



Board of Directors Meeting

9:30 AM, August 7, 2019
5195 Waterbury-Stowe Road, Waterbury Center, Vermont

CALL IN NUMBER: 1-773-231-9226

MEETING ID: 802 244 7678#

Directors

Vacant, Barton	Jonathan Elwell, Enosburg	Mike Sullivan, Hardwick
Carol Robertson, Hyde Park	Pamela Moore, Jacksonville	Meredith Birkett, Johnson
Vacant, Ludlow	Bill Humphrey, Lyndonville	Craig Myotte, Morrisville
Steve Fitzhugh, Northfield	John Morley III, Orleans	Reg Beliveau, Swanton

Agenda

Allotted number of minutes set forth in bold type after each item

1. Call to Order
2. Consideration of changes/modifications to agenda (**3**)
3. Public Comment (**2**)

Action Items

4. Minutes of the Regular Board of Directors Meeting - June 3, 2019 (**2**)
5. Treasurer's Report through June 30, 2019 (**10**)
6. Approval of updated organizational policies (**15**)
7. Building HVAC/AC Renovation (**15**)
8. Strategic Retreat Results and Plan approval (**30**)
9. Bone Hill Solar PPA Authorization (**10**)
10. Phase I Lease Agreement Authorization (**15**)

Discussion Item

11. Member Status Update (Barton/Ludlow) (**15**)
12. Fall Board Retreat - Consolidating/Centralizing Services (**15**)
13. VPPSA Organizational Procedures (**5**)

Reports

14. Generation & Assets Committee (**5**)
15. Legislative Committee (**10**)
16. VELCO Board and Operating Committee (**10**)
17. Staff Reports (**10**)

Executive Session

18. None

Other

19. Other Business (**5**)
20. Great Blue Research (Lunch Discussion and Workshop Presentation)

CC:

Tin Barton-Caplin, Barton	Clayton O. Bailey, Lyndonville
Gary Denton, Enosburg	Penny Jones, Morrisville
Frederika French, Hyde Park	Jeff Schulz, Northfield
Mac Butova, Jacksonville	Marilyn Prue, Orleans
Phil Wilson, Johnson	Lynn Paradis, Swanton
Vacant, Ludlow	

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Vermont Public Power Supply Authority

MINUTES OF THE BOARD OF DIRECTORS MEETING

June 5, 2019

Directors present (X indicates attendance in person, P indicates attendance by phone):

	Vacant, Barton		James Pallotta, Ludlow
X	Jonathan Elwell, Enosburg	X	Bill Humphrey, Lyndonville
	Mike Sullivan, Hardwick	P	Craig Myotte, Morrisville
X	Carol Robertson, Hyde Park (by phone until 10:20)	X	Stephen Fitzhugh, Northfield
	Pamela Moore, Jacksonville	X	John Morley, Orleans
X	Meredith Birkett, Johnson	X	Reginald Beliveau, Swanton

Alternates present:

Others present:

Ken Nolan, VPPSA	Crystal Currier, VPPSA	Melissa Bailey, VPPSA
Julia Leopold, VPPSA	Paul Lambert, Efficiency VT	Barry Hulce, Efficiency VT
Jackie Lemmerhirt, Lemmerhirt Consulting	John Guerin, Tangent Energy Solutions	Shawn Borden, Tangent Energy Solutions

(numbers in bold type correspond with agenda item numbers)

- (1) The meeting was called to order at 9:32 a.m. at the office of the Authority, located at 5195 Waterbury-Stowe Road, Waterbury Ctr., Vermont.
- (2) Chairman Beliveau asked if there were requests for changes and/or modifications to the current agenda. There were no changes.
- (3) Chairman Beliveau asked if there were public comments and/or individuals who would like to address the Board. The General Manager introduced Julia Leopold, VPPSA's new Communications Specialist.
- (4) Director Morley made a motion to accept the minutes of the Regular Board of Director's meeting held on April 3, 2019. The motion was seconded by Director Myotte. Motion approved.
- (5) Director Fitzhugh made a motion to accept the Treasurer's report as of April 30, 2019 as presented. Director Birkett seconded the motion.



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VPPSA staff provided a brief update related to the operational budget vs. actual summary of VPPSA's operational costs. The financial results for the period ending April 30, 2019 indicate operational expenses being under-budget by approximately 6.9%.

This includes payroll and overheads that are under-budget by 9.9% and office supplies and expenses are under-budget by approximately .5%. Expenses exceeded revenues by approximately \$59K for the year (less than the budget expectation of \$105K).

The motion was approved.

(6) Director Fitzhugh made a motion to approve Resolution 2019-03 (Investment Policy Statement) as presented. The motion was seconded by Director Humphrey.

VPPSA staff provided a short overview of the materials included within the board materials. An overview of the primary components includes:

- 1) Current plans – review of the current plans offered by VPPSA
- 2) Resolution 2019-03, Investment Policy Statement – the statement primarily identifies VPPSA's retirement plans, fiduciary roles and guidance for certain fiduciary responsibilities. This document is typically reviewed on an annual basis to ensure the language is current and relevant. A few minor changes were made for consistency.
- 3) Fee Disclosures – the fee disclosures are prepared by a third-party vendor and provided annually with the primary purpose of “disclosing” plan fees and investment information to the Plan Sponsors (VPPSA).
- 4) Plan Investment Options – a request was received to add several new plan investment options. VPPSA staff requested that Poulos Investment Advisors review the options and provide a recommendation. Of the six investment options, three were recommended (as noted in the materials). It is the intent that the Chairman and General Manager will approve the options as recommended.

Director Fitzhugh asked how often VPPSA reviews the performance of the third-party administrator and/or the investment advisor. It was noted that it has not been done for some time. VPPSA staff has discussed this internally and will be looking at this over the next year.

The motion was approved.

(7) Director Fitzhugh made a motion to approve the Project #10 2019-2020 FY Budget as presented. The motion was seconded by Director Birkett.

The Board was reminded that VPPSA staff prepares the annual FY budget due a requirement in the Power Sales Agreement and a calendar year budget is prepared due to a requirement in the General Bond Resolution. Since VPPSA completes a calendar year budget, the latter half of the FY budget will be updated during that CY budget process. This budget includes a minor change (decrease of approx. \$61K) to the Jul – Dec 2019 period, primarily related to fuel expense. The budget was reviewed by the Generation and Other Assets Committee and there were no objections to the budget as presented.

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The motion was approved.

(8) The General Manager reminded the Board that VPPSA has been working with Encore Renewable Energy and Morrisville Water & Light for some time to develop the ER Lawrence Brook solar Project (2.2 MW solar array located in MWL's service area). Under the proposed arrangements, Encore will develop and own the solar array, VPPSA will enter into a 25-year PPA with Encore to acquire all of the output (capacity, energy, RECs, etc.) and VPPSA will enter into a Power Sales Agreement with MWL, whereby MWL will acquire all the products from the facility. This structure is similar to long-term arrangements VPPSA has entered in the past and is one that we envision using more with future solar projects with Encore. VPPSA Policy P3 (Power Supply Authorities) allows the General Manager to enter a PSA with MWL; however, the policy does not delegate authority to enter long-term PPA's between VPPSA and third-party providers. Therefore, in order to fully effectuate the transaction, the request is for Board approval to enter into the PPA with ER Lawrence Brook LLC.

Director Humphrey made a motion to authorize the General Manger to take all action necessary to consummate a Power Purchase Agreement with ER Lawrence Brook, LLC. The motion was seconded by Director Fitzhugh. The motion was approved. Hyde Park abstained.

(9) The General Manger reminded the Board that VPPSA has been working with EVT for over a year to develop reporting that provides greater context into how member EEC funds are expended and the value produced. The member reports were provided in the materials previously sent to the Board. Paul Lambert and Barry Hulce from Efficiency Vermont were present to discuss member concerns. Mr. Lambert recognized that there were some discrepancies in the reports and that the level of information for specific projects may not be incorporated into the report (rather, some of the information is general in nature).

Director Morley asked for clarification on the Orleans specific report and there was a brief discussion regarding the "non-incentive" component included within the report. Director Birkett requested that the "projections" and "actuals" are specifically labeled and not commingled in the same chart. Director Elwell noted that since the numbers are simply projections, it becomes confusing since the members are more interested in "actual" results not just projections.

Director Robertson noted that Hyde Park and Efficiency Vermont worked very well together with Hyde Park specific projects and she encouraged more engagement between the members and Efficiency Vermont. Mr. Lambert indicated that when there is more communication, Efficiency Vermont has more knowledge about the specific service area and can then provide more value to the member's service area.

There was discussion around low-income projects and incentives versus other programs. Several members were very interested in low-income programs and others were more interested in all programs (not just low-income) – Efficiency Vermont indicated they can offer assistance with all projects/incentives/programs and they can offer the services specific to the needs of each member's service area. The discussion further evolved into the fees collected from members, what programs those fees support and EVT's role and what programs they offer.



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Efficiency Vermont indicated they were pleased with the discussions resulting from the reports and felt they had accomplished their goal. Mr. Lambert and Mr. Hulce committed to continue revising the reports based on the feedback received and continuing the conversations.

(10) Following up on the AMI workshop held on March 28th, staff was instructed to move toward a Request for Information (RFI) seeking information about possible AMI systems that could meet member needs. VPPSA staff has been working with Lemmerhirt Consulting to develop the RFI questions that would be posed to potential vendors. The latest draft of questions was provided to the Board. Jackie Lemmerhirt was available at the meeting to discuss the questions and address any additional questions from the Board regarding the process. It was noted that the RFI questions would go out to potential vendors the week of June 10th with responses required in mid-July. The process and timeline moving forward was discussed briefly.

(11) The General Manager reminded the Board that VPPSA is offering a number of rebates in the RES program. There has been some confusion among the members regarding what VPPSA is offering. Ms. Bailey provided an overview of VPPSA's Tier 3 obligations, the present Tier 3 program offerings and VPPSA's strategy for future plans. VPPSA's primary Tier 3 programs include rebates for: electric vehicles, cold climate heat pumps, heat pump water heaters and other electric vehicle supply equipment.

Board discussion ensued on other program offerings and how VPPSA incentives coordinated with Efficiency Vermont incentives. There was also discussion about other utilities incentives and whether VPPSA was considering adding those program options.

(12) The General Manager informed the Board that VPPSA's new Communication Specialist (Julia Leopold), started work on April 22nd. Ms. Leopold provided a brief presentation describing the communications initiatives already underway. Those activities include: making VPPSA's website more customer friendly, implementing a style guide for future communications, creating newsletters (internal and external), updating the RES rebate forms and the formal launch of Facebook and Twitter (scheduled for Thursday, June 6th). Ms. Leopold provided examples of Facebook/Twitter posts and explained how social media works. Overall, the goal is to raise brand awareness, have a common voice (one that represents enthusiasm, bold, upbeat, helpful and casual) and provide a mechanism to reach our member's customers.

(13) The General Manager updated the Board on the status of Barton Electric. At this time, the Village has no General Manager or field staff and the Trustees have had to take over the majority control of operations. In the short-term, they have contracted with VEC to manage field operations to ensure they can meet service requirements. In the long-term, it has prompted the Trustees to consider all options for future operation including the sale of the utility.

The Board discussed the possibility of the utility being purchased by a Cooperative rather than another municipality and expressed concern with this outcome. The General Manager was asked to express to Barton's Trustees how important VPPSA felt it was to maintain municipal ownership and offer VPPSA member support as the Trustees move toward a decision.

(14) Generation and Other Assets Committee – no further report was provided.



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- (15) Legislative and Regulatory Affairs – no further report was provided.
- (16) No VELCO reports were provided.
- (17) Staff Reports – No other staff reports were provided.
- (18) Potential Executive Session – no executive session was necessary.
- (19) Other Business: There was a brief discussion regarding the level of participation in the Board’s Committee meetings. Several Directors indicated conflicts with the Committee and Regular Board meeting days and times. A doodle poll will be sent to the Board to determine the best timing for the Members.
- (20) John Guerin and Shawn Borden from Tangent Energy Solutions were present to discuss their company, what it might be able to offer the VPPSA members and what they are doing for other municipalities. Mr. Guerin and Ms. Borden provided a brief overview of the company and noted that they typically modify their existing software programs (designed to help customers monitor demand peaks and manage loads) to each customer’s specific needs. Ms. Borden provided a presentation that demonstrated their portal, examples of data that would be pulled into the portal and the information that can be tracked using the data.

The Directors questioned whether the services Tangent provided shifted costs between utilities, what types of data were required and how the information was imported to the Tangent system, whether the software could be utilized with water and wastewater control systems, and how Tangents turn-key solutions could be implements.

The meeting was adjourned at 3:40 p.m.

Respectfully submitted,

Crystal L Currier

Crystal Currier, Secretary

Vermont **Public Power** Supply Authority



Monthly Financial Report
June 30, 2019

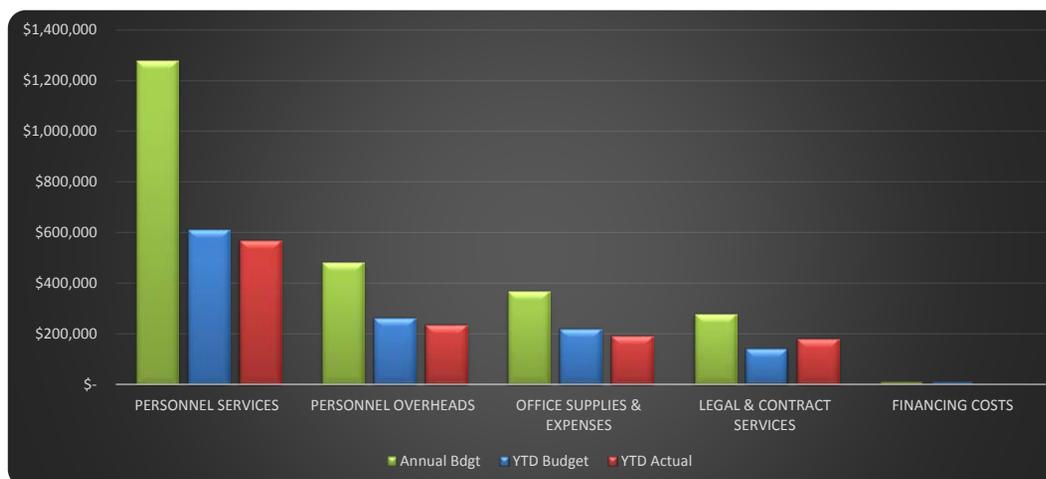
(Unaudited)

**VPPSA MONTHLY FINANCIAL REPORT
TABLE OF CONTENTS**

Operational Revenue & Expense Summary	FS	1
Variance Analysis	FS	2
Project Summary Balance Sheet	FS	3 - 5
Project Summary Income Statements	FS	6 - 8
VPPSA Consolidated Balance Sheet (with Prior Year Comparison)	FS	9 - 10
Non-Project Operations Income Statement (with Budget Comparison)	FS	11 - 12
McNeil Operations Income Statement (with Budget Comparison)	FS	13 - 14
Highgate Operations Income Statement (with Budget Comparison)	FS	15
Central Computer Operations Income Statement (with Budget Comparison)	FS	16
Project 10 Operations Income Statement (with Budget Comparison)	FS	17 - 19
Renewable Energy Standards Project (with Budget Comparison)	FS	20-21
Net Metering Project (with Budget Comparison)	FS	22-23

VERMONT PUBLIC POWER SUPPLY AUTHORITY							
OPERATIONAL REVENUE & EXPENSE SUMMARY							
2019 YTD ACTUAL VS. BUDGET							
Reconciliation Month June-2019							
		2019	2019	Variance	Variance	2019	YTD Act %
		YTD Budget	YTD Actual	Act vs. Bdgt	Act vs. Bdgt	Annual Bdgt	of Annual
				\$	%		Bdgt
REVENUES:							
	MCNEIL PROJECT #2	\$ 46,246	\$ 46,246	\$ (0)	↓ 0.0%	\$ 92,491	50%
	HIGHGATE PROJECT #3	\$ -	\$ -	\$ -	↓ 0.0%	\$ -	0%
	CENTRAL COMPUTER PRJ #4	\$ 23,123	\$ 23,123	\$ -	↓ 0.0%	\$ 46,246	50%
	SWANTON PEAKER PRJ #10	\$ 98,765	\$ 94,397	\$ (4,368)	↓ -4.4%	\$ 195,076	48%
	RES PROJECT	\$ 23,123	\$ 23,123	\$ 0	↓ 0.0%	\$ 46,246	50%
	NET METERING PROJECT	\$ 34,684	\$ 34,684	\$ (0)	↓ 0.0%	\$ 69,368	50%
	MEMBER REVENUES	\$ 869,875	\$ 869,875	\$ (0)	↓ 0.0%	\$ 1,739,749	50%
	NON-MEMBER REVENUES	\$ 107,572	\$ 117,893	\$ 10,322	↓ 9.6%	\$ 225,688	52%
	TOTAL REVENUES	\$ 1,203,386	\$ 1,209,340	\$ 5,954	↓ 0.5%	\$ 2,414,863	50%
BILLABLE EXPENSES:							
	PERSONNEL SERVICES	\$ 612,304	\$ 570,380	\$ (41,924)	↓ -6.8%	\$ 1,279,811	45%
	PERSONNEL OVERHEADS	\$ 261,996	\$ 238,055	\$ (23,941)	↓ -9.1%	\$ 484,100	49%
	OFFICE SUPPLIES & EXPENSES	\$ 220,525	\$ 194,398	\$ (26,127)	↓ -11.8%	\$ 367,453	53%
	LEGAL & CONTRACT SERVICES	\$ 141,000	\$ 182,483	\$ 41,483	↓ 29.4%	\$ 277,000	66%
	FINANCING COSTS	\$ 6,500	\$ 603	\$ (5,897)	↓ -90.7%	\$ 6,500	9%
	TOTAL BILLABLE EXPENSES	\$ 1,242,325	\$ 1,185,919	\$ (56,405)	↓ -4.5%	\$ 2,414,863	49%
	Net Income(Loss)	\$ (38,938)	\$ 23,421	\$ 62,359			

- ↔ between 48% and 53%
- ↑ greater than 53%
- ↓ less than 48%



Monthly Financial Report-Variance Analysis
June 30, 2019

NON PROJECT OPERATIONS:

	Actual				Total	Budget	Var (\$)	Var (%)
	Operational (*)	Power Supply	Transco Activities	Other				
Member/NonMember Revenues	\$ 930,726	\$ 15,702,929	\$ -	\$ -	\$ 16,633,655			
Other Revenue Sources	\$ 294,600	\$ 930,036	\$ 2,553,323	\$ 26,810	\$ 3,804,769			
Total Revenues	\$ 1,225,325	\$ 16,632,966	\$ 2,553,323	\$ 26,810	\$ 20,438,424	\$ 21,091,883	\$ (653,459)	-3%
Operational Expenses	\$ (1,207,331)	\$ (16,564,417)	\$ -	\$ (8,916)	\$ (17,780,664)			
Transco Activities	\$ 5,427	\$ -	\$ (1,405,076)	\$ -	\$ (1,399,649)			
Other Expenses	\$ -	\$ -	\$ -	\$ (18,782)	\$ (18,782)			
Total Expenses	\$ (1,201,904)	\$ (16,564,417)	\$ (1,405,076)	\$ (27,699)	\$ (19,199,095)	\$ (19,982,465)	\$ 783,369	-4%
Net Cash Flow	\$ 23,421	\$ 68,549	\$ 1,148,247	\$ (888)	\$ 1,239,329			
Transco Principal (VPPSA)	\$ 46,056	\$ -	\$ -	\$ -	\$ 46,056			
Net Income (Loss)	\$ 69,477	\$ 68,549	\$ 1,148,247	\$ (888)	\$ 1,285,385	\$ 1,109,418	\$ 129,910	12%
Primary Drivers	PR & OH's underbudget 7.5% or (\$66K) OS & E over-budget 2.6% or (9K) -conf/travel, legal, grounds, website, insurance; offset by LOC, dues, outside svcs Net Excess (Deficit) Collected to Cover Costs: \$23,421 (*) - Reconciles to Operational Revenue & Expense Summary							

MCNEIL:

	Actual	Budget	Var (\$)	Var (%)
Oper Revenues	\$ 2,020,933	\$ 2,769,919	\$ (748,986)	-27%
Oper Expenses	\$ (2,273,695)	\$ (3,022,681)	\$ 748,986	-25%
Non-Oper Rev/Exp	\$ 23,695	\$ 15,000	\$ 8,695	58%
Financing	\$ -	\$ -	\$ -	0%
Net Income (Loss)	\$ (229,067)	\$ (237,762)	\$ 8,695	-4%
Primary Drivers	Expenses overall under-bdgt (\$748,986) or 27% Wood Fuel under-bdgt (\$519,923) or 35% Generation 31% under-budget, (7,317,749 kwh less than budget) Interest Income 59% or \$7,403 over-budget			

HIGHGATE:

	Actual	Budget	Var (\$)	Var (%)
Oper Revenues	\$ -	\$ -	\$ -	0%
Oper Expenses	\$ -	\$ -	\$ -	0%
Non-Oper Rev/Exp	\$ -	\$ -	\$ -	0%
Financing	\$ -	\$ -	\$ -	0%
Net Income (Loss)	\$ -	\$ -	\$ -	0%
Primary Drivers	Sale of Asset finalized in 2017-NO activity in 2019			

CENTRAL COMPUTER:

	Actual	Budget	Var (\$)	Var (%)
Oper Revenues	\$ 60,659	\$ 60,659	\$ 0	0%
Oper Expenses	\$ (60,659)	\$ (60,659)	\$ 0	0%
Non-Oper Rev/Exp	\$ -	\$ -	\$ -	0%
Financing	\$ -	\$ -	\$ -	0%
Net Income (Loss)	\$ 0	\$ -	\$ 0	0%
Primary Drivers	On-Budget			

Renewable Energy Standards:

	Actual	Budget	Var (\$)	Var (%)
Oper Revenues	\$ 134,500	\$ 134,500	\$ (0)	0%
Oper Expenses	\$ (107,320)	\$ (134,500)	\$ 27,180	-20%
Non-Oper Rev/Exp	\$ -	\$ -	\$ -	0%
Financing	\$ -	\$ -	\$ -	0%
Net Income (Loss)	\$ 27,180	\$ 0	\$ 27,180	135900050%
Primary Drivers	Budgeted Expenses - Annualized (Less Rebates than bdt'd) REC purchase incurred in January Broker Fees on REC purchases in January			

PROJECT 10:

	Actual	Budget	Var (\$)	Var (%)
Oper Revenues	\$ 1,565,784	\$ 1,565,784	\$ 0	0%
Oper Expenses	\$ (957,275)	\$ (1,072,708)	\$ 115,433	-11%
Non-Oper Rev/Exp	\$ 64,707	\$ 24,000	\$ 40,707	170%
Financing	\$ (198,350)	\$ (198,350)	\$ -	0%
Net Income (Loss)	\$ 474,865	\$ 318,725	\$ 156,140	49%
Primary Drivers	Labor & OH -Underbdgt (\$4,368) or 8% Outside Labor - Underbdgt (\$10,005) or 95% Fuel Expense - Underbdgt (\$38,535) or 58% Materials - Underbdgt (1,490) or 38% Minimal electric, grounds, training, RME, training			

Net Metering Project:

	Actual	Budget	Var (\$)	Var (%)
Oper Revenues	\$ 34,684	\$ 34,684	\$ (0)	0%
Oper Expenses	\$ (34,992)	\$ (34,684)	\$ (307)	1%
Non-Oper Rev/Exp	\$ -	\$ -	\$ -	0%
Financing	\$ -	\$ -	\$ -	0%
Net Income (Loss)	\$ (307)	\$ 0	\$ (307)	-512433%
Primary Drivers	Mileage Expense of \$307 not budgeted			

Vermont Public Power Supply Authority
Project Summary Balance Sheet
June 30, 2019

	Internal	McNeil	Highgate	C.Computer	P10	RES	NetMtr	Total
ASSETS								
Fixed Assets								
Production Plant								
Land & Land Rights	0.00	79,273.96	0.00	0.00	0.00	0.00	0.00	79,273.96
Structures & Improvements	0.00	4,899,772.82	0.00	0.00	3,600,854.92	0.00	0.00	8,500,627.74
Equipment	0.00	17,307,617.12	0.00	0.00	18,676,931.84	0.00	0.00	35,984,548.96
Total Production Plant	0.00	22,286,663.90	0.00	0.00	22,277,786.76	0.00	0.00	44,564,450.66
Transmission Plant								
Land & Land Rights	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Structures & Improvements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equipment	0.00	0.00	0.00	0.00	1,457,299.54	0.00	0.00	1,457,299.54
Total Transmission Plant	0.00	0.00	0.00	0.00	1,457,299.54	0.00	0.00	1,457,299.54
Regional Transmission & Market Plant								
Computer Hardware/Software	0.00	0.00	0.00	0.00	138,367.70	0.00	0.00	138,367.70
Communication Equipment	0.00	0.00	0.00	0.00	19,074.23	0.00	0.00	19,074.23
Total Regional Transm & Mkt Plant	0.00	0.00	0.00	0.00	157,441.93	0.00	0.00	157,441.93
General Plant								
Land & Land Rights	141,098.99	0.00	0.00	0.00	0.00	0.00	0.00	141,098.99
Structures & Improvements	710,298.55	0.00	0.00	0.00	562.11	0.00	0.00	710,860.66
Meters	91,454.48	0.00	0.00	0.00	0.00	0.00	0.00	91,454.48
Equipment	483,192.59	122,767.04	0.00	0.00	5,561.44	0.00	0.00	611,521.07
Total General Plant	1,426,044.61	122,767.04	0.00	0.00	6,123.55	0.00	0.00	1,554,935.20
Total Fixed Assets	1,426,044.61	22,409,430.94	0.00	0.00	23,898,651.78	0.00	0.00	47,734,127.33
CWIP	0.00	65,969.71	0.00	0.00	41,236.04	0.00	0.00	107,205.75
Intangible Plant-Net of Amort.	0.00	977.88	0.00	0.00	0.00	0.00	0.00	977.88
Accumulated Depreciation	(1,078,611.40)	(20,037,371.74)	0.00	0.00	(10,175,162.59)	0.00	0.00	(31,291,145.73)
Net Utility Plant In Service	347,433.21	2,439,006.79	0.00	0.00	13,764,725.23	0.00	0.00	16,551,165.23

Vermont Public Power Supply Authority
Project Summary Balance Sheet
June 30, 2019

	Internal	McNeil	Highgate	C.Computer	P10	RES	NetMtr	Total
Investments:								
Bond Fund Investments	0.00	0.00	0.00	0.00	3,737,462.67	0.00	0.00	3,737,462.67
Vt. Transco Investments	41,888,780.00	0.00	0.00	0.00	0.00	0.00	0.00	41,888,780.00
Other Investments	265,000.00	0.00	0.00	0.00	0.00	0.00	0.00	265,000.00
Total Investments	42,153,780.00	0.00	0.00	0.00	3,737,462.67	0.00	0.00	45,891,242.67
Current Assets:								
Project Revenue Funds	0.00	(60,080.24)	0.22	0.00	261,224.43	0.00	0.00	201,144.41
Project Construction Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash and Working Funds	2,504,815.79	0.00	0.00	(2,593.71)	0.00	104,955.29	2,507.51	2,609,684.88
Cash-Special Deposits-PEX	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash - VEV Proceeds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Temporary Investments	429,262.08	2,076,161.49	0.00	0.00	3,671,531.86	0.00	0.00	6,176,955.43
Accounts Receivable	4,004,316.95	644,154.61	0.00	0.00	0.00	0.00	0.00	4,648,471.56
Amounts Due From Members	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Notes Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest/Distributions Receivable	1,309,862.56	0.00	0.00	0.00	0.00	0.00	0.00	1,309,862.56
Inventory	515.00	986,596.65	0.00	0.00	223,283.81	0.00	0.00	1,210,395.46
Prepayments	13,905.86	0.00	0.00	0.00	152,920.03	0.00	0.00	166,825.89
Total Current Assets	8,262,678.24	3,646,832.51	0.22	(2,593.71)	4,308,960.13	104,955.29	2,507.51	16,323,340.19
Other Assets:								
Deferred Debits	66,396.52	366,612.88	0.00	19,011.41	0.00	540.00	0.00	452,560.81
Derivative Instrument Asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
UnAmortized Debt Issue Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Assets	66,396.52	366,612.88	0.00	19,011.41	0.00	540.00	0.00	452,560.81
Total Assets	\$ 50,830,287.97	6,452,452.18	0.22	16,417.70	21,811,148.03	105,495.29	2,507.51	79,218,308.90

Vermont Public Power Supply Authority
Project Summary Balance Sheet
June 30, 2019

	Internal	McNeil	Highgate	C.Computer	P10	RES	NetMtr	Total
LIABILITIES AND CAPITAL								
Current Liabilities:								
Accounts Payable	2,399,706.87	286,097.80	0.00	16,415.75	25,845.86	0.00	0.00	2,728,066.28
Security Deposits	1,576.75	0.00	0.00	0.00	0.00	0.00	0.00	1,576.75
Amounts due Members	372,500.34	0.00	0.00	0.00	0.00	0.00	0.00	372,500.34
Short-term Bank Notes Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Current Maturities on L/T Debt	9,855,444.12	0.00	0.00	0.00	1,140,000.00	0.00	0.00	10,995,444.12
Derivative Instrument Liability	59,769.84	0.00	0.00	0.00	0.00	0.00	0.00	59,769.84
Accrued Interest	0.00	0.00	0.00	0.00	346,112.42	0.00	0.00	346,112.42
Accrued Taxes Payable	7,150.02	(2,351.36)	0.00	0.00	0.00	0.00	0.00	4,798.66
Accrued Salaries	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accrued Pension Contributions	2,539.62	0.00	0.00	0.00	0.00	0.00	0.00	2,539.62
Accrued Payroll Liabilities	2,476.84	0.00	0.00	0.00	0.00	0.00	0.00	2,476.84
Other Misc. Accrued Liabilities	9,689.42	0.00	0.00	0.00	0.00	0.00	0.00	9,689.42
Total Current Liabilities	12,710,853.82	283,746.44	0.00	16,415.75	1,511,958.28	0.00	0.00	14,522,974.29
Long-Term Debt:								
LTD-Bonds	0.00	0.00	0.00	0.00	14,450,000.00	0.00	0.00	14,450,000.00
LTD-Other-HG	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LTD-Other-P10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LTD-Transco-Members	16,225,007.75	0.00	0.00	0.00	0.00	0.00	0.00	16,225,007.75
LTD-Transco-HG	1,273,160.08	0.00	0.00	0.00	0.00	0.00	0.00	1,273,160.08
LTD-Transco-VEC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LTD-Transco-LCSF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LTD-Transco-LED	2,194,000.00	0.00	0.00	0.00	0.00	0.00	0.00	2,194,000.00
Unamortized Bond Premium	0.00	0.00	0.00	0.00	86,546.46	0.00	0.00	86,546.46
Unamortized Loss of Reaq. Debt	0.00	0.00	0.00	0.00	(61,919.52)	0.00	0.00	(61,919.52)
Net Long-Term Debt	19,692,167.83	0.00	0.00	0.00	14,474,626.94	0.00	0.00	34,166,794.77
Other Liabilities								
Deferred Revenues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Def. Revenues - Members	0.00	0.00	0.00	0.00	0.00	78,315.09	2,814.93	81,130.02
Deferred Vacation Wages	83,666.21	0.00	0.00	0.00	0.00	0.00	0.00	83,666.21
Deferred Contract Wages	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Deferred Credits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Deferred Credits	83,666.21	0.00	0.00	0.00	0.00	78,315.09	2,814.93	164,796.23
Interfund-Project Allocations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Equity								
Unappropriated Retained Earnings	6,333,441.86	6,168,705.75	1,193,836.70	1.96	5,819,118.28	27,180.20	(307.42)	19,541,977.33
Unappropriated Earnings-Distributed	0.00	0.00	(1,193,836.48)	0.00	0.00	0.00	0.00	(1,193,836.48)
Appropriated Retained Earnings	12,069,928.07	0.00	0.00	0.00	0.00	0.00	0.00	12,069,928.07
Other Comprehensive Income	(59,769.84)	0.00	0.00	0.00	5,444.53	0.00	0.00	(54,325.31)
Total Retained Earnings	18,343,600.09	6,168,705.75	0.22	1.96	5,824,562.81	27,180.20	(307.42)	30,363,743.61
Total Liabilities & Capital	\$ 50,830,287.95	6,452,452.19	0.22	16,417.71	21,811,148.03	105,495.29	2,507.51	79,218,308.90

Vermont Public Power Supply Authority
Project Summary Income Statement
June 30, 2019

	Non-Project	McNeil	Highgate	C. Computer	Swanton Pkr	RES	NetMet	Total
REVENUES & OTHER INCOME								
Sales for ReSale	15,817,608.94	2,020,932.64	0.00	0.00	1,565,783.77	0.00	0.00	19,404,325.35
Service Revenues	0.00	0.00	0.00	60,658.86	0.00	134,500.32	34,684.14	229,843.32
CDA & Affiliate Revenues	930,725.53	0.00	0.00	0.00	0.00	0.00	0.00	930,725.53
Project Revenues	221,572.44	0.00	0.00	0.00	0.00	0.00	0.00	221,572.44
REC Revenues	930,036.48	0.00	0.00	0.00	0.00	0.00	0.00	930,036.48
VELCO Directorship	9,500.00	0.00	0.00	0.00	0.00	0.00	0.00	9,500.00
Misc. Revenues	25,191.97	0.00	0.00	0.00	0.00	0.00	0.00	25,191.97
Total Operating Revenues	17,934,635.36	2,020,932.64	0.00	60,658.86	1,565,783.77	134,500.32	34,684.14	21,751,195.09
EXPENSES								
POWER PRODUCTION								
STEAM POWER PRODUCTION								
Operations	0.00	1,304,703.45	0.00	0.00	0.00	0.00	0.00	1,304,703.45
Maintenance	0.00	426,359.80	0.00	0.00	0.00	0.00	0.00	426,359.80
Total Steam Power Production	0.00	1,731,063.25	0.00	0.00	0.00	0.00	0.00	1,731,063.25
OTHER POWER PRODUCTION								
Operations	0.00	0.00	0.00	0.00	118,452.20	0.00	0.00	118,452.20
Maintenance	0.00	0.00	0.00	0.00	19,695.51	0.00	0.00	19,695.51
Total Other Power Production	0.00	0.00	0.00	0.00	138,147.71	0.00	0.00	138,147.71
TRANSMISSION								
Operations	6,221,278.01	4,170.04	0.00	0.00	0.00	0.00	0.00	6,225,448.05
Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Transmission Expense	6,221,278.01	4,170.04	0.00	0.00	0.00	0.00	0.00	6,225,448.05
OTHER POWER SUPPLY								
Purchase Power	10,413,638.36	0.00	0.00	0.00	0.00	0.00	0.00	10,413,638.36
System Control & Load Dispatch	0.00	3,507.31	0.00	0.00	4,631.82	0.00	0.00	8,139.13
REC Purchases	1,594.80	0.00	0.00	0.00	0.00	71,987.52	0.00	73,582.32
Total Other PS Expense	10,415,233.16	3,507.31	0.00	0.00	4,631.82	71,987.52	0.00	10,495,359.81

Vermont Public Power Supply Authority
Project Summary Income Statement
June 30, 2019

	Non-Project	McNeil	Highgate	C. Computer	Swanton Pkr	RES	NetMet	Total
REGIONAL MARKET EXPENSES								
RME-Market Monitor/Compl-Gen	0.00	0.00	0.00	0.00	958.72	0.00	0.00	958.72
RME-Market Monitor/Compl-L&O	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Reg. Market Expense	0.00	0.00	0.00	0.00	958.72	0.00	0.00	958.72
CUSTOMER SVS & INFORMATION ADV								
Cust Svs & Info-Cust Assist.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cust Svs & Info-Info Adv Exp	0.00	7,634.27	0.00	0.00	0.00	0.00	0.00	7,634.27
Cust Svs & Infor Adv	0.00	7,634.27	0.00	0.00	0.00	0.00	0.00	7,634.27
Cust Svs & Info Adv-RES	0.00	0.00	0.00	0.00	0.00	2,733.75	0.00	2,733.75
Total Cust Svs & Info Adv.	0.00	7,634.27	0.00	0.00	0.00	2,733.75	0.00	10,368.02
SALES EXPENSE								
Sales Expense	4,250.00	0.00	0.00	0.00	0.00	8,147.40	0.00	12,397.40
Total Sales Expense	4,250.00	0.00	0.00	0.00	0.00	8,147.40	0.00	12,397.40
ADMINISTRATIVE & GENERAL								
Operations	1,196,928.26	148,283.59	0.00	60,658.74	244,875.33	24,451.62	34,991.54	1,710,189.08
Maintenance	0.00	247.16	0.00	0.00	0.00	0.00	0.00	247.16
Total A&G Expense	1,196,928.26	148,530.75	0.00	60,658.74	244,875.33	24,451.62	34,991.54	1,710,436.24
OTHER								
Taxes- In Lieu of Property Taxes	7,150.02	126,027.00	0.00	0.00	0.00	0.00	0.00	133,177.02
Depreciation Expense	21,432.48	252,762.48	0.00	0.00	568,661.64	0.00	0.00	842,856.60
Amortization Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Expense	28,582.50	378,789.48	0.00	0.00	568,661.64	0.00	0.00	976,033.62
Total Operating Expenses	17,866,271.93	2,273,695.10	0.00	60,658.74	957,275.22	107,320.29	34,991.54	21,300,212.82
Net OPERATING Earnings(Loss)	\$ 68,363.43	(\$ 252,762.46)	0.00	0.12	608,508.55	27,180.03	(307.40)	450,982.27

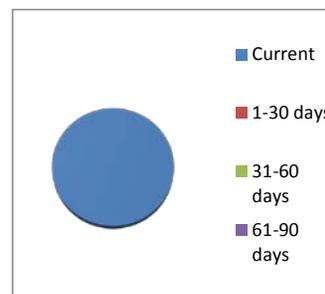
Vermont Public Power Supply Authority
Project Summary Income Statement
June 30, 2019

	Non-Project	McNeil	Highgate	C. Computer	Swanton Pkr	RES	NetMet	Total
NON-OPERATING (INCOME) EXPENSES								
OTHER NON-OPERATING (INCOME) EXPENSES								
Interest/Finance Chg Income	(17,894.02)	(23,692.24)	0.00	0.00	(64,706.69)	0.00	0.00	(106,292.95)
TRANSCO Distribution/Income	(2,619,724.35)	0.00	0.00	0.00	0.00	0.00	0.00	(2,619,724.35)
Transco "Net Settlement" Expense	778,238.23	0.00	0.00	0.00	0.00	0.00	0.00	778,238.23
Misc. Non-Operating Inc-Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Misc. Non-Operating Income	(8,916.41)	(2.85)	0.00	0.00	0.00	0.00	0.00	(8,919.26)
Misc. Non-Operating Exp-DOE Grant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Misc. Non-Operating Expenses	8,916.41	0.00	0.00	0.00	0.00	0.00	0.00	8,916.41
Total Other Non-Operating (Inc) Exp	(1,859,380.14)	(23,695.09)	0.00	0.00	(64,706.69)	0.00	0.00	(1,947,781.92)
FINANCING COSTS								
Interest on LTD-Bonds	0.00	0.00	0.00	0.00	346,112.46	0.00	0.00	346,112.46
Interest on LTD-Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest on Transco Debt	635,954.35	0.00	0.00	0.00	0.00	0.00	0.00	635,954.35
Interest on Short-term Debt	602.74	0.00	0.00	0.00	0.00	0.00	0.00	602.74
Financing Costs on LTD-Swp Rel.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Amortization of DIE-Letter of Crdt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Amortization of Debt Issue Exp.	5,801.95	0.00	0.00	0.00	0.00	0.00	0.00	5,801.95
Amortization of Loss on Reaq.Debt.	0.00	0.00	0.00	0.00	371,516.88	0.00	0.00	371,516.88
Amortization of Bond Premium	0.00	0.00	0.00	0.00	(519,279.06)	0.00	0.00	(519,279.06)
Net Financing Expenses	642,359.04	0.00	0.00	0.00	198,350.28	0.00	0.00	840,709.32
Total Non-Operating (Inc) Exp	(1,217,021.10)	(23,695.09)	0.00	0.00	133,643.59	0.00	0.00	(1,107,072.60)
TOTAL Net Earnings(Loss)	\$ 1,285,384.53	(\$ 229,067.37)	0.00	0.12	474,864.96	27,180.03	(307.40)	1,558,054.87

Vt. Public Power Supply Authority
 Consolidated Balance Sheet
 June 30, 2019

	2019	2018
ASSETS		
Electric Utility Plant	47,734,127.33	47,433,985.82
Accumulated Depreciation	(31,291,145.73)	(29,690,743.79)
Utility Plant in Service	16,442,981.60	17,743,242.03
CWIP-McNeil	65,969.71	129,014.73
CWIP-Highgate	0.00	0.00
CWIP-P10	41,236.04	0.00
Net Electric Plant	16,550,187.35	17,872,256.76
Intangible Plant-Net of Amort.	977.88	9,410.74
<u>Current Assets:</u>		
Special Funds	3,938,607.08	3,915,868.35
Cash and Working Funds	1,365,465.26	2,818,636.07
Cash - REC's	0.00	0.00
Cash - Vt. Transco	1,244,219.62	786,457.32
Cash - VEV Proceeds	0.00	50,662.33
Special Deposits-Collateral	0.00	0.00
Temporary Investments	6,176,955.43	5,269,784.94
Investment in Associated Co.	265,000.00	265,000.00
Investment in Vt. Transco	41,888,780.00	40,641,060.00
Accounts Receivable	4,648,471.56	4,224,030.90
Amounts Due From Members	0.00	0.00
Notes Receivable	0.00	0.00
Interest/Distributions Receivable	1,309,862.56	1,270,846.40
McNeil Inventory	986,596.65	991,926.60
P10 Inventory	223,283.81	217,799.17
Meter Inventory	515.00	515.00
Other Current Assets	166,825.89	171,763.13
Total Current Assets	62,214,582.86	60,624,350.21
<u>Other Assets:</u>		
Deferred Debits	452,560.81	407,508.51
Derivative Instrument Asset	0.00	0.00
Unamortized Dbt Iss Exp-LetCrd	0.00	0.00
Unamort Debt Issue Exp-McN	0.00	0.00
Unamort Debt Issue Exp-HG	0.00	0.00
Unamortiz Debt Issue Exp-P10	0.00	0.00
Total Other Assets	452,560.81	407,508.51
Total Assets	\$ 79,218,308.90	\$ 78,913,526.22

A/R Aging Analysis	
Current	100%
1-30 days	0%
31-60 days	0%
61-90 days	0%
91-120 days	0%
>120 days	0%
Total	100%



Vt. Public Power Supply Authority
Consolidated Balance Sheet
June 30, 2019

	2019	2018
LIABILITIES AND CAPITAL		
Unappropriated Retained Earnings	19,541,977.33	18,801,233.59
Unappropriated Earnings-Distributed	(1,193,836.48)	(1,193,836.48)
Appropriated Retained Earnings	12,069,928.07	10,002,758.91
Other Comprehensive Income	(54,325.31)	(94,112.38)
Total Retained Earnings	30,363,743.61	27,516,043.64
<u>Long-Term Debt:</u>		
LTD-P10 Bonds - Series A	13,655,000.00	14,730,000.00
LTD-P10 Bonds - Series B	795,000.00	860,000.00
LTD-Other - HG	0.00	0.00
LTD-Transco 2011 Consolid Refi	9,048,323.31	10,179,363.73
LTD-Transco 2012-2014 Members	3,164,870.44	3,560,479.20
LTD-Vt Transco '16 Members	1,310,290.00	1,520,290.00
LTD-Vt Transco Financing-HG	1,273,160.08	1,432,305.08
LTD-Vt Transco '17 Members	1,578,576.00	1,775,898.00
LTD-Vt Transco '18 Members	1,054,926.00	0.00
LTD-Vt Transco '18 VPPSA	68,022.00	0.00
LTD-Vt. Transco Financing-LCSF	0.00	8,746,500.00
LTD-LED SFTransco 2010-2020	2,194,000.00	2,194,000.00
Unamortized Premium-P10 Bonds	86,546.46	1,125,104.58
Unamortiz Loss-Reaqc Debt-P10	(61,919.52)	(804,953.28)
Net Long-Term Debt	34,166,794.77	45,318,987.31
Def. Revenues - Members	81,130.02	0.00
Def. Credits-Accrued Vac Liab.	83,666.21	76,126.56
Def Credits-LT Salaries Payabl	0.00	0.00
Total Deferred Revenues/Credits	164,796.23	76,126.56
<u>Current Liabilities:</u>		
Accounts Payable	2,728,066.28	2,629,366.71
Amounts due Members	372,500.34	350,286.33
Security Deposits	1,576.75	40,154.27
Short-term Bank Notes Payable	0.00	0.00
Current Maturities on L/T Debt	10,995,444.12	2,511,558.10
Derivative Instrument Liability	59,769.84	49,456.91
Accrued Interest	346,112.42	368,437.50
Accrued Taxes Payable	4,798.66	27,832.96
Accrued Salaries	0.00	0.00
Accrued Pension Contributions	2,539.62	0.00
Accrued Payroll Liabilities	2,476.84	4,593.20
Other Misc. Accrued Liabilities	9,689.42	20,682.73
Total Current Liabilities	14,522,974.29	6,002,368.71
Total Liabilities & Capital	\$ 79,218,308.90	\$ 78,913,526.22

Vermont Public Power Supply Authority
Non-Project Operations - Profit & Loss Statement
June 30, 2019

	Year to Date Actual	Year to Date Budget	Actual as % of Budget	Annual Budget
<u>Operating Revenues</u>				
Sales for Resales	15,817,608.94	16,553,988.80	96%	31,355,645.75
Serv. Fees, Members & Affiliates	930,725.53	930,624.54	100%	1,862,249.08
Admin Fees Allocated to Projects	173,420.88	173,421.00	100%	346,842.00
Project 10 Labor & OH Revenue	48,151.56	52,519.32	92%	102,584.84
VELCO Directorship	9,500.00	4,500.00	211%	18,000.00
Renewable Energy Certificates	930,036.48	791,396.00	118%	2,052,689.00
Misc. Revenues	25,191.97	0.00	0%	0.00
Total Operating Revenues	17,934,635.36	18,506,449.66	97%	35,738,010.67
<u>Operating Expenses</u>				
Other Power Supply Expense				
OPSE-Purchased Power	10,337,294.03	11,185,658.64	92%	21,863,408.67
OPSE-REC Purchase Exp.	1,594.80	0.00	0%	0.00
OPSE-Purchase Pwr-'15 SO	76,344.33	96,737.20		194,143.49
OPSE-Purchase Pwr-'17 SO	0.00	0.00	0%	0.00
Total Other Power Supply Expense	10,415,233.16	11,282,395.84	92%	22,057,552.16
Transmission Expense				
TRSM-Oper-Transm by Others	6,215,489.72	6,022,813.33	103%	11,270,566.93
TRSM-Oper-Misc Transm Exp	5,788.29	3,900.00	148%	7,800.00
Total Transmission Expense	6,221,278.01	6,026,713.33	103%	11,278,366.93
Sales Expense				
REC Sales Expenses	4,250.00	0.00	0%	0.00
Total Sales Expense	4,250.00	0.00	0%	0.00
Admin & General Expense				
Salaries	570,380.02	612,303.52	93%	1,279,811.00
Payroll Overheads	48,024.96	53,445.38	90%	99,362.07
Office Supplies & Expense	106,168.17	100,196.50	106%	188,568.00
Outside Services	182,483.42	141,000.02	129%	277,000.00
Insurances	46,160.37	49,156.02	94%	57,091.00
Employee Benefits	190,030.24	208,550.96	91%	384,737.88
Memberships/Dues	32,957.53	23,250.02	142%	25,950.00
Conference & Travel Expenses	19,165.50	36,372.46	53%	72,745.00
Rents	0.00	0.00	0%	0.00
Transportation Expenses	1,558.05	1,749.98	89%	3,500.00
A & G Transferred Credit	0.00	0.00	0%	0.00
Total A & G Expenses	1,196,928.26	1,226,024.86	98%	2,388,764.95

Vermont Public Power Supply Authority
Non-Project Operations - Profit & Loss Statement
June 30, 2019

	Year to Date Actual	Year to Date Budget	Actual as % of Budget	Annual Budget
Other Operating Expenses				
Property Taxes	7,150.02	7,149.98	100%	14,300.00
Depreciation Expense	21,432.48	21,432.48	100%	42,865.00
Amortization Expense	0.00	0.00	0%	0.00
Total Other Operating Expenses	28,582.50	28,582.46	100%	57,165.00
Total Operating Expenses	17,866,271.93	18,563,716.49	96%	35,781,849.04
Total Operating Income (Loss)	68,363.43	(57,266.83)	-119%	(43,838.37)
Non-Operating (Income) Expenses				
Interest/Finance Chg Income	(17,894.02)	(16,000.02)	112%	(32,000.00)
Vt. Transco Income	(2,619,724.35)	(2,569,433.00)	102%	(5,138,866.00)
Non-Operating Income-Member Purch.	(8,916.41)	0.00	0%	0.00
Non-Operating Inc-Gain on Disp of Plant	0.00	0.00	0%	0.00
Misc. Non-Operating Income	0.00	0.00	0%	0.00
Non-Operating Expenses-Member Purchases	8,916.41	0.00	0%	0.00
Misc. Non-Operating Expenses	0.00	0.00	0%	0.00
Net Other Non-Operating (Inc) Exp	(2,637,618.37)	(2,585,433.02)	102%	(5,170,866.00)
Financing Costs				
Other Interest Expense	602.74	6,500.00	9%	6,500.00
Other Interest Expense-Transco	0.00	0.00	0%	0.00
Interest on LTD-Transco	635,954.35	637,315.81	100%	1,392,266.49
Amort. of Debt Issue Exp-Transco	5,801.95	5,000.00	116%	5,000.00
Transco Net Settlement Exp.	778,238.23	769,932.30	101%	1,563,155.55
Interest on LTD	0.00	0.00	0%	0.00
Amortiz of Debt Iss. Exp-LtrCr	0.00	0.00	0%	0.00
Net Financing Costs	1,420,597.27	1,418,748.11	100%	2,966,922.04
Total Non-Operating (Inc) Exp	(1,217,021.10)	(1,166,684.91)	104%	(2,203,943.96)
Total Net Earnings (Loss)	\$ 1,285,384.53	\$ 1,109,418.08	116%	\$ 2,160,105.59

Vermont Public Power Supply Authority
McNeil Project #2 - Profit & Loss Statement
June 30, 2019

	Year to Date Actual	Year to Date Budget	Actual as % of Budget	Annual Budget
<u>OPERATING REVENUES & INCOME</u>				
Sales for ReSale	2,020,932.64	2,769,918.84	73%	5,398,038.38
REC Sales	0.00	0.00	0%	0.00
Total Operating Revenues & Income	2,020,932.64	2,769,918.84	73%	5,398,038.38
<u>OPERATING EXPENSES</u>				
STEAM PWR GENERATION-OPERATIONS				
SPG-Oper- Misc. Steam Power Expenses	52,892.43	66,771.12	79%	133,542.24
SPG-Oper-Supv&Engineering	42,974.42	42,153.00	102%	84,306.00
SPG-Oper-Steam Exp-Fuel Oil	9,008.63	1,146.08	786%	1,146.08
SPG-Oper-Wood Fuel Expense	950,825.73	1,470,748.34	65%	2,800,828.78
SPG-Oper-Cap Rel Wood Ene Cost	25,382.49	45,109.98	56%	90,219.96
SPG-Oper-Natural Gas Fuel Exp.	7,889.68	10,977.30	72%	21,969.28
SPG-Oper-Steam Expenses	149,959.57	189,297.18	79%	378,594.36
SPG-Oper-Electric Expenses	65,770.50	73,968.42	89%	147,936.84
Total SPG-Operations Expense	1,304,703.45	1,900,171.42	69%	3,658,543.54
STEAM PWR GENERATION-MAINTENANCE				
SPG-Maint-Supv. & Engineering	8,870.91	9,425.64	94%	18,851.28
SPG-Maint-Structures	7,489.23	13,214.34	57%	26,428.68
SPG-Maint-Boiler	101,334.40	186,114.78	54%	372,229.56
SPG-Maint-Electric Plt	304,245.26	326,097.78	93%	652,195.56
SPG-Maint-Steam Plant	4,420.00	7,561.32	58%	15,122.64
Total SPG Maintenance Expense	426,359.80	542,413.86	79%	1,084,827.72
TRANSMISSION-OPERATIONS				
TRSM-Oper-Station Equipment	2,262.46	7,552.50	30%	15,105.00
TRSM-Oper-Rent	1,907.58	1,402.20	136%	2,804.40
Total TRSM Operation Expense	4,170.04	8,954.70	47%	17,909.40
TRANSMISSION-MAINTENANCE				
TRSM-Maint-Station Equipment	0.00	570.00	0%	1,140.00
Total TRSM Maintenance Expense	0.00	570.00	0%	1,140.00
OTHER POWER SUPPLY				
OPSE-Syst. Ctrl & Load Dispa	3,507.31	4,282.80	82%	8,565.60
OPSE-Purchased Power-McN	0.00	0.00	0%	0.00
OPSE-McN REC Purch Exp	0.00	0.00	0%	0.00
Total Other PS Expense	3,507.31	4,282.80	82%	8,565.60
CUSTOMER SVS & INFORMATION				
Cust Svs & Info-Cust Assist.	0.00	0.00	0%	0.00
Cust Svs & Info-Info Adv Exp	7,634.27	7,939.80	96%	15,879.60
Total Cust Svs & Info Expense	7,634.27	7,939.80	96%	15,879.60
SALES EXPENES				
A&G - Sales Expense-REC's-McN	0.00	1,000.00	0%	2,000.00
Total Sales Expense	0.00	1,000.00	0%	2,000.00
ADMINISTRATIVE & GENERAL				
A&G-Salaries-McN	78,565.95	80,679.84	97%	161,359.68
A&G-Office Supplies & Exp-McN	14,654.31	18,972.60	77%	37,945.20

	Year to Date Actual	Year to Date Budget	Actual as % of Budget	Annual Budget
A&G-Outside Services-McN	17,647.29	23,324.52	76%	46,649.04
A&G-Property Insurance-McN	2,802.72	20,274.36	14%	40,548.72
A&G-Injuries & Damages-McN	12,276.65	19,748.88	62%	39,497.76
A&G-Safety Meetings&Equip-McN	10,580.60	0.00	0%	0.00
A&G-Environmental Compl.-McN	0.00	0.00	0%	0.00
A&G-Employee Ben Alloc-McN	9,167.70	9,167.70	100%	18,335.40
A&G-Employee Ben-Pension-McN	37,392.93	0.00	0%	0.00
A&G-Employee Ben-McN Health	61,635.74	0.00	0%	0.00
A&G-Employee Benefits-Sick-McN	0.00	0.00	0%	0.00
A&G-Employee Ben-Physical-McN	0.00	0.00	0%	0.00
A&G-Employee Ben-Life Ins-McN	331.64	0.00	0%	0.00
A&G-Employee Ben-Unempl Comp	0.00	0.00	0%	0.00
A&G-P/R Ovhd's Alloc-McN	(121,867.87)	0.00	0%	0.00
A & G - Employee Ben-McN Taxes	24,681.11	0.00	0%	0.00
A&G-Misc General Expense-McN	414.82	4,861.80	9%	9,723.60
A&G-Misc. - McN	0.00	0.00	0%	0.00
A&G-Maint of General Plant	247.16	1,529.52	16%	3,059.04
Total Administrative Expense	148,530.75	178,559.22	83%	357,118.44
OTHER				
Taxes- In Lieu of Property Taxes	126,027.00	126,027.00	100%	252,054.00
Depreciation Expense	252,762.48	252,762.48	100%	505,524.96
Amortization Expense	0.00	0.00	0%	0.00
Total Other Expenses	378,789.48	378,789.48	100%	757,578.96
Total Operating Expenses	2,273,695.10	3,022,681.28	75%	5,903,563.26
Total Operating Income (Loss)	(252,762.46)	(252,762.44)	100%	(505,524.88)
<u>NON-OPERATING (INCOME) & EXPENSES</u>				
Interest Income-McN	(23,692.24)	(15,000.00)	158%	(30,000.00)
Gain/Loss -Disp of Utility Plt	0.00	0.00	0%	0.00
Misc. Non-Oper. Income-McN	(2.85)	0.00	0%	0.00
Gain-Disposition of Property	0.00	0.00	0%	0.00
Misc Non-Oper Inc-Realiz Gain	0.00	0.00	0%	0.00
Misc. Non-Operating Exp-McN	0.00	0.00	0%	0.00
Misc Non Oper Exp-McN Realiz L	0.00	0.00	0%	0.00
Net Non-Operating (Inc) Exp	(23,695.09)	(15,000.00)	158%	(30,000.00)
FINANCING COSTS				
Interest on LTD-McN Bonds	0.00	0.00	0%	0.00
Interest on LTD-McN Other	0.00	0.00	0%	0.00
Amortiz. of Debt Issue Exp-McN	0.00	0.00	0%	0.00
Amortiz. of Loss on Req. Debt	0.00	0.00	0%	0.00
Amort. of Premium-McN	0.00	0.00	0%	0.00
Net Financing Expenses	0.00	0.00	0%	0.00
Total Non-Operating (Income) & Expen	(23,695.09)	(15,000.00)	158%	(30,000.00)
Total Net Income (Loss)	(\$ 229,067.37)	(\$ 237,762.44)	96%	(\$ 475,524.88)

Vermont Public Power Supply Authority
Highgate Project #3 - Profit & Loss Statement
June 30, 2019

	Year to Date Actual	Year to Date Budget	Actual as % of Budget	Annual Budget
Revenues				
Sales for Resale-HG	\$ 0.00	\$ 0.00	0%	0.00
Total Highgate Operating Revenue	0.00	0.00	0%	0.00
Expenses				
TRSM-Oper-Supv&Engineer	0.00	0.00	0%	0.00
TRSM-Oper-Load Distance	0.00	0.00	0%	0.00
TRSM-Oper-Station Expense	0.00	0.00	0%	0.00
TRSM-Oper-Overhead Line Exp	0.00	0.00	0%	0.00
TRSM-Oper-Misc Transm Exp	0.00	0.00	0%	0.00
TRSM-Oper-HG RR Lease	0.00	0.00	0%	0.00
Transmission Operating Expense	0.00	0.00	0%	0.00
TRSM-Maint-Supv. & Engineer	0.00	0.00	0%	0.00
TRSM-Maint-Structures	0.00	0.00	0%	0.00
TRSM-Maint-Station Equip.	0.00	0.00	0%	0.00
TRSM-Maint-Overhead Lines	0.00	0.00	0%	0.00
TRSM-Maint-Misc Transm Plt	0.00	0.00	0%	0.00
Transmission Maintenance Expense	0.00	0.00	0%	0.00
A&G-Salaries-HG	0.00	0.00	0%	0.00
A&G-Office Supplies & Exp-HG	0.00	0.00	0%	0.00
A&G-Office Sup&Exp-HG Adm Allo	0.00	0.00	0%	0.00
A&G-Outside Services-HG	0.00	0.00	0%	0.00
A&G-Outside Svs-HG Admin Alloc	0.00	0.00	0%	0.00
A&G-Property Insurance-HG	0.00	0.00	0%	0.00
A&G-Injuries & Damages-HG	0.00	0.00	0%	0.00
A&G-Employee Benefits Alloc-HG	0.00	0.00	0%	0.00
A&G-Miscellaneous-HG	0.00	0.00	0%	0.00
A&G-Rents-HG	0.00	0.00	0%	0.00
A&G-Maint of General Plt-HG	0.00	0.00	0%	0.00
Administrative & General Expense	0.00	0.00	0%	0.00
Property Taxes-HG	0.00	0.00	0%	0.00
Depreciation Expense-HG	0.00	0.00	0%	0.00
Other Operating Expenses	0.00	0.00	0%	0.00
Total Operating Expenses	0.00	0.00	0%	0.00
Total Operating Income (Loss)	0.00	0.00	0%	0.00
Interest Income-HG	0.00	0.00	0%	0.00
Gain/Loss on Disp of Plt-HG	0.00	0.00	0%	0.00
Net Non-Operating (Inc) Exp	0.00	0.00	0%	0.00
Other Interest Expense-HG	0.00	0.00	0%	0.00
Interest on LTD-HG Other	0.00	0.00	0%	0.00
Misc Financing Costs-Swp Rel	0.00	0.00	0%	0.00
Total Financing Costs	0.00	0.00	0%	0.00
Total Net Earnings (Loss)	\$ 0.00	\$ 0.00	0%	\$ 0.00

Vermont Public Power Supply Authority
Central Computer Project #4 - Profit & Loss Statement
June 30, 2019

	Year to Date Actual	Year to Date Budget	Actual as % of Bdgt	Annual Budget
Revenues				
Total Project 4 Revenue	60,658.86	60,658.80	100%	121,317.60
Operating Expenses				
A&G-C.Comp-Non Budgeted Exp.	0.00	0.00	0%	0.00
A&G-Computer/Printer Sup.-CC	600.00	600.00	100%	1,200.00
A&G-Comp Hard/Soft Maint.-CC	36,031.44	36,031.50	100%	72,063.00
A&G-Online Charges-CComp	904.50	904.50	100%	1,809.00
Computer Software/Hardware Pur	0.00	0.00	0%	0.00
A&G-Direct Charges Bdgt-C.Comp	0.00	0.00	0%	0.00
A&G-C.Computer Admin Expense	23,122.80	23,122.80	100%	46,245.60
Depreciation Expense-CC	0.00	0.00	0%	0.00
Total Operating Expenses	60,658.74	60,658.80	100%	121,317.60
Financing Costs				
Amortiz. of Debt Issue Exp.-CC	0.00	0.00	0.00	0.00
Other Interest Expense-CComp	0.00	0.00	0.00	0.00
Total Financing Costs	0.00	0.00	0%	0.00
Total Project 4 Expense	60,658.74	60,658.80	100%	121,317.60
Net Earnings (Loss)	\$ 0.12	\$ 0.00	0%	\$ 0.00

Vermont Public Power Supply Authority
Swanton Peaker Project #10 - Profit & Loss Statement
June 30, 2019

	Year to Date Actual	Year to Date Budget	Actual as % of Budget	Annual Budget
REVENUES & OTHER OPERATING INCOME				
Sales for ReSale	1,565,783.77	1,565,783.75	100%	3,293,894.13
Other Revenues	0.00	0.00	0%	0.00
Total Revenues & Operating Income	1,565,783.77	1,565,783.75	100%	3,293,894.13

OPERATING EXPENSES**OTHER PWR GENERATION-OPERATIONS**

OPG-Oper-Superv & Engineer Exp	0.00	0.00	0%	0.00
OPG-Oper-Fuel Oil Exp.	28,127.76	66,665.84	42%	262,556.61
OPG-Oper-Fuel Biodiesel Exp.	0.00	0.00	0%	0.00
OPG-Oper-Fuel-Dem Wtr-P10	0.00	0.00	0%	0.00
OPG-Fuel-Starting Diesel	0.00	300.00	0%	600.00
OPG-Oper-Generation Exp-Direct Lbr	22,145.75	23,061.02	96%	46,122.00
OPG-Oper-Generation Exp-Lbr	495.00	1,500.00	33%	3,000.00
OPG-Oper-Generation Exp-EngLbr	0.00	6,000.00	0%	12,000.00
OPG-Oper-Generation Exp-Materi	1,496.79	300.00	499%	600.00
OPG-Oper-Generation Exp-OH	7,097.33	8,450.57	84%	15,428.86
OPG-Oper-Misc & Other Gen	0.00	0.00	0%	0.00
OPG-Oper-Misc & Oth Gen-Materi	126.48	600.00	21%	1,200.00
OPG-Oper-Misc & Oth Gen-Tools	59.59	600.00	10%	1,200.00
OPG-Oper-Misc Gen-Comp. Har/So	324.85	1,456.00	22%	6,996.00
OPG-Oper-Misc Gen-Permits	1,206.40	1,075.00	112%	1,375.00
OPG-Oper-Misc Gen-Electric	45,929.83	50,300.00	91%	93,800.00
OPG-Oper-Misc Gen-Ben/Incident	0.00	300.00	0%	600.00
OPG-Oper-Misc Gen-Tel/Internet	2,871.02	2,880.00	100%	5,760.00
OPG-Oper-Misc Gen-Groundskeep	1,120.82	2,350.00	48%	4,200.00
OPG-Oper-Misc Gen-Transp Exp	0.00	300.00	0%	600.00
OPG-Oper-Misc Gen-Trash Rem	423.78	450.00	94%	900.00
OPG-Oper-Misc Gen-Water	1,137.11	1,140.00	100%	2,280.00
OPG-Oper-Misc Gen-Waste Tax	0.00	0.00	0%	0.00
OPG-Oper-Misc Gen-Waste Rem	0.00	1,200.00	0%	2,400.00
OPG-Oper-Misc Gen-CO2 System	3,457.24	4,500.00	77%	9,000.00
OPG-Oper-Misc & Oth Gen-Train	0.00	7,500.00	0%	15,000.00
OPG-Oper-Misc Gen-Security Sys	690.12	1,800.00	38%	3,600.00
OPG-Oper-Misc Gen-Mileage	429.78	600.00	72%	1,200.00
OPG-Oper-Misc Gen-Admin Supplies	0.00	300.00	0%	600.00
OPG-Oper-Misc Gen-Shop Supplies	14.99	0.00	0%	0.00
OPG-Rents-P10	540.00	900.00	60%	1,800.00
OPG-Rents-Land Lease-P10	757.56	757.56	100%	1,515.12
Total OPG-Operations Expense	118,452.20	185,285.99	64%	494,333.59

OTHER PWR GENERATION-MAINTENANCE

OPG-Maint-Superv & Eng Exp.	0.00	0.00	0%	0.00
OPG-Maint-Structures	0.00	900.00	0%	1,800.00
OPG-Maint-Gen&Elec Eq-Dir Lbr	13,999.79	15,374.00	91%	30,748.00
OPG-Maint-Gen & Elec Eq-Labor	0.00	3,000.00	0%	8,200.00
OPG-Maint-Gen & Elec Eq-Materi	787.03	3,000.00	26%	6,000.00
OPG-Maint-Gen & Elec Eq-OH	4,908.69	5,633.72	87%	10,285.93
OPG-Maint-Misc. Oth Pwr Gen Pl	0.00	300.00	0%	600.00
Total OPG Maintenance Expense	19,695.51	28,207.72	70%	57,633.93

Vermont Public Power Supply Authority
Swanton Peaker Project #10 - Profit & Loss Statement
June 30, 2019

	Year to Date Actual	Year to Date Budget	Actual as % of Budget	Annual Budget
TRANSMISSION-OPERATIONS				
Transm-Oper-Superv. & Eng.	0.00	0.00	0%	0.00
Transm-Oper-Station Exp.	0.00	300.00	0%	600.00
Transm-Oper-Ovhd Lines Exp	0.00	150.00	0%	300.00
Transm-Oper-Transm. by Others	0.00	120.00	0%	240.00
Transm-Oper-Misc Transm Exp	0.00	0.00	0%	0.00
Total TRSM Operation Expense	0.00	570.00	0%	1,140.00
TRANSMISSION-MAINTENANCE				
Transm-Maint-Structures	0.00	300.00	0%	600.00
Transm-Maint-Station Equip.	0.00	300.00	0%	28,600.00
Transm-Maint-Overhead Lines	0.00	300.00	0%	600.00
Transm-Maint-Undergrd Lines	0.00	0.00	0%	0.00
Transm-Maint-Misc. Transm.	0.00	0.00	0%	0.00
Total TRSM Maintenance Expense	0.00	900.00	0%	29,800.00
OTHER POWER SUPPLY				
OPSE-Power Supply - P10	0.00	0.00	0%	0.00
OPSE-Sys Cntrl & Ld Disp - P10	4,631.82	4,440.00	104%	8,880.00
Total Other PS Expense	4,631.82	4,440.00	104%	8,880.00
REGIONAL MARKET EXPENSES				
RME-Market Monitor/Compl-Gen	958.72	12,499.98	8%	25,000.00
RME-Market Monitor/Compl-L&O	0.00	0.00	0%	0.00
Total Reg. Market Expense	958.72	12,499.98	8%	25,000.00
ADMINISTRATIVE & GENERAL				
A & G - Salaries - P10	24,058.80	24,058.80	100%	48,117.60
A & G - Bank Fees - P10	0.00	0.00	0%	0.00
A & G-General Office Supp- P10	0.00	0.00	0%	0.00
A&G-Local Mileage Exp-P10	48.14	300.00	16%	600.00
A&G-Local Meals Exp-P10	0.00	150.00	0%	300.00
A & G-Utilities- P10	0.00	0.00	0%	0.00
A & G-Telephone- P10	0.00	60.00	0%	120.00
A&G-Groundskpg/Snow Rem-P10	0.00	0.00	0%	0.00
A&G-Online Charges-P10	0.00	0.00	0%	0.00
A&G-Comp Soft/Hardware-P10	(70.01)	0.00	0%	0.00
A&G-Office Supp&Exp - P10 Alloc	7,479.06	7,479.06	100%	14,958.12
A&G-Outside Svs Legal-P10	1,014.00	3,000.00	34%	6,000.00
A&G-Outside Svs Other-P10	16,170.00	15,600.00	104%	47,300.00
A&G-Outside Svs-P10 Admin	5,539.98	5,539.98	100%	11,079.96
A&G-Property Insurance-P10	138,192.60	156,792.96	88%	136,765.56
A&G-Prop Insurance-P10 Admin	0.00	0.00	0%	0.00
A&G-Pollution Insurance-P10	0.00	7,892.23	0%	7,892.23
A&G-General Liability Ins-P10	21,368.50	22,348.74	96%	19,992.58
A&G-Injuries & Damages-P10	15,111.37	15,142.62	100%	13,546.32
A&G-P10 W/C Insurance	2,667.19	3,410.91	78%	2,538.03
A&G-P10 Safety Mtg & WC Related	4,128.00	1,200.00	344%	2,400.00
A&G-Employee Benefits-P10	9,167.70	9,167.70	100%	18,335.40
A&G-Misc Gen Exp-P10	0.00	0.00	0%	0.00
A&G - Conferences/Training-P10	0.00	0.00	0%	0.00
A&G Misc - P10	0.00	0.00	0%	0.00
Total Administrative Expense	244,875.33	272,143.00	90%	329,945.80

Vermont Public Power Supply Authority
Swanton Peaker Project #10 - Profit & Loss Statement
June 30, 2019

	Year to Date Actual	Year to Date Budget	Actual as % of Budget	Annual Budget
OTHER OPERATING EXPENSES				
Property Taxes	0.00	0.00	0%	21,000.00
Depreciation Expense	568,661.64	568,661.64	100%	1,137,323.28
Amortization Expense	0.00	0.00	0%	0.00
Total Other Operating Expenses	568,661.64	568,661.64	100%	1,158,323.28
Total Operating Expenses	957,275.22	1,072,708.33	89%	2,105,056.60
Net Operating Income (Loss)	608,508.55	493,075.42	123%	1,188,837.53
NON-OPERATING INCOME/EXPENSES				
OTHER NON-OPERATING (INCOME) EXPENSE				
Insurance Settlement (net)	0.00	0.00	0%	0.00
Net Realized (Gain)Loss on Investments	0.00	0.00	0%	0.00
Interest Income-P10	(64,706.69)	(24,000.00)	270%	(48,000.00)
Net Other Non-Operating (Inc) Exp	(64,706.69)	(24,000.00)	270%	(48,000.00)
FINANCING COSTS				
Interest on LTD-P10 Bonds	346,112.46	346,112.46	100%	674,840.58
Interest on LTD-P10 Other	0.00	0.00	0%	0.00
Other Interest Expense-P10	0.00	0.00	0%	0.00
Amortiz of Debt Issue Exp	0.00	0.00	0%	0.00
Amortiz of Loss on Req Debt	371,516.88	371,516.88	100%	743,033.76
Amortiz. of Premium-P10	(519,279.06)	(519,279.06)	100%	(1,038,558.12)
Net Financing Expenses	198,350.28	198,350.28	100%	379,316.22
Total Non-Operating (Inc) Exp	133,643.59	174,350.28	77%	331,316.22
TOTAL P10 INCOME (LOSS)	\$ 474,864.96	\$ 318,725.14	149%	\$ 857,521.31

Vermont Public Power Supply Authority
Renewable Energy Standards Project - Profit & Loss Statement
June 30, 2019

	Year to Date Actual	Year to Date Budget	Actual as % of Budget	Annual Budget
Revenues				
Service Revenue-RES Tier 1	\$ 60,529.44	\$ 60,529.50	100%	121,059.00
Service Revenue-RES Tier 2	3,541.26	3,541.32	100%	7,082.64
Service Revenue-RES Tier 3	70,429.62	70,429.62	100%	140,859.24
Total RES Operating Revenue	134,500.32	134,500.44	100%	269,000.88
Operating Expenses				
OTHER POWER SUPPLY EXPENSE				
OPSE-REC Purchase Exp-Tier 1	29,200.02	50,123.52	58%	100,247.04
OPSE-REC Purchase Exp-Tier 2	42,787.50	2,932.50	1459%	5,865.00
OPSE-REC Purchase Exp-Tier 3	0.00	0.00	0%	0.00
Total Other Power Supply Expense	71,987.52	53,056.02	136%	106,112.04
TRANSMISSION EXPENSE				
Total Transmission Expense	0.00	0.00	0%	0.00
CUSTOMER SVS & INFORMATION				
Cust Svs & Info-RES I&A-T1	0.00	0.00	0%	0.00
Cust Svs & Info-RES I&A-T2	0.00	0.00	0%	0.00
Cust Svs & Info-RES I&A-T3	2,733.75	3,750.00	73%	7,500.00
Total Cust Svs & Info Expense	2,733.75	3,750.00	73%	7,500.00
SALES EXPENES				
Sales-Misc Sales Exp-RES T1	2,847.40	0.00	0%	0.00
Sales-Misc Sales Exp-RES T2	0.00	0.00	0%	0.00
Sales-Misc Sales Exp-RES T3	5,300.00	53,321.52	10%	106,643.04
Total Sales Expense	8,147.40	53,321.52	15%	106,643.04
ADMINISTRATIVE & GENERAL				
A&G-Salaries-AdminAlloc-RES T1	5,413.62	5,413.62	100%	10,827.24
A&G-Salaries-AdminAlloc-RES T2	316.74	316.74	100%	633.48
A&G-Salaries-AdminAlloc-RES T3	6,299.04	6,299.04	100%	12,598.08
A&G Computer Hard/Soft-RES T3	1,188.00	0.00	0%	0.00
A&G-O S&E-AdminAlloc-RES T1	1,682.88	1,682.88	100%	3,365.76
A&G-O S&E-AdminAlloc-RES T2	98.46	98.46	100%	196.92
A&G-O S&E-AdminAlloc-RES T3	1,958.16	1,958.16	100%	3,916.32
A&G-Outside Svs-Legal RES-T1	0.00	0.00	0%	0.00
A&G-Outside Svs-Legal RES-T2	0.00	0.00	0%	0.00
A&G-Outside Svs-Legal RES-T3	140.76	1,249.98	11%	2,499.96
A&G-Outside Svs-RES T1 Admin	1,246.62	1,246.66	100%	2,493.28

Vermont Public Power Supply Authority
Renewable Energy Standards Project - Profit & Loss Statement

June 30, 2019

A&G-Outside Svs-RES T2 Admin	72.96	72.96	100%	145.92
A&G-Outside Svs-RES T3 Admin	1,450.50	1,450.50	100%	2,901.00
A&G-Employee Ben Alloc-RES T1	2,062.86	2,062.86	100%	4,125.72
A&G-Employee Ben Alloc-RES T2	120.72	120.72	100%	241.44
A&G-Employee Ben Alloc-RES T3	2,400.30	2,400.30	100%	4,800.60

Total Administrative Expense	24,451.62	24,372.88	100%	48,745.72
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OTHER

Taxes- In Lieu of Property Taxes	0.00	0.00	0%	0.00
Depreciation Expense	0.00	0.00	0%	0.00
Amortization Expense	0.00	0.00	0%	0.00

Total Other Expenses	0.00	0.00	0%	0.00
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Total Operating Expenses	107,320.29	134,500.42	80%	269,000.80
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Total Operating Income (Loss)	27,180.03	0.02	135900150%	0.08
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NON-OPERATING (INCOME) & EXPENSES

Interest Income	0.00	0.00	0%	0.00
Misc Non-Operating Income	0.00	0.00	0%	0.00
Misc Non-Operating Expense	0.00	0.00	0%	0.00

Net Non-Operating (Inc) Exp	0.00	0.00	0%	0.00
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FINANCING COSTS

Interest on LTD	0.00	0.00	0%	0.00
Other Interest Expense	0.00	0.00	0%	0.00
Amortization Debt Issue Exp	0.00	0.00	0%	0.00
Amortization Debt Premium	0.00	0.00	0%	0.00

Net Financing Expenses	0.00	0.00	0%	0.00
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Total Non-Operating (Income) & Exp	0.00	0.00	0%	0.00
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Total Net Income (Loss)	\$ 27,180.03	\$ 0.02	135900150%	\$ 0.08
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Vermont Public Power Supply Authority
Net Metering Project - Profit & Loss Statement
June 30, 2019

	Year to Date Actual	Year to Date Budget	Actual as % of Budget	Annual Budget
Revenues				
Service Revenue-Net Metering	\$ 34,684.14	\$ 34,684.20	100%	69,368.40
Total Net Metering Operating Revenue	34,684.14	34,684.20	100%	69,368.40
Operating Expenses				
OTHER POWER SUPPLY EXPENSE	0.00	0.00	0%	0.00
Total Other Power Supply Expense	0.00	0.00	0%	0.00
TRANSMISSION EXPENSE	0.00	0.00	0%	0.00
Total Transmission Expense	0.00	0.00	0%	0.00
CUSTOMER SVS & INFORMATION	0.00	0.00	0%	0.00
Total Cust Svs & Info Expense	0.00	0.00	0%	0.00
SALES EXPENES	0.00	0.00	0%	0.00
Total Sales Expense	0.00	0.00	0%	0.00
ADMINISTRATIVE & GENERAL				
A&G-Salaries-Admin Alloc-NM	18,044.10	18,044.10	100%	36,088.20
A&G-OS&E-Amin Alloc-NM	5,609.28	5,609.28	100%	11,218.56
A&G-Outside Services-Legal-NM	0.00	0.00	0%	0.00
A&G-Outside Svs-Other-NM	0.00	0.00	0%	0.00
A&G-Outside Svs-NM Admin	4,155.00	4,155.00	100%	8,310.00
A&G-Employee Benefits Alloc-NM	6,875.76	6,875.76	100%	13,751.52
A&G-Misc - NM	307.40	0.00	0%	0.00
Total Administrative Expense	34,991.54	34,684.14	101%	69,368.28
OTHER				
Taxes- In Lieu of Property Taxes	0.00	0.00	0%	0.00
Depreciation Expense	0.00	0.00	0%	0.00
Amortization Expense	0.00	0.00	0%	0.00
Total Other Expenses	0.00	0.00	0%	0.00
Total Operating Expenses	34,991.54	34,684.14	101%	69,368.28
Total Operating Income (Loss)	(307.40)	0.06	-512333%	0.12

Vermont Public Power Supply Authority
Net Metering Project - Profit & Loss Statement
June 30, 2019

NON-OPERATING (INCOME) & EXPENSES

Interest Income	0.00	0.00	0%	0.00
Misc Non-Operating Income	0.00	0.00	0%	0.00
Misc Non-Operating Expense	0.00	0.00	0%	0.00

Net Non-Operating (Inc) Exp	0.00	0.00	0%	0.00
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FINANCING COSTS

Interest on LTD	0.00	0.00	0%	0.00
Other Interest Expense	0.00	0.00	0%	0.00
Amortization Debt Issue Exp	0.00	0.00	0%	0.00
Amortization Debt Premium	0.00	0.00	0%	0.00

Net Financing Expenses	0.00	0.00	0%	0.00
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Total Non-Operating (Income) & Expen	0.00	0.00	0%	0.00
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Total Net Income (Loss)	(\$ 307.40)	\$ 0.06	-512333%	\$ 0.12
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Memorandum

To: Board of Directors – Advisory & RMC
 From: Crystal Currier
 Date: August 2, 2019
 Subject: **Agenda Item #6** – Review of Organizational Policies

Over the last several months, VPPSA staff has reviewed, discussed and updated VPPSA’s organizational policies. The various updates are primarily to conform with existing practices. The policies, as updated, were further reviewed with the Advisory & Risk Management Committee. Both a strikeline version (changes as highlighted within each document, if applicable) and final/clean version of the policies are attached.

The following is a list of all the VPPSA policies and indication as to whether the policy remains as it currently exists or if changes were made:

<u>G1-Policies</u>	• Changes as noted within document
<u>G2-Communications with Media</u>	• Changes as noted within document
<u>F1-Financial Institution Services Authorization</u>	• Changes as noted within document
<u>F1-Financial Institution Services Authorization Attachment 1</u>	• Changes as noted within document
<u>F2-Budget Preparation</u>	• No Changes
<u>F3-Internal Control</u>	• No Changes
<u>F3-Internal Control Attachment 1</u>	• Changes as noted within document
<u>F4-Finance Charges and Notification of Overdue Receivables</u>	• Changes as noted within document
<u>F5-Capitalization Policy</u>	• Changes as noted within document
<u>F6-Insurance</u>	• No Changes
<u>F7-Tax Compliance</u>	• No Changes
<u>OP1-Computer and Other Electronic Device Security</u>	• Changes as noted within document
<u>OP2-Internet & Email Outages (previously rescinded)</u>	• No Changes
<u>OP3-Data Backup Policy</u>	• No Changes
<u>OP4-Disaster Recovery Plan</u>	• No Changes
<u>OP5-Use of Removable Media (previously rescinded)</u>	• No Changes
<u>OP6-Building Security</u>	• No Changes
<u>P3-Power Supply Authorities & P3 Attachment 1</u>	• Changes as noted within document

Motion:

Motion to approve VPPSA’s organizational policies as presented.



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Policies	Department:	General/Organizational
Policy Number:	G1	Adopted:	08/07/2019

1. OBJECTIVE: To identify, address and manage risks (both internal and external) inherent in the nature of the Authority's operations that could impair the Authority's ability to maintain a solid financial position and/or the ability to accomplish its mission. In addition, to provide a uniform set of definitions applicable to policies of the Authority and a protocol for the adoption and dissemination of such policies.

2. DEFINITIONS:

For purposes of this and all other policies adopted by the Authority, the following definitions shall apply:

- a. "Authority" means the Vermont Public Power Supply Authority.
- b. "Board" means the Board of Directors of the Authority.
- c. "Bylaws" means the bylaws adopted by the Board of the Authority.
- d. "ERM Plan" means an Enterprise Risk Management Plan that is comprised of organizational policies adopted by the Board and internal operating procedures developed by General Manager in consultation with the Internal Risk Management Committee.
- e. "Internal Operating Procedure(s)" means any written operating procedure or procedures, developed by the Internal Risk Management Committee for inclusion in the Authority's ERM Plan.
- f. "IRMC" means the Internal Risk Management Committee of the Authority. The IRMC shall consist of at least one individual from each department of the Authority.
- g. "Policy" or "policies" means any written policy adopted for inclusion in an ERM Plan by the Board of the Authority. The terms "policy" and "policies" do not include either (1) employee benefits guidelines and similar human resources documents, or (2) internal operating procedures that lie within the responsibility of the General Manager.
- h. "RMC" means the Risk Management Committee of the Authority. The RMC shall consist of three members of the Board of Directors and/or Alternate Directors as determined by the Board by Resolution.
- i. "RMC Coordinator" means an individual appointed by the IRMC to oversee the operational functions and to perform the specific tasks assigned to maintain the ERM Plan.

3. POLICIES:

To understand and manage both internal and external risk factors, the Authority shall:

- Establish and assign Authority Directors and/or Alternate Directors to the RMC of the Authority.
- Establish and assign individuals to the IRMC of the Authority.
- Develop and maintain an ERM Plan creating a systematic structure to address organizational risks and support the implementation of measures to manage such risks. The IRMC shall serve as the venue for such structure and shall meet no less than annually to provide a forum whereby organizational risks may be addressed.
- The IRMC shall review the adequacy of current policies, recommend changes to existing policies, and develop and/or recommend new policies as needed. The RMC Coordinator, on behalf of the IRMC, shall present to the RMC and the Board, any recommendations on altering or rescinding existing policies, or adopting new ones.
- The IRMC shall develop and recommend to the General Manager, internal operating procedures that provide consistency in the operational structure of the Authority and function to identify and manage risks across the organization.
- Maintain a master volume of organizational policies and internal operating procedures including all approved revisions. Such policies and procedures shall at a minimum address the following categories and topics:

• General & Organizational
• Finance
• Power Supply
• Operations
• Communications

- The Board shall consider new policies or policy revisions only at duly warned Board meetings, and in accordance with the Bylaws.

4. RESPONSIBILITY:

- It shall be the responsibility of the RMC Coordinator, in consultation with the IRMC and the General Manager, to present and distribute new policies and/or revisions to existing policies, to the RMC and the Board, and maintain a master volume of the approved policies and all operating procedures.
- It shall be the responsibility of the Board to consider and approve new policies and/or revisions to existing policies.
- It shall be the responsibility of the General Manager to approve Internal Operating Procedures.

4. ATTACHMENTS: NONE



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Communication with Media	Department:	General/Organizational
Policy Number:	G2	Adopted:	08/07/19

1. OBJECTIVE: To provide a clear protocol for communication by the Authority to the media, given the potentially sensitive nature of matters in which the Authority may be involved. In the context of this policy “media” shall include: news media, social media, digital media and general outreach.

2. POLICY:

The General Manager and the Communications Specialist shall be the primary representatives authorized to respond on behalf of the Authority to all media inquiries and the “only” representatives authorized to respond on behalf of the Authority regarding social media and digital media-

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The Chair and Vice Chair are authorized to represent the Board in response to news media inquiries.

All other persons associated with the Authority shall defer such inquiries to the above individuals, unless specifically authorized to communicate with the media on behalf of the Authority.

Anyone responding to the news media and/or general outreach on behalf of the Authority shall exercise due diligence and good faith with respect to such communications.

Individuals responding to Social and Digital Media shall adhere to the Authority’s Internal Operating Procedure IOP-C1, Social and Digital Communications.

3. RESPONSIBILITY:

It shall be the responsibility of the persons listed above to communicate with the media on behalf of the Authority as appropriate. These individuals shall also be responsible for determining whether to authorize other Authority personnel to communicate with the media.

4. ATTACHMENTS:

NONE

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Vermont Public Power Supply Authority

Official Policy

Policy Name:	Financial Institution Services Authorization	Department:	Finance
Policy Number:	F1	Adopted:	06/07/1708/07/19

1. **OBJECTIVE:** To establish, identify and authorize individuals to maintain financial institution relationships, have access to financial accounts, and to set limits for the Authority.

2. **POLICY:**

A. General

1. The General Manager, in consultation with the Internal Risk Management Committee, shall establish a list of persons authorized to sign checks, implement financial transfers and establish and maintain relations with appropriate financial institution personnel. That list shall be in the form of Attachment 1, titled "Financial Institution Services Authorization Policy Attachment 1".
2. Individuals identified on Attachment 1 shall execute such authority only within the scope of the Authority's Internal Control Policy (F3).
3. Any changes to Attachment 1 shall be approved by the General Manager, without further approval required by the Board.
4. The Authority's Treasurer and the Board of Directors will be provided a copy of Attachment 1 as soon as practical whenever revisions are made.
5. The Board may, in its discretion, designate and authorize other such individuals to sign checks, implement financial transfers and to establish and maintain relations with appropriate financial institution personnel.

B. Financial Institution Relations

1. Individuals authorized to maintain relations with appropriate financial institution personnel are listed on Attachment 1.

C. Check Signing

1. Individuals authorized to sign Authority checks are listed Attachment 1.
- ~~2.~~ Checks in amounts over ten thousand dollars (\$10,000) shall require two signatures.

D. ACH, Wires and Transfers

1. ACH, Wire and Transfer limits shall be established by the General Manager and documented on Attachment 1.

2. ACH, Wire and Transfers over ten thousand dollars (\$10,000) shall require, at a minimum, an internal secondary authorization and shall be executed by individuals within the scope of the Authority's Internal Control Policy (F3). If the online banking functionality provides security protocols that include secondary authorization requirements, those protocols shall be set such that the secondary authorization is completed during the online process.

E. Online Banking

1. Online banking access shall be limited to ~~three~~four computers.

F. Mobile Banking

1. Mobile banking access shall be limited to one mobile device.

3. RESPONSIBILITY:

- It shall be the responsibility of the General Manager in consultation with the Internal Risk Management Committee to designate individuals as identified on Attachment 1, to carry out the duties of this policy.
- It shall be the responsibility of the designated individuals identified on Attachment 1 of this policy to carry out the assigned responsibilities.

4. ATTACHMENTS:

Financial Institution Services Authorization Policy F1-Attachment 1

**Financial Institution Services Authorization Policy F1
Attachment 1**

As of August 28, 2017, the following individuals are authorized to facilitate the tasks as identified in VPPSA Policy F1-Financial Institution Services Authorization:

Section 2 (B):

- Kenneth Nolan, General Manager
- Crystal Currier, Controller

Section 2 (C):

- Kenneth Nolan, General Manager
- Crystal Currier, Controller
- Amy Parah, Accountant/Administrator (as a second signature only, or in the absence of ~~both~~ either the GM and the Controller)
- Lynn Paradis, Treasurer

Section 2 (D):

ACH and Wire Transfer Limits		
	ACH Limits	Wire Limits
Nolan, General Manager (Direct contact only- phone, in person)	\$3,265,000 (CCD) \$45,000 (PPD)	\$1,500,000
Currier, Controller	\$3,265,000 (CCD) \$45,000 (PPD)	\$1,500,000
Parah, Accountant/Administrator	\$3,265,000 (CCD) \$45,000 (PPD)	\$1,500,000
Simard, Sr. Analyst	2ndary Authorization Only	2ndary Authorization Only

CCD = Corporate to Corporate
PPD = Corporate to Personal

Kenneth Nolan

General Manager

08/28/201708/07/2019

Date



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Budget Preparation	Department:	Finance
Policy Number:	F2	Adopted:	06/07/1708/07/2019

1. OBJECTIVE: To set protocols for the annual budget(s) prepared by the Authority.

2. POLICY:

- The General Manager will work in conjunction with the VPPSA staff to prepare and present the following budgets to the Board and/or the Authority's members.
 - Authority's General Revenue & Operating Budget
 - Authority Project Revenue & Expense Budgets
 - Member Power Supply Budgets
- Preliminary budgets related to the Authority's general and project revenue and expenses will be submitted to the Board for review no later than the October Board of Directors meeting. Comments on the preliminary budget will be considered and a proposed final budget will be presented for review and approval at the December Board meeting.
- Member Power Supply Budgets will be completed and presented to the Members by the December Board of Directors meeting, as applicable.
- Non-Member Power Supply Budgets will be completed and provided to Non-Members no later than the date of the December Board of Directors meeting. Non-Member Power Supply Budgets will not be presented to the Board.

3. RESPONSIBILITY:

It shall be the responsibility of VPPSA staff to present budget requests to the General Manager for incorporation into the annual budget.

It shall be the responsibility of the Finance Department to correlate all budget requests, prepare the general revenue and operating budget and the annual project budgets.

It shall be the responsibility of the Power Supply Department to prepare the Member's Power Supply Budgets.

It shall be the responsibility of the General Manger to present the compilation of Authority budgets, including the Member's Power Supply Budgets, to the Board of Directors and/or the Authority's members.

It shall be the responsibility of the Board to review, comment and act upon the Authority's annual operating budgets.

It shall be the responsibility of the individual Authority Members to work with VPPSA staff in preparation of the Member's Power Supply Budgets.

3. ATTACHMENTS: NONE



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Internal Control	Department:	Finance
Policy Number:	F3	Adopted:	06/07/1708/07/2019

1. **OBJECTIVE:** To set protocols for the segregation of duties to ensure that appropriate internal controls are in place within the Finance Department of the Authority.
2. **POLICY:**
 - Accounting duties within the Finance department will be segregated in such a manner that tasks are processed, authorized and implemented by separate individuals to the extent reasonably practicable.
 - The General Manager, in consultation with the Internal Risk Management Committee, will designate individuals to execute specific tasks ensuring that at least two (2) appropriate individuals are assigned to each activity.
 - Employees assigned to tasks may change from time to time to accommodate business needs. Such employee assignments shall be recorded on Attachment 1 to this policy, titled “Internal Control Policy F3-Attachment 1”.
 - Any changes to Attachment 1 shall be approved by the General Manager, without further approval by the Board.
 - The Authority’s Treasurer and the Board of Directors will be provided a copy of Attachment 1 as soon as practical whenever revisions are made.
 - Areas of segregation shall include cash management, payroll, and accounts payable.

3. RESPONSIBILITY:

It shall be the responsibility of the General Manager in consultation with the Internal Risk Management Committee to identify areas of segregation and designate individuals to implement tasks associated with those areas.

It shall be the responsibility of those individuals identified on Attachment 1 to this policy to carry out the assigned responsibilities.

4. ATTACHMENTS:

Internal Control Policy F3-Attachment 1

**Internal Control Policy F3
Attachment 1**

As of ~~June 7, 2017~~August 7, 2019 the following individuals are authorized to facilitate the tasks as identified in VPPSA Policy F3-Internal Control:

Finance Task	BOD	Treasurer	G. Mgr (Nolan)	Ctr (Currier)	S.Acct/Admin- (Parah <u>Daubens</u> peck)	S.Analyst (Simard)
Process Daily Cash Receipts & Post to Member				XA	AX	
Post Daily Cash Receipts to Cash Register				XA	AX	
Review and Acknowledge Daily Cash Receipts Posted to Member Accounts			A-1	AX	AX	
Reconcile Cash Receipts & Disbursements from Bank to Register (daily)				XA	AX	
Process A/P Invoices, enter and prepare checks <u>&/or ACH payments</u>				A	X	
Authorize payment of A/P invoices			A	X	A-1	
Sign A/P Checks		A-1	A	X	A-1	
Reconcile bank statements (monthly)				A	X	
Review and Acknowledge Bank Statement Reconciliation			A	X		
Process payroll				X	A	
Set-up Payroll ACH				A	X	
Authorize Payroll ACH			<u>A-1</u>	X		A-2
Set-up Online Wire, ACH and/or Bank Transfers				A	X	
Review and Acknowledge Online Bank Transfers			<u>A-1</u>	X	A	A-2
Authorize Online Wire & ACH Transactions			<u>A-1</u>	X	A	A-2
Authorize Traditional Wires (by phone, in person)			A-1	X	A	
General Ledger Reconciliation & Financial Statement Prep.				X	A	
Financial Statement Review	X	X	AX	X	A-1	

X – identifies individual primarily responsible for task

A – identifies secondary individual responsible for task

A-1 – identifies authority of individual to perform task in the absence of X or A above

A-2 – identifies online ACH/Wire secondary authorization only

Kenneth Nolan

~~06/07/2017~~08/07/2019

General Manager

Date



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Finance Charges and Notification of Overdue Receivables	Department:	Finance
Policy Number:	F4	Adopted:	06/07/1708/07/2019

1. OBJECTIVE: To outline when and to what extent finance charges shall be assessed on overdue receivables of the Authority, ~~and~~ to ensure that there is timely communication of the overdue status of receivables between the Authority, it's members and others [and to identify a mechanism for collection of overdue receivables \(including finance charges\).](#)

2. POLICY:

A. Definitions.

1. General Receivables – all accounts receivable not otherwise governed by a specific written agreement such as a project sales agreement, or other similar agreement or contract that identifies a specific finance charge computation.
2. Specific Receivables – all accounts receivable governed by a specific written agreement such as a project sales agreement, or other similar agreement or contract that identifies a specific finance charge computation.
3. Member – any Member system of the Authority.
4. Non-Member – any customer of the Authority that is not a Member of the Authority.

B. Finance charge on overdue receivables.

1. All General Receivables shall be subject to finance charges at such time the invoice amount remains unpaid beyond thirty (30) days after the invoice due date. The finance charge shall be calculated at 65% of prime rate as set forth in the *Wall Street Journal* plus 2.5% and shall be assessed on a daily basis, on the unpaid balance due, retroactive to the invoice due date or the date of the last finance charge calculation.
 - i. Ex: prime rate of 3.5%. Calculation = unpaid balance*((3.5%*65%)+2.5%)/365*# of days since invoice due date (or last finance charge calculation date)
2. Specific Receivables shall be subject to finance charges as governed in the specific written agreement and/or contract.
3. Members may request to have finance charges waived by petition to the Board of Directors.

C. Communication of overdue status.

1. Members -when any account receivable from a Member becomes overdue to the extent that it has incurred a finance charge under the terms of this policy, the General Manager or the Controller of the Authority shall notify the following individuals of the overdue status in writing:
 - a. The Member’s system manager.
 - b. The Member’s appointed Director on the Authority’s Board of Directors and/or the chair of that Member’s governing board.

It shall be the responsibility of the General Manager to ensure that the notice is sent to at least two separate individuals at separate addresses.

Any notice sent under this section shall be sent by ~~both mail and~~ electronic mail, or by other reasonable means if electronic mail is not available.

~~In the event that any receivable from a Member incurs finance charges under this policy for a period of more than 90 days, the Authority may request that the Member enter into a written repayment arrangement surrounding that receivable and any others for which finance charges are being incurred.~~

- 2 Non-Members – when any account receivable from a Non-Member becomes overdue to the extent that it has incurred a finance charge under the terms of this policy, the General Manager shall follow same general process as required for Members; however, only one individual from the Non-Member shall be notified.

D. Collection of Overdue Receivables.

1. If at any time a Member or Non-Member continues to have outstanding receivables for a period of more than 90 days (including unpaid finance charges), the Authority may:
 - i. Net the overdue amount against any existing or future credit invoice(s) the Authority may issue for that Member or Non-Member and if no credit invoices are available.
 - ii. Request that the Member or Non-Member enter into a written repayment arrangement surrounding the overdue receivable.

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3. RESPONSIBILITY:

- The Finance Department shall be responsible for implementation of Section 2 (B) of this policy and the calculation of the periodic adjustments required under it.
- The General Manager and the Finance Department shall be responsible for the implementation and effectuation of Section 2 (C) and Section 2(D) of this policy.
- The Board of Directors shall be responsible for authorization of Section 2 (B)(3).

4. ATTACHMENTS: NONE



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Capitalization Policy	Department:	Finance
Policy Number:	F5	Adopted:	06/07/1708/07/2019

1. OBJECTIVE: To establish a policy for the capitalization of assets of the Authority.

2. POLICY:

Capitalization of Authority assets shall be governed by the following:

A. When Capitalization Occurs:

- 1) The combined cost to put an individual asset in service comes to more than \$5,000.00, and the asset's estimated life is at least three (3) years, or
- 2) When an existing asset is partially replaced or improved in a way that a) substantially extends the life of the asset or b) substantially improves the asset's utility or;
- 3) The asset is initiated, controlled, and tracked as property under a Joint Participation or similar agreement. The Authority will capitalize the property, even if it falls under the dollar limit above, if the Authority's share of the property is designated as a capital item by the billing agent for the project.
- 4) This policy shall not apply to amounts spent on ordinary maintenance of VPPSA Property.

B. Depreciation of Capitalized Assets:

The depreciable lives of utility plant are as follows for assets capitalized pursuant to this policy:

Classification	Depreciable Lives
Electric Plant:	
Structures & Improvements	30 years
Equipment	3 - 30 years
Meters	10 - 15 years
Station Equipment	10 - 30 years
General Plant:	
Structures & Improvements	10 - 25 years
Equipment	3 - 10 years
Transportation Equipment	3 - 5 years

3. RESPONSIBILITY:

It shall be the responsibility of the Board to set the limits and factors for the capitalization of Authority assets, and the responsibility the Finance Department to ensure that accounting for Authority assets adheres to this policy.

3. ATTACHMENTS: NONE



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Insurance	Department:	Finance
Policy Number:	F6	Adopted:	08/07/2019

1. **OBJECTIVE:** To protect the Authority by outlining insurance coverage criteria and ensuring that policies are adequately maintained with sufficient coverage limits.
2. **POLICY:**
 - A. Insurance shall be kept effective in sufficient amounts to cover possible losses, less reasonable deductible amounts, in line with recommendations of the Internal Risk Management Committee and the Risk Management Committee with such independent review as the committee deems necessary.
 - B. General Insurance coverage shall include:
 - a. Automobile, including liability, medical payments, uninsured motorist, damage and loss, and other coverages as deemed appropriate.
 - b. Comprehensive general liability
 - c. Worker's compensation
 - d. Commercial property: fire, crime, wind and water damage, contents and building.
 - e. Commercial umbrella in an amount of no less than \$5,000,000
 - f. Public officials
 - g. Professional liability
 - h. Crime
 - i. Fiduciary
 - j. Cyber/Internet
 - k. ERISA
 - l. Other coverage as appropriate.
 - C. Policy types and coverage limits shall be reviewed annually for adequacy.
 - D. Authority project assets shall be evaluated on a case-by-case basis and additional policies shall be obtained as needed.

3. RESPONSIBILITY:

It shall be the responsibility of the General Manager, in consultation with the Internal Risk Management Committee and the Risk Management Committee, to review and maintain policies with adequate coverage.

3. ATTACHMENTS: NONE

Vermont Public Power Supply Authority

Official Policy

Policy Name:	Tax Compliance	Department:	Finance
Policy Number:	F7	Adopted:	August 7, 2019

1. OBJECTIVE: Issuers of tax-exempt “governmental bonds” must comply with federal tax rules pertaining to expenditure of proceeds for qualified costs, rate of expenditure, use of bond-financed property, investment of proceeds in compliance with arbitrage rules, and retention of records. The following policy is intended to establish compliance by the Vermont Public Power Supply Authority (the “Authority”) with these rules in connection with its issuance of tax-exempt governmental bonds or tax-exempt lease transactions. This Tax Compliance Policy may also be used by the Authority to assist in compliance with federal tax rules for its currently outstanding tax-exempt bonds.

2. POLICY:

A. DELEGATION OF RESPONSIBILITY

The General Manager of the Vermont Public Power Supply Authority (the “Responsible Officer”) will be responsible for overall administration, coordination, and delegation of duties related to this policy and any procedures created that specifically relate to this policy. The Authority will keep a record of such delegations and will work with its bond counsel and other advisors for guidance in its compliance policies.

B. SCHEDULE OF REVIEWS

The Authority will establish routines for monitoring on-going compliance that are consistent with discovering any noncompliance in a timely manner so that it may be corrected. While specific review processes are described below, timing for such reviews will generally be as follows:

- 1. Private (Non-Exempt) Use:** All contracts, leases or other arrangements providing special legal entitlement to the use of facilities financed by tax-exempt bonds will be reviewed prior to execution to ensure that they will not cause private use limits to be exceeded with respect to any issue of bonds.
- 2. Arbitrage Compliance:** With respect to each bond issue, the Authority will ensure that it understands at the time of bond closing which funds and accounts containing bond proceeds may become subject to yield-restriction investment rules and will keep a record of the dates upon which such rules will begin to apply. Typically, these rules will be set out in any tax certificate or certificate as to no-arbitrage prepared at the time of issuance.
- 3. Rebate Compliance:** Unless the issue is exempt from rebate, while rebate calculations may be performed more often, the Authority will ensure upon the fifth anniversary date of the issuance date of the bonds, every five years thereafter, and upon final retirement of the bonds, that either no rebate is owed or provision has been made for the payment of any rebate owed within 60 days. As part of each issuance, the Authority will review whether any exemption from rebate applies.
- 4. Change in Use/Ownership:** Prior to executing any contract, lease or other document which would materially change the use of the bond-financed property or a tax-exempt bond financed project or selling of any

bond-financed property, the Authority will (i) confirm that such change will not require a remedial action to be taken with respect to any bond issue, (ii) take a remedial action, if necessary, or (iii) discuss with bond counsel whether a voluntary closing agreement with the Internal Revenue Service is appropriate.

C. TAX REQUIREMENTS ASSOCIATED WITH SALE AND ISSUANCE OF BONDS

Review and retention of tax documents related to the sale and issuance of bonds will be generally supervised by the Responsible Officer and the Controller.

1. Price. The “issue price,” as defined in the Internal Revenue Code of 1986, as amended (the “Code”), of the bonds will be documented at the time of issuance. Certifications of an underwriter, placement agent or purchaser and a final numbers package (if applicable) will establish “issue price” and will be reviewed and included in the bond transcript or other records maintained for the bond issue.
2. Weighted Average Maturity. The weighted average maturity (taking into account the various issue prices of the maturities of the bonds) will be documented at the time of issuance.
3. Economic Life of Financed Assets. As estimated, average economic life of the expected bond-financed assets will be documented at the time of issuance.
4. Information Reporting. Form 8038-G will be reviewed and filed not later than the 15th day of the 2nd calendar month following the quarter in which bonds are issued. Filing of the Form 8038-G will be confirmed with bond counsel.

D. EXPENDITURE OF PROCEEDS FOR QUALIFIED COSTS

Expenditure of bond proceeds will be reviewed by the Responsible Officer or other designee.

1. Requisitions. The Responsible Officer or other designee will establish a form and procedures for preparation and review of requisitions of bond proceeds, and maintain records of the date, amount and purpose of the disbursement. Requisitions must identify the financed property in conformity with the Tax Certificate and Agreement executed by the Authority at closing, including any certifications as to the location and character of the bond-financed property.
2. Investment Earnings. Investment earnings on sale proceeds of the bonds will be tracked and will be requisitioned only for appropriate expenditures.
3. Capital Expenditures. The Authority will verify that all costs for which it requisitions bond proceeds are capital expenditures, except as otherwise permitted by the tax certificate (certificate as to no arbitrage) executed at closing.
4. Debt Service Reserve Funds. Bond-funded reserve funds cannot exceed the least of (i) 10% of the par amount of the bonds (or the issue price of the bonds, if there is more than a *de minimis* amount of original issue discount or premium), (ii) maximum annual debt service, and (iii) 125% of average annual debt service. The initial funding of any reserve fund will be measured against this limit before issuance of the bonds.
5. Reimbursement. Requisitions for costs that were paid prior to the issuance of the bonds are, in general, limited to costs paid subsequent to, or not more than 60 days prior to, the date a “declaration of intent” to reimburse the costs was adopted by the Authority. If proceeds are used for reimbursement, a copy of the declaration will be obtained and should be included in the records for the bonds, if not already part of the bond transcript.

6. Timing of Expenditures. Expenditure of proceeds will be measured against the Authority's expectations, as set forth in the tax certificate executed in connection with the particular bond issue, to spend or commit 5% of net sale proceeds within 6 months, to spend 85% of net sale proceeds within 3 years, and to proceed with due diligence to complete the project and fully spend the net sale proceeds. Expected expenditure schedules, project timelines, and plans and specifications will be maintained to support expectations. Reasons for failure to meet the expected schedule will be documented and retained.

7. Rebate Spending Exceptions. Expenditure of proceeds will be monitored for compliance with spending exceptions to the rebate requirement, as follows:

a. If the six-month spending exception applies, expenditure of gross proceeds will be monitored against the following schedule.

100% within 6 months

b. If the 18-month spending exception applies, expenditure of gross proceeds will be monitored against the following schedule.

15% within 6 months

60% within 12 months

100% within 18 months

c. If the two-year spending exception applies, expenditure of "available construction proceeds" will be measured against the following schedule.

10% within 6 months

45% within 12 months

75% within 18 months

100% within 24 months

E. USE OF BOND-FINANCED PROPERTY

Use of bond-financed property must be measured separately for each bond issue.

1. Limit on Private (Non-Exempt) Use. Average annual private use of bond-financed property over the life of the issue cannot exceed 10% of the proceeds (or 5% if the use is unrelated to the governmental use or disproportionate to the governmental use). Private use will be determined annually as a percentage of total use of proceeds of the bond issue.

2. Review of Contracts and Agreements. Contracts and agreements with private business users for the lease, management, sponsored research, or any other potential private/non-exempt use of bond-financed property will be reviewed prior to execution for compliance with the private use limits. This review will include a determination of whether any arrangement meets the safe harbors of Internal Revenue Service Rev. Proc. 97-13, as modified by Rev. Proc. 2001-39 for any management contracts or similar arrangements. It will also include a determination of whether any arrangement meets the exception for incidental use under Treas. Reg. §1.141-3(d)(5), the exception

for general public use under Treas. Reg. §1.141-3(c), or the exception for certain short-term arrangements under Treas. Reg. §1.141-3(d)(3).

3. Tracking Private (Non-Exempt) Use. Agreements with private business users or non-profit organizations for lease or management or services contracts or other private business use involving bond financed property will be tracked and aggregated with other private business uses for compliance with the 10% (or 5%) limit, as set forth in the Tax Certificate and Agreement for the applicable bonds.
4. Change in Use. No item of bond-financed property will be sold or transferred to a non-exempt party without advance arrangement of a “remedial action” under the applicable Treasury Regulations (see Treasury Regulations § 1.141-12).

F. INVESTMENTS AND IRS FILINGS

Investment of bond proceeds as allowed under the General Bond Resolution will be monitored to ensure compliance with the arbitrage bond rules and the rebate of arbitrage will be supervised by the Authority.

1. Guaranteed Investment Contracts. Guaranteed investment contracts (“GIC”) will be purchased only using the three-bid “safe harbor” (see Treasury Regulations § 1.148-5(d)(6)(iii)), in compliance with fee limitations on GIC brokers (see Treasury Regulations § 1.148-5(e)(2)(iii)); provided, however, that to the extent that the safe harbor provisions cannot be met, the Authority will consult with bond counsel.
2. Fair Market Value of Investments. Other investments will be purchased only in market transactions.
3. Yield-Restriction. Prior to the purchase of any investment, the Authority will confirm that such purchase will not violate any rules relating to proceeds which must be invested at a yield not in excess of the yield on the applicable issue of bonds.
4. Rebate Calculations. Calculations of rebate liability will be performed by the Authority’s or outside consultants at the end of construction and at least every fifth bond year.
5. Rebate Payments. Rebate payments will be made with Form 8038-T no later than 60 days after (a) each fifth anniversary of the date of issuance of the applicable bonds and (b) the final retirement of the issue. Compliance with rebate requirements will be reported to the bond trustee, if applicable.
6. Note First Rebate Due Date. The date for the first rebate payment will be identified and entered in the records for the issue at time of issuance of the bonds.

G. REFUNDING ISSUES

When tax-exempt governmental bonds are used to refund other bonds (“Refunded Bonds”), the new bonds (“Refunding Bonds”) will be treated as having financed the property originally financed with the Refunded Bonds (or any bonds refunded by the Refunded Bonds), such that financed property must be tracked until the last bonds (whether Refunded Bonds or Refunding Bonds) attributable to that property are retired. The Authority will review the use of the any bond-financed property until the last bonds attributable to that property are paid in full; except to the extent that tracking is no longer required due to the economic life of the property coming to an end.

The proceeds of Refunding Bonds that are used to retire Refunded Bonds more than 90 days after the issue date of the Refunding Bonds are “Advance Refunding Bonds”. Advance Refunding Bonds have additional federal tax requirements in order to be tax-exempt governmental bonds. In order to comply with these additional requirements, the Responsible Officer will:

1. Limit on Advance Refunding. Confirm directly, or in conjunction with the Underwriter, financial advisor, and/or bond counsel, that the issuer does not issue Advance Refunding Bonds that would violate the limit on the number of advance refundings for any of its tax-exempt governmental bonds;
2. Proper Call Date. Confirm directly, or in conjunction with a financial advisor and/or bond counsel, that the Refunded Bonds are being redeemed on their earliest call date or other allowable date.

H. SHORT-TERM WORKING CAPITAL FINANCINGS

In the event the Authority issues tax-exempt bonds to finance working capital (meaning non-capital expenditures for which no exception to Treasury Regulations § 1.148-6(d)(3)(i) applies) (“Working Capital Financing”), the Authority will consult with bond counsel to develop appropriate procedures to monitor such Working Capital Financing.

I. POST-ISSUANCE CORRECTIVE ACTIONS

The Authority expects that its compliance with the policy outlined above will prevent any violations of federal tax rules pertaining to the Authority’s outstanding tax-exempt governmental bonds (including any Refunded Bonds). However, if the Authority discovers a potential violation through its ongoing monitoring or otherwise, it will determine in conjunction with its bond counsel whether a violation actually exists. If it is found that a violation actually exists, the Authority will determine whether (i) any remedial actions are available, or (ii) a voluntary closing agreement with the Internal Revenue Service is appropriate.

If the Authority determines a violation of the federal tax rules pertaining to the Authority’s outstanding tax-exempt governmental bonds (including any Refunded Bonds), or the Authority’s Internal Operating Procedure related to the Authority’s Continuing Disclosure Compliance (IOP-F3), has resulted due to the failure of a Project Participant and/or a VPPSA member to submit information as required to meet the Authority’s financial obligations, the failure to meet such obligation shall be brought to the attention of the Board of Directors at their next regularly scheduled Board of Directors meeting.

J. RECORDS

1. Records will be retained for the life of the bonds plus any Refunding Bonds plus three (3) years. This means that the Authority will maintain records regarding Refunded Bonds until three years after the final Refunding Bonds (including through a series of refundings) is retired. Records may be in the form of documents or electronic copies of documents, appropriately indexed to specific bond issues and compliance functions.
2. Retainable records generally include:
 - a. The transcript documents executed in connection with the issuance of the bonds (including the authorizing documents, offering materials (such as publications, brochures and newspaper articles), Form 8038-G (and, if applicable, Forms 8038-T and 8038-R), and the Tax Certificate and Agreement, minutes and resolutions authorizing the issuance, any elections made with respect to the bonds, if applicable, certifications of issue prices, trustee statements and correspondence) and any amendments to such documents.
 - b. The Authority’s audited Financial Statements.
 - c. Reports of any prior IRS examination of the Authority of its bonds.

- d. Appraisals, demand surveys or feasibility studies for bond-financed property, if prepared.
- e. Documents related to government grants associated with construction, renovation or purchase of bond-financed facilities.
- f. Records documenting the allocation and earnings and investments related to bond financings.
- g. Records of an asset list or schedule of all bond-related facilities or equipment.
- h. Records that track purchases and sales of bond-financed assets.
- i. Records of expenditures of bond proceeds include requisitions, account statements and the final allocation of proceeds.
- j. Records of the use of bond-financed property, including all agreements reviewed for private use.
- k. Records pertaining to investments including GIC documents under the Treasury Regulations, credit enhancements transactions, financial derivatives, bidding of financial products, records of purchase and sale of other investments, SLGS subscriptions, and records of investment activity sufficient to permit calculation of arbitrage rebate or demonstration that no rebate is due.
- l. Records pertaining to rebate and yield calculations and all rebate and yield reduction payments paid to the United States Treasury.
- m. Records of trade or business activities by or with non-governmental entities or person with respect to bond-financed facilities.
- n. Copies of the following agreements when entered into with respect to bond-financed property: management and other service agreements; ownership documents such as deeds and mortgages; leases; subleases.

3. RESPONSIBILITY:

It shall be the responsibility of the General Manager to designate appropriate individuals to carry out the responsibilities of this policy.

3. ATTACHMENTS: NONE



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Computer and Other Electronic Device Security	Department:	Information Systems and Support Services
Policy Number:	OP1	Adopted:	August 7, 2019

1. OBJECTIVE: To establish security protocols for workstations, laptops, cell phones, ~~and~~ servers and other electronic equipment of the Authority and access of Authority personnel to those systems.

2. POLICY:

- A. The management, requirements and changes of employee passwords as well as external access to organizational information through information technology shall be a management function of the Information Systems and Support Services Department of the Authority.
- B. Employees shall be required to enter a password to access Authority workstations, laptops, cell phones, ~~and~~ servers and other electronic equipment as necessary.
- C. Employees shall log off, or lock Authority workstations, laptops, cell phones and servers upon departing the building for the day, or upon leaving any laptop or cell phone unattended when off the premises of the Authority.
- D. An automated process shall be in place to lock workstations, and laptops when inactive for 15 minutes. Once locked, personnel will be required to reenter a password to access the workstation or laptop.
- E. Authority servers and cell phones will be programmed to automatically lock when inactive for five minutes.
- F. Authority passwords on workstations and laptops shall be reset at least annually. The Information Systems and Support Services personnel will develop and maintain an automated process to ensure that this requirement is met.

F.G. Authority personnel shall provide individual passwords for company cell phones and other electronic equipment that is currently maintained and **not otherwise accessible** by the Authority to the Information Systems and Support Services Department. Authority personnel is not required to provide the Information Systems and Support Services Department with passwords for electronic equipment and/or devices that are accessible by other means. When passwords are required to be provided to the Information Systems and Support Services Department, as noted above, Authority personnel shall

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[inform the Information Systems and Support Services Department at any time such passwords are changed.](#)

G.H. Authority passwords for electronic devices shall be disabled immediately when an employee separates from employment at the Authority or when other circumstances require employee access to such electronic devices be disabled. The Information Systems and Support Services Department, shall work in consultation with the Internal Risk Management committee, to develop and maintain an internal operating procedure that identifies the steps necessary to ensure this requirement is met.

H.I. This policy shall govern use of all Authority electronic devices as listed above. Additional more stringent policies may be established as needed related to electronic devices used at specific project assets owned by the Authority. If there is a conflict between this policy and a policy specific to a project asset, the project asset policy shall govern.

3. RESPONSIBILITY:

It shall be the responsibility of Authority personnel to log off, or lock their workstation, laptop, cell phone or server upon departing the building for the day, or upon leaving any laptop or cell phone unattended when off the premises of the Authority.

It shall be the responsibility of personnel within the Information Systems and Support Services Department to implement and maintain automated processes that lock inactive company workstations, laptops, cell phones and servers, to manage passwords and external access to company workstations, laptops, cell phones or servers and to develop and maintain an automated process for the prompting of changing passwords on Authority workstations and laptops.

It shall be the responsibility of Authority personnel to ensure that security installed on Authority cell phones is maintained in compliance with this policy.

It shall be the responsibility of personnel with the Information Systems and Support Services Department to ensure passwords are disabled when necessary.

3. ATTACHMENTS: NONE



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Internet & E-Mail Outages	Department:	Information Systems and Support Services
Policy Number:	OP2	Adopted:	August 2, 2017 August 8, 2019

EFFECTIVE AUGUST 2, 2017 THIS POLICY IS RECINDED WITH THE INTENT TO WORK THE INTERNET AND EMAIL REPORTING INTO OTHER AUTHORITY POLICIES AND/OR INTERNAL OPERATING PROCEDURES



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Data Backup Policy	Department:	Information Systems and Support Services
Policy Number:	OP3	Adopted:	August 8, 2019

1. OBJECTIVE: To create protocols to ensure that critical data on the Authority's information systems network is available for restoration in the event of any type of system failure.

2. POLICY:

- A. All servers and client workstations of the Authority will be backed up on a daily basis for all files and twice daily for SQL Server files.
- B. Authority cell phones will be synced (backed up) to iTunes or another similar program chosen by the Information Systems and Support Services personnel, at least once per month.
- C. The Authority's management will establish appropriate storage, including off-site storage, as may be appropriate to safeguard historical data.

3. RESPONSIBILITY:

It shall be the responsibility of the Information Systems and Support Services personnel to ensure adequate data backups for client workstations and Authority servers are performed and stored in a secure off-site location.

It shall be the responsibility of Authority employees to ensure the Authority cell phones provided to them are synced and backed up to ITUNES or other similar program chosen by the Information Systems and Support Services personnel as required in this policy.

It shall be the responsibility of the Information Systems and Support Services personnel to identify programs such as ITUNES or other similar programs to be used for the purpose of cell phone backup storage.

3. ATTACHMENTS: None



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Disaster Recovery Plan Policy	Department:	Information Systems and Support Services
Policy Number:	OP4	Adopted:	August 8, 2019

1. OBJECTIVE: To create and maintain a plan to facilitate the effective recovery of the operation of the Authority in the event of disaster.

2. POLICY:

- A. The Authority will maintain a disaster recovery plan in full force and effect at all times. That plan shall be approved by the General Manager.
- B. The General Manager, in consultation with the Internal Risk Management Committee, will review the disaster recovery plan at least annually, and make such revisions to it as may be appropriate. Such annual review shall include consideration of any changes to the information technology systems of the Authority since the last review, as well as other information pertinent toward maintaining a plan that will meet the objectives of this policy.

3. RESPONSIBILITY:

It shall be the responsibility of the General Manager, in consultation with the Internal Risk Management Committee, to ensure compliance with this policy.

4. ATTACHMENTS: NONE



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Use of Removable Media and electronic interfaces	Department:	Information Systems and Support Services
Policy Number:	OP5	Adopted:	August 2, 2017 August 7, 2019

EFFECTIVE AUGUST 2, 2017 THIS POLICY IS RECINDED WITH THE INTENT THAT THE POLICY INFORMATION IS REPLACED WITH CRITICAL INFRASTRUCTURE PROTECTION (CIP) DOCUMENTS



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Building Security	Department:	Information Systems and Support Services
Policy Number:	OP6	Adopted:	August 7, 2019

1. OBJECTIVE: To identify and maintain security protocols for any Authority building. For the purpose of this policy, an Authority building shall be defined as a building owned by the Authority and where Authority employees spend time working.

2. POLICY:

- A. The Authority will maintain an electronic keyless entry system for Authority buildings.
- B. The electronic keyless entry system shall be set to automatically lock each day, at a time determined by the General Manager.
- C. Authority personnel shall be provided with a keyless entry device (FOB) that will be used to access Authority buildings.
- D. Authority personnel shall ensure that the window(s) within their office are closed and locked prior to leaving the building.
- E. The last individual exiting the building for the day shall ensure the primary door is closed securely and locked.
- F. FOBs for employees that leave the employment of the Authority shall be deactivated immediately.
- G. FOBs will only be provided to employees and other individuals as authorized by the General Manager or Information Systems and Support Manager.
- H. This policy shall govern security for all Authority buildings. Additional more stringent policies may be established as needed related to specific project asset buildings or properties owned by the Authority. If there is a conflict between this policy and a policy specific to a project asset, the project asset policy shall govern.

3. RESPONSIBILITY:

- It shall be the responsibility of the Information Systems and Support staff department to maintain the electronic keyless entry system.
- It shall be the responsibility of the General Manager and the Information Systems and Support Manager to authorize the issuance of FOBs to individuals that are not Authority employees.
- It shall be the responsibility of VPPSA staff to ensure compliance of this policy as identified above.

4. ATTACHMENTS: NONE



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Power Supply Authorities	Department:	Power Supply and Transmission
Policy Number:	P3	Adopted:	October 4, 2017/08/07/2019

1. OBJECTIVE:

To identify and document the various power supply activities necessary to provide the Authority members with the power needed to meet the member's current and future resource requirements, identify and document how Authority power supply projects will be developed, and delineate where the authority lies in making these necessary decisions.

2. DEFINITIONS:

Balancing Purchase/Sale Program – A program consisting of short duration monthly or quarterly power transactions implemented by the Authority to meet the Coverage Ratio requirements contained in Attachment 1 to this policy.

Entitlement – The obligation to pay related costs and right to the benefits of market products and related output of all or a portion of an electric generating facility.

Operational Project – A program that is administered by the Authority in a “project-type” arrangement whereby costs and benefits are allocated only to the participants within the program.

Intermediate Power Purchase/Sale – A power supply transaction that has a term between 1-year and 5-years.

Generating Project – A sole or joint ownership interest, in an electric generation facility.

Long-term Power Purchase/Sale – A power supply transaction that has a term greater than 5-years.

PPA – A Power Purchase Agreement between the Authority and a third-party counterpart.

Project – An Operational Project or a Generating Project.

Project Participants – The utilities named as participants in an Authority Project.

PSA – Power Sales Agreement between the Authority and a Project Participant.

Short-term Power Purchase/Sale – A power supply transaction that has a term less than 1-year.

VPPSA Single Settlement – The portfolio of generation, contract, and load assets within the Authority’s ISO New England settlement account.

3. **POLICY:**

The General Manager shall monitor power supply activities, identify roles and responsibilities, and develop detailed procedures to effectuate power supply activities, including the delegation of authorities as appropriate to effectuate this policy. It shall be the General Manager’s role to manage the power supply activities and provide recommendations, as necessary, to the Board of Directors.

A. **Power Supply Transactions:**

1. Balancing Purchase/Sale Program

- a. The Board of Directors shall adopt Coverage Ratio parameters that the Authority shall apply to manage the assets of each participant in the VPPSA Single Settlement.
- b. The General Manager shall manage the Authority’s efforts in accordance with Attachment 1 to this policy, and shall have authority to enter Balancing Purchases/Sales necessary to implement this policy on behalf of members.
- c. Balancing Purchases/Sales shall not require specific contracts between the Authority and members. Settlement of transaction costs/credits shall occur through the monthly billing process.

2. Short Term Power Purchases/Sales

- a. The Authority shall prepare an annual power budgets for each member that details the anticipated transactions to occur in upcoming fiscal year. Upon a member’s acceptance of the power budget it will become VPPSA’s guidance in making Short Term Power Purchases/Sales.
- b. The General Manager shall manage the VPPSA Single Settlement in a manner designed to meet the budget expectations and shall have authority to enter Short Term Purchases/Sales as necessary to do so.
- c. Short Term Purchases/Sales shall not require specific contracts between the Authority and members. Settlement of transaction costs/credits shall occur through the monthly billing process.

3. Intermediate Term Power Purchases/Sales

- a. The Authority shall seek Intermediate Term Purchases/Sales that provide benefits to one or more members. The efforts to locate such transactions shall be an operational cost of the Authority.

- b. Upon identifying an intermediate-term opportunity the General Manager shall seek approval to enter the arrangement from those affected members.
- c. Intermediate Term Purchases/Sales shall be documented by Planned Purchase Authorizations between the Authority and those affected members. Settlement of transaction costs/credits shall occur through the monthly billing process.

2. Long-Term Power Purchases

- a. The Authority shall seek Long-Term Purchases/Sales that provide benefits to one or more members. The efforts to locate such transactions shall be an operational cost of the Authority.
- b. Upon identifying a long-term opportunity, the General Manager shall seek approval to enter the arrangement from those affected members.
- c. Long Term Purchases/Sales shall be consummated by Power Sales Agreements between the Authority and those affected members. Invoicing shall occur in accordance with the Power Sales Agreements.

B. Generating Projects:

1. Authority staff may, from time to time, research the feasibility of ownership in Generating Projects. The cost to research such Projects shall be paid from the Authority's general operating budget until such time as recommendation from the General Manager for initial Project development is brought to the Board for approval.
 - a. The General Manager's recommendation shall include: 1) an initial allocation of the Entitlements from the potential Project to specific Project Participants, 2) the methodology for those allocations, 3) a proposed budget and timeline for the proposed development effort, and 4) a methodology for any future reallocations.
2. Upon Board approval, the Authority shall initiate establishment of an Operational Project to accumulate project development funds collected from Participants and from which to pay all project development related expenses. The Authority shall also confirm Entitlement participation from all recommended Project Participants and adjust entitlements as required.
3. Development costs related to the Operational Project shall be charged to the Project Participants based on the accepted Entitlement allocation.
4. Upon conclusion of the initial project development effort, the General Manager will recommend that the Authority do one of the following: 1) close the Operational Project and stop development, 2) close the Operational Project and proceed with the effort as a Long-Term Purchase/Sale, 3)

convert the Operational Project into a Generating Project and proceed with further research and development with the intent of constructing and/or acquiring the Generating Project.

- a. The General Manager's recommendation shall include: 1) any recommended revisions to initial allocation of the Entitlements, 2) the rationale for those revisions, 3) a proposed budget and timeline for completing the transaction, and 4) a methodology for managing any funds remaining in the Operational Project.
5. The rights and obligations of the Project Participants shall be as set forth contractually by a joint ownership agreement, a PSA or other similar agreement.

4. RESPONSIBILITY:

It shall be the responsibility of the Power Supply & ~~Transmission~~ department to make purchases and sales, and to seek power supply options, within the parameters delineated in this policy.

It shall be the responsibility of the General Manager establish and maintain internal procedures that effectuate this policy in the most effective manner possible.

It shall be the responsibility of the Board of Directors to maintain Attachment 1 to the policy, and to act on any recommendations brought forward by the General Manager.

5. ATTACHMENTS:

P3 Power Supply Authorities Policy Attachment 1

**P3 -Power Supply Authorities Policy
ATTACHMENT 1**

1. At the beginning of each calendar month the Authority shall have in place energy Coverage Ratios of between 95% and 105% of forecasted load for each member system for the month.
2. Deviation from the above ratios shall only occur with authorization in writing by a member Director, or someone designated in writing by him/her, or an Alternate Director. The designation of authority must specify the exact time period such designation applies. The authorization of alternate Coverage Ratios must be reaffirmed in writing at least annually



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Financial Institution Services Authorization	Department:	Finance
Policy Number:	F1	Adopted:	August 7, 2019

1. **OBJECTIVE:** To establish, identify and authorize individuals to maintain financial institution relationships, have access to financial accounts, and to set limits for the Authority.

2. **POLICY:**

A. General

1. The General Manager, in consultation with the Internal Risk Management Committee, shall establish a list of persons authorized to sign checks, implement financial transfers and establish and maintain relations with appropriate financial institution personnel. That list shall be in the form of Attachment 1, titled "Financial Institution Services Authorization Policy Attachment 1".
2. Individuals identified on Attachment 1 shall execute such authority only within the scope of the Authority's Internal Control Policy (F3).
3. Any changes to Attachment 1 shall be approved by the General Manager, without further approval required by the Board.
4. The Authority's Treasurer and the Board of Directors will be provided a copy of Attachment 1 as soon as practical whenever revisions are made.
5. The Board may, in its discretion, designate and authorize other such individuals to sign checks, implement financial transfers and to establish and maintain relations with appropriate financial institution personnel.

B. Financial Institution Relations

1. Individuals authorized to maintain relations with appropriate financial institution personnel are listed on Attachment 1.

C. Check Signing

1. Individuals authorized to sign Authority checks are listed Attachment 1.
2. Checks in amounts over ten thousand dollars (\$10,000) shall require two signatures.

D. ACH, Wires and Transfers

1. ACH, Wire and Transfer limits shall be established by the General Manager and documented on Attachment 1.

2. ACH, Wire and Transfers over ten thousand dollars (\$10,000) shall require, at a minimum, an internal secondary authorization and shall be executed by individuals within the scope of the Authority's Internal Control Policy (F3). If the online banking functionality provides security protocols that include secondary authorization requirements, those protocols shall be set such that the secondary authorization is completed during the online process.

E. Online Banking

1. Online banking access shall be limited to four computers.

F. Mobile Banking

1. Mobile banking access shall be limited to one mobile device.

3. RESPONSIBILITY:

- It shall be the responsibility of the General Manager in consultation with the Internal Risk Management Committee to designate individuals as identified on Attachment 1, to carry out the duties of this policy.
- It shall be the responsibility of the designated individuals identified on Attachment 1 of this policy to carry out the assigned responsibilities.

4. ATTACHMENTS:

Financial Institution Services Authorization Policy F1-Attachment 1

**Financial Institution Services Authorization Policy F1
Attachment 1**

As of August 28, 2017, the following individuals are authorized to facilitate the tasks as identified in VPPSA Policy F1-Financial Institution Services Authorization:

Section 2 (B):

- Kenneth Nolan, General Manager
- Crystal Currier, Controller

Section 2 (C):

- Kenneth Nolan, General Manager
- Crystal Currier, Controller
- Amy Parah, Accountant/Administrator (as a second signature only, or in the absence of either the GM or the Controller)
- Lynn Paradis, Treasurer

Section 2 (D):

ACH and Wire Transfer Limits		
	ACH Limits	Wire Limits
Nolan, General Manager	\$3,265,000 (CCD) \$45,000 (PPD)	\$1,500,000
Currier, Controller	\$3,265,000 (CCD) \$45,000 (PPD)	\$1,500,000
Parah, Accountant/Administrator	\$3,265,000 (CCD) \$45,000 (PPD)	\$1,500,000
Simard, Sr. Analyst	2ndary Authorization Only	2ndary Authorization Only

CCD = Corporate to Corporate

PPD = Corporate to Personal

Kenneth Nolan

General Manager

08/07/2019

Date



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Budget Preparation	Department:	Finance
Policy Number:	F2	Adopted:	August 7, 2019

1. OBJECTIVE: To set protocols for the annual budget(s) prepared by the Authority.

2. POLICY:

- The General Manager will work in conjunction with the VPPSA staff to prepare and present the following budgets to the Board and/or the Authority’s members.
 - Authority’s General Revenue & Operating Budget
 - Authority Project Revenue & Expense Budgets
 - Member Power Supply Budgets
- Preliminary budgets related to the Authority’s general and project revenue and expenses will be submitted to the Board for review no later than the October Board of Directors meeting. Comments on the preliminary budget will be considered and a proposed final budget will be presented for review and approval at the December Board meeting.
- Member Power Supply Budgets will be completed and presented to the Members by the December Board of Directors meeting, as applicable.
- Non-Member Power Supply Budgets will be completed and provided to Non-Members no later than the date of the December Board of Directors meeting. Non-Member Power Supply Budgets will not be presented to the Board.

3. RESPONSIBILITY:

It shall be the responsibility of VPPSA staff to present budget requests to the General Manager for incorporation into the annual budget.

It shall be the responsibility of the Finance Department to correlate all budget requests, prepare the general revenue and operating budget and the annual project budgets.

It shall be the responsibility of the Power Supply Department to prepare the Member’s Power Supply Budgets.

It shall be the responsibility of the General Manger to present the compilation of Authority budgets, including the Member’s Power Supply Budgets, to the Board of Directors and/or the Authority’s members.

It shall be the responsibility of the Board to review, comment and act upon the Authority’s annual operating budgets.

It shall be the responsibility of the individual Authority Members to work with VPPSA staff in preparation of the Member’s Power Supply Budgets.

3. ATTACHMENTS: NONE



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Internal Control	Department:	Finance
Policy Number:	F3	Adopted:	August 7, 2019

1. **OBJECTIVE:** To set protocols for the segregation of duties to ensure that appropriate internal controls are in place within the Finance Department of the Authority.
2. **POLICY:**
 - Accounting duties within the Finance department will be segregated in such a manner that tasks are processed, authorized and implemented by separate individuals to the extent reasonably practicable.
 - The General Manager, in consultation with the Internal Risk Management Committee, will designate individuals to execute specific tasks ensuring that at least two (2) appropriate individuals are assigned to each activity.
 - Employees assigned to tasks may change from time to time to accommodate business needs. Such employee assignments shall be recorded on Attachment 1 to this policy, titled “Internal Control Policy F3-Attachment 1”.
 - Any changes to Attachment 1 shall be approved by the General Manager, without further approval by the Board.
 - The Authority’s Treasurer and the Board of Directors will be provided a copy of Attachment 1 as soon as practical whenever revisions are made.
 - Areas of segregation shall include cash management, payroll, and accounts payable.

3. RESPONSIBILITY:

It shall be the responsibility of the General Manager in consultation with the Internal Risk Management Committee to identify areas of segregation and designate individuals to implement tasks associated with those areas.

It shall be the responsibility of those individuals identified on Attachment 1 to this policy to carry out the assigned responsibilities.

4. ATTACHMENTS:

Internal Control Policy F3-Attachment 1

**Internal Control Policy F3
Attachment 1**

As of August 7, 2019 the following individuals are authorized to facilitate the tasks as identified in VPPSA Policy F3-Internal Control:

Finance Task	BOD	Treasurer	G. Mgr (Nolan)	Ctr (Currier)	Acct/Admin (Parah)	S.Analyst (Simard)
Process Daily Cash Receipts & Post to Member				A	X	
Post Daily Cash Receipts to Cash Register				A	X	
Review and Acknowledge Daily Cash Receipts Posted to Member Accounts			A-1	X	A	
Reconcile Cash Receipts & Disbursements from Bank to Register (daily)				A	X	
Process A/P Invoices, prepare checks &/or ACH payments				A	X	
Authorize payment of A/P invoices			A	X	A-1	
Sign A/P Checks		A-1	A	X	A-1	
Reconcile bank statements (monthly)				A	X	
Review and Acknowledge Bank Statement Reconciliation			A	X		
Process payroll				X	A	
Set-up Payroll ACH				A	X	
Authorize Payroll ACH			A-1	X		A-2
Set-up Online Wire, ACH and/or Bank Transfers				A	X	
Review and Acknowledge Online Bank Transfers			A-1	X	A	A-2
Authorize Online Wire & ACH Transactions			A-1	X	A	A-2
Authorize Traditional Wires (by phone, in person)			A-1	X	A	
General Ledger Reconciliation & Financial Statement Prep.				X	A	
Financial Statement Review	X	X	X	X	A-1	

X – identifies individual primarily responsible for task

A – identifies secondary individual responsible for task

A-1 – identifies authority of individual to perform task in the absence of X or A above

A-2 – identifies online ACH/Wire secondary authorization only

Kenneth Nolan
General Manager

08/07/2019
Date



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Finance Charges and Notification of Overdue Receivables	Department:	Finance
Policy Number:	F4	Adopted:	August 7, 2019

1. OBJECTIVE: To outline when and to what extent finance charges shall be assessed on overdue receivables of the Authority, to ensure that there is timely communication of the overdue status of receivables between the Authority, its members and others and to identify a mechanism for collection of overdue receivables (including finance charges).

2. POLICY:

A. Definitions.

1. General Receivables – all accounts receivable not otherwise governed by a specific written agreement such as a project sales agreement, or other similar agreement or contract that identifies a specific finance charge computation.
2. Specific Receivables – all accounts receivable governed by a specific written agreement such as a project sales agreement, or other similar agreement or contract that identifies a specific finance charge computation.
3. Member – any Member system of the Authority.
4. Non-Member – any customer of the Authority that is not a Member of the Authority.

B. Finance charge on overdue receivables.

1. All General Receivables shall be subject to finance charges at such time the invoice amount remains unpaid beyond thirty (30) days after the invoice due date. The finance charge shall be calculated at 65% of prime rate as set forth in the *Wall Street Journal* plus 2.5% and shall be assessed on a daily basis, on the unpaid balance due, retroactive to the invoice due date or the date of the last finance charge calculation.
 - i. Ex: prime rate of 3.5%. Calculation = unpaid balance*((3.5%*65%)+2.5%)/365*# of days since invoice due date (or last finance charge calculation date)
2. Specific Receivables shall be subject to finance charges as governed in the specific written agreement and/or contract.
3. Members may request to have finance charges waived by petition to the Board of Directors.

C. Communication of overdue status.

1. Members -when any account receivable from a Member becomes overdue to the extent that it has incurred a finance charge under the terms of this policy, the General Manager or the Controller of the Authority shall notify the following individuals of the overdue status in writing:
 - a. The Member's system manager.
 - b. The Member's appointed Director on the Authority's Board of Directors and/or the chair of that Member's governing board.

It shall be the responsibility of the General Manager to ensure that the notice is sent to at least two separate individuals at separate addresses.

Any notice sent under this section shall be sent by electronic mail, or by other reasonable means if electronic mail is not available.

- 2 Non-Members – when any account receivable from a Non-Member becomes overdue to the extent that it has incurred a finance charge under the terms of this policy, the General Manager shall follow same general process as required for Members; however, only one individual from the Non-Member shall be notified.

D. Collection of Overdue Receivables.

1. If at any time a Member or Non-Member continues to have outstanding receivables for a period of more than 90 days (including unpaid finance charges), the Authority may:
 - i. Net the overdue amount against any existing or future credit invoice(s) the Authority may issue for that Member or Non-Member and if no credit invoices are available,
 - ii. Request that the Member or Non-Member enter into a written repayment arrangement surrounding the overdue receivable.

3. RESPONSIBILITY:

- The Finance Department shall be responsible for implementation of Section 2 (B) of this policy and the calculation of the periodic adjustments required under it.
- The General Manager and the Finance Department shall be responsible for the implementation and effectuation of Section 2 (C) and Section 2(D) of this policy.
- The Board of Directors shall be responsible for authorization of Section 2 (B)(3).

4. ATTACHMENTS: NONE



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Capitalization Policy	Department:	Finance
Policy Number:	F5	Adopted:	August 7, 2019

1. OBJECTIVE: To establish a policy for the capitalization of assets of the Authority.

2. POLICY:

Capitalization of Authority assets shall be governed by the following:

A. When Capitalization Occurs:

- 1) The combined cost to put an individual asset in service comes to more than \$5,000.00, and the asset's estimated life is at least three (3) years, or
- 2) When an existing asset is partially replaced or improved in a way that a) substantially extends the life of the asset or b) substantially improves the asset's utility or;
- 3) The asset is initiated, controlled, and tracked as property under a Joint Participation or similar agreement. The Authority will capitalize the property, even if it falls under the dollar limit above, if the Authority's share of the property is designated as a capital item by the billing agent for the project.
- 4) This policy shall not apply to amounts spent on ordinary maintenance of VPPSA Property.

B. Depreciation of Capitalized Assets:

The depreciable lives of utility plant are as follows for assets capitalized pursuant to this policy:

Classification	Depreciable Lives
Electric Plant:	
Structures & Improvements	30 years
Equipment	3 - 30 years
Meters	10 - 15 years
Station Equipment	10 - 30 years
General Plant:	
Structures & Improvements	10 - 25 years
Equipment	3 - 10 years
Transportation Equipment	3 - 5 years

3. RESPONSIBILITY:

It shall be the responsibility of the Board to set the limits and factors for the capitalization of Authority assets, and the responsibility the Finance Department to ensure that accounting for Authority assets adheres to this policy.

3. ATTACHMENTS: NONE



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Insurance	Department:	Finance
Policy Number:	F6	Adopted:	08/07/2019

1. **OBJECTIVE:** To protect the Authority by outlining insurance coverage criteria and ensuring that policies are adequately maintained with sufficient coverage limits.
2. **POLICY:**
 - A. Insurance shall be kept effective in sufficient amounts to cover possible losses, less reasonable deductible amounts, in line with recommendations of the Internal Risk Management Committee and the Risk Management Committee with such independent review as the committee deems necessary.
 - B. General Insurance coverage shall include:
 - a. Automobile, including liability, medical payments, uninsured motorist, damage and loss, and other coverages as deemed appropriate.
 - b. Comprehensive general liability
 - c. Worker's compensation
 - d. Commercial property: fire, crime, wind and water damage, contents and building.
 - e. Commercial umbrella in an amount of no less than \$5,000,000
 - f. Public officials
 - g. Professional liability
 - h. Crime
 - i. Fiduciary
 - j. Cyber/Internet
 - k. ERISA
 - l. Other coverage as appropriate.
 - C. Policy types and coverage limits shall be reviewed annually for adequacy.
 - D. Authority project assets shall be evaluated on a case-by-case basis and additional policies shall be obtained as needed.

3. RESPONSIBILITY:

It shall be the responsibility of the General Manager, in consultation with the Internal Risk Management Committee and the Risk Management Committee, to review and maintain policies with adequate coverage.

3. ATTACHMENTS: NONE

Vermont Public Power Supply Authority

Official Policy

Policy Name:	Tax Compliance	Department:	Finance
Policy Number:	F7	Adopted:	August 7, 2019

1. OBJECTIVE: Issuers of tax-exempt “governmental bonds” must comply with federal tax rules pertaining to expenditure of proceeds for qualified costs, rate of expenditure, use of bond-financed property, investment of proceeds in compliance with arbitrage rules, and retention of records. The following policy is intended to establish compliance by the Vermont Public Power Supply Authority (the “Authority”) with these rules in connection with its issuance of tax-exempt governmental bonds or tax-exempt lease transactions. This Tax Compliance Policy may also be used by the Authority to assist in compliance with federal tax rules for its currently outstanding tax-exempt bonds.

2. POLICY:

A. DELEGATION OF RESPONSIBILITY

The General Manager of the Vermont Public Power Supply Authority (the “Responsible Officer”) will be responsible for overall administration, coordination, and delegation of duties related to this policy and any procedures created that specifically relate to this policy. The Authority will keep a record of such delegations and will work with its bond counsel and other advisors for guidance in its compliance policies.

B. SCHEDULE OF REVIEWS

The Authority will establish routines for monitoring on-going compliance that are consistent with discovering any noncompliance in a timely manner so that it may be corrected. While specific review processes are described below, timing for such reviews will generally be as follows:

- 1. Private (Non-Exempt) Use:** All contracts, leases or other arrangements providing special legal entitlement to the use of facilities financed by tax-exempt bonds will be reviewed prior to execution to ensure that they will not cause private use limits to be exceeded with respect to any issue of bonds.
- 2. Arbitrage Compliance:** With respect to each bond issue, the Authority will ensure that it understands at the time of bond closing which funds and accounts containing bond proceeds may become subject to yield-restriction investment rules and will keep a record of the dates upon which such rules will begin to apply. Typically, these rules will be set out in any tax certificate or certificate as to no-arbitrage prepared at the time of issuance.
- 3. Rebate Compliance:** Unless the issue is exempt from rebate, while rebate calculations may be performed more often, the Authority will ensure upon the fifth anniversary date of the issuance date of the bonds, every five years thereafter, and upon final retirement of the bonds, that either no rebate is owed or provision has been made for the payment of any rebate owed within 60 days. As part of each issuance, the Authority will review whether any exemption from rebate applies.
- 4. Change in Use/Ownership:** Prior to executing any contract, lease or other document which would materially change the use of the bond-financed property or a tax-exempt bond financed project or selling of any

bond-financed property, the Authority will (i) confirm that such change will not require a remedial action to be taken with respect to any bond issue, (ii) take a remedial action, if necessary, or (iii) discuss with bond counsel whether a voluntary closing agreement with the Internal Revenue Service is appropriate.

C. TAX REQUIREMENTS ASSOCIATED WITH SALE AND ISSUANCE OF BONDS

Review and retention of tax documents related to the sale and issuance of bonds will be generally supervised by the Responsible Officer and the Controller.

1. Price. The “issue price,” as defined in the Internal Revenue Code of 1986, as amended (the “Code”), of the bonds will be documented at the time of issuance. Certifications of an underwriter, placement agent or purchaser and a final numbers package (if applicable) will establish “issue price” and will be reviewed and included in the bond transcript or other records maintained for the bond issue.
2. Weighted Average Maturity. The weighted average maturity (taking into account the various issue prices of the maturities of the bonds) will be documented at the time of issuance.
3. Economic Life of Financed Assets. As estimated, average economic life of the expected bond-financed assets will be documented at the time of issuance.
4. Information Reporting. Form 8038-G will be reviewed and filed not later than the 15th day of the 2nd calendar month following the quarter in which bonds are issued. Filing of the Form 8038-G will be confirmed with bond counsel.

D. EXPENDITURE OF PROCEEDS FOR QUALIFIED COSTS

Expenditure of bond proceeds will be reviewed by the Responsible Officer or other designee.

1. Requisitions. The Responsible Officer or other designee will establish a form and procedures for preparation and review of requisitions of bond proceeds, and maintain records of the date, amount and purpose of the disbursement. Requisitions must identify the financed property in conformity with the Tax Certificate and Agreement executed by the Authority at closing, including any certifications as to the location and character of the bond-financed property.
2. Investment Earnings. Investment earnings on sale proceeds of the bonds will be tracked and will be requisitioned only for appropriate expenditures.
3. Capital Expenditures. The Authority will verify that all costs for which it requisitions bond proceeds are capital expenditures, except as otherwise permitted by the tax certificate (certificate as to no arbitrage) executed at closing.
4. Debt Service Reserve Funds. Bond-funded reserve funds cannot exceed the least of (i) 10% of the par amount of the bonds (or the issue price of the bonds, if there is more than a *de minimis* amount of original issue discount or premium), (ii) maximum annual debt service, and (iii) 125% of average annual debt service. The initial funding of any reserve fund will be measured against this limit before issuance of the bonds.
5. Reimbursement. Requisitions for costs that were paid prior to the issuance of the bonds are, in general, limited to costs paid subsequent to, or not more than 60 days prior to, the date a “declaration of intent” to reimburse the costs was adopted by the Authority. If proceeds are used for reimbursement, a copy of the declaration will be obtained and should be included in the records for the bonds, if not already part of the bond transcript.

6. Timing of Expenditures. Expenditure of proceeds will be measured against the Authority’s expectations, as set forth in the tax certificate executed in connection with the particular bond issue, to spend or commit 5% of net sale proceeds within 6 months, to spend 85% of net sale proceeds within 3 years, and to proceed with due diligence to complete the project and fully spend the net sale proceeds. Expected expenditure schedules, project timelines, and plans and specifications will be maintained to support expectations. Reasons for failure to meet the expected schedule will be documented and retained.

7. Rebate Spending Exceptions. Expenditure of proceeds will be monitored for compliance with spending exceptions to the rebate requirement, as follows:

a. If the six-month spending exception applies, expenditure of gross proceeds will be monitored against the following schedule.

100% within 6 months

b. If the 18-month spending exception applies, expenditure of gross proceeds will be monitored against the following schedule.

15% within 6 months

60% within 12 months

100% within 18 months

c. If the two-year spending exception applies, expenditure of “available construction proceeds” will be measured against the following schedule.

10% within 6 months

45% within 12 months

75% within 18 months

100% within 24 months

E. USE OF BOND-FINANCED PROPERTY

Use of bond-financed property must be measured separately for each bond issue.

1. Limit on Private (Non-Exempt) Use. Average annual private use of bond-financed property over the life of the issue cannot exceed 10% of the proceeds (or 5% if the use is unrelated to the governmental use or disproportionate to the governmental use). Private use will be determined annually as a percentage of total use of proceeds of the bond issue.

2. Review of Contracts and Agreements. Contracts and agreements with private business users for the lease, management, sponsored research, or any other potential private/non-exempt use of bond-financed property will be reviewed prior to execution for compliance with the private use limits. This review will include a determination of whether any arrangement meets the safe harbors of Internal Revenue Service Rev. Proc. 97-13, as modified by Rev. Proc. 2001-39 for any management contracts or similar arrangements. It will also include a determination of whether any arrangement meets the exception for incidental use under Treas. Reg. §1.141-3(d)(5), the exception

for general public use under Treas. Reg. §1.141-3(c), or the exception for certain short-term arrangements under Treas. Reg. §1.141-3(d)(3).

3. Tracking Private (Non-Exempt) Use. Agreements with private business users or non-profit organizations for lease or management or services contracts or other private business use involving bond financed property will be tracked and aggregated with other private business uses for compliance with the 10% (or 5%) limit, as set forth in the Tax Certificate and Agreement for the applicable bonds.
4. Change in Use. No item of bond-financed property will be sold or transferred to a non-exempt party without advance arrangement of a “remedial action” under the applicable Treasury Regulations (see Treasury Regulations § 1.141-12).

F. INVESTMENTS AND IRS FILINGS

Investment of bond proceeds as allowed under the General Bond Resolution will be monitored to ensure compliance with the arbitrage bond rules and the rebate of arbitrage will be supervised by the Authority.

1. Guaranteed Investment Contracts. Guaranteed investment contracts (“GIC”) will be purchased only using the three-bid “safe harbor” (see Treasury Regulations § 1.148-5(d)(6)(iii)), in compliance with fee limitations on GIC brokers (see Treasury Regulations § 1.148-5(e)(2)(iii)); provided, however, that to the extent that the safe harbor provisions cannot be met, the Authority will consult with bond counsel.
2. Fair Market Value of Investments. Other investments will be purchased only in market transactions.
3. Yield-Restriction. Prior to the purchase of any investment, the Authority will confirm that such purchase will not violate any rules relating to proceeds which must be invested at a yield not in excess of the yield on the applicable issue of bonds.
4. Rebate Calculations. Calculations of rebate liability will be performed by the Authority’s or outside consultants at the end of construction and at least every fifth bond year.
5. Rebate Payments. Rebate payments will be made with Form 8038-T no later than 60 days after (a) each fifth anniversary of the date of issuance of the applicable bonds and (b) the final retirement of the issue. Compliance with rebate requirements will be reported to the bond trustee, if applicable.
6. Note First Rebate Due Date. The date for the first rebate payment will be identified and entered in the records for the issue at time of issuance of the bonds.

G. REFUNDING ISSUES

When tax-exempt governmental bonds are used to refund other bonds (“Refunded Bonds”), the new bonds (“Refunding Bonds”) will be treated as having financed the property originally financed with the Refunded Bonds (or any bonds refunded by the Refunded Bonds), such that financed property must be tracked until the last bonds (whether Refunded Bonds or Refunding Bonds) attributable to that property are retired. The Authority will review the use of the any bond-financed property until the last bonds attributable to that property are paid in full; except to the extent that tracking is no longer required due to the economic life of the property coming to an end.

The proceeds of Refunding Bonds that are used to retire Refunded Bonds more than 90 days after the issue date of the Refunding Bonds are “Advance Refunding Bonds”. Advance Refunding Bonds have additional federal tax requirements in order to be tax-exempt governmental bonds. In order to comply with these additional requirements, the Responsible Officer will:

1. Limit on Advance Refunding. Confirm directly, or in conjunction with the Underwriter, financial advisor, and/or bond counsel, that the issuer does not issue Advance Refunding Bonds that would violate the limit on the number of advance refundings for any of its tax-exempt governmental bonds;
2. Proper Call Date. Confirm directly, or in conjunction with a financial advisor and/or bond counsel, that the Refunded Bonds are being redeemed on their earliest call date or other allowable date.

H. SHORT-TERM WORKING CAPITAL FINANCINGS

In the event the Authority issues tax-exempt bonds to finance working capital (meaning non-capital expenditures for which no exception to Treasury Regulations § 1.148-6(d)(3)(i) applies) (“Working Capital Financing”), the Authority will consult with bond counsel to develop appropriate procedures to monitor such Working Capital Financing.

I. POST-ISSUANCE CORRECTIVE ACTIONS

The Authority expects that its compliance with the policy outlined above will prevent any violations of federal tax rules pertaining to the Authority’s outstanding tax-exempt governmental bonds (including any Refunded Bonds). However, if the Authority discovers a potential violation through its ongoing monitoring or otherwise, it will determine in conjunction with its bond counsel whether a violation actually exists. If it is found that a violation actually exists, the Authority will determine whether (i) any remedial actions are available, or (ii) a voluntary closing agreement with the Internal Revenue Service is appropriate.

If the Authority determines a violation of the federal tax rules pertaining to the Authority’s outstanding tax-exempt governmental bonds (including any Refunded Bonds), or the Authority’s Internal Operating Procedure related to the Authority’s Continuing Disclosure Compliance (IOP-F3), has resulted due to the failure of a Project Participant and/or a VPPSA member to submit information as required to meet the Authority’s financial obligations, the failure to meet such obligation shall be brought to the attention of the Board of Directors at their next regularly scheduled Board of Directors meeting.

J. RECORDS

1. Records will be retained for the life of the bonds plus any Refunding Bonds plus three (3) years. This means that the Authority will maintain records regarding Refunded Bonds until three years after the final Refunding Bonds (including through a series of refundings) is retired. Records may be in the form of documents or electronic copies of documents, appropriately indexed to specific bond issues and compliance functions.
2. Retainable records generally include:
 - a. The transcript documents executed in connection with the issuance of the bonds (including the authorizing documents, offering materials (such as publications, brochures and newspaper articles), Form 8038-G (and, if applicable, Forms 8038-T and 8038-R), and the Tax Certificate and Agreement, minutes and resolutions authorizing the issuance, any elections made with respect to the bonds, if applicable, certifications of issue prices, trustee statements and correspondence) and any amendments to such documents.
 - b. The Authority’s audited Financial Statements.
 - c. Reports of any prior IRS examination of the Authority of its bonds.

- d. Appraisals, demand surveys or feasibility studies for bond-financed property, if prepared.
- e. Documents related to government grants associated with construction, renovation or purchase of bond-financed facilities.
- f. Records documenting the allocation and earnings and investments related to bond financings.
- g. Records of an asset list or schedule of all bond-related facilities or equipment.
- h. Records that track purchases and sales of bond-financed assets.
- i. Records of expenditures of bond proceeds include requisitions, account statements and the final allocation of proceeds.
- j. Records of the use of bond-financed property, including all agreements reviewed for private use.
- k. Records pertaining to investments including GIC documents under the Treasury Regulations, credit enhancements transactions, financial derivatives, bidding of financial products, records of purchase and sale of other investments, SLGS subscriptions, and records of investment activity sufficient to permit calculation of arbitrage rebate or demonstration that no rebate is due.
- l. Records pertaining to rebate and yield calculations and all rebate and yield reduction payments paid to the United States Treasury.
- m. Records of trade or business activities by or with non-governmental entities or person with respect to bond-financed facilities.
- n. Copies of the following agreements when entered into with respect to bond-financed property: management and other service agreements; ownership documents such as deeds and mortgages; leases; subleases.

3. RESPONSIBILITY:

It shall be the responsibility of the General Manager to designate appropriate individuals to carry out the responsibilities of this policy.

3. ATTACHMENTS: NONE



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Policies	Department:	General/Organizational
Policy Number:	G1	Adopted:	August 7, 2019

1. OBJECTIVE: To identify, address and manage risks (both internal and external) inherent in the nature of the Authority’s operations that could impair the Authority’s ability to maintain a solid financial position and/or the ability to accomplish its mission. In addition, to provide a uniform set of definitions applicable to policies of the Authority and a protocol for the adoption and dissemination of such policies.

2. DEFINITIONS:

For purposes of this and all other policies adopted by the Authority, the following definitions shall apply:

- a. “Authority” means the Vermont Public Power Supply Authority.
- b. “Board” means the Board of Directors of the Authority.
- c. “Bylaws” means the bylaws adopted by the Board of the Authority.
- d. “ERM Plan” means an Enterprise Risk Management Plan that is comprised of organizational policies adopted by the Board and internal operating procedures developed by General Manager in consultation with the Internal Risk Management Committee.
- e. “Internal Operating Procedure(s)” means any written operating procedure or procedures, developed by the Internal Risk Management Committee for inclusion in the Authority’s ERM Plan.
- f. “IRMC” means the Internal Risk Management Committee of the Authority. The IRMC shall consist of at least one individual from each department of the Authority.
- g. “Policy” or “policies” means any written policy adopted for inclusion in an ERM Plan by the Board of the Authority. The terms “policy” and “policies” do not include either (1) employee benefits guidelines and similar human resources documents, or (2) internal operating procedures that lie within the responsibility of the General Manager.
- h. “RMC” means the Risk Management Committee of the Authority. The RMC shall consist of three members of the Board of Directors and/or Alternate Directors as determined by the Board by Resolution.
- i. “RMC Coordinator” means an individual appointed by the IRMC to oversee the operational functions and to perform the specific tasks assigned to maintain the ERM Plan.

3. POLICIES:

To understand and manage both internal and external risk factors, the Authority shall:

- Establish and assign Authority Directors and/or Alternate Directors to the RMC of the Authority.
- Establish and assign individuals to the IRMC of the Authority.
- Develop and maintain an ERM Plan creating a systematic structure to address organizational risks and support the implementation of measures to manage such risks. The IRMC shall serve as the venue for such structure and shall meet no less than annually to provide a forum whereby organizational risks may be addressed.
- The IRMC shall review the adequacy of current policies, recommend changes to existing policies, and develop and/or recommend new policies as needed. The RMC Coordinator, on behalf of the IRMC, shall present to the RMC and the Board, any recommendations on altering or rescinding existing policies, or adopting new ones.
- The IRMC shall develop and recommend to the General Manager, internal operating procedures that provide consistency in the operational structure of the Authority and function to identify and manage risks across the organization.
- Maintain a master volume of organizational policies and internal operating procedures including all approved revisions. Such policies and procedures shall at a minimum address the following categories and topics:

• General & Organizational
• Finance
• Power Supply
• Operations
• Communications

- The Board shall consider new policies or policy revisions only at duly warned Board meetings, and in accordance with the Bylaws.

4. RESPONSIBILITY:

- It shall be the responsibility of the RMC Coordinator, in consultation with the IRMC and the General Manager, to present and distribute new policies and/or revisions to existing policies, to the RMC and the Board, and maintain a master volume of the approved policies and all operating procedures.
- It shall be the responsibility of the Board to consider and approve new policies and/or revisions to existing policies.
- It shall be the responsibility of the General Manager to approve Internal Operating Procedures.

4. ATTACHMENTS: NONE



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Communication with Media	Department:	General/Organizational
Policy Number:	G2	Adopted:	August 7, 2019

1. OBJECTIVE: To provide a clear protocol for communication by the Authority to the media, given the potentially sensitive nature of matters in which the Authority may be involved. In the context of this policy “media” shall include: news media, social media, digital media and general outreach.

2. POLICY:

The General Manager and the Communications Specialist shall be the primary representatives authorized to respond on behalf of the Authority to all media inquiries and the only representatives authorized to respond on behalf of the Authority regarding social media and digital media

The Chair and Vice Chair are authorized to represent the Board in response to news media inquiries.

All other persons associated with the Authority shall defer such inquiries to the above individuals, unless specifically authorized to communicate with the media on behalf of the Authority.

Anyone responding to the news media and/or general outreach on behalf of the Authority shall exercise due diligence and good faith with respect to such communications.

Individuals responding to Social and Digital Media shall adhere to the Authority’s Internal Operating Procedure IOP-C1, Social and Digital Communications.

3. RESPONSIBILITY:

It shall be the responsibility of the persons listed above to communicate with the media on behalf of the Authority as appropriate. These individuals shall also be responsible for determining whether to authorize other Authority personnel to communicate with the media.

4. ATTACHMENTS:

NONE



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Computer and Other Electronic Device Security	Department:	Information Systems and Support Services
Policy Number:	OP1	Adopted:	August 7, 2019

1. OBJECTIVE: To establish security protocols for workstations, laptops, cell phones, servers and other electronic equipment of the Authority and access of Authority personnel to those systems.

2. POLICY:

- A. The management, requirements and changes of employee passwords as well as external access to organizational information through information technology shall be a management function of the Information Systems and Support Services Department of the Authority.
- B. Employees shall be required to enter a password to access Authority workstations, laptops, cell phones, servers and other electronic equipment as necessary.
- C. Employees shall log off, or lock Authority workstations, laptops, cell phones and servers upon departing the building for the day, or upon leaving any laptop or cell phone unattended when off the premises of the Authority.
- D. An automated process shall be in place to lock workstations, and laptops when inactive for 15 minutes. Once locked, personnel will be required to reenter a password to access the workstation or laptop.
- E. Authority servers and cell phones will be programmed to automatically lock when inactive for five minutes.
- F. Authority passwords on workstations and laptops shall be reset at least annually. The Information Systems and Support Services personnel will develop and maintain an automated process to ensure that this requirement is met.
- G. Authority personnel shall provide individual passwords for company cell phones and other electronic equipment that is currently maintained and **not otherwise accessible** by the Authority to the Information Systems and Support Services Department. Authority personnel is not required to provide the Information Systems and Support Services Department with passwords for electronic equipment and/or devices that are accessible by other means. When passwords are required to be provided to the Information Systems and Support Services Department, as noted above, Authority personnel shall

inform the Information Systems and Support Services Department at any time such passwords are changed.

- H. Authority passwords for electronic devices shall be disabled immediately when an employee separates from employment at the Authority or when other circumstances require employee access to such electronic devices be disabled. The Information Systems and Support Services Department shall work in consultation with the Internal Risk Management committee, to develop and maintain an internal operating procedure that identifies the steps necessary to ensure this requirement is met.
- I. This policy shall govern use of all Authority electronic devices as listed above. Additional more stringent policies may be established as needed related to electronic devices used at specific project assets owned by the Authority. If there is a conflict between this policy and a policy specific to a project asset, the project asset policy shall govern.

3. RESPONSIBILITY:

It shall be the responsibility of Authority personnel to log off, or lock their workstation, laptop, cell phone or server upon departing the building for the day, or upon leaving any laptop or cell phone unattended when off the premises of the Authority.

It shall be the responsibility of personnel within the Information Systems and Support Services Department to implement and maintain automated processes that lock inactive company workstations, laptops, cell phones and servers, to manage passwords and external access to company workstations, laptops, cell phones or servers and to develop and maintain an automated process for the prompting of changing passwords on Authority workstations and laptops.

It shall be the responsibility of Authority personnel to ensure that security installed on Authority cell phones is maintained in compliance with this policy.

It shall be the responsibility of personnel with the Information Systems and Support Services Department to ensure passwords are disabled when necessary.

3. ATTACHMENTS: NONE



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Internet & E-Mail Outages	Department:	Information Systems and Support Services
Policy Number:	OP2	Adopted:	August 2, 2017 August 8, 2019

EFFECTIVE AUGUST 2, 2017 THIS POLICY IS RECINDED WITH THE INTENT TO WORK THE INTERNET AND EMAIL REPORTING INTO OTHER AUTHORITY POLICIES AND/OR INTERNAL OPERATING PROCEDURES



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Data Backup Policy	Department:	Information Systems and Support Services
Policy Number:	OP3	Adopted:	August 7, 2019

1. OBJECTIVE: To create protocols to ensure that critical data on the Authority's information systems network is available for restoration in the event of any type of system failure.

2. POLICY:

- A. All servers and client workstations of the Authority will be backed up on a daily basis for all files and twice daily for SQL Server files.
- B. Authority cell phones will be synced (backed up) to iTunes or another similar program chosen by the Information Systems and Support Services personnel, at least once per month.
- C. The Authority's management will establish appropriate storage, including off-site storage, as may be appropriate to safeguard historical data.

3. RESPONSIBILITY:

It shall be the responsibility of the Information Systems and Support Services personnel to ensure adequate data backups for client workstations and Authority servers are performed and stored in a secure off-site location.

It shall be the responsibility of Authority employees to ensure the Authority cell phones provided to them are synced and backed up to ITUNES or other similar program chosen by the Information Systems and Support Services personnel as required in this policy.

It shall be the responsibility of the Information Systems and Support Services personnel to identify programs such as ITUNES or other similar programs to be used for the purpose of cell phone backup storage.

3. ATTACHMENTS: None



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Disaster Recovery Plan Policy	Department:	Information Systems and Support Services
Policy Number:	OP4	Adopted:	August 7, 2019

1. OBJECTIVE: To create and maintain a plan to facilitate the effective recovery of the operation of the Authority in the event of disaster.

2. POLICY:

- A. The Authority will maintain a disaster recovery plan in full force and effect at all times. That plan shall be approved by the General Manager.
- B. The General Manager, in consultation with the Internal Risk Management Committee, will review the disaster recovery plan at least annually, and make such revisions to it as may be appropriate. Such annual review shall include consideration of any changes to the information technology systems of the Authority since the last review, as well as other information pertinent toward maintaining a plan that will meet the objectives of this policy.

3. RESPONSIBILITY:

It shall be the responsibility of the General Manager, in consultation with the Internal Risk Management Committee, to ensure compliance with this policy.

4. ATTACHMENTS: NONE



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Use of Removable Media and electronic interfaces	Department:	Information Systems and Support Services
Policy Number:	OP5	Adopted:	August 2, 2017 August 7, 2019

EFFECTIVE AUGUST 2, 2017 THIS POLICY IS RECINDED WITH THE INTENT THAT THE POLICY INFORMATION IS REPLACED WITH CRITICAL INFRASTRUCTURE PROTECTION (CIP) DOCUMENTS



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Building Security	Department:	Information Systems and Support Services
Policy Number:	OP6	Adopted:	August 7, 2019

1. OBJECTIVE: To identify and maintain security protocols for any Authority building. For the purpose of this policy, an Authority building shall be defined as a building owned by the Authority and where Authority employees spend time working.

2. POLICY:

- A. The Authority will maintain an electronic keyless entry system for Authority buildings.
- B. The electronic keyless entry system shall be set to automatically lock each day, at a time determined by the General Manager.
- C. Authority personnel shall be provided with a keyless entry device (FOB) that will be used to access Authority buildings.
- D. Authority personnel shall ensure that the window(s) within their office are closed and locked prior to leaving the building.
- E. The last individual exiting the building for the day shall ensure the primary door is closed securely and locked.
- F. FOBs for employees that leave the employment of the Authority shall be deactivated immediately.
- G. FOBs will only be provided to employees and other individuals as authorized by the General Manager or Information Systems and Support Manager.
- H. This policy shall govern security for all Authority buildings. Additional more stringent policies may be established as needed related to specific project asset buildings or properties owned by the Authority. If there is a conflict between this policy and a policy specific to a project asset, the project asset policy shall govern.

3. RESPONSIBILITY:

- It shall be the responsibility of the Information Systems and Support staff department to maintain the electronic keyless entry system.
- It shall be the responsibility of the General Manager and the Information Systems and Support Manager to authorize the issuance of FOBs to individuals that are not Authority employees.
- It shall be the responsibility of VPPSA staff to ensure compliance of this policy as identified above.

VPPSA Policy OP6-Building Security

4. ATTACHMENTS: NONE



Vermont Public Power Supply Authority

Official Policy

Policy Name:	Power Supply Authorities	Department:	Power Supply
Policy Number:	P3	Adopted:	August 7, 2019

1. OBJECTIVE:

To identify and document the various power supply activities necessary to provide the Authority members with the power needed to meet the member's current and future resource requirements, identify and document how Authority power supply projects will be developed, and delineate where the authority lies in making these necessary decisions.

2. DEFINITIONS:

Balancing Purchase/Sale Program – A program consisting of short duration monthly or quarterly power transactions implemented by the Authority to meet the Coverage Ratio requirements contained in Attachment 1 to this policy.

Entitlement – The obligation to pay related costs and right to the benefits of market products and related output of all or a portion of an electric generating facility.

Operational Project – A program that is administered by the Authority in a “project-type” arrangement whereby costs and benefits are allocated only to the participants within the program.

Intermediate Power Purchase/Sale – A power supply transaction that has a term between 1-year and 5-years.

Generating Project – A sole or joint ownership interest, in an electric generation facility.

Long-term Power Purchase/Sale – A power supply transaction that has a term greater than 5-years.

PPA – A Power Purchase Agreement between the Authority and a third-party counterpart.

Project – An Operational Project or a Generating Project.

Project Participants – The utilities named as participants in an Authority Project.

PSA – Power Sales Agreement between the Authority and a Project Participant.

Short-term Power Purchase/Sale – A power supply transaction that has a term less than 1-year.

VPPSA Single Settlement – The portfolio of generation, contract, and load assets within the Authority’s ISO New England settlement account.

3. **POLICY:**

The General Manager shall monitor power supply activities, identify roles and responsibilities, and develop detailed procedures to effectuate power supply activities, including the delegation of authorities as appropriate to effectuate this policy. It shall be the General Manager’s role to manage the power supply activities and provide recommendations, as necessary, to the Board of Directors.

A. **Power Supply Transactions:**

1. Balancing Purchase/Sale Program

- a. The Board of Directors shall adopt Coverage Ratio parameters that the Authority shall apply to manage the assets of each participant in the VPPSA Single Settlement.
- b. The General Manager shall manage the Authority’s efforts in accordance with Attachment 1 to this policy, and shall have authority to enter Balancing Purchases/Sales necessary to implement this policy on behalf of members.
- c. Balancing Purchases/Sales shall not require specific contracts between the Authority and members. Settlement of transaction costs/credits shall occur through the monthly billing process.

2. Short Term Power Purchases/Sales

- a. The Authority shall prepare an annual power budgets for each member that details the anticipated transactions to occur in upcoming fiscal year. Upon a member’s acceptance of the power budget it will become VPPSA’s guidance in making Short Term Power Purchases/Sales.
- b. The General Manager shall manage the VPPSA Single Settlement in a manner designed to meet the budget expectations and shall have authority to enter Short Term Purchases/Sales as necessary to do so.
- c. Short Term Purchases/Sales shall not require specific contracts between the Authority and members. Settlement of transaction costs/credits shall occur through the monthly billing process.

3. Intermediate Term Power Purchases/Sales

- a. The Authority shall seek Intermediate Term Purchases/Sales that provide benefits to one or more members. The efforts to locate such transactions shall be an operational cost of the Authority.

- b. Upon identifying an intermediate-term opportunity the General Manager shall seek approval to enter the arrangement from those affected members.
- c. Intermediate Term Purchases/Sales shall be documented by Planned Purchase Authorizations between the Authority and those affected members. Settlement of transaction costs/credits shall occur through the monthly billing process.

2. Long-Term Power Purchases

- a. The Authority shall seek Long-Term Purchases/Sales that provide benefits to one or more members. The efforts to locate such transactions shall be an operational cost of the Authority.
- b. Upon identifying a long-term opportunity, the General Manager shall seek approval to enter the arrangement from those affected members.
- c. Long Term Purchases/Sales shall be consummated by Power Sales Agreements between the Authority and those affected members. Invoicing shall occur in accordance with the Power Sales Agreements.

B. Generating Projects:

1. Authority staff may, from time to time, research the feasibility of ownership in Generating Projects. The cost to research such Projects shall be paid from the Authority's general operating budget until such time as recommendation from the General Manager for initial Project development is brought to the Board for approval.
 - a. The General Manager's recommendation shall include: 1) an initial allocation of the Entitlements from the potential Project to specific Project Participants, 2) the methodology for those allocations, 3) a proposed budget and timeline for the proposed development effort, and 4) a methodology for any future reallocations.
2. Upon Board approval, the Authority shall initiate establishment of an Operational Project to accumulate project development funds collected from Participants and from which to pay all project development related expenses. The Authority shall also confirm Entitlement participation from all recommended Project Participants and adjust entitlements as required.
3. Development costs related to the Operational Project shall be charged to the Project Participants based on the accepted Entitlement allocation.
4. Upon conclusion of the initial project development effort, the General Manager will recommend that the Authority do one of the following: 1) close the Operational Project and stop development, 2) close the Operational Project and proceed with the effort as a Long-Term Purchase/Sale, 3)

convert the Operational Project into a Generating Project and proceed with further research and development with the intent of constructing and/or acquiring the Generating Project.

- a. The General Manager’s recommendation shall include: 1) any recommended revisions to initial allocation of the Entitlements, 2) the rationale for those revisions, 3) a proposed budget and timeline for completing the transaction, and 4) a methodology for managing any funds remaining in the Operational Project.
5. The rights and obligations of the Project Participants shall be as set forth contractually by a joint ownership agreement, a PSA or other similar agreement.

4. RESPONSIBILITY:

It shall be the responsibility of the Power Supply department to make purchases and sales, and to seek power supply options, within the parameters delineated in this policy.

It shall be the responsibility of the General Manager establish and maintain internal procedures that effectuate this policy in the most effective manner possible.

It shall be the responsibility of the Board of Directors to maintain Attachment 1 to the policy, and to act on any recommendations brought forward by the General Manager.

5. ATTACHMENTS:

P3 Power Supply Authorities Policy Attachment 1

P3 -Power Supply Authorities Policy ATTACHMENT 1

1. At the beginning of each calendar month the Authority shall have in place energy Coverage Ratios of between 95% and 105% of forecasted load for each member system for the month.
2. Deviation from the above ratios shall only occur with authorization in writing by a member Director, or someone designated in writing by him/her, or an Alternate Director. The designation of authority must specify the exact time period such designation applies. The authorization of alternate Coverage Ratios must be reaffirmed in writing at least annually

Memorandum

To: Board of Directors
From: Ken Nolan
Date: August 2, 2019
Subject: **Agenda Item #7** - HVAC Renovation

Over nearly the past year staff has been on an odyssey of learning about VPPSA's HVAC system. We have had significant issues with the building mechanical system for some time:

- Boiler outages that caused repeated servicing
- Cold/hot spots in the building
- Wet ceiling tiles where a root cause was not obvious
- Air handlers freezing up and requiring repeated emergency servicing
- Failing thermostat controls (and with the most recent "repairs" lack of automatic control)

We initiated a conversation with Efficiency Vermont following our insulation project last year to seek their assistance in addressing the concerns. That conversation led to EVT's recommendation of five potential contractors who could evaluate VPPSA's systems and provide a solution plan.

Crystal led this effort, and initially worked with Alliance Mechanical. Alliance had technicians onsite for 2-days doing an assessment and came to several conclusions:

- All of our equipment was at end of life
- If any A/C unit failed it could not be "replaced" as is due to new refrigerant requirements
- The air handling units in the attic had not been properly serviced for some time
 - Filters were missing
 - The units were rusty and dirty
- External compressor units also showed signs of neglect
- Our mechanical room does not meet the latest safety codes

Alliances recommended approach was to move all of our mechanic equipment into a new room built in the attic and convert the entire system (including the boiler) to propane. The proposal was for \$118,000 not including the any construction costs (ie.

cost to build the room). We also found them very difficult to have a conversation with or get further details from.

We then spoke with the second vendor on EVT's list, Vermont Mechanical, and had them do a similar walkthrough. Their overall conclusions were the same as Alliance Mechanical; however, the proposed solution was slightly different. They discussed several other options with us:

- Whether we could break the project into phases
- Whether it made sense to convert the fuel oil boiler to propane
- The benefits/drawbacks of converting to heat pumps

After reviewing the overall situation, Vermont Mechanical's recommended approach was:

- Replace all three A/C units with new Carrier units and convert them to propane
 - Increased efficiency
 - Eliminating water loops running in the attic space
 - Make the new Air Handlers the primary heating system (allows better control)
 - Couple with Carrier commercial grade temperature controls
- Leave the oil boiler in place for now but only as a backup heat source
 - Tie its control into the carrier system to be called on if/when the forced air units can't meet demand
- Install a energy recovery ventilator to provide adequate air turnover
 - Presently the system does not meet recommended levels
- Replace the Board room A/C, which is deteriorating, with a new heat pump system that can provide supplemental heat in that room and provide additional cooling for large groups

Vermont Mechanical's quote was \$109,921 for a turnkey solution to all but the Board room heat pump. The heat pump would add an additional \$9,500 bringing the full solution to just under \$120,000. The one component not included in either the Alliance Mechanical or Vermont Mechanical quotes was the interaction with our propane dealer, which VPPSA would need to undertake to get the propane supply to the building.

Vermont Mechanical noted that we could do one zone per year for a cost of \$35,000 to \$40,000 per year, but they cautioned that with our equipment at end of life and replacement requiring a conversion in refrigerant any failure would necessitate complete replacement (meaning that a failure of any zone would require the full projected cost).

After discussion, staff believes that the best approach is to undertake the entire conversion, as recommended by Vermont Mechanical, this fall. Doing so would require VPPSA to enter the contract with Vermont Mechanical and seek a loan to cover the cash outlay. We would then anticipate depreciating the equipment over its

projected useful life. Budget impact would be the annual financing cost which would be slightly offset by some reductions in fuel and operating costs.

Motion:

Motion to authorize the General Manager to enter the contract with Vermont Mechanical for replacement of VPPSA mechanical systems as identified, and to take all actions necessary to enter into financing to cover the project costs by approving Resolution 2019-05.



Vermont Mechanical Incorporated
P.O. Box 728
Williston, Vermont 05495
Phone: 802-862-5900
Fax: 802-862-2219
www.vtmechanical.com

Date: July 16, 2019
VMI Bid Quote #VM19-276

To: Crystal Carrier, Vermont Public Power Supply Authority
Re: HVAC System – Total Replacement
Addenda Received: N/A

Vermont Mechanical, Inc. is pleased to offer our price for the above referenced project. Our bid proposal includes all necessary material, labor, equipment and supervision to replace all three existing cooling only air handlers with horizontal direct-vent furnaces with AC coils.

Clarifications & Inclusions:

- Secure all necessary state and local permits
- Remove and properly dispose of three existing air handlers
- Remove and properly dispose of three existing AC condensers
- Remove and properly dispose of existing refrigerant piping; dispose of refrigerant in compliance with EPA regulations
- Furnish and install three Carrier Infinity Series high-efficiency furnaces
- Furnish and install three Carrier Infinity Series high-efficiency AC condensers
- Furnish and install three Carrier DX cooling coils
- Furnish and install new refrigerant piping and additional refrigerant to all three new units
- Furnish and install Renewaire energy recovery ventilator to provide fresh air ventilation
- Furnish and install Carrier Infinity touch-screen control thermostats for each unit
- Furnish and install concentric venting for each unit through existing roof; subcontract roofer for roof penetration/sealing
- Furnish and install all necessary condensate piping and pumps for furnaces in attic space
- Furnish and install all necessary ductwork transitions to connect new units to existing ductwork
- Furnish and install all necessary ductwork to connect energy recovery ventilator to each unit in attic
- Subcontract general contractor to properly cut and seal wall penetration on gable end wall for energy recovery ventilator exhaust
- Furnish and install all LP gas piping between regulator (provided by others) and furnaces in attic
- Balance airflows at each supply diffuser to ensure proper airflow
 - Price below assumes functional volume dampers exist where needed
- Furnish and install all necessary electrical wiring between existing disconnects
 - Price below assumes existing electrical breaker and wire sizes are adequate for new equipment
- Furnish and install new boiler control system to allow existing baseboard radiation to provide supplemental heating
- Startup new equipment and verify proper operation
- Provide customer training on operation of new system

Standard Exclusions: Abatement surveys and/or remediation, architectural access panels & doors, architectural caulking & finishes touch up & repairs, architectural/structural surfaces/finishes cutting & patching, AutoCAD coordination and/or 3-D modeling, buried fuel tank removal/disposal/remediation, commissioning agent services, concrete & masonry work, core drilling and square openings, door undercutting and/or door grill openings, dumpsters, duct cleaning services, duct leak testing, fire and smoke dampers, engineering, excavation/trenching & backfill, final cleaning, fire protection/fire suppression systems, gas meters & gas pressure regulators, IAQ management, insurances beyond our standard limits, landscaping repairs, liquated damages, LP Tanks and/or buried to building feed-lines & stage regulators, painting, pressure switch and alarm wiring and/or other interconnecting equipment wiring, prevailing wages, radiographic and/or dye penetrant testing, roofing other than that specifically mentioned above, sales tax, seismic & vibration calculations & certifications, shift/weekend/holiday and-or overtime labor, sound & vibration testing, starters/disconnects & VFD's not factory equipped, structural steel and/or surveys and stamping, temporary utilities and/or temporary HVAC systems or services, utility metering, 3rd party testing and inspection services, floor protection, roof protection, work not specifically mentioned above in the clarifications and inclusions

PROPOSAL BOD Agenda #7a



Vermont Mechanical Incorporated
P.O. Box 728
Williston, Vermont 05495
Phone: 802-862-5900
Fax: 802-862-2219
www.vtmechanical.com

We Propose hereby to furnish material and labor – complete in accordance with the above specifications, for the sum of: **\$109,921.⁰⁰**

One Hundred Nine Thousand, Nine Hundred Twenty-One Dollars

Payment to made as follows: **Net 30 Days**

All material is guaranteed to be as specified. All work to be completed in a professional manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado, and other necessary insurance. Our workers are fully covered by Worker’s Compensation Insurance.

Authorized Signature Jon Brown
Jon Brown – Service Sales

Note: This proposal may be withdrawn by us after **30** days.

Acceptance of Proposal – I have the authority to order the above work and do so order as outlined above. It is agreed that the seller will retain title to any equipment or material furnished until final & complete payment is made, and if settlement is not made as agreed the seller shall have the right to remove same and the seller will be held harmless for any damages resulting from removal thereof. The undersigned understands that a finance charge of 1.5% per month (18% per annum) will be charged on all balances if not paid by the 10th of the month following the invoice date. The undersigned agrees to be responsible for all reasonable collection fees, including attorney’s fees. Applicant will notify Vermont Mechanical, Inc. if it changes its legal entity or ownership.

Signature _____
Signature _____
Date of Acceptance _____

PROPOSAL

BOD Agenda #7b



Vermont Mechanical Incorporated
P.O. Box 728
Williston, Vermont 05495
Phone: 802-862-5900
Fax: 802-862-2219
www.vtmechanical.com

Date: June 24th, 2019
VMI Bid Quote #VM19-277

To: Crystal Carrier, VT Public Power Supply Authority
Re: Board Room Ductless Split System
Addenda Received: N/A

Vermont Mechanical, Inc. is pleased to offer our price for the above referenced project. Our bid proposal includes all necessary material, labor, equipment and supervision to complete the replacement of your existing ductless split air conditioner system in the board room

Clarifications & Inclusions:

- Remove and dispose of existing Sanyo evaporator head, condenser, refrigerant piping and interconnect wiring
- Dispose of existing refrigerant charge in accordance with EPA regulations
- Furnish and install new Carrier Infinity 2 Ton Heat Pump System
 - Energy Star Rated
 - Up to 42 SEER cooling efficiency
 - Can provide supplemental heating, if required
- Furnish and install new refrigerant piping and insulation
- Furnish and install new line-voltage electrical and communication cabling between interior and exterior units
- Connect interior unit to existing condensate piping, replace pump if needed
- Exterior unit to be wall mounted or installed on owner-supplied pad
- Startup system and verify proper operation
- EXCLUDES modification of existing electrical system – price assumes existing circuit breakers, disconnects and wire sizes are adequate for new unit
- EXCLUDES connection to building automation/control system
- EXCLUDES off hours/shift/holiday/overtime labor
- EXCLUDES sheetrock cutting/patching/painting

Standard Exclusions: Abatement surveys and/or remediation, architectural access panels & doors, architectural caulking & finishes touch up & repairs, architectural/structural surfaces/finishes cutting & patching, AutoCAD coordination and/or 3-D modeling, bonds, buried fuel tank removal/disposal/remediation, commissioning agent services, concrete & masonry, core drilling and square openings , door undercutting and/or door grill openings, dumpsters, duct cleaning services, duct leak testing, electrical work, engineering, , final cleaning, fire protection/suppression, gas meters & gas pressure regulators, IAQ management, insurances beyond our standard limits, landscaping repairs, liquated damages, LP Tanks and/or feed-lines & stage regulators, painting, prevailing wages, radiographic and/or dye penetrant testing, sales tax, seismic & vibration calculations & certifications, shift/weekend/holiday and-or overtime labor, sound & vibration testing, starters/disconnects & VFD's not factory equipped, structural steel and/or surveys and stamping, temporary utilities and/or temporary HVAC systems or services, utility metering, 3rd party testing and inspection services, floor protection, work not specifically mentioned above

We Propose hereby to furnish material and labor – complete in accordance with the above specifications, for the sum of: **\$9,454.⁰⁰**

Nine Thousand, Four Hundred Fifty-Four Dollars

Payment to made as follows: **Net 30 Days**

All material is guaranteed to be as specified. All work to be completed in a professional manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado, and other necessary insurance. Our workers are fully covered by Worker's Compensation Insurance.

Authorized
Signature

Jon Brown – Service Sales

Note: This proposal may be withdrawn by us after 30 days.

PROPOSAL

BOD Agenda #7b



Vermont Mechanical Incorporated
P.O. Box 728
Williston, Vermont 05495
Phone: 802-862-5900
Fax: 802-862-2219
www.vtmechanical.com

Acceptance of Proposal – I have the authority to order the above work and do so order as outlined above. It is agreed that the seller will retain title to any equipment or material furnished until final & complete payment is made, and if settlement is not made as agreed the seller shall have the right to remove same and the seller will be held harmless for any damages resulting from removal thereof. The undersigned understands that a finance charge of 1.5% per month (18% per annum) will be charged on all balances if not paid by the 10th of the month following the invoice date. The undersigned agrees to be responsible for all reasonable collection fees, including attorney’s fees. Applicant will notify Vermont Mechanical, Inc. if it changes its legal entity or ownership.

Signature _____

Signature _____

Date of Acceptance _____

Vermont Public Power Supply Authority

BOARD RESOLUTION 2019-05

Building Renovation Short and/or Long-Term Debt Financing

Whereas, the Vermont Public Power Supply Authority ("Authority") has been working with EVT and several vendors to evaluate the office HVAC/Heating system, and

Whereas, VPPSA has received a detailed proposal from Vermont Mechanical Inc. for the replacement of the Authority's HVAC, Heating and related systems,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

1. The General Manager is authorized to enter into either short or long-term debt financing in an amount not to exceed \$130,000 for the purpose of implementing office building renovations, primarily related to the office HVAC and/or Heating systems.

2. The General Manager may negotiate terms as deemed appropriate, including but not limited to, the selection of a specified lender and the granting of collateral to that lender as security for such financing.

3. The General Manager and the Chair of the Board of Directors of the Authority are authorized to sign the financing documents executed in connection with the above-mentioned transactions.

Adopted by the Board of Directors
This 7th day of August, 2019

ATTESTED: Crystal L Currier
Crystal Currier
Secretary

Memorandum

To: Board of Directors
From: Ken Nolan
Date: August 2, 2019
Subject: **Agenda Item #8** – Strategic Plan

Since the Board/Staff Retreat in June, staff has been continuing to refine the 3-year to 5-year strategic plan. At day 2 of the retreat staff took the major areas of focus that the Board had identified and worked with Tim Blodgett to turn those areas into three specific areas with detailed goals with specific deadlines that can be easily tracked and measured. A presentation with the Goals the staff has identified is attached and will be reviewed at the Board meeting.

The largest remaining open topic among the staff is a broader discussion around organizational “culture” and how the various departments can work better together. That discussion has just begun and I expect will become more relevant as the staff reviews the Personnel Guidelines in detail of the next several months.

At this point staff is seeking Board approval of the 2020 Strategic Plan so we can turn to using it in developing the 2020 budget proposal.

Motion:

Motion to adopt the 2020 VPPSA Strategic Plan and Goals as presented.



Strategic Planning Goals

Table of Contents

- 1. Mission and Vision**
- 2. Values**
- 3. Financial Strength**
- 4. Policy Leadership**
- 5. Organizational Excellence**

Mission and Vision

Mission:

To promote, advance, and celebrate public power communities in Vermont and beyond

Vision:

To deliver exceptional value to community-owned utilities by advocating, educating, collaborating, and providing guidance through the changing economic, technological, and regulatory landscape

Values

Responsiveness

Integrity

Sustainability

Collaboration

Leadership



Putting the Public in Power.

Financial Strength

Leverage VPPSA's capabilities to improve the financial strength of its members

1. Increase retail sales for each member by 1% annually beginning in 2020 without increasing peak load levels
2. Add 1 new technical service per year beginning in 2020 to VPPSA's service offerings
3. Add 1 new member by the end of 2020
4. Increase non-member revenues by 10% per year between 2020 and 2023 and then maintain it at the higher level
5. By the end of 2020 develop a roadmap to implementing customer responsive rates

Policy Leadership

Create a positive operating environment for member communities

1. Identify, sponsor, and obtain passage of at least 3 Bills that support public power by the end of the 2024/2025 legislative session
2. Have at least one legislative representative from each member's territory attend a VPPSA sponsored event annually beginning in 2020
3. Develop an outreach program to legislators by the beginning of the 2019/2020 legislative session, and the metrics to gauge its effectiveness by the end of the session
4. Establish annual recurring meetings with the Chairs of relevant Legislative committees, the House Speaker, the Senate President Pro Temp, and the Governor's office prior to the 2025 Legislative session

Policy Leadership

Create a positive operating environment for member communities

5. Establish quarterly standing meetings with the Commissioner of Public Service and annual meeting with the Public Utility Commission by the end of 2019
6. Develop at least 1 VPPSA position paper on a topic of significant importance to public power each year beginning in 2020

Organizational Excellence

Establish a sustainable company culture based on unity, initiative and critical thinking

1. Develop a succession plan for each department by the end of 2021
2. Document critical tasks completed by each position, backups for each task, and develop a cross-training plan by the end of 2020
3. Develop formal professional development plans looking forward for 5-years for each staff member by June 1, 2020
4. Have every staff member attend training and educational events in accordance with their approved professional development plans each year beginning in 2021 subject to any unforeseen budgetary constraints.

Organizational Excellence

Establish a sustainable company culture based on unity, initiative and critical thinking

5. Have at least 3 staff members do presentations at conferences each year beginning in 2020.
6. Have VPPSA or one of its staff members receive an award from a local, regional, or national organization by the end of 2022.
7. Have each department operate for 1-week without being physically in the office, and develop a plan for addressing any operational deficiencies identified before the end of 2020.
8. Have each employee make at least one presentation to the Board of Directors each year beginning in 2020.

Organizational Excellence

Establish a sustainable company culture based on unity, initiative and critical thinking

9. Make sure each member has both a primary and alternate Director in place by the April, 2020 Annual meeting.
10. Have at least 10 members participate in each Board meeting during 2020, and have a quorum at every committee meeting.

Memorandum

To: Board of Directors
From: Ken Nolan
Date: August 2, 2019
Subject: **Agenda Item #9** – Bone Hill Solar PPA

As staff has mentioned previously, the outcome of VPPSA 2017 solar RFP was a partnership with Encore Redevelopment to pursue several solar projects. That effort included development of standard Power Purchase Agreement templates that could be replicated for each project; thereby reducing administrative overheads for all parties.

The first of these contracts was executed several months ago related to the ER Lawrence Brook project in Morrisville. Under that arrangement VPPSA entered a PPA with an LLC created by Encore Renewables to own the ER Lawrence Brook project. VPPSA then coupled that PPA with a back-to-back Power Sales Agreement with Morrisville Water & Light to pass through 100% of the cost and market benefits to Morrisville.

Bone Hill Solar represents the second project under development, and the PPA for it is in near final form. It is highly likely that a CPG application will be filed for the project prior to the October Board meeting, and at that time VPPSA will need to have entered the PPA with Encore or its subsidiary LLC holding the project.

For that reason staff is seeking Board authority to enter the Bone Hill Solar PPA with the expectation that this PPA will be paired with a Power Sales Agreement with Northfield for Northfield to pay 100% of the costs and receive 100% of the market value from the project.

Motion:

Motion to authorize the General Manager to take all steps necessary to enter a Power Purchase Agreement for off-take from the Bone Hill Solar project.

CONFIDENTIAL AND PROPRIETARY

**GENERAL TERMS AND CONDITIONS OF
SOLAR POWER & SERVICES AGREEMENT**

*These General Terms and Conditions ("**General Conditions**") are dated as of this [●] day of [●], 2019 and are witnessed and acknowledged by ER Bone Hill Solar, LLC ("**Provider**") and Vermont Public Power Supply Authority ("**Purchaser**"), as evidenced by their signature on the last page of this document. These General Conditions are intended to be incorporated by reference into each Special Conditions to Solar Power & Services Agreement entered into between Provider and Purchaser or between their respective Affiliates. Except to the extent Provider or Purchaser (or their respective Affiliates) becomes a party to a Solar Power & Services Agreement that incorporates these General Conditions, these General Conditions shall have no binding effect upon Provider or Purchaser.*

1. DEFINITIONS.

1.1 **Definitions.** In addition to other terms specifically defined elsewhere in the Agreement, including the Schedules to the Special Conditions, where capitalized, the following words and phrases shall be defined as follows:

"Actual Monthly Production" means the amount of energy recorded by Provider's metering equipment during each calendar month of the Term, pursuant to Section 4.2.

"Affiliate" means, with respect to any specified Person, any other Person controlling, controlled by or under common control with such specified Person.

"Agreement" means, together, the Special Conditions (including the Schedules and Exhibits attached thereto) and these General Conditions (including the Exhibits attached hereto).

"Applicable Law" means, with respect to any Person, any constitutional provision, law, statute, rule, regulation, ordinance, treaty, order, decree, judgment, decision, certificate, holding, injunction, registration, license, franchise, permit, authorization, guideline, Governmental Approval, consent or requirement of any Governmental Authority having jurisdiction over such Person or its property, enforceable at law or in equity, including the interpretation and administration thereof by such Governmental Authority.

"Assignment" has the meaning set forth in Section 13.1.

"Bankruptcy Event" means with respect to a Party, that either:

(i) such Party has (A) applied for or consented to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property; (B) admitted in writing its inability, or be generally unable, to pay its debts as such debts become due; (C) made a general assignment for the benefit of its creditors; (D) commenced a voluntary case under any bankruptcy law; (E) filed a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up, or composition or readjustment of debts; (F) failed to controvert in a timely and appropriate manner, or acquiesced in writing to, any petition filed against such Party in an involuntary case under any bankruptcy law; or (G) taken any corporate or other action for the purpose of effecting any of the foregoing; or

(ii) a proceeding or case has been commenced without the application or consent of such Party in any court of competent jurisdiction seeking (A) its liquidation, reorganization, dissolution or winding-up or the composition or readjustment of debts or, (B) the appointment of a trustee, receiver, custodian, liquidator or the like of such Party under any bankruptcy law, and such proceeding or case has continued undefended, or any order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect for a period of sixty (60) days.

"Business Day" means any day other than Saturday, Sunday or any other day on which banking institutions in New York, NY are required or authorized by Applicable Law to be closed for business, unless such term is being used in relation to meeting any requirement or order of the Commission proceeding in which case Business Day shall have the meaning as defined by the Commission.

"Calendar Year" means any period of twelve (12) consecutive months starting on January 1 and ending on December 31.

"Commercial Operation Date" has the meaning set forth in Section 3.3(b).

"Commercially Reasonable Efforts" means efforts that are designed to enable a Party, directly or indirectly, to satisfy a condition to, or otherwise assist in the consummation of, a transaction, activity or undertaking contemplated by this Agreement and that do not require the performing Party to expend any funds or assume liabilities other than expenditures and liabilities that are reasonable in nature and amount in the context of the transaction, activity or undertaking contemplated by this Agreement.

"Commission" means the Vermont Public Utility Commission.

"Confidential Information" has the meaning set forth in Section 15.1.

"Collateral Assignment" has the meaning set forth in Section 11.2(a)(vi).

"Covenants, Conditions and Restrictions" or **"CCR"** means those requirements or limitations related to the Premises as may be set forth in the applicable lease or easement agreement.

"Delivery Point" means the point where the Solar Services are delivered to Purchaser, which is where the

System is interconnected to the Local Electric Utility's electric grid, as set forth in the Interconnection Agreement.

"**Early Termination Fee**" means the Provider Early Termination Fee.

"**Effective Date**" has the meaning set forth in the Special Conditions.

"**Environmental Attributes**" shall mean, without limitation, carbon trading credits, renewable energy credits or certificates, emissions reduction credits, emissions allowances, green tags, tradable renewable credits, or Green-e® products, but excluding Solar Incentives.

"**Expiration Date**" means the date on which the Agreement terminates by reason of expiration of the Term.

"**Financing Party**" means, as applicable: (i) any Person (or its agent) from whom Provider (or an Affiliate of Provider) leases the System, or (ii) any Person (or its agent) who has made or will make a loan to or otherwise provides financing to Provider (or an Affiliate of Provider).

"**Force Majeure Event**" has the meaning set forth in Section 10.1.

"**General Conditions**" has the meaning set forth in the preamble hereof.

"**Good Engineering and Operating Practices**" means any of the practices, methods and activities adopted by a significant portion of the North American electric utility industry as good practices applicable to the design, building, and operation of generating facilities of similar type, size and capacity or any of the practices, methods or activities that, in the exercise of skill, diligence, prudence, foresight and reasonable judgment by a prudent generator of electricity in light of the facts known at the time the decision was made, reasonably could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, expedition and laws and regulations.

"**Governmental Approval**" means any approval, consent, franchise, permit, certificate, resolution, concession, license, or authorization issued by or on behalf of any applicable Governmental Authority.

"**Governmental Authority**" means any federal, state, regional, county, town, city, or municipal government, whether domestic or foreign, or any department, agency, bureau, or other administrative, regulatory or judicial body of, or any agent or representative acting on behalf of, any such government with jurisdiction over a Party or its property, enforceable at law or in equity.

"**Guaranteed Energy Amount**" has the meaning set forth in Section 5.2.

"**Indemnified Persons**" means the Purchaser Indemnified Parties or the Provider Indemnified Parties, as the context requires.

"**Independent Engineer**" means a qualified engineering firm acceptable to both Purchaser and Provider.

"**Initial Term**" has the meaning set forth in Section 2.1.

"**Installation Work**" means the construction and installation of the System and the start-up, testing and acceptance (but not the operation and maintenance) thereof, all performed by or at the direction of Provider at the Premises.

"**Interconnection Agreement**" means any agreement or series of agreements between the Provider and the Local Electric Utility that provides for the System to be interconnected with the Local Electric Utility's electric distribution system.

"**Interconnection Work**" means the construction and installation of the Local Electric Utility electric distribution and interconnection services that affect the physical transfer of Solar Services from the System to the Purchaser at the Delivery Point.

"**Interest Rate**" means a rate per annum equal to the lesser of (a) the "**prime rate**" (as reported in The Wall Street Journal, or if it ceases publication, reasonably acceptable replacement) plus two percent (2%) or (b) the maximum rate allowed by Applicable Law.

"**Invoice Date**" has the meaning set forth in Section 6.2.

"**ISO-NE**" means the Independent System Operator-New England, or its successor.

"**kWh Rate**" means the price per kWh set forth in Schedule 2 of the Special Conditions.

"**Lien**" means any mortgage, pledge, lien (including mechanics', labor or materialman's lien), charge, security interest, encumbrance or claim of any nature.

"**Local Electric Utility**" means the local electric distribution owner and operator providing electric distribution and interconnection services to the System at the Premises.

"**Losses**" means all losses, liabilities, claims, demands, suits, causes of action, judgments, awards, damages, cleanup and remedial obligations, interest, fines, fees, penalties, costs and expenses (including all attorneys' fees and other costs and expenses incurred in defending any such claims or other matters or in asserting or enforcing any indemnity obligation).

"**Market Price**" means, in respect of the applicable three (3) Calendar Year period measured, the average real time locational marginal price (in kWh) for ISO-NE zone 4003 for such three (3) Calendar Year period, plus \$0.05/kWh, minus the kWh rate identified in Schedule 2 of the Special Conditions.

"**Meter**" has the meaning set forth in Section 4.2(a).

"**New Lenders**" has the meaning set forth in Exhibit A.

"**Option Price**" has the meaning set forth in Section 2.3.

"**Party**" or "**Parties**" has the meaning set forth in the preamble to the Special Conditions.

"**Person**" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, firm, or other entity, or a Governmental Authority.

"**Potential Purchase Date**" means the expiration date of the Initial Term or any Renewal Term.

"**Premises**" means the Premises described in Schedule 1 of the Special Conditions. For the avoidance of doubt, the Premises includes the entirety of any structures and underlying real property at the location described in Schedule 1 of the Special Conditions.

"**Provider**" has the meaning set forth in the preamble to these General Conditions.

"**Provider Default**" has the meaning set forth in Section 11.1(a).

"**Provider Early Termination Fee**" means the amount identified as the "Provider Early Termination Fee" on Schedule 3 of the Special Conditions.

"**Provider Indemnified Parties**" has the meaning set forth in Section 16.2.

"**Purchase Option**" has the meaning set forth in Section 2.3.

"**Purchaser**" has the meaning set forth in the preamble to these General Conditions.

"**Purchaser Default**" has the meaning set forth in Section 11.2(a).

"**Purchaser Indemnified Parties**" has the meaning set forth in Section 16.1.

"**Renewal Term**" has the meaning set forth in Section 2.1.

"**Replacement PPA**" has the meaning set forth in Exhibit A.

"**Representatives**" has the meaning set forth in Section 15.1.

"**Security Interest**" has the meaning set forth in Section 8.2.

"**Solar Incentives**" means any accelerated depreciation, installation or production-based incentives, investment Tax credits, grants, allowances, benefits, and subsidies arising as a result of the purchase, installation, or operation of the System, including but not limited to the subsidies associated therewith, described in Schedule 1 of the Special Conditions. For the avoidance of doubt, Solar Incentives does not include Solar Services.

"**Solar Insolation**" or "**Insolation**" means the amount of solar kWh per square meter falling on a particular location, as specified by Provider.

"**Solar Services**" means (i) the electrical energy output from the System, and (ii) any transferable commodity, in addition to energy, that is directly attributable to the generation of electricity from the System, including Environmental Attributes, regardless of how that commodity may be monetized. For the avoidance of doubt, Solar Services does not include Solar Incentives.

"**Solar Services Payment**" has the meaning set forth in Section 6.1.

"**Special Conditions**" means the Solar Power & Services Agreement, dated as of the date hereof, between Provider and Purchaser.

"**Specified Power Purchase Agreement**" means that certain [Power Sales Agreement], to be dated on or about [●], 2019, between Purchaser and the Specified Purchaser, in connection with Purchaser's resale of the Solar Services to the Specified Purchaser.

"**Specified Purchaser**" means [●].

"**Substantial Capability**" has the meaning set forth in Section 3.3(b).

"**System**" means the integrated assembly of photovoltaic panels, mounting assemblies, inverters, converters, metering, lighting fixtures, transformers, ballasts, disconnects, combiners, switches, wiring devices and wiring, major components of which shall remain under the exclusive dominion and control of Provider and maintain their identity as tangible personal property and are more specifically described in Schedule 1 of the Special Conditions. For the avoidance of doubt, System specifically excludes any improvements to real property owned by Purchaser and any part of the site electrical system owned or controlled by the Local Electric Utility.

"**System Operations**" means the Provider's operation, maintenance and repair of the System performed in accordance with the requirements herein.

"**Tax**" means any present or future tax, levy, imposts, duty, charge, assessment, fee or similar imposition of any nature (including interest, penalties and additions thereto) that is imposed by or for the benefit of any Governmental Authority.

"**Term**" has the meaning set forth in Section 2.1.

"**Transfer Tax**" means any sales, use, excise, gross receipts, value added, goods and services and similar transaction-based Tax imposed on the transaction contemplated by this Agreement (but not including any Tax imposed on Provider's general business operations, overall gross receipts or modified overall gross receipts (except such gross receipts Tax that are in the nature of a sales or excise Tax), corporate franchise, capital stock, or net income).

1.2 **Interpretation.** The captions or headings in these General Conditions are strictly for convenience and shall not be considered in interpreting the Agreement. Words in the Agreement that impart

the singular connotation shall be interpreted as plural, and words that impart the plural connotation shall be interpreted as singular, as the identity of the parties or objects referred to may require. Except as the context otherwise indicates: (i) the words "include", "includes", and "including" mean "including without limitation" and "without limitation by specification," (ii) the words "hereof", "herein", and "hereunder" and words of similar import refer to the Agreement as a whole and not to any particular provision of the Agreement, (iii) all references to "Articles" and "Sections" refer to Articles and Sections of these General Conditions or Special Conditions, as the context suggests, and (iv) a reference to an agreement or instrument will be to the agreement or instrument as amended or modified through the date as of which the reference is made.

2. **TERM AND TERMINATION.**

2.1 **Term.** The term of the Agreement shall commence on the Effective Date and shall continue for twenty-five (25) years from the Commercial Operation Date ("**Initial Term**"), unless and until terminated earlier pursuant to the provisions of the Agreement. After the Initial Term, the Agreement may be renewed for three (3) additional five (5) year terms (each, a "**Renewal Term**") upon the mutual agreement of the Parties. The Initial Term and the subsequent Renewal Term, if any, are referred to collectively as the "**Term**."

2.2 **Reserved.**

2.3 **Purchase Option.** At any time during the six (6) month period starting on a Potential Purchase Date and provided that Purchaser has given Provider at least one (1) year's advance written notice, Purchaser shall have the option to buy the System from Provider, under which title and ownership of the System will transfer from Provider to Purchaser, at the Option Price plus any applicable Transfer Taxes (the "**Purchase Option**"). The "**Option Price**" shall be the fair market value of the System. The Parties shall use good faith efforts to negotiate a fair market value of the System. If, after such good faith efforts, agreement has not been reached, then the Parties shall share equally the cost of hiring a mutually satisfactory independent appraiser with sufficient experience as determined by the Parties in performing valuations or appraisals on solar photovoltaic assets. In addition, the Parties shall hire, sharing equally in the cost and subject to the Parties mutual satisfaction, a qualified engineer to inspect the System for material defects. Based on the result of the appraisal and the inspection, the Parties will work in good faith to agree to the fair market value of the System. In the event an agreement is not reached,

the dispute resolution process described in Section 18.17 will be utilized to determine a purchase price. For purposes of calculating the fair market value of the System under this Section 2.3, the System shall be deemed to include all Governmental Approvals, interconnection rights and agreements, assignable warranties, real property rights and leases held by Provider and used in or necessary for the operation and maintenance of the System, as well as all of Provider's rights under the Special Conditions and these General Conditions, as though such agreements would survive and continue in effect until the end of their respective terms.

2.4 **Reserved.**

2.5 **Reserved.**

2.6 **Conditions of the Agreement Prior to Installation.** In the event that any of the following events or circumstances occur prior to the Commercial Operation Date and were not, to Provider's knowledge, readily apparent nor reasonably expected to occur as of the Effective Date, Provider may (at its sole discretion after discussion of such events and circumstances, and their impacts on the viability of the System with Purchaser) terminate the Agreement by providing reasonable notification but in no event less than ten (10) days written notice to Purchaser, in which case neither Party shall have any liability to the other except for any such liabilities that may have accrued prior to such termination:

(a) Site conditions (including environmental conditions), construction requirements or conditions of Governmental Approvals exist or arise and that could reasonably be expected to materially increase the cost of Installation Work or the cost of Interconnection Work or would adversely affect the electricity production from the System as designed or materially adversely affect the economics of the installation for Provider or its investors.

(b) There is a material adverse change in the federal or state Tax code (including the expiration of any investment Tax credit or depreciation benefits in effect as of the Effective Date) or any Applicable Law that could reasonably be expected to materially adversely affect the economics of the installation for Provider and its investors.

(c) Provider is unable to obtain financing for the System on terms and conditions reasonably satisfactory to Provider.

(d) Provider is unable, following Commercially Reasonable Efforts, to obtain or comply with all necessary Governmental Approvals for the System on terms and conditions reasonably satisfactory to Provider, and without undue delay or unreasonable expense (including expenses of complying with permitting conditions) that is unsatisfactory to Provider; or Provider's efforts to obtain any necessary Governmental Approvals are contested or appealed by any Governmental Authority or third-party and such contest, appeal and/or subsequent litigation or proceeding is expected to place unreasonable expense on Provider.

(e) Provider has not received a fully executed (i) lease or easement in form and substance reasonably satisfactory to Provider from the owner of the Premises, and (ii) release or acknowledgement from any mortgagee of the Premise, if required by Provider's Financing Party, to establish the priority of its security interest in the System.

(f) There has been a material adverse change in the rights of Provider to occupy the Premises or to construct the System on the Premises.

(g) In instances where Purchaser is responsible for Interconnection Work, Purchaser has not delivered evidence reasonably satisfactory to Provider that interconnection services will be available with respect to energy generated by the System.

(h) There has been a material adverse change in Purchaser's credit-worthiness.

The Parties acknowledge and agree that if Provider terminates this Agreement pursuant to this Section 2.6, Provider shall have no liability to Purchaser pursuant to this Agreement, including no obligation to pay the Provider Early Termination Fee.

3. **CONSTRUCTION, INSTALLATION AND TESTING OF SYSTEM.**

3.1 **Installation Work.** Subject to Section 2.6, Provider will cause the System to be designed, engineered, installed and constructed substantially in accordance with Schedule 1 of the Special Conditions, Applicable Law and Good Engineering and Operating Practices. Provider and Purchaser intend that the System and each of its component parts will retain its identity as tangible personal property after its installation.

3.2 **Approvals; Permits.** Subject to Section 2.6, Provider shall endeavor in good faith and using Commercially Reasonable Efforts to obtain all necessary approvals and permits required to construct, install and operate the System, including but not limited to those related to any Governmental Authority, and any waivers, approvals or releases required pursuant to any applicable CCR. Purchaser shall provide reasonable assistance to Provider in obtaining all such approvals and permits.

3.3 **System Testing; Commercial Operation Date**

(a) Prior to the Commercial Operation Date, Provider shall conduct testing of the System in accordance with such methods, acts, guidelines, standards and criteria reasonably accepted or followed by photovoltaic solar system integrators in the United States. The System testing shall confirm that the System is operating consistent with Good Engineering and Operating Practices. If the System has not achieved this standard, the Commercial Operation Date shall not have been achieved.

(b) The "**Commercial Operation Date**" shall be the date on which (i) the System is complete and has demonstrated Substantial Capability of providing electric energy to the Delivery Point ("**Substantial Capability**" means the System is capable of delivering electric energy in an amount equal to at least ninety percent (90%) of AC capacity stated in Schedule 1 of the Special Conditions), and (ii) all permits and licenses required to be obtained under Applicable Law in connection with the operation of the System have been obtained and are in full force and effect. Provider shall provide written notice of the Commercial Operation Date within ten (10) days of its achievement.

4. **SYSTEM OPERATIONS.**

4.1 **Provider as Owner and Operator.** The System will be owned, controlled, and possessed, legally and beneficially, by Provider or, upon exercise of its rights or remedies under the applicable financing document(s), Provider's Financing Party, and will be operated and maintained and, as necessary, repaired and/or replaced by Provider at its sole discretion, cost and expense; provided, that any repair or maintenance costs incurred by Provider to the extent resulting from Purchaser's sole negligence, willful misconduct or breach of its obligations hereunder shall be promptly reimbursed by Purchaser following delivery of an invoice for such costs by Provider. This subsection only relates to Provider's decision on whether to repair

or replace the System and does not relate to Provider's liability to Purchaser pursuant to this Agreement.

4.2 **Metering.**

(a) **Meter.** Provider shall install, maintain, and calibrate as specified in the Interconnection Agreement a revenue grade kilowatt-hour (kWh) meter (the "**Meter**") for the measurement of electrical energy provided by the System and Provider may, at its election, install a utility grade kilowatt-hour (kWh) meter for the measurement of electrical energy delivered by the Local Electric Utility and consumed at the Premises. The Meter shall be tested and calibrated at least annually consistent with Good Engineering and Operating Practices. Purchaser shall receive reasonable advance notice of any Meter test and shall have the right to have a representative present at all Meter tests.

(b) **Audits.** Purchaser shall have the right to audit the Meter data once per calendar year, at Purchaser's sole cost and upon reasonable advance notice to Provider, or more frequently if there is reason to believe that the metering is inaccurate. If, pursuant to audit, metering is found to be inaccurate, then Provider shall be responsible for the cost of the audit. If, pursuant to the audit, metering is found to be accurate, then Purchaser shall be responsible for the cost of the audit.

(c) **Repair and Replacement.** If any test of the Meter indicates that the Meter is inaccurate, then (i) if the error is less than two percent (2%), Provider shall repair the Meter as soon as reasonably possible for it to measure accurately within the limits prescribed by the manufacturer, and (ii) if the error is greater than two percent (2%), Provider shall replace the meter as soon as reasonably practicable.

(d) **Adjustments.** If any test reveals an inaccuracy greater than two percent (2%), Provider shall make an adjustment to the records of the amount of energy generated by the System based on such test results for (i) the actual period of time when such error caused inaccurate Meter readings, or (ii) if the Parties cannot agree on the period in which the Meter readings were inaccurate, a period equal to one-half of the period from the later of (A) the date of the last previous test confirming accurate Meter readings and (B) the date the Meter was placed into service (but in no event, longer than two (2) years). If the adjustment requires an additional payment by Purchaser, the amount of such adjustment will be added to the Solar Services Payment on the next Invoice Date. If the adjustment requires a credit to Purchaser, the amount of such adjustment will

be credited by Provider to Purchaser against the Solar Services Payment on the next Invoice Date.

4.3 **Standard of Operation.** Provider shall (or shall arrange to) design, install, operate and maintain the System in accordance with (a) Good Engineering and Operating Practices and (b) all laws, regulations, permits and authorizations including this Agreement and the Interconnection Agreement, in each case, unless otherwise agreed. Such activities shall be at Provider's sole discretion and expense. Before or within the first (1st) year following the Commercial Operation Date, Provider shall develop an operation and maintenance plan for the System that is consistent with Good Engineering and Operating Practices. Purchaser shall have the opportunity to provide Provider with guidance as to the ideal timeframes at which to perform any scheduled maintenance that could affect production, and Provider will make Commercially Reasonable Efforts to follow any such guidance.

5. DELIVERY OF SOLAR SERVICES.

5.1 **Purchase Requirement.** Purchaser agrees to purchase one hundred percent (100%) of the Solar Services generated by the System during each relevant month of the Term at the kWh Rate set forth on Schedule 2 of the Special Conditions. While the Solar Services are calculated and billed on a per kWh basis as set forth in Schedule 2 of the Special Conditions, they represent a package of services and benefits. For avoidance of doubt, the payment in Schedule 2 is for all Solar Services.

5.2 **Guaranteed Energy Amount; Shortfalls.** Commencing on the Commercial Operation Date and subject to other provisions of this Agreement, Provider shall deliver to the Delivery Point a minimum of eighty-five percent (85%) of the kilowatt hours of (P50) energy set forth in Schedule 4 of the Special Conditions for within an applicable three (3) Calendar Year period, excluding periods of Force Majeure occurring within such three (3) Calendar Year period (the "**Guaranteed Energy Amount**"). For purposes of this Section 5.2, the amount of energy delivered by Provider shall be measured once every three (3) Calendar Years, in arrears on a cumulative three (3) Calendar Year basis, the first opportunity commencing at the end of the third (3rd) full Calendar Year following the Commercial Operation Date. If a shortfall should be determined under this Section 5.2 for such three (3) Calendar Year period, then Purchaser may, as its sole and exclusive remedy, deduct from amounts due from Purchaser to Provider an amount equal to the amount of the shortfall (in kWh as

Guaranteed Energy Amount minus the amount of actual energy delivered) multiplied by the Market Price for the applicable three (3) Calendar Year period. If the Market Price is negative, then Purchaser shall not deduct any sum from the amounts due to Provider.

5.3 **Environmental Attributes and Solar Incentives.** Purchaser's purchase of Solar Services includes Environmental Attributes but excludes Solar Incentives, which shall be owned by Provider or, upon exercise of its rights or remedies under the applicable financing document(s), Provider's Financing Party for the duration of the System's operating life. Purchaser disclaims any right to Solar Incentives based upon the installation of the System at the Premises, and shall, at the request of Provider, execute any document or agreement reasonably necessary to fulfill the intent of this Section 5.3.

5.4 **Title to System.** Throughout the duration of the Agreement, Provider or, upon exercise of its rights or remedies under the applicable financing document(s), Provider's Financing Party shall be the legal and beneficial owner of the System at all times, which the Parties acknowledge and agree shall, subject to Purchaser's Purchase Option pursuant to Section 2.3, remain under the exclusive dominion and control of Provider and maintain its identity as tangible personal property.

5.5 **Risk of Loss.** Risk of loss related to the Solar Services produced by the System shall pass from Provider to Purchaser upon delivery at the Delivery Point.

6. PRICE AND PAYMENT.

6.1 **Consideration.** Purchaser shall pay to Provider a monthly payment (the "**Solar Services Payment**") for the Solar Services generated by the System during each calendar month of the Term equal to the product of (x) Actual Monthly Production for the System for the relevant month multiplied by (y) the kWh Rate, plus any and all Transfer Tax thereon. The Solar Services Payment shall be the sole payment for all Solar Services.

6.2 **Invoice.** Provider shall invoice Purchaser on or about the first (1st) Business Day of each month (each, an "**Invoice Date**"), commencing on the first (1st) Invoice Date to occur after the Commercial Operation Date, for the Solar Services Payment in respect of the immediately preceding month. The last invoice shall include production only through the Expiration Date of this Agreement.

6.3 **Time of Payment.** Purchaser shall pay all undisputed amounts due hereunder within fifteen (15) days after the date of the applicable Invoice Date.

6.4 **Method of Payment.** Purchaser shall make all payments under the Agreement by electronic funds transfer in immediately available funds to the account designated by Provider from time to time. All payments that are not paid when due shall bear interest accruing from the date becoming past due until paid in full at a rate equal to the Interest Rate. All payments made hereunder shall be made free and clear of any Tax, levy, assessment, duties or other charges and not subject to reduction, withholding, set-off, or adjustment of any kind with the exception of Purchaser's rights pursuant to Section 5.2.

6.5 **Disputed Payments.** If a *bona fide* dispute arises with respect to any invoice, Purchaser shall not be deemed in default under the Agreement and the Parties shall not suspend the performance of their respective obligations hereunder, including payment of undisputed amounts owed hereunder. If an amount disputed by Purchaser is subsequently deemed to have been due pursuant to the applicable invoice, interest shall accrue at the Interest Rate on such amount from the date becoming past due under such invoice until the date paid.

7. GENERAL COVENANTS.

7.1 **Provider's Covenants.** Provider covenants and agrees to the following:

(a) **Notice of Damage or Emergency.** Provider shall (i) promptly notify Purchaser if it becomes aware of any damage to or loss of the use of the System or that could reasonably be expected to adversely affect the System, (ii) immediately notify Purchaser if it becomes aware of any event or circumstance that poses an imminent risk to human health, the environment, the System or the Premises, and (iii) estimate the expected duration of (i) or (ii).

(b) **Reserved.**

(c) **Governmental Approvals.** Subject to Section 2.6, while providing the Installation Work, Solar Services, and System Operations, Provider shall obtain and maintain, at Provider's sole expense, all Governmental Approvals required to be obtained and maintained by Provider and to enable Provider to perform such obligations. Provider shall at all times during the Term hold, maintain, and comply with all Governmental Approvals necessary or required for

Provider to perform its obligations under the Special Conditions and these General Conditions.

(d) **Health and Safety.** Provider shall take all necessary and reasonable safety precautions with respect to providing the Installation Work, Solar Services, and System Operations that shall comply with all Applicable Laws pertaining to the health and safety of persons and real and personal property and to be consistent with Good Engineering and Operating Practices.

7.2 **Purchaser's Covenants.** Purchaser covenants and agrees as follows:

(a) **Notice of Damage or Emergency.** Purchaser shall (i) promptly notify Provider if it receives a direct written notice regarding any damage to or loss of the use of the System or that could reasonably be expected to adversely affect the System, and (ii) promptly notify Provider if it receives a direct written notice regarding any event or circumstance related to the System or the Premises that poses an imminent risk to human health, the environment, the System or the Premises.

(b) **Liens.** Purchaser shall not directly or indirectly cause, create, incur, assume or suffer to exist any Liens on or with respect to the System or any interest therein. If Purchaser breaches its obligations under this Section, it shall immediately notify Provider in writing, shall promptly cause such Lien to be discharged and released of record without cost to Provider, and shall indemnify Provider against all costs and expenses (including reasonable attorneys' fees and court costs at trial and on appeal) incurred in discharging and releasing such Lien.

(c) **Consents and Approvals.** Purchaser shall ensure that any authorizations required of Purchaser under this Agreement are provided in a timely manner. To the extent that only Purchaser is authorized to request, obtain or issue any necessary approvals, permits, rebates or other financial incentives, Purchaser shall cooperate with Provider to obtain such approvals, permits, rebates or other financial incentives. Purchaser shall at all times during the Term hold, maintain and comply with all Governmental Approvals necessary or required for Purchaser to perform its obligations under the Special Conditions and these General Conditions.

(d) **Use of System.** Purchaser will not use electrical energy generated by the System for the purposes of heating a swimming pool within the meaning of Section 48 of the Internal Revenue Code.

8. REPRESENTATIONS & WARRANTIES.

8.1 Representations and Warranties Relating to Agreement Validity. In addition to any other representations and warranties contained in the Agreement, each Party represents and warrants to the other as of the Effective Date that:

(a) it is duly organized and validly existing and in good standing in the jurisdiction of its organization;

(b) it has the full right and authority to enter into, execute, deliver, and perform its obligations under the Agreement, subject to any Required Approvals as defined in Schedule 7 of the Special Conditions;

(c) it has taken all requisite corporate or other action to approve the execution, delivery, and performance of the Agreement;

(d) the Agreement constitutes its legal, valid and binding obligation enforceable against such Party in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other similar laws now or hereafter in effect relating to creditors' rights generally;

(e) there is no litigation, action, proceeding or investigation pending or, to its knowledge, threatened before any court or other Governmental Authority by, against, affecting or involving any of its business or assets that could reasonably be expected to adversely affect its ability to carry out the transactions contemplated herein, other than actions and proceedings by the Provider to obtain Governmental Approvals for the construction and operation of the System; and

(f) its execution and performance of the Agreement and the transactions contemplated hereby do not constitute a breach of any term or provision of, or a default under, (i) any contract or agreement to which it or any of its Affiliates is a party or by which it or any of its Affiliates or its or their property is bound, (ii) its organizational documents, or (iii) any Applicable Laws, except to the extent under clause (i) or (iii), as would not reasonably be expected to have a material adverse effect on its ability to carry out the transactions contemplated herein.

8.2 Representations Regarding Security Interest. Purchaser has been advised that part of the collateral securing the financial arrangements for

the System may be the granting of a first priority perfected security interest (the "**Security Interest**") in the System to a Financing Party. In connection therewith and without limitation of Purchaser's acknowledgements in Section 13.2, Purchaser represents and warrants as follows:

(a) **Reserved.**

(b) **Reserved.**

(c) To Purchaser's knowledge, there exists no event or condition which constitutes a default, or would, with the giving of notice or lapse of time, constitute a default under this Agreement.

Any Financing Party shall be an intended third-party beneficiary of this Section 8.2.

8.3 EXCLUSION OF WARRANTIES. EXCEPT AS EXPRESSLY SET FORTH IN SECTIONS 3.1, 4.1, 5.2 AND 7.1 AND THIS SECTION 8, THE INSTALLATION WORK, SYSTEM OPERATIONS, AND SOLAR SERVICES PROVIDED BY PROVIDER TO PURCHASER PURSUANT TO THIS AGREEMENT SHALL BE "AS-IS WHERE-IS." NO OTHER WARRANTY TO PURCHASER OR ANY OTHER PERSON, WHETHER EXPRESS, IMPLIED, CONTRACTUAL OR STATUTORY, IS MADE AS TO THE INSTALLATION, DESIGN, DESCRIPTION, QUALITY, MERCHANTABILITY, COMPLETENESS, USEFUL LIFE, FUTURE ECONOMIC VIABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE SYSTEM, THE SOLAR SERVICES OR ANY OTHER SERVICE PROVIDED HEREUNDER OR DESCRIBED HEREIN, OR AS TO ANY OTHER MATTER, ALL OF WHICH ARE EXPRESSLY DISCLAIMED BY PROVIDER.

9. TAXES AND GOVERNMENTAL FEES.

9.1 Purchaser Obligations. Purchaser shall be liable for and pay to Provider or the relevant Governmental Authority all Transfer Taxes. Provider shall undertake Commercially Reasonable Efforts to identify, separately state, and notify Purchaser in writing of all Transfer Taxes owing hereunder; provided, however, that the failure of Provider to identify, separately state, and/or notify Purchaser in writing of any Transfer Taxes owing hereunder shall not alter or otherwise diminish the liability of Purchaser for all Transfer Taxes; provided further that Purchaser shall not be liable for any Transfer Taxes if Provider has not notified Purchaser of such tax on or before

ninety (90) days after the expiration of the period for assessment and collection of such tax.

9.2 **Provider Obligations.** Provider shall be responsible for all income, gross receipts, ad valorem, personal property or other similar Taxes and any and all franchise fees or similar fees assessed against it due to or arising from or with respect to its ownership of the System, including the Solar Energy Capacity Tax levied on the System in accordance with 32 V.S.A. § 8701, and the Vermont municipal solar tax levied on the System in accordance with 32 V.S.A. § 3481(1)(D). Provider shall not be obligated for any Taxes payable by or assessed against Purchaser based on or related to Purchaser's overall income or revenues.

10. **FORCE MAJEURE.**

10.1 **Definition. "Force Majeure Event"** means any act or event that prevents the affected Party from performing its obligations in accordance with the Agreement, if such act or event is beyond the reasonable control, and not the result of the fault or negligence, of the affected Party and such Party had been unable to overcome such act or event with the exercise of due diligence (including the expenditure of reasonable sums). Subject to the foregoing conditions, "Force Majeure Event" shall include without limitation the following acts or events: (i) natural phenomena, such as storms, hurricanes, floods, lightning, snow, ice, volcanic eruptions and earthquakes; (ii) explosions or fires arising from lightning or other causes unrelated to the acts or omissions of the Party seeking to be excused from performance; (iii) acts of war or public disorders, civil disturbances, riots, insurrection, sabotage, epidemic, terrorist acts, or rebellion; (iv) strikes or labor disputes (except strikes or labor disputes caused solely by the Provider or employees of the Provider or as a result of such Party's failure to comply with a collective bargaining agreement); and (v) action by a Governmental Authority, including any change in Applicable Law, that unreasonably increases Provider's costs of, or otherwise prohibits Provider from, constructing or operating the System or prohibits Purchaser from accepting the energy generated by the System. A Force Majeure Event shall not be based on the economic hardship of either Party, including the inability of Purchaser to pay for the Solar Services or the ability of Provider to sell Solar Services at a price higher than provided for in this Agreement.

10.2 **Excused Performance.** Except as otherwise specifically provided in the Agreement, neither Party shall be considered in breach of the Agreement or liable for any delay or failure to comply with the Agreement (other than the failure to pay

amounts due hereunder), if and to the extent that such delay or failure is attributable to the occurrence of a Force Majeure Event; provided that the Party claiming relief under this Section 10 shall (i) notify the other Party orally immediately, followed by a written description within 48 hours, of the existence of the Force Majeure Event, (ii) exercise all reasonable efforts necessary to minimize delay caused by such Force Majeure Event, (iii) notify the other Party in writing of the cessation or termination of said Force Majeure Event and (iv) resume performance of its obligations hereunder as soon as practicable thereafter; provided, however, that Purchaser shall not be excused from making any payments and paying any unpaid amounts due in respect of Solar Services delivered to Purchaser prior to the Force Majeure Event performance interruption.

10.3 **Termination in Consequence of Force Majeure Event.** If a Force Majeure Event shall have occurred that has affected either Party's performance of its obligations hereunder, a Party may suspend its obligations under this Agreement for a period of up to one hundred and eighty (180) days. The Party seeking to invoke this Force Majeure provision shall provide prompt notification of such Force Majeure Event to the other Party. If the one hundred and eighty (180) day period of suspended obligations has expired, then: (a) if Purchaser is the Party that suspended the performance of its obligations under this Agreement, Provider may terminate this Agreement by delivering written notice thereof to Purchaser; or (b) if Provider is the Party that suspended the performance of its obligations under this Agreement, and the Specified Power Purchase Agreement has terminated as a result of such suspension by Provider, then Purchaser may terminate this Agreement by delivering written notice thereof to Provider. Upon such termination for a Force Majeure Event, neither Party shall have any liability to the other (other than any such liabilities that have accrued prior to such termination); provided that in the case of a termination of this Agreement following a Force Majeure Event described in clause (a) above, Provider may seek to enforce the Collateral Assignment of the Specified Power Purchase Agreement, if applicable.

11. **DEFAULT.**

11.1 **Provider Defaults and Purchaser Remedies.**

(a) **Provider Defaults.** The following events shall be defaults with respect to Provider (each, a "**Provider Default**"):

(i) A Bankruptcy Event shall have occurred with respect to Provider;

(ii) Provider fails to pay Purchaser any undisputed amount owed under the Agreement within ten (10) days from receipt of notice from Purchaser of such past due amount;

(iii) Provider breaches any material term of the Agreement and if such breach can be cured within thirty (30) days after Purchaser's written notice of such breach, Provider fails to so cure. Parties acknowledge that breaches may impact the Specified Power Purchase Agreement, and that these General Conditions in no way extend any cure period for Provider beyond that which is allowed under the Specified Power Purchase Agreement. If a cure period longer than thirty (30) days is reasonably needed, Purchaser agrees to petition the Specified Purchaser for an extension of the cure period, and such extension if granted will apply to Provider. Notwithstanding the foregoing, in the event of a material breach by Provider that cannot reasonably be expected to cause a material breach or violation of Purchaser's obligations under the Specified Power Purchase Agreement, the applicable cure period shall be (A) thirty (30) days or (B) ninety (90) days, if a longer cure period is reasonably needed and Provider has, within thirty (30) days of Purchaser's initial notice of such breach, commenced efforts to cure;

(iv) Provider fails to deliver at least twenty-five percent (25%) of the estimated Annual Production described in Schedule 4 of the Special Conditions from the System for a period of twelve (12) consecutive months at any time after the Commercial Operation Date, excluding failure to deliver due to Force Majeure;

(v) Provider ceases to hold any required approvals or permits, or fails to comply with applicable statutory requirements or Commission rules or orders, after the Commercial Operation Date, the failure or cessation of which results in a lack of legal right on the part of Provider to continue to operate the System and which is not cured within thirty (30) days. Parties acknowledge that breaches may impact the Specified Power Purchase Agreement, and that these General Conditions in no way extend any cure period for Provider beyond that which is allowed under the Specified Power Purchase Agreement. If a cure period longer than thirty (30) days is reasonably needed, Purchaser agrees to petition the Specified Purchaser for an extension of the cure period, and such extension if granted will apply to Provider;

(vi) Provider fails or ceases to comply with Good Engineering and Operating Practices in any material respect, and which is not cured within thirty (30) days. Parties acknowledge that breaches may impact the Specified Power Purchase Agreement, and that these General Conditions in no way extend any cure period for Provider beyond that which is allowed under the Specified Power Purchase Agreement. If a cure period longer than thirty (30) days is reasonably needed, Purchaser agrees to petition the Specified Purchaser for an extension of the cure period, and such extension if granted will apply to Provider. Notwithstanding the foregoing, in the event Provider fails or ceases to comply with Good Engineering and Operating Practices in any material respect and such failure or cessation cannot reasonably be expected to cause a material breach or violation of Purchaser's obligations under the Specified Power Purchase Agreement, the applicable cure period shall be (A) thirty (30) days or (B) ninety (90) days, if a longer cure period is reasonably needed and Provider has, within thirty (30) days of Purchaser's initial notice of such failure, commenced efforts to cure;

(vii) Provider fails to meet any Critical Milestones that are Provider's responsibility as set forth in Schedule 8 of Special Conditions; and

(viii) Any representation made by Provider pursuant to Section 8 of this Agreement shall have been false in any material respect when made unless Provider cures the misrepresentation within thirty (30) days after notice from Purchaser of the misrepresentation.

(b) **Purchaser's Remedies.** Subject to Purchaser's agreements set forth in Exhibit A hereto, if a Provider Default described in Section 11.1(a) has occurred and is continuing, Purchaser may terminate the Agreement (immediately for a Provider Default described in Section 11.1(a)(i) and upon ten (10) days prior written notice for a Provider Default described in the other clauses of Section 11.1(a)) and upon such termination, Purchaser shall be entitled to receive from Provider, as its sole and exclusive remedy, the Provider Early Termination Fee.

11.2 Purchaser Defaults and Provider's Remedies.

(a) **Purchaser Default.** The following events shall be defaults with respect to Purchaser (each, a "**Purchaser Default**"):

(i) A Bankruptcy Event shall have occurred with respect to Purchaser;

(ii) Other than as described in clause (iii) and clause (iv) below, Purchaser breaches any material term of the Agreement and (A) if such breach can be cured within thirty (30) days after Provider's notice of such breach and Purchaser fails to so cure, or (B) if a cure period longer than thirty (30) days is reasonably needed, Purchaser fails to commence and pursue said cure within thirty (30) days after Provider's notice of such breach and such breach has not been cured within ninety (90) days after Provider's notice of such breach;

(iii) Purchaser fails to pay Provider any undisputed amount due Provider under the Agreement within ten (10) days from receipt of notice from Provider of such past due amount;

(iv) Any representation made by Purchaser pursuant to Section 8 of this Agreement shall have been false in any material respect when made unless Purchaser cures the misrepresentation within thirty (30) days after notice from Provider of the misrepresentation;

(v) Purchaser fails to meet any Critical Milestones that are Purchaser's responsibility as set forth in Schedule 8 of Special Conditions; and

(vi) At any time on or after the date hereof, the Specified Power Purchase Agreement shall have been duly executed by the parties thereto and at such time Purchaser shall have failed to deliver to Provider customary collateral assignment documentation with respect to the Specified Power Purchase Agreement (the "**Collateral Assignment**"), duly executed by Purchaser and the Specified Purchaser.

(b) **Provider's Remedies.** If a Purchaser Default described in Section 11.2(a) has occurred and is continuing, as its sole and exclusive remedy, Provider may terminate this Agreement (immediately for a Purchaser Default described in Section 11.2(a)(i) and upon ten (10) days prior written notice for a Purchaser Default described in the other clauses of Section 11.2(a)) and upon such termination, all of Purchaser's rights and duties under the Specified Power Purchase Agreement shall be automatically assigned to Provider, pursuant to and in accordance with the Collateral Assignment; provided, however, if a Purchaser Default has occurred and is continuing during any period in which the Specified Power Purchase Agreement is not in full force and effect, Provider shall have the right to terminate this Agreement and pursue any and all remedies available to Provider at law or in equity, including recovery of

any lost tax benefits (including depreciation and/or any recaptured tax credits) demonstrated to have been available to Provider or its direct or indirect equity owners but for such Purchaser Default, subject to Section 12 and Section 18.17.

12. LIMITATIONS OF LIABILITY.

12.1 Except as expressly provided herein, neither Party shall be liable to the other Party or its Indemnified Persons for any special, punitive, exemplary, indirect, or consequential damages, losses or damages for lost revenue or lost profits, whether foreseeable or not, arising out of, or in connection with the Agreement; provided, however, that nothing herein shall limit Purchaser's liability for any lost tax benefits (including depreciation and/or any recaptured tax credits) to the extent recoverable by Provider in accordance with Section 11.2(b).

12.2 For the avoidance of doubt, Provider's maximum liability to Purchaser under the Agreement related to shortfalls from the Guaranteed Energy Amount shall be the payment associated with such shortfalls as described in Section 5.2.

13. ASSIGNMENT.

13.1 **Assignment by Provider.** Provider shall not sell, transfer or assign (collectively, an "**Assignment**") the Agreement or any interest therein, without the prior written consent of Purchaser, which shall not be unreasonably withheld, conditioned or delayed; provided, however, that Provider may, without the prior written consent of Purchaser, (a) directly or indirectly assign the Agreement to an Affiliate of Provider, (b) assign the Agreement to any person succeeding to all or substantially all of the assets of Provider, or (c) assign the Agreement to any Financing Party (by direct or collateral assignment). Any Financing Party shall be an intended third-party beneficiary of this Section 13.1. Any assignment by Provider without any required prior written consent of Purchaser shall not release Provider of its obligations hereunder. Any assignee (other than a collateral assignee which has not exercised foreclosure rights) shall agree in writing to be bound by the terms and conditions of this Agreement and shall possess the technical and financial capability to perform the assignor's obligations and have equivalent or better creditworthiness as the assigning Party.

13.2 **Acknowledgment of Collateral Assignment.** The Parties acknowledge that Provider intends to finance the System with a combination of construction and/or permanent financing facilities,

including without limitation structured tax equity and/or securitization financing. In the event that Provider identifies a secured Financing Party in Schedule 5 of the Special Conditions, or in a subsequent notice to Purchaser, then Purchaser hereby acknowledges:

(a) the direct or collateral assignment by Provider to the Financing Party, of Provider's right, title and interest in, to and under the Agreement, as consented to under Section 13.1 of the Agreement;

(b) that the Financing Party as such collateral assignee shall be entitled to exercise any and all rights of lenders generally with respect to the Provider's interests in this Agreement;

(c) that it has been advised that Provider has granted a first priority perfected security interest in the System to the Financing Party and that the Financing Party has relied upon the characterization of the System as personal property, as agreed in this Agreement in accepting such security interest as collateral for its financing of the System; and

(d) that it shall comply with the provisions set forth in Exhibit A of these General Conditions,

In addition to the foregoing, (i) Purchaser agrees to provide such estoppels, consents and agreements or consents to assignment as Provider may reasonably request from time to time and (ii) the Parties agree in good faith to consider and negotiate any changes or additions to the Agreement reasonably requested by any Financing Party.

Any Financing Party shall be an intended third-party beneficiary of this Section 13.2.

13.3 Assignment by Purchaser. Purchaser shall not assign the Agreement or any interest therein without Provider's prior written consent, which shall not be unreasonably withheld, conditioned or delayed; provided, however, the Parties acknowledge and agree that Provider may withhold its consent if (a) the long-term unsecured debt of the assignee does not have an equivalent or better credit rating as the long-term unsecured debt of Purchaser (measured as of the Effective Date) and (b) the Specified Power Purchase Agreement has not been assigned or novated to such assignee. Notwithstanding the foregoing, Purchaser may assign this Agreement or any interest herein to the Specified Purchaser upon prior written notice to Provider. Any assignment by Purchaser without the prior written consent of Provider shall not release

Purchaser of its obligations hereunder and shall be null and void.

14. NOTICES.

14.1 Notice Addresses. Unless otherwise provided in the Agreement, all notices and communications concerning the Agreement shall be in writing and addressed to the other Party (or Financing Party, as the case may be) at the addresses set forth in Schedule 5 of the Special Conditions, or at such other address as may be designated in writing to the other Party from time to time.

14.2 Notice. Unless otherwise provided herein, any notice provided for in the Agreement shall be hand delivered, sent by registered or certified U.S. Mail, postage prepaid, or by commercial overnight delivery service, or transmitted by facsimile or e-mail and shall be deemed delivered to the addressee or its office when received at the address for notice specified above when hand delivered, upon confirmation of sending when sent by facsimile or e-mail (if sent during normal business hours or the next Business Day if sent at any other time), on the Business Day after being sent when sent by overnight delivery service (Saturdays, Sundays and legal holidays excluded), or five (5) Business Days after deposit in the mail when sent by U.S. mail.

14.3 Address for Invoices. All invoices under the Agreement shall be sent to the e-mail or physical address provided by Purchaser. If sent to a physical address, invoices shall be sent by regular first class mail postage prepaid.

15. CONFIDENTIALITY.

15.1 Confidentiality Obligation. If either Party provides confidential information, including business plans, strategies, financial information, proprietary, patented, licensed, copyrighted or trademarked information, and/or technical information regarding the financing, design, operation and maintenance of the System or of Purchaser's business ("**Confidential Information**") to the other, the receiving Party shall (a) protect the Confidential Information from disclosure to third-parties with the same degree of care accorded its own confidential and proprietary information, and (b) refrain from using such Confidential Information, except in the negotiation and performance of the Agreement. Notwithstanding the above, a Party may provide such Confidential Information to its officers, directors, members, managers, employees, agents, contractors, consultants, Affiliates, lenders, attorneys

and potential assignees of the Agreement or acquirers of Provider or its Affiliates (provided and on condition that such potential assignees be bound by a written agreement restricting use and disclosure of Confidential Information) (collectively, "**Representatives**"), in each case whose access is reasonably necessary. Each such recipient of Confidential Information shall be informed by the Party disclosing Confidential Information of its confidential nature at the time of transfer and shall be directed to treat such information confidentially and shall agree to abide by these provisions. In any event, each Party shall be liable (with respect to the other Party) for any breach of this provision by any entity to whom that Party improperly discloses Confidential Information. All Confidential Information shall remain the property of the disclosing Party and shall be returned to the disclosing Party or destroyed after the receiving Party's need for it has expired or upon the request of the disclosing Party. Should a request be made for disclosure of Confidential information, including a request pursuant to Vermont's Public Records Act, 1 V.S.A. § 315 *et seq.*, Purchaser shall provide notice of such request to Provider. If Provider claims or asserts that a particular document falls under any of the exemptions, Provider shall provide Purchaser with sufficient information to demonstrate its compliance therewith within three (3) days of notice of the request, and Purchaser shall assert that such exemption applies in response to the request at the Provider's sole expense, and Provider shall be responsible for demonstrating at Provider's sole expense that such exemption applies.

15.2 Permitted Disclosures.

Notwithstanding any other provision herein, neither Party shall be required to hold confidential any information that:

(a) becomes publicly available other than through the receiving Party;

(b) is required to be disclosed by FERC, ISO-NE, transmission providers, the Commission, or any other Governmental Authority, under Applicable Law or pursuant to a validly issued subpoena or required filing in litigation or regulatory proceedings, provided, however, any Party releasing Confidential Information pursuant to this Section 15.2

(i) shall take reasonable steps to obtain an appropriate protective order prior to doing so; and

(ii) to the extent permissible by law notify the other Party of such disclosure at least three (3) Business Days in advance of such disclosure;

(c) is independently developed by the receiving Party without use of or reference to the Confidential Information;

(d) becomes available to the receiving Party without restriction from a third-party under no obligation of confidentiality;

(e) was previously known by the receiving Party without any obligation to hold it in confidence;

(f) is provided to its investors in connection with customary investor reports and communications; or

(g) is provided to any Financing Party or to any third-party in connection with the acquisition or potential acquisition of the System or all or substantially all of the assets or equity interests of a Party if such third-party is subject to an obligation to keep such information confidential.

15.3 Public Agencies. Provider agrees that Purchaser is a "public agency" and subject to the Vermont Open Meeting law, 1 V.S.A. §310-314, and the Access to Public Records law, 1 V.S.A. §315-320. As a public agency, Board and/or Commission meetings are open to the public unless there is statutory justification for entering an executive session, 1 V.S.A §313. Any records in Purchaser's possession must be disclosed to the public unless the document is exempt from the disclosure requirement. Exemptions include, but are not limited to, protections for "trade secrets . . . which gives its user or owner an opportunity to obtain business advantage over competitors" and records related to the "negotiation of contracts". 1 V.S.A. §317

15.4 Goodwill and Publicity. Neither Party shall use the name, trade name, service mark, or trademark of the other Party in any promotional or advertising material without the prior written consent of such other Party. The Parties shall coordinate and cooperate with each other when making public announcements related to the execution and existence of the Agreement, and each Party shall have the right to promptly review, comment upon, and approve any publicity materials, press releases, or other public statements by the other Party that refer to, or that describe any aspect of, the Agreement; provided that no such publicity releases or other public statements (except for filings or other statements or releases as may be required by Applicable Law) shall be made by either Party without the prior written consent of the other Party. At no time will either Party acquire any rights whatsoever to any trademark, trade name, service mark,

logo or other intellectual property right belonging to the other Party. Notwithstanding the foregoing, Purchaser agrees that Provider may, at its sole discretion, take photographs of the installation process of the System and/or the completed System, and Provider shall be permitted to use such images (regardless of media) in its marketing efforts, including but not limited to use in brochures, advertisements, websites and news outlet or press release articles. The images shall not include any identifying information of Purchaser without Purchaser's permission and the installation site shall not be disclosed beyond the type of establishment (such as "Retail Store," "Distribution Center," or such other general terms), the city and state.

15.5 Enforcement of Confidentiality Obligation. Each Party agrees that the disclosing Party would be irreparably injured by a breach of this Article 15 by the receiving Party or its Representatives or other Person to whom the receiving Party discloses Confidential Information of the disclosing Party and that the disclosing Party shall be entitled to seek equitable relief, including injunctive relief and specific performance, in the event of any breach of the provisions of this Article. To the fullest extent permitted by Applicable Law, such remedies shall not be deemed to be the exclusive remedies for a breach of this Article, but shall be in addition to all other remedies available at law or in equity.

16. INDEMNITY.

16.1 Provider's Indemnity. Provider agrees that it shall indemnify and hold harmless Purchaser, its permitted successors and assigns and their respective directors, officers, members, shareholders and employees (collectively, the "**Purchaser Indemnified Parties**") from and against any and all Losses incurred by the Purchaser Indemnified Parties to the extent arising from or out of the following: (a) any claim for or arising out of any injury to or death of any Person or loss or damage to property of any Person to the extent arising out of the negligence or willful misconduct of Provider or any of its affiliates, contractors, agents, employees or invitees or (b) any infringement of patents or the improper use of other proprietary rights by Provider or its employees or representatives that may occur in connection with the performance of the Installation Work, System Operations or delivery of Solar Services and the ownership and use of the System. Provider shall not, however, be required to reimburse or indemnify any Purchaser Indemnified Party for any Loss to the extent such Loss is due to the sole negligence or willful misconduct of any Purchaser Indemnified Party.

16.2 Purchaser's Indemnity. Purchaser agrees that it shall indemnify and hold harmless Provider, its permitted successors and assigns and their respective directors, officers, members, shareholders, and employees (collectively, the "**Provider Indemnified Parties**") from and against any and all Losses incurred by the Provider Indemnified Parties to the extent arising from or out of any claim for or arising out of any injury to or death of any Person or loss or damage to property of any Person to the extent arising out of the negligence or willful misconduct of Purchaser, or any of its affiliates, contractors, agents, employees or invitees. Purchaser shall not, however, be required to reimburse or indemnify any Provider Indemnified Party for any Loss to the extent such Loss is due to the sole negligence or willful misconduct of any Provider Indemnified Party.

17. INSURANCE.

17.1 Generally. Provider shall maintain the following insurance coverages in full force and effect throughout the Term either through insurance policies or acceptable self-insured retentions: (a) Workers' Compensation Insurance as may be from time to time required under applicable federal and state law, (b) Commercial General Liability Insurance with limits of not less than \$2,000,000 general aggregate, \$1,000,000 per occurrence, and (c) automobile insurance with commercially reasonable coverages and limits. Additionally, Provider shall carry adequate property loss insurance on the System. The amount and terms of insurance coverage will be determined at Provider's sole discretion.

17.2 Certificates of Insurance. Provider, upon request, shall furnish current certificates evidencing that the insurance required under Section 17.1 is being maintained. Provider's insurance policy provided hereunder shall contain a provision whereby the insured agrees to give the other Party thirty (30) days' written notice before the insurance is cancelled or materially altered.

17.3 Additional Insureds. Provider's insurance policy shall be written on an occurrence basis and shall include Purchaser as an additional insured as its interest may appear.

17.4 Insurer Qualifications. All insurance maintained hereunder shall be maintained with companies either rated no less than A- as to Policy Holder's Rating in the current edition of Best's Insurance Guide (or with an association of companies each of the members of which are so rated) or having a

parent company's debt to policyholder surplus ratio of 1:1.

18. MISCELLANEOUS.

18.1 Integration; Exhibits. The Agreement, together with the Exhibits and Schedules attached thereto and hereto, constitute the entire agreement and understanding between Provider and Purchaser with respect to the subject matter thereof and supersedes all prior agreements relating to the subject matter hereof, which are of no further force or effect. The Exhibits and Schedules attached thereto and hereto are integral parts hereof and are made a part of the Agreement by reference. In the event of a conflict between the provisions of these General Conditions and any applicable Special Conditions, the provisions of the Special Conditions shall prevail.

18.2 Amendments. This Agreement may only be amended, modified or supplemented by an instrument in writing executed by duly authorized representatives of Provider and Purchaser.

18.3 Industry Standards. Except as otherwise set forth herein, for the purpose of the Agreement the normal standards of performance within the solar photovoltaic power generation industry in the relevant market shall be the measure of whether a Party's performance is reasonable and timely. Unless expressly defined herein, words having well-known technical or trade meanings shall be so construed.

18.4 Cumulative Remedies. Except as set forth to the contrary herein, any right or remedy of Provider or Purchaser shall be cumulative and without prejudice to any other right or remedy, whether contained herein or not.

18.5 Sovereign Immunity. To the extent permitted by Applicable Law, Purchaser hereby waives any defense of sovereign immunity that Purchaser might otherwise have in connection with any action taken by Provider to enforce its rights against Purchaser under this Agreement.

18.6 Limited Effect of Waiver. The failure of Provider or Purchaser to enforce any of the provisions of the Agreement, or the waiver thereof, shall not be construed as a general waiver or relinquishment on its part of any such provision, in any other instance or of any other provision in any instance.

18.7 Survival. The obligations under Section 8.3 (Exclusion of Warranties), Article 9 (Taxes and Governmental Fees), Article 12 (Limitation of

Liability), Article 14 (Notices), Article 15 (Confidentiality), Article 18 (Miscellaneous), Exhibit A (Certain Agreements for the Benefit of Financing Parties) or pursuant to other provisions of this Agreement that, by their sense and context, are intended to survive termination of this Agreement, shall survive the expiration or termination of this Agreement for any reason.

18.8 Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Vermont without reference to any choice of law principles. Subject to Section 18.17, the Parties agree that the courts of the State of Vermont and the Federal Courts sitting therein shall have jurisdiction over any action or proceeding arising under the Agreement to the fullest extent permitted by Applicable Law. Subject to Section 18.17, the Parties waive to the fullest extent permitted by Applicable Law any objection it may have to the laying of venue of any action or proceeding under this Agreement in any courts described in this Section 18.8.

18.9 Severability. If any term, covenant or condition in the Agreement shall, to any extent, be invalid or unenforceable in any respect under Applicable Law, the remainder of the Agreement shall not be affected thereby, and each term, covenant or condition of the Agreement shall be valid and enforceable to the fullest extent permitted by Applicable Law and, if appropriate, such invalid or unenforceable provision shall be modified or replaced to give effect to the underlying intent of the Parties and to the intended economic benefits of the Parties.

18.10 Relation of the Parties. The relationship between Provider and Purchaser shall not be that of partners, agents, or joint ventures for one another, and nothing contained in the Agreement shall be deemed to constitute a partnership or agency agreement between them for any purposes, including federal income tax purposes. Provider and Purchaser, in performing any of their obligations hereunder, shall be independent contractors or independent parties and shall discharge their contractual obligations at their own risk.

18.11 Successors and Assigns. This Agreement and the rights and obligations under the Agreement shall be binding upon and shall inure to the benefit of Provider and Purchaser and their respective successors and permitted assigns.

18.12 Counterparts. This Agreement may be executed in one or more counterparts, all of which

taken together shall constitute one and the same instrument.

18.13 Facsimile Delivery. This Agreement may be duly executed and delivered by a Party by execution and facsimile or electronic, "pdf" delivery of the signature page of a counterpart to the other Party.

18.14 Attorneys' Fees. If any legal action, arbitration, or other proceeding is brought for the enforcement of the Agreement or because of an alleged dispute, default, misrepresentation, or breach in connection with any of the provisions of the Agreement, except as expressly excluded in the Agreement, the successful or prevailing Party shall be entitled to recover reasonable attorneys' fees, expenses expert witness fees, and other costs incurred in that action or proceeding in addition to any other relief to which it may be entitled.

18.15 Liquidated Damages Not Penalty. The Parties acknowledge that the Early Termination Fee constitutes liquidated damages, and not penalties, in lieu of actual damages resulting from the early termination of the Agreement. The Parties further acknowledge that actual damages may be impractical and difficult to accurately ascertain, and in accordance with the Parties' rights and obligations under the Agreement, the Early Termination Fee constitutes fair and reasonable damages to be borne by the terminating Party in lieu of its actual damages.

18.16 Service Contract. The Parties intend this Agreement to be a "service contract" within the meaning of Section 7701(e)(3) of the Internal Revenue Code of 1986. Purchaser will not take the position on any Tax return or in any other filings suggesting that it is anything other than a purchase of Solar Services from the System.

18.17 Dispute Resolution. The Parties shall attempt in good faith to resolve all disputes arising under or with respect to this Agreement promptly by negotiation, as follows. A Party may give the other Party written notice of any dispute not resolved in the normal course of business. If applicable, executives of both Parties at levels one level above the personnel previously involved in the dispute shall meet at a mutually acceptable time and place within fifteen (15) Business Days after delivery of such notice, and thereafter as often as they reasonably deem necessary, to exchange relevant information and attempt to resolve the dispute. If the Parties cannot resolve the dispute in this manner within thirty (30) days of delivery of the notice of dispute, they or either of them shall refer the

dispute to an impartial mediator within three (3) Business Days. If the designated executives and mediation fail to resolve the dispute within sixty (60) days after the delivery of notice of dispute, then either Party may initiate arbitration as provided below. Arbitration shall be administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Arbitration shall take place before a single arbitrator in Montpelier, Vermont at a place of the Parties' choosing. Notice of a demand for arbitration must be delivered to the other Party to this Agreement within one hundred twenty (120) days after the delivery of the notice of dispute. Notwithstanding the above, arbitration shall not be initiated if, on the date of the demand for arbitration, the institution of legal or equitable proceedings based on the controversy is barred by the applicable statute of limitations. THE PARTIES UNDERSTAND THAT THIS AGREEMENT CONTAINS AN AGREEMENT TO ARBITRATE. AFTER SIGNING THIS AGREEMENT, THE PARTIES WILL NOT BE ABLE TO BRING A LAWSUIT CONCERNING ANY DISPUTE WHICH MAY ARISE WHICH IS COVERED BY THE ARBITRATION AGREEMENT, UNLESS IT INVOLVES A QUESTION OF CONSTITUTIONAL OR CIVIL RIGHTS. INSTEAD, THE PARTIES AGREE TO SUBMIT ANY SUCH DISPUTE TO AN IMPARTIAL ARBITRATOR.

[Remainder of page intentionally left blank.]

These General Terms and Conditions are witnessed and acknowledged by Provider and Purchaser below.

ACKNOWLEDGMENT OF ARBITRATION. This Agreement contains an agreement to arbitrate. After signing this document, I understand that I will not be able to bring a lawsuit concerning any dispute that may arise which is covered by the arbitration agreement, unless it involves a question of constitutional or civil rights. Instead, I agree to submit any such dispute to an impartial arbitrator.

"PROVIDER": ER Bone Hill Solar, LLC

By: _____
Name: _____
Title: _____
Date: _____

"PURCHASER": Vermont Public Power Supply Authority

By: _____
Name: _____
Title: _____
Date: _____

Exhibit A
of General Conditions

Certain Agreements for the Benefit of the Financing Parties

Purchaser acknowledges that Provider will be financing the installation of the System either through a lessor, lender or with financing accommodations from one or more financial institutions and that the Provider may sell or assign the System and/or may secure the Provider's obligations by, among other collateral, a pledge or collateral assignment of this Agreement and a first security interest in the System. In order to facilitate such necessary sale, conveyance, or financing, and with respect to any such financial institutions of which Provider has notified Purchaser in writing Purchaser agrees as follows:

(a) **Consent to Collateral Assignment.** Purchaser consents to either the sale or conveyance to a lessor or the collateral assignment by Provider to a lender that has provided financing of the System, of the Provider's right, title and interest in and to this Agreement.

(b) **Notices of Default.** Purchaser will deliver to the Financing Party, concurrently with delivery thereof to Provider, a copy of each notice of default given by Purchaser under the Agreement. No such notice will be effective absent delivery to the Financing Party. Purchaser will not mutually agree with Provider to terminate the Agreement without the written consent of the Financing Party.

(c) **Rights Upon Event of Default.** Notwithstanding any contrary term of this Agreement:

i. The Financing Party, as collateral assignee, shall be entitled to exercise, in the place and stead of Provider, any and all rights and remedies of Provider under this Agreement in accordance with the terms of this Agreement and only in the event of Provider's or Purchaser's default. The Financing Party shall also be entitled to exercise all rights and remedies of secured parties generally with respect to this Agreement and the System.

ii. The Financing Party shall have the right, but not the obligation, to pay all sums due under this Agreement and to perform any other act, duty or obligation required of Provider thereunder or cause to be cured any default of Provider thereunder in the time and manner provided by the terms of this Agreement. Nothing herein requires the Financing Party to cure any default of Provider under this Agreement or (unless the Financing Party has succeeded to Provider's interests under this Agreement) to perform any act, duty or obligation of Provider under this Agreement, but Purchaser hereby gives it the option to do so.

iii. Upon the exercise of remedies under its security interest in the System, including any sale thereof by the Financing Party, whether by judicial proceeding or under any power of sale contained therein, or any conveyance from Provider to the Financing Party (or any assignee of the Financing Party) in lieu thereof, the Financing Party shall give notice to Purchaser of the transferee or assignee of this Agreement. Any such exercise of remedies shall not constitute a default under this Agreement.

iv. Upon any rejection or other termination of this Agreement pursuant to any process undertaken with respect to Provider under the United States Bankruptcy Code, at the request of the Financing Party made within ninety (90) days of such termination or rejection, Purchaser shall enter into a new agreement with the Financing Party or its assignee having the same terms and conditions as this Agreement.

(d) **Right to Cure.** Notwithstanding any contrary term of this Agreement:

i. Purchaser will not exercise any right to terminate or suspend this Agreement unless it shall have given the Financing Party prior written notice by sending notice to the Financing Party (at the address provided by Provider) of its intent to terminate or suspend this Agreement, specifying the condition giving rise to such right, and the Financing Party shall not have caused to be cured the condition giving rise to the right of termination or suspension within thirty (30) days after such notice or (if longer) Provider's specified cure period provided for in this Agreement. The Parties respective obligations will otherwise remain in effect during any cure period; provided that if such Provider default reasonably cannot be cured by the Financing Party within such period and the Financing Party commences

and continuously pursues cure of such default within such period, such period for cure will be extended for a reasonable period of time under the circumstances, such period not to exceed an additional ninety (90) days.

ii. If the Financing Party (including any purchaser or transferee), pursuant to an exercise of remedies by the Financing Party, shall acquire title to or control of Provider's assets and shall, within the time periods described in Sub-section (d)(i) above, cure all defaults, if any, under this Agreement existing as of the date of such change in title or control in the manner required by this Agreement and which are capable of cure by a third person or entity, then such person or entity shall no longer be in default under this Agreement, and this Agreement shall continue in full force and effect.

(e) Replacement PPA. In the event that either the Agreement (1) is rejected or terminated by a trustee or debtor-in-possession or (2) is deemed to be in whole or in part a contract to extend "financial accommodations" within the meaning of Section 365 of the United States Bankruptcy Code, 11 U.S.C. §365, in any bankruptcy or insolvency proceeding, the collateral agent on behalf of the Financing Parties, or designee or assignee thereof, may, within ninety (90) days following the occurrence of the event referred to in clause (1) or (2), request in writing that Purchaser execute and deliver a new contract (the "**Replacement PPA**"), which Replacement PPA shall be for the balance of the obligations and services remaining to be performed under this Agreement before giving effect to the occurrence of the event referred to in clause (1) or (2) above, and shall contain the identical conditions, agreements, terms, provisions and limitations as the Agreement. Purchaser shall, within ninety (90) days after such request, enter into the Replacement PPA; provided, however, if the approval of any such trustee or debtor-in-possession or other approvals are necessary in order for Purchaser to enter into or perform under any such Replacement PPA, Purchaser shall cooperate with the collateral agent, on behalf of the Financing Parties, or designee or assignee thereof, in obtaining such approvals as rapidly as possible.

(f) Refinancing. In the event that the loans advanced by the Financing Parties are refinanced or replaced by other credit facilities, the terms of this Agreement, including this Exhibit A, shall continue in effect for the benefit of Provider and the providers of such new credit facilities (the "**New Lenders**"). Following the closing of such refinancing, the New Lenders, or any agent or representative thereof, shall notify Purchaser in writing of such refinancing, and shall provide all applicable substitute addresses for notices. Thereafter, the term "Financing Parties" shall refer to such New Lenders, and any references to financing documents shall refer to the financing documents applicable to such new credit facilities and security documents pursuant to which this Agreement is assigned as collateral to secure performance of the obligations of the Provider under such new credit facilities.

SOLAR POWER & SERVICES AGREEMENT

This Solar Power & Services Agreement is made and entered into as of this [●] day of [●], 2019 (the “Effective Date”), between ER Bone Hill Solar, LLC, a Vermont limited liability company (“Provider”), and Vermont Public Power Supply Authority (“Purchaser”; and, together with Provider, each, a “Party” and together, the “Parties”).

WITNESSETH:

WHEREAS, Purchaser desires that Provider install and operate a solar photovoltaic system at the Premises (as hereafter defined), which shall remain under the exclusive dominion and control of Provider and maintain its identity as tangible personal property, for the purpose of providing Solar Services (as hereafter defined), and Provider is willing to do the same;

WHEREAS, Provider and Purchaser acknowledged those certain General Terms and Conditions of Solar Power & Services Agreement dated as of the date hereof (“General Conditions”), which are incorporated by reference as set forth herein;

WHEREAS, the terms and conditions of this Solar Power & Services Agreement, excluding the General Conditions incorporated herein, constitute the “Special Conditions” referred to in the General Conditions; and

WHEREAS, Provider and Purchaser agree that they will take all Commercially Reasonable Efforts pursuant to the terms of this Agreement to enable Purchaser to obtain all the Solar Services produced by the System and for Provider to operate the project consistent with Applicable Law and any applicable Commission orders.

NOW THEREFORE, in consideration of the mutual promises set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Incorporation of General Conditions. The General Conditions are incorporated herein as if set forth in their entirety. Capitalized terms used and not defined herein shall have the meaning assigned to such terms in the General Conditions.
2. Schedules. The following Schedules hereto are the respective Schedules to the Special Conditions referenced in the General Conditions and are incorporated herein:

Schedule 1	Description of the Premises & System
Schedule 2	kWh Rate
Schedule 3	Provider Early Termination Fee
Schedule 4	Estimated Annual Production
Schedule 5	Notice Information
Schedule 6	[Reserved]
Schedule 7	Required Approvals
Schedule 8	Critical Milestones
Schedule 9	Incorporation of Specified Power Purchase Agreement

IN WITNESS WHEREOF and in confirmation of their consent to the terms and conditions contained in this Agreement and intending to be legally bound hereby, Provider and Purchaser have executed this Agreement as of the Effective Date.

ER Bone Hill Solar, LLC

Vermont Public Power Supply Authority

By Encore Redevelopment, LLC, its
managing member

By: _____
Name: Charles R. "Chad" Farrell
Title: President, Chief Executive Officer
and Authorized Representative of ER Bone
Hill Solar, LLC

By: _____
Name: Kenneth A. Nolan
Title: General Manager

SCHEDULES**Schedule 1: Description of Premises and System**

Solar System Size:	1680 kW DC, 1250 kW AC, or equivalent
Scope:	Design and supply grid-interconnected, ground mounted solar electric (PV) system
Module:	Trina TSM-DE14A(II) 375W, or equivalent
Inverters:	CPS SCH100KTL-DO/US-600, or equivalent
Racking	RBI, or equivalent
SCADA	Also/Locus 360 cellular DAS, or equivalent

Schedule 2: kWh Rate

The kWh Rate with respect to the System under the Agreement shall be in accordance with the following schedule:

Year (Year 1 commences on the Commercial Operation Date; each subsequent Year begins on the following anniversary of the Commercial Operation Date)	kWh Rate* (\$/kWh)
1	\$0.0955
2	\$0.0955
3	\$0.0955
4	\$0.0955
5	\$0.0955
6	\$0.0955
7	\$0.0955
8	\$0.0955
9	\$0.0955
10	\$0.0955
11	\$0.0955
12	\$0.0955
13	\$0.0955
14	\$0.0955
15	\$0.0955
16	\$0.0955
17	\$0.0955
18	\$0.0955
19	\$0.0955
20	\$0.0955
21	\$0.0955
22	\$0.0955
23	\$0.0955
24	\$0.0955
25	\$0.0955

Prior to the commencement of each Renewal Term, Purchaser and Provider shall mutually agree to the kWh Rate applicable to such Renewal Term. Failure of the Parties to agree to a kWh Rate prior to such Renewal Term shall constitute a mutual decision not to renew this Agreement.

* The kWh Rate in this Schedule 2 includes no costs for interconnection to be paid by the Provider to the Local Electric Utility (the "Interconnection Costs"). All actual Interconnection Costs will be paid by the Purchaser.

Schedule 3 – Provider Early Termination Fee¹

Year (Year 1 commences on the Commercial Operation Date; each subsequent Year begins on the following anniversary of the Commercial Operation Date)	Provider Early Termination Fee (Purchaser does <u>not</u> take title to the System)
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	

Prior to the commencement of each Renewal Term, Purchaser and Provider shall mutually agree to the Provider Early Termination Fee applicable to such Renewal Term. Failure of the Parties to agree to the Provider Early Termination Fee prior to such Renewal Term shall constitute a mutual decision not to renew this Agreement.

The values contained in this Schedule 3 are based, in part, on the estimated annual production in Schedule 4. If, following the Commercial Operation Date, updates to Schedule 4 are made that modify the total production by more than 15%, then the Parties shall update this Schedule 3 values by a percentage equal to such modification or otherwise as the Parties may mutually agree.

¹ *NTD: VPPSA to advise once determined.*

Schedule 4: Estimated Annual Production

Estimated Annual Production commencing on the Commercial Operation Date with respect to the System under the Agreement shall be as follows:

Year (Year 1 commences on the Commercial Operation Date; each subsequent Year begins on the following anniversary of the Commercial Operation Date)	Estimated Annual P50 Production (kWh)
1	2,004,559
2	1,994,536
3	1,984,564
4	1,974,641
5	1,964,768
6	1,954,944
7	1,945,169
8	1,935,443
9	1,925,766
10	1,916,137
11	1,906,557
12	1,897,024
13	1,887,539
14	1,878,101
15	1,868,710
16	1,859,367
17	1,850,070
18	1,840,820
19	1,831,616
20	1,822,458
21	1,813,345
22	1,804,279
23	1,795,257
24	1,786,281
25	1,777,349

The values set forth in the table above are estimates (and not guarantees), of approximately how many kWhs are expected to be generated annually by the System. This table will be updated promptly following the Commercial Operation Date with values provided by an Independent Engineer based on the as-built configuration.

Schedule 5: Notice Information

Purchaser:

Vermont Public Power Supply Authority
ATTN: General Manager, Controller
5195 Waterbury-Stowe Rd.
Waterbury Center, VT 05677
Email: knolan@vppsa.com; ccurrier@vppsa.com
Telephone: 802.844.7678

Provider:

ER Bone Hill Solar, LLC
c/o Encore Redevelopment, LLC
110 Main Street, Suite 2E
Burlington, VT 05401
Attn: Legal
Telephone: 802.861.3023
Email: phillip@encorerenewableenergy.com

Schedule 6: [RESERVED]

Schedule 7: Required Approvals

The respective rights and obligations of the Parties under this Agreement are conditioned upon the satisfaction in full (or waiver by Provider) within 120 days following the execution of this Agreement:

- Purchaser has obtained all Required Approvals²; ³
 - VPPSA Board of Director's Approval
- Specified Purchaser has obtained all Required Approvals; and
 - Specified Purchaser Board of Trustees approval of the Specified Power Purchase Agreement
 - Rule 5.200 Notice filing provided to the Vermont Public Utility Commission
- Purchaser and Specified Purchaser have entered into the Specified Power Purchase Agreement.

Purchaser shall seek all Required Approvals using good faith and Commercially Reasonable Efforts.

² *Note to VPPSA: Please incorporate final definition of Required Approvals.*

³ *Note to VPPSA: Please confirm if Board approval is required and/or has been obtained.*

Schedule 8: Critical Milestones

Responsibility of Purchaser:

1. None.

Responsibility of Provider:

2. None.

Schedule 9: Incorporation of Specified Power Purchase Agreement

Provider acknowledges that the Solar Services sold and delivered under this Agreement are expected to be used to satisfy Purchaser's obligations under the Specified Power Purchase Agreement. This Schedule 9 does not purport to make Provider a party to the Specified Power Purchase Agreement or to relieve Purchaser of any of its obligations set forth therein. In accordance with the foregoing, Provider and Purchaser hereby agree as follows:

1. Execution and Delivery.

(a) Purchaser shall give Provider a reasonable opportunity to review and comment on the Specified Power Purchase Agreement and Collateral Assignment prior to execution thereof by the parties thereto.

(b) The Specified Power Purchase Agreement and Collateral Assignment shall be in form and substance reasonably acceptable to Provider, including, with respect to the Specified Power Purchase Agreement, (i) a term no shorter than the Term of this Agreement, (ii) reasonable representations and/or covenants with respect to creditworthiness of the Specified Purchaser and (iii) customary provisions consistent with the terms of Section 13.2 of the General Conditions permitting Provider to finance the System and to grant, in connection with such financing, a direct or collateral assignment to a Financing Party of Provider's right, title and interest in, to and under this Agreement.

(c) Purchaser shall deliver to Provider duly executed copies of the Specified Power Purchase Agreement and Collateral Assignment promptly following execution thereof by the parties thereto.

(d) (i) In the event of a conflict between the Specified Power Purchase Agreement and this Agreement, the provisions of the Specified Power Purchase Agreement shall govern; *provided* that Purchaser shall notify Provider promptly after it becomes aware of any such conflict and shall negotiate with Provider in good faith to amend, supplement or modify this Agreement as reasonably necessary to resolve such conflict and (ii) upon Purchaser's written request, Provider shall negotiate with Purchaser in good faith to amend, supplement or modify this Agreement as reasonably necessary to reallocate among the Parties any rights or obligations arising from the Specified Power Purchase Agreement. The Parties agree, further, that any amendments, supplements or modifications entered into pursuant to this paragraph shall be in form and substance reasonably acceptable to the Parties.

2. Termination. This Agreement shall terminate if the Specified Power Purchase Agreement is terminated for any reason, except as a result of any of the following:

(a) the termination of the Specified Power Purchase Agreement occurs as a result of Purchaser's failure to perform its obligations under this Agreement or the Specified Power Purchase Agreement, so long as Purchaser's failure to perform its obligations under the Specified Power Purchase Agreement is not a result of a Provider Default;

(b) the termination of the Specified Power Purchase Agreement occurs as a result of the failure of the Specified Purchaser to perform its obligations under the Specified Power Purchase Agreement;

(c) the Specified Power Purchase Agreement is terminated by the mutual agreement of the parties thereto; or

(d) the unilateral termination of the Specified Power Purchase Agreement by either party thereto for any reason other than a default by one of the parties thereto.

In the event that the Agreement is terminated pursuant to this provision and the Provider is not in breach of any of its obligations under the Agreement, Purchaser agrees to negotiate with Provider in good faith to execute and deliver, within ninety (90) days of such termination, a Replacement PPA with Provider, as such term is defined on Exhibit A of the General Conditions.

3. **Payments.** Purchaser shall bear the risk of the Specified Purchaser not making required payments pursuant to the Specified Power Purchase Agreement, unless such failure is caused by Provider.

4. **Indemnification.** Provider agrees to indemnify and save harmless Purchaser from and against any and all liabilities, damages, claims, suits, costs (including court costs, reasonable attorneys' fees and costs of investigation) and actions for which Purchaser is held liable under the Specified Power Purchase Agreement, to the extent caused by Provider's failure to comply with its obligations under this Agreement and not arising as a result of Purchaser's or its Representatives' acts or omissions under the Agreement or the Specified Power Purchase Agreement. In the event there is any proceeding at the Commission that Purchaser becomes aware of in which the termination of the Specified Power Purchase Agreement is being considered, Purchaser shall notify Provider so that Provider has the opportunity to participate.

5. **Cooperation.** Provider agrees to cooperate with Purchaser in the discharge of Purchaser's obligations under the Specified Power Purchase Agreement upon reasonable request. Upon Provider's request, Purchaser agrees to, and shall use Commercially Reasonable Efforts to cause the Specified Purchaser to, negotiate, execute and deliver to Provider a reasonable acknowledgement and agreement or other customary collateral assignment documentation with the Specified Purchaser in connection with any construction and/or permanent financing facilities used to finance the System, in accordance with Section 13.2 of the General Conditions and the applicable provisions of the Specified Power Purchase Agreement.

6. **Amendments.** Following execution thereof, Purchaser agrees not to enter into or to seek or negotiate any amendment, waiver, modification or supplement to the Specified Power Purchase Agreement without Provider's prior written consent, except for any amendment, waiver, modification or supplement that in no way affects the rights or obligations of Provider.

Memorandum

To: Board of Directors
From: Ken Nolan
Date: August 2, 2019
Subject: **Agenda Item #10** - Phase I Lease Agreement

As has been mentioned at previous Board and Committee meetings, VPPSA has been working with Vitol Inc. to put together a lease of public power transmission rights over the Phase I D.C. transmission line running from Quebec to Massachusetts.

As a reminder, many public power entities purchased these rights in the 1980's as a way to bring power from their original Hydro Quebec VJO contract into New England. Since that time the New England wholesale markets have changed such that they no longer require load serving entities to document a transmission path from the generator to the load. As a result, these "use rights" public power utilities hold over the Phase I line are not being utilized to transmit energy, although rights holders do get so-called HQICC credits for their ownership which serve to offset capacity costs. Several VPPSA members, BED, WEC, and VEC all have these rights. Each of those utilities pays the monthly operational costs of the line in return for the HQICC credits.

The existing contracts end at the end of October 2020 and follow on agreements are now being negotiated to extend ownership and rights for an additional 20-years. VELCO, who represents all Vermont utilities as the owner of the Vermont portion of the line, has already agreed to extend the contract. The remaining negotiation is largely around projected capital upgrades and budget projections. In other words, it is presumed that all of the existing rights holders will continue to maintain their rights for an additional 20-years.

Given the above, VPPSA has been working with BED to develop a lease agreement with Vitol Inc. that would transfer use of the line to Vitol for an agreed upon lease amount while also allowing the existing rights holders to continue receiving the HQICC credits. Because of the number of parties involved and the rules governing transmission access this is proving to be a very complex transaction. However, in simple terms it is composed of the following parts:

- 1) Each existing rights holder would transfer their rights to VPPSA in order to aggregate them into one block. This is important to be able to aggregate fractional MW outside of the FERC approved transfer process.
- 2) VPPSA would then transfer the combined block to VEC to facilitate the sale of the combined rights in compliance with FERC requirements.
- 3) VEC would then utilize the FERC OASIS computer system to transfer the rights to Vitol.
- 4) Vitol would pay VPPSA a monthly fee for the MW of transmission rights transferred which VPPSA would then divide up among the original rights holders.
- 5) VEC would receive the HQICC's in its ISO-NE settlement and would pass the value back to VPPSA who would divide it up to the original rights holders.

Staff views this transaction as extremely favorable. Under status quo conditions it would double the revenue stream related to ownership of this transmission asset. Further, in the event that ISO-NE reduced or eliminated the HQICC credits in the future the lease itself would more than offset any costs associated with the line.

To facilitate the arrangement VPPSA will need to enter transfer agreements with each individual utility holding rights and then sign a series of agreements with Vitol and VEC to facilitate the transfer to them. Staff is asking for authority to proceed in executing the required agreements.

Motion:

Motion to authorize the General Manager to take all steps necessary to enter into Transfer Agreements with individual members and other public power utilities in Vermont to aggregate Phase I use rights for joint marketing purposes.

Motion to authorize the General Manager to take all necessary steps to implement the lease of aggregated Phase I rights to Vitol Inc.

**AGREEMENT
FOR THE TRANSFER OF USE RIGHTS ON THE
PHASE I / II HVDC TRANSMISSION FACILITIES**

This Agreement for the Transfer of Use Rights in the Phase I/II HVDC Transmission Facilities is made and entered into this ____ day of _____, 2019, by and between Vermont Public Power Supply Authority, a body politic and corporate and a public instrumentality of the State of Vermont (“VPPSA”), and City of Burlington Electric Department, Village of Enosburg Falls Water & Light Department, Village of Hardwick Electric Department, Village of Jacksonville, Village of Ludlow Electric Light Department, Village of Lyndonville Electric Department, Village of Morrisville Water & Light Department, Town of Northfield Electric Department, and Swanton Village, Inc. Electric Department, each a municipally-owned electric utility organized and existing under the laws of the State of Vermont (hereinafter collectively the “Municipal Participants”) (each a “Party” and collectively “the Parties”).

WHEREAS, Vermont Electric Power Company, Inc. (“VELCO”) is an Interconnection Rights Holder (or IRH) under the Third Amended and Restated Use Agreement with Respect to the Use of the Hydro-Quebec Interconnection, originally dated as of December 1, 1981, as amended from time to time (“Restated Use Agreement”);

WHEREAS, pursuant to the Restated Use Agreement, VELCO has rights (“Use Rights”) to use a portion of the transfer capability of the Phase I/II HVDC transmission lines and terminal facilities in the United States that connect the electric systems in New England with the electric system of Hydro-Québec (the “Interconnection”);

WHEREAS, the Municipal Participants are Indirect IRHs in the Interconnection under the Restated Use Agreement through their participation with VELCO in the Vermont Participation Agreement for Quebec Interconnection originally dated July 15, 1982, as the same may be amended from time to time (“Vermont Participation Agreement”);

WHEREAS, pursuant to the Vermont Participation Agreement, VELCO has transferred a portion of its share of the Interconnection, including its Use Rights in the Interconnection, to the

Municipal Participants;

WHEREAS, the Municipal Participants hold a Combined Percentage Interest in the Interconnection as set forth on Attachment A;

WHEREAS, the Municipal Participants also are parties to the Phase I Vermont Transmission Line Support Agreement, which was initially entered into on December 1, 1981, with amendments dated June 1, 1982, November 1, 1982 and January 1, 1986 (the “Support Agreement”);

WHEREAS, the Vermont Participation Agreement and the Support Agreement obligate the Municipal Participants to pay their pro rata share of the costs to operate and maintain the Interconnection, and they are entitled to mitigate those costs and receive their pro rata share of revenue from the sale of capacity rights and transmission rights in the Interconnection;

WHEREAS, the Municipal Participants also have rights to Hydro-Quebec Interconnection Capability Credits (“HQICC”) under the ISO Tariff, pursuant to which the Municipal Participants receive credit from ISO-NE at a price equal to the ISO Net Regional Clearing Price;¹

WHEREAS, some of the IRH make their Use Rights available for transmission service under Schedule 20A of the ISO New England Open Access Transmission Tariff;

WHEREAS, Vermont Electric Cooperative, Inc. is an Indirect IRH, as defined in the Restated Use Agreement, and is a Schedule 20A Service Provider offering open access transmission service over the Interconnection under Section II of the ISO New England Inc. (“ISO-NE”) Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3 (“ISO OATT”);

¹ The Net Regional Clearing Price is calculated by first adding Forward Capacity Auction payments to Net Reconfiguration Auction Credits or Charges and subtracting Peak Energy Rent Adjustments. This total is then divided by the Net Regional Supply Obligation. Page 15 of 33

WHEREAS, VEC is obligated under Schedule 20A of the ISO OATT to offer through Schedule 20A and its Phase I/II HVDC-TF Transmission Provider Page the Use Rights of any IRHs that are not Schedule 20A Service Providers, subject to mutually agreeable contractual arrangements;

WHEREAS, none of the Municipal Participants are Schedule 20A Service Provider;

WHEREAS, the Municipal Participants, similar to other IRHs or Indirect IRHs are looking to monetize their transmission rights through Transfer Agreements;

WHEREAS, VPPSA is authorized under 30 V.S.A. Chapter 84 to perform various services on behalf of Vermont municipal and cooperative electric utilities;

WHEREAS, VPPSA is willing and able to facilitate the transfer of the Municipal Participants' Use Rights by aggregating those Use Rights and transferring them to a third party;

WHEREAS, pursuant to (i) the Municipal Participants' participation in the Vermont Participation Agreement and Support Agreement, (ii) VELCO participation in the Restated Use Agreement and (iii) this Transfer Agreement between the Municipal Participants and VPPSA (collectively "Municipal Participants' Share of Project Capability"), VPPSA has rights to transfer all or a portion of the Municipal Participants Share of Project Capability, measured in megawatts ("MWs"), to a third party ("VPPSA Use Rights");

WHEREAS, for the sole purpose of facilitating a transaction between the Municipal Participants and a third party for the transfer of all or a portion of the Municipal Participants' Share of Project Capability, the Municipal Participants and VPPSA desire, and pursuant to the terms and conditions contained herein agree, that VPPSA shall acquire the Municipal Participants' Use Rights for up to a sixty (60) month period pursuant to this VPPSA-Municipal Participants Transfer Agreement, resell VPPSA's Use Rights to VEC for the same period pursuant to a separate Transfer Agreement executed concurrently herewith ("VPPSA-VEC Transfer Agreement"), pursuant to which VEC is obligated to transfer VPPSA's Use

Rights to a third party for the same period pursuant to a separate Transfer Agreement and consistent with its status as a Schedule 20A Service Provider;

WHEREAS, VEC agrees to transfer VPPSA's Use Rights to a third party for the sole purpose of facilitating a transaction between VPPSA and such third party;

NOW THEREFORE, in consideration of the premises above and mutual covenants hereinafter made and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties do mutually agree as follows:

ARTICLE 1 Assignment of Use Rights

1.01 The Municipal Participants hereby transfer their Use Rights to VPPSA for the term of this Transfer Agreement, including (i) any rights under the Restated Use Agreement necessary for VPPSA to exercise the Municipal Participants' Use Rights and (ii) the Municipal Participants' HQICC. This VPPSA-Municipal Transfer Agreement does not provide for the transfer to VPPSA of the Municipal Participants' voting rights on the IRH Management Committee ("IMC"), if any, or for the transfer of any other rights or obligations not directly related to VPPSA's Use Rights and the exercise thereof by VPPSA and VEC.

1.02 VPPSA agrees to transfer VPPSA's Use Rights obtained pursuant to Section 1.01 hereunder to VEC pursuant to the terms of the VPPSA-VEC Transfer Agreement, and VEC in turn will be obligated to transfer VPPSA's Use Rights to a third party pursuant to a separate Transfer Agreement.

1.03 VPPSA shall be obligated for the collection and remittance of any revenues due to the Municipal Participants on a pro rata basis as a result of transferring their Use Rights pursuant to this VPPSA-Municipal Participant Transfer Agreement, the VPPSA-VEC Transfer Agreement and VEC's Transfer Agreement with a third party. In no event shall VPPSA be responsible to the Municipal Participants for any

lost HQICC value.

ARTICLE 2 Other Obligations of the Parties

- 2.01 Not less than thirty-five (35) days prior to the Transfer Effective Date (as defined in Section 3.01 herein), the Municipal Participants and VPPSA shall notify ISO-NE, or such other entity that may administer the Use Rights, of the transfer of the Municipal Participants' Use Rights to VPPSA, and VPPSA's Use Rights to VEC using ISO-NE's TA-1 Form or such other notification method prescribed by ISO-NE. The effective date in such notification shall be the Transfer Effective Date. Such notification shall reflect the Municipal Participants' Use Rights and the start and stop dates as agreed to in Article 3 of this VPPSA-Municipal Transfer Agreement. The Parties shall cooperate in providing to ISO-NE such other information and performing such functions as may be necessary for the timely and comprehensive administration of the Municipal Participants' Use Rights.
- 2.02 In the event VPPSA receives written notice that any Municipal Participant has failed to perform any obligation under the Vermont Participation Agreement or Support Agreement, VPPSA shall not be liable to VELCO for any amounts the Municipal Participant(s) may owe VELCO.
- 2.03 With respect to the Municipal Participants' Use Rights that VPPSA receives pursuant to this VPPSA- Municipal Participant Transfer Agreement, VPPSA shall be bound to the terms and conditions of the Vermont Participation Agreement, the Support Agreement and the Restated Use Agreement as an Indirect Interconnection Rights Holder, but only with respect to the exercise of the Municipal Participants' Use Rights and the payment of the amounts set forth under Section 1.03. Except for those rights and obligations transferred to VPPSA pursuant to this VPPSA- Municipal Participants Transfer Agreement, the Municipal Participants shall retain all rights and

continue to be bound to all obligations of the Vermont Participation Agreement, the Support Agreement and the Restated Use Agreement as Indirect Interconnection Rights Holders.

- 2.04 VPPSA shall not modify or amend the VPPSA-VEC Transfer Agreement, or any other agreement to which it is a party concerning the Municipal Participants' Use Rights, in a manner which would adversely affect the Municipal Participants without the Municipal Participants' prior approval in writing, not to be unreasonably conditioned, delayed or withheld. In the event the Municipal Participants do not provide such approval within thirty (30) days of receipt by the Municipal Participants of the proposed modification or amendment, VPPSA shall have the option, in its sole discretion, to terminate this VPPSA-Municipal Participants Transfer Agreement by the provision of written notice to the Municipal Participants (the "2.04 Termination Notice"), with such termination effective on the date of the giving by PPSA of the 2.04 Termination Notice to the Municipal Participants.

ARTICLE 3 Term of Agreement

- 3.01 This VPPSA- Municipal Participants Transfer Agreement shall become effective upon the effective date set forth in an order by FERC accepting the Transfer Agreement between VEC and a third-party transferee as a FERC rate schedule ("Contract Effective Date"). Notwithstanding the determination of the Contract Effective Date, the transfer of the Use Rights hereunder (as implemented through this VPPSA- Municipal Participants Transfer Agreement and the VPPSA-VEC Transfer Agreement) shall become effective on the (i) the 36th day following the Contract Effective Date provided that such 36th day falls on the first day of a month or (ii) if such 36th day does not fall on the first day of a month, the 1st day of the

month following such 36th day (“Transfer Effective Date”), and such Transfer Effective Date shall be reflected in the Parties’ written notification to ISO-NE pursuant to Article 2.01 above. The Transfer Effective Date shall be no earlier than January 1, 2020.

- 3.02 Notwithstanding anything in this VPPSA- Municipal Participants Transfer Agreement to the contrary, this VPPSA-Municipal Participants Transfer Agreement shall continue in full force and effect until it terminates automatically on the earlier of: (1) the effective date of any termination of the VPPSA-VEC Transfer Agreement; (2) the effective date of any termination of the Transfer Agreement between VEC and a third party; (3) **the later of (i) the receipt of or (ii) the effective date of a 2.04 Termination Notice referenced in Article 2.04;** or (4) at 11:59 p.m. on October 31, 2024; *provided, however,* in the event the term of the Restated Use Agreement is not extended beyond November 1, 2020, this VPPSA- Municipal Participants Transfer Agreement shall terminate as of October 31, 2020, subject to (1), (2) and (3) above. VPPSA shall provide written notice to VEC as soon as possible of any termination of the this VPPSA- Municipal Participants Transfer Agreement.
- 3.03. The applicable provisions of this VPPSA-Municipal Participants Transfer Agreement shall continue in effect after cancellation or termination hereof to the extent necessary to provide for final billings, billing adjustments and payments pertaining to liability and indemnification obligations arising from acts or events that occurred while this VPPSA- Municipal Participants Transfer Agreement was in effect.

ARTICLE 4 Indemnification

- 4.01 This VPPSA- Municipal Participants Transfer Agreement is subject to the terms of the Vermont Participation Agreement, the Support Agreement and the Restated Use

Agreement, all as may be amended from time to time.

- 4.02 To the fullest extent permitted by law, the Municipal Participants shall at all times indemnify, defend, and save VPPSA, its officers, directors, employees, agents, successors and assigns and its affiliates and their respective officers, directors, employees, agents, successors and assigns harmless from any and all damages, losses, liabilities, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorneys' fees, and all other obligations by or to third parties, arising out of or resulting from the performance of its obligations under this VPPSA- Municipal Participants Transfer Agreement, including but not limited to any liability arising out of (i) the failure of the Interconnection; (ii) the termination by the Municipal Participants or the failure by the Municipal Participants to comply with the terms and conditions of the Vermont Participation Agreement and/or Support Agreement and (iii) any capacity re-assignments of the Municipal Participants' Use Rights by VEC to a third-party; except in the cases of gross negligence of or intentional wrongdoing by VPPSA or its officers, directors, employees, agents, successors and assigns.

ARTICLE 5 Limitation of Liability

To the fullest extent permitted by law and notwithstanding other provisions of this VPPSA- Municipal Participants Transfer Agreement, in no event shall any Party, its officers, directors, employees, agents, successors or assigns or its affiliates or any of their respective officers, directors, employees, agents, successors or assigns be liable to another Party, whether in contract, warranty, tort, negligence, strict liability, or otherwise, for special, indirect, incidental, consequential (including, without limitation, replacement power costs, lost profits or revenues, and lost business opportunities), or punitive damages, attorney's fees or costs

arising out of, or connected in any way with performance or nonperformance of this VPPSA- Municipal Participants Transfer Agreement or any activity associated with or arising out of this VPPSA- Municipal Participants Transfer Agreement, except to the extent a third party successfully asserts claims for such damages against VPPSA or the Municipal Participants. Further, in no event shall VPPSA, its officers, directors, employees, agents, successors or assigns or its affiliates or any of their respective officers, directors, employees, agents, successors or assigns be liable to the Municipal Participants for any failure of a third-party transferee to pay the Municipal Participants for their Use Rights or their associated HQICCs.

ARTICLE 6 Assignment

This VPPSA- Municipal Participants Transfer Agreement shall inure to the benefit of and bind the respective successors and assigns and successors in title of the Parties hereto. Other than an assignment of VPPSA's rights under this VPPSA- Municipal Participants Transfer Agreement to VEC pursuant to the VPPSA-VEC Transfer Agreement and the contemplated assignment of VEC's rights pursuant to a Transfer Agreement with a third party, no assignment by either Party of its rights and obligations hereunder shall be made or become effective without the prior written consent of the other Party in each case being obtained, which consent shall not be unreasonably withheld, conditioned or delayed, except that this VPPSA- Municipal Participants Transfer Agreement may be assigned without such consent to an entity controlling, controlled by or under common control with the assigning Party, or to a person acquiring all or a controlling interest in the business assets of such Party. No assignment or transfer of rights shall relieve the assigning Party from full liability and financial responsibility for performance under this VPPSA- Municipal Participants Transfer Agreement unless both the assignee or transferee and the other Party have so consented in writing, said consent not to be unreasonably withheld, conditioned or delayed.

ARTICLE 7 Force Majeure

- 7.01 No Party will be considered in default as to any obligation under this VPPSA- Municipal Participants Transfer Agreement, and shall be excused from performance or liability for damage to the other Party if and to the extent prevented from fulfilling the obligation due to an event of Force Majeure, as defined below; provided that no event of Force Majeure shall excuse an entity of the obligation to pay amounts due under this VPPSA- Municipal Participants Transfer Agreement. During any period in which the Interconnection or the Québec Radisson / Des Cantons transmission line connecting with the Interconnection is out of service in whole or in part, the Municipal Participants shall have no more nor any less rights and obligations hereunder than would any Transmission Customer under Schedule 20A-VEC. However, a Party whose performance under this VPPSA- Municipal Participants Transfer Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this VPPSA- Municipal Participants Transfer Agreement and remove the condition that prevents performance, except that the settlement of any labor disturbance shall be in the sole judgment of the affected Party. Any Party claiming Force Majeure shall promptly notify the other Parties of the commencement and end of each event of Force Majeure.
- 7.02 Force Majeure shall mean any act of God, labor disturbance, act of the public enemy or terrorists, war, invasion, insurrection, riot, fire, storm or flood, ice, ice storm, earthquake, explosion, breakage or accident to machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause (excluding a lack of funds or other financial causes) beyond a Party's control, including without limitation, any action or inaction by the other Party.

ARTICLE 8 Dispute Resolution

- 8.01 The Parties agree that any dispute arising under this VPPSA- Municipal Participants Transfer Agreement shall be the subject of good-faith negotiations between the affected Parties. Each Party shall designate one or more representatives with the authority to negotiate the matter in dispute to participate in such negotiations. The Parties shall engage in such good-faith negotiations for a period of not less than thirty (30) calendar days, unless: (a) a Party identifies exigent circumstances reasonably requiring expedited resolution of the dispute by the Federal Energy Regulatory Commission (“FERC”); or (b) the provisions of this VPPSA- Municipal Participants Transfer Agreement otherwise provide a Party the right to submit a dispute directly to FERC for resolution. Any dispute that is not resolved through good-faith negotiations may be submitted by either Party for resolution by FERC upon the conclusion of such negotiations. Any Party may request that any dispute submitted to FERC for resolution be subject to FERC settlement procedures. Notwithstanding the foregoing, any dispute arising under this VPPSA- Municipal Participants Transfer Agreement may be submitted to arbitration or any other form of alternative dispute resolution upon the agreement of the Parties to participate in such an alternative dispute resolution process.
- 8.02 Nothing in this VPPSA- Municipal Participants Transfer Agreement shall restrict the rights of either Party to file a complaint with the FERC under relevant provisions of the Federal Power Act.

ARTICLE 9 General

- 9.01 Notices. Any notice, request, demand or statement required to be given by any Party to the others in connection with this VPPSA- Municipal Participants Transfer Agreement shall be given in writing and shall be sent by registered or certified mail.

return receipt requested, postage prepaid, or by hand delivery, or by overnight delivery, with acknowledged receipt of delivery. Notice shall be deemed given at the date of acceptance or refusal of acceptance shown on such receipt.

Any such notice to City of Burlington Electric Department shall be to the following address:

585 Pine Street
Burlington, VT 05401
Attention: Darren Springer, General manager
Email: _____

With a copy to:

Attention:

Fax:

With a copy to:

Attention:

Any such notice to VPPSA shall be to the following address:

5127 Waterbury-Stowe Road
Waterbury Ctr., VT _____
Attention: General Manager
Email: _____

Fax:

With a copy to:

Attention:

9.02 Headings. The descriptive headings of the various articles of this VPPSA- Municipal Participants Transfer Agreement have been inserted for convenience of reference only

and shall in no way define, modify or restrict any of the terms and provisions thereof.

9.03 Applicable Regulations. VPPSA- Municipal Participants Transfer Agreement is made subject to present and future state and federal laws and to present and future regulations and orders properly issued by state or federal bodies having jurisdiction. This VPPSA- Municipal Participants Transfer Agreement shall be interpreted pursuant to the laws of the State of Vermont, the Federal Power Act, and any regulatory agency having jurisdiction over the particular matter.

9.04 Further Assurances. From time to time after the execution of this VPPSA- Municipal Participants Transfer Agreement, each Party shall execute such instruments and perform such reasonable functions, upon the request of the other, as may be necessary or appropriate, to carry out the intent of this VPPSA- Municipal Participants Transfer Agreement.

9.05 Amendments. No modification or amendment to this VPPSA- Municipal Participants Transfer Agreement shall be binding on any Party unless contained in a written instrument signed by all Parties. Furthermore, to the extent any third party, or FERC acting *sua sponte* seeks to amend or otherwise modify, or requests FERC to amend or otherwise modify, any provision of this VPPSA- Municipal Participants Transfer Agreement, the standard of review for any proposed amendment or other modification shall be the "public interest" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956), and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), and as further defined in *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County*, 128 S.Ct. 2733 (2008) and *NRG Power Marketing, LLC v. Maine Public Utilities Commission*, 130 S.Ct. 693 (2010).

9.06 Several Obligations. Notwithstanding any provisions of this VPPSA- Municipal Participants Transfer Agreement, the Parties shall remain bound by their respective obligations under their respective contracts with the State of Vermont.

Participants Transfer Agreement to the contrary, the Parties do not intend to create hereby a joint venture, partnership, association taxable as a corporation, or other entity for the conduct of any business for profit, and any construction of this VPPSA-Municipal Participants Transfer Agreement to the contrary shall render this VPPSA-Municipal Participants Transfer Agreement null and void from its inception. Except where specifically stated in this VPPSA-Municipal Participants Transfer Agreement to be otherwise, the duties, obligations and liabilities of the Parties are intended to be several and not joint or collective. Each Party shall be individually and severally liable for its own obligations under this VPPSA-Municipal Participants Transfer Agreement.

9.07 Waivers. Any waiver at any time by any Party of its rights with respect to a default under this VPPSA-Municipal Participants Transfer Agreement, or with respect to any other matter arising in connection with this VPPSA-Municipal Participants Transfer Agreement, shall not be deemed a waiver with respect to any other or subsequent default or matter. Failure to enforce rights of a Party under this VPPSA-Municipal Participants Transfer Agreement shall not be deemed a waiver of such rights for any reason.

9.08 Entire Agreement. This VPPSA-Municipal Participants Transfer Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and supersedes any other prior understanding or agreement between the Parties with respect thereto.

9.09 Interpretation. For the purpose of interpreting this VPPSA-Municipal Participants Transfer Agreement, to the extent that there exists any conflict between the provisions of this VPPSA-Municipal Participants Transfer Agreement and the provisions of the Restated Use Agreement, the Vermont Participation Agreement and/or the Support Agreement, the provisions of this VPPSA-Municipal Participants Transfer Agreement

shall prevail.

9.10 Construction. The Parties have participated jointly in the negotiation and drafting of this VPPSA- Municipal Participants Transfer Agreement. In the event an ambiguity or question of intent or interpretation arises, this VPPSA- Municipal Participants Transfer Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of authorship of any of the provisions of this VPPSA- Municipal Participants Transfer Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word “including” in this VPPSA- Municipal Participants Transfer Agreement shall mean “including without limitation.”

9.11 Counterparts. This VPPSA- Municipal Participants Transfer Agreement may be executed in one or more counterparts, each of which shall be deemed an original.

9.12 Equity Agreements. Nothing in this VPPSA- Municipal Participants Transfer Agreement shall be deemed to create, in the name of VPPSA, any additional rights or obligations in the transmission companies that own the Interconnection.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this VPPSA- Municipal Participants Transfer Agreement to be executed by their duly authorized officers as of the day and year first above written.

City of Burlington Electric Department

Darren Springer
General Manager

Village of Enosburg Falls Water & Light Department

By:
Title:

Village of Hardwick Electric Department

By:
Title:

Village of Jacksonville

By:
Title:

Village of Ludlow Electric Light Department

By:
Title:

Village of Lyndonville Electric Department

By:
Title:

Village of Morrisville Water & Light Department

By:
Title:

Town of Northfield Electric Department

By:
Title:

Swanton Village, Inc. Electric Department

By:
Title:

Vermont Public Power Supply Authority

Kenneth Nolan
General Manager

VPPSA-VEC TRANSFER AGREEMENT

AGREEMENT BETWEEN
VERMONT PUBLIC POWER SUPPLY AUTHORITY
AND
VERMONT ELECTRIC
COOPERATIVE, INC.
FOR THE TRANSFER OF USE RIGHTS ON THE
PHASE I / II HVDC TRANSMISSION
FACILITIES

This Agreement for the Transfer of Use Rights in the Phase I/II HVDC Transmission Facilities (“VPPSA-VEC Transfer Agreement”) is made and entered into this ___ day of _____, 2019, by and between and Vermont Public Power Supply Authority, a body politic and corporate and a public instrumentality of the State of Vermont (“VPPSA”), and Vermont Electric Cooperative, Inc. (“VEC”), a cooperative electric utility organized and existing under the laws of the State of Vermont (each a “Party” and collectively “the Parties”).

WHEREAS, Vermont Electric Power Company, Inc. (“VELCO”) is an Interconnection Rights Holder (or IRH) under the Third Amended and Restated Use Agreement with Respect to the Use of the Hydro-Quebec Interconnection, originally dated as of December 1, 1981, as amended from time to time (“Restated Use Agreement”);

WHEREAS, pursuant to the Restated Use Agreement, VELCO has rights (“Use Rights”) to use a portion of the transfer capability of the Phase I/II HVDC transmission lines and terminal facilities in the United States that connect the electric systems in New England with the electric system of Hydro-Québec (the “Interconnection”);

WHEREAS, City of Burlington Electric Department, Village of Enosburg Falls Water & Light Department, Village of Hardwick Electric Department, Village of Jacksonville, Village of Ludlow Electric Light Department, Village of Lyndonville Electric Department, Village of Morrisville Water & Light Department, Town of Northfield Electric Department, and Swanton Village, Inc. Electric Department, each a municipally-owned electric utility organized and existing under the laws of the State of Vermont (hereinafter collectively “Municipal Participants”), are Indirect IRHs under the Restated Use Agreement through their participation with VELCO in the Vermont Participation Agreement for Quebec Interconnection originally dated July 15, 1982, as the same may be amended from time to time (“Vermont Participation Agreement”);

WHEREAS, pursuant to the Vermont Participation Agreement, VELCO has transferred a portion of its share of the Interconnection, including its Use Rights in the Interconnection, to the Municipal Participants;

WHEREAS, in 2004, Vermont Electric Cooperative, Inc., a cooperative electric utility organized under the laws of the State of Vermont (“VEC”), purchased the remaining electric transmission assets of Citizens Communications Company (Citizens), including its lower-voltage transmission facilities. To accomplish this acquisition, in Docket No. ER04-341-000, VEC filed a request under section 205 of the FPA that the Commission transfer to VEC, as Citizens’ successor in interest, Citizens’ Vermont Electric Division’s OATT, as well as certain grandfathered service agreements and their associated rate schedules.¹ On February 12, 2004, the Commission conditionally accepted, subject to modification, VEC’s request to assume Citizens’ OATT and rate schedules to render jurisdictional service;²

WHEREAS, VEC, as Citizens’ successor in interest, is an Indirect IRH;

WHEREAS, on August 8, 2005, the President of the United States signed into law the Energy Policy Act of 2005, which contained, inter alia, a provision that terminated the Federal Energy Regulatory Commission (“Commission”)’s "public utility" jurisdiction over VEC under Parts II and III of the Federal Power Act. Pub. L. No. 109-58, sec. 1291(c), 119 Stat. 594, 985, amending FPA section 201(0). As a result, the Commission no longer has jurisdiction over certain of VEC's rates. Pursuant to 30 V.S.A. §§ 225 et seq., the Vermont Public Utility Commission ("VPUC") has jurisdiction over such rates. VEC is a party to the regional ISO New England OATT, and a transmission owner thereunder. As a result of its participation in a regional tariff,

¹ The Block Loading Facilities Transfer Agreement (“BLFTA”), formerly Citizens Rate Schedule FERC No. 28 (as amended), is now VEC First Revised Rate Schedule FERC No. 4 (Schedule No. 4). Three other grandfathered agreements, referred to by parties as the “FPC-10” contracts, formerly Citizens Rate Schedule Nos. 29, 31 and 32 (as amended) are now VEC First Revised Rate Schedule FERC No. 6 (Schedule No. 6). VEC Answer at 3 n.2.

² VEC, 106 FERC ¶ 61,131 at P 17 and Ordering Paragraph (A).

those rates, terms and conditions remain jurisdictional and subject to applicable Commission precedent;

WHEREAS, the Municipal Participants, similar to other IRHs or Indirect IRHs are looking to monetize their transmission rights through Transfer Agreements facilitated by VPPSA and VEC;

WHEREAS, the HQ Interconnection provides a 2,000 MW interconnection between Quebec and New England and is a critically important commercial and reliability feature of the ISO-NE system, allowing for both commercial transactions and emergency energy interchange between the regions. The United States portion of the Hydro-Quebec High Voltage Direct Current Transmission Facilities (“Phase I/II HVDC-TF”) that interconnect the transmission systems is operated by ISO New England and while the Canadian portion is operated by Hydro-Quebec TransEnergie (“HQTE”). The HQ Interconnection was built in two phases (Phase I and Phase II);

WHEREAS, the Hydro-Quebec high voltage direct current (“HVDC”) transmission facilities were supported by two sets of agreements signed in the 1980s. The Phase I portion of the Phase I/II HVDC-TF was signed in 1980, initiated in 1983 and is owned by the New England Electric Transmission Corporation (“NEET”) and Vermont Electric Transmission Company (“VETCO”) and commenced commercial operations in 1986. It brought interconnection and transmission facilities with approximately 690 MW of transfer capability from the Hydro-Quebec system to New England. The Phase II portion of the Phase I/II HVDC-TF was initiated in 1986, is owned by New England Hydro-Transmission Electric Company, Inc. (“NEH”) and New England Hydro-Transmission Corporation (“NHH”) and commenced commercial operations in 1990. It increased the total transfer capability from Hydro-Quebec to New England to approximately 2,000 MW. Together, NEET, VETCO, NEH and NHH are the Asset Owners (“Asset Owners”) of Phase I/II.

WHEREAS, at the time of construction, the HQ Interconnection cost over \$600 million to build and required certain contracts (“Support Agreements”) between the Asset Owners and the financial supporters to pay for all of the costs for the facilities;

WHEREAS the Phase I Support Agreements include XXX separate agreements and the Phase II Support Agreements include four separate agreements;³

WHEREAS, the Restated Use Agreement⁴ defines the rights (“Use Rights”) of parties to the Support Agreements. The Interconnection Rights Holders (“IRH”) are the entities that hold exclusive rights to the use the Phase I/II HVDC-TF by virtue of being parties to certain Support Agreements and being financially obligated thereunder to pay for the costs of the Phase I/II HVDC-TF. The costs for maintenance and construction of these facilities are paid by the IRHs through support agreements between the IRH members and the owners of the HVDC transmission facilities. The Support Agreements are Commission-approved agreements;

WHEREAS, the IRH Management Committee (“IMC”) is the governance committee for the IRH, responsible for the collective management of their involvement in the Phase I/II HVDC-TF and authorized to represent the collective interests of the IRH, including before the Commission;

WHEREAS, pursuant to the Third Amended and Restated Agreement with Respect to Use of Quebec Interconnection, the IRHs have agreed to the rules for the exercise of the IRHs’ Use Rights, for making the Use Rights available to others, and for the collective management of those rights through the IRH Management Committee. See New England Power Company, 83 FERC ¶

³ Phase II Boston Edison AC Facilities Support Agreement, dated June 1, 1985. Phase II, Massachusetts Transmission Facilities Support Agreement, dated June 1, 1985. Phase II New England Power AC Facilities Support Agreement, dated June 1, 1985. Phase II New Hampshire Transmission

⁴ New England Power Pool FERC Electric Third Revised Rate Schedule No. 4.

61,328 (1998) and IRH Management Committee, 99 FERC ¶ 61,248 (2002);

WHEREAS, the Use Rights are granted under the Support Agreements and are entirely dependent on those agreements for their continued existence. When the Support Agreements end by their own terms, the Use Rights and the prospective financial support obligations of the IRH for the HQ Interconnection will also end. The Use Rights are managed collectively under a certain Restated Use Agreement, amendments to which were most recently approved in 2002;

WHEREAS, pursuant to the Phase II Massachusetts Transmission Facilities Agreement, dated as of June 1, 1985, Section 3: Effective Date and Term, in order to assure that Phase II is permitted to operate for a full maximum term of fifty years, each participant which is also a participant under the Phase I Support Agreements shall exercise its right and take all action under the Phase I Support Agreement to assure that the Phase I Facilities are available to permit continued operation of Phase II;

WHEREAS, NEET and VETCO have agreed to co extend the provisions of the Phase I Support Agreements to the Phase II Participants to cover this time period;

WHEREAS, the initial term of the Phase II Massachusetts Transmission Facilities Agreement shall expire thirty years from Date of Full Support Payment as defined in Section 13. The term of the Phase I and Phase II Support Agreements is 30 years after the Phase II facilities went into service in the fall of 1990 and the agreements are set to expire October 31, 2020. (the “Initial Term”);

WHEREAS, pursuant to the Phase II Massachusetts Transmission Facilities Agreement , if (i) the Transmission Facilities are in commercial operation and (ii) there are continuing commitments by Participants to support the full costs of the Transmission Facilities, a Participant

at that time shall be entitled not less than two years and three months prior to the expiration of the initial term to elect to continue participation for an additional period not to exceed 20 years upon the terms and conditions of this Phase II Massachusetts Transmission Facilities Agreement. Such additional period is to be determined by the Advisory Committee no later than two years and three months prior to the end of the initial term. The Advisory Committee in determining this additional period shall take into account the then remaining term of the Phase I Support Agreements.

(Source:https://elibrary.ferc.gov/idmws/file_list.asp?document_id=904387);

WHEREAS, the Phase I Hydro-Quebec Support Agreements were originally filed and approved by the Commission in Docket No. ER82-600. See *New England Power Company*, 20 FERC ¶ 61,286 (Aug. 27, 1982). The Phase II Support Agreements were the subject of some administrative litigation, mostly related to provisions affecting return on equity. See *New England Hydro-Transmission Co. et al.*, 36 FERC ¶ 61,008 (1986). The Phase II Support Agreements were ultimately approved, pursuant to a settlement, in Docket No. ER87-386-001. See Letter Order Approving Settlement, Docket No. ER87-386-001 (Jan. 21, 1988);

WHEREAS, the IMC and VELCO, , among other participants notified the Asset Owners of their intent to extend the Support Agreements (“New Support Agreements”) via their right to renew for an additional period of up to 20 years. (“New Term”) and that the right was exercised prior the deadline set forth in the Phase II Massachusetts Transmission Facilities Agreement. The requirement that 100 percent of the entitlements must be renewed was met as shares of individual IRH that decided not to renew would be allocated among those IRH who choose to renew (“Renewed IRHs”);

WHEREAS, the IMC and VELCO, among other Renewed IRHs, and the Asset Owners are

in final negotiation on the renewal of the contractual agreement (“New Phase I Hydro-Quebec Agreements” and “New Phase II Hydro-Quebec Agreements”) for the use rights of the facilities (“New Use Rights”) and the cost allocation of such of New Use Rights based on the cost of service of the facilities (“New Hydro-Quebec Support Payments”);

WHEREAS, the Phase I Hydro-Quebec Agreements require the Municipal Participants to support the Hydro-Quebec Phase I facilities through October 31, 2020. During the Initial Term, the Municipal Participants have no obligation to support Phase II of these facilities;

WHEREAS, the New Phase I Hydro-Quebec Agreements shall require the Municipal Participants to support the Hydro-Quebec Phase I facilities from November 1, 2020 through October 31, 2040. During the New Term, the Municipal Participants have no obligation to support Phase II of these facilities;

WHEREAS, the Hydro-Quebec Support Payments include all costs incurred by the Municipal Participants pursuant to the Hydro-Quebec Phase I Agreements, offset by any revenues received by the Municipal Participants. The Hydro-Quebec Support Payments are not a known payment stream because they are based on the cost-of-service of the Hydro-Quebec Phase I transmission facilities;

WHEREAS, the Municipal Participants mitigate these costs and receive revenue from the sales of capacity rights and transmission rights, which the Municipal Participants are entitled to through their support of the Hydro-Quebec Phase I facilities;

WHEREAS, the Municipal Participants have rights to Hydro-Quebec Interconnection Capability Credits (“HQICC”), pursuant to the ISO Tariff. The Municipal Participants are receiving a credit from ISO-NE for their HQICC at a price equal to the ISO Net Regional Clearing

Price;⁵

WHEREAS, some of the IRH make their Use Rights available for transmission service under Schedule 20A of the ISO New England Open Access Transmission Tariff;

WHEREAS, the Municipal Participants, similar to other IRHs or Indirect IRHs are looking to monetize their transmission rights through Transfer Agreements facilitated by VEC and VPPSA;

WHEREAS pursuant to Section 5.5 of the Restated Use Agreement, each IRH may transfer *or* make available its Use Rights, or any portion of those rights, for a specified period of time either: (a) through a Transfer Agreement ... *or* (b) by making its Use Rights available to eligible transmission customers through an open access transmission tariff and over an open access transmission tariff administrator's OASIS. Each IRH shall have the right to enter into an agreement with another entity for the transfer of its Use Rights (a "Transfer Agreement") to permit all or part of the [Interconnection Rights Holder's] Combined Percentage Interest to be used by the other entity (the "Transferee," which for the period of the transfer becomes an Indirect [Interconnection Rights Holder]) for a specified period of time of not less than one full calendar day;

WHEREAS, pursuant to (i) a Transfer Agreement between the Municipal Participants and VPPSA of even date herewith, (ii) the Municipal Participants' participation in the Vermont Participation Agreement and (iii) VELCO participation in the Restated Use Agreement (collectively "Municipal Participants' Share of Project Capability") and, further, under which VPPSA may propose to sell and transfer the Municipal Participants' Share of Project Capability, measured in megawatts ("MWs"), to Vitol, VPPSA has rights ("VPPSA

⁵ The Net Regional Clearing Price is calculated by first adding Forward Capacity Auction payments to Net Reconfiguration Auction Credits or Charges and subtracting Peak Energy Rent Adjustments. This total is then divided by the Net Regional Supply Obligation.

Use Rights”) to transfer all or a portion of the Municipal Participants Share of Project Capability;

WHEREAS, for purposes of this Agreement, VPPSA’s Use Rights consist of 0.4253, combined percentage of 2000 MW, or 8 MW (currently 5MW Firm and 3MW Non-Firm) of the capacity on the Interconnection from Québec to New England (southbound) and 0.4253 percent, combined percentage of 1200MW, or 5MW of the capacity on the Interconnection from New England to Québec (northbound) each, rounded down to the next lowest whole MW value (“VPPSA’s Use Rights”);

WHEREAS, the Municipal Participants are each an Indirect IRH, as defined in the Restated Use Agreement;

WHEREAS, VEC is an Indirect IRH, as defined in the Restated Use Agreement, and is a Schedule 20A Service Provider offering open access transmission service over the Interconnection under Section II of the ISO New England Inc. (“ISO-NE”) Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3 (“ISO OATT”);

WHEREAS, VEC is obligated under Schedule 20A of the ISO OATT to offer through Schedule 20A and its Phase I/II HVDC-TF Transmission Provider Page the Use Rights of any IRHs that are not Schedule 20A Service Providers, subject to mutually agreeable contractual arrangements;

WHEREAS, none of the Municipal Participants are Schedule 20A Service Provider;

WHEREAS, for the sole purpose of facilitating a transaction between VPPSA and Vitol, Inc. (“Vitol”), a third party, for the transfer of VPPSA’s Use Rights (the “VPPSA-Vitol Transfer Agreement”), VPPSA and Vitol desire, and pursuant to the terms and conditions contained herein VEC agrees, that VEC shall acquire a portion of VPPSA’s Use Rights and New

VPPSA's Use Rights for up to a sixty (60) month period pursuant to this VPPSA-VEC Transfer Agreement and resells VPPSA's Use Rights to Vitol for the same period pursuant to a separate agreement executed concurrently herewith ("VEC-Vitol Transfer Agreement");

WHEREAS, this VPPSA-VEC Transfer Agreement obligates VEC to transfer VPPSA's Use Rights to Vitol pursuant to the VEC-Vitol Transfer Agreement and consistent with its status as a Schedule 20A Service Provider;

WHEREAS, Vitol desires to acquire VPPSA's Use Rights from VEC for the term specified in the VEC-Vitol Transfer Agreement;

WHEREAS, VEC agrees to transfer VPPSA's Use Rights to Vitol pursuant to the terms and conditions contained herein, for the sole purpose of facilitating the VEC-Vitol Transfer Agreement.

NOW THEREFORE, in consideration of the premises above and mutual covenants hereinafter made and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties do mutually agree as follows:

ARTICLE 1 Definitions

To the extent terms used herein are not defined, they shall have the meaning ascribed to them in the Vermont Participation Agreement and the Restated Use Agreement.

ARTICLE 2 Transfer of Use Rights

2.01 VPPSA, in accordance with Section 5.4 and 5.5 of the Restated Use Agreement and in accordance with the Vermont Participation Agreement, hereby transfers VPPSA's Use Rights to VEC for the term of this VPPSA-VEC Transfer Agreement, as shown on the following table, and the corresponding HQICC,

Municipal Participants	Phase I Percentage Interest	Phase II Percentage Interest	Combined Percentage Interest	Share of Tie (MW)
Village of Enosburg Falls Water & Light Department	0.03142%	0.00000%	0.0108399%	0.216798
Town of Hardwick Electric Department	0.0629%	0.00000%	0.0217%	0.434010
Village of Lyndonville Electric Department	0.10768%	0.00000%	0.0371496%	0.742992
Village of Morrisville Water & Light Department	0.09611%	0.00000%	0.03315795%	0.663159
Town of Northfield Electric Department	0.05378%	0.00000%	0.0185541%	0.371082
Swanton Village, Inc. Electric Department	0.09219%	0.00000%	0.0317814%	0.636111
Total	0.44408%	0.00000%	0.15318295%	3.064152

City of Burlington Electric Department (BED)	0.72912%	0.00000%	0.25155%	5.031
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The MWs and HQICC transferred in Section 2.01 are referred to herein as “VPPSA’s Use Rights.” Appendix A provides total MWs transferred hereunder. The transfer of VPPSA’s Use rights to VEC under this VPPSA-VEC Transfer Agreement, includes any rights under the Restated Use Agreement and the Vermont Participation Agreement necessary for VEC to exercise VPPSA’s Use Rights and (ii) the Municipal Participants’ (HQICC).

(c) This VPPSA-VEC Transfer Agreement does not provide for the transfer to VEC of VELCO’s and/or the Municipal Participants’ voting rights on the IMC, if any, or for the transfer of any other rights or obligations not directly related to VELCO’s and/or the Municipal Participants’ Use Rights and the exercise thereof by VEC.

VPPSA, in accordance with the New Restated Use Agreement and in accordance with the New Vermont Participation Agreement, hereby transfers all of New VPPSA’s Use Rights

to VEC for the term covered from November 1, 2020 to October 31, 2024 of this VPPSA-VEC Transfer Agreement.

The MWs for the period of November 1, 2020 through October 31, 2024 will be adjusted for each of the Municipal Participants, after the reallocation of the percentage interest of Unitil and Fitchburg in both Phase I and Phase II after such IRHs did not renew their Use Rights. During the term of this Agreement, the Municipal Participants could add to the Municipal Participants list and the payment from Vitol to VEC will be adjusted based on the MWs and HQICC transferred in Section 2.01 (and Appendix A provided total MWs transferred hereunder for the Municipal Participants.

The transfer of New VPPSA's Use rights to VEC under this VPPSA-VEC Transfer Agreement, includes any rights under the New Restated Use Agreement and the New Vermont Participation Agreement necessary for VEC to exercise New VPPSA's Use Rights and (ii) the Municipal Participants' HQICC.

(c) This VPPSA-VEC Transfer Agreement does not provide for the transfer to VEC of VELCO's and/or the Municipal Participants' voting rights on the IMC, if any, or for the transfer of any other rights or obligations not directly related to VELCO's and/or New VPPSA's Use Rights and the exercise thereof by VEC.

For purposes of this Agreement, the residual MW of the VPPSA's Use Rights consist of 0.4047, combined percentage of 2000 MW, minus the rounded down reservation of 5MW Firm (and 3 MW Non-Firm) or 0.0946MW (0.0568 MW Firm and 0.03786MW Non-Firm) of the capacity on the Interconnection from Québec to New England (southbound) ("Residual Southbound VPPSA's Use Rights") and 0.4047 percent, combined percentage of 1200MW, minus the rounded down reservation of 4MW or 0.8564MW of the capacity

on the Interconnection from New England to Québec (northbound) (“Residual Northbound VPPSA’s Use Rights”) each. The Residual Southbound VPPSA’s Use Rights and/or Residual Northbound VPPSA’s Use Rights shall be available for Vitol to combine with other IRHs or Indirect IRHs position(s) in order to make a complete MW at no additional cost from VEC for Vitol, i.e., by only paying the yearly volumetric fee required for the volume required to round-up the volume. For avoidance of doubt, if Vitol combines additional(s) residual(s) MWs from other IRHs and Indirect IRHs, it could use the Residual Southbound VPPSA’s Use Rights and/or the Residual Northbound VPPSA’s Use Rights to round up to an extra 1MW of Firm capacity on the Interconnection from Québec to New England and/or from New England to Québec. VEC shall not remarket the Residual Northbound VPPSA’s Use Rights and/or the Residual Southbound VPPSA’s Use Rights to a third party as Vitol has those rights. For avoidance of doubt, the Residual Southbound VPPSA’s Use Rights and/or the Residual Northbound VPPSA’s Use Rights for the period of November 1, 2020 to October 31, 2024 shall be using the New VPPSA’s Use Rights for that period.

- 2.02 VEC agrees to transfer VPPSA’s Use Rights and the New VPPSA’s Use Rights obtained pursuant to Section 2.01 hereunder to Vitol pursuant to the terms of the VEC-Vitol Transfer Agreement.
- 2.03 Except as may be required pursuant to Section 2.04, VEC shall not bear any obligation for the collection or remittance of any revenues due to VPPSA as a result of transferring VPPSA’s Use Rights pursuant to the VEC-Vitol Transfer Agreement. All such payments shall be recovered by VPPSA from Vitol and VEC shall not be liable to VPPSA hereunder for any such payments.

- 2.04 Notwithstanding Section 2.03, any HQICC-related payments received by VEC from ISO-NE in respect of VPPSA's Use Rights transferred hereunder will be remitted to Vitol pursuant to the terms of the VEC-Vitol Transfer Agreement. All such HQICC-related payments shall be recovered by VPPSA from Vitol pursuant to the terms of the VPPSA-Vitol Transfer Agreement, and VEC shall not be liable to VPPSA hereunder for any of VPPSA's HQICC-related payments.
- 2.05 In no event shall VEC be responsible to VELCO, VPPSA and/or Vitol for compensation for any lost HQICC value and in no event shall Vitol be responsible to VELCO, VEC, and/or VPPSA for compensation for any lost HQICC value.
- 2.06 Upon execution of the VEC-Vitol Transfer Agreement, VPPSA's Use Rights and New VPPSA's Use Rights shall be requested by Vitol on VEC's OASIS as a one-time transfer. Upon FERC approval of the VEC-Vitol Transfer Agreement, VEC shall designate such OASIS posting as "Accepted." VEC shall notify VPPSA of such posting.
- 2.07 a. In the event that Vitol anticipates not utilizing any portion of VPPSA's Use Rights for a given period, Vitol shall make such portion of VPPSA's Use Rights available to third parties, through VEC's OASIS, at terms and conditions consistent with FERC Order No. 890 and shall post any resulting agreement as a re-assignment on the OASIS under the existing OASIS reservation. In accordance with Section 3.08 of the VEC-Vitol Transfer Agreement, reasonable compensation for any VEC involvement in such re-assignment shall be subject to the VEC-Vitol Transfer Agreement. In the event that Vitol anticipates not utilizing any portion of New VPPSA's Use Rights for a given period, Vitol shall make such portion of New VPPSA's Use Rights available to third

parties at terms and conditions consistent with FERC Order No. 890 and shall post any resulting agreement as a re-assignment on the OASIS under the existing OASIS reservation pursuant to the VEC-Vitol Transfer Agreement. In accordance with Section 3.08 of the VEC-Vitol Transfer Agreement, reasonable compensation for any VEC involvement in such re-assignment shall be subject to mutual agreement between the VEC and Vitol. For avoidance of doubt, VPPSA shall not be responsible for such compensation.

b. In the event that any portion of VPPSA's Use Rights are not scheduled in real time, such portion of VPPSA's Use Rights shall be made available to third parties on the OASIS as non-firm ATC at the same rate as VEC makes its own Use Rights available, and VEC shall retain the right to adjust such rates at any time. In the event that any portion of New VPPSA's Use Rights are not scheduled in real time, such portion of New VPPSA's Use Rights shall be made available to third parties on the OASIS as non-firm ATC at the same rate as VEC makes its own Use Rights available, and VEC shall retain the right to adjust such rates at any time. All of VEC's own Use Rights shall be deemed to have been sold prior to any such capacity re-assignment by Vitol, and disbursements to Vitol hereunder shall reflect this understanding. For avoidance of doubt, VPPSA shall not be responsible for any activities related to the VPPSA's Use Rights and/or New VPPSA's Use Rights that are not scheduled in real time, and the activities related to such portion that shall be made available to third parties on the OASIS.

c. VEC shall report all capacity that is reassigned pursuant to Section 2.07.a above on its Electric Quarterly Report to FERC in accordance with all applicable FERC requirements.

d. In the event that VPPSA and Vitol decide to renew and extend the VPPSA-Vitol Transfer Agreement, VEC shall extend this VPPSA-VEC Transfer Agreement under the same terms and conditions as this Agreement.

2.08 Under the VEC-Vitol Transfer Agreement, to cover the cost of administering the transaction, Vitol shall pay to VEC for each Contract Year (as defined in Section 5.01 of the VEC-Vitol Transfer Agreement) (i) \$_____ for VPPSA's Use Rights transferred, plus (ii) the product of (a) VPPSA's Use Rights, as calculated based on the VPPSA entitlement in 2000MW (8MW), and (b) \$_____/MW; In addition, internal and external legal fees incurred by VEC and associated with the production and filing of the VEC-Vitol Transfer Agreement, the VPPSA-VEC Transfer Agreement, the VPPSA-Vitol Transfer Agreement and any compliance or other filings pertaining to those agreements, shall be paid for by Vitol when billed in accordance with the terms of Section 5, *provided, however*, any internal and external legal fees in excess of an aggregate sum of \$10,000 shall receive prior written approval from Vitol. VEC and shall provide Vitol with prior written notice of any external legal services that may be required. The parties are planning to use internal resources and e-filing to minimize such costs.

ARTICLE 3 Other Obligations of the Parties

3.01 Not less than thirty-five (35) days prior to the Transfer Effective Date, VPPSA shall notify ISO-NE, or such other entity that may administer the Use Rights, of the transfer of VPPSA's Use Rights and New VPPSA's Use Rights to VEC using ISO-NE's TA-1

Form or such other notification method prescribed by ISO- NE. The effective date in such notification shall be the Transfer Effective Date. Such notification shall reflect VPPSA's Use Rights and New VPPSA's Use Rights and the start and stop dates as agreed to in Article 4 of this VPPSA-VEC Transfer Agreement. The Parties shall cooperate in providing to ISO-NE such other information and performing such functions as may be necessary for the timely and comprehensive administration of VPPSA's Use Rights and New VPPSA's Use Rights.

- 3.02 Each Party (the "Notifying Party") shall provide notice to the other Party (the "Receiving Party") of any Support Agreement Termination Notice that the Notifying Party receives that any Municipal Participant and/or VELCO has or have failed to perform any obligation under any of the Vermont Participation Agreement and/or the Support Agreements as defined in the Restated Use Agreement ("Support Agreements"). Each Party (the "Notifying Party") shall provide notice to the other Party (the "Receiving Party") of any New Support Agreement Termination Notice that the Notifying Party receives that any Municipal Participant and/or VELCO has or have failed to perform any obligation under any of the New Vermont Participation Agreement and/or the New Support Agreements.

In the event VEC receives written notice that VELCO and/or any Municipal Participant has failed to perform any obligation under the Vermont Participation Agreement or has or have failed to perform any obligation under any of the Support Agreements as defined in the Restated Use Agreement ("Support Agreements"), then, pursuant to section 5.5(b) of the Restated Used Agreement, from the date of VEC's receipt of the written notice and for so long as any Municipal Participant's failure to perform any obligation under any of the Support Agreements continues, Vitol shall make to the Payment Agent as

designated by the IMC all of the payments that otherwise would be made to VPPSA. VEC shall continue to remit any HQICC-related payment to Vitol pursuant to Section 2.04 hereof. However, Vitol and/or VEC shall not be liable to the Payment Agent for any additional amount that any Municipal Participant and/or VELCO may owe to the Payment Agent and/or VELCO. For avoidance of doubt, VEC shall remit any payment that shall be paid to VPPSA to Vitol for Vitol to remit to the Payment Agent.

In the event VEC receives written notice that VELCO and/or any Municipal Participant has failed to perform any obligation under the New Vermont Participation Agreement or has or have failed to perform any obligation under any of the New Support Agreements as defined in the New Restated Use Agreement (“New Support Agreements”), then, pursuant to the New Restated Used Agreement, from the date of VEC’s receipt of the written notice and for so long as any Municipal Participant’s failure to perform any obligation under any of the New Support Agreements continues, Vitol shall make to the Payment Agent as designated by the IMC all of the payments that otherwise would be made to VPPSA. VEC shall continue to remit any HQICC-related payment to Vitol pursuant to Section 2.04 hereof. However, Vitol and/or VEC shall not be liable to the Payment Agent for any additional amount that any Municipal Participants and/or VELCO may owe to the Payment Agent and/or VELCO. For avoidance of doubt, VEC shall remit any payment that shall be paid to VPPSA to Vitol for Vitol to remit to the Payment Agent.

- 3.03 If VEC receives written notice (“Support Agreement Termination Notice”) that any Municipal Participant’s and/or VELCO’s participation in the Vermont Participation Agreement and/or VELCO’s participation in the Restated Use Agreement has or have terminated pursuant to either of the Support Agreements, or both, then pursuant to

Section 5.5(c) of the Restated Use Agreement, beginning on the later of the date on which such written Support Agreement Termination Notice is received by VEC and the time at which such termination becomes effective, VEC shall make payments to Vitol and Vitol shall thereafter make to the other IRH the payments that it would otherwise make to VPPSA pursuant to the VEC-Vitol Transfer Agreement, this VPPSA-VEC Transfer Agreement, or any relevant agreement between VEC and VPPSA with respect to the VPPSA Use Rights in such percentages as are specified in such notice. If VEC receives written that any Municipal Participant's and/or VELCO's participation in the Vermont Participation Agreement and/or VELCO's participation in the Restated Use Agreement has or have terminated pursuant to either of the Support Agreements, VEC shall continue to remit any HQICC-related payment to Vitol pursuant to Section 2.04 hereof. Vitol shall remit the payment to the Payment Agent as designated by the IMC. If VEC receives written notice ("New Support Agreement Termination Notice") that any Municipal Participant's and/or VELCO's participation in the New Vermont Participation Agreement and/or VELCO's participation in the New Restated Use Agreement has or have terminated pursuant to either of the New Support Agreements, or both, then pursuant to Section 5.5(c) of the Restated Use Agreement, beginning on the later of the date on which such written Support Agreement Termination Notice is received by VEC and the time at which such termination becomes effective, VEC shall make payments to Vitol and Vitol shall thereafter make to the other IRH the payments that it would otherwise make to VPPSA pursuant to the VEC-Vitol Transfer Agreement, this VPPSA-VEC Transfer Agreement, or any relevant agreement between VEC and VPPSA with respect to the VPPSA Use Rights in such percentages as are specified in such notice. If VEC receives written that any Municipal Participant's

and/or VELCO's participation in the New Vermont Participation Agreement and/or VELCO's participation in the New Restated Use Agreement has or have terminated pursuant to either of the New Support Agreements, VEC shall continue to remit any HQICC-related payment to Vitol pursuant to Section 2.04 hereof. Vitol shall remit the payment to the Payment Agent as designated by the IMC.

The Notifying Party shall provide notice to the Receiving Party of any written Support Agreement Termination Notice that the Notifying Party receives. The Notifying Party shall provide notice to the Receiving Party of any written New Support Agreement Termination Notice that the Notifying Party receives.

- 3.04 The Phase I Hydro-Quebec Agreements require VELCO and, the Municipal Participants pursuant to the Vermont Participation Agreement, to support the Hydro-Quebec Phase I facilities through October 31, 2020. During the Initial Term, the Municipal Participants have no obligation to support Phase II of these facilities. With the extension of the Initial Term, the New Phase I Hydro-Quebec Agreements shall require the Municipal Participants to support the Hydro-Quebec Phase I facilities from November 1, 2020 through October 31, 2040 ('New Term'). During the New Term, the Municipal Participants shall have no obligation to support Phase II of these facilities. The Hydro-Quebec Support Payments include all costs incurred by the Municipal Participants pursuant to the Hydro-Quebec Phase I Agreements, offset by any revenues received by the Municipal Participants. The Hydro-Quebec Support Payments are not a known payment stream because they are based on the cost-of-service of the Hydro-Quebec Phase I transmission facilities. The New Hydro-Quebec Support Payments shall include all costs that will be incurred by the Municipal Participants pursuant to the New Hydro-Quebec Phase I Agreements, offset by any revenues received by the Municipal

Participants. The New Hydro-Quebec Support Payments are not a known payment stream because they will be based on the cost-of-service of the Hydro-Quebec Phase I transmission facilities. The Municipal Participants mitigate these costs and receive revenue from the sales of capacity rights and transmission rights, which the Municipal Participants are entitled to through their support of the Hydro-Quebec Phase I facilities. The Municipal Participants have rights to HQICC, pursuant to the ISO Tariff. The Municipal Participants are receiving a credit from ISO-NE for their HQICC at a price equal to the ISO Net Regional Clearing Price. The Net Regional Clearing Price is calculated by first adding Forward Capacity Auction payments to Net Reconfiguration Auction Credits or Charges and subtracting Peak Energy Rent Adjustments. This total is then divided by the Net Regional Supply Obligation.

In relation to section 3.06, no additional payment shall be made from VEC to VELCO and/or VPPSA if, the sum of:

- (i) the HQICC receive by the Municipal Participants and
 - a) the amount payable by Vitol to VPPSA pursuant to this VEC-Vitol Transfer Agreement, the VPPSA-VEC Transfer Agreement, or any relevant agreement between Vitol and VPPSA; or
 - b) the amount of the charges payable to VELCO under the Vermont Participation Agreement for VPPSA's Use Rights by the Municipal Participants; or
 - c) the amount support charges payable by VELCO for the Municipal Participants charges under section 12 of the Support Agreements

is more than the amount of the support charges payable by VELCO for the Municipal Participants charges under section 12 of the Support Agreements.

Pursuant to Section 5.5(d) of the Restated Use Agreement, if the amount payable by VEC to VPPSA pursuant to this VPPSA-VEC Transfer Agreement, the VEC-Vitol Transfer Agreement, or any relevant agreement between VEC and VPPSA for the VPPSA's Use Rights is less than the amount of the support charges payable by VELCO for the Municipal Participants charges under section 12 of the Support Agreements, considering the revenues of the HQICC received by the Municipal Participants, then upon receipt of the written Support Agreement Termination Notice by VEC and as of the date on which the termination of the Municipal Participant's participation pursuant to either of the Support Agreements and/or of the Vermont Participation Agreement, or both, becomes effective, VEC shall be obligated to increase its payments under this VPPSA-VEC Transfer Agreement, the VEC-Vitol Transfer Agreement, or any relevant agreement between VEC and VPPSA to cover in full such support charges, for the Municipal Participants, under Section 12 of the Support Agreements in question unless it elects to terminate this VPPSA-VEC Transfer Agreement. In the event VEC elects to terminate this VPPSA-VEC Transfer Agreement, such termination shall not become effective any earlier than the effective termination date of the VEC-Vitol Transfer Agreement.

In relation to section 3.06, no additional payment shall be made from Vitol to VELCO and/or the Municipal Participants if, the sum of:

- (ii) the HQICC receive by VPPSA and BED and
 - d) the amount payable by Vitol to VPPSA pursuant to this this VPPSA-VEC Transfer Agreement, the VEC-Vitol Transfer Agreement, or any relevant agreement between VEC and VPPSA; or
 - e) the amount of the charges payable to VELCO under the New Vermont

Participation Agreement for New VPPSA / BED's Use Rights by VPPSA and BED; or

- f) the amount support charges payable by VELCO for the VPPSA and BED charges under the New Support Agreements;

is more than the amount of the support charges payable by VELCO for the VPPSA and BED charges under the New Support Agreements.

If in the New Restated Use Agreement, the amount payable by VEC to VPPSA pursuant to this BED/VPPSA-VEC Transfer Agreement, the VEC-Vitol Transfer Agreement, or any relevant agreement between Vitol and VPPSA for the New VPPSA / BED's Use Rights is less than the amount of the support charges payable by VELCO for the VPPSA and BED charges under the New Support Agreements, considering the revenues of the HQICC received by BED and VPPSA, then upon receipt of the written New Support Agreement Termination Notice by VEC and as of the date on which the termination of BED's and/or VPPSA's participation pursuant to either of the New Support Agreements and/or of the New Vermont Participation Agreement, or both, becomes effective, VEC shall be obligated to increase its payments under this BED/VPPSA-VEC Transfer Agreement, the VEC-Vitol Transfer Agreement, or any relevant agreement between VEC and VPPSA to cover in full such support charges, for BED and/or VPPSA, under the New Support Agreements in question unless it elects to terminate this VEC-VPPSA/BED Transfer Agreement. In the event VEC elects to terminate this VEC-VPPSA/BED Transfer Agreement, such termination shall not become effective any earlier than the effective termination date of the VEC-Vitol Transfer Agreement.

BED, VPPSA and VELCO shall make all required regulatory intervention at ISO-NE and

at FERC, to maintain the HQICC during the term of this Agreement at no cost to Vitol and/or VEC.

3.05 With respect to VPPSA/BED's Use Rights that VEC receives pursuant to this BED/VPPSA-VEC Transfer Agreement, VEC shall be bound to the terms and conditions of the Vermont Participation Agreement and the Restated Use Agreement as an Indirect Interconnection Rights Holder, but only with respect to the exercise of VPPSA/BED's Use Rights and the payment of the amounts set forth under Section 2.04, 3.02, 3.03, 3.04 and additional amounts payable under Section 3.06. Except for those rights and obligations transferred to VEC pursuant to this BED/VPPSA-VEC Transfer Agreement, VPPSA/BED shall retain all rights and continue to be bound to all obligations of the Vermont Participation Agreement and the Restated Use Agreement as Indirect Interconnection Rights Holders.

With respect to New VPPSA/BED's Use Rights that VEC receives pursuant to this BED/VPPSA-VEC Transfer Agreement, VEC shall be bound to the terms and conditions of the New Vermont Participation Agreement and the New Restated Use Agreement as an Indirect Interconnection Rights Holder, but only with respect to the exercise of VPPSA/BED's Use Rights and the payment of the amounts set forth under Section 2.04, 3.02, 3.03, 3.04 and additional amounts payable under Section 3.06. Except for those rights and obligations transferred to VEC pursuant to this BED/VPPSA-VEC Transfer Agreement, VPPSA/BED shall retain all rights and continue to be bound to all obligations of the New Vermont Participation Agreement and the New Restated Use Agreement as Indirect Interconnection Rights Holders.

3.06 VEC shall not modify or amend the VEC-Vitol Transfer Agreement in a manner which

would adversely affect BED and/or VPPSA, without BED's and/or VPPSA's prior approval in writing, not to be unreasonably conditioned, delayed or withheld. In the event BED and/or VPPSA does not provide such approval within thirty (30) days of receipt by BED or/or VPPSA of the proposed modification or amendment, VEC shall have the option, in its sole discretion, to terminate this BED/VPPSA-VEC Transfer Agreement by the provision of written notice to BED and/or VPPSA (the "3.06 Termination Notice"), with such termination effective on the date of the giving by VEC of the 3.06 Termination Notice to BED and/or VPPSA.

- 3.07 The Parties agree that if the VEC-Vitol Transfer Agreement is not accepted in an order issued by FERC within sixty (60) days of this filing, therewith, this BED/VPPSA-VEC Transfer Agreement shall become null and void.

ARTICLE 4 Term of Agreement

- 4.01 This BED/VPPSA-VEC Transfer Agreement shall become effective upon the effective date set forth in an order by FERC accepting the VEC-Vitol Transfer Agreement as a FERC rate schedule ("Contract Effective Date"). Notwithstanding the determination of the Contract Effective Date, the transfer of VPPSA / BED's Use Rights and of New VPPSA / BED's Use Rights hereunder (as implemented through this BED/VPPSA-VEC Transfer Agreement and the BED/VPPSA-Vitol Transfer Agreement) shall become effective on the later of (i) the 36th day following the Contract Effective Date provided that such 36th day falls on the first day of a month or (ii) if such 36th day does not fall on the first day of a month, the 1st day of the month following such 36th day ("Transfer Effective Date"), and such Transfer Effective Date shall be reflected in the Parties' written notification to ISO-NE pursuant

to Article 3.01 above. The Transfer Effective Date shall be no earlier than July 1, 2019.

- 4.02 Notwithstanding anything in this BED/VPPSA-VEC Transfer Agreement to the contrary, this BED/VPPSA-VEC Transfer Agreement shall continue in full force and effect until it terminates automatically on the earlier of: (1) the effective date of any termination of the VEC-Vitol Transfer Agreement; (2) the effective date of any termination of the BED/VPPSA-Vitol Transfer Agreement; (3) the later of (i) the receipt of or (ii) the effective date of a Support Agreement Termination Notice or New Support Agreement Termination Notice referenced in Article 3.03 or 3.04; or (4) at 11:59pm on October 31, 2024; *provided, however*, in the event the term of the Restated Use Agreement is not extended beyond November 1, 2020, this BED/VPPSA-VEC Transfer Agreement shall terminate as of October 31, 2020, subject to (1), (2) and (3) above. VPPSA shall provide written notice to VEC as soon as possible of any termination of the BED/VPPSA-Vitol Transfer Agreement, and VEC shall provide written notice to VPPSA as soon as possible of any termination of the VEC-Vitol Transfer Agreement.
- 4.03. The applicable provisions of this BED/VPPSA-VEC Transfer Agreement shall continue in effect after cancellation or termination hereof to the extent necessary to provide for final billings, billing adjustments and payments pertaining to liability and indemnification obligations arising from acts or events that occurred while this BED/VPPSA-VEC Transfer Agreement was in effect.

ARTICLE 5 Indemnification

- 5.01 This BED/VPPSA-VEC Transfer Agreement is subject to the terms of the Vermont Participation Agreement, the Restated Use Agreement and Schedule 20A of the ISO

OATT, all as may be amended from time to time.

- 5.02 Except in the cases of gross negligence of or intentional wrongdoing by VEC or its officers, directors, employees, agents, successors and assigns, to the fullest extent permitted by law, VPPSA shall at all times indemnify, defend, and save VEC, its officers, directors, employees, agents, successors and assigns and its affiliates and their respective officers, directors, employees, agents, successors and assigns harmless from any and all damages, losses, liabilities, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorneys' fees, and all other obligations by or to third parties, arising out of or resulting from the performance of its obligations under this BED/VPPSA-VEC Transfer Agreement, including but not limited to any liability arising out of (i) the failure of the Interconnection; (ii) the termination by VPPSA/BED or the failure by VPPSA/BED to comply with the terms and conditions of the Vermont Participation Agreement, the Support Agreements or the Restated Use Agreement, the New Vermont Participation Agreement, the New Support Agreements or the New Restated Use Agreement (iii) any capacity re-assignments of VPPSA/BED's Use Rights to a third-party pursuant to the VEC-Vitol Transfer Agreement; and (iv) the failure of VPPSA/BED to be in lawful possession of the VPPSA/BED's Use Rights.

ARTICLE 6 Limitation of Liability

To the fullest extent permitted by law and notwithstanding other provisions of this BED/VPPSA-VEC Transfer Agreement, in no event shall any Party, its officers, directors, employees, agents, successors or assigns or its affiliates or any of their respective officers, directors, employees, agents, successors or assigns be liable to

another Party, whether in contract, warranty, tort, negligence, strict liability, or otherwise, for special, indirect, incidental, consequential (including, without limitation, replacement power costs, lost profits or revenues, and lost business opportunities), or punitive damages, attorney's fees or costs arising out of, or connected in any way with performance or nonperformance of this BED/VPPSA-VEC Transfer Agreement or any activity associated with or arising out of this BED/VPPSA-VEC Transfer Agreement, except to the extent a third party successfully asserts claims for such damages against VEC. Further, in no event shall VEC, its officers, directors, employees, agents, successors or assigns or its affiliates or any of their respective officers, directors, employees, agents, successors or assigns be liable to VPPSA for any failure of VEC to pay VPPSA/BED's Use Rights and/or their associated HQICCs.

ARTICLE 7 Assignment

This BED/VPPSA-VEC Transfer Agreement shall inure to the benefit of and bind the respective successors and assigns and successors in title of the Parties hereto. Other than an assignment of VEC's rights under this BED/VPPSA-VEC Transfer Agreement to Vitol pursuant to the VEC-Vitol Transfer Agreement, no assignment by either Party of its rights and obligations hereunder shall be made or become effective without the prior written consent of the other Party in each case being obtained, which consent shall not be unreasonably withheld, **conditioned** or delayed, except that this BED/VPPSA-VEC Transfer Agreement may be assigned without such consent to an entity controlling, controlled by or under common control with the assigning Party, or to a person acquiring all or a controlling interest in the business assets of such Party. No assignment or transfer of rights shall relieve the assigning Party from full liability and financial responsibility

for performance under this BED/VPPSA-VEC Transfer Agreement unless both the assignee or transferee and the other Party have so consented in writing, said consent not to be unreasonably withheld, conditioned or delayed.

ARTICLE 8 Force Majeure

8.01 Neither Party will be considered in default as to any obligation under this BED/VPPSA-VEC Transfer Agreement, and shall be excused from performance or liability for damage to the other Party if and to the extent prevented from fulfilling the obligation due to an event of Force Majeure, as defined below; provided that no event of Force Majeure shall excuse an entity of the obligation to pay amounts due under this BED/VPPSA-VEC Transfer Agreement. During any period in which the Interconnection and/or the Nicolet substation and/or its feeder lines connecting with the Interconnection and/or the Quebec Radisson / Des Cantons transmission line connecting with the Interconnection is out of service in whole or in part, VPPSA shall have no more nor any less rights and obligations hereunder than would any Transmission Customer under Schedule 20A-VEC. However, a Party whose performance under this BED/VPPSA-VEC Transfer Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this BED/VPPSA-VEC Transfer Agreement and remove the condition that prevents performance, except that the settlement of any labor disturbance shall be in the sole judgment of the affected Party. Any Party claiming Force Majeure shall promptly notify the other Parties of the commencement and end of each event of Force Majeure. If an event of Force Majeure renders the Interconnection physically unavailable such that Vitol is prevented from exercising all or any portion of its

VPPSA / BED 's Use Rights for a period of three months or more, Vitol may terminate the VEC-Vitol Transfer Agreement as to that portion of its VPPSA / BED's Use Rights made unavailable by providing written notice of such termination in writing to VEC and to VPPSA. Upon termination by Vitol, VEC shall notify VPPSA. Termination shall be effective upon receipt by VEC of the notification from Vitol.

- 8.02 Force Majeure shall mean any act of God, labor disturbance, act of the public enemy or terrorists, war, invasion, insurrection, riot, fire, storm or flood, ice, ice storm, earthquake, explosion, breakage or accident to machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause (excluding a lack of funds or other financial causes) beyond a Party's control, including without limitation, any action or inaction by the other Party.

ARTICLE 9 Dispute Resolution

- 9.01 The Parties agree that any dispute arising under this BED/VPPSA-VEC Transfer Agreement shall be the subject of good-faith negotiations between the affected Parties. Either Party may notify the other Party of the nature and existence of such a dispute and request such good faith negotiations. Each Party shall designate one or more representatives with the authority to negotiate the matter in dispute to participate in such negotiations. Commencing no later than thirty (30) days after such request, the Parties shall engage in such good-faith negotiations for a period of not less than thirty (30) calendar days, unless: (a) a Party identifies exigent circumstances reasonably requiring expedited resolution of the dispute by the Federal Energy Regulatory Commission ("FERC"); or (b) the provisions of this BED/VPPSA-VEC Transfer

Agreement otherwise provide a Party the right to submit a dispute directly to FERC for resolution. Any dispute that is not resolved through good-faith negotiations may be submitted by either Party for resolution by FERC upon the conclusion of such negotiations. Any Party may request that any dispute submitted to FERC for resolution be subject to FERC settlement procedures. Notwithstanding the foregoing, any dispute arising under this BED/VPPSA-VEC Transfer Agreement may be submitted to arbitration or any other form of alternative dispute resolution upon the agreement of the Parties to participate in such an alternative dispute resolution process.

9.02 Nothing in this BED/VPPSA-VEC Transfer Agreement shall restrict the rights of either Party to file a complaint with the FERC under relevant provisions of the Federal Power Act.

ARTICLE 10 General

10.01 Notices. Any notice, request, demand or statement required to be given by any Party to the others in connection with this BED/VPPSA-VEC Transfer Agreement shall be given in writing and shall be sent by registered or certified mail, return receipt requested, postage prepaid, or by hand delivery, or by overnight delivery, with acknowledged receipt of delivery. Notice shall be deemed given at the date of acceptance or refusal of acceptance shown on such receipt.

Any such notice to VEC shall be to the following address:

Vermont Electric Coop Inc
42 Wescom Road,
Johnson, VT, 05656
Attention: Transmission and Tariff Rate Supervisor

With a copy to:

Vermont Electric Coop Inc
42 Wescom Road,
Johnson, VT, 05656
Attention: Legal Department

For billing issues:

Vermont Electric Coop Inc
42 Wescom Road,
Johnson, VT, 05656
Attention: Director, Transmission Billing

Any such notice to VPPSA shall be to the following address:

5127 Waterbury-Stowe Road
Waterbury Ctr., VT _____
Attention: General Manager
Email: _____

Fax:

With a copy to:

Attention:

With a copy to BED that shall be to the following address:

585 Pine Street
Burlington, VT 05401
Attention: General Manager
Email: _____

Fax:

With a copy to:

Attention:

- 10.02 Headings. The descriptive headings of the various articles of this BED/VPPSA-VEC Transfer Agreement have been inserted for convenience of reference only and shall in no way define, modify or restrict any of the terms and provisions thereof.
- 10.03 Applicable Regulations. This BED/VPPSA-VEC Transfer Agreement is made subject to present and future state and federal laws and to present and future regulations and orders properly issued by state or federal bodies having jurisdiction. This BED/VPPSA-VEC Transfer Agreement shall be interpreted pursuant to the laws of the **State of Vermont**, the Federal Power Act, and any regulatory agency having jurisdiction over the particular matter.
- 10.04 Further Assurances. From time to time after the execution of this BED/VPPSA-VEC Transfer Agreement, each Party shall execute such instruments and perform such reasonable functions, upon the request of the other, as may be necessary or appropriate, to carry out the intent of this BED/VPPSA-VEC Transfer Agreement. (including the effectuation of VPPSA / BED's Use Rights and/or the effectuation of the New VPPSA / BED's Use Rights) and providing Vitol with the ability to remarket unused capacity upon terms mutually agreed upon as provided in Section 2.06 of the VEC-Vitol Transfer Agreement as may be necessary or appropriate.
- 10.05 Amendments. No modification or amendment to this BED/VPPSA-VEC Transfer Agreement shall be binding on any Party unless contained in a written instrument signed by both Parties. Furthermore, to the extent any third party, or FERC acting *sua sponte* seeks to amend or otherwise modify, or requests FERC to amend or otherwise modify, any provision of this BED/VPPSA-VEC Transfer Agreement, the standard of review for

any proposed amendment or other modification shall be the "public interest" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956), and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), and as further defined in *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County*, 128 S.Ct. 2733 (2008) and *NRG Power Marketing, LLC v. Maine Public Utilities Commission*, 130 S.Ct. 693 (2010).

10.06 Several Obligations. Notwithstanding any provisions of this BED/VPPSA-VEC Transfer Agreement to the contrary, the Parties do not intend to create hereby a joint venture, partnership, association taxable as a corporation, or other entity for the conduct of any business for profit, and any construction of this BED/VPPSA-VEC Transfer Agreement to the contrary shall render this BED/VPPSA-VEC Transfer Agreement null and void from its inception. Except where specifically stated in this BED/VPPSA-VEC Transfer Agreement to be otherwise, the duties, obligations and liabilities of the Parties are intended to be several and not joint or collective. Each Party shall be individually and severally liable for its own obligations under this BED/VPPSA-VEC Transfer Agreement.

10.07 Waivers. Any waiver at any time by any Party of its rights with respect to a default under this BED/VPPSA-VEC Transfer Agreement, or with respect to any other matter arising in connection with this BED/VPPSA-VEC Transfer Agreement, shall not be deemed a waiver with respect to any other or subsequent default or matter. Failure to enforce rights of a Party under this BED/VPPSA-VEC Transfer Agreement shall not be deemed a waiver of such rights for any reason.

10.08 Entire Agreement. This BED/VPPSA-VEC Transfer Agreement constitutes the

entire agreement between the Parties with respect to the subject matter hereof, and supersedes any other prior understanding or agreement between the Parties with respect thereto.

10.09 Interpretation. For the purpose of interpreting this BED/VPPSA-VEC Transfer Agreement, to the extent that there exists any conflict between the provisions of this BED/VPPSA-VEC Transfer Agreement and the provisions of the Vermont Participation Agreement, the Restated Use Agreement and the Support Agreements, the provisions of this BED/VPPSA-VEC Transfer Agreement shall prevail.

10.10 Construction. The Parties have participated jointly in the negotiation and drafting of this BED/VPPSA-VEC Transfer Agreement. In the event an ambiguity or question of intent or interpretation arises, this BED/VPPSA-VEC Transfer Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of authorship of any of the provisions of this BED/VPPSA-VEC Transfer Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word “including” in this BED/VPPSA-VEC Transfer Agreement shall mean “including without limitation.”

10.11 Counterparts. This BED/VPPSA-VEC Transfer Agreement may be executed in one or more counterparts, each of which shall be deemed an original.

10.12 Equity Agreements. Nothing in this BED/VPPSA-VEC Transfer Agreement shall be deemed to modify, amend or affect any of VEC’s rights or obligations as an equity holder in the transmission companies that own the Interconnection, nor shall anything in this BED/VPPSA-

VEC Transfer Agreement be deemed to create, in the name of VEC, any additional rights or obligations in the transmission companies that own the Interconnection.

10.13 Representation. Each Party represents that it is duly authorized to execute and perform this VPPSA/BED-VEC Transfer Agreement in accordance with its terms. This VPPSA/BED-VEC Transfer Agreement is the corporate act and obligation of the Parties hereto, and any claim hereunder against any shareholder, director, officer, official, employee, member or agent of any Party, as such, is expressly waived.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this BED/VPPSA-VEC Transfer Agreement to be executed by their duly authorized officers as of the day and year first above written.

City of Burlington Electric Department

Darren Springer
General Manager

Vermont Public Power Supply Authority

Kenneth Nolan
General Manager

Vermont Electric Cooperative, Inc

By:
Title:

APPENDIX A

VPPSA / BED's Use Rights to be Transferred

MLP	Phase I Percentage Interest	Phase II Percentage Interest	Combined Percentage Interest	Share of Phase I (MW)	Share of Phase II (MW)	Combined
Village of Enosburg Falls Water & Light Department	0.03142%	0.00000%	0.0108399%	0.216798	0.000000	0.216798
Town of Hardwick Electric Department	0.0629%	0.00000%	0.0217%	0.434010	0.000000	0.434010
Village of Lyndonville Electric Department	0.10768%	0.00000%	0.0371496%	0.742992	0.000000	0.742992
Village of Morrisville Water & Light Department	0.09611%	0.00000%	0.03315795%	0.663159	0.000000	0.663159
Town of Northfield Electric Department	0.05378%	0.00000%	0.0185541%	0.371082	0.000000	0.371082
Swanton Village, Inc. Electric Department	0.09219%	0.00000%	0.0317814%	0.636111	0.000000	0.636111
City of Burlington Electric Department (BED)	0.72912%	0.00000%	0.25155%	5.030928	0.000000	5.030928
Total	1.1732%	0.00000%	0.4037329%	8.094659	0.000000	8.094659

**VPPSA-VITOL INC.
TRANSFER AGREEMENT**

AGREEMENT BETWEEN
VERMONT PUBLIC POWER SUPPLY AUTHORITY
AND
VITOL INC.
FOR THE TRANSFER OF USE RIGHTS ON THE
PHASE I / II HVDC TRANSMISSION
FACILITIES

This Agreement for the Transfer of Use Rights in the Phase I/II HVDC Transmission Facilities (“VPPSA-VITOL Transfer Agreement”) is made and entered into this _ day of August, 2019, by and between Vermont Public Power Supply Authority (“VPPSA”), a body politic and corporate and a public instrumentality of the State of Vermont (“VPPSA”), and Vitol Inc., a corporation organized under the laws of Delaware (“Vitol”)(each a “Party” and collectively “the Parties”).

WHEREAS, the City of Burlington Electric Department, Village of Enosburg Falls Water & Light Department, Village of Hardwick Electric Department, Village of Jacksonville, Village of Ludlow Electric Light Department, Village of Lyndonville Electric Department, Village of Morrisville Water & Light Department, Town of Northfield Electric Department, and Swanton Village, Inc. Electric Department, each a municipally-owned electric utility organized and existing under the laws of the State of Vermont (hereinafter collectively “Municipal Participants”) are Indirect IRHs under the Restated Use Agreement through their participation with VELCO in the Vermont Participation Agreement for Quebec Interconnection originally dated July 15, 1982, as the same may be amended from time to time (“Vermont Participation Agreement”);

WHEREAS, Vermont Electric Power Company, Inc. (“VELCO”) is a party to the Third Amended and Restated Use Agreement with Respect to the Use of the Hydro-Québec Interconnection, originally dated as of December 1, 1981, as amended from time to time (“Restated Use Agreement”);

WHEREAS, pursuant to the Restated Use Agreement, VELCO is an Interconnection Rights Holder (or “IRH”) as defined in the Restated Use Agreement and has rights (“Use Rights”) to use a portion of the transfer capability of the Phase I/II HVDC transmission lines and terminal facilities in the United States that connect the electric systems in New England

with the electric system of Hydro-Québec (the “Interconnection”);

WHEREAS, pursuant to the Vermont Participation Agreement, VELCO has transferred a portion of its share of the Interconnection, including its Use Rights in the Interconnection, to the Municipal Participants. Pursuant to the Vermont Participation Agreement, the Municipal Participants have rights to use a portion of the transfer capability of the Interconnection;

WHEREAS, in 2004, Vermont Electric Cooperative, Inc., a cooperative electric utility organized under the laws of the State of Vermont (“VEC”), purchased the remaining electric transmission assets of Citizens Communications Company (Citizens), including its lower-voltage transmission facilities. To accomplish this acquisition, in Docket No. ER04-341-000, VEC filed a request under section 205 of the FPA that the Commission transfer to VEC, as Citizens’ successor in interest, Citizens’ Vermont Electric Division’s OATT, as well as certain grandfathered service agreements and their associated rate schedules.¹ On February 12, 2004, the Commission conditionally accepted, subject to modification, VEC’s request to assume Citizens’ OATT and rate schedules to render jurisdictional service;²

WHEREAS, VEC, as Citizens’ successor in interest, is an Indirect IRH;

WHEREAS, on August 8, 2005, the President of the United States signed into law the Energy Policy Act of 2005, which contained, inter alia, a provision that terminated the Federal Energy Regulatory Commission (“Commission”)’s "public utility" jurisdiction over VEC under Parts II and III of the Federal Power Act. Pub. L. No. 109-58, sec. 1291(c), 119 Stat. 594, 985, amending FPA section 201(0). As a result, the Commission no longer has jurisdiction over certain of VEC's rates. Pursuant to 30 V.S.A. §§ 225 et seq., the Vermont Public Utility

¹ The Block Loading Facilities Transfer Agreement (“BLFTA”), formerly Citizens Rate Schedule FERC No. 28 (as amended), is now VEC First Revised Rate Schedule FERC No. 4 (Schedule No. 4). Three other grandfathered agreements, referred to by parties as the “FPC-10” contracts, formerly Citizens Rate Schedule Nos. 29, 31 and 32 (as amended) are now VEC First Revised Rate Schedule FERC No. 6 (Schedule No. 6). VEC Answer at 3 n.2.

² VEC, 106 FERC ¶ 61,131 at P 17 and Ordering Paragraph (A).

Commission ("VPUC") has jurisdiction over such rates. VEC is a party to the regional ISO New England OATT, and a transmission owner thereunder. As a result of its participation in a regional tariff, those rates, terms and conditions remain jurisdictional and subject to applicable Commission precedent;

WHEREAS, the Municipal Participants, similar to other IRHs or Indirect IRHs are looking to monetize their transmission rights through a Transfer Agreement facilitated by VPPSA and VEC;

WHEREAS, the Interconnection provides a 2,000 MW interconnection between Quebec and New England and is a critically important commercial and reliability feature of the ISO-NE system, allowing for both commercial transactions and emergency energy interchange between the regions. The United States portion of the Hydro-Quebec High Voltage Direct Current Transmission Facilities ("Phase I/II HVDC-TF") that interconnect the transmission systems is operated by ISO New England and while the Canadian portion is operated by Hydro-Quebec TransEnergie ("HQTE"). The Interconnection was built in two phases (Phase I and Phase II);

WHEREAS, the Hydro-Quebec high voltage direct current ("HVDC") transmission facilities were supported by two sets of agreements signed in the 1980s. The Phase I portion of the Phase I/II HVDC-TF was signed in 1980, initiated in 1983 and is owned by the New England Electric Transmission Corporation ("NEET") and Vermont Electric Transmission Company ("VETCO") and commenced commercial operations in 1986. It brought interconnection and transmission facilities with approximately 690 MW of transfer capability from the Hydro-Quebec system to New England. The Phase II portion of the Phase I/II HVDC-TF was initiated in 1986, is owned by New England Hydro-Transmission Electric Company, Inc. ("NEH") and New England Hydro-Transmission Corporation ("NHH") and commenced commercial operations in 1990. It

increased the total transfer capability from Hydro-Quebec to New England to approximately 2,000 MW. Together, NEET, VETCO, NEH and NHH are the Asset Owners (“Asset Owners”) of Phase I/II;

WHEREAS, at the time of construction, the Interconnection cost over \$600 million to build and required certain contracts (“Support Agreements”) between the Asset Owners and the financial supporters to pay for all of the costs for the facilities;

WHEREAS the Phase I Support Agreements include XXX separate agreements and the Phase II Support Agreements include four separate agreements;³

WHEREAS, the Restated Use Agreement⁴ defines the rights (“Use Rights”) of parties to the Support Agreements. The IRH are the entities that hold exclusive rights to the use the Phase I/II HVDC-TF by virtue of being parties to certain Support Agreements and being financially obligated thereunder to pay for the costs of the Phase I/II HVDC-TF. The costs for maintenance and construction of these facilities are paid by the IRHs through support agreements between the IRH members and the owners of the HVDC transmission facilities. The Support Agreements are Commission-approved agreements;

WHEREAS, the IRH Management Committee (“IMC”) is the governance committee for the IRH, responsible for the collective management of their involvement in the Phase I/II HVDC-TF and authorized to represent the collective interests of the IRH, including before the Commission;

³ Phase II Boston Edison AC Facilities Support Agreement, dated June 1, 1985. Phase II, Massachusetts Transmission Facilities Support Agreement, dated June 1, 1985. Phase II New England Power AC Facilities Support Agreement, dated June 1, 1985. Phase II New Hampshire Transmission

⁴ New England Power Pool FERC Electric Third Revised Rate Schedule No. 4.

WHEREAS, pursuant to the Third Amended and Restated Agreement with Respect to Use of Quebec Interconnection, the IRHs have agreed to the rules for the exercise of the IRHs' Use Rights, for making the Use Rights available to others, and for the collective management of those rights through the IMC. See New England Power Company, 83 FERC ¶ 61,328 (1998) and IRH Management Committee, 99 FERC ¶ 61,248 (2002);

WHEREAS, the Use Rights are granted under the Support Agreements and are entirely dependent on those agreements for their continued existence. When the Support Agreements end by their own terms, the Use Rights and the prospective financial support obligations of the IRH for the Interconnection will also end. The Use Rights are managed collectively under a certain Restated Use Agreement, amendments to which were most recently approved in 2002;

WHEREAS, pursuant to the Phase II Massachusetts Transmission Facilities Agreement, dated as of June 1, 1985, Section 3: Effective Date and Term, that in order to assure that Phase II is permitted to operate for a full maximum term of fifty years, each participant which is also a participant under the Phase I Support Agreements shall exercise its right and take all action under the Phase I Support Agreement to assure that the Phase I Facilities are available to permit continued operation of Phase II;

WHEREAS, NEET and VETCO have agreed to co extend the provisions of the Phase I Support Agreements to the Phase II Participants to cover this time period;

WHEREAS, the initial term of the Phase II Massachusetts Transmission Facilities Agreement shall expire thirty years from Date of Full Support Payment as defined in Section 13. The term of the Phase I and Phase II Support Agreements is 30 years after the Phase II facilities went into service in the fall of 1990 and the agreements are set to expire October 31, 2020 (the

“Initial Term”);

WHEREAS, pursuant to the Phase II Massachusetts Transmission Facilities Agreement , If (i) the Transmission Facilities are in commercial operation and (ii) there are continuing commitments by Participants to support the full costs of the Transmission Facilities, a Participant at that time shall be entitled not less than two years and three months prior to the expiration of the Initial Term to elect to continue participation for an additional period not to exceed 20 years upon the terms and conditions of this Phase II Massachusetts Transmission Facilities Agreement. Such additional period is to be determined by the Advisory Committee no later than two years and three months prior to the end of the initial term. The Advisory Committee in determining this additional period shall take into account the then remaining term of the Phase I Support Agreements.

(Source:https://elibrary.ferc.gov/idmws/file_list.asp?document_id=904387);

WHEREAS, the Phase I Hydro-Quebec Support Agreements were originally filed and approved by the Commission in Docket No. ER82-600. See New England Power Company, 20 FERC ¶ 61,286 (Aug. 27, 1982). The Phase II Support Agreements were the subject of some administrative litigation, mostly related to provisions affecting return on equity. See New England Hydro-Transmission Co. et al., 36 FERC ¶ 61,008 (1986). The Phase II Support Agreements were ultimately approved, pursuant to a settlement, in Docket No. ER87-386-001. See Letter Order Approving Settlement, Docket No. ER87-386-001 (Jan. 21, 1988);

WHEREAS, the IMC, VELCO, and the Municipal Participants, among other participants notified the Asset Owners of their intent to extend the Support Agreements (“New Support Agreements”) via their right to renew for an additional period of up to 20 years (“New Term”) and that the right was exercised prior the deadline set forth in the Phase II Massachusetts

Transmission Facilities Agreement. The requirement that 100 percent of the entitlements must be renewed was met as shares of individual IRH that decided not to renew would be allocated among those IRH who choose to renew (“Renewed IRHs”);

WHEREAS, the IMC, VELCO, and the Municipal Participants, among other Renewed IRHs, and the Asset Owners are in final negotiation on the renewal of the contractual agreement (“New Phase I Hydro-Quebec Agreements” and “New Phase II Hydro-Quebec Agreements”) for the use rights of the facilities (“New Use Rights) and the cost allocation of such of New Use Rights based on the cost of service of the facilities. (“New Hydro-Quebec Support Payments”);

WHEREAS, the Phase I Hydro-Quebec Agreements require the Municipal Participants to support the Hydro-Quebec Phase I facilities through October 31, 2020. During the Initial Term, the Municipal Participants have no obligation to support Phase II of these facilities;

WHEREAS, the New Phase I Hydro-Quebec Agreements shall require the Municipal Participants to support the Hydro-Quebec Phase I facilities from November 1, 2020 through October 31, 2040. During the New Term, the Municipal Participants have no obligation to support Phase II of these facilities;

WHEREAS, the Hydro-Quebec Support Payments include all costs incurred by the Municipal Participants pursuant to the Hydro-Quebec Phase I Agreements, offset by any revenues received by the Municipal Participants. The Hydro-Quebec Support Payments are not a known payment stream because they are based on the cost-of-service of the Hydro-Quebec Phase I transmission facilities;

WHEREAS, the Municipal Participants mitigate these costs and receive revenue from the sales of capacity rights and transmission rights, which the Municipal Participants are entitled to

through their support of the Hydro-Quebec Phase I facilities;

WHEREAS, the Municipal Participants have rights to Hydro-Quebec Interconnection Capability Credits (“HQICC”), pursuant to the ISO Tariff. The Municipal Participants are receiving a credit from ISO-NE for their HQICC at a price equal to the ISO Net Regional Clearing Price;⁵

WHEREAS, some of the IRH make their Use Rights available for transmission service under Schedule 20A of the ISO New England Open Access Transmission Tariff;

WHEREAS, the Municipal Participants, similar to other IRHs or Indirect IRHs are looking to monetize their transmission rights through Transfer Agreements facilitated by VEC and Vermont Public Power Supply Authority, a body politic and corporate and a public instrumentality of the State of Vermont (“VPPSA”);

WHEREAS, pursuant to Section 5.5 of the Restated Use Agreement, each IRH may transfer *or* make available its Use Rights, or any portion of those rights, for a specified period of time either: (a) through a Transfer Agreement ... *or* (b) by making its Use Rights available to eligible transmission customers through an open access transmission tariff and over an open access transmission tariff administrator’s OASIS. Each IRH shall have the right to enter into an agreement with another entity for the transfer of its Use Rights (a “Transfer Agreement”) to permit all or part of the IRH’s Combined Percentage Interest to be used by the other entity (the “Transferee,” which for the period of the transfer becomes an Indirect IRH) for a specified period of time of not less than one full calendar day;

⁵ The Net Regional Clearing Price is calculated by first adding Forward Capacity Auction payments to Net Reconfiguration Auction Credits or Charges and subtracting Peak Energy Rent Adjustments. This total is then divided by the Net Regional Supply Obligation.

WHEREAS, pursuant to (i) a Transfer Agreement between the Municipal Participants and VPPSA of even date herewith, (ii) the Municipal Participants' participation in the Vermont Participation Agreement and (iii) VELCO participation in the Restated Use Agreement (collectively "Municipal Participants Share of Project Capability") and, further, under which VPPSA may propose to sell and transfer the Municipal Participants' Share of Project Capability, measured in megawatts ("MWs"), to Vitol, VPPSA has rights ("VPPSA Use Rights") to transfer all or a portion of the Municipal Participants Share of Project Capability;

WHEREAS, for purposes of this Agreement, VPPSA's Use Rights consist of 0.40473295, combined percentage of 2000 MW, or 8 MW (currently 5MW Firm and 3MW Non-Firm) of the capacity on the Interconnection from Québec to New England (southbound) and 0.40473295 percent, combined percentage of 1200MW, or 4MW of the capacity on the Interconnection from New England to Québec (northbound) each, rounded down to the next lowest whole MW value ("VPPSA's Use Rights")⁶;

WHEREAS, VEC and the Municipal Participants are Indirect IRHs, as defined in the Restated Use Agreement and neither the Municipal Participants nor VPPSA is a Schedule 20A Service Provider, which is a prerequisite to offering open access transmission service over the Interconnection under Section II of the ISO New England Inc. ("ISO-NE") Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3 ("ISO OATT");

WHEREAS, VEC is a Schedule 20A Service Provider offering open access transmission service over the Interconnection under Section II, and as such is obligated under Schedule 20A

⁶ See Appendix A for the detail of VPPSA / BED Use Rights to be transferred.

of the ISO OATT to offer through Schedule 20A and its Phase I/II HVDC-TF Transmission Provider Page the Use Rights of any IRHs that are not Schedule 20A Service Providers, subject to mutually agreeable contractual arrangements;

WHEREAS, for the sole purpose of facilitating this transaction between VPPSA and Vitol, for the Transfer of VPPSA's Use Rights and New VPPSA's Use Rights in the Phase I/II HVDC Transmission Facilities (this "VPPSA-Vitol Transfer Agreement"), VEC is a party to an agreement with VPPSA, dated as of the date hereof, pursuant to which VEC shall acquire a portion of VPPSA's Use Rights and New VPPSA's Use Rights for up to a sixty (60) month period pursuant to the VPPSA-VEC Transfer Agreement ("VPPSA-VEC Transfer Agreement") and resells VPPSA's Use Rights and New VPPSA's Use Rights to Vitol for the same period pursuant to a separate agreement executed concurrently herewith ("VEC-Vitol Transfer Agreement");

WHEREAS, the VPPSA-VEC Transfer Agreement obligates VEC to transfer VPPSA's Use Rights to Vitol pursuant to the VEC-Vitol Transfer Agreement and consistent with its status as a Schedule 20A Service Provider;

WHEREAS, Vitol desires to acquire VPPSA's Use Rights from VEC for the term specified in the VEC-Vitol Transfer Agreement;

WHEREAS, VEC agrees to transfer VPPSA's Use Rights to Vitol pursuant to the terms and conditions contained in the VEC-Vitol Transfer Agreement and in the VPPSA-VEC Transfer Agreement;

NOW THEREFORE, in consideration of the premises above and mutual covenants hereinafter made and other valuable consideration, the receipt and sufficiency of which is hereby

acknowledged, the Parties do mutually agree as follows:

ARTICLE 1 Definitions

To the extent terms used herein are not defined, they shall have the meaning ascribed to them in the Vermont Participation Agreement and the Restated Use Agreement.

ARTICLE 2 Transfer of Use Rights

2.01 VPPSA shall transfer all of VPPSA / BED’s Use Rights to VEC under the BED/VPPSA-VEC Transfer Agreement, for the transfer to Vitol by VEC under the VEC-Vitol Transfer Agreement, for the term of this BED/VPPSA-Vitol Transfer Agreement, including any rights under the Restated Use Agreement and Vermont Participation Agreement necessary for Vitol to exercise VPPSA / BED’s Use Rights, including (a) 3.064152 MWs of VPPSA Participants’ Share of Project Capability, as shown on the following table,

Municipal Participants	Phase I Percentage Interest	Phase II Percentage Interest	Combined Percentage Interest	Share of Tie (MW)
Village of Enosburg Falls Water & Light Department	0.03142%	0.00000%	0.0108399%	0.216798
Town of Hardwick Electric Department	0.0629%	0.00000%	0.0217%	0.434010
Village of Lyndonville Electric Department	0.10768%	0.00000%	0.0371496%	0.742992
Village of Morrisville Water & Light Department	0.09611%	0.00000%	0.03315795%	0.663159
Town of Northfield Electric Department	0.05378%	0.00000%	0.0185541%	0.371082
Swanton Village, Inc. Electric Department	0.09219%	0.00000%	0.0317814%	0.636111
Total	0.44408%	0.00000%	0.15318295%	3.064152

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City of Burlington Electric Department (BED)	0.72912%	0.00000%	0.25155%	5.031
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The MWs and rights transferred in Section 2.01 are collectively referred to herein as “VPPSA’s Use Rights.” Appendix A provides total MWs transferred hereunder for the Municipal Participants. The VEC-Vitol Transfer Agreement and this VPPSA-VITOL Transfer Agreement do not provide for the transfer to Vitol of the Municipal Participants’ HQICC, their voting rights on the IMC, if any, or for the transfer of any other rights or obligations not directly related to VPPSA’s Use Rights and the exercise thereof by Vitol. The transfer of VPPSA’s Use rights to VEC under the VPPSA-VEC Transfer Agreement, includes any rights under the Restated Use Agreement and the Vermont Participation Agreement necessary for VEC to exercise VPPSA’s Use Rights and (ii) the Municipal Participants’ HQICC. The VPPSA-VEC Transfer Agreement does not provide for the transfer to VEC of VELCO’s and/or the Municipal Participants’ voting rights on the IMC, if any, or for the transfer of any other rights or obligations not directly related to VELCO’s and/or VPPSA’s Use Rights and their exercise under the VPPSA-VEC Transfer Agreement by VEC.

VPPSA, in accordance with the New Restated Use Agreement and in accordance with the New Vermont Participation Agreement, shall transfer all of New VPPSA’s Use Rights to VEC under the VPPSA-VEC Transfer Agreement, for the transfer to Vitol by VEC under the VEC-Vitol Transfer Agreement, for the term covered from November 1, 2020 to

October 31, 2024 of this VPPSA-Vitol Transfer Agreement, including any rights under the New Restated Use Agreement and New Vermont Participation Agreement necessary for Vitol to exercise New VPPSA's Use Rights, including the Municipal Participants' Share of Project Capability, as shown in the table herein above and will be transferred to VEC pursuant to the VPPSA-VEC Transfer Agreement. The MWs for the period of November 1, 2020 through October 31, 2024 will be adjusted for each of the Municipal Participants, after the reallocation of the percentage interest of Unitil and Fitchburg in both Phase I and Phase II after such IRHs did not renew their Use Rights. During the term of this Agreement, VPPSA could add to the Municipal Participants list and the payment from Vitol to VEC will be adjusted based on the MWs transferred in Section 2.01 and Appendix A provided total MWs transferred hereunder for the Municipal Participants.

The MWs and transferred in Section 2.01 from November 1, 2020 to October 31, 2024, are collectively referred to herein as "New VPPSA's Use Rights." Appendix A provides total MWs transferred hereunder for the Municipal Participants. The VEC-Vitol Transfer Agreement and this VPPSA-VITOL Transfer Agreement do not provide for the transfer to Vitol of the Municipal Participants' HQICCs, their voting rights on the IMC, if any, or for the transfer of any other rights or obligations not directly related to VPPSA's Use Rights and the exercise thereof by Vitol. The transfer of New VPPSA's Use rights to VEC under the VPPSA-VEC Transfer Agreement, includes any rights under the New Restated Use Agreement and the New Vermont Participation Agreement necessary for VEC to exercise New VPPSA's Use Rights and (ii) the Municipal Participants' HQICC. The VPPSA-VEC Transfer Agreement does not provide for the transfer to VEC of

VELCO's and/or the Municipal Participants' voting rights on the IMC, if any, or for the transfer of any other rights or obligations not directly related to VELCO's and/or VPPSA's Use Rights and their exercise under the VPPSA-VEC Transfer Agreement by VEC.

For purposes of this Agreement, the residual MW of the VPPSA D's Use Rights consist of 0.4047, combined percentage of 2000 MW, minus the rounded down reservation of 5MW Firm (and 3 MW Non-Firm) or 0.0946MW (0.0568 MW Firm and 0.03786MW Non-Firm) of the capacity on the Interconnection from Québec to New England (southbound) ("Residual Southbound VPPSA's Use Rights") and 0.4047 percent, combined percentage of 1200MW, minus the rounded down reservation of 4MW or 0.8564MW of the capacity on the Interconnection from New England to Québec (northbound) ("Residual Northbound VPPSA's Use Rights") each. The Residual Southbound VPPSA's Use Rights and/or Residual Northbound VPPSA's Use Rights shall be available for Vitol to combine with other IRHs or Indirect IRHs position(s) in order to make a complete MW at no additional cost from VEC for Vitol, i.e., by only paying the yearly volumetric fee required for the volume required to round-up the volume. For avoidance of doubt, if Vitol combines additional(s) residual(s) MWs from other IRHs and Indirect IRHs, it could use the Residual Southbound VPPSA's Use Rights and/or the Residual Northbound VPPSA's Use Rights to round up an extra 1MW of Firm capacity on the Interconnection from Québec to New England and/or from New England to Québec. VEC shall not remarket the Residual Northbound VPPSA D's Use Rights and/or the Residual Southbound VPPSA's Use Rights to a third party as Vitol has those rights. For avoidance of doubt, the Residual Southbound VPPSA's Use Rights and/or the Residual Northbound VPPSA's Use Rights for the period of November 1, 2020 to October 31, 2024

shall be using the New VPPSA's Use Rights for that period.

- 2.02 VPPSA's Use Rights and New VPPSA Use Rights obtained pursuant to Section 2.01 hereunder by Vitol shall be transferred to Vitol by VEC pursuant to the terms of the VEC-Vitol Transfer Agreement.
- 2.03 Vitol shall pay VPPSA \$2,710.00 per MW month for the Use Rights and New Use Rights transferred hereunder.
- 2.04 Vitol also shall be responsible for remitting to VPPSA any HQICC's it receives from VEC pursuant to the VEC-Vitol Transfer Agreement. VEC shall remit to Vitol any HQICC-related payments received from ISO- NE in respect of VPPSA's Use Rights transferred hereunder within thirty (30) days of VEC's receipt of such payments, and Vitol shall be responsible for remitting such payments to VPPSA within fifteen (15) days of VEC remittal. VEC shall remit to Vitol any HQICC-related payments received from ISO-NE in respect of New VPPSA's Use Rights transferred hereunder within thirty (30) days of VEC's receipt of such payments, and Vitol shall be responsible for remitting such payments to VPPSA within fifteen (15) days of VEC remittal. If, in any calendar month, VELCO and/or VPPSA's HQICCs are reduced for any reason, VEC and Vitol shall not be responsible for such lost value.
- 2.05 Upon execution of the VEC-Vitol Transfer Agreement, VPPSA's Use Rights and New VPPSA's Use Rights shall be requested on VEC's OASIS as a one-time transfer. Upon FERC approval of the VEC-Vitol Transfer Agreement, VEC shall designate such OASIS posting as "Accepted." Vitol shall follow the required process on OASIS and with VEC to complete the transaction.
- 2.06 In the event that Vitol anticipates not utilizing any portion of VPPSA's Use Rights for a

given period, Vitol shall make such portion of VPPSA's Use Rights available to third parties, through VEC's OASIS, at terms and conditions consistent with FERC Order No. 890 and shall post any resulting agreement as a re-assignment on the OASIS under the existing OASIS reservation. In accordance with Section 3.08 of the VEC-Vitol Transfer Agreement, reasonable compensation for any VEC involvement in such re-assignment shall be subject to the VEC-Vitol Transfer Agreement. In the event that Vitol anticipates not utilizing any portion of New VPPSA's Use Rights for a given period, Vitol shall make such portion of New VPPSA's Use Rights available to third parties at terms and conditions consistent with FERC Order No. 890 and shall post any resulting agreement as a re-assignment on the OASIS under the existing OASIS reservation pursuant to the VEC-Vitol Transfer Agreement. In accordance with Section 3.08 of the VEC-Vitol Transfer Agreement, reasonable compensation for any VEC involvement in such re-assignment shall be subject to mutual agreement between VEC and Vitol. For avoidance of doubt, neither VPPSA nor the Municipal Participants shall be responsible for such compensation.

- b. In the event that any portion of VPPSA's Use Rights are not scheduled in real time, such portion of VPPSA's Use Rights shall be made available to third parties on the OASIS as non-firm ATC at the same rate as VEC makes its own Use Rights available, and VEC shall retain the right to adjust such rates at any time. In the event that any portion of New VPPSA's Use Rights are not scheduled in real time, such portion of New VPPSA's Use Rights shall be made available to third parties on the OASIS as non-firm ATC at the same rate as VEC makes its own Use Rights available, and VEC shall retain the right to adjust such rates at any time. All of VEC's own Use Rights shall be deemed to have been sold prior to any such capacity re-assignment by Vitol, and disbursements to Vitol hereunder shall reflect this understanding. For avoidance of doubt, neither VPPSA nor the Municipal

Participants shall be responsible for any activities related to VPPSA's Use Rights and/or New VPPSA D's Use Rights that are not scheduled in real time, and the activities related to such portion that shall be made available to third parties on the OASIS.

c. VEC shall report all capacity that is reassigned pursuant to Section 2.06.a above on its Electric Quarterly Report to FERC in accordance with all applicable FERC requirements.

d. In the event that VPPSA and Vitol decide to renew and extend the VPPSA -Vitol Transfer Agreement, VEC shall extend the VPPSA-VEC Transfer Agreement under the same terms and conditions as this Agreement. Six months prior to the expiration of this Agreement, Vitol shall have the right, but not the obligation to renew using the same duration, terms and conditions, including section 2.03, by providing a notice to VPPSA. VPPSA shall consent to provide Vitol with the right to extend the duration if the conditions in section 3.06 are forecasted to prevail based on the HQICC and the amount payable by Vitol to VPPSA pursuant to an extension of this VPPSA-Vitol Transfer Agreement.

2.07 To cover the cost of administering the transaction, Vitol shall pay an amount to VEC for each Contract Year (as defined in Section 5.01 of the VEC-Vitol Transfer Agreement) for VPPSA's Use Rights, transferred hereunder, plus (ii) the product of (a) VPPSA's Use Rights, as calculated based on the Municipal Participants' entitlement in 2000MW (8MW), and (b) \$_____/MW; In addition, internal and external legal fees incurred by VEC and associated with the production and filing of the VEC-Vitol Transfer Agreement, the VPPSA-VEC Transfer Agreement, the VPPSA-Vitol Transfer Agreement and any compliance or other filings pertaining to those agreements, shall be paid for by Vitol when

billed in accordance with the terms of Section 5, *provided, however*, any internal and external legal fees in excess of an aggregate sum of \$10,000 shall receive prior written approval from Vitol. VPPSA shall provide Vitol with prior written notice of any external legal services that may be required. The parties are planning to use internal resources and e-filing to minimize such costs.

ARTICLE 3 Other Obligations of the Parties

3.01 Not less than thirty-five (35) days prior to the Transfer Effective Date, VPPSA shall notify ISO-NE, or such other entity that may administer the Use Rights, of the transfer of VPPSA's Use Rights and New VPPSA's Use Rights to VEC using ISO-NE's TA-1 Form or such other notification method prescribed by ISO- NE. The effective date in such notification shall be the Transfer Effective Date. Such notification shall reflect VPPSA's Use Rights and New VPPSA's Use Rights and the start and stop dates as agreed to in Article 4 of the VPPSA-VEC Transfer Agreement. The Parties shall cooperate in providing to ISO-NE such other information and performing such functions as may be necessary for the timely and comprehensive administration of VPPSA's Use Rights and New VPPSA's Use Rights. VEC and Vitol shall notify ISO-NE, or such other entity that may administer the Use Rights, of the transfer of the VPPSA's Use Rights and of the transfer of the New VPPSA's Use Rights by VEC to Vitol using such notification method prescribed by ISO-NE not less than thirty (30) days prior to the Transfer Effective Date (as defined in Section 4.01). Such notification shall reflect VPPSA's Use Rights and New VPPSA's Use Rights and the Transfer Effective Date and the termination date as agreed to in Article 4 of the VEC-Vitol Transfer Agreement. The Parties shall cooperate in providing to such entity such other information and performing such functions as may be

necessary for the timely and comprehensive administration of VPPSA's Use Rights and New VPPSA's Use Rights.

- 3.02 Each Party (the "Notifying Party") shall provide notice to the other Party (the "Receiving Party") of any Support Agreement Termination Notice that the Notifying Party receives that any Municipal Participant and/or VELCO has or have failed to perform any obligation under any of the Vermont Participation Agreement and/or the Support Agreements as defined in the Restated Use Agreement ("Support Agreements"). The Notifying Party shall provide notice to Receiving Party of any New Support Agreement Termination Notice that the Notifying Party receives that any Municipal Participant and/or VELCO has or have failed to perform any obligation under any of the New Vermont Participation Agreement and/or the New Support Agreements.

Upon receipt by Vitol of written notice that VELCO and/or any Municipal Participant has failed to perform any obligation under the Vermont Participation Agreement, then, pursuant to section 5.5(b) of the Restated Used Agreement, from the date of Vitol's receipt of the written notice and for so long as the Municipal Participant (s) failure to perform any obligation under any of the Support Agreements continues, Vitol shall make to the Payment Agent as designated by the IMC all of the payments that otherwise would be made to VPPSA. However, Vitol shall not be liable to the Payment Agent for any additional amount that the Municipal Participants may owe to the Payment Agent and/or VELCO. For avoidance of doubt, VEC shall remit any payment that shall be paid to VPPSA to Vitol for Vitol to remit to the Payment Agent.

Upon receipt by Vitol of written notice that VELCO and/or any Municipal Participant has

failed to perform any obligation under the New Vermont Participation Agreement, then, from the date of Vitol's receipt of the written notice and for so long as any Municipal Participant's failure to perform any obligation under any of the New Support Agreements continues, Vitol shall make to the Payment Agent as designated by the IMC all of the payments that otherwise would be made to VPPSA. However, Vitol shall not be liable to the Payment Agent for any additional amount that the Municipal Participant(s) may owe to the Payment Agent and/or VELCO. For avoidance of doubt, VEC shall remit any payment that shall be paid to VPPSA to Vitol for Vitol to remit to the Payment Agent.

- 3.03 If Vitol receives written notice ("Support Agreement Termination Notice") that any Municipal Participant's and/or VELCO's participation in the Vermont Participation Agreement and/or VELCO's participation in the Restated Use Agreement has or have terminated pursuant to either of the Support Agreements, or both, then pursuant to Section 5.5(c) of the Restated Use Agreement, beginning on the later of the date on which such written Support Agreement Termination Notice is received by Vitol and the time at which such termination becomes effective, Vitol shall thereafter make to the other IRH the payments that it would otherwise make to VPPSA pursuant to the VEC-Vitol Transfer Agreement, the VPPSA-VEC Transfer Agreement, or any relevant agreement between Vitol and VPPSA with respect to the VPPSA Use Rights in such percentages as are specified in such notice.

If Vitol receives written notice ("New Support Agreement Termination Notice") that any Municipal Participant and/or VELCO's participation in the New Vermont Participation Agreement and/or VELCO's participation in the New Restated Use Agreement has or

have terminated pursuant to either of the New Support Agreements, or both, then pursuant to the New Restated Use Agreement, beginning on the later of the date on which such written New Support Agreement Termination Notice is received by Vitol and the time at which such termination becomes effective, Vitol shall thereafter make to the other IRH the payments that it would otherwise make to VPPSA pursuant to the VEC-Vitol Transfer Agreement, the VPPSA-VEC Transfer Agreement, or any relevant agreement between Vitol and VPPSA with respect to the VPPSA Use Rights in such percentages as are specified in such notice. The payment shall be made to the Payment Agent as designated by the IMC.

The Notifying Party shall provide notice to the Receiving Party of any written Support Agreement Termination Notice that the Notifying Party receives. The Notifying Party shall provide notice to the Receiving Party of any written New Support Agreement Termination Notice that the Notifying Party receives.

- 3.04 The Phase I Hydro-Quebec Agreements require VELCO and the Municipal Participants pursuant to the Vermont Participation Agreement, to support the Hydro-Quebec Phase I facilities through October 31, 2020. During the Initial Term, the Municipal Participants have no obligation to support Phase II of these facilities. With the extension of the Initial Term, the New Phase I Hydro-Quebec Agreements shall require the Municipal Participants to support the Hydro-Quebec Phase I facilities from November 1, 2020 through October 31, 2040 (“New Term”). During the New Term, the Municipal Participants shall have no obligation to support Phase II of these facilities. The Hydro-Quebec Support Payments include all costs incurred by the Municipal Participants

pursuant to the Hydro-Quebec Phase I Agreements, offset by any revenues received by the Municipal Participants. The Hydro-Quebec Support Payments are not a known payment stream because they are based on the cost-of-service of the Hydro-Quebec Phase I transmission facilities. The New Hydro-Quebec Support Payments shall include all costs that will be incurred by the Municipal Participants pursuant to the New Hydro-Quebec Phase I Agreements, offset by any revenues received by the Municipal Participants. The New Hydro-Quebec Support Payments are not a known payment stream because they will be based on the cost-of-service of the Hydro-Quebec Phase I transmission facilities. The Municipal Participants mitigate these costs and receive revenue from the sales of capacity rights and transmission rights, which the Municipal Participants are entitled to through their support of the Hydro-Quebec Phase I facilities. The Municipal Participants have rights to HQICC, pursuant to the ISO Tariff. The Municipal Participants are receiving a credit from ISO-NE for their HQICC at a price equal to the ISO Net Regional Clearing Price. The Net Regional Clearing Price is calculated by first adding Forward Capacity Auction payments to Net Reconfiguration Auction Credits or Charges and subtracting Peak Energy Rent Adjustments. This total is then divided by the Net Regional Supply Obligation.

In relation to section this section 3.04, no additional payment shall be made from Vitol to VELCO and/or VPPSA if, the sum of:

- (i) the HQICC receive by the Municipal Participants and
 - a) the amount payable by Vitol to VPPSA pursuant to the VEC-Vitol Transfer Agreement, the VPPSA-VEC Transfer Agreement, this VPPSA-Vitol Transfer Agreement or any relevant agreement between Vitol and VPPSA; or

- b) the amount of the charges payable to VELCO under the Vermont Participation Agreement for VPPSA's Use Rights by the Municipal Participants ; or
- c) the amount support charges payable by VELCO for the Municipal Participants charges under section 12 of the Support Agreements

is more than the amount of the support charges payable by VELCO for the Municipal Participants charges under section 12 of the Support Agreements.

Pursuant to Section 5.5(d) of the Restated Use Agreement, if the amount payable by Vitol to VPPSA pursuant to the VPPSA-Vitol Transfer Agreement, the VEC-Vitol Transfer Agreement, the VPPSA-VEC Transfer Agreement, or any relevant agreement between Vitol and VPPSA for the VPPSA's Use Rights is less than the amount of the support charges payable by VELCO for the Municipal Participants charges under section 12 of the Support Agreements, considering the revenues of the HQICC received by the Municipal Participant, then upon receipt of the written Support Agreement Termination Notice by Vitol and as of the date on which the termination of the Municipal Participants' participation pursuant to either of the Support Agreements and or of the Vermont Participation Agreement, or both, becomes effective, Vitol shall be obligated to increase its payments under the VEC-Vitol Transfer Agreement, the VPPSA-VEC Transfer Agreement, this VPPSA-Vitol Transfer Agreement or any relevant agreement between Vitol and VPPSA to cover in full such support charges, for the Municipal Participants ,under Section 12 of the Support Agreements in question unless it elects to terminate this VPPSA-Vitol Transfer Agreement. In the event Vitol elects to terminate this VPPSA - Vitol Transfer Agreement, such termination shall not become effective any earlier than the effective termination date of the VPPSA-VEC Transfer Agreement.

In relation to section 3.04, no additional payment shall be made from Vitol to VELCO and/or the Municipal Participants if, the sum of:

- (ii) the HQICC receive by the Municipal Participants and
 - d) the amount payable by Vitol to VPPSA pursuant to the VEC-Vitol Transfer Agreement, this VPPSA-Vitol Transfer Agreement, the VPPSA-VEC Transfer Agreement, or any relevant agreement between Vitol and VPPSA; or
 - e) the amount of the charges payable to VELCO under the New Vermont Participation Agreement for New VPPSA's Use Rights by the Municipal Participants; or
 - f) the amount support charges payable by VELCO for the Municipal Participants VPPSA and BED charges under the New Support Agreements

is more than the amount of the support charges payable by VELCO for the Municipal Participants charges under the New Support Agreements.

If in the New Restated Use Agreement, the amount payable by Vitol to VPPSA pursuant to the VEC-Vitol Transfer Agreement, the VPPSA-VEC Transfer Agreement, this VPPSA-Vitol Transfer Agreement or any relevant agreement between Vitol and VPPSA for the New VPPSA's Use Rights is less than the amount of the support charges payable by VELCO for the Municipal Participants charges under the New Support Agreements, considering the revenues of the HQICC received by the Municipal Participants, then upon receipt of the written New Support Agreement Termination Notice by Vitol and as of the date on which the termination of the Municipal Participants' participation pursuant to either of the New Support Agreements and/or of the New Vermont Participation Agreement, or both, becomes effective, Vitol shall be obligated to increase its payments

under this VPPSA-Vitol Transfer Agreement, the VEC-Vitol Transfer Agreement, the VPPSA-VEC Transfer Agreement, or any relevant agreement between Vitol and VPPSA to cover in full such support charges, for the Municipal Participants under the New Support Agreements in question unless it elects to terminate this VPPSA-Vitol Transfer Agreement. In the event Vitol elects to terminate this VPPSA-Vitol Transfer Agreement, such termination shall not become effective any earlier than the effective termination date of the VPPSA-VEC Transfer Agreement.

The Municipal Participants and VELCO shall make all required regulatory intervention at ISO-NE and at FERC, to maintain the HQICC during the term of this Agreement at no cost to Vitol and/or VEC.

- 3.05 With respect to VPPSA's Use Rights that Vitol receives pursuant to this VPPSA-Vitol Transfer Agreement, Vitol shall be bound to the terms and conditions of the Vermont Participation Agreement and the Restated Use Agreement as an Indirect IRH, but only with respect to the exercise of VPPSA's Use Rights and the payment of the amounts set forth under Sections 2.03, 2.04, 2.06, 2.07, 3.02, 3.03 and any additional amounts payable under Section 3.04. Except for those rights and obligations transferred to Vitol pursuant to this VPPSA-Vitol Transfer Agreement, the Municipal Participants shall retain all rights and continue to be bound to all obligations of the Vermont Participation Agreement and the Restated Use Agreement as Indirect IRH.

With respect to New VPPSA's Use Rights that Vitol receives pursuant to this VPPSA-Vitol Transfer Agreement, Vitol shall be bound to the terms and conditions of the New Vermont Participation Agreement and the New Restated Use Agreement as an Indirect IRH, but only with respect to the exercise of New VPPSA's Use Rights and the payment

of the amounts set forth under Sections 2.03, 2.04, 2.06, 2.07, 3.02, 3.03 and any additional amounts payable under Section 3.04. Except for those rights and obligations transferred to Vitol pursuant to this VPPSA-Vitol Transfer Agreement, the Municipal Participants shall retain all rights and continue to be bound to all obligations of the Vermont Participation Agreement and the Restated Use Agreement as Indirect IRH.

3.06 Vitol shall not modify or amend the VEC-Vitol Transfer Agreement in a manner which would adversely affect the Municipal Participants and/or VPPSA, without the Municipal Participants and/or VPPSA's prior approval in writing, not to be unreasonably conditioned, delayed or withheld. In the event the Municipal Participants and/or VPPSA does not provide such approval within thirty (30) days of receipt by the Municipal Participants and/or VPPSA of the proposed modification or amendment, Vitol shall have the option, in its sole discretion, to terminate this VPPSA-Vitol Transfer Agreement by the provision of written notice to VPPSA (the "3.06 Termination Notice"), with such termination effective on the date of the giving by Vitol of the 3.06 Termination Notice to VPPSA.

3.07 VPPSA shall not modify or amend the VPPSA-VEC Transfer Agreement in a manner which would adversely affect Vitol, without Vitol's prior approval in writing, not to be unreasonably conditioned, delayed or withheld. In the event Vitol does not provide such approval within thirty (30) days of receipt by Vitol of the proposed modification or amendment, VPPSA shall have the option, in its sole discretion, to terminate this VPPSA-Vitol Transfer Agreement by the provision of written notice to Vitol (the "3.07 Termination Notice"), with such termination effective on the date of the giving by VPPSA of the 3.07 Termination Notice to Vitol.

- 3.08 The Parties agree that if this VPPSA-Vitol Transfer Agreement is not accepted in an order issued by FERC within sixty (60) days of this filing, therewith, this VPPSA-Vitol Transfer Agreement shall become null and void.

ARTICLE 4 Term of Agreement

- 4.01 This VPPSA-Vitol Transfer Agreement shall become effective upon the effective date set forth in an order by FERC accepting the VEC-Vitol Transfer Agreement as a FERC rate schedule (“Contract Effective Date”). Notwithstanding the determination of the Contract Effective Date, the transfer of the VPPSA’s Use Rights and New VPPSA’s Use Rights hereunder (as implemented through this VPPSA-Vitol Transfer Agreement, the VPPSA-VEC Transfer Agreement and the VEC-Vitol Transfer Agreement) shall become effective on the later of (i) the 36th day following the Contract Effective Date provided that such 36th day falls on the first day of a month or (ii) if such 36th day does not fall on the first day of a month, the 1st day of the month following such 36th day (“Transfer Effective Date”), and such Transfer Effective Date shall be reflected in the written notification to ISO-NE pursuant to Article 3.01 above. The Transfer Effective Date shall be no earlier than January 1, 2020.
- 4.02 Notwithstanding anything in this VPPSA-Vitol Transfer Agreement to the contrary, this VPPSA-Vitol Transfer Agreement shall continue in full force and effect until it terminates automatically on the earlier of: (1) the effective date of any termination of the VEC-Vitol Transfer Agreement; (2) the effective date of any termination of the VPPSA-VEC Transfer Agreement; the (3) later of (i) the receipt of or (ii) the effective date of a Support Agreement Termination Notice or New Support Agreement Termination Notice referenced in Article 3.03 and 3.04; or (4) at 11:59pm on October 31, 2024; *provided,*

however, in the event the term of the Restated Use Agreement is not extended beyond November 1, 2020, this VPPSA-Vitol Transfer Agreement shall terminate as of October 31, 2020, subject to (1), (2) and (3) above, i.e., there is no New Restated Use Agreement as defined in this contract. VPPSA shall provide written notice to Vitol as soon as possible of any termination of the VPPSA-VEC Transfer Agreement, and Vitol shall provide written notice to VPPSA as soon as possible of any termination of the VEC-Vitol Transfer Agreement

- 4.03. The applicable provisions of this VPPSA-Vitol Transfer Agreement shall continue in effect after cancellation or termination hereof to the extent necessary to provide for final billings, billing adjustments and payments pertaining to liability and indemnification obligations arising from acts or events that occurred while this VPPSA-Vitol Transfer Agreement was in effect.

ARTICLE 5 Indemnification

- 5.01 This VPPSA-Vitol Transfer Agreement is subject to the terms of the Vermont Participation Agreement, the Restated Use Agreement and Schedule 20A of the ISO OATT, all as may be amended from time to time.
- 5.02 Except in the cases of gross negligence of or intentional wrongdoing by Vitol or its officers, directors, employees, agents, subcontractors or assigns, to the fullest extent permitted by law, VPPSA shall at all times indemnify, defend, and save Vitol, its officers, directors, employees, agents, successors and assigns and its affiliates and their respective officers, directors, employees, agents, successors and assigns harmless from any and all damages, losses, liabilities, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses,

court costs, attorneys' fees, and all other obligations by or to third parties, arising out of or resulting from the performance of their obligations under this VPPSA-Vitol Transfer Agreement, including but not limited to any liability arising out of (i) the failure of the Interconnection; (ii) the termination by the Municipal Participants or the failure by the Municipal Participants to comply with the terms and conditions of the Vermont Participation Agreement the Support Agreements or the Restated Use Agreement; (iii) any capacity re-assignments of VPPSA's Use Rights to a third-party pursuant to the VEC-Vitol Transfer Agreement; and except in the cases of gross negligence of or intentional wrongdoing by Vitol or its officers, directors, employees, agents, successors and assigns; (iv) the failure of VPPSA to be in lawful possession of the VPPSA's Use Rights.

- 5.03 Except in the cases of gross negligence of or intentional wrongdoing by VPPSA or its officers, directors, employees, agents, successors and assigns, to the fullest extent permitted by law, Vitol shall at all times indemnify, defend, and save VPPSA, its officers, directors, employees, agents, successors and assigns and its affiliates and their respective officers, directors, employees, agents, successors and assigns harmless from any and all damages, losses, liabilities, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorneys' fees, and all other obligations by or to third parties, arising out of or resulting from the performance of its obligations under this VPPSA-Vitol Transfer Agreement, including but not limited to any liability arising out of (i) the failure to make payments to VEC in accordance with the terms hereof, the terms of the VEC-Vitol Transfer Agreement or the terms of any other agreement with VPPSA to which VEC is not a party; (ii) any capacity re-assignments of VPPSA's Use Rights to a third-party

pursuant to the VEC-Vitol Transfer Agreement; except in the cases of gross negligence of or intentional wrongdoing by Vitol or its officers, directors, employees, agents, successors and assigns.

ARTICLE 6 Limitation of Liability

To the fullest extent permitted by law and notwithstanding other provisions of this VPPSA-Vitol Transfer Agreement, in no event shall any Party, its officers, directors, employees, agents, successors or assigns or its affiliates or any of their respective officers, directors, employees, agents, successors or assigns be liable to another Party, whether in contract, warranty, tort, negligence, strict liability, or otherwise, for special, indirect, incidental, consequential (including, without limitation, replacement power costs, lost profits or revenues, and lost business opportunities), or punitive damages, attorney's fees or costs arising out of, or connected in any way with performance or nonperformance of this VPPSA-VITOL Transfer Agreement or any activity associated with or arising out of this VPPSA-VITOL Transfer Agreement.

ARTICLE 7 Assignment

This VPPSA-VITOL Transfer Agreement shall inure to the benefit of and bind the respective successors and assigns and successors in title of the Parties hereto. No assignment by either Party of its rights and obligations hereunder shall be made or become effective without the prior written consent of the other Party in each case being obtained, which consent shall not be unreasonably withheld, conditioned or delayed, except that this VPPSA-Vitol Transfer Agreement may be assigned without such consent to an entity controlling, controlled by or under common control with the assigning Party, or to a

person acquiring all or a controlling interest in the business assets of such Party. No assignment or transfer of rights shall relieve the assigning Party from full liability and financial responsibility for performance under this VPPSA-Vitol Transfer Agreement unless both the assignee or transferee and the other Party have so consented in writing, said consent not to be unreasonably withheld, conditioned or delayed.

ARTICLE 8 Force Majeure

8.01 No Party will be considered in default as to any obligation under this VPPSA-Vitol Transfer Agreement, and shall be excused from performance or liability for damage to the other Party if and to the extent prevented from fulfilling the obligation due to an event of Force Majeure, as defined below; provided that no event of Force Majeure shall excuse an entity of the obligation to pay amounts due under this VPPSA-Vitol Transfer Agreement. During any period in which the Interconnection and/or the Nicolet substation and/or its feeder lines connecting with the Interconnection and/or the Quebec Radisson / Des Cantons transmission line connecting with the Interconnection is out of service in whole or in part, Vitol shall have no more nor any less rights and obligations hereunder than they would have as a Transmission Customer under Schedule 20A-VEC. However, a Party whose performance under this VPPSA-Vitol Transfer Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this VPPSA-Vitol Transfer Agreement and remove the condition that prevents performance, except that the settlement of any labor disturbance shall be in the sole judgment of the affected Party. Any Party claiming Force Majeure shall promptly notify the other Parties of the commencement and end of each event of Force Majeure.

If an event of Force Majeure renders the Interconnection physically unavailable such that

Vitol is prevented from exercising all or any portion of its VPPSA's Use Rights for a period of three months or more, Vitol may terminate this VPPSA-Vitol Transfer Agreement as to that portion of VPPSA's Use Rights made unavailable by providing written notice of such termination in writing to VPPSA. Upon termination by Vitol, VPPSA shall notify VEC. Termination shall be effective upon receipt by VEC of the notification from VPPSA.

- 8.02 Force Majeure shall mean any act of God, labor disturbance, act of the public enemy or terrorists, war, invasion, insurrection, riot, fire, storm or flood, ice, ice storm, earthquake, explosion, breakage or accident to machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause (excluding a lack of funds or other financial causes) beyond a Party's control, including without limitation, any action or inaction by the another Party.

ARTICLE 9 Dispute Resolution

- 9.01 The Parties agree that any dispute arising under this VPPSA-Vitol Transfer Agreement shall be the subject of good-faith negotiations between the affected Parties. Either Party may notify the other Party of the nature and existence of such a dispute and request such good faith negotiations. Each Party shall designate one or more representatives with the authority to negotiate the matter in dispute to participate in such negotiations. Commencing no later than thirty (30) days after such request, the Parties shall engage in such good-faith negotiations for a period of not less than thirty (30) calendar days, unless:
- (a) a Party identifies exigent circumstances reasonably requiring expedited resolution of the dispute by the FERC; or (b) the provisions of this VPPSA-Vitol Transfer Agreement otherwise provide a Party the right to submit a dispute directly to FERC for resolution.

Any dispute that is not resolved through good-faith negotiations may be submitted by either Party for resolution by FERC upon the conclusion of such negotiations. Either Party may request that any dispute submitted to FERC for resolution be subject to FERC settlement procedures. Notwithstanding the foregoing, any dispute arising under this VPPSA-Vitol Transfer Agreement may be submitted by either Party to arbitration or any other form of alternative dispute resolution upon the agreement of the Parties to participate in such an alternative dispute resolution process.

9.02

Nothing in this VPPSA-Vitol Transfer Agreement shall restrict the rights of either Party to file a complaint with the FERC under relevant provisions of the Federal Power Act.

ARTICLE 10 General

10.01 Notices. Any notice, request, demand or statement required to be given by any Party to the others in connection with this VPPSA-VITOL Transfer Agreement shall be given in writing and shall be sent by registered or certified mail, return receipt requested, postage prepaid, or by hand delivery, or by overnight delivery, with acknowledged receipt of delivery. Notice shall be deemed given at the date of acceptance or refusal of acceptance shown on such receipt.

Any such notice to Vitol shall be to the following address:

Vitol Inc.
2925 Richmond Avenue,
11th Floor
Houston, Texas, United States, 77098
Phone: 1-713-230-2632
Email: kpk@vitol.com
Attention: Kolby Ketler, Non-Oil Operation Manager, Coal, Natural Gas,
Power

With a copy to:

Vitol Inc.
2925 Richmond Avenue,
11th Floor
Houston, Texas, United States, 77098
Phone: Robert Viola, 1-713-230-1450
Email: xagreementshou@Vitol.com and rfv@vitol.com
Attention: Legal Department

And

Vitol Canada Inc.
160 Boulevard de l'Hôpital
Suite 402
Gatineau, Québec, Canada, J8T 8J1
Phone: 1-819-664-5311
Email: allgatineau@vitol.com
Attention: Richard Bordeleau

Any such notice to VPPSA shall be to the following address:

5127 Waterbury-Stowe Road
Waterbury Ctr., VT _____
Attention: General Manager
Email: _____

Fax:

With a copy to:

Attention:

10.02 Headings. The descriptive headings of the various articles of this VPPSA-Vitol Transfer Agreement have been inserted for convenience of reference only and shall in no way define, modify or restrict any of the terms and provisions thereof.

- 10.03 Applicable Regulations. This VPPSA-Vitol Transfer Agreement is made subject to present and future state and federal laws and to present and future regulations and orders properly issued by state or federal bodies having jurisdiction. This VPPSA-Vitol Transfer Agreement shall be interpreted pursuant to the laws of the **State of Vermont**, the Federal Power Act, and any regulatory agency having jurisdiction over the particular matter.
- 10.04 Further Assurances. From time to time after the execution of this VPPSA-Vitol Transfer Agreement, each Party shall execute such instruments and perform such reasonable functions, upon the request of the other, as may be necessary or appropriate, to carry out the intent of this VPPSA-Vitol Transfer Agreement. (including the effectuation of VPPSA's Use Rights and/or the effectuation of the New VPPSA's Use Rights) and providing Vitol with the ability to remarket unused capacity upon terms mutually agreed upon as provided in Section 2.06 of the VEC-Vitol Transfer Agreement as may be necessary or appropriate.
- 10.05 Amendments. No modification or amendment to this VPPSA-Vitol Transfer Agreement shall be binding on any Party unless contained in a written instrument signed by all Parties. Furthermore, to the extent any third party, or FERC acting *sua sponte* seeks to amend or otherwise modify, or requests FERC to amend or otherwise modify, any provision of this VPPSA-Vitol Transfer Agreement, the standard of review for any proposed amendment or other modification shall be the "public interest" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956), and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), and as further defined in *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County*, 128 S.Ct. 2733 (2008) and *NRG Power Marketing, LLC v. Maine*

Public Utilities Commission, 130 S.Ct. 693 (2010).

10.06 Several Obligations. Notwithstanding any provisions of this VPPSA-Vitol

Transfer Agreement to the contrary, the Parties do not intend to create hereby a joint venture, partnership, association taxable as a corporation, or other entity for the conduct of any business for profit, and any construction of this VPPSA-Vitol Transfer Agreement to the contrary shall render this VPPSA-Vitol Transfer Agreement null and void from its inception. Except where specifically stated in this VPPSA-Vitol Transfer Agreement to be otherwise, the duties, obligations and liabilities of the Parties are intended to be several and not joint or collective. Each Party shall be individually and severally liable for its own obligations under this VPPSA-Vitol Transfer Agreement.

10.07 Waivers. Any waiver at any time by any Party of its rights with respect to a

default under this VPPSA-Vitol Transfer Agreement, or with respect to any other matter arising in connection with this VPPSA-Vitol Transfer Agreement, shall not be deemed a waiver with respect to any other or subsequent default or matter. Failure to enforce rights of a Party under this VPPSA-Vitol Transfer Agreement shall not be deemed a waiver of such rights for any reason.

10.08 Entire Agreement. This VPPSA-Vitol Transfer Agreement constitutes the

entire agreement between the Parties with respect to the subject matter hereof, and supersedes any other prior understanding or agreement between the Parties with respect thereto.

10.09 Interpretation. For the purpose of interpreting this VPPSA-Vitol Transfer

Agreement, to the extent that there exists any conflict between the provisions of this VPPSA-Vitol Transfer Agreement and the provisions of the Restated Use Agreement, the

Support Agreements or the Vermont Participation Agreement, the provisions of this VPPSA-Vitol Transfer Agreement shall prevail.

10.10 Construction. The Parties have participated jointly in the negotiation and drafting of this VPPSA- Vitol Transfer Agreement. In the event an ambiguity or question of intent or interpretation arises, this VPPSA-Vitol Transfer Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of authorship of any of the provisions of this VPPSA-Vitol Transfer Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word “including” in this VPPSA-Vitol Transfer Agreement shall mean “including without limitation.”

10.11 Counterparts. This VPPSA-Vitol Transfer Agreement may be executed in one or more counterparts, each of which shall be deemed an original.

10.12 Equity Agreements. Nothing in this VPPSA-Vitol Transfer Agreement shall be deemed to modify, amend or affect any of VELCO’s and/or the Municipal Participants and/or VEC’s rights or obligations as an equity holder in the transmission companies that own the Interconnection, nor shall anything in this VPPSA-Vitol Transfer Agreement be deemed to create, in the name of Vitol, any rights or obligations in the transmission companies that own the Interconnection.

10.13 Representation. Each Party represents that its duly authorized to execute and perform this VPPSA-Vitol Transfer Agreement in accordance with its terms. This VPPSA -Vitol Transfer Agreement is the corporate act and obligation of the Parties hereto, and any claim hereunder against any shareholder, director, officer, official, employee, member or

agent of any Party, as such, is expressly waived.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this VPPSA- Vitol Transfer Agreement to be executed by their duly authorized officers as of the day and year first above written.

Vermont Public Power Supply Authority

Kenneth Nolan
General Manager

Vitol Inc.

By:
Title:

APPENDIX A

VPPSA / BED's Use Rights to be Transferred

MLP	Phase I Percentage Interest	Phase II Percentage Interest	Combined Percentage Interest	Share of Phase I (MW)	Share of Phase II (MW)	Combined
Village of Enosburg Falls Water & Light Department	0.03142%	0.00000%	0.0108399%	0.216798	0.000000	0.216798
Town of Hardwick Electric Department	0.0629%	0.00000%	0.0217%	0.434010	0.000000	0.434010
Village of Lyndonville Electric Department	0.10768%	0.00000%	0.0371496%	0.742992	0.000000	0.742992
Village of Morrisville Water & Light Department	0.09611%	0.00000%	0.03315795%	0.663159	0.000000	0.663159
Town of Northfield Electric Department	0.05378%	0.00000%	0.0185541%	0.371082	0.000000	0.371082
Swanton Village, Inc. Electric Department	0.09219%	0.00000%	0.0317814%	0.636111	0.000000	0.636111
City of Burlington Electric Department (BED)	0.72912%	0.00000%	0.25155%	5.030928	0.000000	5.030928
Total	1.1732%	0.00000%	0.4037329%	8.094659	0.000000	8.094659

Add Ludlow

**Vermont Electric Cooperative, Inc.-
Vitol Inc. Transfer Agreement**

**AGREEMENT BETWEEN VERMONT
ELECTRIC COOPERATIVE, INC.
AND
VITOL INC.
FOR THE TRANSFER OF USE RIGHTS ON THE
PHASE I / II HVDC TRANSMISSION FACILITIES**

This Agreement for the Transfer of Use Rights in the Phase I/II HVDC Transmission Facilities (“VEC-Vitol Transfer Agreement”) is made and entered into this ____ day _____, 2019, by and between Vermont Electric Cooperative, Inc., a cooperative electric utility organized under the laws of the State of Vermont (“VEC”), and Vitol Inc., a corporation organized under the laws of Delaware (“Vitol”) (each a “Party” and collectively “the Parties”).

WHEREAS, Vermont Electric Power Company, Inc. (“VELCO”) is an Interconnection Rights Holder (or “IRH”) under the Third Amended and Restated Use Agreement with Respect to the Use of the Hydro-Quebec Interconnection, originally dated as of December 1, 1981, as amended from time to time (“Restated Use Agreement”);

WHEREAS, City of Burlington Electric Department, Village of Enosburg Falls Water & Light Department, Village of Hardwick Electric Department, Village of Jacksonville, Village of Ludlow Electric Light Department, Village of Lyndonville Electric Department, Village of Morrisville Water & Light Department, Town of Northfield Electric Department, and Swanton Village, Inc. Electric Department, each a municipally-owned electric utility organized and existing under the laws of the State of Vermont (hereinafter collectively “Municipal Participants”), are Indirect IRHs under the Restated Use Agreement through their participation with VELCO in the Vermont Participation Agreement for Quebec Interconnection originally dated July 15, 1982, as the same may be amended from time to time (“Vermont Participation Agreement”);

WHEREAS, in 2004, VEC purchased the remaining electric transmission assets of Citizens Communications Company (“Citizens”), including its lower-voltage transmission facilities. To accomplish this acquisition, in Docket No. ER04-341-000, VEC filed a

request under section 205 of the Federal Power Act (“FPA”) that the Commission transfer to VEC, as Citizens’ successor in interest, Citizens’ Vermont Electric Division’s OATT, as well

as certain grandfathered service agreements and their associated rate schedules.¹ On February 12, 2004, the Commission conditionally accepted, subject to modification, VEC’s request to assume Citizens’ OATT and rate schedules to render jurisdictional service;²

WHEREAS, VEC, as Citizens’ successor in interest, is an Indirect IRH;

WHEREAS, on August 8, 2005, the President of the United States signed into law the Energy Policy Act of 2005, which contained, inter alia, a provision that terminated the Federal Energy Regulatory Commission (“Commission”)’s "public utility" jurisdiction over VEC under Parts II and III of the Federal Power Act. Pub. L. No. 109-58, sec. 1291(c), 119 Stat. 594, 985, amending FPA section 201(0). As a result, the Commission no longer has jurisdiction over certain of VEC's rates. Pursuant to 30 V.S.A. §§ 225 et seq., the Vermont Public Utility Commission ("VPUC") has jurisdiction over such rates. VEC is a party to the regional ISO New England OATT, and a transmission owner thereunder. As a result of its participation in a regional tariff, those rates, terms and conditions remain jurisdictional and subject to applicable Commission precedent;

WHEREAS, pursuant to the Restated Use Agreement, VELCO has rights (“Use Rights”) to use a portion of the transfer capability of the Phase I/II HVDC transmission lines and terminal facilities in the United States that connect the electric systems in New England with the electric

¹ The Block Loading Facilities Transfer Agreement (“BLFTA”), formerly Citizens Rate Schedule FERC No. 28 (as amended), is now VEC First Revised Rate Schedule FERC No. 4 (Schedule No. 4). Three other grandfathered agreements, referred to by parties as the “FPC-10” contracts, formerly Citizens Rate Schedule Nos. 29, 31 and 32 (as amended) are now VEC First Revised Rate Schedule FERC No. 6 (Schedule No. 6). VEC Answer at 3 n.2.

² VEC, 106 FERC ¶ 61,131 at P 17 and Ordering Paragraph (A).

system of Hydro-Québec (the “Interconnection”);

WHEREAS, pursuant to the Vermont Participation Agreement, the Municipal Participants have rights to use a portion of the transfer capability of Interconnection (“Municipal Participants’ Use Rights”);

WHEREAS, the Interconnection provides a 2,000 MW interconnection between Quebec and New England and is a critically important commercial and reliability feature of the ISO-NE system, allowing for both commercial transactions and emergency energy interchange between the regions. The United States portion of the Hydro-Quebec High Voltage Direct Current Transmission Facilities (“Phase I/II HVDC-TF”) that interconnect the transmission systems is operated by ISO New England and the Canadian portion is operated by Hydro-Quebec TransEnergie (“HQTE:). The HQ Interconnection was built in two phases (Phase I and Phase II);

WHEREAS, the Hydro-Quebec high voltage direct current (“HVDC”) transmission facilities were supported by two sets of agreements signed in the 1980s. The Phase I portion of the Phase I/II HVDC-TF was signed in 1980, initiated in 1983 and is owned by the New England Electric Transmission Corporation (“NEET”) and Vermont Electric Transmission Company (“VETCO”) and commenced commercial operations in 1986. It brought interconnection and transmission facilities with approximately 690 MW of transfer capability from the Hydro-Quebec system to New England. The Phase II portion of the Phase I/II HVDC-TF was initiated in 1986, is owned by New England Hydro-Transmission Electric Company, Inc. (“NEH”) and New England Hydro-Transmission Corporation (“NHH”) and commenced commercial operations in 1990. It increased the total transfer capability from Hydro-Quebec to New England to approximately 2,000 MW. Together, NEET, VETCO, NEH and NHH are the Asset Owners (“Asset Owners”) of Phase I/II;

WHEREAS, at the time of construction, the Interconnection cost over \$600 million to build and required certain contracts (“Support Agreements”) between the Asset Owners and the financial supporters to pay for all of the costs for the facilities;

WHEREAS the Phase I Support Agreements include XXX separate agreements and the Phase II Support Agreements include four separate agreements.³

WHEREAS, the Restated Use Agreement⁴ defines the rights (“Use Rights”) of parties to the Support Agreements. The IRHs are the entities that hold exclusive rights to the use the Phase I/II HVDC-TF by virtue of being parties to certain Support Agreements and being financially obligated thereunder to pay for the costs of the Phase I/II HVDC-TF. The costs for maintenance and construction of these facilities are paid by the IRHs through support agreements between the IRH members and the owners of the HVDC transmission facilities. The Support Agreements are Commission-approved agreements;

WHEREAS, the IRH Management Committee (“IMC”) is the governance committee for the IRH, responsible for the collective management of their involvement in the Phase I/II HVDC-TF and authorized to represent the collective interests of the IRHs, including before the Commission;

WHEREAS, pursuant to the Third Amended and Restated Agreement with Respect to Use of Quebec Interconnection, the IRHs have agreed to the rules for the exercise of the IRHs’ Use Rights, for making the Use Rights available to others, and for the collective management of those

³ Phase II Boston Edison AC Facilities Support Agreement, dated June 1, 1985. Phase II, Massachusetts Transmission Facilities Support Agreement, dated June 1, 1985. Phase II New England Power AC Facilities Support Agreement, dated June 1, 1985. Phase II New Hampshire Transmission Support Agreement dated ?????

⁴ New England Power Pool FERC Electric Third Revised Rate Schedule No. 4.

rights through the IMC. See New England Power Company, 83 FERC ¶ 61,328 (1998) and IRH Management Committee, 99 FERC ¶ 61,248 (2002);

WHEREAS, the Use Rights are granted under the Support Agreements and are entirely dependent on those agreements for their continued existence. When the Support Agreements end by their own terms, the Use Rights and the prospective financial support obligations of the IRHs for the Interconnection will also end. The Use Rights are managed collectively under a certain Restated Use Agreement, amendments to which were most recently approved in 2002;

WHEREAS, pursuant to the Phase II Massachusetts Transmission Facilities Agreement, dated as of June 1, 1985, Section 3: Effective Date and Term, that in order to assure that Phase II is permitted to operate for a full maximum term of fifty years, each participant which is also a participant under the Phase I Support Agreements shall exercise its right and take all action under the Phase I Support Agreement to assure that the Phase I Facilities are available to permit continued operation of Phase II;

WHEREAS, NEET and VETCO have agreed to co extend the provisions of the Phase I Support Agreements to the Phase II Participants to cover this time period;

WHEREAS, the initial term of the Phase II Massachusetts Transmission Facilities Agreement shall expire thirty years from Date of Full Support Payment as defined in Section 13. The term of the Phase I and Phase II Support Agreements is 30 years after the Phase II facilities went into service in the fall of 1990 and the agreements are set to expire October 31, 2020. (the “Initial Term”);

WHEREAS, pursuant to the Phase II Massachusetts Transmission Facilities Agreement, if (i) the Transmission Facilities are in commercial operation and (ii) there are continuing

commitments by Participants to support the full costs of the Transmission Facilities, a Participant at that time shall be entitled not less than two years and three months prior to the expiration of the initial term to elect to continue participation for an additional period not to exceed 20 years upon the terms and conditions of this Phase II Massachusetts Transmission Facilities Agreement. Such additional period is to be determined by the Advisory Committee no later than two years and three months prior to the end of the initial term. The Advisory Committee in determining this additional period shall take into account the then remaining term of the Phase I Support Agreements.

(Source:https://elibrary.ferc.gov/idmws/file_list.asp?document_id=904387);

WHEREAS, the Phase I Hydro-Quebec Support Agreements were originally filed and approved by the Commission in Docket No. ER82-600. See *New England Power Company*, 20 FERC ¶ 61,286 (Aug. 27, 1982). The Phase II Support Agreements were the subject of some administrative litigation, mostly related to provisions affecting return on equity. See *New England Hydro-Transmission Co. et al.*, 36 FERC ¶ 61,008 (1986). The Phase II Support Agreements were ultimately approved, pursuant to a settlement, in Docket No. ER87-386-001. See *Letter Order Approving Settlement*, Docket No. ER87-386-001 (Jan. 21, 1988);

WHEREAS, the IMC, VELCO, and the Municipal Participants, among other participants notified the Asset Owners of their intent to extend the Support Agreements (“New Support Agreements”) via their right to renew for an additional period of up to 20 years (the “New Term”) and that the right was exercised prior the deadline set forth in the Phase II Massachusetts Transmission Facilities Agreement. The requirement that 100 percent of the entitlements must be renewed was met as shares of individual IRH that decided not to renew would be allocated among those IRH who choose to renew (“Renewed IRHs”);

WHEREAS, the IMC, VELCO, and the Municipal Participants, among other Renewed IRHs, and the Asset Owners are in final negotiation on the renewal of the contractual agreement (“New Phase I Hydro-Quebec Agreements” and “New Phase II Hydro-Quebec Agreements”) for the use rights of the facilities (“New Use Rights”) and the cost allocation of such of New Use Rights based on the cost of service of the facilities (“New Hydro-Quebec Support Payments”);

WHEREAS, the Phase I Hydro-Quebec Agreements require the Municipal Participants to support the Hydro-Quebec Phase I facilities through October 31, 2020. During the Initial Term, the Municipal Participants have no obligation to support Phase II of these facilities;

WHEREAS, the New Phase I Hydro-Quebec Agreements shall require Municipal Participants to support the Hydro-Quebec Phase I facilities from November 1, 2020 through October 31, 2040. During the New Term, the Municipal Participants have no obligation to support Phase II of these facilities;

WHEREAS, the Hydro-Quebec Support Payments include all costs incurred by Municipal Participants pursuant to the Hydro-Quebec Phase I Agreements, offset by any revenues received by the Municipal Participants. The Hydro-Quebec Support Payments are not a known payment stream because they are based on the cost-of-service of the Hydro-Quebec Phase I transmission facilities;

WHEREAS, [the Municipal Participants](#) mitigate these costs and receive revenue from the sales of capacity rights and transmission rights, which the Municipal Participants are entitled to through their support of the Hydro-Quebec Phase I facilities;

WHEREAS, [the Municipal Participants](#) have rights to Hydro-Quebec Interconnection Capability Credit (“HQICC”), pursuant to the ISO Tariff. [The Municipal Participants](#) are receiving

credit from ISO-NE for their HQICC at a price equal to the ISO Net Regional Clearing Price;⁵

WHEREAS, some of the IRH make their Use Rights available for transmission service under Schedule 20A of the ISO New England Open Access Transmission Tariff;

WHEREAS, the **Municipal Participants**, similar to other IRHs or Indirect IRHs are looking to monetize their transmission rights through a Transfer Agreement facilitated by VEC;

WHEREAS pursuant to Section 5.5 of the Restated Use Agreement, each IRH may transfer *or* make available its Use Rights, or any portion of those rights, for a specified period of time either: (a) through a Transfer Agreement ... *or* (b) by making its Use Rights available to eligible transmission customers through an open access transmission tariff and over an open access transmission tariff administrator's OASIS. Each IRH shall have the right to enter into an agreement with another entity for the transfer of its Use Rights (a "Transfer Agreement") to permit all or part of the IRH's Combined Percentage Interest to be used by the other entity (the "Transferee," which for the period of the transfer becomes an Indirect IRH) for a specified period of time of not less than one full calendar day;

WHEREAS, pursuant to (i) a Transfer Agreement between the Municipal Participants and Vermont Public Power Supply Authority, a body politic and corporate and a public instrumentality of the State of Vermont ("VPPSA") of even date herewith, (ii) the Municipal Participants' participation in the Vermont Participation Agreement and (iii) VELCO participation in the Restated Use Agreement (collectively "Municipal Participants Share of Project Capability") and, further, under which VPPSA may propose to sell and transfer the

⁵ The Net Regional Clearing Price is calculated by first adding Forward Capacity Auction payments to Net Reconfiguration Auction Credits or Charges and subtracting Peak Energy Rent Adjustments. This total is then divided by the Net Regional Supply Obligation.

Municipal Participants' Share of Project Capability, measured in megawatts ("MWs"), to VITOL, VPPSA has rights ("VPPSA Use Rights") to transfer all or a portion of the Municipal Participants Share of Project Capability;

WHEREAS, for purposes of this Agreement, VPPSA Use Rights consist of 0.40473295, combined percentage of 2000 MW, or 8 MW (currently 5MW Firm and 3MW Non-Firm) of the capacity on the Interconnection from Québec to New England (southbound) and 0.40473295 percent, combined percentage of 1200MW, or 4MW of the capacity on the Interconnection from New England to Québec (northbound) each, rounded down to the next lowest whole MW value ("VPPSA Use Rights")⁶;

WHEREAS, VPPSA is an Indirect IRH, as defined in the Restated Use Agreement;

WHEREAS, VEC is an Indirect IRH, as defined in the Restated Use Agreement, and is a Schedule 20A Service Provider offering open access transmission service over the Interconnection under Section II of the ISO New England Inc. ("ISO-NE") Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3 ("ISO OATT");

WHEREAS, VEC is obligated under Schedule 20A of the ISO OATT to offer through Schedule 20A and its Phase I/II HVDC-TF Transmission Provider Page the Use Rights of any Indirect IRHs that are not Schedule 20A Service Providers, subject to mutually agreeable contractual arrangements;

WHEREAS, neither the Municipal Participants nor VPPSA are Schedule 20A Service Providers;

WHEREAS, VEC is a party to an agreement with VPPSA, dated as of the date hereof,

⁶ See Appendix A for the detail of VPPSA Use Rights to be transferred.

for the Transfer of VPPSA Use Rights and New VPPSA Use Rights in the Phase I/II HVDC Transmission Facilities (“VPPSA-VEC Transfer Agreement”) under which VPPSA has transferred to VEC VPPSA Use Rights and New VPPSA Use Rights for the sole purpose of facilitating a transaction between Vitol and VPPSA for the transfer of VPPSA’s Use Rights (the “VPPSA-Vitol Transfer Agreement”);

WHEREAS, the VPPSA-VEC Transfer Agreement obligates VEC to transfer VPPSA Use Rights and New VPPSA Use Rights to Vitol pursuant to this VEC-Vitol Transfer Agreement and consistent with its status as a Schedule 20A Service Provider;

WHEREAS, Vitol desires to acquire VPPSA Use Rights and New VPPSA Use Rights from VEC for the term specified in this Agreement; and

WHEREAS, VEC agrees to transfer VPPSA Use Rights and New VPPSA Use Rights to Vitol pursuant to the terms and conditions contained herein, for the sole purpose of facilitating the VPPSA-Vitol Transfer Agreement.

NOW THEREFORE, in consideration of the premises above and mutual covenants hereinafter made and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties do mutually agree as follows:

ARTICLE 1 Definitions

To the extent terms used herein are not defined, they shall have the meaning ascribed to them in the Vermont Participation Agreement and the Restated Use Agreement.

ARTICLE 2 Transfer of Use Rights

2.01 VEC hereby transfers all of VPPSA Use Rights to Vitol for the term of this VEC-Vitol Transfer Agreement, including any rights under the Restated Use Agreement and

VEC, in accordance with the New Restated Use Agreement and in accordance with the New Vermont Participation Agreement, hereby transfers all of New VPPSA's Use Rights to Vitol for the term covered from November 1, 2020 to October 31, 2024 of the VPPSA-VEC Transfer Agreement, including the Municipal Participants' Share of Project Capability, as shown in the table herein above.

The MWs for the period of November 1, 2020 through October 31, 2024 will be adjusted for each of the Municipal Participants, after the reallocation of the percentage interest of Unitil and Fitchburg in both Phase I and Phase II after such IRHs did not renew their Use Rights. During the term of this Agreement, VPPSA could add to the Municipal Participants list and the payment from Vitol to VEC will be adjusted based on the MWs transferred in Section 2.01 and Appendix A provided total MWs transferred hereunder for the Municipal Participants.

This VEC-Vitol Transfer Agreement does not provide for the transfer to Vitol of the Municipal Participants' HQICC, their voting rights on the IMC, if any, or for the transfer of any other rights or obligations not directly related to New VPPSA's Use Rights and the exercise thereof by Vitol.

For purposes of this Agreement, the residual MW of the VPPSA Use Rights consist of 0.4047, combined percentage of 2000 MW, minus the rounded down reservation of 5MW Firm and 3 MW Non-Firm) or 0.0946MW (0.0568 MW Firm and 0.03786MW Non-Firm) of the capacity on the Interconnection from Québec to New England (southbound) ("Residual Southbound VPPSA's Use Rights") and 0.4047 percent, combined percentage of 1200MW, minus the rounded down reservation of 4MW or 0.8564MW of the capacity

on the Interconnection from New England to Québec (northbound) (“Residual Northbound VPPSA’s Use Rights”) each. The Residual Southbound VPPSA’s Use Rights and/or Residual Northbound VPPSA’s Use Rights shall be available for VITOL to combine with other IRHs or Indirect IRHs position(s) in order to make a complete MW at no additional cost from VEC for Vitol, i.e. by only paying the yearly volumetric fee required for the volume required to round-up the volume. For avoidance of doubt, if VITOL combines additional(s) residual(s) MWs from other IRHs and Indirect IRHs, it could use the Residual Southbound VPPSA’s Use Rights and/or the Residual Northbound VPPSA’s Use Rights to round up the an extra 1MW of Firm of the capacity on the Interconnection from Québec to New England and/or from New England to Québec. VEC shall not remarket the Residual Northbound VPPSA’s Use Rights and/or the Residual Southbound VPPSA’s Use Rights to a third party as Vitol has those rights. For avoidance of doubt, the Residual Southbound VPPSA’s Use Rights and/or the Residual Northbound VPPSA’s Use Rights for the period of November 1, 2020 to October 31, 2024 shall be using the New VPPSA’s Use Rights for that period.

- 2.02 Vitol shall be responsible for compensating VPPSA directly for any cost associated with the transfer of VPPSA’s Use Rights hereunder and under the VPPSA-VEC Transfer Agreement, including all HQICC-related payments referenced in Article 2.03 below. Vitol shall be responsible for compensating VPPSA directly for any cost associated with the transfer of New VPPSA’s Use Right hereunder and under the VPPSA-VEC Transfer Agreement, including all HQICC-related payments referenced in Article 2.03 below.
- 2.03 VEC shall remit to Vitol any HQICC-related payments received from ISO- NE in

respect of VPPSA's Use Rights transferred hereunder within thirty (30) days of VEC's receipt of such payments, and Vitol shall be responsible for remitting such payments to VPPSA within fifteen (15) days of receipt of such payments from VEC. VEC shall remit to Vitol any HQICC-related payments received from ISO-NE in respect of New VPPSA's Use Rights transferred hereunder within thirty (30) days of VEC's receipt of such payments, and Vitol shall be responsible for remitting such payments to VPPSA within fifteen (15) days of receipt of such payments from VEC.

- 2.04 If, in any calendar month, VELCO and/or VPPSA's HQICCs are reduced for any reason, VEC and Vitol shall not be responsible for such lost value.
- 2.05 Upon execution of this VEC-Vitol Transfer Agreement, VPPSA's Use Rights and New VPPSA's Use Rights shall be requested on VEC's OASIS as a one-time transfer. Upon FERC approval of this VEC-Vitol Transfer Agreement, VEC shall designate such OASIS posting as "Accepted."
- 2.06 a. In the event that Vitol anticipates not utilizing any portion of VPPSA's Use Rights for a given period, Vitol shall make such portion of VPPSA's Use Rights available to third parties at terms and conditions consistent with FERC Order No. 890 and shall post any resulting agreement as a re-assignment on the OASIS under the existing OASIS reservation. In accordance with Section 3.08 herein, reasonable compensation for any VEC involvement in such re-assignment shall be subject to mutual agreement between the Parties. In the event that Vitol anticipates not utilizing any portion of New VPPSA's Use Rights for a given period, Vitol shall make such portion of New VPPSA's Use Rights available to third parties at terms and conditions consistent with FERC Order No. 890 and shall post any resulting agreement as a re-assignment on

the OASIS under the existing OASIS reservation. In accordance with Section 3.08 herein, reasonable compensation for any VEC involvement in such re-assignment shall be subject to mutual agreement between the Parties.

b. In the event that any portion of VPPSA's Use Rights are not scheduled in real time, such portion of VPPSA's Use Rights shall be made available to third parties on the OASIS as non-firm ATC at the same rate as VEC makes its own Use Rights available, and VEC shall retain the right to adjust such rates at any time. In the event that any portion of New VPPSA's Use Rights are not scheduled in real time, such portion of New VPPSA's Use Rights shall be made available to third parties on the OASIS as non-firm ATC at the same rate as VEC makes its own Use Rights available, and VEC shall retain the right to adjust such rates at any time. All of VEC's own Use Rights shall be deemed to have been sold prior to any such capacity re-assignment by Vitol, and disbursements to Vitol hereunder shall reflect this understanding.

c. VEC shall report all capacity that is reassigned pursuant to Section 2.06.a above on its Electric Quarterly Report to FERC in accordance with all applicable FERC requirements.

d. In the event that VPPSA and Vitol decide to renew and extend the VPPSA-Vitol Transfer Agreement, VEC shall extend this VEC-Vitol Transfer Agreement under the same terms and conditions as this Agreement.

2.07 To cover the cost of administering the transaction, Vitol shall pay to VEC for each Contract Year (as defined in Section 5.01 herein) (i) \$_____ for VPPSA's Use Rights, transferred hereunder, plus (ii) the product of (a) VPPSA's Use Rights, as calculated based on the Municipal Participants entitlement in 2000MW (8MW), and (b)

\$_____/MW; In addition, internal and external legal fees incurred by VEC and associated with the production and filing of this VEC-Vitol Transfer Agreement, the VPPSA-VEC Transfer Agreement, the VPPSA-Vitol Transfer Agreement and any compliance or other filings pertaining to those agreements, shall be paid for by Vitol when billed in accordance with the terms of Section 5, *provided, however*, any internal and external legal fees in excess of an aggregate sum of \$10,000 shall receive prior written approval from Vitol. VEC shall provide Vitol with prior written notice of any external legal services that may be required. The parties are planning to use internal resources and e-filing to minimize such costs.

ARTICLE 3 Other Obligations of the Parties

- 3.01 The Parties shall notify ISO-NE, or such other entity that may administer the Use Rights, of the transfer of the VPPSA's Use Rights and of the transfer of the New VPPSA's Use Rights by VEC to Vitol using such notification method prescribed by ISO-NE not less than thirty (30) days prior to the Transfer Effective Date (as defined in Section 4.01). Such notification shall reflect VPPSA's Use Rights and New VPPSA's Use Rights and the Transfer Effective Date and the termination date as agreed to in Article 4 of this VEC-Vitol Transfer Agreement. The Parties shall cooperate in providing to such entity such other information and performing such functions as may be necessary for the timely and comprehensive administration of VPPSA's Use Rights and New VPPSA's Use Rights.
- 3.02 Upon receipt by Vitol of written notice that VELCO and/or the Municipal Participants have failed to perform any obligation under the Vermont Participation Agreement or have failed to perform any obligation under any of the Support Agreements as defined

in the Restated Use Agreement (“Support Agreements”), then, pursuant to section 5.5(b) of the Restated Used Agreement, from the date of Vitol’s receipt of the written notice and for so long as the Municipal Participants failure to perform any obligation under any of the Support Agreements continues, Vitol shall make to the Payment Agent as designated by the IMC all of the payments that otherwise would be made to the Municipal Participants. However, Vitol shall not be liable to the Payment Agent for any additional amount that the Municipal Participants and/or VELCO may owe to the Payment Agent and/or VELCO.

Upon receipt by Vitol of written notice that VELCO and/or the Municipal Participants have failed to perform any obligation under the New Vermont Participation Agreement or have failed to perform any obligation under any of the New Support Agreements as defined in the New Restated Use Agreement (“New Support Agreements”), then, pursuant to the New Restated Used Agreement, from the date of Vitol’s receipt of the written notice and for so long as the Municipal Participants’ failure to perform any obligation under any of the New Support Agreements continues, VITOL shall make to the Payment Agent as designated by the IMC all of the payments that otherwise would be made to the Municipal Participants. However, Vitol shall not be liable to the Payment Agent for any additional amount that the Municipal Participants and/or VELCO may owe to the Payment Agent.

- 3.03 Each Party (the “Notifying Party”) shall provide notice to the other Party (the “Receiving Party”) of any written notice the Notifying Party receives that any Municipal Participant and/or VELCO has or have failed to perform any obligation under any of the Vermont Participation Agreement and/or the Support Agreements and/or the New

Vermont Participation Agreement and/or the New Support Agreements.

- 3.04 If Vitol receives written notice (“Support Agreement Termination Notice”) that any Municipal Participant’s and/or VELCO’s participation in the Vermont Participation Agreement and/or VELCO’s participation in the Restated Use Agreement has or have terminated pursuant to either of the Support Agreements, or both, then pursuant to Section 5.5(c) of the Restated Use Agreement, beginning on the later of the date on which such written Support Agreement Termination Notice is received by Vitol and the time at which such termination becomes effective, Vitol shall thereafter make to the other IRH the payments that it would otherwise make to VPPSA pursuant to this VEC-Vitol Transfer Agreement, the VPPSA-VEC Transfer Agreement, or any relevant agreement between Vitol and VPPSA with respect to the VPPSA Use Rights in such percentages as are specified in such notice.

If Vitol receives written notice (“New Support Agreement Termination Notice”) that any Municipal Participant’s and/or VELCO’s participation in the New Vermont Participation Agreement and/or VELCO’s participation in the New Restated Use Agreement has or have terminated pursuant to either of the New Support Agreements, or both, then pursuant to the New Restated Use Agreement, beginning on the later of the date on which such written New Support Agreement Termination Notice is received by Vitol and the time at which such termination becomes effective, Vitol shall thereafter make to the other IRH the payments that it would otherwise make to VPPSA pursuant to this VEC-Vitol Transfer Agreement, the VPPSA-VEC Transfer Agreement, or any relevant agreement between Vitol and VPPSA with respect to the VPPSA Use Rights in such percentages as are specified in such notice. The payment shall be made to the

Payment Agent as designated by the IMC.

- 3.05 The Notifying Party shall provide notice to the Receiving Party of any written Support Agreement Termination Notice that the Notifying Party receives. The Notifying Party shall provide notice to the Receiving Party of any written New Support Agreement Termination Notice that the Notifying Party receives.
- 3.06 The Phase I Hydro-Quebec Agreements require VELCO and the Municipal Participants pursuant to the Vermont Participation Agreement, to support the Hydro-Quebec Phase I facilities through October 31, 2020. During the Initial Term, BED and VPPSA have no obligation to support Phase II of these facilities. With the extension of the Initial Term, the New Phase I Hydro-Quebec Agreements shall require the Municipal Participants to support the Hydro-Quebec Phase I facilities from November 1, 2020 through October 31, 2040 (“New Term”). During the New Term, the Municipal Participants shall have no obligation to support Phase II of these facilities. The Hydro-Quebec Support Payments include all costs incurred by the Municipal Participants pursuant to the Hydro-Quebec Phase I Agreements, offset by any revenues received by the Municipal Participants. The Hydro-Quebec Support Payments are not a known payment stream because they are based on the cost-of-service of the Hydro-Quebec Phase I transmission facilities. The New Hydro-Quebec Support Payments shall include all costs that will be incurred by the Municipal Participants pursuant to the New Hydro-Quebec Phase I Agreements, offset by any revenues received by the Municipal Participants. The New Hydro-Quebec Support Payments are not a known payment stream because they will be based on the cost-of-service of the Hydro-Quebec

Phase I transmission facilities. The Municipal Participants mitigate these costs and receive revenue from the sales of capacity rights and transmission rights, which the Municipal Participants are entitled to through their support of the Hydro-Quebec Phase I facilities. The Municipal Participants have rights to HQICC, pursuant to the ISO Tariff. The Municipal Participants are receiving a credit from ISO-NE for their HQICC at a price equal to the ISO Net Regional Clearing Price. The Net Regional Clearing Price is calculated by first adding Forward Capacity Auction payments to Net Reconfiguration Auction Credits or Charges and subtracting Peak Energy Rent Adjustments. This total is then divided by the Net Regional Supply Obligation.

In relation to section 3.06, no additional payment shall be made from Vitol to VELCO and/or the Municipal Participants if, the sum of:

- (i) the HQICC received by the Municipal Participants and
 - a) the amount payable by Vitol to VPPSA pursuant to this VEC-Vitol Transfer Agreement, the VPPSA-VEC Transfer Agreement, or any relevant agreement between Vitol and VPPSA; or
 - b) the amount of the charges payable to VELCO under the Vermont Participation Agreement for VPPSA's Use Rights by the Municipal Participants; or
 - c) the amount of support charges payable by VELCO for the Municipal Participants charges under section 12 of the Support Agreements

is more than the amount of the support charges payable by VELCO for the Municipal Participants charges under section 12 of the Support Agreements.

Pursuant to Section 5.5(d) of the Restated Use Agreement, if the amount payable by Vitol

to VPPSA pursuant to this VEC-Vitol Transfer Agreement, the VPPSA-VEC Transfer Agreement, or any relevant agreement between Vitol and VPPSA for the VPPSA's Use Rights is less than the amount of the support charges payable by VELCO for the Municipal Participants charges under section 12 of the Support Agreements, considering the revenues of the HQICC received by the Municipal Participants, then upon receipt of the written Support Agreement Termination Notice by Vitol and as of the date on which the termination of any Municipal Participants' participation pursuant to either of the Support Agreements and or of the Vermont Participation Agreement, or both, becomes effective, Vitol shall be obligated to increase its payments under this VEC-Vitol Transfer Agreement, the /VPPSA-VEC Transfer Agreement, or any relevant agreement between Vitol and VPPSA to cover in full such support charges, for the Municipal Participants, under Section 12 of the Support Agreements in question unless it elects to terminate this VEC-Vitol Transfer Agreement. In the event Vitol elects to terminate this VEC-Vitol Transfer Agreement, such termination shall not become effective any earlier than the effective termination date of the VPPSA-VEC Transfer Agreement.

In relation to section 3.06, no additional payment shall be made from Vitol to VELCO and/or the Municipal Participants if, the sum of:

- (ii) the HQICC receive by the Municipal Participants and
 - d) the amount payable by Vitol to VPPSA pursuant to this VEC-Vitol Transfer Agreement, the VPPSA-VEC Transfer Agreement, or any relevant agreement between Vitol and VPPSA; or
 - e) the amount of the charges payable to VELCO under the New Vermont Participation Agreement for New VPPSA's Use Rights by the Municipal

Participants; or

- f) the amount support charges payable by VELCO for the Municipal Participants charges under the New Support Agreements

is more than the amount of the support charges payable by VELCO for the Municipal Participants charges under the New Support Agreements.

If in the New Restated Use Agreement, the amount payable by Vitol to VPPSA pursuant to this VEC-Vitol Transfer Agreement, the VPPSA-VEC Transfer Agreement, or any relevant agreement between Vitol and VPPSA for the New VPPSA's Use Rights is less than the amount of the support charges payable by VELCO for the Municipal Participants charges under the New Support Agreements, considering the revenues of the HQICC received by the Municipal Participants, then upon receipt of the written New Support Agreement Termination Notice by Vitol and as of the date on which the termination of any Municipal Participants's participation pursuant to either of the New Support Agreements and/or of the New Vermont Participation Agreement, or both, becomes effective, Vitol shall be obligated to increase its payments under this VEC-Vitol Transfer Agreement, the VPPSA-VEC Transfer Agreement, or any relevant agreement between Vitol and VPPSA to cover in full such support charges, for the Municipal Participants, under the New Support Agreements in question unless it elects to terminate this VEC-Vitol Transfer Agreement. In the event Vitol elects to terminate this VEC-Vitol Transfer Agreement, such termination shall not become effective any earlier than the effective termination date of the VPPSA-VEC Transfer Agreement.

The Municipal Participants shall make all required regulatory intervention at ISO-NE and

at FERC, to maintain the HQICC during the term of this Agreement at no cost to Vitol and/or VEC.

3.07 With respect to VPPSA's Use Rights that Vitol receives pursuant to this VEC-Vitol Transfer Agreement, Vitol shall be bound to the terms and conditions of the Vermont Participation Agreement and the term of the Restated Use Agreement as an Indirect IRH, but only with respect to the exercise of such VPPSA Use Rights and the payment of the amounts set forth under Sections 2.02, 2.03, 3.02, and 3.04 and any additional amounts payable under Section 3.06. Except for those rights and obligations transferred to Vitol pursuant to this VEC-Vitol Transfer Agreement, VEC shall retain all rights and continue to be bound to all obligations of the Restated Use Agreement as an Indirect IRH.

With respect to New VPPSA's Use Rights that Vitol receives pursuant to this VEC-Vitol Transfer Agreement, Vitol shall be bound to the terms and conditions of the New Vermont Participation Agreement and the term of the New Restated Use Agreement as an Indirect IRH, but only with respect to the exercise of such New VPPSA Use Rights and the payment of similar nature to the amounts set forth under Sections 2.02, 2.03, 3.02, and 3.04 and any additional amounts payable under Section 3.06 of the Restated Use Agreement. Except for those rights and obligations transferred to Vitol pursuant to this VEC-Vitol Transfer Agreement, VEC shall retain all rights and continue to be bound to all obligations of the New Restated Use Agreement as an Indirect IRH.

3.08 To the extent that VEC receives revenues attributable to the resale or remarketing of VPPSA's Use Rights, VEC will promptly remit such to Vitol. Notwithstanding the previous sentence, if it is determined that VEC's involvement is necessary in order to effectuate the resale or remarketing of VPPSA's Use Rights and/or New VPPSA's Use

Rights in accordance with Section 2.06 herein, the scope of such involvement and VEC's associated reasonable compensation shall be subject to mutual agreement of the Parties.

- 3.09 The Parties agree that if this VEC-Vitol Transfer Agreement is not accepted in an order issued by FERC within sixty (60) days of this filing, therewith, this VEC-Vitol Transfer Agreement shall become null and void.
- 3.10 VEC shall not modify or amend the VPPSA-VEC Transfer Agreement in a manner which would adversely affect Vitol, without Vitol's prior approval in writing, not to be unreasonably conditioned, delayed or withheld. In the event Vitol does not provide such approval within thirty (30) days of receipt by Vitol of the proposed modification or amendment, VEC shall have the option, in its sole discretion, to terminate this VEC-Vitol Transfer Agreement by the provision of written notice to Vitol (the "3.10 Termination Notice"), with such termination effective on the date of the giving by VEC of the 3.10 Termination Notice to Vitol.

ARTICLE 4 Term of Agreement

- 4.01 This VEC-Vitol Transfer Agreement shall become effective on the effective date set forth in an order by the Federal Energy Regulatory Commission ("FERC") accepting this VEC-Vitol Transfer Agreement as a FERC rate schedule ("Contract Effective Date"). Notwithstanding the determination of the Contract Effective Date, the transfer of VPPSA's Use Rights and of New VPPSA's Use Rights hereunder (as implemented through the VPPSA-VEC Transfer Agreement and this VEC-Vitol Transfer Agreement) shall become effective on the later of (i) the 36th day following the Contract Effective Date provided that such 36th day falls on the first day of a month or (ii) if such 36th day

does not fall on the first day of a month, the 1st day of the month following such 36th day (“Transfer Effective Date”), and such Transfer Effective Date shall be reflected in the written notification to ISO-NE pursuant to Article 3.01 above. The Transfer Effective Date shall be no earlier than **January 1, 2020**.

- 4.02 Notwithstanding anything in this VEC-Vitol Transfer Agreement to the contrary, this VEC-Vitol Transfer Agreement shall continue in full force and effect until it terminates automatically on the earlier of: (1) the effective date of any termination of the VPPSA-VEC Transfer Agreement; (2) the effective date of any termination of the VPPSA-Vitol Transfer Agreement; or (3) **the later of (i) the receipt of or (ii) the effective date of a Support Agreement Termination Notice or New Support Agreement Termination Notice referenced in Article 3.03 or 3.04;** or (4) at 11.59pm October 31, 2024; *provided, however*, in the event the term of the Restated Use Agreement is not extended beyond November 1, 2020, this VEC-Vitol Transfer Agreement shall terminate as of October 31, 2020, subject to (1), (2) **and (3)** above, i.e., there is no New Restated Use Agreement as defined in this contract. Vitol shall provide written notice to VEC as soon as possible of any termination of the VPPSA-Vitol Transfer Agreement, and VEC shall provide written notice to Vitol as soon as possible of any termination of the VPPSA-VEC Transfer Agreement.
- 4.03. The applicable provisions of this VEC-Vitol Transfer Agreement shall continue in effect after cancellation or termination hereof to the extent necessary to provide for final billings, billing adjustments and payments pertaining to liability and indemnification obligations arising from acts or events that occurred while this VEC-Vitol Transfer Agreement was in effect.

ARTICLE 5 Billing and Payment

- 5.01 Promptly after the Contract Effective Date, VEC shall issue an invoice for the administrative fees set forth in Section 2.07 to cover the first 12-month period of this VEC-Vitol Transfer Agreement commencing on the Transfer Effective Date (“Contract Year”). Thirty (30) days prior to each subsequent Contract Year, VEC shall issue an invoice for that Contract Year’s administrative fees provided that in the case of the second Contract Year, such fees shall be prorated to reflect the number of months remaining until the termination date as set forth in Section 4.02 hereof. If the term of the Restated Use Agreement is extended beyond November 1, 2020, VEC shall invoice the next cycle starting on November 1, 2020 for 12 months and partial year payments shall get prorated over the number of months. Further and to the extent not recovered under any other agreement, upon execution of this VEC-Vitol Transfer Agreement and monthly thereafter VEC shall issue invoices for all legal fees identified in Section 2.07 hereof. All invoices shall be paid by Vitol within twenty (25) days of the date of invoice. All payments shall be made in immediately available funds payable to VEC, or by wire transfer to a bank identified in writing by VEC.
- 5.02 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. 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 VEC.
- 5.03 In the event of a billing dispute between the Parties, Vitol shall (i) continue to make all payments not in dispute and (ii) pay into an independent escrow account the portion

of the invoice in dispute, pending resolution of such dispute in accordance with the dispute resolution procedures in Article 10 hereof. If Vitol fails to meet these two requirements, then VEC may terminate this VEC-Vitol Transfer Agreement by providing written notice of such termination in writing to Vitol. Termination shall be effective upon receipt by Vitol of the notification by VEC.

ARTICLE 6 Indemnification

- 6.01 This VEC-Vitol Transfer Agreement is subject to the terms of the Vermont Participation Agreement, the Restated Use Agreement and Schedule 20A of Section II of the ISO Tariff, all as may be amended from time to time.
- 6.02 Except in the cases of gross negligence of or intentional wrongdoing by Vitol or its officers, directors, employees, agents, subcontractors or assigns, to the fullest extent permitted by law, VEC shall at all times indemnify, defend, and save Vitol, its officers, directors, employees, agents, successors and assigns and its affiliates and their respective officers, directors, employees, agents, successors and assigns harmless from any and all damages, losses, liabilities, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorneys' fees, and all other obligations by or to third parties, arising out of or resulting from the performance of its obligations under this VEC-Vitol Transfer Agreement, including but not limited to any liability arising out of (i) the failure of the Interconnection, and (ii) the termination by VEC or the failure by VEC to comply with the terms and conditions of the Vermont Participation Agreement, the Support Agreements or the Restated Use Agreement;

6.03 Except in the cases of gross negligence of or intentional wrongdoing by VEC or its officers, directors, employees, agents, successors and assigns, to the fullest extent permitted by law, Vitol shall at all times indemnify, defend, and save VEC, its officers, directors, employees, agents, successors and assigns and its affiliates and their respective officers, directors, employees, agents, successors and assigns harmless from any and all damages, losses, liabilities, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorneys' fees, and all other obligations by or to third parties, arising out of or resulting from the performance of its obligations under this VEC-Vitol Transfer Agreement, including but not limited to any liability arising out of (i) the failure to make payments to VPPSA or VEC in accordance with the terms hereof or the terms of any other agreement with VPPSA to which VEC is not a party, and (ii) any capacity re-assignments of VPPSA's Use Rights to a third-party;

ARTICLE 7 Limitation of Liability

To the fullest extent permitted by law and notwithstanding other provisions of this VEC-Vitol Transfer Agreement, in no event shall either Party, its officers, directors, employees, agents, successors or assigns or its affiliates or any of their respective officers, directors, employees, agents, successors or assigns be liable to the other Party, whether in contract, warranty, tort, negligence, strict liability, or otherwise, for special, indirect, incidental, consequential (including, without limitation, replacement power costs, lost profits or revenues, and lost business opportunities), or punitive damages, attorneys fees or costs arising out of, or connected in any way with performance or nonperformance of this VEC-Vitol Transfer Agreement or any activity associated with or arising out of this VEC-Vitol

Transfer Agreement.

ARTICLE 8 Assignment

This VEC-Vitol Transfer Agreement shall inure to the benefit of and bind the respective successors and assigns and successors in title of the Parties hereto. No assignment by either Party of its rights and obligations hereunder shall be made or become effective without the prior written consent of the other Party in each case being obtained, which consent shall not be unreasonably withheld, **conditioned** or delayed, except that this VEC-Vitol Transfer Agreement may be assigned without such consent to an entity controlling, controlled by or under common control with the assigning Party, or to a person acquiring all or a controlling interest in the business assets of such Party. No assignment or transfer of rights shall relieve the assigning Party from full liability and financial responsibility for performance under this VEC-Vitol Transfer Agreement unless both the assignee or transferee and the other Party have so consented in writing, said consent not to be unreasonably withheld, **conditioned** or delayed. In order for any assignment by Vitol hereunder to be valid, such assignment must be to an entity that complies with VEC's Creditworthiness Policy contained in **Attachment L to Schedule 20A-VEC**.

ARTICLE 9 Force Majeure

9.01 Neither Party will be considered in default as to any obligation under this VEC-Vitol Transfer Agreement, and shall be excused from performance or liability for damage to the other Party if and to the extent prevented from fulfilling the obligation due to an event of Force Majeure, as defined below; provided that no event

of Force Majeure shall excuse an entity of the obligation to pay amounts due under this VEC-Vitol Transfer Agreement. During any period in which the Interconnection and/or the Nicolet substation and/or its feeder lines connecting with the Interconnection and/or the Quebec Radisson / Des Cantons transmission line connecting with the Interconnection is out of service in whole or in part, Vitol shall have no more nor any less rights and obligations hereunder than they would have as a Transmission Customer under Schedule 20A-VEC. However, a Party whose performance under this VEC-Vitol Transfer Agreement is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this VEC-Vitol Transfer Agreement and remove the condition that prevents performance, except that the settlement of any labor disturbance shall be in the sole judgment of the affected Party. Any Party claiming Force Majeure shall promptly notify the other Party of the commencement and end of each event of Force Majeure. If an event of Force Majeure renders the Interconnection physically unavailable such that Vitol is prevented from exercising all or any portion of its VPPSA's Use Rights for a period of three months or more, Vitol may terminate this VEC-Vitol Transfer Agreement as to that portion of its VPPSA's Use Rights made unavailable by providing written notice of such termination in writing to VEC. Termination shall be effective upon receipt by VEC of the notification from Vitol.

- 9.02 Force Majeure shall mean any act of God, labor disturbance, act of the public enemy or terrorists, war, invasion, insurrection, riot, fire, storm or flood, ice, ice storm, earthquake, explosion, breakage or accident to machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental military or

lawfully established civilian authorities, or any other cause (excluding a lack of funds or other financial causes) beyond a Party's control, including without limitation, any action or inaction by the other Party.

ARTICLE 10 Dispute Resolution

- 10.01 The Parties agree that any dispute arising under this VEC-Vitol Transfer Agreement shall be the subject of good-faith negotiations between the affected Parties. Either Party may notify the other Party of the nature and existence of such a dispute and request such good faith negotiations. Each Party shall designate one or more representatives with the authority to negotiate the matter in dispute to participate in such negotiations. Commencing no later than thirty (30) days after such request, the Parties shall engage in such good-faith negotiations for a period of not less than thirty (30) calendar days, unless: (a) a Party identifies exigent circumstances reasonably requiring expedited resolution of the dispute by the FERC; or (b) the provisions of this VEC-Vitol Transfer Agreement otherwise provide a Party the right to submit a dispute directly to FERC for resolution. Any dispute that is not resolved through good-faith negotiations may be submitted by either Party for resolution by FERC upon the conclusion of such negotiations. Either Party may request that any dispute submitted to FERC for resolution be subject to FERC settlement procedures. Notwithstanding the foregoing, any dispute arising under this VEC-Vitol Transfer Agreement may be submitted to arbitration or any other form of alternative dispute resolution upon the agreement of the Parties to participate in such an alternative dispute resolution process.
- 10.02 Nothing in this VEC-Vitol Transfer Agreement shall restrict the rights of either Party to file a complaint with the FERC under relevant provisions of the Federal Power

Act.

ARTICLE 11 Creditworthiness

At all times during the term of this VEC-Vitol Transfer Agreement, Vitol shall comply with VEC's Creditworthiness Policy contained in **Attachment L to Schedule 20A-VEC.**

ARTICLE 12 General

12.01 **Notices.** Any notice, request, demand or statement required to be given by either

Party to the other in connection with this VEC-Vitol Transfer Agreement shall be given in writing and shall be sent by registered or certified mail, return receipt requested, postage prepaid, or by hand delivery, or by overnight delivery, with acknowledged receipt of delivery. Notice shall be deemed given at the date of acceptance or refusal of acceptance shown on such receipt.

Any such notice to VEC shall be to the following address:

Vermont Electric Coop Inc
42 Wescom Road,
Johnson, VT, 05656
Attention: Transmission and Tariff Rate Supervisor

with a copy to:

Vermont Electric Coop Inc
42 Wescom Road,
Johnson, VT, 05656
Attention: Legal Department

For billing issues:

Vermont Electric Coop Inc
42 Wescom Road,
Johnson, VT, 05656

Attention: Director, Transmission Billing

Any such notice to Vitol shall be to the following address:

Vitol Inc.
2925 Richmond Avenue,
11th Floor
Houston, Texas, United States, 77098
Phone: 1-713-230-2632
Email: kpk@vitol.com
Attention: Kolby Ketler, Non-Oil Operation Manager, Coal, Natural Gas, Power

with a copy to:

Vitol Inc.
2925 Richmond Avenue,
11 th Floor
Houston, Texas, United States, 77098
Phone: Robert Viola, 1-713-230-1450
Email: xagreementshou@Vitol.com and rfv@vitol.com
Attention: Legal Department

And

Vitol Canada Inc.
160Boulevard de l'Hôpital
Suite 402
Gatineau, Québec, Canada, J8T 8J1
Phone: 1-819-664-5311
Email: allgatineau@vitol.com
Attention: Richard Bordeleau

12.02 Headings. The descriptive headings of the various articles of this VEC-Vitol

Transfer Agreement have been inserted for convenience of reference only and shall in no way define, modify or restrict any of the terms and provisions thereof.

12.03 Applicable Regulations. This VEC-Vitol Transfer Agreement is made subject to present and future state and federal laws and to present and future regulations and orders properly issued by state or federal bodies having jurisdiction. This VEC-Vitol Transfer

Agreement shall be interpreted pursuant to the laws of the **State of Vermont**, the Federal Power Act, and any regulatory agency having jurisdiction over the particular matter.

12.04 Further Assurances. From time to time after the execution of this VEC-Vitol

Transfer Agreement, each Party shall execute such instruments and perform such reasonable functions, upon the request of the other, as may be necessary or appropriate, to carry out the intent of this VEC-Vitol Transfer Agreement (including the effectuation of VPPSA's Use Rights and/or the effectuation of the New VPPSA's Use Rights) and providing Vitol with the ability to remarket unused capacity upon terms mutually agreed upon as provided in Section 2.06 as may be necessary or appropriate.

12.05 Amendments. No modification or amendment to this VEC-Vitol Transfer

Agreement shall be binding on either Party unless contained in a written instrument signed by both Parties. Furthermore, to the extent any third party, or FERC acting *sua sponte* seeks to amend or otherwise modify, or requests FERC to amend or otherwise modify, any provision of this VEC-Vitol Transfer Agreement, the standard of review for any proposed amendment or other modification shall be the "public interest" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956), and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), and as further defined in *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County*, 128 S.Ct. 2733 (2008) and *NRG Power Marketing, LLC v. Maine Public Utilities Commission*, 130 S.Ct. 693 (2010).

12.06 Several Obligations. Notwithstanding any provisions of this VEC-Vitol

Transfer Agreement to the contrary, the Parties do not intend to create hereby a joint

venture, partnership, association taxable as a corporation, or other entity for the conduct of any business for profit, and any construction of this VEC-Vitol Transfer Agreement to the contrary shall render this VEC-Vitol Transfer Agreement null and void from its inception. Except where specifically stated in this VEC-Vitol Transfer Agreement to be otherwise, the duties, obligations and liabilities of the Parties are intended to be several and not joint or collective. Each Party shall be individually and severally liable for its own obligations under this VEC-Vitol Transfer Agreement.

- 12.08 Waivers. Any waiver at any time by either Party of its rights with respect to a default under this VEC-Vitol Transfer Agreement, or with respect to any other matter arising in connection with this VEC-Vitol Transfer Agreement, shall not be deemed a waiver with respect to any other or subsequent default or matter. Failure to enforce rights of a Party under this VEC-Vitol Transfer Agreement shall not be deemed a waiver of such rights for any reason.
- 12.09 Entire Agreement. This VEC-Vitol Transfer Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and supersedes any other prior understanding or agreement between the Parties with respect thereto.
- 12.10 Interpretation. For the purpose of interpreting this VEC-Vitol Transfer Agreement, to the extent that there exists any conflict between the provisions of this VEC-Vitol Transfer Agreement and the provisions of the Vermont Participation Agreement, the Restated Use Agreement and the Support Agreements, the provisions of this VEC-Vitol Transfer Agreement shall prevail.
- 12.11 Construction. The Parties have participated jointly in the negotiation and drafting of this

VEC-Vitol Transfer Agreement. In the event an ambiguity or question of intent or interpretation arises, this VEC-Vitol Transfer Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of authorship of any of the provisions of this VEC-Vitol Transfer Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word “including” in this VEC-Vitol Transfer Agreement shall mean “including without limitation.”

12.12 Counterparts. This VEC-Vitol Transfer Agreement may be executed in one or more counterparts, each of which shall be deemed an original.

12.13 Equity Agreements. Nothing in this VEC-Vitol Transfer Agreement shall be deemed to modify, amend or affect any of VEC’s rights or obligations as an equity holder in the transmission companies that own the Interconnection, nor shall anything in this VEC-Vitol Transfer Agreement be deemed to create, in the name of Vitol, any rights or obligations in the transmission companies that own the Interconnection.

12.14 Representation. Each Party represents that its duly authorized to execute and perform this VEC-Vitol Transfer Agreement in accordance with its terms. This VEC-Vitol Transfer Agreement is the corporate act and obligation of the Parties hereto, and any claim hereunder against any shareholder, director, officer, official, employee, member or agent of any Party, as such, is expressly waived.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this VEC-Vitol Transfer Agreement to be executed by their duly authorized officers as of the day and year first above written.

VERMONT ELECTRIC COOPERATIVE, INC.

Name:
Title:

VITOL INC.

Name:
Title:

APPENDIX A

VPPSA / BED's Use Rights to be Transferred

MLP	Phase I Percentage Interest	Phase II Percentage Interest	Combined Percentage Interest	Share of Phase I (MW)	Share of Phase II (MW)	Combined
Village of Enosburg Falls Water & Light Department	0.03142%	0.00000%	0.0108399%	0.216798	0.000000	0.216798
Town of Hardwick Electric Department	0.0629%	0.00000%	0.0217%	0.434010	0.000000	0.434010
Village of Lyndonville Electric Department	0.10768%	0.00000%	0.0371496%	0.742992	0.000000	0.742992
Village of Morrisville Water & Light Department	0.09611%	0.00000%	0.03315795%	0.663159	0.000000	0.663159
Town of Northfield Electric Department	0.05378%	0.00000%	0.0185541%	0.371082	0.000000	0.371082
Swanton Village, Inc. Electric Department	0.09219%	0.00000%	0.0317814%	0.636111	0.000000	0.636111
City of Burlington Electric Department (BED)	0.72912%	0.00000%	0.25155%	5.030928	0.000000	5.030928
Total	1.1732%	0.00000%	0.4037329%	8.094659	0.000000	8.094659

Add
Ludlow

Memorandum

To: Board of Directors
From: Ken Nolan
Date: August 2, 2019
Subject: **Agenda Item #11** - Member Status Update

The Board has requested a standing item for discussion of any outstanding items relating to Barton's decision to evaluate options concerning continuation of the utility.

Given recent events at other members, this item may expand into a broader member status update.

Memorandum

To: Board of Directors
From: Ken Nolan
Date: August 2, 2019
Subject: **Agenda Item #12** - Consolidating Services Fall Board Retreat

One of the discussion items at the June Board Retreat was a need for VPPSA to provide additional services.

That discussion became more expansive during the July committee meetings with several Board members in attendance questioning whether VPPSA's overall skillset and structure should be changed to accommodate more centralized operations.

On the extreme edge of this vision was a proposal to centralize nearly all operations through VPPSA with member utilities retaining their own franchise to set policy direction but having operations largely managed by VPPSA.

More incremental discussions revolved around VPPSA should move forward with:

- Engineering and/or GIS staff expertise
- Stronger operational management expertise to provide support and coverage
- Centralized AMI operation which could include metering and billing functions

These conversations seemed to stem from both the issues surfacing in Barton and a broader feeling that changes in technology and the regulatory environment were pushing municipal utilities toward centralization.

Staff would like to discuss whether this feeling is strong enough among Board members to warrant having Tim Blodgett return this fall to facilitate a full day Board discussion on centralization targeted at identifying those functions the majority of members agree should be considered for VPPSA expansion.

Memorandum

To: Board of Directors
From: Ken Nolan
Date: August 2, 2019
Subject: **Agenda Item #13** - VPPSA Procedures

We would just like to provide the Board with a heads up that in addition to the Policy changes being proposed at this meeting staff has also reviewed our internal procedures and made some changes.

The procedures are related to internal operation, and do not require Board approval. However, we want to make sure the Board is aware of the procedures and generally how they are structured.

No Board action is required.

Memorandum

To: BOD/Internal Risk Management Committee/Staff
 From: Crystal Currier
 Date: August 1, 2019
 Subject: Procedure Review Comments/Changes Summary

<p>C1 - Social and Digital Communications</p>	<ul style="list-style-type: none"> • Still under development 	<ul style="list-style-type: none"> • Still under development
<p>F1 - Purchasing</p>	<ul style="list-style-type: none"> • Complete Section 1(d) • Section 1(e) - is this intended to cover training and webinars - if so, should it be explicitly stated? • Section 3 - due date 1st of the month - to tight? • Section 3 - due date the 5th at the earliest • Section 3 bullet 4 - are receipts required to be itemized? If so, it should be explicitly stated - what if itemization is not available? • Section 3 bullet 5 - does this remove the GM's discretion for approving expenses that are not accompanied by a receipt? • Section 3 bullet 6 - should clarify if submissions can be via electronic means • Section 3 bullet 6 - should there be a deadline for the GM to submit to accounting? • Section 3 bullet 7 - timeline to stringent- 5th of the month at earliest • Responsibility Bullet 3 - to stringent - 5th of the month at earliest 	<ul style="list-style-type: none"> • Updated section 1(c) to include software licenses and maintenance contracts • Added section 1(d) for communications • Updated section 1(e) to include training/webinars • Updated section 2(C) to include software purchases • Added section 2(D) for communications purchases • Updated section 2(E) for conference/travel - preapproval ONLY REQUIRED if the conference includes airfare or an overnight stay • Section 3 - <ul style="list-style-type: none"> ○ Expense reports segregated for vppsa credit cards and personal reimbursements ○ Expense reports due 3rd business day of the month ○ Supervisors approval required by 4th business day of the month ○ GM approval required by 5th business day of the month

	<ul style="list-style-type: none"> Expense reports due - 2nd or 3rd? 	<ul style="list-style-type: none"> Charge card transactions without documentation will be charged back on the next available employee reimbursement request Provided GM discretion to approve transactions without required documentation Section 4 - updated with appropriate individuals
<u>F2-Continuing Disclosure Compliance</u>	<ul style="list-style-type: none"> No comments 	<ul style="list-style-type: none"> No changes
<u>G1-Preparation of Board and Committee Packets</u>	<ul style="list-style-type: none"> Should we add Section 4 for minutes and establish some deadlines with regards to when they are due? 	<ul style="list-style-type: none"> Section 1 - updated dates for reference Added Section 4 - Minutes prep, review and posting Updated "Responsibility" Section with appropriate individuals
<u>HR1-Timesheets</u>	<ul style="list-style-type: none"> Code 68 for Uncontracted Entities - needed? Timelines to tight? Section 3C - is vppsa willing to consider bi-weekly timesheets to correspond with pay periods? Section 3D- add "payroll"? Section 3D - is this sentence needed? How is it different than 3C? Section 3H - are "printed" timesheets required? Section 3K - change to "an anticipated" absence and delete "other than illness" 	<ul style="list-style-type: none"> Section 3(D) - add "payroll" Section 3(H) - deleted "printed" Section 3(K) - added "anticipated absence" in place of "absence other than illness" Responsibility Section - removed "printed" Attachment 1 - updated system/project codes Attachment 2 - added "communications" section
<u>HR2-Employee Evaluations</u>	<ul style="list-style-type: none"> No changes 	<ul style="list-style-type: none"> No changes
<u>HR3=Mileage Meals Ground Transportation Expenses</u>	<ul style="list-style-type: none"> Section 3A(i-v) - clarify that if information is not on the receipt it needs to be written on Work-related mileage from home -can it be clarified? Section 3D - does this language remove the GM's discretion to reimburse for expenses when a receipt is lost or not provided? Require separate expense reports for reimbursable expenses and charge card expenses Would paying on a per diem for overnight travel eliminate the need for receipts? 	<ul style="list-style-type: none"> Section 3(A) & (C)- revised to include corresponding receipts numbered on expense report Added Section 4 - Segregate expense reports (charge cards/personal expenses) <ul style="list-style-type: none"> Due 3rd business day of the month Charge card transactions need proper documentation, otherwise deducted from individual expense reimbursement GM discretion to approve outside procedure requirements Mileage-no change but review attachment for mileage reimbursement examples

HR4-Higher Education Reimbursement	<ul style="list-style-type: none">• No comments	<ul style="list-style-type: none">• No changes
HR5-Employee Onboarding/Offboarding	<ul style="list-style-type: none">• Still under development	<ul style="list-style-type: none">• No changes



Vermont Public Power Supply Authority

Internal Operating Procedure

Procedure Name:	Purchasing	Department:	Finance
Procedure Number:	IOP-F1	Created:	June 20, 2017
		Updated:	August, 1 2019

OBJECTIVE: To obtain the highest quality goods and services for the Authority at the most reasonable price by clearly defining the types of purchases, the individuals authorized to engage in purchasing activities, and authorizations that are required.

PROCEDURE:

1. Types of Purchases:

- a. General Office Supplies: Items include, but not limited to, beverages, food, janitorial, postage, paper, office supplies, etc.
- b. Office Furniture and Equipment: Items include, but not limited to, copiers, kitchen appliances, desks, chairs, tables, wall boards, floor mats, etc.
- c. Computer Equipment/Software: Items include, but not limited to, computers, laptops, cell phones, cell phone accessories, printers, toner, battery backups, other peripheral equipment, software, software licenses, and software maintenance contracts.
- d. Communications: Items include, but not limited to, online media subscriptions, media and/or marketing materials and promotional items.
- e. Conference and Travel Expenses: Items include, but not limited to, conference and/or training/webinar fees, airfare, ground transportation, overnight lodging, food, etc.
- f. General Building Maintenance and Repairs: Items include, but not limited to, painting, repairs, maintenance contracts, carpet cleaning, furnace repair, general repairs and maintenance, etc.
- g. Legal & Consulting: Includes *new* consulting or legal efforts.
- h. Plant Operating & Maintenance: Items include, but not limited to, materials, supplies, inventories, specialized clothing and other safety-related accessories, and capital improvements.

2. Purchasing Procedures:

VPPSA staff shall work in conjunction with the General Manager and the Controller to develop a clear, concise and detailed budget that incorporates purchases expected to occur during the budget cycle.

VPPSA staff shall follow the following procedures for Authority purchases and/or the request of purchases:

A. General Office Supplies:

1. General Office Supplies shall be centrally purchased and do not require prior approval.
2. Requests for general office supplies shall be directed to the purchasing representative(s) assigned to those tasks as noted in Section 4 below.
3. The purchasing representative shall verify that the purchase is within the scope of items included in the current budget and upon verification, work in the best interest of the Authority to effectuate the purchase.
4. If at any time the purchasing representative determines the cost for general office supplies is likely to exceed the current year budget, the purchasing representative shall inform the General Manager of the issue and to the extent it is expected the budget will be over-budget for the year.

B. Office Furniture and Equipment:

1. Requests for office furniture and equipment shall be directed to the purchasing representative(s) assigned to those tasks as noted in Section 4 below.
2. The purchasing representative shall determine if the item is within the scope of items included in the current budget and whether the purchase is considered a general expense or capital item.
 - I. **Budgeted Items:**
 - i. Upon verification, if the request is within the scope of the current year budget and the purchase is considered a general expense, the purchasing representative shall work in the best interest of the Authority to effectuate the purchase.
 - ii. If it is determined the request is likely to be considered a capital purchase, the purchasing representative shall inform the individual that prior approval is required.
 - a. The individual shall submit a purchase request to the General Manager by completing a purchase authorization form with details of the requested purchase, including the estimated cost of the purchase. Authorization forms shall be in the form of Attachment 1 to this policy.
 - b. Approved authorization forms will be forwarded to the purchasing representative to effectuate the purchase.
 - i. The purchasing representative shall obtain a minimum of three (3) prices for the purchase requested.
 - ii. If the price of the item has materially changed, the purchasing representative shall inform the General Manager prior to making the purchase.
 - c. Denied authorization forms will be returned to the individual making the request.

II. Non-Budgeted Items:

- i. The purchasing representative shall inform the individual that the item is not included in the current year budget and provide the cost of the expected purchase and to the extent the item is a general expense or if it is likely to be a capital purchase.
- ii. The individual may submit a purchase request to the General Manager in the same manner as noted in Section B(2)(I)(ii)(a).
- iii. The General Manager and purchasing representative shall proceed as noted in Section B(2)(I)(ii)(b) and Section B(2)(I)(ii)(c); however, if the purchase is not considered a capital purchase, the three pricing options are not required.

C. Computer Equipment/Software:

1. Purchases of computer equipment/software shall be centralized by the purchasing representatives listed in Section 4 below.
2. The purchasing representative shall determine if the item is within the scope of items included in the current budget and whether the purchase is considered a general expense or capital item.

I. Budgeted Items:

- i. Purchases that fall within the scope of the current year budget and are considered a general expense shall not require prior approval. The purchasing representative shall work in the best interest of the Authority to effectuate the purchase.
- ii. Requests for budget items that are likely to be considered a capital purchase shall be submitted to the General Manager in the same manner as noted in Section B(2)(I)(ii)(a).
- iii. The General Manager and the purchasing representative shall proceed as noted in Section B(2)(I)(ii)(b) and Section B(2)(I)(ii)(c).

II. Non-Budgeted Items:

- i. Non-budgeted purchase requests shall be submitted to the General Manager in the same manner as noted in Section B(2)(I)(ii)(a).
- ii. The General Manager and the purchasing representative shall proceed as noted in Section B(2)(I)(ii)(b) and Section B(2)(I)(ii)(c); however, if the purchase is not considered a capital purchase, the three pricing options are not required.

D. Communications:

1. Purchases of communications supplies and/or materials shall be centralized by the purchasing representatives listed in Section 4 below.
2. The purchasing representative shall determine if the item is within the scope of items included in the current budget and whether the purchase is considered a general expense or capital item.

I. Budgeted Items:

- i. Purchases that fall within the scope of the current year budget and are considered a general expense shall not require prior approval. The purchase representative shall work in the best interest of the Authority to effectuate the purchase.
- ii. Requests for budget items that are likely to be considered a capital purchase shall be submitted to the General Manager in the same manner as noted in Section B(2)(I)(ii)(a).
- iii. The General Manager and the purchasing representative shall proceed as noted in Section B(2)(I)(ii)(b) and Section B(2)(I)(ii)(c).

II. Non-Budgeted Items:

- i. Non-budgeted purchase requests shall be submitted to the General Manager in the same manner as noted in Section B(2)(I)(ii)(a).
- ii. The General Manager and the purchasing representative shall proceed as noted in Section B(2)(I)(ii)(b) and Section B(2)(I)(ii)(c); however, if the purchase is not considered a capital purchase, the three pricing options are not required.

E. Conference and Travel Expenses:

1. Requests for conference and/or travel expenses that includes, airfare or an overnight stay, must be preapproved by the General Manager.
2. Requests for conference attendance and/or travel expenses as defined in Section E(1), shall be submitted to the General Manager on a purchase authorization form with specific details of the request. Authorization forms shall be in the form of Attachment 1 to this policy.
3. Upon approval from the General Manager, conference and/or travel expenses may be purchased directly by the employee. If the costs change materially the employee shall inform the General Manager prior to the purchase.

F. General Building Maintenance and Repairs:

1. Purchases of building maintenance and repairs shall be centralized by the purchasing representatives listed in Section 4 below.
2. The purchasing representative shall determine if the item is within the scope of items included in the current budget and whether the purchase is considered a general expense or capital item.

I. Budgeted Items:

- i. Purchases that fall within the scope of the current year budget and are considered a general expense shall not require prior approval. The purchasing representative shall work in the best interest of the Authority to effectuate the purchase.
- ii. Budget items that are likely to be a capital purchase shall be submitted to the General Manager by completing a purchase authorization form, including the

estimated cost of the purchase. Authorization forms shall be in the form of Attachment 1 to this policy.

- iii. The General Manager and the purchasing representative shall proceed as noted in Section B(2)(I)(ii)(b).

II. Non-Budgeted Items:

- i. Non-budgeted purchase requests shall be submitted to the General Manager in the same manner as noted in Section B(2)(I)(ii)(a).
- ii. The General Manager and the purchasing representative shall proceed as noted in Section B(2)(I)(ii)(b); however, if the purchase is not considered a capital purchase, the three pricing options are not required.

G. Legal and/or Consulting:

- 1. Requests for the initiation of new maintenance, consulting and/or legal services/contracts must be approved by the General Manager.

H. Plant Operating & Maintenance:

- 1. Purchases related to plant operating and maintenance shall be centralized by the purchasing representatives listed in Section 4 below.
- 2. The purchasing representative shall determine if the item is within the scope of items included in the current budget and whether the purchase is considered a general expense or capital item.

I. Budgeted Items:

- i. Purchases that fall within the scope of the current year budget and are considered a general expense shall not require prior approval. The purchasing representative shall work in the best interest of the Authority to effectuate the purchase.
- ii. Budget items that are likely to be a capital purchase shall be submitted to the General Manager by completing a purchase authorization form, including the estimated cost of the purchase. Authorization forms shall be in the form of Attachment 1 to this policy.
- iii. The General Manager and the purchasing representative shall proceed as noted in Section B(2)(I)(ii)(b).

II. Non-Budgeted Items:

- i. Non-budgeted purchase requests shall be submitted to the General Manager in the same manner as noted in Section B(2)(I)(ii)(a).
- ii. The General Manager and the purchasing representative shall proceed as noted in Section B(2)(I)(ii)(b); however, if the purchase is not considered a capital purchase, the three pricing options are not required.

3. Payment/Reimbursement for Purchases:

- Payment of general expense purchases shall be approved by the purchasing representatives listed in Section 4 and submitted to the accounting department for payment.
- Payment of capital purchases shall be approved by the purchasing representative listed in Section 4 and the General Manager and submitted to the accounting department for payment.
- The primary payment for purchases shall be by an approved Authority payment method (company charge card, check, EFT).
- All purchases made with an Authority charge card or paid directly by the employee shall be summarized on the employee's expense report, with corresponding itemized receipts (for items greater than \$5.00) and/or prior authorization forms (if applicable) attached.
- Expense reports shall be segregated between reimbursable expenses and charge card expenses; with each identified on separate expense reports.
- Expense reports shall be submitted on a monthly basis (if applicable) to the employee's immediate supervisor for review and approval no later than the third business day of the month.
- Supervisors shall review and approve expense reports and forward them to the General Manager no later than the fourth business day of the month.
- The General Manager shall review and approve expense reports and submit them to the finance department no later than the fifth business day of the month.
- If the absence of department supervisor prohibits the employee from meeting the timeline as outlined above, the employee shall submit the expense report directly to the General Manager.
- Purchases charged to company charge cards that have no supporting documentation (purchase receipts) will not be considered a valid expense. Such expenses will be deducted from future employee reimbursement requests.
- The General Manager may, at his discretion, approve expenses without supporting documentation.

4. Purchasing Representatives ("PR"):

- General Office Supplies: Accountant/Administrator, Controller
- Office Furniture and Equipment: Accountant/Administrator, Controller
- Conference and Travel Expenses: Supervisors/General Manager
- Computer Equipment/Software: Information Systems Manager, Systems Administrator
- Communications: Communications Specialist, Accountant/Administrator
- Building Maintenance and Repairs: General Manager, Controller
- Plant Operating and Maintenance: Accountant/Administrator, Plant Operator

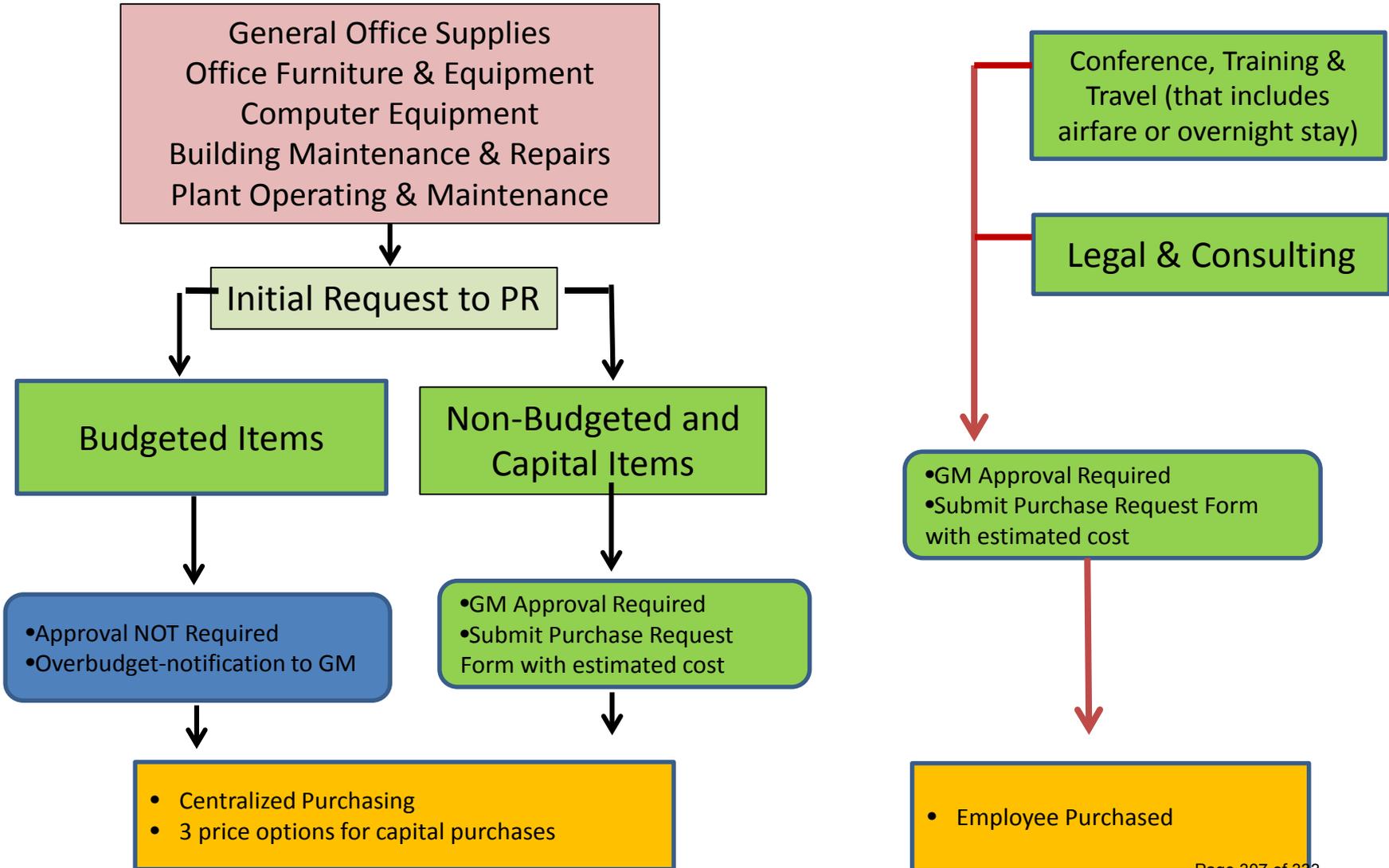
RESPONSIBILITY:

- It shall be the responsibility of all staff to work effectively with the General Manager and the Controller to implement a budget that includes expected purchases for the budget year.
- It shall be the responsibility of the purchasing representatives listed in Section 4 to effectuate purchases as outlined in this procedure to the best of their ability.
- It shall be the responsibility of the employee to complete an Expense report summarizing purchases and submitting that report for approval no later than the 3rd business day of each month.
- It shall be the responsibility of the General Manager to approve purchases as outlined in this procedure.

ATTACHMENTS:

- Attachment 1 – Purchase Authorization Form
- Attachment 2 – Purchase Flow Chart

Purchasing Flow Chart IOP F01-Attachment 2



Vermont Public Power Supply Authority

Internal Operating Procedure

Procedure Name:	Continuing Disclosure Compliance	Department:	Finance
Procedure Number:	IOP-F2	Created:	December 6, 2017
		Reviewed:	August 1, 2019

OBJECTIVE: The Vermont Public Power Supply Authority (the “Authority”), by and through its General Manager, hereby adopts the following procedures with respect to the continuing disclosure of its public bonds (the “Bonds”), including without limitation the Authority’s Project 10 Revenue Refunding Bonds (Swanton Peaking Facility Project) Series 2017.

PROCEDURE:

1. Delegation of Responsibility

The General Manager will be responsible to delegate the responsibilities set forth in these Procedures and the Authority will keep a record of such delegation. The individual that these responsibilities have been delegated to shall be identified as the “Responsible Officer”. The Authority will work with its bond counsel and other advisors for guidance in its compliance procedures.

2. Compliance Procedures

- a. As soon as practicable after the close of the Authority’s fiscal year, but in any event not less than sixty (60) days prior to the date on which the Authority Annual Financial Information is due, the Responsible Officer will:
 - i. meet with appropriate Authority personnel and Authority auditor to determine the schedule for completing the annual audit and related annual operational data to be included in preparing the Authority Annual Financial Information;
 - ii. determine and provide such administrative assistance as necessary to the Authority personnel designated with responsibility to assemble information for the Authority Annual Financial Information;
 - iii. review material compiled to determine compliance with the information required by the Authority’s Continuing Disclosure Undertaking with respect to the Bonds; and
 - iv. confirm the scheduled date for submission of the Authority Annual Financial Information to EMMA.

- b. As soon as practicable, but in any event not less than sixty (60) days prior to the date on which the Annual Financial Information for each Participant (as defined in the Continuing Disclosure Undertaking) is due, the Responsible Officer will:

- i. discuss with appropriate Participant personnel and Participant auditors, as appropriate, to determine the schedule for completing the annual audit and related annual operational data to be included in preparing the Participant Annual Financial Information;
 - ii. determine and provide such administrative assistance as necessary to the Participant management and personnel designated with responsibility to assemble information for the Participant Annual Financial Information;
 - iii. review material compiled to determine compliance with the information required by the Authority's Continuing Disclosure Undertaking; and
 - iv. confirm the scheduled date for submission of the Participant Annual Financial Information to EMMA.
- c. The Responsible Officer shall maintain a record of the Authority Annual Financial Information and the Participant Annual Financial Information submitted to EMMA for at least six (6) years.
- d. The Responsible Officer shall be responsible to submit all listed event notices to the MSRB, to be timely filed, and as provided in Section 2.4 of the Continuing Disclosure Undertaking made by the Authority in the connection with the Bonds.

RESPONSIBILITY:

The General Manager shall be responsible for the designation of the "Responsible Officer".

ATTACHMENTS: NONE



Vermont Public Power Supply Authority

Internal Operating Procedure

Procedure Name:	Preparation of Board & Committee Packets/Meeting Minutes	Department:	General/Organizational
Procedure Number:	IOP-G1	Created:	May 16, 2017
		Updated:	August 1, 2019

OBJECTIVE: To identify the process steps and deadlines for VPPSA staff in the preparation of agendas and materials related to meetings of the Board of Directors and Committees of the Board.

PROCEDURE:

1. Agenda Preparation:

- A. Board of Directors - The agenda for Board of Director meetings shall be prepared by the General Manager. Staff should provide the General Manager with any items they would like placed on the agenda no later than the second Friday before each meeting. For example, for the Board meeting occurring on Wednesday August 7, 2019 agenda items should be noticed to the GM no later than Friday July 26, 2019.
- B. Committees - The agenda for Board Committee meetings shall be prepared by the staff member assigned to support the committee as identified in section (1)(C) below. Staff should provide the support staff with any items they would like placed on the agenda no later than the second Friday before each meeting. For example, for the committee meetings occurring on Wednesday July 10, 2019 agenda items should be noticed to the support personnel no later than Friday June 28, 2019. The support staff will use their discretion to compile an agenda they believe meets the committee's needs and will coordinate with the General Manager to ensure committee agendas are not duplicative.
- C. Support Staff –
- Advisory & Risk Management Committee – General Manager
 - Legislative & Regulatory Affairs Committee – Legislative & Regulatory Affairs Representative
 - Generation and Other Physical Assets Committee – Senior Power Supply Analyst

2. Packet Preparation:

- A. Packets should contain the following components:
- a. Agenda
 - b. Action Items:
 - i. A one (1) page cover memo from the staff briefly describing the item, any background, and the requested action. The memo should include a proposed Motion for the Board and/or Committee's consideration.

- ii. Any background information or presentation that would be useful to the Board and/or Committee.
 - c. Discussion Items (new or one-time items on the agenda):
 - i. A one (1) page cover memo from the staff briefly describing the item and its history (if any).
 - ii. Any additional background information or presentation that would facilitate the discussion.
 - d. Recurring Agenda Items or Reports:
 - i. The report(s) should be included without any cover.
 - e. Executive Session Materials:
 - i. A brief cover memo describing the topic and why it qualifies for Executive Session discussion, including the proposed form of the motion(s) required to enter Executive Session including the provisions of 1 V.S.A. § 313 that apply.
 - ii. Supporting materials related to agenda items that require executive session will not be included with the open session packet materials.
- B. Packets should be assembled (including supporting materials) as demonstrated on the Agenda.
- C. Agenda items should be labeled with the Agenda # on the top right of the first page
- D. Agenda items should NOT include page numbers (or they should be included in the left-side footer).
- 3. Packet Delivery:**
- A. The agenda and all supporting documents shall be delivered in one complete email, to the Secretary of the Board of Directors no later than the end of day on the Thursday of the week prior to the Board/Committee meeting. The Secretary will compile all materials into a single PDF document to be distributed.
- B. Distribution of all materials (excluding possible executive session items) will be to the following:
 1. All VPPSA Directors
 2. All VPPSA Alternate Directors
 3. All VPPSA Staff
 4. Any invited guests who may be attending the meeting
- C. Distribution of materials related to possible executive session items will be distributed separately to the following:
 1. All VPPSA Directors
 2. All VPPSA Alternate Directors
 3. VPPSA Staff Directly involved in executive session discussion
- D. The Board Secretary will coordinate with staff as necessary to ensure meeting warnings are posted in accordance with VPPSA's Bylaws and the State's Open Meeting law (1 V.S.A. §312).

4. Minutes:

Statutory law requires that minutes of a public meeting be available and posted to the company website (if one exists) no later than five calendar days after the meeting day. In order to meet this requirement, the following deadlines are established:

- A. Draft minutes shall be submitted to the General Manager and the Secretary/Assistant Secretary for review no later than the first business day after the meeting date.
- B. The General Manager shall provide and submit comments on the draft minutes to the Secretary and Assistant Secretary of the Board, no later than the second calendar day after the meeting date.
- C. The Secretary or Assistant Secretary of the Board shall make the draft minutes available for review and submit those minutes to the Communications Specialist and the Systems Administrator for posting to the Company website no later than the third calendar day after the meeting date.
- D. The Communications Specialist or the Systems Administrator (in absence of the Communications Specialist) shall post the draft minutes to the Company website no later than the fifth calendar day after the meeting date.

RESPONSIBILITY:

- A. The General Manager is responsible for the preparation of the Agenda for the Board of Directors Meeting.
- B. The General Manager and VPPSA support staff are responsible for the preparation of the Agenda for the Board Committee Meetings.
- C. The Secretary or Assistant Secretary of the Board is responsible for the packet compilation and delivery to appropriate individuals.
- D. The Secretary or the Assistant Secretary of the Board is responsible for ensuring the minutes are available and posted to the Company website.

ATTACHMENTS: NONE



Vermont Public Power Supply Authority

Internal Operating Procedure

Procedure Name:	Timesheets	Department:	Human Resources
Procedure Number:	IOP-HR1	Created:	June 20, 2017
		Updated:	July 10, 2017 October 10, 2017 August 1, 2019

1. **OBJECTIVE:** To establish guidelines for VPPSA staff when completing and submitting timesheets to provide consistent application throughout the organization.
2. **DEFINITIONS:**
 - A. **Facility Employee** – any employee of the Authority where the employee’s primary work responsibilities are completed at an Operating Facility owned by the Authority.
 - B. **Non-Facility Employee** – any employee of the Authority who is not required to work at an operating/generating facility of the Authority on a regular basis.
 - C. **System Code** – a detailed list of codes that allocates staff workhours specific to certain categories of customers such as, members, non-members, project participants, and other specific groups of customers.
 - D. **Operating Facility** – a facility owned in part, or in whole, by the Authority and that has a primary function that includes utility-type operations, generating capabilities or other similar functions.
 - E. **Project Code** – a detailed list of codes that allocates staff work hours based on activities associated with the work performed.
3. **PROCEDURE:**
 - A. The Information Technology and Support Services Department shall maintain a database program that provides a mechanism for data entry of employee hours worked by all Non-Facility Employees. This program shall allow for segregation by System and Project Codes. A list of System and Project Codes are listed on Attachment 1 to this Procedure. A detailed description of activities related to each Project Code is listed on Attachment 2 of this Procedure.
 - B. The finance department shall maintain an electronic worksheet template that provides a method for the data entry of employee hours worked by all Facility Employees.
 - C. All employees shall enter hours worked on a weekly basis.
 - D. To facilitate planning, budgeting and payroll, employees shall enter all hours worked.

- E. Non-Facility Employees shall record hours that are segregated by System Code to clearly identify the category of customers (if applicable) that the work performed pertains to.
- F. Non-Facility Employees shall record hours that are segregated by Project Code to clearly identify the activity associated with the work performed.
- G. Facility Employees shall record hours segregated by account number to clearly designate operations, maintenance and other functions as designated on the worksheet.
- H. Timesheets shall be submitted to the employees' supervisor for approval no later than Tuesday following the period such timesheet covers.
- I. Supervisors shall submit all timesheets to the General Manager for review no later than the Wednesday following the period such timesheet covers.
- J. Timesheets shall be submitted to the Finance Department no later than Thursday of the same week.
- K. Timesheets shall be submitted in advance whenever an anticipated absence prevents the employee from meeting the timeline as outlined above.
- L. If the absence of a department supervisor prohibits the employee from meeting the timeline as outlined above, the employee shall submit the completed timesheet directly to the General Manager.

4. RESPONSIBILITY:

- It shall be the responsibility of the personnel within the Information System and Support Staff department to maintain the timesheet entry database program.
- It shall be the responsibility of the finance department to maintain the electronic worksheet template for Facility Employees.
- It shall be the responsibility of VPPSA staff to enter timesheet data and submit the timesheet to the employees' Supervisor as outlined in this procedure.
- It shall be the responsibility of the department supervisors to approve employee timesheets and submit them to the General Manager for review.
- It shall be the responsibility of the General Manager to submit approved timesheets to the finance department.
- It shall be the responsibility of the finance department to maintain all employee timesheets as required by law.

ATTACHMENTS:

Internal Operating Procedure HR1-Attachment 1 – List of System & Project Codes

Internal Operating Procedure HR1-Attachment 2 – Detailed List of Project Code Activities

**Internal Operating Procedure HR1
Attachment 1
List of System and Project Codes**

System Code		Project Codes	
<u>General:</u>		00	Administrative & General
00	Administrative & General	02	Monthly Billing
<u>VPPSA Members:</u>		04	Finance
01	All VPPSA Members	09	Information Technology
02	Barton	12	Special Projects/Project Development
03	Enosburg Falls	14	Power Supply
04	Hardwick	15	Regulatory
05	Hyde Park	18	Rates & Planning
06	Jacksonville	22	Training
07	Johnson	25	Lobbying Activities
08	Ludlow	26	Legislative
09	Lyndonville	27	CIP
10	Morrisville	28	Communications
11	Northfield	50	Direct Labor - Billable
12	Orleans	51	Billable VPPSA/BED Joint Project
14	Stowe		
15	Swanton	93	Unpaid Family Leave
		94	Comp. Time
		96	Other Leave
<u>VPPSA Projects</u>		97	Sick leave
25	Project 2-McNeil Participants	98	Holiday
26	Project 3-Highgate Participants	99	Vacation Leave
27	Project 4-Central Computer Participants		
28	Project 10-Swanton Peaker		
30	RES Participants		
31	Net Metering		
<u>Non-Members</u>			
40	Ashland, NH		
42	Burlington Electric Dept		
46	Fox Island Cooperative		
47	Fox Island Wind		
56	New Hampton		
62	Vermont Electric Coop		
64	Washington Electric Coop		
<u>Other:</u>			
81	Central Dispatch		
82	MEAV		

**Internal Operating Procedure HR1
Attachment 2
Detailed List of Project Code Activities**

Project Code Descriptions		
00	Administrative & General	<ul style="list-style-type: none"> • Employee Staff Meetings • VPPSA Board of Director Meetings • Management Meetings • Mtgs. as representative of VPPSA Board – PURMA, NEPPA, APPA, VELCO • Bldg maintenance
02	Monthly Billing	<ul style="list-style-type: none"> • CDA Invoicing • Other Monthly Billing
04	Finance	<ul style="list-style-type: none"> • Cash Management • Budget/Auditing • HR Activities-PR, Benefits, etc.
09	Information Technology	<ul style="list-style-type: none"> • Telemetering • Service Calls • Computer/Laptop/Phone Maintenance • Back Up Maintenance
12	Special Projects/Project Development	<ul style="list-style-type: none"> • Unusual items with some recurrence but not permanent tasks • Ex: new project development prior to implementation
14	Power Supply	<ul style="list-style-type: none"> • Dispatching • System Energy & Capacity Requirements • Daily Planning & Purchases • Purchase Agreements • Transaction Pricing/Authorization/Confirmation • RECs • Transmission Scheduling
15	Regulatory	<ul style="list-style-type: none"> • Non-Rate/Revenue work including: • FERC • Vt. Jurisdictional matters • PSB rulemakings, workshops, utility terms and conditions, customer disputes, IRP,SQRP , EEU
18	Rates & Planning	<ul style="list-style-type: none"> • Cost of Service Studies • Class cost of service studies • Tariff design and implementation • Special Contract work
22	Training	<ul style="list-style-type: none"> • Training/Conferences
25	Lobbying Activities	<ul style="list-style-type: none"> • Lobbying activities (activities that would be reported to the State as a Lobbyist)
26	Legislature	<ul style="list-style-type: none"> • Legislative activities-outreach, legislation, reviewing bills, etc
27	CIP	<ul style="list-style-type: none"> • Critical Infrastructure Program activities
28	Communications	<ul style="list-style-type: none"> • Marketing, Event Planning, graphic design • Communications via news, social and digital media
50	Direct Labor - Billable	<ul style="list-style-type: none"> • Hours to be billed directly to entity
51	Billable-VPPSA/BED Joint Proj	<ul style="list-style-type: none"> • Joint project activities w/BED
Employee Benefit Time		
94	Comp Time	Compensatory Time
96	Other Leave	Bereavement Leave, Jury Duty, Military Leave
97	Sick leave	Sick time
98	Holiday	Holidays
99	Vacation Leave	Vacation Time



Vermont Public Power Supply Authority

Internal Operating Procedure

Procedure Name:	Employee Evaluations	Department:	Human Resource
Procedure Number:	IOP-HR2	Created:	June 20, 2017
		Updated:	July 10, 2017
		Reviewed:	August 1, 2019

1. **OBJECTIVE:** To establish guidelines for VPPSA management when completing personnel evaluations for employees under their direct supervision. Such guidelines shall at a minimum, provide management with the basic form by which an employee's performance shall be evaluated and a regular schedule when such evaluations shall take place. This will ensure a consistent approach for evaluating employees throughout the organization and will provide both management and employees the means for discussing, planning and reviewing the individual's performance.
2. **PROCEDURE:**
 - A. New hires shall be evaluated after the first six months of employment.
 - B. Existing employees shall, at a minimum, be evaluated annually.
 - C. Evaluations shall be prepared prior to, or during the budgeting process and submitted to the General Manager with annual budgetary requests.
 - D. The Evaluation Process shall at a minimum include:
 - a. Employee(s) and Supervisor review the employee's current job description.
 - b. Supervisor prepares, at a minimum, the employee performance evaluation using a form approved by the General Manager. This form is attached as "IOP-HR2 Attachment 1-Employee Evaluation Form". The responses on the evaluation form shall be based on the employee's current job description.
 - c. The Supervisor may elect to provide a separate one-page narrative to identify any topics that the supervisor wants to highlight with regard to the employee evaluation. This may include specific employee growth, extraordinary efforts demonstrated by the employee, and/or how the employee's performance contributes to the success of the strategic plan efforts and the overall success of the organization.
 - d. Supervisor meets with employee to present and discuss the evaluation and any proposed changes to the job description, if applicable.
 - e. Provide mechanism for employee feedback (both verbal and/or written).
 - f. A written evaluation, employee feedback (if written), and proposed changes to existing job descriptions, shall be forwarded to the General Manager for review.
 - g. General Manager reviews evaluations and forwards all documents to Human Resources to be filed in employee personnel.
 - E. If applicable, the General Manager shall consider proposed changes to the current job description. If approved, the General Manager shall forward the proposed changes to Human Resources for implementation.

- F. If at any time, a supervisor does not provide an annual evaluation to an employee as set out in this procedure, the employee may request an evaluation be prepared by the General Manager.

3. RESPONSIBILITY:

It shall be the responsibility of Department Supervisors to evaluate employees under their direct supervision.

It shall be the responsibility of Department Supervisors to forward completed evaluations, employee responses (if written) and any proposed changes to existing job descriptions to the General Manager for review and/or approval.

It shall be the responsibility of Human Resources to maintain employee personnel files.

6 ATTACHMENTS:

IOP HR2 – Attachment 1 – Employee Evaluation Form

Employee Performance Evaluation

Employee Name:		Date:	
Department:		Job Title:	
Date of Hire: ___/___/___	Date of Last Review: ___/___/___	Date Employee Began Present Position: ___/___/___	Date of Next Review: ___/___/___
Check One:	6 mo review	Annual	Promotion Other

Key To Ratings

E: EXCELLENT – Individual performs all tasks in an exceptional manner. G: GOOD – Individual performs many tasks well, and all other tasks adequately.	S: SATISFACTORY – Individual performs all tasks satisfactorily. F: FAIR – Individual performs most tasks satisfactorily, but not all. U: UNSATISFACTORY – Individual fails to perform many tasks well.
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1. RESPONSIBILITIES	List the current status of overall job responsibilities.
2. ACCOMPLISHMENTS	List major job related achievements since last evaluation.
3. JOB KNOWLEDGE	Employee possesses a clear understanding of the responsibilities and tasks he or she must perform.
Overall Rating: (check one)	<input type="checkbox"/> E <input type="checkbox"/> G <input type="checkbox"/> S <input type="checkbox"/> F <input type="checkbox"/> U (see key above)
Comments:	
4. JOB PERFORMANCE	(Qualitative) The neatness, thoroughness, accuracy and overall quality of the employee's work.
Overall Rating: (check one)	<input type="checkbox"/> E <input type="checkbox"/> G <input type="checkbox"/> S <input type="checkbox"/> F <input type="checkbox"/> U (see key above)
Comments:	
5. JOB PRODUCTIVITY	(Quantitative) Employee demonstrates a commitment toward achieving results. Task are completed efficiently and effectively.
Overall Rating: (check one)	<input type="checkbox"/> E <input type="checkbox"/> G <input type="checkbox"/> S <input type="checkbox"/> F <input type="checkbox"/> U (see key above)
Comments:	

6. DEPENDABILITY		(Quantitative) Employee demonstrates a commitment toward achieving results.									
Overall Rating: (check one)	<input type="checkbox"/>	E	<input type="checkbox"/>	G	<input type="checkbox"/>	S	<input type="checkbox"/>	F	<input type="checkbox"/>	U	(see key above)
Comments:											
7. COOPERATION		Employee demonstrates a willingness to work with associates, subordinates, supervisors and others. Responds willingly to changes in procedures, process, responsibility and assignments.									
Overall Rating: (check one)	<input type="checkbox"/>	E	<input type="checkbox"/>	G	<input type="checkbox"/>	S	<input type="checkbox"/>	F	<input type="checkbox"/>	U	(see key above)
Comments:											
8. INITIATIVE		Employee demonstrates an ability to think and act independently. Originates innovative ideas and methods to improve job or complete tasks better.									
Overall Rating: (check one)	<input type="checkbox"/>	E	<input type="checkbox"/>	G	<input type="checkbox"/>	S	<input type="checkbox"/>	F	<input type="checkbox"/>	U	(see key above)
Comments:											
9. WORK ENVIRONMENT & SAFETY		Maintains a safe a pleasant work environment, follows safety regulations and actively contributes toward a safe workplace.									
Overall Rating: (check one)	<input type="checkbox"/>	E	<input type="checkbox"/>	G	<input type="checkbox"/>	S	<input type="checkbox"/>	F	<input type="checkbox"/>	U	(see key above)
Comments:											
10. OVERALL PERFORMANCE		Overall appraisal of the employee's job performance.									
Overall Rating: (check one)	<input type="checkbox"/>	E	<input type="checkbox"/>	G	<input type="checkbox"/>	S	<input type="checkbox"/>	F	<input type="checkbox"/>	U	(see key above)
Comments:											
ACTION PLAN		The above criteria is important to properly evaluate your performance. The following Action Plan describes your specific strength and weaknesses, and what can be done to improve your position toward continued growth.									
Major Weak points are:											
Weak points can be strengthened by:											

Major Strong points are:
These strong points can be more effectively utilized by:

Has this report been discussed with Supervisor?		YES		NO
In "NO", Reason Why:				
If "YES", Employee's comments:				
Supervisor Signature:		Date:		
Employee Signature:		Date:		



Vermont Public Power Supply Authority

Internal Operating Procedure

Procedure Name:	Mileage, Meals & Ground Transportation	Department:	Human Resource
Procedure Number:	IOP-HR3	Created: Updated:	June 20, 2017 July 10, 2017 August 1, 2019

1. **OBJECTIVE:** To provide VPPSA employees with guidelines to the extent mileage, meals and ground transportation expenses are allowed and reimbursable and how employees shall file for reimbursement of those expenses.

2. **DEFINITIONS:**

Ground Transportation – includes (but not limited to) expenses for items such as parking, auto rentals, taxi/cabs, and/or tolls, incurred while the employee is acting in an official capacity for work-related activities.

Mileage - the number of miles driven for travel in a non-company vehicle while acting in an official capacity for work-related activities. A diagram that demonstrates eligible mileage is attached as “Mileage Expense Flow Chart IOP-HR3 Attachment 1”.

Meals – meals purchased while the employee is working in their official capacity *and* is away from the employee’s normal place of work. Alcoholic beverages are not eligible “meal” expenses.

3. **PROCEDURE:**

A. Employees may be reimbursed for work-related meal expenses. The cost of meal expenses shall be included on the employee’s monthly expense report. Each expense shall include an itemized receipt (for items greater than \$5.00) and numbered to correspond with each expense listed on the expense report. At a minimum, the expense report shall provide the following information:

- i. The date the meal was purchased
- ii. The place of the meal
- iii. The purpose of the travel
- iv. The name of guests (other than the employee), if applicable

B. Employees may be reimbursed for work-related mileage. Mileage shall be reimbursed at the current Internal Revenue Service mileage rate. The cost of mileage shall be submitted on the Authority’s expense report and at a minimum must include:

- i. The date of travel
- ii. The number of miles eligible for reimbursement
- iii. The place where the employee traveled
- iv. The purpose of the travel
- v. The cost of the expense (eligible miles times IRS rate)

C. Employees may be reimbursed for work-related ground transportation expenses. The cost of ground transportation shall be included on the employee's monthly expense report. Each expense shall include an itemized receipt (for items greater than \$5.00) and numbered to correspond with each expense listed on the expense report. At a minimum, the expense report shall provide the following information:

- i. The date the ground transportation expense occurred
- ii. The purpose of the travel
- iii. The amount of the expense incurred

D. Meals and grounds expenses that are charged to Authority charge cards shall require the same documentation as required in Section A (i), (ii), (iii), (iv) and Section C (i), (ii), (iii) above.

4. **Payment/Reimbursement for Mileage, Meals and Ground Expenses:**

- Expense reports shall be segregated between reimbursable expenses and charge card expenses with each identified on separate expense reports.
- Expense reports shall be submitted to the employee's direct supervisor (if applicable) no less than monthly and no later than the 3rd business day of the month following the month of such charges.
- Supervisors shall submit expense reports to the General Manager no later than the 4th business day of the month.
- The General Manager shall submit expense reports to the finance department no later than the 5th business day of the month.
- If the absence of department supervisor prohibits the employee from meeting the timeline as outlined above, the employee shall submit the expense report directly to the General Manager.
- Purchases charged to company charge cards that have no supporting documentation (purchase receipts) will not be considered a valid expense. Such expenses will be deducted from future employee reimbursement requests.
- The General Manager, at his discretion, may approve expenses without supporting documentation.

5. **RESPONSIBILITY:**

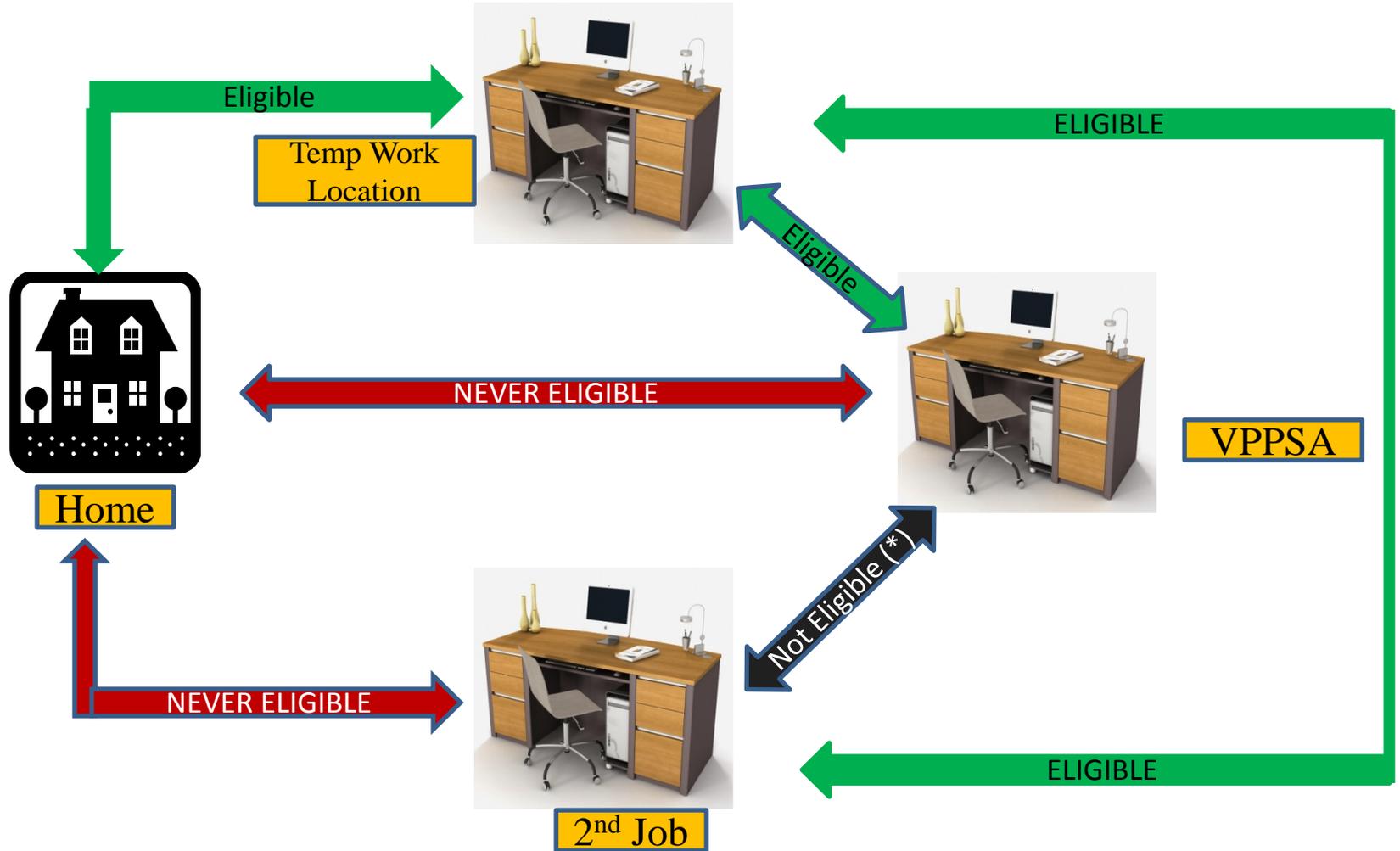
It shall be the responsibility of Authority employees to calculate and submit meal, mileage and/or ground transportation expenses and required documentation to their direct supervisor (if applicable) and the General Manager for approval.

It shall be the responsibility of direct supervisors (if applicable) and the General Manager to approve all meal, mileage and/or ground transportation expenses and submit those as outlined in Section 4.

ATTACHMENTS:

Mileage Expense Flow Chart IOP-HR3 Attachment 1

Mileage Expense IOP HR3-Attachment 1



(*) Not eligible for reimbursement from VPPSA



Vermont Public Power Supply Authority

Internal Operating Procedure

Procedure Name:	Higher Education Reimbursement	Department:	Human Resource
Procedure Number:	IOP-HR4	Created:	June 20, 2017
		Updated:	August 1, 2019

OBJECTIVE: To identify the process for requesting authorization of enrollment in higher education, the types of eligible expenses and the criteria required for eligible reimbursement.

1. DEFINITIONS:

Higher Education – Courses taken at nationally recognized accredited colleges, universities and technical schools will be eligible for reimbursement. Nationally recognized accreditations are those from the U.S. Department of Education and/or those acknowledged by the American Council on Education.

Eligible Expenses – Tuition for higher education, the cost of books, and other course *required* materials.

Successful Completion – A grade of "C" or equivalent or better (certification of completion is required for non-graded classes).

2. PROCEDURE:

A. Enrollment Authorization

- a. Employees who desire to enroll in higher education courses must have an individual development plan in place, reviewed and approved by the employee's supervisor. The individual development plan shall identify the employee's educational goals, demonstrate a clear alignment between the employee's goals and the organization's needs and clearly define how the educational investment is part of the employee's development for the current job or for a job to which he or she would realistically move to within the Authority.
- b. Employees shall request approval for higher education expenses by submitting to the General Manager, 1) the employee's approved individual development plan and 2) a Purchase Authorization form that includes a detailed list of the expected expenses. At a minimum, the detailed list shall include the following:
 - Name of Educational Institution
 - Estimated cost of eligible expenses
 - Course Dates
 - Expected Reimbursement Date
- c. Higher Education requests shall be requested during the budgetary process to the extent possible. Regardless of whether such expenses were previously budgeted, each request shall be reviewed

on a case-by-case basis and will be considered to the extent reasonably allowed given consideration of current budgetary constraints.

B. Reimbursement Criteria

- a. Reimbursement of eligible expenses must have received prior approval from the General Manager under Section 2 (b).
- b. The employee must demonstrate “successful completion” of the course(s).

C. Reimbursement Process

The employee shall submit the following items to accounts payable for reimbursement:

- a. Prior approval of estimated expenses.
- b. Detailed receipts of eligible expenses.
- c. Evidence of successful completion of the course.

3. RESPONSIBILITY:

- It shall be the responsibility of the employee to prepare and submit an individual development plan to the employee’s supervisor.
- It shall be the responsibility of the employee’s supervisor to review and approve the employee’s individual development plan.
- It shall be the responsibility of the General Manager to consider and approve expenses related to higher education requests.

ATTACHMENTS: NONE

Memorandum

To: Board of Directors
From: Ken Nolan
Date: August 2, 2019
Subject: **Agenda Item #20** - Great Blue Research

Staff shared with the committees in July that we have been in discussions with Great Blue Research, a HomeTown Connections partner located in Boston, to conduct a survey of VPPSA member customers. The survey would be structured such that we obtained a statistically valid sampling from each member territory as well as for VPPSA as a whole.

The goal would be to obtain better information on three fronts:

- 1) Get a customer satisfaction benchmark that we can compare to other public power entities
- 2) Gain greater insight into the communications paths customer in each member territory prefer (bill stuffers, social media, e-mail, news print, front porch forum, Facebook, etc.)
- 3) Gain insight into some key upcoming policy decisions and how VPPSA member customers feel about those issues

Staff sees this as a necessary next step to improve our outreach on legislative and regulatory issues as well as honing our messaging related to Tier 3 programs and the value of public power.

However, to undertake this effort Great Blue would need access to customer contact information. VPPSA then will need similar access going forward to facilitate communications efforts. When this topic was discussed with the committees some questions surfaced around who Great Blue was, who they worked for, and how they would protect data. Rather than have the response filtered through VPPSA staff asked Great Blue to attend the Board meeting in person to discuss their company and its products.

About Us

Hometown Connections and GreatBlue Research are partnering to deliver actionable customer intelligence. The firms combine Hometown’s deep knowledge of public power utility management with the research design, analysis, and reporting expertise of GreatBlue Research. Together, we are closely integrating customer & employee research with strategic planning, facilitation, organization assessment, and other consulting services.

About Hometown Connections

Hometown Connections, Inc., is a national non-profit utility services organization offering public power utilities guidance and access to quality products/services from a trusted entity with public power’s best interests in mind. Hometown Connections is a resource to public power systems of all sizes, facilitating access to technology, services, and other solutions from industry-leading companies.

GreatBlue is Utilities Research

For four decades, GreatBlue has been conducting comprehensive qualitative and quantitative customer research on behalf of the utilities industry. Our time tested and constantly refined research processes coupled with our deep understanding of the diverse and complicated utilities space provides our clients the opportunity to understand their customers with extreme detail.

GreatBlue has conducted and reported on millions of completed respondent surveys and thousands of focus groups, and we have worked closely with utility organizations of all shapes, sizes and geographic locations. From the small, local utility serving one town to Joint Action Agencies overseeing many members, GreatBlue approaches each and every project with the same level of detail and attention.

Research Methodologies

GreatBlue’s core competencies leverage both quantitative and qualitative research methodologies including:



Telephone Surveys



Digital Surveys



Focus Groups
In-depth Interviews
Journey Mapping



In-Depth Interviews

Scope of Work

GreatBlue is uniquely qualified to equip the Vermont Public Power Supply Authority and their member utilities with data driven analytics through a custom research solution aimed at improving customer understanding and helping to guide strategic action and operations.

To effectively capture unbiased customer feedback and to gain a complete understanding of customer opinions, comprehensive research efforts should be employed to gather unfiltered insight into their mindset and rationale. These data sets can be then used to build an overview of individual utility and holistic customer feedback to enable VPPSA and its members utilities to make strategic decisions based on statistically reliable evidence.

As we consider the primary goals for this study, a significant amount of planning takes place to ensure well-designed, custom research instruments and methodologies are employed to achieve the end goals supported by statistically reliable — and indeed unbiased, data collection efforts. GreatBlue understands the overarching goal of this research study is to collect data from a sampling of VPPSA's member utilities approximately 30,000 customers, and assess opinions in an effort to successfully develop initiatives and identify areas in need of improvement.



Research Goal

GreatBlue will work closely with VPPSA project personnel to develop a custom survey instrument that provides VPPSA and each of its members with action oriented data. Specific goals, objectives, and areas of investigation will be agreed to and finalized during the project initiation meeting, and research will not begin until final survey instrument approval has been received. Based upon discussions with VPPSA project personnel, potential areas of investigation to address within the survey may include but are not limited to the following:

- Overall satisfaction with their utility and the services provided
- Attitudes surrounding renewable energy
- How customers feel about their electricity rates in general
- Where customers get their information / preferred methods of communication (i.e. email, mail, utility website, mobile, etc.)
- How customers currently pay their bill / preferred method of bill pay (electronic, mail, in-person, etc.)
- Opinions / recommendations regarding the products and services they wish their utility could provide
- Rating of customer service / field service personnel
- Overall attitudes and behaviors of customers
- Demographics

The actual areas of investigation will be further detailed and a new survey instrument drafted upon a definitive agreement.

Frequently Asked Questions

Hometown Connections and GreatBlue understand a variety of questions surrounding this study may arise and have outlined many of those which frequently are brought to our attention. If you should have any further questions, we are more than happy to discuss them in more detail.

1. Does GreatBlue utilize a template survey instrument or are the instruments designed specific to client needs?

GreatBlue develops all research studies and survey instruments custom to meet the specific requirements of our clients. GreatBlue will work closely with all members of the VPPSA study team to assure all areas of investigation and critical areas of importance are included in the survey instrument. For this particular study, GreatBlue recommends a survey length of up to 30 total questions including demographic and subquestions. This equates to an approximately 8 minute instrument and allows for all critical areas of importance to be uncovered. Under no circumstances are surveys completed, or data compiled until final approval is provided by our clients.

2. How does GreatBlue determine and recommend the number of surveys necessary?

GreatBlue develops statistically significant sample plans based on the total number of meters/customers served either individually by company, or as a group of companies. Statistical reliability is crucial to assuring the data collected is accurate, and actionable decisions can be based upon this data.

3. Most members will not be able to provide customer sample records; what is the process and most cost effective means to obtain the necessary information?

GreatBlue has recommended sample sizes based on total number of meters/customers served, and will work closely to assure a comprehensive sample plan which meets the required needs of each organization. To the best of its ability, GreatBlue will utilize any and all telephone sample records provided. If sufficient sample records cannot be provided, GreatBlue will obtain the sample necessary for successful completion through a variety of providers we have long standing relationships with and whom we procure telephone records from on a regular basis. GreatBlue has the ability to obtain both landline and cell phone records dependent upon the composition of each participating members' customer base. GreatBlue will simply bill for the cost of sample procurement at the conclusion of the study.

4. Our customers may be skeptical of a survey call they receive, will you assist with a communication strategy to notify customers that they may be contacted to complete a survey?

GreatBlue recommends each participating member utility communicates with their customers to notify them of the upcoming research effort, educate them on the overall process, and request their participation. While this is not a requirement, we have found this plan helps in successfully fielding the desired number of surveys and helps mitigate customer feelings of skepticism. GreatBlue will work closely with each participating member to develop appropriate language and determine distribution mediums.

5. Does GreatBlue conduct a sample test of the survey questions prior to full scale project fielding?

Upon survey instrument approval, GreatBlue will program the survey and sample into its computer-aided interviewing platform for comprehensive testing prior to full-scale fielding and data collection. GreatBlue will conduct +/- 15 test surveys to assure the instrument is operating as intended and there are no glitches or challenges faced. If any issues arise, GreatBlue will notify VPPSA project personnel, work through the issues, and overcome them before full scale fielding begins.

6. How does GreatBlue determine/assure the quality of the data being collected?

GreatBlue's computer-aided interviewing platform operates as the front line for data collection and ensures the information collected - and used - is accurate and error free. GreatBlue Project Directors monitor the data collected throughout the duration of survey fielding to assure it is correct and of the highest quality. Additionally, call center supervisors are tasked with monitoring survey telephone calls at random, and verifying the responses provided are accurately input into our system.

7. Does GreatBlue provide in person consultation and/or presentations?

GreatBlue provides, at no additional professional fee, an in-person project initiation meeting to kick off the project with all necessary personnel. GreatBlue will also provide an association-wide formal presentation of results. Following the formal presentation of results, GreatBlue is available at no additional charge to answer questions, provide further data analysis or to talk through any topics relating to the research.

Representative Client Roster

Below is a sample of the diverse set of clients we've had the honor of helping navigate their ever changing market landscape over the past 40 years.

Municipal
Electric
Association
of MA

Florida
Municipal
Power
Agency

Alabama
Municipal
Electric
Association

ElectriCities
of North
Carolina

AVANGRID

Northeast
Gas
Association

Florida
Municipal
Electric
Association

Kissimmee
Utility
Authority

Rochester
Public
Utilities

Paducah
Power
System

New
Braunfels
Utilities

Turlock
Irrigation
District

References

Lisa Miller

Alabama Municipal Electric Authority

Manager of Communications and Marketing

Study :: Joint Action Agency Multi-Utility Satisfaction Study (2,990 completed telephone surveys)

p. 334.387.3501

e. lmiller@amea.com

Kelsey Lawhead

ElectriCities of North Carolina

Product Marketing Specialist

Study :: Joint Action Agency Multi-Utility Customer Study (3,900 completed telephone surveys)

p. 919.760.6213

e. klawhead@electricities.org

Wendy Thompson

New Braunfels Utilities

Customer Service Manager

Study :: Customer Satisfaction Study (505 completed telephone surveys)

p. 830.629.8408

e. wthompson@nbu.texas.com

Jackie Pratt

Shrewsbury Electric & Cable Operations

Marketing & Customer Care Manager

Study :: Annual Satisfaction Study and assessment of Fiber services(401 completed telephone surveys)

p. 508.841.8314

e. jpratt@shrewsburyma.gov

Daniel Dessanti

Northeast Gas Association

Director, Operations Services

Study :: Utility Association Multi-Utility Pipeline Safety Study (3,450 completed telephone surveys)

p. 973.265.1900

e. ddessanti@northeastgas.org

Chris Gent

Kissimmee Utility Authority

Vice President, Corporate Communications

Study :: 2017 Residential Customer Satisfaction Study (400 completed telephone surveys) / 2018 Residential and Commercial Customer Satisfaction Study (401 completed residential & 101 completed commercial telephone surveys)

p. 407.933.9836

e. cgent@kua.com