

VERMONT TRUE UP AGREEMENT

This Vermont True Up Agreement (“Agreement”) is entered into between and among Vermont Electric Power Company (“VELCO”) and each signatory to this Agreement (“Participant”).

RECITALS

WHEREAS, VELCO often provides administrative services to distribution utilities in the State of Vermont, which services include serving as the primary meter reader and collecting data that is reported to ISO New England;

WHEREAS, On occasion an error in the data being reported or the associated calculations results in inaccurate charges or payments being made to certain utilities in Vermont, which ultimately affects the rates charged to retail customers in Vermont;

WHEREAS, Such errors have no effect on any other entity outside Vermont;

WHEREAS, Such errors can be corrected in a manner that does not change amounts that have been charged to or paid to entities outside the State of Vermont, but in certain instances no viable method currently exists to effectuate the necessary reallocation of monies to put the Vermont distribution utilities and their ratepayers in the position they would have occupied but for the error;

WHEREAS, Such errors, when they occur, should be corrected in the interest of fairness to those entities affected by such errors and all ratepayers in the State of Vermont.

NOW, THEREFORE, in consideration of the foregoing, VELCO and the Participants agree as follows:

1. Notification of VELCO of any Error

Should a Participant discover an error in any data being reported by VELCO to ISO New England or in any calculation that relies on that data, such error resulting in inaccurate energy charges or payments being made to any utilities in Vermont, that Participant shall notify VELCO of such Error. Errors related to transmission services or commodities other than energy are not covered by this Agreement.

2. Notification of Participants of any Error

If VELCO discovers an Error or confirms another Participant’s discovery of an Error, VELCO shall notify all parties to this Agreement of such Error.

3. Notice Generally

Any notice required by this Agreement shall be deemed to have been properly given by:
(a) personal delivery, first class mail, electronic transmission or facsimile to the designated

representative of VELCO and any affected Participant then sitting on VELCO's Operating Committee (the "OpCom") or to any other employee that has been designated by VELCO or that Participant as an appropriate recipient of notices under this Agreement; (b) any other method provided for in the Vermont Transmission Administration Manual ("V-TAM"). If an affected Participant would not be notified using a method permitted under (b), notice must be given pursuant to a method described in (a).

4. Determination of Correction

Upon the discovery of, and notification of, any Error, VELCO shall determine the corrected and proper charges and payments that are necessary to return all affected Participants to the financial position each would have occupied but for the Error (the "Correction"). Upon VELCO's request, any affected Participant shall assist in good faith, using commercially reasonable efforts, to determine the Correction.

5. Implementation of Corrections

(a) To the extent (i) an Error occurred that can be corrected according to the terms of this Agreement; (ii) certain affected Parties received monies that they would not have received but for the Error; and (iii) certain affected Parties (x) paid monies that they would not have paid but for the Error and/or (y) failed to receive monies that they would have received but for the Error, a Correction shall be implemented. Unless VELCO and all affected Participants agree otherwise, all affected Participants are required to comply with the Correction.

(b) For each affected Participant that is required to make a payment as part of a Correction, unless VELCO and all other affected Participants agree otherwise, the affected Participant shall make such payment in equal installments over the number of months that is equal to one half of the number of months that the underlying Error occurred. If VELCO and all other affected Participants agree to allow an affected Participant to use an alternative time period, as permitted above, such agreement shall have no effect on the time period over which any other affected Participant must make payments.

(c) Each month, the aggregate amount of monies collected from affected Participants pursuant to subpart (b), above, shall be distributed in the form of billing credits to those affected Participants that are due to receive monies as part of the Correction. If such monies are not sufficient to pay all such affected recipient Participants in full, the aggregate monies collected that month shall be distributed in proportion to the total amount each affected Participant is due to receive as part of the Correction, provided that under no circumstances should an affected Participant receive more monies than the total amount to which such affected Participant is due as part of the Correction.

6. Limit on Use of Correction Procedure

(a) Notwithstanding any other provisions of this Agreement, a Correction may not be implemented if that Correction directly affects: (a) the clearing prices of any organized, competitive markets overseen by ISO New England; (b) the amounts being charged to or paid to any entity outside the State of Vermont for any service; or (c) the amounts charged to or paid to any distribution utility in the State of Vermont that is not a party to this Agreement. For a

DRAFT: ~~2-23-2012~~

Deleted: 10-26-2011 PM

particular Error, if ISO New England has taken any steps to remedy that Error, the combined effect of any such steps and any Correction must do no more than return the affected Participants to the financial position each would have occupied but for the Error.

(b) Unless VELCO and all affected Participants agree to another time period, a Correction shall not be implemented to the extent doing so addresses an Error or that part of an Error that occurred more the ~~seventy-two (72)~~ months prior to the date on which notification is provided to all affected Participants pursuant to Section 2 of this Agreement.

Deleted: fifty-four

Deleted: 54

7. Administration of Correction

Upon the agreement of the Participants to this Agreement, VELCO or another administrator shall ensure that the proper amounts are paid and received in order to effect the Correction. Any monies received by the administrator pursuant to this Agreement shall not be considered income to the administrator, nor shall any monies distributed by the administrator pursuant to this agreement be considered the administrator's costs.

The administrator shall not be considered an agent for any party as a result of its role under this Agreement.

VELCO shall serve as the initial administrator. For any particular Correction, VELCO may designate another entity to take the necessary steps to implement the Correction, provided that VELCO and all Participants agree that VELCO should be replaced in that instance, and provided further that all Participants agree on the entity that shall replace VELCO as administrator.

8. Interpretation of Ambiguities

Any ambiguities identified in this agreement, shall be resolved by the OpCom pursuant to the V-TAM.

9. Entirety of Agreement

This Agreement constitutes the entire agreement between the parties hereto with respect to the matters addressed herein. Nothing in this Agreement is intended to modify the provisions of any other tariff or agreement to which VELCO or any Participant is a party.

10. Effective Date and Term

This Agreement shall become effective between and among VELCO and each Participant at 12:01 a.m. on the date that the Federal Energy Regulatory Commission deems this Agreement to be effective. The Agreement shall remain effective for an initial term of one year, and shall be automatically renewed for successive one-year terms thereafter.

VELCO may terminate this Agreement at any time, provided that it has given at least 30 days advanced notice of its intent to terminate to each Participant and the OpComm. The OpComm may terminate this Agreement, provided that it has voted to terminate this Agreement

DRAFT: 2-23-2012

Deleted: 10-26-2011 PM

and has given at least 30 days advanced notice of such termination to VELCO and each Participant.

Notwithstanding termination, the provisions of this Agreement shall survive termination and apply to the extent necessary to implement Corrections of any Errors identified before the OpComm vote or issuance of a termination notice by VELCO.

11. Applicable Law

The interpretation and performance of this Agreement shall be in accordance with and controlled by the laws of the State of Vermont.

12. Regulation

This Agreement is made subject to present or future state or federal laws and to present or future regulations or orders properly issued by state or federal bodies having jurisdiction.

13. Assignment

This Agreement shall not be assigned by any Participant except that a Participant may assign this Agreement if: (a) such assignment is to be made to an entity that is part of a corporate organization that is merging with or acquiring that Participant's entire ownership interest; or (b) such assignment is being made to an affiliate of the Participant pursuant to an internal corporate reorganization.

IN WITNESS WHEREOF, VELCO and [insert participating parties], have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of this ____ day of _____, ____.

VERMONT ELECTRIC POWER COMPANY

By: _____

Title: _____

[insert PARTICIPANT NAME]

By: _____

Title: _____

| DRAFT: 2-23-2012

Deleted: 10-26-2011 PM