

103. ORDINANCE RELATIVE TO AUTHORIZING THE ENTERING INTO OF THE CONTRACT FOR THE SUPPLY OF ELECTRIC POWER AND ENERGY BY BOZRAH LIGHT AND POWER COMPANY

(NOVEMBER 6, 1995)

BE IT RESOLVED BY THE MAYOR AND COUNCIL:

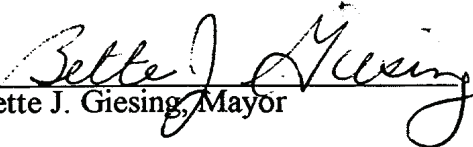
That any officer of the Bozrah Light and Power Company ("Bozrah") be and each hereby severally is, authorized, empowered, and directed on behalf of Bozrah to execute the Contract for the Supply of Electric Power and Energy, a copy of which is attached hereto as Exhibit A (the "Supply Agreement") and to do all things necessary, convenient or incidental in the premises or required in connection with the transactions and contemplated by the Supply Agreement, including without limitation, the negotiation of changes in the terms and conditions of the Supply Agreement, and all such things that such officer has done, may do, has caused to be done or may cause to be done, being hereby authorized, ratified, approved and confirmed, and

BE IT FURTHER RESOLVED that the approval of the Supply Agreement by any officer of Bozrah shall be conclusively presumed from such officer's execution thereof in the name of Bozrah, and

BE IT FURTHER RESOLVED that the appropriate officers of Bozrah or any one of them, be, and they hereby are, authorized, empowered and directed in the name and on behalf of Bozrah to execute and deliver such other instruments and documents and to take such other and further action, as they or any one of them shall deem necessary, appropriate or desirable to carry out the purpose and intent of the foregoing resolutions and to effectuate the transactions contemplated hereby, the taking of such actions to be conclusive evidence of the necessity, appropriateness or desirability thereof.

This Ordinance (#103) be effective as of June 30, 1995.

Initially approved: October 2, 1995
Finally approved: November 6, 1995


Bette J. Giesing, Mayor


Debra E. Dickey, City Clerk

**103. ORDINANCE RELATIVE TO AUTHORIZING THE ENTERING INTO OF THE CONTRACT
FOR THE SUPPLY OF ELECTRIC POWER AND ENERGY BY BOZRAH LIGHT AND
POWER COMPANY**

(NOVEMBER 6, 1995)

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
CONTRACT FOR THE SUPPLY OF ELECTRIC POWER AND ENERGY
TO
BOZRAH LIGHT AND POWER COMPANY

JUNE 28,1995

103. ORDINANCE RELATIVE TO AUTHORIZING THE ENTERING INTO OF THE CONTRACT FOR THE SUPPLY OF ELECTRIC POWER AND ENERGY BY BOZRAH LIGHT AND POWER COMPANY

(NOVEMBER 6, 1995)

CONTRACT FOR THE SUPPLY OF ELECTRIC POWER AND ENERGY

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(NOVEMBER 6, 1995)

CONTRACT FOR THE SUPPLY OF ELECTRIC POWER AND ENERGY

THIS CONTRACT is made and entered into as of the 28th day of June, 1995 by and between the CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE, a public body corporate and politic organized and existing under and by virtue of the laws of the State of Connecticut (hereinafter referred to as "CMEEC"), and the BOZRAH LIGHT AND POWER COMPANY, a wholly owned subsidiary of the City of Groton, Connecticut acting by and through the City of Groton Department of Utilities (hereinafter referred to as "BOZRAH"). Collectively CMEEC and BOZRAH shall be hereinafter referred to as the "Parties," or individually may be referred to as the "Party." Capitalized terms shall have the meaning given to such terms in Section 1 of this Contract.

WITNESETH:

WHEREAS, CMEEC has heretofore been duly organized as a public body corporate and politic of the State of Connecticut pursuant to the Act, and is authorized, among other things, to contract with any electric utility, any member or nonmember municipal electric utility, or any public or private electric power entity, within or without the State, for the sale, exchange or transmission of electric power or energy generated by any project, or any interest therein, or any right to capacity thereof, on such terms and for such period of time as the Board of Directors of CMEEC shall determine, to purchase, sell, exchange, or transmit electric power and energy, within and without the State, to any electric utility, any member or nonmember municipal electric utility, or any other public or private electric power entity; and to enter into agreements with respect to such purchase, sale, exchange, or transmission to any electric utility, any member or nonmember municipal electric utility, or any other public or private electric power entity; and

WHEREAS, CMEEC has heretofore entered into long-term contracts for the supply of electric power and energy separately with the City of Groton, Connecticut, the City of Norwich, Connecticut, the Borough of Jewett City, Connecticut, the Second Taxing District of the City of Norwalk, Connecticut, the Third Taxing District of the City of Norwalk, Connecticut, and the Town of Wallingford, Connecticut; and

WHEREAS, BOZRAH is a stock corporation of the State of Connecticut, which owns and operates an electric utility system and is a wholly owned subsidiary of the City of Groton; and,

WHEREAS, BOZRAH, Connecticut Light and Power Company (CL&P), and CMEEC have entered into agreements which settle certain issues between BOZRAH, CMEEC and CL&P in regard to wholesale electric service heretofore rendered by CL&P to BOZRAH and further specify future service relationship arrangements between BOZRAH, CL&P, and CMEEC; and

WHEREAS, BOZRAH had previously entered into the Interruptible Power Supply Service Agreement with CL&P to supply a portion of the loads of Liquid Carbonic, Inc.; and

WHEREAS, CMEEC intends to continue to function as a single integrated participant in NEPOOL on behalf of the Members, Wallingford, and BOZRAH, and CMEEC has assumed certain obligations governing its participation in NEPOOL pursuant to the NEPOOL Agreement dated September 1, 1971, as amended; and

WHEREAS, BOZRAH, has for the term of this Contract, assigned to CMEEC rights in the Power-Supply Entitlements, including the energy, capacity and associated rights and obligations thereof, in order for BOZRAH to function with CMEEC for purposes of operations within NEPOOL as a single integrated utility within NEPOOL; and

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(NOVEMBER 6, 1995)

WHEREAS, BOZRAH desires to purchase its full requirements for electric capacity and energy from CMEEEC, subject to the terms and conditions herein set forth;

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

1 DEFINITIONS

The following words and terms shall be understood to have the following meanings when used in this Contract:

1.1 The Act

The Act shall mean Chapter 101A of Title 7 of the General Statutes of Connecticut, as amended.

1.2 CL&P

CL&P shall mean the Connecticut Light & Power Company, a Connecticut corporation that is an operating company of Northeast Utilities and any successors and assigns of CL&P.

1.3 Capability Responsibility of BOZRAH

Capability Responsibility of BOZRAH shall mean the Capability Responsibility (expressed in kW) established by NEPOOL and defined in the NEPOOL Agreement for BOZRAH, measured on a stand-alone basis.

1.4 Commencement of Service

Commencement of Service shall mean the first day of the month on which electric capacity and energy are first delivered from CNIEEC to BOZRAH pursuant to this Contract which date shall be concurrent with the assignment of service as provided under the Agreement.

1.5 Default Cure Period

Default Cure Period shall have the meaning given to such term in Section 6.1 of this Contract.

1.6 Due Diligence

Due Diligence means the exercise of good-faith efforts to perform a required act, using reasonable technical and manpower resources available in accordance with Prudent Utility Practice.

1.7 Initial Term

Initial Term shall mean the period defined in Section 8.1 of this Contract.

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1.8 Interruptible Agreement

Interruptible Agreement shall mean the power supply arrangements provided for under the "Interruptible Power Supply Service Agreement", dated August 22, 1993 by and between BOZRAH and CL&P as amended.

1.9 Members

Members shall mean the City of Groton Department of Utilities, Groton, Connecticut; the City of Norwich Department of Public Utilities, Norwich, Connecticut; the Jewett City Electric Light Plant, Borough of Jewett City, Connecticut; the South Norwalk Electric Works, Second Taxing District of the City of Norwalk, Connecticut; and the Electrical Department, Third Taxing District of the City of Norwalk, Connecticut.

1.10 Monetary Event of Default

Monetary Event of Default shall have the meaning given to such term in Section 9.1 of this Contract.

1.11 NEPEX

NEPEX means the New England Power Exchange, the NEPOOL operations center that centrally dispatches the electric generating and transmission facilities owned or controlled by the NEPOOL participants to achieve the reliability and economic objectives of NEPOOL

1.12 NEPOOL and NEPOOL Agreement

NEPOOL is the power pool established by the NEPOOL Agreement. The NEPOOL Agreement means an agreement between the NEPOOL participants dated September 1, 1971, as amended from time to time.

1.13 Nonmonetary Event of Default

Nonmonetary Event of Default shall have the meaning given to such term in Section 9.2 of this Contract.

1.14 Northeast Utilities Companies

The Northeast Utilities Companies shall mean CL&P, Western Massachusetts Electric Company, Holyoke Water Power Company, and Holyoke Power and Electric Company, each an operating company of the Northeast Utilities System.

1.15 NYPA Power

NYPA Power shall mean the power supply provided under the "Power Purchase Agreement -- St. Lawrence Project Hydro Power" dated June 28, 1985 as amended by and between BOZRAH and CMEEC, acting as Bargaining Agent for the State of Connecticut.

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1.16 Power Sales Contracts

Power Sales Contracts shall mean the Power Sales Contracts with the Members and Wallingford (the "Initial Power Sales Contracts"), and each contract hereafter entered into between CMEEC and a power purchaser, designated by the Board of Directors of CMEEC as a Power Sales Contract under CMEEC's Bond Resolution.

1.17 Power-Supply Entitlements

Power-Supply Entitlements shall mean the capacity and energy associated with the Base System Power Service Reserve Requirements Service and Incremental Peaking Service, as such terms are defined in the Service Agreement and the capacity and energy associated with the Interruptible Agreement and BOZRAH's entitlement to NYPA Power.

1.18 Prudent Utility Practice

Prudent Utility Practice defines a spectrum of possible practices, methods or acts which in the exercise of reasonable judgment would have been expected to achieve a desired result, and the term is not intended to be limited to the optimum practice, method or act, to the exclusion of all others. In evaluating whether any matter conforms to Prudent Utility Practice, the Parties shall take into account (i) the nature of the parties thereto under the laws of the State of Connecticut and the statutory duties and responsibilities thereof, (ii) the applicable provisions and requirements of the NEPOOL Agreement or any entity established thereunder, (iii) in the case of any entitlement jointly owned or contracted for, the applicable ownership or contractual agreement among the owners of the facility, and (iv) practices, methods or acts engaged in or acknowledged by a reasonable portion of the electric utility industry.

1.19 Service Agreement

Service Agreement shall mean the Bulk Power Supply Service Agreement dated as of December 8, 1992, as amended specifying bulk power-supply arrangements between CL&P and BOZRAH.

1.20 Service Relationship Agreement

Service Relationship Agreement shall mean the Agreement among BOZRAH, CL&P, and CNEEC dated as of June 28, 1995, setting forth the agreement of the parties thereto with respect to transfer of load among the parties to such Agreement.

1.21 TSA

TSA shall mean the Transmission Service Agreement dated as of November 29, 1990 as amended, between CMEEC and the Northeast Utilities Companies.

1.22 Wallingford

Wallingford shall mean the Town of Wallingford, Department of Public Utilities, a Participant in CMEEC .

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2 SALE AND PURCHASE OF ELECTRIC POWER AND ENERGY

2.1 Full-Requirements Contract

Unless otherwise agreed in writing, CMEEC shall sell and deliver to BOZRAH at the point or points of delivery set forth in Section 5 (Conditions of Delivery of Capacity and Energy) herein, as may be amended from time to time by agreement of the Parties, and BOZRAH shall receive and purchase from CMEEC all electric capacity and energy which BOZRAH shall require for sale at retail except as set forth below in the following paragraph.

CMEEC shall sell and deliver to BOZRAH and BOZRAH shall receive and purchase from CMEEC all power delivered to BOZRAH by CMEEC in accordance with the Interruptible Agreement, provided CMEEC's obligations to provide electric capacity and energy to BOZRAH for purposes of sale to the ultimate customer served by means of the Interruptible Agreement shall be subject to and limited by the terms and conditions of this Contract and shall in no event be greater than those of CL&P pursuant to such Interruptible Agreement.

2.2 Payment Commitment

BOZRAH shall take and pay for all capacity and energy which is furnished to BOZRAH pursuant to this Contract. Payments for such capacity and energy shall be made pursuant to the charges established in accordance with the provisions of Section 2.1 (Full-Requirements Contract), Section 3 (Rates and Charges) and Section 6 (Billing) of this Contract.

3 RATES AND CHARGES

3.1 CMEEC's Wholesale Rate

During the Term of this Contract, BOZRAH shall pay CMEEC for all capacity and energy furnished under this Contract the sum of the following charges:

A. Capacity Charge for Base Power Service

CMEEC will charge BOZRAH for capacity associated with the Base Power Service each month an amount equal to the product of: (a) the applicable annual Fixed Capacity Charge Rate shown below divided by 12 and (b) the total amount of such capacity (expressed in kilowatts) delivered to BOZRAH during such month.

<u>Year</u>	<u>Fixed Capacity Charge Rate (\$/kW-yr)</u>
1995	\$184.50
1996	184.50
1997	184.50
1998	184.50
1999	204.50
2000	219.50
2001	251.50
2002	266.50

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During the term of this Agreement BOZRAH agrees to purchase no less than 6.12 MW of capacity associated with Base Power Service in accordance with the provisions of Section III.B. of the Service Agreement. Such minimum amount of capacity may be subject to change, pursuant to Sections 4.4 and 8.4 herein.

B. Energy Charge For Base Power Service

CMEEC will charge BOZRAH for energy associated with the Base Power Service each month an amount equal to the product of: (a) the applicable annual Fixed Energy Charge Rate shown below and (b) the total amount of energy provided to BOZRAH during such month for such Service (expressed in megawatt-hours) up to an equivalent annual capacity factor utilization of 68%. In the event that BOZRAH's Base Power Service energy purchases exceed a cumulative average monthly capacity factor of 68% over any calendar year, BOZRAH shall pay for such energy purchases in excess of such 68% capacity factor at the average monthly energy rate specified in Section 3. 1.D herein. CMEEC shall bill such energy in excess of a 68% capacity factor in a levelized amount over the six months following the end of the applicable calendar year, or as otherwise mutually agreed to by the Parties.

<u>Year</u>	<u>Fixed Energy Charge Rate (\$/MWh)</u>
1995	14
1996	16
1997	16
1998	19
1999	19
2000	23
2001	23
2002	23

C. Capacity Charge for Reserve Requirement and Incremental Peaking Service

CMEEC will charge BOZRAH for capacity associated with Reserve Requirement and Incremental Peaking Services for each month in an amount equal to the product of- (a) \$2.20 per kilowatt-month and (b) the total amount of such Services delivered to BOZRAH during such month (expressed in kilowatts).

During the term of this Contract, BOZRAH agrees to purchase 1.55 MW of Reserve Requirement Service and .5 MW of Incremental Peaking Service in accordance with the provisions of Sections III.C. of the Service Agreement and in accordance with the letter agreement between CMEEC and CL&P dated June 28, 1995 with regard to purchases of Incremental Peaking Service.

D. Energy Charge for Reserve Requirement and Incremental Peaking Service

CMEEC will charge BOZRAH for energy associated with the Reserve Requirement and Incremental Peaking Services each month based on the product of: (a) a fixed heat rate of 15,500 Btu/kWh, (b) the average NEPEX replacement fuel price (in \$/Btu) for #6, - 1% sulfur oil at CL&P's Montville Unit No. 6 for such month, and (c) the amount of energy delivered for such Services during such month (in kilowatt hours).

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E. Transmission Service. Metering. Power Factor

The rates specified in Section 3 for the services therein described do not include transmission service across the NU system or the provision of service for metering facilities or services or for maintaining appropriate power-factor levels applicable to BOZRAH loads. Such services will be provided and charged pursuant to the rates, terms and conditions of the TSA or any superseding agreement or tariff on file with FERC, unless otherwise set forth in this Contract.

Transmission service shall be charged monthly to BOZRAH by CMEEC based on the product of (a) the monthly peak load of BOZRAH (excluding that portion of BOZRAH's monthly peak load which is serviced under the Interruptible Agreement) and (b) the monthly transmission rate charged to CMEEC under the TSA. Any adjustments or corrections to the transmission rate charged to CMEEC shall be applied to BOZRAH consistent with the application of such adjustments or corrections to CMEEC under the TSA.

F. CONVEX and NEPOOL Related Expenses

The rates specified in Section 3 do not include charges for any allocated costs of NEPOOL or in the CONVEX Satellite.

BOZRAH will pay CMEEC for all of BOZRAH's allocated share of payments made by CMEEC pursuant to the arrangements referred to in the NEPOOL Agreement and the charges allocated among CMEEC and the other participants in the CONVEX Satellite on the basis of the relationship of their respective Adjusted Annual Peaks (as that term is defined in the NEPOOL Agreement). The intent of Section 3.1.F is that such costs be allocated to BOZRAH in an amount comparable to the costs BOZRAH would have incurred as a stand-alone participant in CONVEX and NEPOOL.

G. CMEEC Administrative Costs and Related Expenses

CMEEC shall undertake such services as necessary to represent BOZRAH in NEPOOL and before the Connecticut Siting Council and to provide billing, administrative, and power-supply services in the same manner as CMEEC provides to Members and Wallingford. In consideration for undertaking such services, an amount equal to \$10,000 shall be debited annually from Groton's Member Services account with CMEEC, subject to Groton's consent, as provided in Exhibit 1 hereof, CMEEC shall review the cost of providing such services periodically, as deemed necessary by CMEEC, in order to determine if such treatment and the charges to BOZRAH remain appropriate. In the event CMEEC deems such treatment is inappropriate, CMEEC and BOZRAH shall revise the charges in this Section 3.1.G to reflect more appropriate arrangements.

3.2 Credits and Charges to BOZRAH

The charges to BOZRAH that are derived from the application of the terms and conditions of Section 3 (Rates and Charges) may include charges and/or credits applied to BOZRAH as set forth below.

3.2.1 Special Funds of BOZRAH

BOZRAH may elect to have CMEEC, acting through its Board of Directors, establish and maintain special funds similar to the CMEEC Rate Stabilization Fund or the Economic Development Fund for the sole benefit of BOZRAH. Unless otherwise agreed to by BOZRAH, any such BOZRAH special funds shall be maintained by CMEEC in accounts segregated from other CMEEC funds and shall be invested for the benefit of BOZRAH in accordance with

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CMEEC policies for investing such funds, as approved by the CMEEC Board of Directors. If BOZRAH causes CMEEC to establish such funds, CMEEC agrees to impose such charges or credits established by BOZRAH as necessary to make additions to or disbursements from these funds. Such additions to or disbursement from these funds shall be at the sole discretion of BOZRAH.

3.2.2 Special Charges and Credits

Throughout the Initial Term of the Contract, CMEEC may apply to BOZRAH certain charges or credits, where such charges or credits should not be charged or credited to all CMEEC Members, Wallingford, and BOZRAH collectively on a pro-rata basis due to the nature of the charges or credits involved. Such special charges or credits made pursuant to this Section and applicable to BOZRAH may include, but are not limited to, any payments or credits as a result of implementation of the Service Relationship Agreement, amortization of the cost of acquisition or development of assets or projects on behalf of BOZRAH, contribution in aid of construction, or any form of prepayment made pursuant to the Power Supply Entitlements any contracts or agreements which CMEEC administers on behalf of BOZRAH. Additional charges or credits to BOZRAH shall also include, but are not limited to, 1) changes in taxes, fees, assessments, related to the Service Agreement, 2) energy utilization charges or other charges related to the Service Agreement for service to BOZRAH prior to the start of this Contract; 3) environmental adders, 4) FERC order 472 assessments or other FERC assessments related to the Service Agreement or the TSA, 5) taxes, fees, or assessments imposed directly on CMEEC by a governmental entity based on the consumption or sales of electricity to BOZRAH, 6) penalties or additional charges related to BOZRAH's participation in NEPOOL as set forth in Section 12 (NEPOOL Participation), 7) charges or credits related to BOZRAH's NYPA power entitlements, 8) any special funds established by BOZRAH pursuant to Section 3.2.1 (Special Funds of Bozrah) herein, or 9) any subsequent modification or amendment approved by FERC in the price or terms and conditions of service under the Service Agreement. If BOZRAH disputes the basis of the computation of charges or credits under this section, BOZRAH shall pay the full amount charged (or credited) by CMEEC, and the Parties shall resolve such disputes in accordance with Section 11 (Dispute Resolution) herein.

4 ADDITIONAL POWER REQUIREMENTS OF BOZRAH

Pursuant to Section 2.1, (Full Requirements Contract) CMEEC will provide BOZRAH with all power required to meet the full firm load and reserve requirements of the BOZRAH system. CMEEC shall provide and charge BOZRAH for the full level of capacity and energy which BOZRAH would need to obtain to meet its Capability Responsibility obligations if it were a stand-alone NEPOOL Participant, in accordance with the terms and conditions of this Contract. In addition to minimum deliveries of power pursuant to Sections 3.1.A and 3.1.C, BOZRAH shall purchase Supplemental Power from CMEEC in order to meet the Capability Responsibility of BOZRAH.

4.1 Supplemental Power Requirements

BOZRAH's Supplemental Power purchases will equal the difference between the Capability Responsibility of BOZRAH and the sum of a) the amount of Base Power taken pursuant to section 3.1.A. and b) the amount of Reserve Requirement and Incremental Peaking Service taken pursuant to Section 3.1.C. CMEEC will charge BOZRAH for Supplemental Power Capacity and Energy in accordance with the provisions of Section 3.1.C (for capacity) and 3.1.D (for energy) through December 31, 1998. From January 1, 1999 to December 31, 2001, the charge for Supplemental Power Capacity shall be \$3.30 per kW/month, and the charge for Supplemental Power Energy shall be the rates set forth in Section 3.1.D herein. From January 1, 2002 to June 30, 2005 the charge for Supplemental Power Capacity shall be \$4.40 per kW/month, and the charge for Supplemental Power Energy shall be the rates set forth in Section 3.1.D herein.

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4.2 Extraordinary Supplemental Power Requirements

In the event that the capacity and energy characteristics of BOZRAH's utilization of Supplemental Power pursuant to Section 4. 1 (Supplemental Power Requirements) result in substantial economic disadvantage to BOZRAH relative to the average cost of resources available from CMEECs mix of resources, CMEEC agrees to develop and offer to BOZRAH an alternate pricing schedule for such Supplemental Power Requirements. Such alternate pricing schedule shall be structured comparable to other pricing and rates available to the CMEEC Members for comparable service provided to any of the Members. The intent of such alternate pricing is to improve the economics for BOZRAH while avoiding adverse economic impact to the CMEEC Members and Wallingford.

4.3 Interruptible Power Requirements

The Interruptible Agreement will be assigned to CMEEC for administrative and billing purposes, and CMEEC will bill BOZRAH the amount billed to CMEEC under such Interruptible Agreement. BOZRAH shall pay such billed amounts within twenty-five (25) days after such bill is rendered. CMEEC's responsibility to deliver power to BOZRAH pursuant to the Interruptible Agreement shall be no greater than that for which CL&P is obligated to the purchaser under the Interruptible Agreement. BOZRAH shall be responsible for all costs or charges assessed against or charged to CMEEC pursuant to the Interruptible Agreement.

4.4 Reductions to Purchases of Base Power, Reserve Requirement, and Incremental Peaking Service

In the event that the Capability Responsibility of BOZRAH for any given year decreases such that it is less than the total amount of power purchased by BOZRAH pursuant to Sections 3.1.A and 3.1.C herein, CMEEC shall reduce the amount of Base Power Service, Reserve Requirements Service, and Incremental Peaking Service concurrent with the time and the amount and type of reduction, if any, of such service purchased by CMEEC under the Service Agreement.

5 CONDITIONS OF DELIVERY OF CAPACITY AND ENERGY

Unless otherwise agreed to by the Parties, the conditions of delivery of capacity and energy under this Contract shall be as follows:

(a) The electric capacity and energy to be furnished by CMEEC shall be in the form of three-phase alternating current at a frequency of approximately sixty (60) hertz, subject to conditions of delivery and measurement as hereinafter provided. Electric energy received by BOZRAH shall be so utilized that the three phases are in substantial balance.

(b) The points of delivery, delivery voltage, and other conditions of service governing delivery and measurement of electric power and energy by CMEEC shall be in accordance with the Service Specifications set forth in the Appendices to the TSA, as may be amended by the Parties from time to time.

(c) BOZRAH shall make and pay for all connections between its system and the system(s) owned by or available to CMEEC at the points of delivery specified in the Appendices to the TSA.

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(d) BOZRAH shall comply with any and all obligations CMEEC has assumed governing participation in NEPOOL on BOZRAH's behalf, including, but not limited to, the daily furnishing to CMEEC of the actual hourly loads of BOZRAH for the previous day's energy use.

(e) BOZRAH shall be responsible for the cost of providing and maintaining meters at the points of delivery. Such meters shall conform with the requirements of Section 13 of the NEPOOL Agreement and the TSA.

(f) BOZRAH agrees to maintain rates for electric power and energy furnished to its customers which will provide to BOZRAH sufficient revenues to meet its obligations to CMEEC, as the same may be amended from time to time, and to pay all other obligations payable from or constituting a lien on such revenues, including, without limitation, all of BOZRAH's costs of operation and maintenance of its electric utility (including, without limitation, replacements, insurance, administrative, and general overhead expense).

(g) BOZRAH agrees that it shall operate or cause to be operated its electric utility properly and in an efficient and economical manner, consistent with good business and Prudent Utility Practice and shall maintain, preserve, reconstruct, and keep the same or cause the same to be so maintained, preserved, reconstructed, and kept, with the appurtenances and every part and parcel thereof, in good repair and working order and condition and shall from time to time make or cause to be made all necessary and proper repairs, replacements, and renewals so that at all times the operation of the electric utility may be properly and advantageously conducted in accordance with Prudent Utility Practice.

(h) BOZRAH shall not sell at wholesale any of the electric energy and power delivered to it hereunder to any customer of BOZRAH for resale by that customer, unless such resale is specifically approved in writing by CMEEC.

(i) BOZRAH shall not execute or adopt any instrument securing or issuing bonds, notes, leases, or other evidence of indebtedness which are payable from and secured by a lien on the revenues derived from the ownership or operation of its electric system without providing for the payment of operating expenses (including payments to be made under this Contract) from such revenues ahead of debt service on such bonds, notes, leases, or other evidences of indebtedness.

6 BILLING

6.1 Payment of Bills

Bills shall be rendered by CMEEC to BOZRAH as soon as practicable after the end of each calendar month. Whenever appropriate, CMEEC may utilize estimates for the purpose of preparing bills. Bills shall include such information as may reasonably be necessary to verify the payments due for such month. In the event service commences subsequent to the first day of a calendar month or terminates prior to the last day of a calendar month, the charges hereunder shall be adjusted to reflect the portions of such calendar month during which service is rendered. Bills shall be due and payable thirty (30) days after

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they are rendered. Any amount outstanding thereafter shall bear interest from the date rendered, until paid, at an annual rate of two (2) percentage points over the Prime Rate for commercial loans to large corporate customers then in effect at the main office of the Fleet Bank, N. A., or such other lending institution as may be CMEEC's primary commercial lender.

Notwithstanding the above, to the extent that BOZRAH fails to pay any bill rendered by CMEEC within thirty (30) days such bill is due and payable pursuant to the terms herein, CMEEC shall notify BOZRAH in writing that it is in default of this Contract, and BOZRAH shall have fifteen (15) days ("Default Cure Period") to make payment in full and to cure such default from the date of such notice.

6.2 Billing Errors

Errors in arithmetic, computation, meter readings, estimating, or otherwise that affect the accuracy of a bill shall be promptly corrected in a subsequent corrected bill. In the event a corrected bill is issued, the lesser of the original bill or the corrected bill shall be due and payable not later than thirty (30) days after the original bill was rendered. Any remaining balance shall be due and payable within fifteen (15) days of the date the corrected bill was rendered, but no sooner than the due date of the original bill. Amounts unpaid after such fifteen (15)- day period shall bear interest as provided in Section 6.1 (Payment of Bills). Any refund due to BOZRAH shall be made immediately with interest.

6.3 Billing Subsequent to Termination of Service

This Contract shall continue in effect after termination of service to the extent necessary to provide for billing, billing adjustments, and payment. Concurrent with such termination of service, BOZRAH shall be fully responsible for its share of any underestimated expenses accrued or incurred during the term of this Contract associated with the Service Agreement, including but not limited to, such items as environmental adders, taxes, fees, assessments, capacity utilization adjustment charges, and any other expenses which are ultimately to be fully recovered over the term of the Service Agreement and this Contract.

6.4 Finality of Bills

Neither Party shall have the right to challenge any bill, invoke arbitration, or bring any judicial or administrative action of any kind questioning the propriety or accuracy of such bill, or issue a corrected bill, following a period of eleven (11) months from the date it is rendered.

6.5 Disputed Bills

Subject to the provisions of Section 6.4 (Finality of Bills), if BOZRAH in good faith disputes the legal validity of a special charge, challenges any bill, invokes arbitration, or brings any judicial or administrative action of any kind questioning the propriety or accuracy of any bill, it shall specify in writing the reasons upon which the protest is based and make payment in full to CMEEC for bills rendered, including such disputed amounts. BOZRAH shall have the rights provided in Section 11 (Dispute Resolution) to remedy such protest.

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6.6 No Set-off

So long as electric capacity and energy is made available to BOZRAH during a billing period at any point of delivery, the obligation of BOZRAH to make such payments for electric capacity and energy furnished pursuant to this Contract shall be absolute and unconditional and shall not be subject to any rights of set-off, recoupment or counterclaim which BOZRAH shall otherwise have against CMEEC.

7 METERING

7.1 Installation, Ownership and Maintenance

BOZRAH shall be responsible for the installation, maintenance and cost of all metering equipment, including billing-quality metering devices or remote metering devices and necessary telecommunications equipment or leased lines, required for billing under this Contract and fulfillment of CMEEC's obligations under the NEPOOL Agreement.

7.2 Meter Tests

BOZRAH shall test and calibrate, or cause to be tested and calibrated, meters by comparison with accurate standards at intervals of twelve (12) months, and meters shall be maintained and operated in accordance with NEPOOL standards and in accordance with the applicable provisions of the TSA. BOZRAH shall make special meter tests at any time at CMEEC's request. The cost of tests shall be borne by BOZRAH, provided, however, that if any special meter test made at CMEEC's request shall disclose that the meters are recording accurately, CMEEC shall reimburse BOZRAH for the cost of such test. Meters registering within two percent (2%) above or below normal shall be deemed to be accurate. Should applicable metering equipment be furnished, installed and maintained by CL&P as provided for in Section 4.15 of the TSA, then such meter testing shall be in accordance with the provisions prescribed therein.

If any meter fails or is disclosed by test to be inaccurate, CMEEC shall be notified immediately, and the meter shall be replaced or repaired, as appropriate, by BOZRAH as soon as practicable. Where a meter has failed, CMEEC shall estimate the capacity and energy delivered from the end of the monthly billing period immediately preceding the billing period during which the failure was discovered. CMEEC shall base its estimate on the best information available. If a meter has been shown by test to be inaccurate by more than 2%, correction shall be made from the beginning of the monthly billing period preceding the billing period during which the meter was found to be inaccurate. Any correction shall be as estimated solely by CMEEC from the best information available.

Meters shall be disconnected, recalibrated, changed, or tested only in the presence of duly authorized representatives of the Parties, unless CMEEC after reasonable notice waives, fails, or refuses to have its representative present, or unless emergency conditions prevent notice.

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8 TERM, TERMINATION AND AMENDMENT

8.1 Initial Term

The Initial Term of this Contract shall be for a period commencing on or about July 1, 1995, or such later date as the FERC shall provide for the assignment of the Service Agreement and related agreements to CMEEC and shall extend to a period no earlier than June 30, 2005, unless otherwise terminated pursuant to the terms herein or extended pursuant to the terms herein.

8.2 Termination

This Contract may be terminated on one (1) year's notice by either Party, provided, however, such notice shall not be given prior to June 30, 2004 and further provided that CMEEC shall not seek termination earlier than

the termination of CMEEC's purchase of capacity and energy from CL&P pursuant to the Service Agreement, unless such termination is the result of a default of BOZRAH as set forth in Section 9 (Default).

8.3 Amendment

Except as provided for expressly herein, neither this Contract nor any terms hereof may be amended, supplemented, waived or modified except by an instrument in writing executed by both Parties hereto.

8.4 Reopener

Within ninety (90) days of December 31, 1999, CMEEC may, but is not obligated to, provide notice to BOZRAH of new rates and charges for the provision of service for the remainder of the Initial Term in lieu of the rates and charges assessed hereunder. Thereinafter, within sixty (60) days of receipt of such notice, BOZRAH shall provide notice of its consent to such alternate rates and charges, in which case this Contract shall be amended to incorporate the terms and conditions of such alternate rate proposal. CMEEC shall be authorized to adjust the level of Base Power Service and Reserve Requirement and Incremental Peaking Service purchased from CL&P under the Service Agreement in a manner consistent with such alternate rate proposal. If CMEEC and BOZRAH do not provide the notice as provided hereunder, then this Contract shall continue in effect as provided hereunder.

9. DEFAULT

9.1 Monetary Event of Default

If any of the following events shall occur, it shall constitute a Monetary Event of Default:

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9.1.1 Failure of BOZRAH to Pay

Failure of BOZRAH to make all payments due under this Contract within fifteen (15) days after the completion of the Default Cure Period shall constitute a Monetary Event of Default of BOZRAH.

9.1.2 Bankruptcy

Notice of any filing of bankruptcy or of any plan of reorganization or assignment for the benefit of creditors with respect to either of the Parties, and such proceedings shall not be dismissed within forty-five (45) days of filing, shall constitute a Monetary Event of Default.

9.2 Nonmonetary Event of Default

Failure of BOZRAH or CMEEC, within ninety (90) days of demand of the other, to perform any nonmonetary obligation required by the System Agreement, the TSA, the NEPOOL Agreement or obligations under this Contract shall constitute a Nonmonetary Event of Default. A Nonmonetary Event of Default shall be deemed not to have occurred if a mutually agreeable engineering firm or person or entity having a national reputation for special skills and knowledge in analyzing or consulting on electric utility issues certifies within the 90-day period that the nonperforming Party, on a best-efforts basis, cannot meet the requirements of such nonmonetary obligations in the time frame set out. The Parties shall agree to a best-efforts time frame for compliance of such obligations; but such time frame shall not extend beyond one (1) year, except for an instance of Force Majeure, in which case the provision of Section 13.2 (Force Majeure) shall govern.

9.3 Remedies for Default

9.3.1 CMEEC Remedies for A Monetary Event of Default by BOZRAH

In addition to any other rights or remedies that CMEEC may have against BOZRAH and without limitation of the foregoing, if a Monetary Event of Default by BOZRAH occurs, CMEEC may at any time thereafter, upon written notice to BOZRAH, cease and discontinue the furnishing of capacity and energy to BOZRAH so long as such Monetary Event of Default shall continue, and may terminate this Contract. Any such termination or cessation and/or discontinuance of the delivery of capacity and energy shall not relieve BOZRAH of any obligation under this Contract to pay amounts due for all capacity, energy, transmission and any other service provided under this Contract and the Service Agreement, including, without limitation of the foregoing, all other costs of collection, including interest on unpaid amounts and attorney fees and the cost of litigation, and any incremental costs incurred by CMEEC due to or arising from the inclusion of BOZRAH as a beneficiary of any agreements to which CMEEC is a party. From and following termination of the Contract, CMEEC shall have no further obligation to furnish power and energy to BOZRAH.

From and following the occurrence of a Monetary Event of a Default by BOZRAH and without limitation of the foregoing, CMEEC may and is hereby authorized to take any one or more of the following actions:

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1. Notify NEPOOL and CL&P of termination of this Contract, withdrawal of NEPOOL Forms NX-7 and other contract data sheets as they relate to the Power-Supply Entitlements, and the discontinuance of furnishing power and energy to BOZRAH as provided for herein;
2. Notify CL&P of any required amendment(s) to the TSA to eliminate BOZRAH as a CMEEC participant;
3. Terminate any services or activities being undertaken by CMEEC as agent for BOZRAH;
4. Take all steps necessary to effect a reassignment of CMEEC's rights and obligations under the Service Agreement and any other related agreements to BOZRAH, and CL&P as appropriate, and BOZRAH shall hereby waive any rights to delay or refuse such reassignment if such reassignment is agreed to by CL&P;
5. Apply any funds held by CMEEC for the benefit of BOZRAH, including, but not limited to, rate stabilization funds, economic development funds, any funds resulting from the benefits of affiliation under this Contract, and any other refunds due to BOZRAH to reimburse CMEEC for any monies due incurred under this Contract or incurred under the Service Agreement, provided such default is not due to any failure by BOZRAH to make payments as provided under this Contract.

In addition to and notwithstanding the above, CMEEC may bring suit, or institute an action or proceeding in law or in equity, including an action in mandamus and/or an action for specific performance, to enforce against BOZRAH any covenant, agreement or obligation, including the obligation to make any payment required under the provisions of this Contract. For purposes of the preceding sentence, the occurrence of a Monetary Event of Default by BOZRAH shall be deemed to constitute irreparable harm to CMEEC.

BOZRAH shall be deemed to have consented to the reassignment to BOZRAH from CMEEC of the Service Agreement pursuant to paragraph 4 above upon the termination of this Contract, and BOZRAH shall take all necessary actions and give all necessary consents to effect such reassignment effective upon the date of such termination. BOZRAH shall thereafter be liable for all such payment obligations which accrue from and follow such termination date and shall release, hold harmless, indemnify, and defend CMEEC from any such obligations and/or costs arising therefrom or liability related thereto, if any. BOZRAH's obligations under this paragraph shall exist and be enforceable by CMEEC, notwithstanding that CMEEC may have discontinued the delivery of capacity and energy as provided hereunder to BOZRAH, and notwithstanding any other provision of this Contract. The provisions of this Section shall survive termination of this Contract and shall not be subject to the provisions of Section 11 (Dispute Resolution) hereof.

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9.3.2 Remedies for Nonmonetary Event of Default

Upon the occurrence of a Nonmonetary Event of Default by a Party under this Contract, the issue shall be submitted to Dispute Resolution process set forth in Section 11, unless the nondefaulting Party deems time to be of essence by providing written notice of such to the defaulting Party. In the event that time is deemed to be of essence, the nondefaulting Party may bring any suit, action or proceeding in law or in equity, including mandamus and action for specific performance, and injunction, as may be necessary or appropriate to enforce such obligation. The nondefaulting Party may take any appropriate action to correct the instant default. The prevailing Party shall pay all costs, including but not limited to, reasonable attorneys' fees and other outside services incurred by the nonprevailing Party.

If any penalties are assessed to either of the Parties as a result of any Nonmonetary Event of Default, the defaulting Party shall be liable for such penalties; and any charges or credits as appropriate shall be passed along directly to BOZRAH pursuant to Section 3.2.2 (Special Charges and Credits) of this Contract.

9.3.3 BOZRAH Remedies for Default of CMEEC

In the event of any default by CMEEC in the performance of any of its obligations under this Contract, BOZRAH may bring any suit action, or proceeding in equity for mandamus, injunction, and action for specific performance as may be necessary or appropriate to enforce such obligation against CMEEC, provided, however, the same shall not give BOZRAH the right to discontinue the performance of its obligations under this Contract, and provided, further, that CMEEC shall not be liable, under any circumstances for indirect or consequential damages.

10 CMEEC INDEBTEDNESS

In the event that CMEEC defaults on any of the payment obligations for debt issued by CMEEC for and on behalf of the Members. CMEEC shall hold harmless and indemnify BOZRAH from and against any legal and monetary liability for any direct or third-party claims or damages or awards arising from a default of such payment obligations by CMEEC, provided such default is not due to any failure by BOZRAH to make payments as provided under this Contract.

11 DISPUTE RESOLUTION

The Parties agree to negotiate in good faith to resolve any differences that arise under this Contract including disagreement on any matters left for future negotiation. In the event that the Parties are unsuccessful in resolving a dispute through such negotiations, the controversy shall be submitted next to mediation. If mediation is unsuccessful, the matter, except as otherwise set out in this paragraph, shall be submitted to binding arbitration to the extent allowed by law. Arbitration shall not be considered the sole or exclusive means of settling controversies which may arise under the terms and provisions of Sections 9.1 (Monetary Event of Default), of this Contract; and for disputes arising under said

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sections, arbitration shall not be considered a condition precedent to any action in a court of law or proceedings before any governmental agency or regulatory body having jurisdiction thereof. The dispute resolution process shall be in accordance with this section unless otherwise mutually agreed to by the Parties in writing.

11.1 Good-Faith Negotiations

The process of "good-faith negotiations" requires that each Party candidly set out in writing to the other its reason(s) for adopting a specific conclusion or for selecting a particular course of action, together with the sequence of subordinate facts leading to the conclusion or course of action. The Parties shall attempt to agree on an equitable resolution of the issue in dispute in light of all relevant facts. Therefore, the process also requires that upon request each Party shall promptly make available to the other such information, including existing studies and raw data, that relate to the issue(s) in dispute. The related information to be made available must include both studies and raw data that support the position advocated and existing studies and raw data that are related to, but do not support, the position advocated.

Additionally, where one Party possesses the exclusive capability of collecting additional raw data or making additional studies related to the issue in dispute, it shall accommodate reasonable requests from the other Party requesting such data or studies. The negotiation process shall include at least two meetings to discuss any issue in dispute prior to invoking mediation rights. Unless otherwise mutually agreed, the first meeting shall take place at the offices of CMEEC on the third Wednesday after either Party has notified the other of the desire to commence formal negotiations. Unless otherwise mutually agreed, the second meeting shall take place on Wednesday, two weeks later, at the offices of BOZRAH. In the event either meeting date is a state or federal holiday or there is inclement weather such that travel would be hazardous, the meeting shall occur on the next business day. In the event a Party willfully refuses to attend a negotiation meeting without good cause, the matter in dispute shall proceed immediately to arbitration, with the Party who has refused to meet bearing the cost of the arbitration.

11.2 Mediation

Mediation shall be initiated at any time by mutual agreement or by notice from one Party to the other at any time after the second negotiation meeting referred to in Section 11.1 (Good-Faith Negotiations) above. The notice shall specify the issue(s) to be submitted to mediation, including a summary of the complaining Party's position with respect thereto and a proposed resolution. The Party receiving notice shall have the right to rebut the issues set forth in said notice. In the event the Parties are unable to agree upon a mediator, the American Public Power Association shall be requested to designate three potential mediators, each of whom (1) shall have agreed to mediate the dispute, (2) shall be unaffiliated with either BOZRAH or CMEEC, (3) shall be generally qualified by training or experience to address the issue in controversy, and (4) shall be available to fulfill the responsibilities of mediation in a timely manner. In the event the American Public Power Association cannot or will not nominate potential mediators, the American Arbitration Association will be requested to perform that function. Each Party shall be provided relevant information related to each potential mediator, including applicable fees; and each shall designate its first, second and third choices among the potential mediators, with the designated choice receiving four, three, and one point(s), respectively. In the event a Party fails to designate an order of choice, each potential mediator shall receive one point. The potential mediator receiving the most points shall be the

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mediator. Unless otherwise mutually agreed, mediation shall commence two weeks after the selection of the mediator. Mediation shall continue until the Parties mutually agree to terminate the process, the mediator determines that the process is not working, or three months have elapsed since the commencement of mediation and the Parties do not by mutual agreement extend the process. The cost of mediation shall be borne jointly.

11.3 Arbitration

Once the mediation process has terminated without a resolution of the dispute, or earlier if both Parties agree, the matters other than those excluded in Section 11 (Dispute Resolution) herein shall, to the extent permitted by law, be submitted to arbitration at the request of either Party. The authorized representatives of the Parties shall confer within ten (10) days of a request for arbitration and attempt to agree upon appointment of a single arbitrator. If such agreement is not accomplished within twenty (20) days after receipt of such request, either Party may request the American Public Power Association to nominate three potential arbitrators who meet the qualifications set forth above for a mediator. If there previously has been a mediator in the matter, the mediator shall designate one potential arbitrator. The final selection process shall then be as set forth above for selection of a mediator, with the potential arbitrator designated as the fourth choice entitled to receive one point. In the event the American Public Power Association cannot or will not nominate potential arbitrators, the American Arbitration Association will be requested to perform that function. The arbitrator shall conduct a hearing within thirty (30) days thereafter, unless such time is extended by agreement of the Parties, and shall notify the Parties in writing of the Contract for the Supply of Electric Power and decision with sixty (60) days of the conclusion of the hearing. Such notification shall include a statement of the reasons for such decision and shall separately list findings of fact and conclusions of law. The arbitrator shall have no power to amend or add to this Contract or any part hereof but shall have the right to interpret its language and make findings of fact. Subject to such limitation, the decision of the arbitrator shall be final and binding, except that either Party may petition a court of competent jurisdiction for review of errors of law. The decision of the arbitrator shall determine and specify how the expenses of the arbitration shall be borne. Other than as expressly provided herein, arbitration shall not be considered the sole or exclusive means of settling controversies which may arise under the terms and provisions of this Contract, nor shall arbitration be considered a condition precedent to any action in a court of law or proceedings before any governmental agency or regulatory body having jurisdiction thereof.

12 NEPOOL PARTICIPATION

CMEEC, on behalf of its Members and Participants, has functioned as a single integrated participant under the NEPOOL Agreement. Subject to the provisions of this Contract, the Parties intend that CMEEC and BOZRAH, together, for purposes of operation within NEPOOL will function as a single integrated participant under the NEPOOL Agreement in the same manner as CMEEC currently functions on behalf of its Members and Wallingford.

CMEEC has assumed certain obligations governing its participation in NEPOOL under the NEPOOL Agreement, and BOZRAH agrees to comply with requirements of the NEPOOL Agreement so long as it remains a participant in NEPOOL through CMEEC.

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The Parties agree that they will cooperate and exchange information which relates to operation under the NEPOOL Agreement. Such information required from BOZRAH includes, but is not limited to, hourly loads of BOZRAH, changes to or additions to the bulk electric transmission and substation facilities of BOZRAH or information required in compliance with any Criteria, Rules and Standards and/or Operating Procedure in effect by NEPOOL.

BOZRAH agrees it shall install, pay for, maintain, and operate under frequency-relay equipment and voltage-reduction equipment for load reduction under emergency conditions, consistent with NEPOOL Criteria, Rules and Standards No. 34. Equipment and procedures required pursuant to this section shall be subject to the applicable standards promulgated by NEPOOL and the appropriate regional power council (Northeast Power Coordinating Council). In the event BOZRAH fails to install and/or operate such equipment, the Northeast Utilities Companies have the right (pursuant to the TSA on a nondiscriminatory basis) to interrupt service to BOZRAH at such times as CL&P or the other

Northeast Utilities Companies are engaging in load-reduction procedures affecting retail customers entitled to receive firm electric service from CL&P.

BOZRAH further agrees that it shall maintain power-factor levels appropriate to meet operating requirements of the Northeast Utilities Companies as required pursuant to the TSA. These power-factor levels will normally be equal to those maintained by CL&P at its substations under comparable conditions. In the event that such power factor levels are not maintained by BOZRAH, CL&P shall thereupon have the right to take appropriate action to correct the situation pursuant to Section 4.7 of the TSA and/or CMEEC shall have the right to bill BOZRAH an amount equal to a rate of \$0.45 per KVAR per month for all KVARs supplied in excess of that required at a 98% power factor during the seasonal peak load conditions as required by NEPOOL, in accordance with Section 3.2.2 (Special Charges and Credits) of this Contract.

13 MISCELLANEOUS

13.1 Abandonment of Remedy; No Waiver

In the event that any action or proceeding taken by either Party in connection with any default by the other Party shall have been discontinued or abandoned for any reason, then the Parties shall be restored to their former positions under this Contract, and all rights, remedies, powers and obligations of the Parties shall continue as though no such action or proceeding had been taken. The failure of either Party to insist in any one or more instances upon strict performance by the other of any one or more of the provisions of this Contract for the Supply of Electric Power and Contract or to take advantage of any of its rights hereunder shall not be construed as a waiver or relinquishment.

13.2 Force Majeure

The Parties hereto shall be excused from performing their respective obligations hereunder and shall not be liable in damages or otherwise, if and only to the extent that they are unable to perform or are prevented from performing by an event of Force Majeure. Force Majeure means any cause beyond the reasonable control, and without the fault or negligence, of the Party claiming Force Majeure. It shall

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include, without limitation, sabotage; war; national emergency; acts of terrorism; strikes or other labor difficulties; riots or civil disturbance; acts of God; acts of public enemy; drought; earthquake; flood; explosion; fire; lightning; landslide; or any similar cataclysmic occurrence; failure of unit; unavailability of fuel, material and/or equipment to the extent such unavailability is caused by Force Majeure as set forth in this Contract or by Force Majeure or pursuant to Section IV of the Service Agreement, CMEECs Life-of-Unit Contracts, or other long-term power-supply resources or contracts of BOZRAH or CMEEC; or any rule or order of any governmental authority having jurisdiction thereof. Failure to make payments when due shall not be excused by Force Majeure. Economic hardship of either Party shall not constitute a Force Majeure under this Contract.

13.3 Information and Audits

The Parties shall promptly furnish to each other such information and reports as may be reasonably requested from time to time in order to carry out the intent and purpose of this Contract. In addition, BOZRAH further agrees to furnish on a timely basis at CMEEC's expense such information and documents, including financial statements, legal opinions and engineering reports, as CMEEC may reasonably request in connection with the offering and sale of bonds, notes, leases or other indebtedness by CMEEC. If such offering and sale of bonds, notes, leases, or other indebtedness is for the benefit of BOZRAH in full or in part, then such aforementioned information shall be provided to CMEEC at BOZRAH's expense.

CMEEC and BOZRAH shall keep accurate records and accounts of their respective properties and operations in accordance with Generally Accepted Accounting Principles and/or with the Federal Energy Regulatory Commission's Uniform System of Accounts Prescribed for Class-A Public Utilities and licensees in effect from time to time. CMEEC and BOZRAH shall each have the right at any reasonable time during normal business hours to examine such accounts. Each Party shall cause its accounts to be audited annually by a firm of independent public accountants and shall supply copies of such audits to the other Party.

13.4 Notices and Computation of Time

Any notice, demand, approval, proposal, protest, direction or request provided for in this Contract to be delivered, given or made to either Party shall be deemed delivered, given or made if delivered in writing, in person, or mailed by registered or certified mail, postage prepaid, return-receipt requested, or, if deliver by telecopy, shall be deemed delivered, given or made if receipt of such telecopy is verified and is followed in a timely fashion by delivery in person or by mail to the Parties listed below. Either Party may change such designation or address at any time and from time to time by giving written notice to each as provided below:

Executive Director
Connecticut Municipal Electric
Energy Cooperative
30 Stott Avenue
Norwich, CT. 06360
Phone (203) 889-4088
Fax (203) 889-8158

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Vice-President
Bozrah Light and Power Company
Gilman, CT 06336
Phone (203) 889-6888
Fax (203) 886-9016

In computing any period of time from such notice, such period shall commence at 0001 A.M. on the day following the date such notice was delivered or mailed.

13.5 Governing Law

This Contract is made under and shall be governed by the laws of the State of Connecticut.

13.6 Severability

If any section, paragraph, clause or provision of this Contract is declared illegal or no longer in force by reason of any judgment or order issued by a court or regulatory body of competent jurisdiction, the remainder of this Contract shall be unaffected by such judgment or order, and all of the remaining provisions of this Contract shall remain in full force and effect as though such section, paragraph, clause or provision or any part thereof so adjudicated or ordered illegal or no longer in force had not been included herein.

13.7 Superseding Agreement

It is mutually agreed that all terms and conditions with respect to the subject matter hereof, including, but not limited to, the sale of electric capacity and energy from CMEEC to BOZRAH, constitute the entire understanding between the Parties and are completely set forth in this Contract and attachments thereto, and that no previous promises, representations, or agreements made by the Parties hereto, their officers, officials, or agents shall be binding except to the extent expressly contained herein.

13.8 Limitation of Liability

CMEEC will endeavor to furnish reliable electric service under this Contract, but CMEEC does not guarantee that such service will not be curtailed or interrupted for reasons beyond its control, and CMEEC, its, directors, officers, and employees shall not be liable for any claim arising from or claimed to have arisen from any disruptions in such service due to: (a) Force Majeure, (b) any cause that CMEEC could not reasonably have foreseen and made provision against using good utility practice, (c) any operating decisions, which, in CL&Ps or NEPEXs reasonable judgement, are necessary to protect generation or transmission facilities, and (d) necessary or routine maintenance, repairs, replacements, refueling, installations of equipment or the investigation and inspection of such equipment. In no event shall CMEEC's officers, directors, and employees be liable for any claim arising from the first paragraph of this Section or otherwise.

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With respect to claims other than those governed by the preceding paragraph, each Party agrees to indemnify, defend, and hold the other Party (including the other Party's Members, Participants, directors, officers, employees, managers, and board members) harmless from and against any and all third-party damages, costs, claims, liabilities, actions or proceedings arising from or claimed to have arisen from the gross negligence or gross omission or willful misconduct of the indemnifying Party's directors, officers, employees, managers, and board members in the performance of the Party's obligations under this Contract.

The Parties hereby waive and release each other Party, as well as each other Party's Members, Participants, directors, board members, officers, managers, and employees, from any liability, claim, or action arising from damage to property of the Parties due to the Contract for the Supply of Electric Power and Energy performance of this Contract, except where such damage is the result of gross negligence or gross omission or willful misconduct.

Nothing in this Contract shall be construed to subject CMEEC or BOZRAH to liability in excess of that otherwise imposed under the laws of the State of Connecticut.

13.9 Right to Act as Agent

In carrying out the rights and obligation under this Contract, BOZRAH hereby authorizes CMEEC to act as its agent in accordance with Prudent Utility Practice pursuant to the terms of this Contract including but not limited to the right of CMEEC to adjust the levels of Base Power Service and/or Reserve Requirement and Incremental Peaking Service under the Service Agreement.

13.10 Commencement of Service

In order to facilitate integration of the arrangements described in this Contract with applicable NEPOOL arrangements, service under the Contract shall commence at 0001 hours on the first day of service commencement and shall end at 2400 hours on the last day of a month, except as expressly provided for herein.

13.11 Rights upon Termination of this Contract

The Parties agree that upon termination of this Contract, CMEEC shall pay to BOZRAH the then-remaining proceeds of any funds established by BOZRAH pursuant to Section 3.2.1 (Special Funds of BOZRAH) of this Contract after being subject to set-off due to nonpayment by BOZRAH for any outstanding obligations of BOZRAH, including, but not limited to, any obligations pursuant to this Contract, the Service Agreement, the TSA, any contract related to the Power-Supply Entitlements, and any indebtedness incurred by CMEEC on behalf of BOZRAH.

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13.12 Relationship to Power Sales Contracts

Sales to BOZRAH under this Contract shall have no effect on any Member's voting or other rights conferred pursuant to the CMEEC bylaws or to the Act., nor shall sales to BOZRAH under this Contract have any impact on the distribution of any existing funds of the Members or Wallingford,

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including, but not limited to, any Rate Stabilization Funds, Economic Development Funds, General Reserve Funds, or any equity of CMEEC.

13.13 Miscellaneous

A. Each Party shall prepare, execute, and deliver to the other Party any documents reasonably required to implement any provision of this Contract.

B. This Contract may be modified only by an instrument in writing signed by the parties.

C. Any number of counterparts to this Contract may be executed, and each shall have the same force and effect as the original.

D. Prior to the Commencement of Services under this Contract, BOZRAH shall furnish CMEEC, and CMEEC shall furnish BOZRAH, an opinion of counsel for the respective Party, opining that this Contract has been duly authorized and validly executed by the Party and constitutes a valid and binding obligation of the Party.

E. The rights and obligations of BOZRAH under this Contract may not be assigned, transferred, delegated or otherwise conveyed in whole or in part without the prior written consent of CMEEC, nor may BOZRAH effect a dissolution, merger, change in majority control or other disposition of substantially all of its assets without the prior written consent of CMEEC, such consent not to be unreasonably withheld.

F. This Contract shall be deemed effective as of the date of the formal commencement of the Initial Term, as provided in Section 8.1 hereof, unless (a) FERC shall modify in (Initial Term) any material respect or disapprove prior to their initial effectiveness (i) the Service Agreement, the Interruptible Agreement, the assignments by BOZRAH to CMEEC thereof or (ii) any of the filings made by CL&P to cause the Service Agreement and related agreements to become initially effective (the "FERC-filed Power Supply Arrangements") and/or (b) CMEEC or CL&P shall exercise their respective rights to terminate the FERC-filed Power Supply Arrangements as provided in a letter agreement by and among CL&P, CWEC and BOZRAH dated June 28, 1995. In the event of (a) or (b), CMEEC shall provide written notice to BOZRAH within seven (7) days of notice of such action of CMEEC's exercise of its right created hereby to preclude the entry into force of this Contract. In the event of such termination, this Contract shall be of no force and effect, except that (i) BOZRAH shall be responsible for and shall defend and indemnify CMEEC for all charges assessed to CMEEC on account of the Power Supply Entitlements,

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except to the extent BOZRAH has made payment to CMEEC on account thereof, and (ii) CMEEC shall defend and indemnify BOZRAH for all such charges to the extent BOZRAH has made payment to CMEEC on account of such charges.

IN WITNESS WHEREOF, the CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE has caused this Contract to be executed by its Executive Director and its corporate seal to be attached hereto and attested by its Assistant Secretary, and the BOZRAH LIGHT AND POWER COMPANY has caused this Contract to be executed on its behalf by an authorized official of BOZRAH and attested to this 28th day of July, 1995.

CONNECTICUT MUNICIPAL ELECTRIC
ENERGY COOPERATIVE

Attested to by: Louy Ross Secretary By: Mamie R. Scully Its Executive Director

BOZRAH LIGHT AND POWER COMPANY

Attested to by: Deix A. Prober Witness By: David W. Prober Its Vice-President

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