

Vermont Electric Power Company, Inc.
First Revised Rate Schedule FERC No. 234

First Revised Sheet No. 1

ER02-528-000
Vermont Electric Power Co.
VERMONT ELECTRIC POWER CO.
1st REV **Schedule No. 234**
Filing Date 2/12/01
Effective Date 2/28/02

POWER PURCHASE AGREEMENT

BY AND BETWEEN

VERMONT ELECTRIC POWER COMPANY, INC.

AND

VILLAGE OF MORRISVILLE WATER AND LIGHT DEPARTMENT
AND
ROCHESTER ELECTRIC LIGHT AND POWER COMPANY

Issued by: Thomas N. Wies, Esq.
Vice President
Vermont Electric Power Company, Inc.
Issued on: December 12, 2001

Effective: February 28, 2002

020212.0098.1

VERMONT ELECTRIC POWER COMPANY, INC.

POWER PURCHASE AGREEMENT

This Power Purchase Agreement ("Agreement") is entered into between Vermont Electric Power Company, Inc. ("VELCO") and each undersigned PURCHASER. The Agreement is between VELCO and each PURCHASER individually and not the PURCHASERS jointly.

WITNESSETH:

ARTICLE I

BASIC UNDERSTANDINGS

VELCO has acquired power and energy on behalf of PURCHASERS from various sources for the sole purpose of reselling the power and energy to the PURCHASERS. Set out in Exhibit A of this Agreement are sheets for each PURCHASER, showing (1) the sources from which VELCO has acquired power and energy on behalf of the PURCHASER, (2) the contracts under which VELCO has acquired such power and energy, (3) the amount of power acquired by VELCO from each source for each PURCHASER, and (4) the dates that the acquisitions commenced and will terminate. The sheets in Exhibit A may be amended from time to time to reflect changes in VELCO's acquisitions of power and energy on behalf of the PURCHASERS. Amendment of the sheets in Exhibit A may be accomplished by execution of new sheets by VELCO and the PURCHASER.

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Prior to this Agreement, VELCO sold the power and energy that it had acquired for each PURCHASER to that PURCHASER under individual contracts for each transaction. The purpose of this Agreement is to replace, for ease of administration, the individual contracts with a single Agreement whose exhibits may be changed from time to time to reflect changes in transactions between VELCO and each PURCHASER. Exhibit B of this Agreement lists, with the appropriate FERC rate schedule number, the individual contracts that are superseded or cancelled by this Agreement.

WHEREFORE, VELCO and each PURCHASER agree that VELCO will sell and the PURCHASER will purchase the quantity of power (capacity) set out for the PURCHASER in Exhibit A hereto, and the related energy, on the terms and conditions set forth below.

ARTICLE II

EFFECTIVE DATE AND TERM

This Agreement shall become effective between VELCO and each PURCHASER at 12:01 a.m. on the date appearing on the signature page of this Agreement executed by the PURCHASER and shall terminate between VELCO and the PURCHASER at 11:59 p.m. on the date when, as shown in Exhibit A, as amended from time to time, VELCO ceases to acquire any

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power or energy for the PURCHASER.

ARTICLE III

AVAILABILITY, FORCE MAJEURE AND LIABILITY

VELCO does not guarantee to furnish power or energy or guarantee to deliver a constant supply of electricity under this Agreement. VELCO shall make available to the PURCHASER any power and energy acquired on their behalf only as such power and energy are made available to VELCO under its contracts with the sources of the power and energy, and VELCO makes no commitment to make available to the PURCHASERS any power or energy that is not available to it from its sources. If a source curtails the power and energy made available to VELCO under its contract with VELCO, the power and energy made available to the PURCHASERS from that source shall be reduced proportionately. Sales by VELCO to other companies from the sources set out in Exhibit A shall not carry a higher priority of availability than sales to PURCHASERS hereunder.

VELCO shall not be considered to be in default hereunder and shall be excused from furnishing power and energy and delivering electricity hereunder if and to the extent that it shall be prevented from doing so by storm, flood, lightning, earthquake, fire, explosion, equipment failure, civil disturbance, labor dispute, act of God or

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the public enemy, action of a court or public authority, or any cause beyond the control of VELCO, including, without limitation, shutdown or limited operation of facilities due to breakdown, scheduled or unscheduled repairs or maintenance, or refusal of the owner of the facilities or other necessary participant in the transaction to perform according to contract; provided, however, that VELCO shall use due diligence to resume delivery of electricity hereunder within the earliest practicable time following such interruption.

If and to the extent that VELCO is excused from furnishing power or energy or delivering electricity under this ARTICLE III, the PURCHASERS shall not be excused from making payment to VELCO of any charge referred to in ARTICLE IV.

VELCO shall not be responsible in tort or contract to any PURCHASER for damages of any description whatsoever which may result from any interruption or failure of service or deficiency in the quality of service unless the interruption or failure or deficiency is the result of willful default by VELCO.

It is the intent of all provisions of this ARTICLE III that each PURCHASER shall assume the risks of interruption, failure or deficiency in quality or quantity of service

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caused by the hazards of the business to the same extent as if the PURCHASER were itself operating the facilities from which it is acquiring power for the purpose of supplying itself with electricity.

ARTICLE IV

PAYMENT

Commencing on the effective date of this Agreement between VELCO and a PURCHASER, the PURCHASER shall pay to VELCO, with respect to each source set out in Exhibit A for each month, an amount equal to PURCHASER's fraction of the amounts billed to VELCO for the power and energy, including related transmission charges, if any. The numerator of PURCHASER's fraction shall be the PURCHASER's portion of VELCO's total acquisition of power from the source and the denominator shall be VELCO's total acquisition of power from the source.

VELCO will bill a PURCHASER hereunder as soon as practicable after the end of each month for all amounts payable by the PURCHASER with respect to the particular month. Such bills shall be due and payable when rendered, shall include such detail as a PURCHASER may reasonably request, and may be rendered on an estimated basis subject to corrective adjustments after rendition. Upon request by a PURCHASER, VELCO shall provide estimates of such corrective adjustments.

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Any amount due and remaining unpaid ten days following the date of issuance of bills shall bear interest at an annual rate, compounded monthly, equivalent to one hundred twenty percent (120%) of the current prime rate then in effect at The First National Bank of Boston, from the due date to the date payment is received by VELCO.

ARTICLE V

DELIVERY AND TRANSMISSION

The delivery by VELCO to a PURCHASER of power and energy acquired by VELCO on behalf of the PURCHASER shall be presumed for purposes of this Agreement to occur at the points on VELCO's transmission system at which the power and energy enter VELCO's facilities. VELCO shall be required to transmit only such electricity as may be available at the time in accordance with the provisions of ARTICLE III hereof. Transmission of power and energy over VELCO's facilities shall be performed under a Transmission Agreement offered simultaneously with this Agreement.

ARTICLE VI

DISPATCHING

Power and energy acquired by VELCO on behalf of the PURCHASER shall be dispatched under the terms of the NEPOOL

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Agreement or such other relevant agreements to which VELCO is a party which contain dispatching provisions. In the event that VELCO is not a party to any such agreement or agreements, arrangements for dispatching the power and energy shall be made by VELCO, subject to the PURCHASER's agreement with respect to treatment of the PURCHASER's entitlements; in the event that the parties fail to so agree, the matter shall be submitted to arbitration in accordance with ARTICLE XI hereof.

ARTICLE VII

LOSSES AND METERING

Losses incurred by VELCO owing to the superimposition of electricity delivered hereunder on other electricity flowing within the system of VELCO to supply VELCO's own system plus its obligations to others from the Exhibit A sources shall be borne by the PURCHASER.

If at any time any metering equipment be found to be inaccurate by more than two percent (2%) up or down, VELCO shall cause it to be made accurate and the meter readings for the period of inaccuracy shall be adjusted to correct such inaccuracy so far as the same can be reasonably ascertained, but no adjustment prior to the beginning of the next preceding month shall be made except

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by agreement of the parties or after determination by arbitration as provided in ARTICLE XI hereof.

In addition to the regular routine tests, VELCO shall cause such equipment to be tested at any time upon request of and in the presence of a representative of a PURCHASER. If such equipment proves accurate within two percent (2%) up or down, the expense of the test shall be borne by such PURCHASER.

Any dispute arising under this ARTICLE VII which cannot be resolved by mutual agreement may be referred to arbitration as provided in ARTICLE XI hereof.

ARTICLE VIII

FILING FEES

Each PURCHASER hereunder shall be required to reimburse VELCO for any fee charged to VELCO by any state or federal body having jurisdiction for any filing made by VELCO with such body in connection with service to that PURCHASER.

ARTICLE IX

REGULATION

This Agreement is made subject to present or future state or federal laws and to present or future regulations

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or orders properly issued by state or federal bodies having jurisdiction. If the charges payable by VELCO to a party from which power and energy under this Agreement are acquired or to any other necessary participant in the transaction are increased or decreased by action of any state, federal or Canadian agency having jurisdiction, the corresponding charges under this Agreement shall be increased or decreased by a like amount.

ARTICLE X

ASSIGNMENT

The Agreement as between VELCO and a PURCHASER hereunder shall be binding upon and shall inure to the benefit of, and may be performed by, the successors and assigns of VELCO and such PURCHASER, except that no assignment, pledge or other transfer hereunder by either VELCO or such PURCHASER shall operate to release the assignor, pledgor or transferor of any of its obligations under this Agreement unless consent to the release is given in writing by the other party, or, if the other party has theretofore assigned, pledged or otherwise transferred its interest in this Agreement, by the other party's assignee, pledgee or transferee.

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ARTICLE XI

ARBITRATION

In case any dispute shall arise as to the interpretation or performance of the Agreement which cannot be settled by mutual agreement, such dispute shall be submitted to arbitration. The parties to the arbitration shall if possible agree upon a single arbitrator. In case of failure to agree upon an arbitrator within 15 days after the delivery by either party to the other of a written notice requesting arbitration, either party may request the American Arbitration Association to appoint the arbitrator. The arbitrator, after an opportunity for each of the parties to be heard, shall consider and decide the dispute and notify the parties in writing of the decision. Such decision shall be separately set forth in the arbitrator's findings of fact and law. The arbitrator shall not have the power to amend or add to this Agreement. Such decision shall be final and binding upon all parties except that any party to the proceeding may petition a court of competent jurisdiction for review of errors of law. The expense of the arbitration shall be borne by the parties as determined by the arbitrator.

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ARTICLE XII

INTERPRETATION

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

ARTICLE XIII

PRIOR AGREEMENTS SUPERSEDED

This Agreement represents the entire agreement as between VELCO and each PURCHASER hereunder relating to the subject matter hereof. Upon this Agreement's becoming effective between VELCO and a PURCHASER under ARTICLE II hereof, any contract between VELCO and that PURCHASER listed in Exhibit B hereto shall terminate except as to the obligation to pay for, or other obligations arising from, service rendered prior to termination.

ARTICLE XIV

PROVISIONS SPECIFIC TO PARTICULAR TRANSACTIONS

Provisions of this Agreement that are specific in application to particular transactions in which VELCO has acquired power on behalf of PURCHASERS are set out in Exhibit C hereto. The provisions set out in Exhibit C

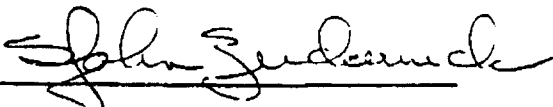
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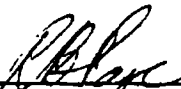
are incorporated in and constitute a part of this Agreement.

IN WITNESS WHEREOF, VELCO and the undersigned PURCHASER have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of this 1st day of June , 1981.

VERMONT ELECTRIC POWER COMPANY,
INC.

By: 
Title: PRESIDENT

VILLAGE OF MORRISVILLE WATER AND
LIGHT DEPARTMENT

By: 
Title: Supt. & Treas.

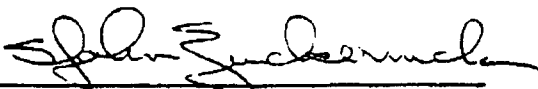
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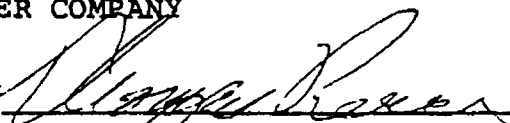
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VERMONT ELECTRIC POWER COMPANY,
INC.

By: 

Title: PRESIDENT

ROCHESTER ELECTRIC LIGHT AND
POWER COMPANY

By: 

Title: President

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