFUDC component of transmission depreciation expense as directly assigned to the BHD;

D = Transmission Investment Base; and

E = Federal Income Tax calculated in Section III.A.2(b) above.

B. Transmission-Related Depreciation Expense shall equal:

- (1) the balance of Account No. 403 attributable to transmission plant as directly assigned to the BHD [FF1 at 336:7b] multiplied by the BHD Transmission Plant Adjustment Factor, plus
- (2) the balance of Account No. 403 attributable to intangible plant or general plant [FF1 at 336:1b and 336:10b] as directly assigned to the BHD, exclusive of any amounts attributable to FERC hydroelectric relicensing and the CIS, multiplied by the Company Salaries and Wages Allocator (Transmission),
- (3) the balance of Account No. 403 attributable to the CIS as directly assigned to the BHD, multiplied by the BHD Revenue Allocator (Transmission), plus
- (4) one-half of the depreciation expense recorded on the books of Chester SVC Partnership of the control system upgrades placed in service in 2014 of Chester SVC Partnership.

The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD

Transmission Plant Allocator (PTF), provided however that all Chester SVC amounts shall be directly assigned to PTF function.

For purposes of calculating charges under this Schedule 21-EM, the following depreciation rates shall apply:

FERC Account	Description	Proposed Rate
350.2	Rights of Way	1.39%
353	Station Equipment	2.13%
353.1	Station Equipment - SCADA	3.61%
354	Towers and Fixtures	2.19%
354.1	Towers and Fixtures - 115 kV	6.47%
354.2	Towers and Fixtures - 345 kV	2.69%
355	Poles and Fixtures	3.36%
355.1	Poles and Fixtures - 115 kV	3.06%
355.2	Poles and Fixtures - 345 kV	2.69%
355.3	Poles and Fixtures - Steel Poles	2.02%
356	Overhead Conductors and Devices	3.34%
356.1	Overhead Conductors and Devices - 115 kV	2.31%
356.2	Overhead Conductors and Devices - 345 kV	2.51%
357	Underground Conduit	1.41%
358	Underground Conductors and Devices	1.76%
359	Roads and Trails	1.68%
390	Structures and Improvements (Average Rate)	4.83%*
390 - Item	Park Street	2.81%
390 - Item	Main St. - Bus Garage and Store / Boiler Bldg.	15.47%
390 - Item	Main St. - Stockroom	0.55%
390 - Item	Main St. - Quonset Hut	2.35%
390 - Item	Main St. - Meter / Planner Bldg.	0.84%
390 - Item	Eddington	6.10%
390 - Item	Ellsworth Office Bldg. - New	4.05%
390 - Item	Graham Sta. - Internal Combustion Bldg.	0.81%
390 - Item	Graham Sta. - Steam Plant Bldg.	1.19%
390 - Item	Graham Sta. - Transformer Bldg.	2.13%
390 - Item	Graham Sta. - Car Barn	2.69%
390 - Item	Lamoine Service Center	2.74%
390 - Item	Lamoine Transformer Bldg.	0.00%
390 - Item	Lincoln Service Center - New	2.67%
390 - Item	Lincoln Transformer Bldg. (Northern)	2.39%
390 - Item	Machias Transformer Bldg.	1.65%
390 - Item	Machias Division Office	0.75%
390 - Item	Machias Garage and Washbay	2.40%
390 - Item	West Enfield	0.00%
390 - Item	Charleston	2.10%
390 - Item	Hampden Fleet Maintenance Bldg.	1.83%
390 - Item	Hampden Rte. 202 Site	1.81%

390 - Item	Cranberry Isle	1.12%
390 - Item	Illinois Avenue	2.81%
390 - Item	Telecom	2.73%
391.12	Office Furniture and Equipment - PC	25.90%
391.13	Office Furniture and Equipment - Office Machines	14.19%
391.14	Office Furniture and Equipment - Furniture	5.82%
391.15	Office Furniture and Equipment - Unallocated	20.51%
392	Transportation Equipment - Cars	3.18%
393	Stores Equipment	9.47%
394	Tools, Shop and Garage Equipment	5.82%
395	Laboratory Equipment	7.67%
396	Power Operated Equipment - Trucks	6.97%
397.1	Communication Equipment - General Equip.	6.52%
397.2	Communication Equipment - AMR Substation Equip.	4.42%
397.21	Communication Equipment - Fiber	4.28%
397.3	Communication Equipment - General Equip. - SCADA	3.45%
398	Miscellaneous Equipment	6.30%
* This value represents the average rate of the structure-specific depreciation rates that will be applied to Account No. 390.		

- C. Transmission-Related Amortization of Investment Tax Credits shall equal the balance of Account No. 411.4 [FF1 at 266:8f] as directly assigned to the BHD multiplied by the BHD Plant Allocator (Transmission). The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).
- D. Transmission-Related Property Tax Expense shall equal the balance of Account No. 408.1 [FF1 at 114:14c] attributable to property tax multiplied first by the Company Total Plant Allocator (BHD) and then multiplied by the BHD Plant Allocator (Transmission). The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).
- E. Transmission-Related Payroll Tax Expense shall equal the balance of Account No. 408.1 [FF1 at 263:i] attributable to payroll tax multiplied first by the Company Customer/Load/Sales Allocator (BHD) and then multiplied by the Company Salaries and Wages Allocator (Transmission). The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).
- F. Transmission Operation and Maintenance Expense shall equal:
- (1) the balance of Account Nos. 560, 562-564 and 566-573 [FF1 at 321:83b, 321:93b-95b, 321:97b, 321:98b, 321:111b] attributable to transmission plant and as directly assigned to

the BHD, less

- (2) expenses for the support of other utilities' facilities recorded in Account Nos. 560, 562-564 and 566-573 [FF1 at 321:83b, 321:93b-95b, 321:97b, 321:98b, 321:111b] attributable to transmission plant and as directly assigned to the BHD, with the resulting difference multiplied by
- (3) the BHD Transmission Plant Adjustment Factor.

The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).

G. Transmission-Related Administrative and General Expense shall equal:

- (1) (a) the balance of Account Nos. 920-935 [FF1 at 323:197b], less (b) the balance of Account Nos. 924 and 928 [FF1 at 323:185b and 323:189b], less (c) the balance of Account No. 923 [FF1 at 323:184b] attributable to regulatory proceedings or regulatory compliance activities, less (d) the balance of account No. 926 attributable to post-retirement benefits other than pensions ("PBOP"), all multiplied first by the Company Customer/Sales Allocator (BHD) and then multiplied by the Company Salaries and Wages Allocator (Transmission), plus
- (2) the balance of Account No. 924 [FF1 at 323:185b] multiplied first by the Company Total Plant Allocator (BHD) and then multiplied by the BHD Plant Allocator (Transmission), plus
- (3) the balance of Account No. 928 [FF1 at 323:189b] applicable to Commission Annual Charges as required by 18 C.F.R. § 382.201 as directly assigned to BHD and then multiplied by the BHD Transmission Plant Adjustment Factor, plus
- (4) the balance of Account No. 928 [FF1 at 323:189b] constituting transmission-related expenses or assessments, other than Commission Annual Charges, and either (a) directly assigned to the BHD or (b) if not so directly assigned, multiplied by the Company Salaries and Wages Allocator (Transmission), plus
- (5) the balance of Account No. 923 [FF1 at 323:184b] attributable to regulatory proceedings or regulatory compliance activities involving the BHD Transmission System or services

provided over the BHD Transmission System, multiplied by the BHD Transmission Plant Adjustment Factor, plus

- (6) \$1,344,505 (a fixed figure for PBOP as directly assigned to the BHD) multiplied by the Company Salaries and Wages Allocator (Transmission), plus
- (7) the balance of Account No. 407.3 [FF1 at 114:12c] applicable to pension and post-retirement benefits other than pension regulatory amortization expense, as directly assigned to the BHD and multiplied by the Company Salaries and Wages Allocator (Transmission), plus
- (8) the balance of Account No. 407.3 [FF1 at 114:12c] attributable to deferred employee transition costs multiplied by the Company Salaries and Wages Allocator (Transmission).

The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).

H. Revenues from Point-to-Point Transactions Under the Tariff shall equal:

- (1) the balance of Account No. 456 [FF1 at 300:21b] as directly assigned to the BHD, plus
- (2) the transmission component of revenues for sales that use the BHD Non-PTF transmission system, as recorded in Account No. 456.1 [FF1 at 300:22b] (if the transactions are not reflected in adjusted monthly peak loads).

Ninety percent of the resulting value shall be credited only to the Non-PTF Revenue Requirement.

I. Other Transmission-Related Revenues shall equal the sum of the following values as directly assigned to the BHD:

- (1) the balance of Account No. 454 [FF1 at 300:19b] attributable to electric property associated with transmission plant multiplied by the BHD Transmission Plant Adjustment Factor, plus
- (2) all transmission-related revenues recorded in the balance of Account No. 456 [FF1 at 300:21b] attributable to transmission except: (a) non-penalty revenues associated with the rolled-in base transmission rates for point-to-point or network transmission service or

ancillary services, (b) revenues associated with service provided under the Tariff, (c) revenues associated with operations and maintenance performed on other utilities' facilities; (d) revenues associated with the assignment of Hydro Quebec DC support obligations, and (e) revenues associated with generator radial lines and step-up transformers for which Emera Maine did not receive up-front customer capital contributions, or for which Emera Maine received up-front customer capital contributions that Emera Maine is obligated to repay, plus

- (3) the balance of Account No. 454 [FF1 at 300:19b] attributable to rents from the use of general plant multiplied by the Company Salaries and Wages Allocator (Transmission).

The resulting figure shall be further allocated to PTF and Non-PTF functions based on the BHD Transmission Plant Allocator (PTF).

- J. RNS and ISO Costs shall equal the transmission payments Emera Maine makes to the ISO for Regional Network Service ("RNS") and all associated regional transmission-related services, such amounts fully assigned to PTF function.
- K. RNS and ISO Revenues shall equal the transmission revenues Emera Maine receives from the ISO, less any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment, such amounts fully assigned to PTF function.
- L. Support Payments shall equal, as the case may be: (1) PTF support payments (exclusive of such amounts attributable to the Hydro Quebec HVDC tie), such amounts fully assigned to PTF function or (2) Non-PTF integrated support payments (inclusive of such amounts associated with Non-PTF facilities integrated with the BHD Transmission System), such amounts fully assigned to Non-PTF function.
- M. Incremental Forecasted Transmission Revenue Requirement shall equal (1) Forecasted Transmission Plant Additions multiplied by the Carrying Charge Factor, plus (2) Incremental Forecasted RNS Charges, less (3) Incremental Forecasted RNS Credits,

where:

Forecasted Transmission Plant Additions represents the costs attributable to transmission assets that are projected to go into service during the Forecast Period,

Carrying Charge Factor represents the costs to service the BHD Transmission System and is inclusive of the investment return associated with Emera Maine's pre-tax weighted average cost of capital, plus interest and other certain expenses,

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

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

N. Annual True-Up with Interest shall equal (1) Prior Year Annual True-Up plus (2) Interest on Annual True-Up.

(1) Prior Year Annual True-Up shall equal (a) Prior Year Actual Transmission Revenue Requirement less (b) Prior Year Implemented Transmission Revenue Requirement.

(a) Prior Year Actual Transmission Revenue Requirement represents the actual costs and revenues incurred during the Reported Year as calculated in accordance with the methodology set forth in this Section III. For service provided to retail loads in the BHD, the Prior Year Actual Transmission Revenue Requirement shall also include: (a) the product of (i) Total Customer Accounts Expenses as reported on FF1 at 322:164b multiplied first by (ii) the Company Customer/Revenue Allocator (BHD) and then multiplied by (iii) the BHD Revenue Allocator (Transmission).

(b) Prior Year Implemented Transmission Revenue Requirement represents the previous year's Transmission Revenue Requirement upon which transmission rates were based upon during the previous rate period.

(2) Interest on Annual True-Up equals the monthly interest accrued on the Prior Year Annual True-Up from June 1 through May 31 of the previous rate period calculated in accordance with 18 C.F.R. Section 35.19a.

IV. SCHEDULING REVENUE REQUIREMENT

A. Definitions

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

- (1) Scheduling, System Control and Dispatching Expense shall equal the balance of Account Nos. 561.1-561.8 [FF1 at 321:85b-92b].
- (2) ISO Scheduling Credits and Schedule 1 Revenues shall equal such amounts associated with short-term and non-firm transactions and penalties for unauthorized use of Schedule 1 service as set forth in ISO monthly billing statements to Emera Maine.

B. Scheduling Revenue Requirement

The Scheduling Revenue Requirement shall equal the following:

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

V. ANNUAL UPDATE AND INFORMATIONAL FILING

By June 15 of each year, Emera Maine shall make an informational filing with the FERC and serve copies of such filing on FERC Trial Staff, the Maine Public Utilities Commission (“MPUC”), and all OATT customer that request to receive a copy (collectively, “Interested Parties”). Through this informational filing, Emera Maine will show its implementation of the Rate Formula for the rates that became effective the previous June 1. Emera Maine shall include in the informational filing the following:

- Excel spreadsheets detailing the calculation of the formula rate as described in this Attachment P-EM, including all applicable worksheets.
- FERC Form 1 cites for those applicable inputs, including supporting material for all calculations and all formula inputs that reflect a level of detail not reported in the FERC Form 1.
- Information regarding the discounts given to transmission customers over the prior rate period. This information shall include the name of the transmission customer, the transmission path, the price, the quantity, and the period of the discount. Emera Maine shall provide a brief explanation of the transmission customer’s justification of the discount. Emera Maine shall not provide to any Interested

Party any customer's confidential information absent the Interested Party's execution of the Commission's model protective order. Emera Maine shall not be required to provide explanations for discounts provided pursuant to a settlement agreement, except that (1) Emera Maine shall provide an explanation in the first informational filing after the discount begins, and (2) if terms of the discount not previously applied are implemented after the first year of the discount, Emera Maine shall provide an explanation of the new terms.

Interested Parties shall have the opportunity to conduct discovery seeking any information relevant to implementation of the Rate Formula, including the discounts for which Emera Maine is required to provide explanations, under the same discovery rules that were in effect in FERC Docket No. ER00-980-000, including the requirement that responses be provided within ten (10) Business Days on a best efforts basis. Discovery requests may be served through the 30th day, or the first Business Day following the 30th day if the 30th day is not a Business Day, following the informational filing.

If an Interested Party disputes the implementation of the Rate Formula, such Interested Party shall communicate and detail its dispute in writing to Emera Maine and the other Interested Parties by the close of business on the 60th day, or the first Business Day following the 60th day if the 60th day is not a Business Day, following the informational filing. Thereafter, Emera Maine and the Interested Parties shall make a good faith effort to meet by appropriate means to resolve such dispute. If such dispute is not resolved in a timely manner, Interested Parties shall have until the close of business on the 90th day, or the first Business Day following the 90th day if the 90th day is not a Business Day, following the informational filing, to file a complaint with the Commission concerning the implementation of the Rate Formula for the current rate year.

If no such complaint is filed, and no investigation is instituted by the Commission of its own accord, such rates shall become final; provided, however, that Emera Maine's compliance with the filed rate under the Federal Power Act Section 306, 16 U.S.C. § 825e, is not limited by the informational filing procedures of this Attachment P-EM (1) where the costs included in the filed rate were imprudently incurred, (2) where the costs claimed were fraudulently included in the filed rates, or (3) where the costs were otherwise improperly included in the filed rate and where, despite the exercise of due diligence, that fact would not ordinarily come to the attention of the Interested Parties, provided, however, a party may not assert this right if it could have through the exercise of due diligence determined that the costs were improperly included in the filed rate. Further, the procedures established in this Attachment P-EM do not limit the ability of the Commission to investigate and render decisions on Emera Maine's FERC-jurisdictional rates.

These procedures similarly do not limit the ability of the MPUC to investigate and render decisions on Emera Maine's MPUC-jurisdictional rates or to use its processes to obtain information from Emera Maine. These procedures established in Attachment P-EM do not limit the rights of any party to contest under section 206 of the Federal Power Act, 16 U.S.C. § 824e, the prudence of any costs included in the informational filing.

VI. RATE DESIGN FOR FORECASTED TRANSMISSION REVENUE REQUIREMENT WITH ANNUAL TRUE UP AND INTEREST

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

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

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

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

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

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

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

described immediately above:

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

B. Rates for Wholesale Customers Interconnected on the Emera Maine System - Non-PTF Service

The components of the transmission rates for wholesale customers interconnected on the Emera Maine system and taking Non-PTF Service are (1) the Non-PTF Revenue Requirement and (2) the average monthly Network Load for the Reported Year that includes loads associated with wheeling off the Emera Maine system.

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

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

C. Rates for Wholesale Customers Interconnected on the Emera Maine System - PTF Service

The components of the rates for wholesale customers interconnected on the Emera Maine system and taking PTF Service are (1) the PTF Revenue Requirement and (2) the average monthly Network Load for the Reported Year that excludes loads associated with wheeling off the Emera Maine system.

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

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

Weekly Rate	Annual Rate divided by 52
Daily Rate	Annual Rate divided by 365
Hourly Rate	Annual Rate divided by 8760

D. Rates for Wholesale Customers Interconnected on the Emera Maine System - Emera Maine's Unit Costs of Acting as Customer's Agent for Service

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

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

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

E. Rates for Wheeling Off the Emera Maine System

The components of the rates for wheeling off the Emera Maine system are (1) the Non-PTF Revenue Requirement and (2) the average monthly Network Load for the Reported Year that includes loads associated with wheeling off the Emera Maine system.

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

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

F.1. Rates for Local Retail Point-to-Point Customers Interconnected on the Emera Maine System - Non-PTF Service

The components of the rates for Local Retail Point-to-Point Customers interconnected on the Emera Maine system and taking Non-PTF Service are (1) the Non-PTF Revenue Requirement and (2) the average monthly Network Load for the Reported Year that includes loads associated with wheeling off the Emera Maine system.

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

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

F.2. Rates for Local Retail Network Customers Interconnected on the Emera Maine System - Non-PTF Service

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

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

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

Weekly Rate	Annual Rate divided by 52
Daily Rate	Annual Rate divided by 365
Hourly Rate	Annual Rate divided by 8760

ATTACHMENT Q-EM CREDITWORTHINESS GUIDE

1. General Information:

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

The information requested under this Guide should be forwarded to the individual identified on Emera Maine’s website, www.emeramaine.com <<http://www.emeramaine.com>>.

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

2. Financial Information

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

- All current rating agency reports from Standard and Poor’s (“S&P”), Moody’s and/or Fitch of the customer.
- Audited financial statements provided by a registered independent auditor for the two most recent years, or the period of its existence, if shorter, for the customer.

3. Creditworthiness Requirements

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

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

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

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

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

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

d) If the customer is a municipal that is a member of the Massachusetts Municipals Wholesale Electric Cooperative (MMWEC), MMWEC must meet the criteria set out in (a) or (b) above and provide to Emera Maine a written guarantee that MMWEC will be unconditionally responsible for all financial obligations associated with the customer's receipt of transmission service from Emera Maine.

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

4. Financial Assurance

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

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

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

5. Credit Levels

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

6. Contesting Creditworthiness Determination

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

7. Process for Changing Credit Requirements

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

A. General Notification Process

- 1) Emera Maine shall submit such changes in a filing to the Federal Energy Regulatory Commission (“Commission”) under Section 205 of the Federal Power Act. Emera Maine shall follow the notification requirements pursuant to Section 3.04(a) of the Transmission Operating Agreement and reflected herein.
- 2) Emera Maine shall provide written notification to ISO-NE and stakeholders of any filing described above, at least 30 days in advance of such filing.
 - a) Filing notifications shall include a detailed description of the filing, including a redlined document containing revised change(s) to the Creditworthiness Guide.
 - b) Emera Maine shall consult with interested stakeholders upon request.
- 3) Emera Maine shall consult with ISO-NE and the IRH Management Committee regarding any filing described above, at least 30 days in advance of such filing.
- 4) Following Commission acceptance of such filing and upon the effective date, Emera Maine shall revise its Creditworthiness Guide and an updated version of Schedule 21-EM shall be posted the ISO-NE website.

B. Transmission Customer Responsibility

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

C. Notification for Active Customers

- 1) Active Customers are defined as any current Transmission Customer that has reserved transmission service within the last 6 months.
- 2) All Active Customers will be notified via either e-mail or U.S. mail that the above posting has

been made and must follow the steps outlined in this procedure.

8. Posting Collateral Requirements

A. Changes in Customer's Financials

Each customer must inform Emera Maine, in writing, within five (5) business days of any material change in its financial condition, and, if the customer qualifies under Section 3A (c), that of its parent company.

A material change in financial condition may include, but is not limited to, the following:

- Change in ownership by way of a merger, acquisition, or substantial sale of assets;
- A downgrade of long- or short-term debt rating by a major rating agency;
- Being placed on a credit watch with negative implications by a major rating agency;
- A bankruptcy filing;
- Any action requiring filing of a Form 8-K;
- A declaration of or acknowledgement of insolvency;
- A report of a significant quarterly loss or decline in earnings;
- The resignation of key officer(s);
- The issuance of a regulatory order and/or the filing of a lawsuit that could materially adversely impact current or future financial results.

B. Change in Creditworthiness Status

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

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

in the last 12 months.

9. Ongoing Financial Review

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

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

10. Suspension of Service

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