

OPEN ACCESS TRANSMISSION TARIFF

OF

ALABAMA POWER COMPANY

GEORGIA POWER COMPANY

GULF POWER COMPANY

AND

MISSISSIPPI POWER COMPANY

(SOUTHERN COMPANIES)

TARIFF VOLUME NO. 5

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I. COMMON SERVICE PROVISIONS

1 Definitions

- 1.1 Affiliate:** With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.
- 1.2 Ancillary Services:** Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.
- 1.3 Annual Transmission Costs:** The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H until amended by the Transmission Provider or modified by the Commission.
- 1.4 Application:** A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.
- 1.5 [Reserved]**
- 1.6 Commission:** The Federal Energy Regulatory Commission.
- 1.7 Completed Application:** An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.
- 1.8 Control Area:** An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

- (1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
- (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;
- (3) maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and
- (4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

1.9 Curtailment: A reduction in firm or non-firm transmission service in response to a transfer capability shortage as a result of system reliability conditions.

1.10 Delivering Party: The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.

1.11 Designated Agent: Any entity that performs actions or functions on behalf of the Transmission Provider, an Eligible Customer, or the Transmission Customer required under the Tariff. Southern Company Services, Inc. is the Transmission Provider's Designated Agent.

1.12 Direct Assignment Facilities: Facilities or portions of facilities that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.

- 1.13 Eligible Customer:** (i) Any electric utility (including the Transmission Provider and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico. However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the Transmission Provider offer the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider.
- (ii) Any retail customer taking unbundled transmission service pursuant to a state requirement that the Transmission Provider offer the transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider, is an Eligible Customer under the Tariff.
- 1.14 Facilities Study:** An engineering study conducted by the Transmission Provider to determine the required modifications to the Transmission Provider's Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service.
- 1.15 Firm Point-To-Point Transmission Service:** Transmission Service under this Tariff that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of this Tariff. Firm Point-To-Point Transmission Service includes Long-Term Firm, Short-Term Firm and Recallable Long-Term Firm Transmission Service.

- 1.16 Good Utility Practice:** Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region, including those practices required by Federal Power Act Section 215(a)(4).
- 1.17 Interruption:** A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.
- 1.18 Load Ratio Share:** Ratio of a Transmission Customer's Network Load to the Transmission Provider's total load computed in accordance with Sections 34.2 and 34.3 of the Network Integration Transmission Service under Part III of the Tariff and calculated on a rolling twelve month basis.
- 1.19 Load Shedding:** The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.
- 1.20A Long-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.
- 1.20B Recallable Long-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one

year or more for which the Transmission Provider reserves the right, upon thirty (30) calendar days written notice to the Transmission Customer, to recall all or a specified portion of the transmission capacity made available for recall. The Transmission Customer may retain the recalled capacity by agreeing, within fifteen (15) calendar days of the date of the Transmission Provider's written recall notice, to pay the Tariff charge for Long-Term Firm Point-To-Point Transmission Service in effect at the time service for the recalled capacity is rendered for the remaining term of the request. Recallable Long-Term Firm Point-To-Point Transmission Service shall only be available from the Point(s) of Receipt and Point(s) of Delivery offered by the Transmission Provider on OASIS.

- 1.21 Native Load Customers:** The wholesale and retail power customers of the Transmission Provider on whose behalf the Transmission Provider, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate the Transmission Provider's system to meet the reliable electric needs of such customers.
- 1.22 Network Customer:** An entity receiving transmission service pursuant to the terms of the Transmission Provider's Network Integration Transmission Service under Part III of the Tariff.
- 1.23 Network Integration Transmission Service:** The transmission service provided under Part III of the Tariff.
- 1.24 Network Load:** The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load served by the output of any

Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular load at discrete points of delivery as Network Load, the Eligible Customer is responsible for making separate arrangements under Part II of the Tariff for any Point-To-Point Transmission Service that may be necessary for such non-designated load.

- 1.25 Network Operating Agreement:** An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Network Integration Transmission Service under Part III of the Tariff.
- 1.26 Network Operating Committee:** A group made up of representatives from the Network Customer(s) and the Transmission Provider established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.
- 1.27 Network Resource:** Any designated generating resource owned, purchased or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program.
- 1.28 Network Upgrades:** Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall

Transmission System for the general benefit of all users of such Transmission System.

- 1.29 Non-Firm Point-To-Point Transmission Service:** Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.
- 1.30 Non-Firm Sale:** An energy sale for which receipt or delivery may be interrupted for any reason or no reason, without liability on the part of either the buyer or seller.
- 1.31 Open Access Same-Time Information System (OASIS):** The information system and standards of conduct contained in Part 37 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.
- 1.32 Part I:** Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.
- 1.33 Part II:** Tariff Sections 13 through 27 pertaining to Point-To-Point Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.
- 1.34 Part III:** Tariff Sections 28 through 35 pertaining to Network Integration Transmission Service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

- 1.35 Parties:** The Transmission Provider and the Transmission Customer receiving service under the Tariff.
- 1.36 Point(s) of Delivery:** Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreements for Long-Term Firm Point-To-Point Transmission Service and Recallable Long-Term Firm Point-To-Point Transmission Service.
- 1.37 Point(s) of Receipt:** Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreements for Long-Term Firm Point-To-Point Transmission Service and Recallable Long-Term Firm Point-To-Point Transmission Service.
- 1.38 Point-To-Point Transmission Service:** The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.
- 1.39 Power Purchaser:** The entity that is purchasing the capacity and energy to be transmitted under the Tariff.
- 1.40 Pre-Confirmed Application:** An Application that commits the Eligible Customer to execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

- 1.41 Receiving Party:** The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.
- 1.42 Regional Transmission Group (RTG):** A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.
- 1.43 Reserved Capacity:** The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.
- 1.44 Service Agreement:** The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.
- 1.45 Service Commencement Date:** The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.
- 1.46 Short-Term Firm Point-To-Point Transmission Service:** Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.
- 1.47 Stakeholder:** Any party interested in the Southeastern Regional Transmission Planning Process, including but not limited to transmission and interconnection

customers, generation owners/development companies, developers of alternative resources, or state commissions.

- 1.48 System Condition:** A specified condition on the Transmission Provider's system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the curtailment priority pursuant to Section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.
- 1.49 System Impact Study:** An assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.
- 1.50 Third-Party Sale:** Any sale for resale in interstate commerce to a Power Purchaser that is not designated as part of Network Load under the Network Integration Transmission Service.
- 1.51 Transmission Customer:** Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff.

- 1.52 Transmission Provider:** The public utility (or its Designated Agent) that owns, controls, or operates facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff.
- 1.53 Transmission Provider's Monthly Transmission System Peak:** The maximum firm usage of the Transmission Provider's Transmission System in a calendar month.
- 1.54 Transmission Service:** Point-To-Point Transmission Service provided under Part II of the Tariff on a firm or non-firm basis.
- 1.55 Transmission System:** The facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service under Part II and Part III of the Tariff.

2 Initial Allocation and Renewal Procedures

2.1 Initial Allocation of Available Transfer Capability: For purposes of determining whether existing capability on the Transmission Provider's Transmission System is adequate to accommodate a request for firm service under this Tariff, all Completed Applications for new firm transmission service received during the initial sixty (60) day period commencing with the effective date of the Tariff will be deemed to have been filed simultaneously. A lottery system conducted by an independent party shall be used to assign priorities for Completed Applications filed simultaneously. All Completed Applications for firm transmission service received after the initial sixty (60) day period shall be assigned a priority pursuant to Section 13.2.

2.2 Reservation Priority For Existing Firm Service Customers: Existing firm service customers (wholesale requirements and transmission-only, with a contract term of five years or more), have the right to continue to take transmission service from the Transmission Provider when the contract expires, rolls over or is renewed. This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the Transmission Provider or elects to purchase capacity and energy from another supplier. If at the end of the contract term, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service, the existing firm service customer must agree to accept a contract term at least equal to a competing request by any new Eligible Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service;

provided that, the firm service customer shall have a right of first refusal at the end of such service only if the new contract is for five years or more. The existing firm service customer must provide notice to the Transmission Provider whether it will exercise its right of first refusal no less than one year prior to the expiration date of its transmission service agreement. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of five years or longer. Service agreements subject to a right of first refusal entered into prior to September 23, 2008 or associated with a transmission service request received prior to July 13, 2007, unless terminated, will become subject to the five year/one year requirement on the first rollover date after September 23, 2008; provided that, the one-year notice requirement shall apply to such service agreements with five years or more left in their terms as of September 23, 2008. For existing customers to contracts for Recallable Long-Term Firm Point-To-Point Transmission Service, this transmission reservation priority applies only to the same Point(s) of Receipt and Point(s) of Delivery. Moreover, the charge for Recallable Long-Term Firm Point-To-Point Transmission Service will be subject to renegotiation annually, and Transmission Customers may be required to pay the Tariff charge for Long-Term Firm Point-To-Point Transmission Service in effect at the time service is rendered for the continuation of service along the same path.

3 Ancillary Services

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

The Transmission Provider is required to offer to provide (or offer to arrange with the local Control Area operator as discussed below) the following Ancillary Services only to the Transmission Customer serving load within the Transmission Provider's Control Area (i) Regulation and Frequency Response, (ii) Energy Imbalance, (iii) Operating Reserve - Spinning, and (iv) Operating Reserve – Supplemental. The Transmission Customer serving load within the Transmission Provider's Control Area is required to acquire these Ancillary Services, whether from the Transmission Provider, from a third party, or by self-supply.

The Transmission Provider is required to provide (or offer to arrange with the local Control Area Operator as discussed below), to the extent it is physically feasible to do so from its resources or from resources available to it, Generator Imbalance Service when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer using Transmission Service to deliver energy from a generator located within the Transmission Provider's Control Area is required to acquire Generator Imbalance Service, whether from the Transmission Provider, from a third party, or by self-supply.

The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Provider. A Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or an Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved is required to pay for all of the Ancillary Services identified in this section that were provided by the Transmission Provider associated with the unreserved service. The Transmission Customer or Eligible Customer will pay for Ancillary Services based on the amount of transmission service it used but did not reserve.

If the Transmission Provider is a public utility providing transmission service but is not a Control Area operator, it may be unable to provide some or all of the Ancillary Services. In this case, the Transmission Provider can fulfill its obligation to provide Ancillary Services by acting as the Transmission Customer's agent to secure these Ancillary Services from the Control Area operator. The Transmission Customer may elect to (i) have the Transmission Provider act as its agent, (ii) secure the Ancillary Services directly from the Control Area operator, or (iii) secure the Ancillary Services (discussed in Schedules 3, 4, 5, 6 and 10) from a third party or by self-supply when technically feasible.

In the event of an unauthorized use of Ancillary Services by the Transmission Customer, the total bill for such unauthorized use (derived through application of the

governing rates and charges) shall be multiplied by 200 percent to produce the total amount due.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedules that are attached to and made a part of the Tariff. Three principal requirements apply to discounts for Ancillary Services provided by the Transmission Provider in conjunction with its provision of transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on the Transmission Provider's system. Sections 3.1 through 3.7 below list the seven Ancillary Services.

- 3.1 Scheduling, System Control and Dispatch Service:** The rates and/or methodology are described in Schedule 1.
- 3.2 Reactive Supply and Voltage Control from Generation or Other Sources Service:** The rates and/or methodology are described in Schedule 2.
- 3.3 Regulation and Frequency Response Service:** Where applicable the rates and/or methodology are described in Schedule 3.
- 3.4 Energy Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 4.

- 3.5 Operating Reserve - Spinning Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 5.
- 3.6 Operating Reserve - Supplemental Reserve Service:** Where applicable the rates and/or methodology are described in Schedule 6.
- 3.7 Generator Imbalance Service:** Where applicable the rates and/or methodology are described in Schedule 10.

4 Open Access Same-Time Information System (OASIS)

Terms and conditions regarding the Open Access Same-Time Information System and standards of conduct are set forth in 18 CFR § 37 of the Commission's regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities) and 18 CFR § 38 of the Commission's regulations (Business Practice Standards and Communication Protocols for Public Utilities). In the event available transfer capability as posted on the OASIS is insufficient to accommodate a request for firm transmission service, additional studies may be required as provided by this Tariff pursuant to Sections 19 and 32.

The Transmission Provider shall post on OASIS and its public website an electronic link to all rules, standards and practices that (i) relate to the terms and conditions of transmission service, (ii) are not subject to a North American Energy Standards Board (NAESB) copyright restriction, and (iii) are not otherwise included in this Tariff. The Transmission Provider shall post on OASIS and on its public website an electronic link to the NAESB website where any rules, standards and practices that are protected by copyright may be obtained. The Transmission Provider shall also post on OASIS and its public website an electronic link to a statement of the process by which the Transmission Provider shall add, delete or otherwise modify the rules, standards and practices that are not included in this Tariff. Such process shall set forth the means by which the Transmission Provider shall provide reasonable advance notice to Transmission Customers and Eligible Customers of any such additions, deletions or modifications, the associated effective date, and any additional implementation procedures that the Transmission Provider deems appropriate.

5 Local Furnishing Bonds

5.1 Transmission Providers That Own Facilities Financed by Local Furnishing

Bonds: This provision is applicable only to Transmission Providers that have financed facilities for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code (“local furnishing bonds”). Notwithstanding any other provision of this Tariff, the Transmission Provider shall not be required to provide Transmission Service to any Eligible Customer pursuant to this Tariff if the provision of such transmission service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance the Transmission Provider’s facilities that would be used in providing such transmission service.

5.2 Alternative Procedures for Requesting Transmission Service:

- (i) If the Transmission Provider determines that the provision of transmission service requested by an Eligible Customer would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance its facilities that would be used in providing such transmission service, it shall advise the Eligible Customer within thirty (30) days of receipt of the Completed Application.
- (ii) If the Eligible Customer thereafter renews its request for the same transmission service referred to in (i) above by tendering an application under Section 211 of the Federal Power Act, the Transmission Provider, within ten (10) days of receiving a copy of the Section 211 application, will waive its rights to a request for service under Section 213(a) of the

Federal Power Act and to the issuance of a proposed order under Section 212(c) of the Federal Power Act. The Commission, upon receipt of the Transmission Provider's waiver of its rights to a request for service under Section 213(a) of the Federal Power Act and to the issuance of a proposed order under Section 212(c) of the Federal Power Act, shall issue an order under Section 211 of the Federal Power Act. Upon issuance of the order under Section 211 of the Federal Power Act, the Transmission Provider shall be required to provide the requested transmission service in accordance with the terms and conditions of this Tariff.

6 Reciprocity

A Transmission Customer receiving transmission service under this Tariff agrees to provide comparable transmission service that it is capable of providing to the Transmission Provider on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate Affiliates. A Transmission Customer that is a member of, or takes transmission service from, a power pool, Regional Transmission Group, Regional Transmission Organization (RTO), Independent System Operator (ISO) or other transmission organization approved by the Commission for the operation of transmission facilities also agrees to provide comparable transmission service to the transmission-owning members of such power pool and Regional Transmission Group, RTO, ISO or other transmission organization on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate Affiliates.

This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service

under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

7 Billing and Payment

- 7.1 Billing Procedure:** Within a reasonable time after the first day of each month, the Transmission Provider shall submit an invoice to the Transmission Customer for the charges for all services furnished under the Tariff during the preceding month. The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to the Transmission Provider, or by wire transfer to a bank named by the Transmission Provider.
- 7.2 Interest on Unpaid Balances:** Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 CFR § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by the Transmission Provider.
- 7.3 Customer Default:** In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the Transmission Provider on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Transmission Provider notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, the Transmission Provider may initiate a proceeding with the Commission to terminate service but shall not terminate service until the

Commission so approves any such request. In the event of a billing dispute between the Transmission Provider and the Transmission Customer, the Transmission Provider will continue to provide service under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then the Transmission Provider may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

8 Accounting for the Transmission Provider's Use of the Tariff

The Transmission Provider shall record the following amounts, as outlined below.

8.1 Transmission Revenues: Include in a separate operating revenue account or subaccount the revenues it receives from Transmission Service when making Third-Party Sales under Part II of the Tariff.

8.2 Study Costs and Revenues: Include in a separate transmission operating expense account or subaccount, costs properly chargeable to expense that are incurred to perform any System Impact Studies or Facilities Studies which the Transmission Provider conducts to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales under the Tariff; and include in a separate operating revenue account or subaccount the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Transmission Customer's billing under the Tariff.

9 Regulatory Filings

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of the Transmission Provider to unilaterally make application to the Commission for a change in rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under the Tariff to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

10 Force Majeure and Indemnification

10.1 Force Majeure: An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, 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 beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither the Transmission Provider nor the Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

10.2 Indemnification: The Transmission Customer shall at all times indemnify, defend, and save the Transmission Provider harmless from, any and all damages, losses, 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, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Transmission Provider's performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by the Transmission Provider.

11 Creditworthiness

The Transmission Provider will specify its Creditworthiness Procedures in Attachment Q.

12 Dispute Resolution Procedures

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

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

conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations or Regional Transmission Group rules.

12.3 Arbitration Decisions: Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the Tariff and any Service Agreement entered into under the Tariff and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator(s) must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities.

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

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

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

II. POINT-TO-POINT TRANSMISSION SERVICE

Preamble

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff. Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transfer of such capacity and energy to designated Point(s) of Delivery.

13 Nature of Firm Point-To-Point Transmission Service

13.1 Term: The minimum term of Firm Point-To-Point Transmission Service shall be one day and the maximum term shall be specified in the Service Agreement.

13.2 Reservation Priority:

- (i) Long-Term Firm Point-To-Point Transmission Service and Recallable Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Transmission Customer has requested service.
- (ii) Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction or reservation. However, Pre-Confirmed Applications for Short-Term Point-To-Point Transmission Service will receive priority over earlier-submitted requests that are not Pre-Confirmed and that have equal or shorter duration. Among requests or reservations with the same duration and, as relevant, pre-confirmation status (pre-confirmed, confirmed, or not confirmed), priority will be given to an Eligible Customer's request or reservation that offers the highest price, followed by the date and time of the request or reservation.
- (iii) If the Transmission System becomes oversubscribed, requests for service may preempt competing reservations up to the following conditional reservation deadlines: one day before the

commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transfer capability is insufficient to satisfy all requests and reservations, an Eligible Customer with a reservation for shorter term service or equal duration service and lower price has the right of first refusal to match any longer term request or equal duration service with a higher price before losing its reservation priority. A longer term competing request for Short-Term Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within twenty-four (24) hours (or earlier if necessary to comply with the scheduling deadlines provided in Section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. When a longer duration request preempts multiple shorter duration reservations, the shorter duration reservations shall have simultaneous opportunities to exercise the right of first refusal. Duration, price and time of response will be used to determine the order by which the multiple shorter duration reservations will be able to exercise the right of first refusal. After the conditional

reservation deadline, service will commence pursuant to the terms of Part II of the Tariff.

- (iv) Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service and Recallable Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Section 2.2.

13.3 Use of Firm Transmission Service by the Transmission Provider: The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after July 13, 2007 or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

13.4 Service Agreements: The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it submits a Completed Application for Long-Term Firm Point-To-Point Transmission Service. The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment

A) to an Eligible Customer when it submits a Completed Application for Recallable Long-Term Firm Point-To-Point Transmission Service. The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations. An Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved and for which it has not executed a Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Service Agreement for Firm Point-To-Point Transmission Service and the penalty shall be assessed at 200 percent of the Firm Point-To-Point Transmission Service rate based upon the specific period of unreserved use. The Service Agreement shall, when applicable, specify any conditional curtailment options selected by the Transmission Customer. Where the Service Agreement contains conditional curtailment options and is subject to a biennial reassessment as described in Section 15.4, the Transmission Provider shall provide the Transmission Customer notice of any changes to the curtailment conditions no less than ninety (90) days prior to the date for imposition of new curtailment conditions. Concurrent with such notice, the Transmission Provider shall provide the Transmission Customer with the reassessment study and a narrative description of the study, including the reasons for changes to the number

of hours per year or System Conditions under which conditional curtailment may occur.

13.5 Transmission Customer Obligations for Facility Additions or Redispatch

Costs: In cases where the Transmission Provider determines that the Transmission System is not capable of providing Firm Point-To-Point Transmission Service without (1) degrading or impairing the reliability of service to Native Load Customers, Network Customers and other Transmission Customers taking Firm Point-To-Point Transmission Service, or (2) interfering with the Transmission Provider's ability to meet prior firm contractual commitments to others, the Transmission Provider will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 15.4. The Transmission Customer must agree to compensate the Transmission Provider for any necessary transmission facility additions pursuant to the terms of Section 27. To the extent the Transmission Provider can relieve any system constraint by redispatching the Transmission Provider's resources, it shall do so, provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms of Section 27 and agrees to either (i) compensate the Transmission Provider for any necessary transmission facility additions or (ii) accept the service subject to a biennial reassessment by the Transmission Provider of redispatch requirements as described in Section 15.4. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service.

13.6 Curtailment of Firm Transmission Service: In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is required to maintain reliable operation of such system and the system directly and indirectly interconnected with Transmission Provider's Transmission System, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. Transmission Provider may elect to implement such Curtailments pursuant to the Transmission Loading Relief procedures specified in Attachment P. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the Transmission Provider will curtail service to Network Customers and Transmission Customers taking Firm Point-To-Point Transmission Service (including Transmission Customers taking Recallable Long-Term Firm Point-To-Point Transmission Service) on a basis comparable to the curtailment of service to the Transmission Provider's Native Load Customers. All Curtailments will be made on a non-discriminatory basis, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Point-To-Point Transmission Service. Long-Term Firm Point-To-Point Service subject to conditions described in Section 15.4 shall be curtailed with secondary service in cases where the conditions apply, but otherwise will be curtailed on a pro rata basis with other Firm Point-To-Point Transmission Service. When the Transmission Provider determines that an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail Firm Point-To-Point Transmission Service, the Transmission Customer shall make the required reductions upon request of the

Transmission Provider. However, the Transmission Provider reserves the right to Curtail, in whole or in part, any Firm Point-To-Point Transmission Service provided under the Tariff when, in the Transmission Provider's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of its Transmission System. The Transmission Provider will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments.

13.7 Classification of Firm Transmission Service:

- (a) The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.2.
- (b) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the Transmission Provider's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of Receipt.
- (c) The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the (i) Firm Point-To-Point

Service Agreement for Long-Term Firm Transmission Service; or (ii) Firm Point-To-Point Service Agreement for Recallable Long-Term Firm Transmission Service, along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Point-To-Point Transmission Service. Each Point of Delivery at which firm transfer capability is reserved by the Transmission Customer shall be set forth in the (i) Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service, or (ii) Firm Point-To-Point Service Agreement for Recallable Long-Term Firm Transmission Service, along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Point-To-Point Transmission Service. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7A or Schedule 7B, as appropriate. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. In the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its

firm reserved capacity at any Point of Receipt or Point of Delivery, the total bill for such excessive use (derived through application of the governing rates and charges) shall be multiplied by 200 percent to produce the total amount due.

- (d) If a Transmission Customer requests service that involves use of the Transmission Provider's distribution facilities, the rate treatment, losses, and all related terms and conditions will be set forth in the Service Agreement.

13.8 Scheduling of Firm Point-To-Point Transmission Service: Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 10:00 a.m. prevailing Central Time of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. prevailing Central Time will be accommodated, if practicable. Hour-to-hour schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common point of receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those

furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14 Nature of Non-Firm Point-To-Point Transmission Service

14.1 Term: Non-Firm Point-To-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 18.3.

14.2 Reservation Priority: Non-Firm Point-To-Point Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term Firm, Recallable Long-Term Firm, and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned first to requests or reservations with a longer duration of service and second to Pre-Confirmed Applications. In the event the Transmission System is constrained, competing requests of the same Pre-Confirmation status and equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term request before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the

Transmission Provider; and, (b) within twenty-four (24) hours (or earlier if necessary to comply with the scheduling deadlines provided in section 14.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by the Transmission Provider. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

14.3 Use of Non-Firm Point-To-Point Transmission Service by the Transmission

Provider: The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after July 13, 2007 or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

14.4 Service Agreements: The Transmission Provider shall offer a standard form

Non-Firm Point-To-Point Transmission Service Agreement (Attachment B) to an Eligible Customer when it first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

14.5 Classification of Non-Firm Point-To-Point Transmission Service: Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. The Transmission Provider undertakes no obligation under the Tariff to plan its Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. In the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its non-firm capacity reservation, the total bill for such excessive use (derived through application of the governing rates and charges) shall be multiplied by 200 percent to produce the total amount due. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule 8. If a Transmission Customer requests service that involves use of the Transmission Provider's distribution facilities, the rate treatment, losses, and all related terms and conditions will be set forth in the Service Agreement.

14.6 Scheduling of Non-Firm Point-To-Point Transmission Service: Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 2:00 p.m. prevailing Central Time of the day prior to commencement of such service. Schedules submitted after 2:00 p.m.

prevailing Central Time will be accommodated, if practicable. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14.7 Curtailment or Interruption of Service: The Transmission Provider reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System or the systems directly and indirectly interconnected with Transmission Provider's Transmission System. Transmission Provider may elect to implement such Curtailments pursuant to the Transmission Loading Relief

procedures specified in Attachment P. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Point-To-Point Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, (4) transmission service for Network Customers from non-designated resources or (5) transmission service for Firm Point-To-Point Transmission Service during conditional curtailment periods as described in Section 15.4. The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Point-To-Point Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-Point

Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.

15 Service Availability

- 15.1 General Conditions:** The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across its Transmission System to any Transmission Customer that has met the requirements of Section 16.
- 15.2 Determination of Available Transfer Capability:** A description of the Transmission Provider's specific methodology for assessing available transfer capability posted on the Transmission Provider's OASIS (Section 4) is contained in Attachment C of the Tariff. In the event sufficient transfer capability may not exist to accommodate a service request, the Transmission Provider will respond by performing a System Impact Study.
- 15.3 Initiating Service in the Absence of an Executed Service Agreement:** If the Transmission Provider and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the Point-To-Point Service Agreement, the Transmission Provider shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing the Transmission Provider to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by the Transmission Provider for such requested Transmission Service. The Transmission Provider shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate the Transmission Provider at whatever rate the Commission ultimately determines to be just and reasonable, and (ii) comply with the terms

and conditions of the Tariff including posting appropriate security deposits in accordance with the terms of Section 17.3.

15.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System, Redispatch or Conditional Curtailment:

- (a) If the Transmission Provider determines that it cannot accommodate a Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to expand or modify its Transmission System to provide the requested Firm Point-To-Point Transmission Service, consistent with its planning obligations in Attachment K, provided the Transmission Customer agrees to compensate the Transmission Provider for such costs pursuant to the terms of Section 27. The Transmission Provider will conform to Good Utility Practice and its planning obligations in Attachment K, in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that the Transmission Provider has the right to expand or modify.
- (b) If the Transmission Provider determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to provide redispatch from its own resources until (i) Network Upgrades are completed for the

Transmission Customer, (ii) the Transmission Provider determines through a biennial reassessment that it can no longer reliably provide the redispatch, or (iii) the Transmission Customer terminates the service because of redispatch changes resulting from the reassessment. A Transmission Provider shall not unreasonably deny self-provided redispatch or redispatch arranged by the Transmission Customer from a third party resource.

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

- 15.5 Deferral of Service:** The Transmission Provider may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Point-To-Point Transmission Service whenever the Transmission Provider determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.
- 15.6 Other Transmission Service Schedules:** Eligible Customers receiving transmission service under other agreements on file with the Commission may continue to receive transmission service under those agreements until such time as those agreements may be modified by the Commission.
- 15.7 Real Power Losses:** Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Loss factors are as follows:

<u>Service Level</u>	<u>Demand</u>	<u>Energy</u>
bulk transmission (voltage levels above 44/46 kV)	2.6 percent	2.2 percent
subtransmission (44/46 kV)	2.6 percent	2.0 percent

When deliveries for a Transmission Customer require the use of the Transmission Provider's 44/46 kV facilities, both sets of the foregoing Real Power Loss factors shall apply. An example of transmission loss calculations is set forth on Schedule 9.

16 Transmission Customer Responsibilities

16.1 Conditions Required of Transmission Customers: Point-To-Point

Transmission Service shall be provided by the Transmission Provider only if the following conditions are satisfied by the Transmission Customer:

- a. The Transmission Customer has pending a Completed Application for service;
- b. The Transmission Customer meets the creditworthiness criteria set forth in Section 11;
- c. The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Transmission Provider prior to the time service under Part II of the Tariff commences;
- d. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission Customer takes service for the full term of its reservation;
- e. The Transmission Customer provides the information required by the Transmission Provider's planning process established in Attachment K;
and
- f. The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Section 15.3.

16.2 Transmission Customer Responsibility for Third-Party Arrangements: Any

scheduling arrangements that may be required by other electric systems shall be

the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the Transmission Provider, notification to the Transmission Provider identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by the Transmission Provider pursuant to Part II of the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

17 Procedures for Arranging Firm Point-To-Point Transmission Service

17.1 Application: A request for Firm Point-To-Point Transmission Service for periods of one year or longer (including requests for Recallable Long-Term Firm Point-To-Point Transmission Service) must contain a written Application to: Southern Company Services, Inc., Manager, Transmission Services, 600 North 18th Street, 13N-8183, Birmingham, AL 35203, at least sixty (60) days in advance of the calendar month in which service is to commence. The Transmission Provider will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 17.5. All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the priority of the Application.

17.2 Completed Application: A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations;
- (v) A description of the supply characteristics of the capacity and energy to be delivered;
- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested Transmission Service;
- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the Transmission Provider's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement;
- (ix) A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service; and
- (x) Any additional information required by the Transmission Provider's planning process established in Attachment K.

In addition to providing all of the information set forth above, an Application for Recallable Long-Term Firm Point-To-Point Transmission Service

shall not be considered a Completed Application until the Transmission Customer posts a request for Recallable Long-Term Firm Point-To-Point Transmission Service on the Transmission Provider's OASIS.

The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

17.3 Deposit: A Completed Application for Firm Point-To-Point Transmission Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected by the Transmission Provider because it does not meet the conditions for service as set forth herein, or in the case of requests for service arising in connection with losing bidders in a Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by the Transmission Provider in connection with the review of the losing bidder's Application. The deposit also will be returned with interest less any reasonable costs incurred by the Transmission Provider if the Transmission Provider is unable to complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Point-To-Point Transmission Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by the Transmission Provider to the extent such costs have not already been recovered by the Transmission Provider from the Eligible Customer. The Transmission Provider will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible

Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section 19. If a Service Agreement for Firm Point-To-Point Transmission Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Service Agreement for Firm Point-To-Point Transmission Service. Applicable interest shall be computed in accordance with the Commission's regulations at 18 CFR § 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to the Transmission Provider's account.

Notwithstanding the foregoing, the Transmission Provider may, on a non-discriminatory basis, waive the requirement that a deposit accompany an Application where the Eligible Customer has established its creditworthiness pursuant to Section 11 of this Tariff and is not in default in its obligations under this Tariff, as defined in Section 7.3 of this Tariff, at the time of the Application. The Transmission Provider will bill the Eligible Customer for any reasonable costs incurred by the Transmission Provider in connection with its review of the Application. Such bill will contain a complete accounting of all costs included.

17.4 Notice of Deficient Application: If an Application fails to meet the requirements of the Tariff, the Transmission Provider shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The Transmission Provider will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the

Application, along with any deposit, with interest. Upon receipt of a new or revised Application that fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Application.

17.5 Response to a Completed Application: Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider shall make a determination of available transfer capability as required in Section 15.2. The Transmission Provider shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing a System Impact Study or (ii) if such a study is needed to evaluate the impact of the Application pursuant to Section 19.1. Responses by the Transmission Provider must be made as soon as practicable to all completed applications (including applications by its own merchant function) and the timing of such responses must be made on a non-discriminatory basis.

17.6 Execution of Service Agreement: Whenever the Transmission Provider determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where a System Impact Study is required, the provisions of Section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement or request the filing of an unexecuted service agreement pursuant to Section 15.3, within fifteen (15) days after it is tendered by the

Transmission Provider will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

17.7 Extensions for Commencement of Service: The Transmission Customer can obtain, subject to availability, up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Point-To-Point Transmission Service for each year or fraction thereof within fifteen (15) days of notifying the Transmission Provider it intends to extend the commencement of service. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Point-To-Point Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

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

18.1 Application: Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the Transmission Provider. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application.

18.2 Completed Application: A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The Point(s) of Receipt and the Point(s) of Delivery;
- (iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
- (v) The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the Transmission Provider also may ask the Transmission Customer to provide the following:

(vi) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and

(vii) The electrical location of the ultimate load.

The Transmission Provider will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

(viii) A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

18.3 Reservation of Non-Firm Point-To-Point Transmission Service: Requests for monthly service shall be submitted no earlier than sixty (60) days before service is to commence; requests for weekly service shall be submitted no earlier than fourteen (14) days before service is to commence, requests for daily service shall be submitted no earlier than two (2) days before service is to commence, and requests for hourly service shall be submitted no earlier than noon the day before service is to commence. Requests for service received later than 2:00 p.m. prior to the day service is scheduled to commence will be accommodated if practicable.

18.4 Determination of Available Transfer Capability: Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transfer capability pursuant to Section 15.2.

Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service (i) thirty (30) minutes for hourly service, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly service, and (iv) two (2) days for monthly service.

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

19.1 Notice of Need for System Impact Study: After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. Once informed, the Eligible Customer shall timely notify the Transmission Provider if it elects to have the Transmission Provider study redispatch or conditional curtailment as part of the System Impact Study. The Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest.

19.2 System Impact Study Agreement and Cost Reimbursement:

- (i) The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, and time for

completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.

- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 20.

19.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints, identified with specificity by transmission element or flowgate, (2) redispatch options (when requested by an Eligible Customer) including an estimate of the cost of redispatch, (3)

conditional curtailment options (when requested by an Eligible Customer) including the number of hours per year and the System Conditions during which conditional curtailment may occur, and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within the Transmission Provider's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If the Transmission Provider possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to

remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 15.3, or the Application shall be deemed terminated and withdrawn.

19.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct

Assignment Facilities to be charged to the Transmission Customer, (ii) the Transmission Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of the Tariff, and (iii) the time required to complete such construction and initiate the requested service. The Transmission Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Transmission Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn.

19.5 Clustering of Service Requests: After the Transmission Provider communicates to two or more Eligible Customers that a System Impact Study is necessary for their respective service requests, the aforementioned Eligible Customers may request the Transmission Provider to cluster their service requests for study purposes through a single System Impact Study and, if necessary, a single Facilities Study. Each of the participating Eligible Customers shall submit separate written clustering requests ("Cluster Requests") to the Transmission Provider prior to the execution of any of the requestor's individual System Impact Study Agreements. A Cluster Request shall include the Eligible Customer's service request(s) OASIS reference number(s) and shall identify the other participating Eligible Customer(s) that are requesting to have their service

requests studied in a single cluster. Once the Transmission Provider receives Cluster Requests from all of the participating Eligible Customers, the Transmission Provider will determine if the associated service requests are sufficiently similar from an electrical perspective to provide meaningful results to have them studied in a single cluster.

If the Transmission Provider determines that meaningful results can be obtained from studying the service requests in a single cluster, the Transmission Provider shall tender a single System Impact Study Agreement to the Eligible Customers that requested the clustering within fifteen (15) days of the Transmission Provider's receipt of the last received Cluster Request. Execution and return of the System Impact Study Agreement shall be treated in accordance with Section 19.1. After receiving the fully executed System Impact Study Agreement, the Transmission Provider shall perform a single System Impact Study in accordance with Section 19.3.

If, before, during, or after the completion of the single System Impact Study or Facilities Study for the cluster requests, the Transmission Provider determines that meaningful results cannot be obtained from such a single, clustered System Impact Study and/or Facilities Study, the Transmission Provider shall notify the participating Eligible Customers that a transmission offer(s) based upon the single clustering will not be provided. In such instances where a transmission offer(s) is not made based upon the clustering, the Transmission Provider shall tender separate System Impact Study Agreements to the Eligible Customers pursuant to Section 19.1.

If the clustered System Impact Study determines that additions to the Transmission System are required, the Transmission Provider shall tender, and the participating Eligible Customers shall execute and return, a single, clustered Facilities Study Agreement in accordance with Section 19.4. After receiving the fully executed Facilities Study Agreement, the Transmission Provider shall perform a single, clustered Facilities Study in accordance with Section 19.4. The Facilities Study report will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to each participating Eligible Customer; (ii) each participating Eligible Customer's appropriate share of the cost of any required Network Upgrades; and (iii) the time required to complete such construction and initiate the requested service requests.

A clustered System Impact Study and a clustered Facilities Study will be processed in accordance with the following guidelines:

- (i) The participating Eligible Customers shall bear the Transmission Provider's actual costs in performing the clustered System Impact Study and Facilities Study. The costs associated with a clustered System Impact Study and Facilities Study shall be allocated among the Eligible Customers participating in the studies on an equal basis based upon the total number of Eligible Customers participating in the clustering. A participating Eligible Customer that later opts out of the cluster study process shall remain liable for its share of the Transmission Provider's costs in performing the clustered System Impact Study and Facilities Study.

- (ii) Upon receipt of the executed System Impact Study Agreement or Facilities Study Agreement associated with the clustering from all of the participating Eligible Customers, the Transmission Provider will use due diligence to complete the pertinent study within a sixty (60) day period.
- (iii) The System Impact Study's or Facilities Study's OASIS queue date will be based upon the earliest queued participating Eligible Customer's service request.
- (iv) If, after the receipt of the executed System Impact Study Agreement from all of the participating Eligible Customers, a participating Eligible Customer requests in writing to opt out of the clustering study, the Eligible Customer's service request(s) will be deemed withdrawn. The Transmission Provider will evaluate the impact of the customer's withdrawal and revise the cluster study process and results accordingly in order to provide meaningful results to the remaining participants. The Transmission Provider shall communicate any delays in writing to the cluster study participants and provide a good faith estimate on a revised completion date.
- (v) Clustered System Impact Studies will not evaluate Planning Redispatch and Conditional Firm Service solutions.

Once the Eligible Customers participating in the cluster study process receive the results of the Facilities Study they shall have thirty (30) days to

execute their respective Service Agreements and provide the required letter of credit or other form of security or the Eligible Customer's request will no longer be a Completed Application and shall be deemed withdrawn; provided, however, that the Transmission Provider shall have no obligation to provide the requested transmission service or commence construction of the identified Direct Assignment Facilities or Network Upgrades until the Transmission Provider has received executed Service Agreements from all of the participating Eligible Customers. In the event one or more participating Eligible Customers decides to not execute its respective Service Agreement, and the remaining participating Eligible Customers notify the Transmission Provider in writing that they desire to proceed with their service requests, then the Transmission Provider will recalculate the cost allocation, and the updated information along with the modified Service Agreement(s) (if modifications prove necessary) will be provided to the remaining participating Eligible Customers. The above-described procedure for the Eligible Customers to have thirty (30) days to provide executed Service Agreements and provide the required letter of credit or other form of security, along with the Transmission Provider not being obligated to provide the requested transmission service or commence construction until it receives all executed Service Agreements, shall then apply.

Cost responsibility associated with the addition of Network Upgrades to the Transmission System identified in the Facilities Study shall be pro-rated among the Eligible Customers participating in the Facilities Study on the basis of the MW-years of service requested. The participating Eligible Customers shall be

responsible for the respective cost responsibility to the extent consistent with Commission policy.

- 19.6 Facilities Study Modifications:** Any change in design arising from inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of the Transmission Provider that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of Part II of the Tariff.
- 19.7 Due Diligence in Completing New Facilities:** The Transmission Provider shall use due diligence to add necessary facilities or upgrade its Transmission System within a reasonable time. The Transmission Provider will not upgrade its existing or planned Transmission System in order to provide the requested Firm Point-To-Point Transmission Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.
- 19.8 Partial Interim Service:** If the Transmission Provider determines that it will not have adequate transfer capability to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated without addition of any facilities and through redispatch. However, the Transmission Provider shall not be obligated to provide the incremental amount

of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.

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

19.10 Penalties for Failure to Meet Study Deadlines: Sections 19.3 and 19.4 require a Transmission Provider to use due diligence to meet sixty (60) day study completion deadlines for System Impact Studies and Facilities Studies.

- (i) The Transmission Provider is required to file a notice with the Commission in the event that more than twenty (20) percent of non-Affiliates' System Impact Studies and Facilities Studies completed by the Transmission Provider in any two consecutive calendar quarters are not completed within the sixty (60) day study completion deadlines. Such notice must be filed within thirty (30) days of the end of the calendar quarter triggering the notice requirement.
- (ii) For the purposes of calculating the percent of non-Affiliates' System Impact Studies and Facilities Studies processed outside of the sixty (60) day study completion deadlines, the Transmission Provider shall consider all System Impact Studies and Facilities Studies that it completes for non-Affiliates during the calendar quarter. The percentage should be calculated by dividing the number of those studies which are completed on time by the total number of completed studies. The Transmission Provider may provide an explanation in its notification filing to the Commission if it believes there are extenuating circumstances that prevented it from meeting the sixty (60) day study completion deadlines.
- (iii) The Transmission Provider is subject to an operational penalty if it completes ten (10) percent or more of non-Affiliates' System Impact Studies and Facilities Studies outside of the sixty (60) day study

completion deadlines for each of the two calendar quarters immediately following the quarter that triggered its notification filing to the Commission. The operational penalty will be assessed for each calendar quarter for which an operational penalty applies, starting with the calendar quarter immediately following the quarter that triggered the Transmission Provider's notification filing to the Commission. The operational penalty will continue to be assessed each quarter until the Transmission Provider completes at least ninety (90) percent of all non-Affiliates' System Impact Studies and Facilities Studies within the sixty (60) day deadline.

- (iv) For penalties assessed in accordance with subsection (iii) above, the penalty amount for each System Impact Study or Facilities Study shall be equal to \$500 for each day the Transmission Provider takes to complete that study beyond the sixty (60) day deadline.

20 Procedures if The Transmission Provider is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service

20.1 Delays in Construction of New Facilities: If any event occurs that will materially affect the time for completion of new facilities, or the ability to complete them, the Transmission Provider shall promptly notify the Transmission Customer. In such circumstances, the Transmission Provider shall within thirty (30) days of notifying the Transmission Customer of such delays, convene a technical meeting with the Transmission Customer to evaluate the alternatives available to the Transmission Customer. The Transmission Provider also shall make available to the Transmission Customer studies and work papers related to the delay, including all information that is in the possession of the Transmission Provider that is reasonably needed by the Transmission Customer to evaluate any alternatives.

20.2 Alternatives to the Original Facility Additions: When the review process of Section 20.1 determines that one or more alternatives exist to the originally planned construction project, the Transmission Provider shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application subject to construction of the alternative facilities, it may request the Transmission Provider to submit a revised Service Agreement for Firm Point-To-Point Transmission Service. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, the Transmission Provider shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service

providing for the service. In the event the Transmission Provider concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

20.3 Refund Obligation for Unfinished Facility Additions: If the Transmission Provider and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested service cannot be provided out of existing capability under the conditions of Part II of the Tariff, the obligation to provide the requested Firm Point-To-Point Transmission Service shall terminate and any deposit made by the Transmission Customer shall be returned with interest pursuant to Commission regulations 18 CFR § 35.19a(a)(2)(iii). However, the Transmission Customer shall be responsible for all prudently incurred costs by the Transmission Provider through the time construction was suspended.

21 Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities

21.1 Responsibility for Third-Party System Additions: The Transmission Provider shall not be responsible for making arrangements for any necessary engineering, permitting, and construction of transmission or distribution facilities on the system(s) of any other entity or for obtaining any regulatory approval for such facilities. The Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

21.2 Coordination of Third-Party System Additions: In circumstances where the need for transmission facilities or upgrades is identified pursuant to the provisions of Part II of the Tariff, and if such upgrades further require the addition of transmission facilities on other systems, the Transmission Provider shall have the right to coordinate construction on its own system with the construction required by others. The Transmission Provider, after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner. The Transmission Provider shall notify the Transmission Customer in writing of the basis for any decision to defer construction and the specific problems which must be resolved before it will initiate or resume construction of new facilities. Within sixty (60) days of receiving written notification by the Transmission Provider of its intent to defer

construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

22 Changes in Service Specifications

22.1 Modifications On a Non-Firm Basis: The Transmission Customer taking Firm Point-To-Point Transmission Service may request the Transmission Provider to provide transmission service on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement (“Secondary Receipt and Delivery Points”), in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Point-To-Point Transmission Service charge or executing a new Service Agreement, subject to the following conditions.

- (a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by the Transmission Provider on behalf of its Native Load Customers.
- (b) The sum of all Firm and Non-Firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.
- (c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.
- (d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other requirements of

Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

22.2 Modification On a Firm Basis: Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement. In addition to the foregoing provisions, Transmission Customers requesting modifications to Receipt and Delivery Points on a firm basis for Recallable Long-Term Firm Point-To-Point Transmission Service may be required to pay the Tariff charge for Long-Term Firm Point-To-Point Transmission Service in effect at time service is rendered for the modified Receipt and Delivery Points.

23 Sale or Assignment of Transmission Service

23.1 Procedures for Assignment or Transfer of Service: (a) A Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to Resellers shall be at rates established by agreement between the Reseller and the Assignee.

(b) The Assignee must execute a service agreement with the Transmission Provider governing reassignments of transmission service prior to the date on which the reassigned service commences. The Transmission Provider shall charge the Reseller, as appropriate, at the rate stated in the Reseller's Service Agreement with the Transmission Provider or the associated OASIS schedule and credit the Reseller with the price reflected in the Assignee's Service Agreement with the Transmission Provider or the associated OASIS schedule; provided that, such credit shall be reversed in the event of non-payment by the Assignee. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. The Assignee will be subject to all terms and conditions of this Tariff. If the Assignee requests a change in service, the reservation priority of service will be determined by the Transmission Provider pursuant to Section 13.2.

23.2 Limitations on Assignment or Transfer of Service: If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, the Transmission Provider will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of the Transmission Provider's generation, transmission, or distribution systems. The Assignee shall compensate the Transmission Provider for performing any System Impact Study needed to evaluate the capability of the Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the Transmission Provider and the Reseller through an amendment to the Service Agreement.

23.3 Information on Assignment or Transfer of Service: In accordance with Section 4, all sales or assignments of capacity must be conducted through or otherwise posted on the Transmission Provider's OASIS on or before the date the reassigned service commences and are subject to Section 23.1. Resellers may also use the Transmission Provider's OASIS to post transmission capacity available for resale.

24 Metering and Power Factor Correction at Receipt and Delivery Point(s)

24.1 Transmission Customer Obligations: Unless otherwise agreed, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under Part II of the Tariff and to communicate the information to the Transmission Provider. Such equipment shall remain the property of the Transmission Customer.

24.2 Transmission Provider Access to Metering Data: The Transmission Provider shall have access to metering data, which may reasonably be required to facilitate measurements and billing under the Service Agreement.

24.3 Power Factor: Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as the Transmission Provider pursuant to Good Utility Practices. The power factor requirements are specified in the Service Agreement where applicable.

25 Compensation for Transmission Service

Rates for Firm and Non-Firm Point-To-Point Transmission Service are provided in the Schedules appended to the Tariff: Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service (Schedule 7A); Recallable Long-Term Firm Point-To-Point Transmission Service (Schedule 7B); and Non-Firm Point-To-Point Transmission Service (Schedule 8). The Transmission Provider shall use Part II of the Tariff to make its Third-Party Sales. The Transmission Provider shall account for such use at the applicable Tariff rates, pursuant to Section 8.

26 Stranded Cost Recovery

The Transmission Provider may seek to recover stranded costs from the Transmission Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Transmission Provider must separately file any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

27 Compensation for New Facilities and Redispatch Costs

Whenever a System Impact Study performed by the Transmission Provider in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for such costs to the extent consistent with Commission policy. Whenever a System Impact Study performed by the Transmission Provider identifies capacity constraints that may be relieved by redispatching the Transmission Provider's resources to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs to the extent consistent with Commission policy.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

Preamble

The Transmission Provider will provide Network Integration Transmission Service pursuant to the applicable terms and conditions contained in the Tariff and Service Agreement. Network Integration Transmission Service allows the Network Customer to integrate, economically dispatch and regulate its current and planned Network Resources to serve its Network Load in a manner comparable to that in which the Transmission Provider utilizes its Transmission System to serve its Native Load Customers. Network Integration Transmission Service also may be used by the Network Customer to deliver economy energy purchases to its Network Load from non-designated resources on an as-available basis without additional charge. Transmission service for sales to non-designated loads will be provided pursuant to the applicable terms and conditions of Part II of the Tariff.

28 Nature of Network Integration Transmission Service

28.1 Scope of Service: Network Integration Transmission Service is a transmission service that allows Network Customers to efficiently and economically utilize their Network Resources (as well as other non-designated generation resources) to serve their Network Load located in the Transmission Provider's Control Area and any additional load that may be designated pursuant to Section 31.3 of the Tariff. The Network Customer taking Network Integration Transmission Service must obtain or provide Ancillary Services pursuant to Section 3.

28.2 Transmission Provider Responsibilities: The Transmission Provider will plan, construct, operate and maintain its Transmission System in accordance with Good Utility Practice and its planning obligations in Attachment K in order to provide the Network Customer with Network Integration Transmission Service over the Transmission Provider's Transmission System. The Transmission Provider, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer under Part III of this Tariff. This information must be consistent with the information used by the Transmission Provider to calculate available transfer capability. The Transmission Provider shall include the Network Customer's Network Load in its Transmission System planning and shall, consistent with Good Utility Practice and Attachment K, endeavor to construct and place into service sufficient transfer capability to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to the Transmission Provider's delivery of its own generating and purchased resources to its Native Load Customers.

- 28.3 Network Integration Transmission Service:** The Transmission Provider will provide firm transmission service over its Transmission System to the Network Customer for the delivery of capacity and energy from its designated Network Resources to service its Network Loads on a basis that is comparable to the Transmission Provider's use of the Transmission System to reliably serve its Native Load Customers. If a Network Customer requests service that involves the use of the Transmission Provider's distribution facilities, the rate treatment, losses and all related terms and conditions will be set forth in the Service Agreement.
- 28.4 Secondary Service:** The Network Customer may use the Transmission Provider's Transmission System to deliver energy to its Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Secondary service shall not require the filing of an Application for Network Integration Transmission Service under the Tariff. However, all other requirements of Part III of the Tariff (except for transmission rates) shall apply to secondary service. Deliveries from resources other than Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under Part II of the Tariff.
- 28.5 Real Power Losses:** Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Loss factors are as follows:

<u>Service Level</u>	<u>Demand</u>	<u>Energy</u>
bulk transmission (voltage levels above 44/46 kV)	2.6 percent	2.2 percent
subtransmission (44/46 kV)	2.6 percent	2.0 percent

When deliveries for a Network Customer require the use of the Transmission Provider's 44/46 kV facilities, both sets of the foregoing Real Power Loss factors shall apply. An example of transmission loss calculations is set forth on Schedule 9.

28.6 Restrictions on Use of Service: The Network Customer shall not use Network Integration Transmission Service for (i) sales of capacity and energy to non-designated loads, or (ii) direct or indirect provision of transmission service by the Network Customer to third parties. All Network Customers taking Network Integration Transmission Service shall use Point-To-Point Transmission Service under Part II of the Tariff for any Third-Party Sale which requires use of the Transmission Provider's Transmission System.

29 Initiating Service

29.1 Condition Precedent for Receiving Service: Subject to the terms and conditions of Part III of the Tariff, the Transmission Provider will provide Network Integration Transmission Service to any Eligible Customer, provided that (i) the Eligible Customer completes an Application for service as provided under Part III of the Tariff, (ii) the Eligible Customer and the Transmission Provider complete the technical arrangements set forth in Sections 29.3 and 29.4, (iii) the Eligible Customer executes a Service Agreement pursuant to Attachment F for service under Part III of the Tariff or requests in writing that the Transmission Provider file a proposed unexecuted Service Agreement with the Commission, and (iv) the Eligible Customer executes a Network Operating Agreement with the Transmission Provider pursuant to Attachment G, or requests in writing that the Transmission Provider file a proposed unexecuted Network Operating Agreement.

29.2 Application Procedures: An Eligible Customer requesting service under Part III of the Tariff must submit an Application, with a deposit approximating the charge for one month of service, to the Transmission Provider as far as possible in advance of the month in which service is to commence. Unless subject to the procedures in Section 2, Completed Applications for Network Integration Transmission Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the

Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application. A Completed Application shall provide all of the information included in 18 CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the party requesting service;
- (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Transmission Provider substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;
- (iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the ten (10) year load forecast provided in response to (iii) above;
- (v) A description of Network Resources (current and ten (10) year projection). For each on-system Network Resource, such description shall include:
 - Unit size and amount of capacity from that unit to be designated as Network Resource
 - VAR capability (both leading and lagging) of all generators

- Operating restrictions
- Any periods of restricted operations throughout the year
- Maintenance schedules
- Minimum loading level of unit
- Normal operating level of unit
- Any must-run unit designations required for system reliability or contract reasons
- Approximate variable generating cost (\$/MWH) for redispatch computations
- Arrangements governing sale and delivery of power to third parties from generating facilities located in the Transmission Provider Control Area, where only a portion of unit output is designated as a Network Resource;

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

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

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

- Load flow and stability data, such as real and reactive parts of the load, lines, transformers, reactive devices and load type, including normal and emergency ratings of all transmission equipment in a load flow format compatible with that used by the Transmission Provider
- Operating restrictions needed for reliability
- Operating guides employed by system operators
- Contractual restrictions or committed uses of the Eligible Customer's transmission system, other than the Eligible Customer's Network Loads and Resources
- Location of Network Resources described in subsection (v) above

- ten (10) year projection of system expansions or upgrades
 - Transmission System maps that include any proposed expansions or upgrades
 - Thermal ratings of Eligible Customer's Control Area ties with other Control Areas;
- (vii) Service Commencement Date and the term of the requested Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year.
- (viii) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the Network Resources listed pursuant to Section 29.2(v) satisfy the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) the Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program; and
- (ix) Any additional information required of the Network Customer as specified in the Transmission Provider's planning process established in Attachment K.

Unless the Parties agree to a different time frame, the Transmission Provider must acknowledge the request within ten (10) days of receipt. The acknowledgement must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, the Transmission Provider shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the Transmission Provider will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the

Transmission Provider shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

29.3 Technical Arrangements to be Completed Prior to Commencement of

Service: Network Integration Transmission Service shall not commence until the Transmission Provider and the Network Customer, or a third party, have completed installation of all equipment specified under the Network Operating Agreement consistent with Good Utility Practice and any additional requirements reasonably and consistently imposed to ensure the reliable operation of the Transmission System. The Transmission Provider shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

29.4 Network Customer Facilities:

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

facilities on the Network Customer's side of each such delivery point or interconnection.

29.5 Filing of Service Agreement: The Transmission Provider will file Service Agreements with the Commission in compliance with applicable Commission regulations.

30 Network Resources

30.1 Designation of Network Resources: Network Resources shall include all generation owned, purchased or leased by the Network Customer designated to serve Network Load under the Tariff. Network Resources may not include resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. Any owned or purchased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Service Commencement Date shall initially be designated as Network Resources until the Network Customer terminates the designation of such resources.

30.2 Designation of New Network Resources: The Network Customer may designate a new Network Resource by providing the Transmission Provider with as much advance notice as practicable. A designation of a new Network Resource must be made through the Transmission Provider's OASIS by a request for modification of service pursuant to an Application under Section 29. This request must include a statement that the new Network Resource satisfies the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) the Network Resources do not include any resources, or any portion thereof, that are

committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. The Network Customer's request will be deemed deficient if it does not include this statement and the Transmission Provider will follow the procedures for a deficient Application as described in Section 29.2 of the Tariff.

30.3 Termination of Network Resources: The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource by providing notification to the Transmission Provider through OASIS as soon as reasonably practicable but not later than the firm scheduling deadline for the period of termination. Any request for termination of Network Resource status must be submitted on OASIS, and should indicate whether the request is for indefinite or temporary termination. A request for indefinite termination of Network Resource status must indicate the date and time that the termination is to be effective, and the identification and capacity of the resource(s) or portions thereof to be indefinitely terminated. A request for temporary termination of Network Resource status must include the following:

- (i) Effective date and time of temporary termination;
- (ii) Effective date and time of redesignation, following period of temporary termination;
- (iii) Identification and capacity of resource(s) or portions thereof to be temporarily terminated;

- (iv) Resource description and attestation for redesignating the Network Resource following the temporary termination, in accordance with Section 30.2; and
- (v) Identification of any related transmission service requests to be evaluated concomitantly with the request for temporary termination, such that the requests for undesignation and the request for these related transmission service requests must be approved or denied as a single request. The evaluation of these related transmission service requests must take into account the termination of the Network Resources identified in (iii) above, as well as all competing transmission service requests of higher priority.

As part of a temporary termination, a Network Customer may only redesignate the same resource that was originally designated, or a portion thereof. Requests to redesignate a different resource and/or a resource with increased capacity will be deemed deficient and the Transmission Provider will follow the procedures for a deficient Application as described in Section 29.2 of the Tariff.

30.4 Operation of Network Resources: The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Provider's Control Area such that the output of those facilities exceeds its designated Network Load, plus Non-Firm Sales delivered pursuant to Part II of the Tariff, plus losses, plus power sales under a reserve sharing program, plus sales that permit curtailment without penalty to serve its designated Network Load. This limitation shall not apply to changes in the operation of a Network Customer's Network Resources at the request of the Transmission

Provider to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. For all Network Resources not physically connected with the Transmission Provider's Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application pursuant to Section 29, unless the Network Customer supports such delivery within the Transmission Provider's Transmission System by either obtaining Point-To-Point Transmission Service or utilizing secondary service pursuant to Section 28.4.

30.5 Network Customer Redispatch Obligation: As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by the Transmission Provider pursuant to Section 33.2. To the extent practical, the redispatch of resources pursuant to this section shall be on a least cost, non-discriminatory basis between all Network Customers, and the Transmission Provider.

30.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider: The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

- 30.7 Limitation on Designation of Network Resources:** The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.
- 30.8 Use of Interface Capacity by the Network Customer:** There is no limitation upon a Network Customer's use of the Transmission Provider's Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of the Transmission Provider's total interface capacity with other transmission systems may not exceed the Network Customer's Network Load.
- 30.9 Network Customer Owned Transmission Facilities:** The Network Customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of the Transmission Provider to serve its power and transmission customers. For facilities added by the Network Customer subsequent to July 13, 2007, the Network Customer shall receive credit for such transmission facilities added if such facilities are integrated into the operations of the Transmission Provider's facilities; provided however,

the Network Customer's transmission facilities shall be presumed to be integrated if such transmission facilities, if owned by the Transmission Provider, would be eligible for inclusion in the Transmission Provider's annual transmission revenue requirement as specified in Attachment H. Calculation of any credit under this subsection shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

31 Designation of Network Load

31.1 Network Load: The Network Customer must designate the individual Network Loads on whose behalf the Transmission Provider will provide Network Integration Transmission Service. The Network Loads shall be specified in the Service Agreement.

31.2 New Network Loads Connected With the Transmission Provider: The Network Customer shall provide the Transmission Provider with as much advance notice as reasonably practicable of the designation of new Network Load that will be added to its Transmission System. A designation of new Network Load must be made through a modification of service pursuant to a new Application. The Transmission Provider will use due diligence to install any transmission facilities required to interconnect a new Network Load designated by the Network Customer. The costs of new facilities required to interconnect a new Network Load shall be determined in accordance with the procedures provided in Section 32.4 and shall be charged to the Network Customer in accordance with Commission policies.

31.3 Network Load Not Physically Interconnected with the Transmission Provider: This section applies to both initial designation pursuant to Section 31.1 and the subsequent addition of new Network Load not physically interconnected with the Transmission Provider. To the extent that the Network Customer desires to obtain transmission service for a load outside the Transmission Provider's Transmission System, the Network Customer shall have the option of (1) electing to include the entire load as Network Load for all

purposes under Part III of the Tariff and designating Network Resources in connection with such additional Network Load, or (2) excluding that entire load from its Network Load and purchasing Point-To-Point Transmission Service under Part II of the Tariff. To the extent that the Network Customer gives notice of its intent to add a new Network Load as part of its Network Load pursuant to this section the request must be made through a modification of service pursuant to a new Application.

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

31.5 Changes in Service Requests: Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service (e.g. the addition of a new Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the costs of transmission facilities constructed by the Transmission Provider and charged to the Network Customer as reflected in the Service Agreement. However, the Transmission Provider must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner.

31.6 Annual Load and Resource Information Updates: The Network Customer shall provide the Transmission Provider with annual updates of Network Load

and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff including, but not limited to, any information provided under Section 29.2(ix) pursuant to the Transmission Provider's planning process in Attachment K. The Network Customer also shall provide the Transmission Provider with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the Transmission Provider's ability to provide reliable service.

32 Additional Study Procedures For Network Integration Transmission Service Requests

32.1 Notice of Need for System Impact Study: After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest.

32.2 System Impact Study Agreement and Cost Reimbursement:

- (i) The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on

existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.

- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the service requests, the costs of that study shall be pro-rated among the Eligible Customers.
- (iii) For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 8.

32.3 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall (1) identify any system constraints, identified with specificity by transmission element or flowgate, (2) redispatch options (when requested by an Eligible Customer) including, to the extent possible, an estimate of the cost of redispatch, (3) available options for installation of automatic devices to curtail service (when requested by an Eligible Customer), and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested

service. For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within the Transmission Provider's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If the Transmission Provider possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement, or the Application shall be deemed terminated and withdrawn.

32.4 Facilities Study Procedures: If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to

the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Eligible Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

32.5 Clustering of Service Requests: After the Transmission Provider communicates to two or more Eligible Customers that a System Impact Study is necessary for their respective service requests, the aforementioned Eligible Customers may request the Transmission Provider to cluster their service requests for study purposes through a single System Impact Study and, if necessary, a single Facilities Study. Each of the participating Eligible Customers shall submit separate written clustering requests (“Cluster Requests”) to the Transmission Provider prior to the execution of any of the requestor’s individual System Impact Study Agreements. A Cluster Request shall include the Eligible Customer’s service request(s) OASIS reference number(s) and shall identify the other participating Eligible Customer(s) that are requesting to have their service requests studied in a single cluster. Once the Transmission Provider receives Cluster Requests from all of the participating Eligible Customers, the Transmission Provider will determine if the associated service requests are sufficiently similar from an electrical perspective to provide meaningful results to have them studied in a single cluster.

If the Transmission Provider determines that meaningful results can be obtained from studying the service requests in a single cluster, the Transmission Provider shall tender a single System Impact Study Agreement to the Eligible Customers that requested the clustering within fifteen (15) days of the Transmission Provider's receipt of the last received Cluster Request. Execution and return of the System Impact Study Agreement shall be treated in accordance with Section 32.1. After receiving the fully executed System Impact Study Agreement, the Transmission Provider shall perform a single System Impact Study in accordance with Section 32.3.

If, before, during, or after the completion of the single System Impact Study or Facilities Study for the cluster requests, the Transmission Provider determines that meaningful results cannot be obtained from such a single, clustered System Impact Study and/or Facilities Study, the Transmission Provider shall notify the participating Eligible Customers that a transmission offer(s) based upon the single clustering will not be provided. In such instances where a transmission offer(s) is not made based upon the clustering, the Transmission Provider shall tender separate System Impact Study Agreements to the Eligible Customers pursuant to Section 32.1.

If the clustered System Impact Study determines that additions to the Transmission System are required, the Transmission Provider shall tender, and the participating Eligible Customers shall execute and return, a single, clustered Facilities Study Agreement in accordance with Section 32.4. After receiving the fully executed Facilities Study Agreement, the Transmission Provider shall

perform a single, clustered Facilities Study in accordance with Section 32.4. The Facilities Study report will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to each participating Eligible Customer; (ii) each participating Eligible Customer's appropriate share of the cost of any required Network Upgrades; and (iii) the time required to complete such construction and initiate the requested service requests.

A clustered System Impact Study and a clustered Facilities Study will be processed in accordance with the following guidelines:

- (i) The participating Eligible Customers shall bear the Transmission Provider's actual costs in performing the clustered System Impact Study and Facilities Study. The costs associated with a clustered System Impact Study and Facilities Study shall be allocated among the Eligible Customers participating in the studies on an equal basis based upon the total number of Eligible Customers participating in the clustering. A participating Eligible Customer that later opts out of the cluster study process shall remain liable for its share of the Transmission Provider's costs in performing the clustered System Impact Study and Facilities Study.
- (ii) Upon receipt of the executed System Impact Study Agreement or Facilities Study Agreement associated with the clustering from all of the participating Eligible Customers, the Transmission Provider will use due diligence to complete the pertinent study within a sixty (60) day period.

- (iii) The System Impact Study's or Facilities Study's OASIS queue date will be based upon the earliest queued participating Eligible Customer's service request.
- (iv) If, after the receipt of the executed System Impact Study Agreement from all of the participating Eligible Customers, a participating Eligible Customer requests in writing to opt out of the clustering study, the Eligible Customer's service request(s) will be deemed withdrawn. The Transmission Provider will evaluate the impact of the customer's withdrawal and revise the cluster study process and results accordingly in order to provide meaningful results to the remaining participants. The Transmission Provider shall communicate any delays in writing to the cluster study participants and provide a good faith estimate on a revised completion date.
- (v) Clustered System Impact Studies will not evaluate Planning Redispatch and Conditional Firm Service solutions.

Once the Eligible Customers participating in the cluster study process receive the results of the Facilities Study they shall have thirty (30) days to execute their respective Service Agreements and provide the required letter of credit or other form of security or the Eligible Customer's request will no longer be a Completed Application and shall be deemed withdrawn; provided, however, that the Transmission Provider shall have no obligation to provide the requested transmission service or commence construction of the identified Direct Assignment Facilities or Network Upgrades until the Transmission Provider has

received executed Service Agreements from all of the participating Eligible Customers. In the event one or more participating Eligible Customers decides to not execute its respective Service Agreement, and the remaining participating Eligible Customers notify the Transmission Provider in writing that they desire to proceed with their service requests, then the Transmission Provider will recalculate the cost allocation, and the updated information along with the modified Service Agreement(s) (if modifications prove necessary) will be provided to the remaining participating Eligible Customers. The above-described procedure for the Eligible Customers to have thirty (30) days to provide executed Service Agreements and provide the required letter of credit or other form of security, along with the Transmission Provider not being obligated to provide the requested transmission service or commence construction until it receives all executed Service Agreements, shall then apply.

Cost responsibility associated with the addition of Network Upgrades to the Transmission System identified in the Facilities Study shall be pro-rated among the Eligible Customers participating in the Facilities Study on the basis of the MW-years of service requested. The participating Eligible Customers shall be responsible for the respective cost responsibility to the extent consistent with Commission policy.

32.6 Penalties for Failure to Meet Study Deadlines: Section 19.10 defines penalties that apply for failure to meet the sixty (60) day study completion due diligence deadlines for System Impact Studies and Facilities Studies under Part II of the

Tariff. These same requirements and penalties apply to service under Part III of the Tariff.

33 Load Shedding and Curtailments

33.1 Procedures: Prior to the Service Commencement Date, the Transmission Provider and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the Transmission System and on systems directly and indirectly interconnected with Transmission Provider's Transmission System. The Parties will implement such programs during any period when the Transmission Provider determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The Transmission Provider will notify all affected Network Customers in a timely manner of any scheduled Curtailment.

33.2 Transmission Constraints: During any period when the Transmission Provider determines that a transmission constraint exists on the Transmission System, and such constraint may impair the reliability of the Transmission Provider's system, the Transmission Provider will take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of the Transmission Provider's system. To the extent the Transmission Provider determines that the reliability of the Transmission System can be maintained by redispatching resources, the Transmission Provider will initiate procedures pursuant to the Network Operating Agreement to redispatch all Network Resources and the Transmission Provider's own resources on a least-cost basis without regard to the ownership of such resources. Any redispatch under this section may not unduly discriminate between the Transmission Provider's use of

the Transmission System on behalf of its Native Load Customers and any Network Customer's use of the Transmission System to serve its designated Network Load.

- 33.3 Cost Responsibility for Relieving Transmission Constraints:** Whenever the Transmission Provider implements least-cost redispatch procedures in response to a transmission constraint, the Transmission Provider and Network Customers will each bear a proportionate share of the total redispatch cost based on their respective Load Ratio Shares.
- 33.4 Curtailments of Scheduled Deliveries:** If a transmission constraint on the Transmission Provider's Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and the Transmission Provider determines that it is necessary to Curtail scheduled deliveries, the Parties shall Curtail such schedules in accordance with the Network Operating Agreement or pursuant to the Transmission Loading Relief procedures specified in Attachment P.
- 33.5 Allocation of Curtailments:** The Transmission Provider shall, on a non-discriminatory basis, Curtail the transaction(s) that effectively relieve the constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by the Transmission Provider and Network Customer in proportion to their respective Load Ratio Shares. The Transmission Provider shall not direct the Network Customer to Curtail schedules to an extent greater than the Transmission Provider would Curtail the Transmission Provider's schedules under similar circumstances.

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

33.7 System Reliability: Notwithstanding any other provisions of this Tariff, the Transmission Provider reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Network Integration Transmission Service without liability on the Transmission Provider's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on the Transmission Provider's Transmission System or on any other system(s) directly or indirectly interconnected with the Transmission Provider's Transmission System, the Transmission Provider, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. The Transmission Provider will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not unduly discriminatory relative to the Transmission Provider's use of the Transmission System on behalf of its Native

Load Customers. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

34 Rates and Charges

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

- 34.1 Monthly Demand Charge:** The Network Customer shall pay the Monthly Demand Charge(s) determined in accordance with Attachment H for the applicable month.
- 34.2 Determination of Network Customer's Monthly Network Load:** The Network Customer's monthly Network Load is its hourly load (including its designated Network Load not physically interconnected with the Transmission Provider under Section 31.3) coincident with the Transmission Provider's Monthly Transmission System Peak.
- 34.3 Determination of Transmission Provider's Monthly Transmission System Load:** The Transmission Provider's monthly Transmission System load is the Transmission Provider's Monthly Transmission System Peak minus the coincident peak usage of all Firm Point-To-Point Transmission Service customers pursuant to Part II of this Tariff plus the Reserved Capacity of all Firm Point-To-Point Transmission Service customers.
- 34.4 Redispatch Charge:** The Network Customer shall pay a Load Ratio Share of any redispatch costs allocated between the Network Customer and the Transmission Provider pursuant to Section 33. To the extent that the Transmission Provider incurs an obligation to the Network Customer for

redispatch costs in accordance with Section 33, such amounts shall be credited against the Network Customer's bill for the applicable month.

34.5 Stranded Cost Recovery: The Transmission Provider may seek to recover stranded costs from the Network Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Transmission Provider must separately file any proposal to recover stranded costs under Section 205 of the Federal Power Act.

35 Operating Arrangements

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

35.2 Network Operating Agreement: The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Network Customer within the Transmission Provider's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between the Transmission Provider and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the Transmission Provider's Transmission System, interchange schedules, unit outputs for redispatch required under Section 33, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of

the Electric Reliability Organization (ERO) as defined in 18 CFR § 39.1, (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with the Transmission Provider, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies the applicable reliability guidelines of the ERO. The Transmission Provider shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G.

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

SCHEDULE 1

Scheduling, System Control and Dispatch Service

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

The rates for Scheduling, System Control and Dispatch Service are as follows:

\$0.9672/kW-year
\$0.0806/kW-month
\$0.0186/kW-week
\$0.0027/kW-day
0.17 mills/kW-hour (on-peak rate)
0.11 mills/kW-hour (off-peak rate)

The charge for this service shall be determined as follows:

- For Firm Point-To-Point Transmission Service, the applicable rate (yearly, monthly, weekly or daily) will be multiplied by the demand at the point of output from the bulk transmission service level.

- For Non-Firm Point-To-Point Transmission Service, the applicable rate (monthly, weekly, daily or hourly) will be multiplied by the demand at the point of output from the bulk transmission service level.
- For Network Integration Transmission Service, the applicable rate will be multiplied by the Transmission Customer's 12 CP demand at the point of output from the bulk transmission service level (calculated as an average on a rolling basis) as of the most recent date available.
- The rates for this ancillary service are applicable at the bulk transmission service level (voltage levels above 44/46 kV). When these rates are applied to demands at the 44/46 kV level, such demands must be adjusted to the bulk transmission service level to reflect the Real Power Loss factor (demand) for the 44/46 kV service level in accordance with Schedule 9.
- For hourly service provided during the sixteen (16) hour period from 6:00 a.m. to 10:00 p.m. (prevailing Central Time), the "on-peak" hourly rate is applicable.
- For hourly service provided during the eight (8) hour period from 10:00 p.m. to 6:00 a.m. (prevailing Central Time), the "off-peak" hourly rate is applicable.
- The total demand charge in any day, pursuant to a reservation for hourly delivery, shall not exceed the daily rate specified above times the highest billing demand in kilowatts in any hour during such day.

SCHEDULE 2

Reactive Supply and Voltage Control from Generation or Other Sources Service

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

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

The Transmission Customer reserves all rights to self-supply or make comparable alternative arrangements in lieu of purchasing all or a portion of this service from the Transmission Provider to the extent permitted by Order No. 888 or succeeding orders.

The rates for Reactive Supply and Voltage Control from Generation or Other Sources Service are as follows:

\$1.3200/kW-year
\$0.1100/kW-month
\$0.0254/kW-week
\$0.0036/kW-day
0.23 mills/kW-hour (on-peak rate)
0.15 mills/kW-hour (off-peak rate)

The charge for this service shall be determined as follows:

- For Firm Point-To-Point Transmission Service, the applicable rate (yearly, monthly, weekly or daily) will be multiplied by the demand at the point of output from the bulk transmission service level.
- For Non-Firm Point-To-Point Transmission Service, the applicable rate (monthly, weekly, daily or hourly) will be multiplied by the demand at the point of output from the bulk transmission service level.
- For Network Integration Transmission Service, the applicable rate will be multiplied by the Transmission Customer's 12 CP demand at the point of output from the bulk transmission service level (calculated as an average on a rolling basis) as of the most recent date available.
- The rates for this ancillary service are applicable at the bulk transmission service level (voltage levels above 44/46 kV). When these rates are applied to demands at the 44/46 kV level, such demands must be adjusted

to the bulk transmission service level to reflect the Real Power Loss factor (demand) for the 44/46 kV service level in accordance with Schedule 9.

- For hourly service provided during the sixteen (16) hour period from 6:00 a.m. to 10:00 p.m. (prevailing Central Time), the “on-peak” hourly rate is applicable.
- For hourly service provided during the eight (8) hour period from 10:00 p.m. to 6:00 a.m. (prevailing Central Time), the “off-peak” hourly rate is applicable.
- The total demand charge in any day, pursuant to a reservation for hourly delivery, shall not exceed the daily rate specified above times the highest billing demand in kilowatts in any hour during such day.

SCHEDULE 3

Regulation and Frequency Response Service

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

A Transmission Customer purchasing Regulation and Frequency Response Service will be required to purchase an amount of service equal to 1.15 percent of the Transmission Customer's demand at the point of output from the bulk transmission service level for Point-To-Point Transmission Service or 1.15 percent of the Transmission Customer's 12 CP demand at the point of output from the bulk transmission service level (calculated as an average on a rolling

basis) for Network Integration Transmission Service. The billing determinants for this purchase will be reduced by any portion of the 1.15 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself, as contemplated by Section 3.

The rates for Regulation and Frequency Response Service are as follows:

\$50.40/kW-year
\$ 4.20/kW-month
\$ 0.9692/kW-week
\$ 0.1385/kW-day
8.65 mills/kW-hour (on-peak rate)
5.77 mills/kW-hour (off-peak rate)

The charge for this service shall be determined as follows:

- For Firm Point-To-Point Transmission Service, the applicable rate (yearly, monthly, weekly or daily) will be multiplied by the demand at the point of output from the bulk transmission service level times the percent purchase obligation.
- For Non-Firm Point-To-Point Transmission Service, the applicable rate (monthly, weekly, daily or hourly) will be multiplied by the demand at the point of output from the bulk transmission service level times the percent purchase obligation.
- For Network Integration Transmission Service, the applicable rate will be multiplied by the Transmission Customer's 12 CP demand at the point of output from the bulk transmission service level (calculated as an average on a rolling basis) as of the most recent date available times the percent purchase obligation.

- The rates for this ancillary service are applicable at the bulk transmission service level (voltage levels above 44/46 kV). When these rates are applied to demands at the 44/46 kV level, such demands must be adjusted to the bulk transmission service level to reflect the Real Power Loss factor (demand) for the 44/46 kV service level in accordance with Schedule 9.
- For hourly service provided during the sixteen (16) hour period from 6:00 a.m. to 10:00 p.m. (prevailing Central Time), the “on-peak” hourly rate is applicable.
- For hourly service provided during the eight (8) hour period from 10:00 p.m. to 6:00 a.m. (prevailing Central Time), the “off-peak” hourly rate is applicable.
- The total demand charge in any day, pursuant to a reservation for hourly delivery, shall not exceed the daily rate specified above times the highest billing demand in kilowatts in any hour during such day.

SCHEDULE 4

Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly energy imbalances under this Schedule or a penalty for hourly generator imbalances under Schedule 10 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

Derivations Within The Bandwidth

The Transmission Provider shall establish charges for energy imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, at 100 percent of incremental or decremental cost; (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of

the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of incremental cost or 90 percent of decremental cost, and (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of incremental cost or 75 percent of decremental cost.

For purposes of this Schedule, incremental cost and decremental cost represent the actual variable dispatch cost used by the Transmission Provider in the economic dispatch of its bulk power system to serve its system obligations and unit commitment costs incurred as a result of the provision of service under this Schedule. The components of variable dispatch cost are calculated in accordance with the Allocation Methodology and Periodic Rate Computation Procedure Manual, which is provided for in (and is part of) the Southern Company System Intercompany Interchange Contract ("IIC"), as updated from time to time and maintained on file with the Federal Energy Regulatory Commission. Under the IIC, centralized economic dispatch is accomplished on the Transmission Providers' bulk power system by dispatching system generating resources and purchases to meet its system obligations and to supply energy for sales to others. System generating resources are dispatched based on marginal replacement fuel cost, variable operations and maintenance expenses, in-plant fuel handling expenses, emission allowance replacement costs, and compensation for transmission losses. A purchase is recognized in economic dispatch on the basis of its energy cost.

SCHEDULE 5

Operating Reserve - Spinning Reserve Service

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

A Transmission Customer purchasing Operating Reserve-Spinning Reserve Service will be required to purchase an amount of service equal to 2.0 percent of the Transmission Customer's demand at the point of output from the bulk transmission service level for Point-To-Point Transmission Service or 2.0 percent of the Transmission Customer's 12 CP demand at the point of output from the bulk transmission service level (calculated as an average on a rolling basis) for Network Integration Transmission Service. The billing determinants for this purchase will be reduced by any portion of the 2.0 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself, as contemplated by Section 3.

The rates for Operating Reserve-Spinning Reserve Service are as follows:

\$50.40/kW-year
\$ 4.20/kW-month
\$ 0.9692/kW-week
\$ 0.1385/kW-day
8.65 mills/kW-hour (on-peak rate)
5.77 mills/kW-hour (off-peak rate)

The charge for this service shall be determined as follows:

- For Firm Point-To-Point Transmission Service, the applicable rate (yearly, monthly, weekly or daily) will be multiplied by the demand at the point of output from the bulk transmission service level times the percent purchase obligation.
- For Non-Firm Point-To-Point Transmission Service, the applicable rate (monthly, weekly, daily or hourly) will be multiplied by the demand at the point of output from the bulk transmission service level times the percent purchase obligation.
- For Network Integration Transmission Service, the applicable rate will be multiplied by the Transmission Customer's 12 CP demand at the point of output from the bulk transmission service level (calculated as an average on a rolling basis) as of the most recent date available times the percent purchase obligation.
- The rates for this ancillary service are applicable at the bulk transmission service level (voltage levels above 44/46 kV). When these rates are applied to demands at the 44/46 kV level, such demands must be adjusted

to the bulk transmission service level to reflect the Real Power Loss factor (demand) for the 44/46 kV service level in accordance with Schedule 9.

- For hourly service provided during the sixteen (16) hour period from 6:00 a.m. to 10:00 p.m. (prevailing Central Time), the “on-peak” hourly rate is applicable.
- For hourly service provided during the eight (8) hour period from 10:00 p.m. to 6:00 a.m. (prevailing Central Time), the “off-peak” hourly rate is applicable.
- The total demand charge in any day, pursuant to a reservation for hourly delivery, shall not exceed the daily rate specified above times the highest billing demand in kilowatts in any hour during such day.

SCHEDULE 6

Operating Reserve - Supplemental Reserve Service

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

A Transmission Customer purchasing Operating Reserve-Supplemental Reserve Service will be required to purchase an amount of service equal to 2.0 percent of the Transmission Customer's demand at the point of output from the bulk transmission service level for Point-To-Point Transmission Service or 2.0 percent of the Transmission Customer's 12 CP demand at the point of output from the bulk transmission service level (calculated as an average on a rolling basis) for Network Integration Transmission Service. The billing determinants for this purchase will be reduced by any portion of the 2.0 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself, as contemplated by Section 3.

The rates for Operating Reserve-Supplemental Reserve Service are as follows:

\$50.40/kW-year
\$ 4.20/kW-month
\$ 0.9692/kW-week
\$ 0.1385/kW-day
8.65 mills/kW-hour (on-peak rate)
5.77 mills/kW-hour (off-peak rate)

The charge for this service shall be determined as follows:

- For Firm Point-To-Point Transmission Service, the applicable rate (yearly, monthly, weekly or daily) will be multiplied by the demand at the point of output from the bulk transmission service level times the percent purchase obligation.
- For Non-Firm Point-To-Point Transmission Service, the applicable rate (monthly, weekly, daily or hourly) will be multiplied by the demand at the point of output from the bulk transmission service level times the percent purchase obligation.
- For Network Integration Transmission Service, the applicable rate will be multiplied by the Transmission Customer's 12 CP demand at the point of output from the bulk transmission service level (calculated as an average on a rolling basis) as of the most recent date available times the percent purchase obligation.
- The rates for this ancillary service are applicable at the bulk transmission service level (voltage levels above 44/46 kV). When these rates are applied to demands at the 44/46 kV level, such demands must be adjusted

to the bulk transmission service level to reflect the Real Power Loss factor (demand) for the 44/46 kV service level in accordance with Schedule 9.

- For hourly service provided during the sixteen (16) hour period from 6:00 a.m. to 10:00 p.m. (prevailing Central Time), the “on-peak” hourly rate is applicable.
- For hourly service provided during the eight (8) hour period from 10:00 p.m. to 6:00 a.m. (prevailing Central Time), the “off-peak” hourly rate is applicable.
- The total demand charge in any day, pursuant to a reservation for hourly delivery, shall not exceed the daily rate specified above times the highest billing demand in kilowatts in any hour during such day.

SCHEDULE 7A

Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service

A. Bulk Firm Point-To-Point Transmission Service: For Firm Point-To-Point Transmission Service requiring the use of the Transmission Provider's bulk transmission facilities (voltage levels above 44/46 kV), the Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges derived annually in accordance with the Formula Rate Manual attached hereto as Attachment M. The applicable charges are set forth in Informational Schedules A and D and on the OASIS. For purposes of applying the charge(s) set forth on Informational Schedule D, the Charge Factor(s) shall be applied to the Transmission Customer's deliveries of energy associated with the Reserved Capacity.

B. Firm Point-To-Point Transmission Service on 44/46 kV Facilities: For Firm Point-To-Point Transmission Service requiring the use of the Transmission Provider's 44/46 kV facilities, the Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges derived annually in accordance with the Formula Rate Manual attached hereto as Attachment M. The applicable charges are set forth in Informational Schedules A and D and on the OASIS. For purposes of applying the charge(s) set forth on Informational Schedule D, the Charge Factor(s) shall be applied to the Transmission Customer's deliveries of energy associated with the Reserved Capacity.

C. Discounts: Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for

discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

D. Miscellaneous: When deliveries for a Transmission Customer require the use of the Transmission Provider's 44/46 kV facilities, both sets of the foregoing Point-To-Point Transmission Service charges (the charges for the use of the bulk facilities and the 44/46 kV facilities) shall apply. An example of transmission loss calculations is set forth on Schedule 9.

The costs associated with generator step-up transformers (GSUs) are considered to be production related, and thus are not included in any of the rates set forth in this Schedule 7A.

E. Resales: The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Section 23.1 of the Tariff.

SCHEDULE 7B

Recallable Long-Term Firm Point-To-Point Transmission Service

A. Bulk Firm Point-To-Point Transmission Service: For Recallable Long-Term Firm Point-To-Point Transmission Service requiring the use of the Transmission Provider's bulk transmission facilities (voltage levels above 44/46 kV), the Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges derived annually in accordance with the Formula Rate Manual attached hereto as Attachment M. The applicable charges are set forth in Informational Schedules A and D and on the OASIS. For purposes of applying the charge(s) set forth on Informational Schedule D, the Charge Factor(s) shall be applied to the Transmission Customer's deliveries of energy associated with the Reserved Capacity.

B. Recall Features: The Transmission Provider will reserve the right, upon thirty (30) calendar days written notice to Transmission Customer, to recall all or a specified portion of the transmission capacity reserved by each request under this Schedule 7B in the event that the Transmission Provider receives a request for Long-Term Firm Point-To-Point Transmission Service at the Tariff charge for Long-Term Firm Point-To-Point Transmission Service that the Transmission Provider is unable to accommodate because of an existing transmission capacity reservation under this Schedule 7B. The Transmission Customer may retain all of the recalled capacity by agreeing, within fifteen (15) calendar days of the date of the Transmission Provider's written recall notice, to pay (from the date of the Transmission Customer's written notification through the remainder of the term of the Recallable Long-Term firm Point-To-Point Transmission Service Agreement) the Tariff charge for Long-Term Firm Point-To-Point

Transmission Service in effect at the time service is rendered for the recalled capacity. The Transmission Customer's failure to provide the Transmission Provider with written notice of its agreement to retain and pay for the recalled capacity within fifteen (15) calendar days after the date of the Transmission Provider's written recall notice will result in the Transmission Customer's release of the recalled portion of the reserved capacity.

C. Firm Point-To-Point Transmission Service on 44/46 kV Facilities: For Firm Point-To-Point Transmission Service requiring the use of the Transmission Provider's 44/46 kV facilities, the Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges derived annually in accordance with the Formula Rate Manual attached hereto as Attachment M. The applicable charges are set forth in Informational Schedules A and D and on the OASIS. For purposes of applying the charge(s) set forth on Informational Schedule D, the Charge Factor(s) shall be applied to the Transmission Customer's deliveries of energy associated with the Reserved Capacity.

D. Discounts: In addition to the recall feature identified in paragraph B above, three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System. The discount may be based on a

percentage of the charge for Long-Term Firm Point-To-Point Transmission Service or may contain a fixed component for the reservation plus a variable component to be applied to scheduled service. Ancillary charges will not be discounted.

E. Miscellaneous: When deliveries for a Transmission Customer require the use of the Transmission Provider's 44/46 kV facilities, both sets of the foregoing Point-To-Point Transmission Service charges (the charges for the use of the bulk facilities and the 44/46 kV facilities) shall apply. An example of transmission loss calculations is set forth on Schedule 9.

The costs associated with generator step-up transformers (GSUs) are considered to be production related, and thus are not included in any of the rates set forth in this Schedule 7B.

F. Resales: The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Section 23.1 of the Tariff.

SCHEDULE 8

Non-Firm Point-To-Point Transmission Service

A. **Bulk Non-Firm Point-To-Point Transmission Service**: For Non-Firm Point-To-Point Transmission Service requiring the use of the Transmission Provider's bulk transmission facilities (voltage levels above 44/46 kV), the Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity up to the sum of the applicable charges derived annually in accordance with the Formula Rate Manual attached hereto as Attachment M. The applicable charges are set forth in Informational Schedules B and D and on the OASIS. For purposes of applying the charge(s) set forth on Informational Schedule D, the Charge Factor(s) shall be applied to the Transmission Customer's deliveries of energy associated with the Reserved Capacity.

B. **Non-Firm Point-To-Point Transmission Service on 44/46/kV Transmission Facilities**: For Non-Firm Point-To-Point Transmission Service requiring the use of the Transmission Provider's 44/46 kV facilities, the Transmission Customer shall compensate the Transmission Provider up to the sum of the applicable derived annually in accordance with the Formula Rate Manual attached hereto as Attachment M. The applicable charges are set forth in Informational Schedules A and D and on the OASIS. For purposes of applying the charge(s) set forth on Informational Schedule D, the Charge Factor(s) shall be applied to the Transmission Customer's deliveries of energy associated with the Reserved Capacity.

C. **Discounts**: Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must

occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

D. Miscellaneous: When deliveries for a Transmission Customer require the use of the Transmission Provider's 44/46 kV facilities, both sets of the foregoing Point-To-Point Transmission Service charges (the charges for the use of the bulk facilities and the 44/46 kV facilities) shall apply. An example of transmission loss calculations is set forth on Schedule 9.

The costs associated with generator step-up transformers (GSUs) are considered to be production related, and thus are not included in any of the rates set forth in this Schedule 8.

E. Resales: The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service, compensation for which shall be governed by Section 23.1 of the Tariff.

SCHEDULE 9

Example of Transmission Loss Calculations Under Southern Companies' Tariff

Losses

Demand and energy losses for bulk transmission service and subtransmission (44/46 kV) service are as follows:

Service	Demand (%)	Energy (%)
bulk transmission (above 44/46 kV)	2.6	2.2
subtransmission (44/46 kV)	2.6	2.0

Transmission Service Demand Loss Example:

Transmission Provider's rates for bulk transmission service include demand losses (*i.e.*, demand is calculated at the point of output) for service above the 44/46 kV level and no adjustment to the Transmission Customer's demand for billing will be required. When service is provided at the 44/46 kV level, however, the amount delivered at that level must be increased to reflect 44/46 kV losses to determine the demand at the bulk transmission level. An example of such a calculation is provided below:

Assume that the Transmission Customer has a load of 50 MWs that is served from the 44/46 kV level.

The loads used to determine the Transmission Customer's transmission charges are as follows:

44/46 kV demand	= 50 MW
Bulk transmission service (demand at point of output from the bulk transmission service level)	= 44/46 kV demand x [1/(1-0.026)] = 50 x [1/(0.974)] = 51.335 MW

Accordingly, to serve 50 MWs of load at the 44/46 kV level, the Transmission Customer's demand for billing will be 51.335 MW from the bulk transmission level (transmission service and ancillary services) and 50 MWs at the 44/46 kV level (transmission service only).

Transmission Service Energy Loss Example:

Assume that the Transmission Customer has a load of 50 MWHs that is served from the 44/46 kV level.

The amount of energy required to serve the 50 MWHs load is determined as follows:

$$\begin{aligned} 44/46 \text{ kV load} &= 50 \text{ MWH at the point of output} \\ &\quad \text{from the 44/46 kV level} \end{aligned}$$

$$\begin{aligned} \text{Energy at the point of} \\ \text{output from the bulk} \\ \text{transmission service level} &= 44/46 \text{ kV load} \times [1/(1 - 0.02)] \\ &= 50 \times [1/(0.980)] \\ &= 51.020 \text{ MWH} \end{aligned}$$

$$\begin{aligned} \text{Energy required at the} \\ \text{point of input to the bulk} \\ \text{transmission service level} &= \text{Output load} \times [1/(1 - 0.022)] \\ &= 51.020 \times [1/(0.978)] \\ &= 52.168 \text{ MWH} \end{aligned}$$

Accordingly, to serve 50 MWHs of load at the 44/46 kV level, the Transmission Customer will deliver 52.168 MWHs to Transmission Provider's point of input to the bulk transmission service level.

SCHEDULE 10

Generator Imbalance Service

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider's Control Area and a delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour. The Transmission Provider must offer this service, to the extent it is physically feasible to do so from its resources or from resources available to it, when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Generator Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly generator imbalances under this Schedule or a penalty for hourly energy imbalances under Schedule 4 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish charges for generator imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of each month, at 100 percent of incremental or decremental cost, (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW)

of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of incremental cost or 90 percent of decremental cost, and (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled at 125 percent of incremental cost or 75 percent of decremental cost, except that an intermittent resource will be exempt from this deviation band and will pay the deviation band charges for all deviations greater than the larger of 1.5 percent or 2 MW. An intermittent resource, for the limited purpose of this Schedule is an electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand or respond to transmission security constraints.

Notwithstanding the foregoing, deviations from scheduled transactions in order to respond to directives by the Transmission Provider, a balancing authority, or a reliability coordinator shall not be subject to the deviation bands identified above and, instead, shall be settled financially, at the end of the month, at 100 percent of incremental and decremental cost. Such directives may include instructions to correct frequency decay, respond to a reserve sharing event, or change output to relieve congestion.

For purposes of this Schedule, incremental cost and decremental cost represent the actual variable dispatch cost used by the Transmission Provider in the economic dispatch of its bulk power system to serve its system obligations and unit commitment costs incurred as a result of the provision of service under this Schedule. The components of variable dispatch cost are calculated in accordance with the Allocation Methodology and Periodic Rate Computation Procedure Manual, which is provided for in (and is part of) the Southern Company System

Intercompany Interchange Contract (“IIC”), as updated from time to time and maintained on file with the Federal Energy Regulatory Commission. Under the IIC, centralized economic dispatch is accomplished on the Transmission Providers’ bulk power system by dispatching system generating resources and purchases to meet its system obligations and to supply energy for sales to others. System generating resources are dispatched based on marginal replacement fuel cost, variable operations and maintenance expenses, in-plant fuel handling expenses, emission allowance replacement costs, and compensation for transmission losses. A purchase is recognized in economic dispatch on the basis of its energy cost.

ATTACHMENT A

**Form of Service Agreement for Short-Term Firm Point-To-Point
Transmission Service, Long-Term Firm Point-To-Point Transmission Service, and
Recallable Long-Term Firm Point-To-Point Transmission Service
(OASIS Reference No. _____)**

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the “Transmission Provider”), and _____ (“Transmission Customer”).
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.
- 3.0 The Transmission Customer has provided to the Transmission Provider an Application deposit in accordance with the provisions of Section 17.3 of the Tariff.
- 4.0 Service under this Service Agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this Service Agreement shall terminate on such date as mutually agreed upon by the parties.
- 5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Transmission Customer:

- 7.0 The Tariff is incorporated herein and made a part hereof.

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

Transmission Provider:

By: _____
Name Title Date

Transmission Customer:

By: _____
Name Title Date

Specifications For Firm Point-To-Point
Transmission Service

1.0 Term of Transaction: _____
Start Date: _____
Termination Date: _____

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

3.0 Point(s) of Receipt: _____
Delivering Party: _____

4.0 Point(s) of Delivery: _____
Receiving Party: _____

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

6.0 Designation of party(ies) subject to reciprocal service obligation:

7.0 Name(s) of any Intervening Systems providing transmission service:

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

8.1 Transmission Charge: _____

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

8.3 Direct Assignment Facilities Charge: _____

8.4 Ancillary Services Charges: _____

8.5 Distribution Facilities Charge: _____

Specifications For Recallable Long-Term Firm
Point-To-Point Transmission Service

1.0 Term of Transaction: _____

Start Date: _____

Termination Date: _____

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

3.0 Point(s) of Receipt: _____

Delivering Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

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

6.0 Designation of party(ies) subject to reciprocal service obligation:

7.0 Name(s) of any Intervening Systems providing transmission service: _____

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

8.1 Transmission Charge: _____

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

8.3 Direct Assignment Facilities Charge: _____

8.4 Ancillary Services Charges: _____

8.5 Distribution Facilities Charge: _____

9.0 The Transmission Provider reserves the right, upon thirty (30) calendar days written notice to the Transmission Customer, to recall all or a specified portion of the transmission capacity reserved by this request in the event that the Transmission Provider receives a request for service at the Tariff charge for Long-Term Firm Point-To-Point Transmission Service that the Transmission Provider is unable to accommodate because of the transmission capacity reservation under this Service Agreement. The Transmission Customer may, within fifteen (15) calendar days after the date of the Transmission Provider's written recall notice, exercise its right either (1) to purchase all of the recalled capacity or (2) to release all or the recalled portion of the reserved capacity under this Service Agreement by providing written notice of its decision to the Transmission Provider. Failure to respond to a recall notice within the time period shall result in the release of the recalled portion of the reserved capacity.

10.0 Conditions to Recallable Long-Term Firm Point-To-Point Transmission Service

10.1 The Transmission Customer's right (pursuant to Section 2.2 of the Tariff) to continue taking service upon the termination of this Service Agreement is conditioned upon the Transmission Customer's agreement to take service at the same Receipt and Delivery Points. The Transmission Customer may also be required to pay the Tariff charge for Long-Term Firm Point-To-Point Transmission Service in effect at the time service is rendered for the continuation of service.

10.2 Modifications to Receipt and Delivery Points made in accordance with Section 22 (and any other applicable provision) of the Tariff may be subject to payment at the Tariff charge for Long-Term Firm Point-To-Point Transmission Service in effect at the time service is rendered.

ATTACHMENT A-1

**Form Of Service Agreement For
The Resale, Reassignment Or Transfer Of
Point-To-Point Transmission Service
(OASIS Reference No. _____)**

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the “Transmission Provider”), and _____ (the “Assignee”).
- 2.0 The Assignee has been determined by the Transmission Provider to be an Eligible Customer under the Tariff pursuant to which the transmission service rights to be transferred were originally obtained.
- 3.0 The terms and conditions for the transaction entered into under this Service Agreement shall be subject to the terms and conditions of Part II of the Tariff, except for those terms and conditions negotiated by the Reseller of the reassigned transmission capacity (pursuant to Section 23.1 of this Tariff) and the Assignee, to include: contract effective and termination dates, the amount of reassigned capacity or energy, point(s) of receipt and delivery. Changes by the Assignee to the Reseller’s Points of Receipt and Points of Delivery will be subject to the provisions of Section 23.2 of this Tariff.
- 4.0 The Transmission Provider shall credit the Reseller for the price reflected in the Assignee’s Service Agreement or the associated OASIS schedule.
- 5.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Assignee:

6.0 The Tariff is incorporated herein and made a part hereof.

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

Transmission Provider:

By: _____
Name Title Date

Assignee:

By: _____
Name Title Date

Specifications For The Resale, Reassignment Or Transfer of
Point-To-Point Transmission Service

1.0 Term of Transaction: _____

Start Date: _____

Termination Date: _____

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

3.0 Point(s) of Receipt: _____

Delivering Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

5.0 Maximum amount of reassigned capacity: _____

6.0 Designation of party(ies) subject to reciprocal service obligation:

7.0 Name(s) of any Intervening Systems providing transmission service:

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

8.1 Transmission Charge: _____

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

8.3 Direct Assignment Facilities Charge: _____

8.4 Ancillary Services Charges: _____

9.0 Name of Reseller of the reassigned transmission capacity:

ATTACHMENT B

**Form Of Service Agreement For Non-Firm Point-To-Point
Transmission Service**

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the “Transmission Provider”), and _____ (“Transmission Customer”).
- 2.0 The Transmission Customer has been determined by the Transmission Provider to be a Transmission Customer under Part II of the Tariff and has filed a Completed Application for Non-Firm Point-To-Point Transmission Service in accordance with Section 18.2 of the Tariff.
- 3.0 Service under this Service Agreement shall be provided by the Transmission Provider upon request by an authorized representative of the Transmission Customer.
- 4.0 The Transmission Customer agrees to supply information the Transmission Provider deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.
- 5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Transmission Customer:

- 7.0 The Tariff is incorporated herein and made a part hereof.

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

Transmission Provider:

By: _____
Name Title Date

Transmission Customer:

By: _____
Name Title Date

ATTACHMENT C

Methodology to Assess Available Transfer Capability

Available Transfer Capability Calculations

The Transmission Provider calculates Available Transfer Capability (“ATC”) using mathematical algorithms that are compliant with the requirements of the current FERC approved version of North American Electric Reliability Corporation’s (“NERC”) reliability standard regarding the Area Interchange Methodology.

ATC is automatically updated by the Transmission Provider’s OASIS each time: (i) Total Transfer Capability (“TTC”) values are updated; and/or (ii) transmission service is purchased, scheduled, or redirected.¹ ATC is calculated for each path, transmission service type and time period.

The Transmission Provider calculates ATC using the same mathematical algorithm for the scheduling horizon (same day and real-time), operating horizon (day ahead and pre-schedule) and planning horizon (beyond the operating horizon). The mathematical algorithm may be found at: https://www.weboasis.com/OASIS/SOCO/TSR/ATC_algorithms.pdf

The basic ATC algorithm is as follows:

¹ The TTC and ATC values posted on the Transmission Provider’s OASIS are of the Transmission Provider’s ownership amount of the underlying transmission capacity.

$$\begin{aligned} \text{ATC (Path, Service Type and Time Period specific)} &= \\ &\text{TTC (Total Transfer Capability)} \\ &- \Sigma \text{ETC (Existing Transmission Commitments at equal or higher service code using} \\ &\text{the path)}^2 \\ &- \text{CBM (Capacity Benefit Margin)} \\ &- \text{TRM (Transmission Reliability Margin)} \\ &+ \Sigma \text{Postbacks (Unscheduled transmission service commitments and redirected} \\ &\text{capacity at equal or higher service code linked back to the path)}^3 \\ &+ \Sigma \text{counterflows}^4 \end{aligned}$$

The ATC values for the different transmission service types offered on OASIS are calculated using the same algorithm, but certain inputs may vary. These inputs are defined for each of the service types offered and consist of a service code and three logical “flags” (*i.e.*, whether to apply TRM, whether to apply CBM, and whether to post back unused reserved capacity). Table A (ATC Algorithm Configuration) illustrates the configuration for each transmission service type offered on Transmission Provider’s OASIS.

Specific algorithms for calculating Firm and Non-Firm ATC are as follows:

- Firm ATC = $\text{TTC} - \text{ETC}_F - \text{CBM} - \text{TRM} + \text{Postbacks}_F + \text{counterflows}_F$
- Non-Firm ATC = $\text{TTC} - \text{ETC}_F - \text{ETC}_{NF} - \text{CBM}_S - \text{TRM}_U + \text{Postbacks}_{NF} + \text{counterflows}_{NF}$

Where:

TTC is the Total Transfer Capability of the ATC Path for that period.
ETC_F is the sum of existing firm transmission commitments for the ATC Path during that period.

² Transmission service types are assigned service codes for purposes of the ATC algorithm, and such service codes are set forth in Table A (ATC Algorithm Configuration). Confirmed reservations utilizing the same path and of equal or higher service code are considered in each calculation. For example, an ATC value is calculated for Monthly Firm Point-To-Point (“PTP”) Transmission Service for the path from a particular POR to SOCO by including confirmed reservations of service code 6 and above that utilize that path. Reservations utilizing a different path or of lower service code (*e.g.*, service code 7) would not be included in the calculation.

³ Postbacks consist of unscheduled transmission service and redirected Transmission Service. Unscheduled transmission service commitments are considered in calculating ATC for hourly service. Confirmation of a request to redirect Transmission Service results in the reduction of ATC on the redirected (new) path and increase of ATC on the original path, at a service type with an equal or lower service code than the new redirected Transmission Service. For example, if the original Transmission Service was Monthly Firm PTP (service code 6) and the new redirected Transmission Service is Daily Firm PTP (service code 10), then ATC will be added back to the original path in the calculation of Daily Firm PTP (service code 10 and below), but not in the calculation of Monthly Firm PTP. At a minimum, redirected capacity is added back to all Hourly services on the original path.

⁴ Counterflows are the amount of scheduled megawatts (“MW”) associated with the Transmission Service Providers’ (“TSP”) customers’ transactions that will flow in the opposite direction on a path (resulting in a reliable reduction of flow on constrained facilities), that the TSP determines can effectively be used to increase ATC. It should be noted that counterflows associated with certain types of constraints (*e.g.*, simultaneous transfer capability limits, voltage limits and stability limits) may not provide relief to constrained facilities required to enable a reliable increase in ATC values. The TSP only considers counterflows in the calculation of hourly (non-firm) ATC.

ETCN_F is the sum of existing non-firm transmission commitments for the ATC Path during that period.

CBM is the Capacity Benefit Margin for the ATC Path during that period.

TRM is the Transmission Reliability Margin for the ATC Path during that period.

CBM_S is the Capacity Benefit Margin for the ATC Path that has been scheduled without a separate reservation during that period.

TRM_U is the Transmission Reliability Margin for the ATC Path that has not been released for sale (unreleased) as non-firm capacity TSP during that period.

Postbacks_F are changes to firm ATC due to a change in the use of transmission service for that period, as defined herein.

counterflows_F are adjustments to firm ATC as determined by the Transmission Service Provider and specified herein.

Postbacks_{NF} are changes to non-firm ATC due to a change in the use of transmission service for that period, as defined herein.

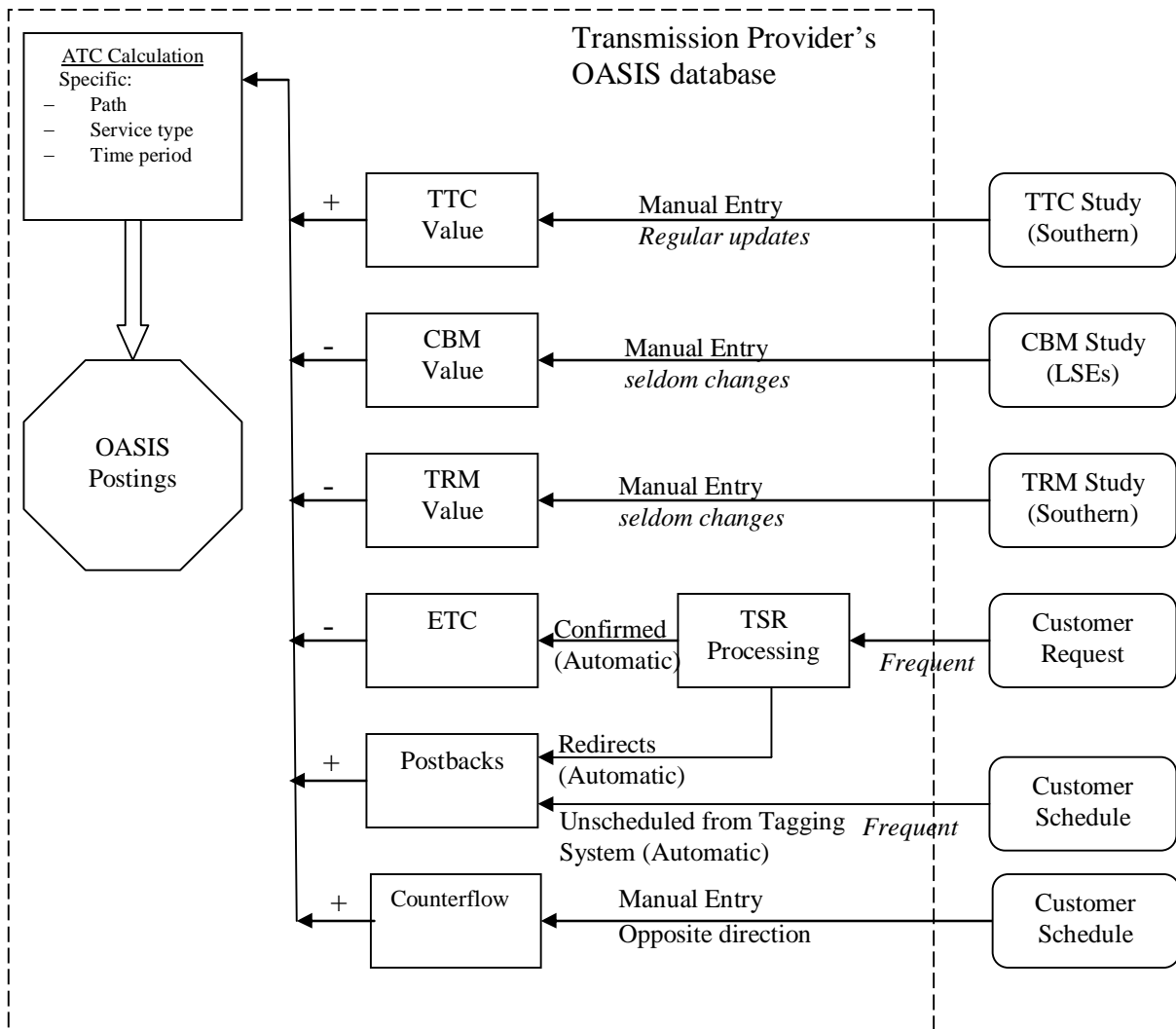
counterflows_{NF} are adjustments to non-firm ATC as determined by the Transmission Service Provider and specified herein.

TABLE A

ATC Algorithm Configuration

Time Period	Class	Transmission Service Type	Service Code	Apply TRM	Apply CBM	Postback Unscheduled Transmission Service
Yearly	Firm	Network	1	Y	Y	N
Yearly	Firm	Point-To-Point	2	Y	Y	N
Yearly	Firm	Recallable	3	Y	Y	N
Yearly	Firm	Conditional	4	Y	Y	N
Monthly	Firm	Network	5	Y	Y	N
Monthly	Firm	Point-To-Point	6	Y	Y	N
Weekly	Firm	Network	7	Y	Y	N
Weekly	Firm	Point-To-Point	8	Y	Y	N
Daily	Firm	Network	9	Y	Y	N
Daily	Firm	Point-To-Point	10	Y	Y	N
Daily	Secondary	Network	11	N	N	N
Hourly	Secondary	Network	12	N	N	Y
Monthly	Non-Firm	Point-To-Point	13	N	N	N
Weekly	Non-Firm	Point-To-Point	14	N	N	N
Daily	Non-Firm	Point-To-Point	15	N	N	N
Hourly	Non-Firm	Point-To-Point	16	N	N	Y
Hourly	Secondary	Point-To-Point	17	N	N	Y

ATC Process Flow Diagram



This process flow diagram illustrates the various steps through which a single ATC (based upon specific factors) is calculated. Similar ATC calculations are performed for each path, service type, and time period and will generally result in different ATC values specific to those factors.

ATC Components

The ATC components are calculated consistently in the operating and planning horizons to meet the zero to thirteen months posting requirements.

Total Transfer Capability (“TTC”): The Transmission Provider defines TTC, consistent with the “Glossary of Terms Used in NERC Reliability Standards” (updated April 20, 2010), as the “amount of electric power that can be moved or transferred reliably from one area to another area of the interconnected transmission systems by way of all transmission lines (or paths) between those areas under specified system conditions.” Transfer analysis conducted to determine TTC is performed consistent with the principles provided in “Transmission Transfer Capability – A Reference Document for Calculating and Reporting the Electric Power Transfer Capability of Interconnected Electric Systems” dated May, 1995 and in compliance with the requirements of the current FERC approved version of the NERC reliability standard regarding the Area Interchange Methodology. Further, transfer analysis is performed respecting all applicable System Operating Limits (SOL).

TTC values in the Southern Balancing Authority Area (“SBAA”)⁵ are determined on an “aggregated basis” in which the transmission facilities of transmission owners located within the SBAA (Dalton Utilities, Georgia Transmission Corporation, Municipal Electric Authority of Georgia, and the Transmission Provider) are treated as a combined electrical system in transfer analysis studies.

The Transmission Provider performs a simultaneous transfer analysis to determine TTC values for each of the five northern interfaces (*i.e.*, Entergy Services, Inc. (“Entergy”), Tennessee Valley Authority (“TVA”), Duke Power Company (“Duke”), South Carolina Public Service Authority (“Santee Cooper”), and South Carolina Electric and Gas Company (“SCE&G”)).⁶

The Transmission Provider performs separate non-simultaneous analyses to determine TTC values for PowerSouth Energy Cooperative, South Mississippi Electric Power Association, and Peninsular Florida.⁷

⁵ “Southern Company Services, Inc. – Trans” is the Balancing Authority for Southern Companies’ reliability area.

⁶ Transmission Provider may also perform non-simultaneous analysis if more limiting system conditions arise on a particular interface and may utilize the lower of the simultaneous or the non-simultaneous TTC results if system conditions warrant.

⁷ The term “Peninsular Florida” refers to the portion of the State of Florida that contains the utilities and Balancing Authority Areas in the Florida Reliability Coordinating Council (“FRCC”).

The databases used in TTC assessments include: Transmission Provider's OASIS, OASIS of other providers, data submittals from adjacent Transmission Providers, NERC SDX, SCS Equipment Outage Schedule, SBAA Monthly Power Flow Cases, SCS Power Flow Cases, SCS Energy Management System, OATI Transaction Tagging Scheduling System, SERC NTSG Power Flow Cases, SERC LTSG Power Flow Cases, Florida-Southern Coordinating Group Planning Committee Power Flow Cases, and Artificial Neural-Network Short-term Load Forecaster.

The Transmission Provider uses load level forecasts corresponding with the actual load levels for the period under study. Monthly load levels correspond to historical peak load information for each month. Near-time load level forecasts are developed using a neural network application based upon weather data and load information obtained by the SCS Energy Management System in real-time. The Transmission Provider uses a generation dispatch order based upon information provided by the load-serving entities ("LSE"), which results in an economic dispatch of network resources to serve network loads. Planned outages are modeled as being out of service during the duration of the outage in TTC assessments of corresponding periods. Forced outages are modeled as being out of service during the duration of the anticipated repair. NERC SDX and SCS Equipment Outage Schedule databases are updated when equipment is returned to service so that subsequent TTC assessments reflect the equipment as being in service.

Existing Transmission Commitments ("ETC"): The Transmission Provider defines ETC as commitments for transmission service which exist at the time a transfer analysis is performed. Transmission service for network and native loads is represented in power flow analyses by modeling forecasted loads and serving them with an economic dispatch of the associated network resources. Firm PTP Transmission Service is represented in the power flow models with the specific source serving the specific sink.⁸ The modeling treatment is consistent whether the existing transmission service commitment is OATT service or non-OATT (native load or grandfathered) service. Rollover rights are evaluated as a continuation of service in the zero to thirteen months postings unless the renewal deadline has expired and the transmission customer has not elected to continue taking such service.

For each particular interface, service type, and time period, ATC is determined by subtracting the commitments on that interface from the respective TTC value in accordance with the algorithms shown above. Firm ATC calculations consider only firm commitments. Non-firm ATC considers both firm and non-firm commitments.

Postbacks: The Transmission Provider defines postbacks as capacity that is posted back on OASIS as additional ATC as a result of: (i) transmission customers not scheduling service; or (ii) transmission customers' redirects of service to other paths.

⁸ This modeling occurs to the extent the specific source is known and can be practically modeled by the Transmission Provider. PTP Transmission Service may not be modeled during periods when it is not expected to be scheduled; however, the right to schedule such service would be maintained.

- **Unscheduled Service:** Transmission service commitments that are not scheduled (wholly or partially) result in the unscheduled portions being posted back to OASIS in the form of non-firm ATC. For example, if the holder of 100 MW of Daily Firm service on a path schedules only 80 MW during an upcoming hour, the remaining 20 MW will be posted back as non-firm ATC on that path for that hour.
- **Short-term Redirect:** Firm PTP Transmission Customers may redirect their Transmission Service on a firm or non-firm basis, to any path where ATC is available.
 - If the redirect is to a path where firm Transmission Service is available, the firm ATC will be decremented on the new path and firm ATC will be released on the original path.
 - If the redirect is to a path where only non-firm Transmission Service is available, the non-firm ATC will be decremented on the new path; however, the Transmission Customer will reserve the right to return to the original path and firm ATC will not be released on the original path. Non-firm ATC will be released on the original path.

Counterflows: The Transmission Provider defines counterflows as the amount of scheduled megawatts associated with the TSP's customers' transactions that will flow in the opposite direction on a path (resulting in a reliable reduction of flow on constrained facilities), that the TSP determines can effectively be used to increase ATC. It should be noted that counterflows associated with certain types of constraints (e.g., simultaneous transfer capability limits, voltage limits and stability limits) may not provide relief to constrained facilities required to enable a reliable increase in ATC values. The TSP only considers counterflows in the calculation of hourly (non-firm) ATC.

Transmission Reliability Margin ("TRM"):

- A. **Definition of TRM.** The Transmission Provider defines TRM, consistent with NERC's "Available Transfer Capability Definitions and Determination: A Framework for Determining Available Transfer Capabilities of the Interconnection Transmission Networks for a Commercially Viable Electricity Market" dated June, 1996, as the "amount of transmission transfer capability necessary to ensure that the interconnected transmission network is secure under a reasonable range of uncertainties in system conditions."
- B. **Transmission Provider's TRM calculation methodology.**

The SBAA has four primary interfaces with external utilities: TVA, VACAR, Peninsular Florida and Entergy. The VACAR interface is composed of interconnections between the SBAA and Duke, SCE&G, and Santee Cooper. The

Duke, Peninsular Florida, TVA and Entergy interfaces each have at least one 500 kV transmission line as part of the interconnection to the SBAA. For this reason, TRM is allocated among certain ATC Paths on the TVA, Duke, Peninsular Florida and Entergy interfaces. TRM on ATC Paths at other interfaces, such as SCE&G and Santee Cooper, will be zero MW.

The methodology to determine Transmission Provider's TRM utilizes the current peak-load period dynamics model for transmission planning studies. Representation for the systems external to the SBAA comes from the SERC Reliability Corporation ("SERC") Dynamic Studies Group (used to model the systems of the SERC members) and a dynamic reduction of a NERC MMWG dynamics case for those utilities outside of the SERC region. Transmission Provider's methodology uses the inertial response of the interfaces to the loss of a single selected generating unit within the SBAA. Analysis is performed by switching off a single unit with generating capacity greater than 500 MW in order to assess the inrush requirement at each interface for that particular unit. Siemens PSS/E is used to examine the generator governor's response for all the generators in the Eastern Interconnection modeled thirty seconds after the loss of the major unit. Thirty seconds was selected to allow the generator governors time to settle out at the new operating point. Analyses are performed to determine the generation response from utilities interconnected with the SBAA. The amount of this response multiplied by the MW of lost generation forms the basis of total TRM.

The largest MW response of each interface (for the outage of units under consideration) is selected and summed. The TRM allocation for each interface is found by dividing the largest response for the interface by the sum and multiplying this value by total TRM.

C. Databases used in TRM assessments. The following databases are utilized in the TRM assessment:

- Southern Companies' Dynamics Database for Transmission Planning Models
- SERC Dynamics Study Group – Dynamics Database
- NERC MMWG Dynamics Model

TRM values are maintained in the OASIS database.

D. Conditions under which the Transmission Provider uses TRM. The Transmission Provider reserves TRM only to calculate firm ATC for imports and such capacity is made available to the market on a non-firm basis.

Capacity Benefit Margin (“CBM”):

1. CBM practice for both the operating and planning horizons.

- A. Entity that performs the resource adequacy analysis for CBM determination. Each LSE is responsible to make its own CBM determination. For the Transmission Provider, resource adequacy analyses for determination of CBM are conducted by Southern Company Services, Inc.’s (“SCS”) Resource Planning group as agent for the Transmission Provider in its provision of electric service to its franchised service territories.
- B. Methodology used to perform generation reliability assessments. The Transmission Provider has established a target reserve margin for generation adequacy planning which is the point where total reliability costs and capacity costs are minimized. Resource adequacy is regulated by the Transmission Provider’s respective State commissions. In order to maintain this minimum cost point, some level of CBM reservation is required. Probabilistic analyses using Monte Carlo techniques and historical data are conducted to determine the optimum reserve margin based on different levels of CBM. The resource adequacy analyses utilize CBM in a similar manner to that of firm territorial capacity resources in the determination of the optimum (overall least cost) reserve margin. As such, the methodology utilized to determine the quantity of CBM set-aside is (1) consistent with the Transmission Provider’s methodology for assessing resource adequacy, and (2) is an integral part of such target reserve margin/resource adequacy determination.

The Monte Carlo method considers generating unit forced outages and de-rates based on historical time to failure and time to repair data and the diversity of generating unit forced outages in the region. Load forecast error probabilities, electrical load from extreme weather temperature probabilities, and the probabilities of dry weather and its impact on hydroelectric energy are inputs to the model. It is anticipated that this assessment will be conducted at least every three years and reviewed annually, and may be performed more frequently if system conditions or assumptions change significantly.

- C. Explanation of whether the assessment reflects a specific regional practice. The evaluation methodology does not reflect any specific regional practice.
- D. Assumptions used in the resource adequacy assessment. The evaluation methodology contains many assumptions including: Load Forecast Error (LFE) (discussed below), weather uncertainty, machine outage rates (forced and planned) and repair durations, availability of conventional hydro resources, availability of tie assistance, and other factors.

LFE is determined from statistical analysis of historical forecasts versus actual loads. The resultant probability distribution represents the load forecast uncertainty.

The effect of weather on system load is calculated using trend analyses of historical temperature versus load data for each year evaluated, typically incorporating the data from numerous preceding years. Results from this analysis are input to the model along with the target peak demand hourly system loads for each of the years.

- E. Basis for the selection of paths on which CBM is set aside. Paths for CBM are chosen across interfaces with neighboring Balancing Authority Areas shown in SERC published data as having sufficient excess generation resources. Total import capability from tie lines during peak hours is a function of both tie line limits and the projected availability of generating capacity on the other side of the tie line. While the Monte Carlo model assesses needed imports of generating capacity to maintain system reliability, it does not determine the particular interface over which such generating capacity might actually be available. Outside the computer model, the relative availability of generation and transmission capability is considered in order to allocate the desired CBM across the various interfaces.

2. Additional CBM Information.

- A. Definition of CBM. CBM is that amount of firm, import TTC on interfaces with adjacent Balancing Authority Areas reserved by LSEs to ensure access to generation resources from interconnected systems to meet generation reliability requirements of LSEs' native/network load customers.
- B. List of databases used in calculations to determine CBM. Inputs to the resource adequacy model are developed from various sources and are consistent with those used to develop the Transmission Provider's integrated resource plan. A listing of the primary databases follows:

Database Name	Data Utilized
Southern Company System Planning Database	Machine data (<i>e.g.</i> , min/max output, heat rate, delivered fuel cost, startup and VOM costs, emissions cost, planned outages, etc.)
NERC's GADS database	Historical forced outage information
Platts Energy Market Data	Historical pricing for energy strips
SC Marketing Services Barrons Reports	Load forecasting data
Southern Company Historical Load/Temp Data	Historical load and temperature data

- C. Double-counting of contingency outages when performing CBM, TTC, and TRM calculations. TRM is the amount of TTC necessary to ensure that the interconnected transmission network is secure under a reasonable range of uncertainties in system conditions. CBM is that amount of firm, import TTC on interfaces with adjacent Balancing Authority Areas reserved by LSEs to ensure access to generation resources from interconnected systems to meet generation reliability requirements of LSEs' native/network load customers. In addition, neither TRM nor CBM are used to calculate TTC. Therefore, there is no double-counting of contingency outages when performing CBM, TTC and TRM calculations. Analysis software for the determination of CBM utilizes a transport model instead of a transmission model; contingencies are not explicitly modeled.

3. *Procedures for allowing the use of CBM during emergencies.*

When an Emergency (as defined below) occurs, CBM may be called upon by the LSE that reserved the CBM to import power on a firm basis into the SBAA to ensure the continued reliability of service to the LSE's native/network load customers.

- A. What constitutes an Emergency. An Emergency exists when the resources of an LSE are projected to be insufficient to serve its native/network load customers. Such Emergency meets the conditions established by NERC EEA2.
- B. Entities that are permitted to use CBM during an emergency.
- (i) Eligibility for use of CBM. CBM is available for the Transmission Provider and Network Customers taking Network Integration Transmission Service under the Tariff to serve their respective native/network load. For such Network Customers who only serve a portion of their load under Part III of the Tariff, any CBM reserved shall be limited to that reasonably needed for the Network Customer's load served under Part III of the Tariff.
- (ii) Reservation Of CBM. Each eligible LSE is responsible for reserving its own CBM requirements. To make such a reservation, the LSE must submit a request to the Transmission Provider's transmission function setting forth the following information: (a) the amount of CBM desired on each particular interface; (b) a description of the methodology used to determine its CBM; and (c) the basis for reserving CBM on the requested paths. The Transmission Provider's transmission function will attempt to accommodate requests for CBM to the extent that transmission capacity is currently available on a "first-come, first-served" basis, including higher queued long-term firm requests under the Tariff. The Transmission Provider's transmission function reserves the right to deny CBM requests that appear unreasonable or disproportionate given the amount of native/network load service being provided to that LSE by the

Transmission Provider's transmission system, with Network Customer's taking Network Integration Transmission Service under the Tariff limited to that reasonably needed for the amount of load served under Part III of the Tariff.

- (iii) Use of CBM. CBM may be used during an Emergency by the LSE who reserved it to import power on a firm basis into the SBAA to ensure the continued reliability of service to native/network load customers.
- (iv) Availability of Reserved CBM Capacity to Other Customers. Transmission capacity reserved for CBM will be made available on a non-firm basis when CBM is not needed to maintain system reliability during periods of projected resource deficiencies.

C. Procedures which must be followed by the Transmission Provider and other eligible LSEs when they need to access CBM. The procedures to be followed in using reserved CBM are outlined below:

- (i) The LSE will make a reservation on OASIS for Network Integration Transmission Service (Type = Network; Class = Firm; Increment = Daily, Weekly, Monthly, Yearly) on a specific path on which it has reserved CBM.
- (ii) The LSE will note in the comment section of the network service template that the reservation is for the use of CBM capacity on the path.

The Transmission Provider's transmission function will evaluate the transmission service request and provide the requested CBM transmission service on a firm basis if it is reasonable and sufficient transmission capacity is available on the path.

Coordination of ATC Calculations with Neighboring Systems

The Transmission Provider participates with the SERC Intra-Regional Near Term Study Group to develop quarterly OASIS power flow cases for the upcoming five quarters. These cases are derived from the SERC Intra-Regional Long Term Study Group's "Yearly" base cases, which are an aggregation of each SERC participant's transmission planning model for their respective systems. The SERC OASIS power flow cases incorporate the system topology, facility ratings, generation dispatch, system demands (load forecasts), and transmission uses provided by each SERC participant.

The Transmission Provider further coordinates with its Tier 1 neighbors to receive inputs on a monthly basis to update the quarterly SERC OASIS power flow cases into thirteen monthly power flow cases. These monthly inputs include updates to system parameters associated with each individual month. The Transmission Provider adds to these inputs the specific firm transmission service commitments that are expected to be scheduled to create the SBAA monthly power flow cases which are used for monthly TTC assessments.

The Transmission Provider provides continuous access to transmission service requests and commitments through its OASIS. The Transmission Provider participates with the SERC Intra-Regional Near Term Study Group to provide monthly coordination of all confirmed firm monthly and yearly transmission service commitments. The Transmission Provider provides hourly updates of outage information through the NERC SDX. The Transmission Provider issues its transfer capability methodology to adjacent Reliability Coordinators, Transmission Operators, and other entities that indicate a reliability-related need in accordance with NERC requirements.

The Transmission Provider also participates in the Florida-Southern Coordinating Group to develop coordinated transfer capability values between the SBAA and the FRCC. The joint studies and the resulting transfer capabilities are provided to the Reliability Coordinators and to participating Transmission Providers for use in their respective OASIS postings.

ATTACHMENT D

Methodology for Completing a System Impact Study

Southern Companies will perform System Impact Studies on a non-discriminatory basis using the criteria and process for this assessment as detailed in Southern Companies' annual FERC Form 715 submittal.

ATTACHMENT E

[Reserved].

ATTACHMENT F

**Form of Service Agreement For
Network Integration Transmission Service
(OASIS Reference No. _____)**

- 1.0 This Service Agreement, dated as of _____, is entered into by and between Southern Company Services, Inc., as agent for Alabama Power Company, Georgia Power Company, Gulf Power Company and Mississippi Power Company (“Transmission Provider”), and _____ (“Transmission Customer”).
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Network Integration Transmission Service under Southern Companies’ Open Access Transmission Tariff (“Tariff”).
- 3.0 Service under this Service Agreement shall commence on the latter of: (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this Service Agreement shall terminate on such date as mutually agreed upon by the parties.
- 4.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Network Integration Transmission Service in accordance with the provisions of the Tariff and this Service Agreement, as they may be amended from time to time.
- 5.0 Any notice or request made to or by either party regarding this Service Agreement shall be made to the representative of the other party as indicated below.

Transmission Provider:

Southern Company Services, Inc.
Manager, Transmission Services
600 North 18th Street
13N-8183
Birmingham, AL 35203

Transmission Customer:

6.0 The Tariff, Specifications for Network Integration Transmission Service, and the Network Operating Agreement are incorporated herein and made a part hereof.

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

Transmission Provider:

By: _____ Title: _____ Date: _____
Name

Transmission Customer:

By: _____ Title: _____ Date: _____
Name

SPECIFICATIONS FOR NETWORK INTEGRATION TRANSMISSION SERVICE

1. Term of Service: _____

Start Date: _____

Termination Date: _____

2. Description of capacity and/or energy to be transmitted by the Transmission Provider (including identification of electric control area in which the transaction originates).

3. Network Resources

(1) Generation Owned by Transmission Customer:

<u>Resource</u>	<u>Capacity</u>	<u>Capacity Designated as Network Resource</u>
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(2) Generation Purchased by Transmission Customer:

<u>Source</u>	<u>Capacity</u>
---------------	-----------------

Total Network Resources: (1) + (2) = _____

4. Network Load

<u>Transmission Customer Network Load</u>	<u>Transmission Voltage Level</u>
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5. Designation of any party subject to reciprocal service obligation:

6. Network Integration Transmission Service is subject to some combination of the charges detailed below. The appropriate charges will be determined in accordance with the terms and conditions of the Tariff.

6.1 Network Integration Transmission Service Charge(s). _____

6.2 System Impact and/or Facilities Study Charge(s). _____

6.3 Direct Assignment Facilities Charge(s). _____

6.4 Ancillary Services Charge(s). _____

6.5 Redispatch Charge(s). _____

6.6 Distribution Facilities Charge(s). _____

ATTACHMENT G

Form of Network Operating Agreement

Preamble

This Network Operating Agreement (“NOA”), dated as of _____ (“Effective Date”) is entered into by and between Southern Company Services, Inc., as agent for Alabama Power Company, Georgia Power Company, Gulf Power Company and Mississippi Power Company (“Transmission Provider”), and _____ (“Transmission Customer”) (Transmission Provider and Transmission Customer are referred to collectively as the “Parties” and individually as a “Party”). The Parties agree that the provisions of this NOA, the Service Agreement for Network Integration Transmission Service between the Transmission Provider and Transmission Customer dated as of _____ (including the Specifications attached to such agreement) (“Service Agreement”), and Southern Companies’ Open Access Transmission Tariff (“Tariff”), as it may be amended from time to time, govern the Transmission Provider’s provision of Network Integration Transmission Service. Unless specified herein, capitalized terms shall refer to the terms defined in the Tariff.

1.0 Balancing Authority Requirements. _____

2.0 Redispatch Procedures. _____

3.0 Metering; Balancing Authority and Data Equipment. _____

4.0 Operating Requirements. _____

4.____ The Transmission Customer will manually shed Network Load, as necessary, whenever the Transmission Customer is unable to deliver power to its Network Load due to a power supply emergency affecting the Transmission Customer. In addition, the Transmission Customer will manually shed Network Load in accordance with Section 33 of the Tariff (proportionately with all of the Transmission Provider's other firm transmission commitments affecting or affected by the constraint) when necessary to assure the continued reliability of the Transmission System. In the event the Transmission Customer fails to manually shed Network Load as required hereunder, the Transmission Customer shall pay an additional amount equal to the sum of: (a) twenty five percent (25%) of the charge(s) for firm point to point transmission service provided by the

Transmission Provider applied on a monthly basis to the amount of load at those delivery points that the Transmission Provider requested to be shed; and (b) any other costs and/or damages incurred by the Transmission Provider due to the Transmission Customer's failure to shed Network Load. Load(s) at the delivery points determined pursuant to (a) above shall not be excluded from the amount of Network Load used to calculate the Transmission Customer's billing determinants. In the event of a failure by the Transmission Customer to manually shed load, the Transmission Provider-Transmission Customer Network Operating Committee will review the circumstances surrounding such failure and will adopt such remedial measures and procedures as it deems appropriate to avoid a similar failure in the future.

5.0 Scheduling. _____

5.____ There may be instances when a Transmission Customer self-supplies energy imbalance service or obtains such service from an entity other than the Transmission Provider and such Transmission Customer block schedules the delivery of a total amount of energy to serve its hourly Network Load that is less than or equal to the Transmission Customer's related OASIS reservation(s) for such block schedules, but which is more energy than the Transmission Customer's hourly Network Load. In such instances, the following charges shall apply:

- 5.__.1 The Transmission Customer shall pay the applicable network integration transmission service charges for its Network Load, as set forth in the Service Agreement.
- 5.__.2 The Transmission Customer shall pay the appropriate (*i.e.*, on-peak or off-peak) non-firm hourly point-to-point transmission rate multiplied by the amount of Level 1 Hourly Energy occurring during any hour of a calendar day. The term “Level 1 Hourly Energy” shall mean the amount of the energy block scheduled in an hour that is in excess of the Transmission Customer’s actual Network Load for that hour but such amount shall not exceed the greater of either (i) 10 percent of the Transmission Customer’s actual Network Load for that hour or (ii) 25 megawatts. Such charge will be calculated and assessed for each hour during a calendar day during which Level 1 Hourly Energy occurs.
- 5.__.3 The Transmission Customer shall pay 125 percent of the appropriate (*i.e.*, on-peak or off-peak) daily firm point-to-point transmission rate multiplied by the greatest amount of Level 2 Hourly Energy occurring during any hour of a calendar day. The term “Level 2 Hourly Energy” shall mean the energy block scheduled in an hour that is in excess of the greater of either (i) 110 percent of the Transmission Customer’s actual Network Load for that hour or (ii) the Transmission Customer’s actual Network Load plus 25 megawatts during that hour. The Transmission Provider

shall assess only one charge for transmission usage for Level 2
Hourly Energy under this section per calendar day.

5.4 It is understood and agreed that the above provisions are not
intended to be used by the Transmission Customer as a means of
avoiding compliance with otherwise applicable Tariff provisions.

6.0 Operational Information. _____

7.0 Network Planning. _____

8.0 Character of Service. _____

9.0 Transfer of Power and Energy Through Other Systems. _____

10.0 Notice. _____

11.0 Incorporation. _____

12.0 Term. _____

13.0 Transmission Provider – Transmission Customer Network Operating Committee.

14.0 Miscellaneous. _____

IN WITNESS WHEREOF, the parties have caused this NOA to be executed by their respective authorized officials.

Transmission Provider:

By: _____ Title: _____ Date: _____
Name

Transmission Customer:

By: _____ Title: _____ Date: _____
Name

ATTACHMENT H

Network Integration Transmission Service

1. For Network Integration Transmission Service at the bulk transmission level (voltage levels above 44/46 kV), the monthly charge set forth on Informational Schedule C (which shall be posted on OASIS and updated annually in accordance with the Formula Rate Manual attached hereto as Attachment M) shall be multiplied by the Transmission Customer's 12 CP load (determined in accordance with Section 34.2) at the bulk transmission level calculated as an average on a rolling basis as of the most recent date available, to which shall be added the applicable charge(s) set forth in Informational Schedule D, (which shall be posted on OASIS and updated annually in accordance with the Formula Rate Manual). For purposes of applying the charge(s) set forth on Informational Schedule D, the Charge Factor(s) shall be applied to the Transmission Customer's deliveries to its Network Load during the given month. The resulting amount is the Monthly Demand Charge for Network Integration Transmission Service at the bulk transmission level.
2. For Network Integration Transmission Service at the 44/46 kV level, the monthly charge set forth on Informational Schedule C (which shall be posted on OASIS and updated annually in accordance with the Formula Rate Manual attached hereto as Attachment M) shall be multiplied by the Transmission Customer's 12 CP load (determined in accordance with Section 34.2) at the sub-transmission level, calculated as an average on a rolling basis as of the most recent date available, to which shall be added the applicable charge(s) set forth in Informational Schedule D (which shall be posted on OASIS and updated annually in accordance with the Formula Rate Manual). For purpose of applying

the charge(s) set forth on Informational Schedule D, the Charge Factor(s) shall be applied to the Transmission Customer's deliveries to its Network Load during the given month.

3. When deliveries for a Transmission Customer require the use of the Transmission Provider's 44/46 kV facilities, both sets of the foregoing Network Integration Transmission Service charges (the charges for the use of the bulk facilities and the 44/46 kV facilities) shall apply. An example of transmission loss calculations is set forth on Schedule 9.
4. The costs associated with generator step-up transformers (GSUs) are considered to be production related, and thus are not included in any of the rates and charges set forth in this Attachment H.
5. The foregoing sections of this Attachment H shall be effective until amended by the Transmission Provider or modified by the Commission.

ATTACHMENT I

[Reserved for future use.]

ATTACHMENT J

**STANDARD LARGE GENERATOR
INTERCONNECTION PROCEDURES (LGIP)**

including

**STANDARD LARGE GENERATOR
INTERCONNECTION AGREEMENT (LGIA)**

Standard Large Generator
Interconnection Procedures (LGIP)
(Applicable to Generating Facilities that exceed 20 MW)

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Section 1. Definitions

Adverse System Impact shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System shall mean an electric system other than the Transmission Provider's Transmission System that may be affected by the proposed interconnection.

Affected System Operator shall mean the entity that operates an Affected System.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Ancillary Services shall mean those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council shall mean the reliability council applicable to the Transmission System to which the Generating Facility is directly interconnected.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Control Area of the Transmission System to which the Generating Facility is directly interconnected.

Base Case shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies by the Transmission Provider or Interconnection Customer.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Business Day shall mean Monday through Friday, excluding Federal Holidays.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of a unit shall mean the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise.

Control Area shall mean an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by an Applicable Reliability Council.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

Dispute Resolution shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution System shall mean the Transmission Provider's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

Distribution Upgrades shall mean the additions, modifications, and upgrades to the Transmission Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of a Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to Transmission Provider's Transmission System, Transmission Provider's Interconnection Facilities or the electric systems of others to which the Transmission Provider's Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided that Interconnection Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.

Energy Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to connect its Generating Facility to the Transmission Provider's Transmission System to be eligible to deliver the Generating Facility's electric output using the existing firm or nonfirm capacity of the Transmission Provider's Transmission System on an as available basis. Energy Resource Interconnection Service in and of itself does not convey transmission service.

Engineering & Procurement (E&P) Agreement shall mean an agreement that authorizes the Transmission Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

FERC shall mean the Federal Energy Regulatory Commission (Commission) or its successor.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Generating Facility Capacity shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple energy production devices.

Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include Interconnection Customer, Transmission Provider, or any Affiliate thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Transmission Provider's Interconnection Facilities to obtain back feed power.

Interconnection Customer shall mean any entity, including the Transmission Provider, Transmission Owner or any of the Affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the Transmission Provider's Transmission System.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Transmission

Provider's Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Transmission Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study shall mean a study conducted by the Transmission Provider or a third party consultant for the Interconnection Customer to determine a list of facilities (including Transmission Provider's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Transmission Provider's Transmission System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Transmission Provider's Transmission System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the Transmission Provider's Transmission System.

Interconnection Service shall mean the service provided by the Transmission Provider associated with interconnecting the Interconnection Customer's Generating Facility to the Transmission Provider's Transmission System and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement and, if applicable, the Transmission Provider's Tariff.

Interconnection Study shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of Transmission Provider's Transmission System and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study Agreement shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service.

Joint Operating Committee shall be a group made up of representatives from Interconnection Customers and the Transmission Provider to coordinate operating and technical considerations of Interconnection Service.

Large Generating Facility shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW.

Loss shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnifying Party.

Material Modification shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

NERC shall mean the North American Electric Reliability Council or its successor organization.

Network Resource shall mean any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.

Network Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to integrate its Large Generating Facility with the Transmission Provider's Transmission System (1) in a manner comparable to that in which the Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an RTO or ISO with market based congestion management, in the same manner as Network Resources. Network Resource Interconnection Service in and of itself does not convey transmission service.

Network Upgrades shall mean the additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the point at which the Interconnection Facilities connect to the Transmission Provider's Transmission System to accommodate the interconnection of the Large Generating Facility to the Transmission Provider's Transmission System.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

Party or Parties shall mean Transmission Provider, Transmission Owner, Interconnection Customer or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Transmission Provider's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the Transmission Provider's Transmission System.

Queue Position shall mean the order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Transmission Provider.

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Scoping Meeting shall mean the meeting between representatives of the Interconnection Customer and Transmission Provider conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

Small Generating Facility shall mean a Generating Facility that has a Generating Facility Capacity of no more than 20 MW.

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Transmission Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement (LGIA) shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in the Transmission Provider's Tariff.

Standard Large Generator Interconnection Procedures (LGIP) shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in the Transmission Provider's Tariff.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the Transmission Provider's Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Transmission Provider's Transmission System or on other delivery systems or other generating systems to which the Transmission Provider's Transmission System is directly connected.

Tariff shall mean the Transmission Provider's Tariff through which open access transmission service and Interconnection Service are offered, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.

Transmission Owner shall mean an entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Standard Large Generator Interconnection Agreement to the extent necessary.

Transmission Provider shall mean the public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission service under the Tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider.

Transmission Provider's Interconnection Facilities shall mean all facilities and equipment owned, controlled, or operated by the Transmission Provider from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Transmission Provider's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Transmission System shall mean the facilities owned, controlled or operated by the Transmission Provider or Transmission Owner that are used to provide transmission service under the Tariff.

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

Section 2. Scope and Application

2.1 Application of Standard Large Generator Interconnection Procedures.

Sections 2 through 13 apply to processing an Interconnection Request pertaining to a Large Generating Facility.

2.2 Comparability.

Transmission Provider shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this LGIP. Transmission Provider will use the same Reasonable Efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Generating Facilities are owned by Transmission Provider, its subsidiaries or Affiliates or others.

2.3 Base Case Data.

Transmission Provider shall provide base power flow, short circuit and stability databases, including all underlying assumptions, and contingency list upon request subject to confidentiality provisions in LGIP Section 13.1. Transmission Provider is permitted to require that Interconnection Customer sign a confidentiality agreement before the release of commercially sensitive information or Critical Energy Infrastructure Information in the Base Case data. Such databases and lists, hereinafter referred to as Base Cases, shall include all (1) generation projects and (ii) transmission projects, including merchant transmission projects that are proposed for the Transmission System for which a transmission expansion plan has been submitted and approved by the applicable authority.

2.4 No Applicability to Transmission Service.

Nothing in this LGIP shall constitute a request for transmission service or confer upon an Interconnection Customer any right to receive transmission service.

Section 3. Interconnection Requests

3.1 General.

An Interconnection Customer shall submit to Transmission Provider an Interconnection Request in the form of Appendix 1 to this LGIP and a refundable deposit of \$10,000. Transmission Provider shall apply the deposit toward the cost of an Interconnection Feasibility Study. Interconnection Customer shall submit a separate Interconnection Request for each site and may submit multiple Interconnection Requests for a single site. Interconnection Customer must submit a deposit with each Interconnection Request even when more than one request is submitted for a single site. An Interconnection Request to evaluate one site at two different voltage levels shall be treated as two Interconnection Requests. At Interconnection Customer's option, Transmission Provider and Interconnection Customer will identify alternative Point(s) of Interconnection and configurations at the Scoping Meeting to evaluate in this process and attempt to eliminate alternatives in a reasonable fashion given resources and information available. Interconnection Customer will select the definitive Point(s) of Interconnection to be studied no later than the execution of the Interconnection Feasibility Study Agreement.

3.2 Identification of Types of Interconnection Services.

At the time the Interconnection Request is submitted, Interconnection Customer must request either Energy Resource Interconnection Service or Network Resource Interconnection Service, as described; provided, however, any Interconnection Customer requesting Network Resource Interconnection Service may also request that it be concurrently studied for Energy Resource Interconnection Service, up to the point when an Interconnection Facility Study Agreement is executed. Interconnection Customer may then elect to proceed with

Network Resource Interconnection Service or to proceed under a lower level of interconnection service to the extent that only certain upgrades will be completed.

3.2.1 Energy Resource Interconnection Service.

3.2.1.1 The Product. Energy Resource Interconnection Service allows Interconnection Customer to connect the Large Generating Facility to the Transmission System and be eligible to deliver the Large Generating Facility's output using the existing firm or non-firm capacity of the Transmission System on an "as available" basis. Energy Resource Interconnection Service does not in and of itself convey any right to deliver electricity to any specific customer or Point of Delivery.

3.2.1.2 The Study. The study consists of short circuit/fault duty, grounding, reactive power, regional transfer capability, nuclear plant off-site power (where applicable), steady state (thermal and voltage) and stability analyses. The short circuit/fault duty analysis would identify direct Interconnection Facilities required and the Network Upgrades necessary to address short circuit issues associated with the Interconnection Facilities. The stability and steady state studies would identify necessary upgrades to allow full output of the proposed Large Generating Facility and would also identify the maximum allowed output, at the time the study is performed, of the interconnecting Large Generating Facility without requiring additional Network Upgrades.

3.2.2 Network Resource Interconnection Service.

3.2.2.1 The Product. Transmission Provider must conduct the necessary studies pursuant to Attachment J-1 of the Tariff and construct the Network Upgrades needed to integrate the Large Generating Facility (1) in a manner comparable to that in which Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an ISO or RTO with market based congestion management, in the same manner as Network Resources. Network Resource Interconnection Service Allows Interconnection Customer's Large Generating Facility to be designated as a Network Resource, up to the Large Generating Facility's full output, on the same basis as existing Network Resources interconnected to Transmission Provider's Transmission System, and to be

studied as a Network Resource on the assumption that such a designation will occur.

3.2.2.2 The Study. The Interconnection Study for Network Resource Interconnection Service shall assure that Interconnection Customer's Large Generating Facility meets the requirements for Network Resource Interconnection Service and as a general matter, that such Large Generating Facility's interconnection is also studied with Transmission Provider's Transmission System, under a variety of severely stressed conditions, to determine whether, with the Large Generating Facility at full output, the aggregate of generation in the local area can be delivered to the aggregate of load on Transmission Provider's Transmission System, consistent with Transmission Provider's reliability criteria and procedures. This approach assumes that some portion of existing Network Resources are displaced by the output of Interconnection Customer's Large Generating Facility. Network Resource Interconnection Service in and of itself does not convey any right to deliver electricity to any specific customer or Point of Delivery. If requested by the Interconnection Customer, Transmission Provider shall provide in writing to the Interconnection Customer a justification that non-peak load based contingencies warrant studies of non-peak conditions for reliability purposes. The Transmission Provider may also study the Transmission System under non-peak load conditions. However, upon request by the Interconnection Customer, the Transmission Provider must explain in writing to the Interconnection Customer why the study of non-peak load conditions is required for reliability purposes.

3.3 Valid Interconnection Request.

3.3.1 Initiating an Interconnection Request.

To initiate an Interconnection Request, Interconnection Customer must submit all of the following: (i) a \$10,000 deposit, (ii) a completed application in the form of Appendix 1, and (iii) demonstration of Site Control or a posting of an additional deposit of \$10,000. Such deposits shall be applied toward any Interconnection Studies pursuant to the Interconnection Request. If Interconnection Customer demonstrates Site Control within the cure period specified in Section 3.3.3 after submitting its Interconnection Request, the additional deposit shall be refundable; otherwise, all such deposit(s), additional and initial, become non-refundable.

The expected In-Service Date of the new Large Generating Facility or increase in capacity of the existing Generating Facility shall be no more than the process window for the regional expansion planning period (or in the absence of a regional planning process, the process window for Transmission Provider's expansion planning period) not to exceed seven years from the date the Interconnection Request is received by Transmission Provider, unless Interconnection Customer demonstrates that engineering, permitting and construction of the new Large Generating Facility or increase in capacity of the existing Generating Facility will take longer than the regional expansion planning period. The In-Service Date may succeed the date the Interconnection Request is received by Transmission Provider by a period up to ten years, or longer where Interconnection Customer and Transmission Provider agree, such agreement not to be unreasonably withheld.

3.3.2 Acknowledgment of Interconnection Request.

Transmission Provider shall acknowledge receipt of the Interconnection Request within five (5) Business Days of receipt of the request and attach a copy of the received Interconnection Request to the acknowledgement.

3.3.3 Deficiencies in Interconnection Request.

An Interconnection Request will not be considered to be a valid request until all items in Section 3.3.1 have been received by Transmission Provider. If an Interconnection Request fails to meet the requirements set forth in Section 3.3.1, Transmission Provider shall notify Interconnection Customer within five (5) Business Days of receipt of the initial Interconnection Request of the reasons for such failure and that the Interconnection Request does not constitute a valid request. Interconnection Customer shall provide Transmission Provider the additional requested information needed to constitute a valid request within ten (10) Business Days after receipt of such notice. Failure by Interconnection Customer to comply with this Section 3.3.3 shall be treated in accordance with Section 3.6.

3.3.4 Scoping Meeting.

Within ten (10) Business Days after receipt of a valid Interconnection Request, Transmission Provider shall establish a date agreeable to Interconnection Customer for the Scoping Meeting, and such date shall be no later than thirty (30) Calendar Days from receipt of the valid Interconnection Request, unless otherwise mutually agreed upon by the Parties.

The purpose of the Scoping Meeting shall be to discuss alternative interconnection options, to exchange information including any transmission data that would reasonably be expected to impact such

interconnection options, to analyze such information and to determine the potential feasible Points of Interconnection. Transmission Provider and Interconnection Customer will bring to the meeting such technical data, including, but not limited to: (i) general facility loadings, (ii) general instability issues, (iii) general short circuit issues, (iv) general voltage issues, and (v) general reliability issues as may be reasonably required to accomplish the purpose of the meeting. Transmission Provider and Interconnection Customer will also bring to the meeting personnel and other resources as may be reasonably required to accomplish the purpose of the meeting in the time allocated for the meeting. On the basis of the meeting, Interconnection Customer shall designate its Point of Interconnection, pursuant to Section 6.1, and one or more available alternative Point(s) of Interconnection. The duration of the meeting shall be sufficient to accomplish its purpose.

3.4 OASIS Posting.

Transmission Provider will maintain on its OASIS a list of all Interconnection Requests. The list will identify, for each Interconnection Request: (i) the maximum summer and winter megawatt electrical output; (ii) the location by county and state; (iii) the station or transmission line or lines where the interconnection will be made; (iv) the projected In-Service Date; (v) the status of the Interconnection Request, including Queue Position; (vi) the type of Interconnection Service being requested; and (vii) the availability of any studies related to the Interconnection Request; (viii) the date of the Interconnection Request; (ix) the type of Generating Facility to be constructed (combined cycle, base load or combustion turbine and fuel type); and (x) for Interconnection Requests that have not resulted in a completed interconnection, an explanation as to why it was not completed. Except in the case of an Affiliate, the list will not disclose the identity of Interconnection Customer until Interconnection Customer executes an LGIA or requests that Transmission Provider file an unexecuted LGIA with FERC. Before holding a Scoping Meeting with its Affiliate, Transmission Provider shall post on OASIS an advance notice of its intent to do so. Transmission Provider shall post to its OASIS site any deviations from the study timelines set forth herein. Interconnection Study reports and Optional Interconnection Study reports shall be posted to Transmission Provider's OASIS site subsequent to the meeting between Interconnection Customer and Transmission Provider to discuss the applicable study results. Transmission Provider shall also post any known deviations in the Large Generating Facility's In-Service Date.

3.5 Coordination with Affected Systems.

Transmission Provider will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System Operators and, if possible, include those results (if available) in its applicable Interconnection Study within the time frame specified in this LGIP.

Transmission Provider will include such Affected System Operators in all meetings held with Interconnection Customer as required by this LGIP. Interconnection Customer will cooperate with Transmission Provider in all matters related to the conduct of studies and the determination of modifications to Affected Systems. A Transmission Provider which may be an Affected System shall cooperate with Transmission Provider with whom interconnection has been requested in all matters related to the conduct of studies and the determination of modifications to Affected Systems.

3.6 Withdrawal.

Interconnection Customer may withdraw its Interconnection Request at any time by written notice of such withdrawal to Transmission Provider. In addition, if Interconnection Customer fails to adhere to all requirements of this LGIP, except as provided in Section 13.5 (Disputes), Transmission Provider shall deem the Interconnection Request to be withdrawn and shall provide written notice to Interconnection Customer of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal. Upon receipt of such written notice, Interconnection Customer shall have fifteen (15) Business Days in which to either respond with information or actions that cures the deficiency or to notify Transmission Provider of its intent to pursue Dispute Resolution.

Withdrawal shall result in the loss of Interconnection Customer's Queue Position. If an Interconnection Customer disputes the withdrawal and loss of its Queue Position, then during Dispute Resolution, Interconnection Customer's Interconnection Request is eliminated from the queue until such time that the outcome of Dispute Resolution would restore its Queue Position. An Interconnection Customer that withdraws or is deemed to have withdrawn its Interconnection Request shall pay to Transmission Provider all costs that Transmission Provider prudently incurs with respect to that Interconnection Request prior to Transmission Provider's receipt of notice described above. Interconnection Customer must pay all monies due to Transmission Provider before it is allowed to obtain any Interconnection Study data or results.

Transmission Provider shall (i) update the OASIS Queue Position posting and (ii) refund to Interconnection Customer any portion of Interconnection Customer's deposit or study payments that exceeds the costs that Transmission Provider has incurred, including interest calculated in accordance with section 35.19a(a)(2) of FERC's regulations. In the event of such withdrawal, Transmission Provider, subject to the confidentiality provisions of Section 13.1, shall provide, at Interconnection Customer's request, all information that Transmission Provider developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.

Section 4. Queue Position

4.1 General.

Transmission Provider shall assign a Queue Position based upon the date and time of receipt of the valid Interconnection Request; provided that, if the sole reason an Interconnection Request is not valid is the lack of required information on the application form, and Interconnection Customer provides such information in accordance with Section 3.3.3, then Transmission Provider shall assign Interconnection Customer a Queue Position based on the date the application form was originally filed. Moving a Point of Interconnection shall result in a lowering of Queue Position if it is deemed a Material Modification under Section 4.4.3.

The Queue Position of each Interconnection Request will be used to determine the order of performing the Interconnection Studies and determination of cost responsibility for the facilities necessary to accommodate the Interconnection Request. A higher queued Interconnection Request is one that has been placed "earlier" in the queue in relation to another Interconnection Request that is lower queued.

Transmission Provider may allocate the cost of the common upgrades for clustered Interconnection Requests without regard to Queue Position.

4.2 Clustering.

At Transmission Provider's option, Interconnection Requests may be studied serially or in clusters for the purpose of the Interconnection System Impact Study.

Clustering shall be implemented on the basis of Queue Position. If Transmission Provider elects to study Interconnection Requests using Clustering, all Interconnection Requests received within a period not to exceed one hundred and eighty (180) Calendar Days, hereinafter referred to as the "Queue Cluster Window" shall be studied together without regard to the nature of the underlying Interconnection Service, whether Energy Resource Interconnection Service or Network Resource Interconnection Service. The deadline for completing all Interconnection System Impact Studies for which an Interconnection System Impact Study Agreement has been executed during a Queue Cluster Window shall be in accordance with Section 7.4, for all Interconnection Requests assigned to the same Queue Cluster Window. Transmission Provider may study an Interconnection Request separately to the extent warranted by Good Utility Practice based upon the electrical remoteness of the proposed Large Generating Facility.

Clustering Interconnection System Impact Studies shall be conducted in such a manner to ensure the efficient implementation of the applicable regional

transmission expansion plan in light of the Transmission System's capabilities at the time of each study.

The Queue Cluster Window shall have a fixed time interval based on fixed annual opening and closing dates. Any changes to the established Queue Cluster Window interval and opening or closing dates shall be announced with a posting on Transmission Provider's OASIS beginning at least one hundred and eighty (180) Calendar Days in advance of the change and continuing thereafter through the end date of the first Queue Cluster Window that is to be modified.

4.3 Transferability of Queue Position.

An Interconnection Customer may transfer its Queue Position to another entity only if such entity acquires the specific Generating Facility identified in the Interconnection Request and the Point of Interconnection does not change.

4.4 Modifications.

Interconnection Customer shall submit to Transmission Provider, in writing, modifications to any information provided in the Interconnection Request. Interconnection Customer shall retain its Queue Position if the modifications are in accordance with Sections 4.4.1, 4.4.2 or 4.4.5, or are determined not to be Material Modifications pursuant to Section 4.4.3.

Notwithstanding the above, during the course of the Interconnection Studies, either Interconnection Customer or Transmission Provider may identify changes to the planned interconnection that may improve the costs and benefits (including reliability) of the interconnection, and the ability of the proposed change to accommodate the Interconnection Request. To the extent the identified changes are acceptable to Transmission Provider and Interconnection Customer, such acceptance not to be unreasonably withheld, Transmission Provider shall modify the Point of Interconnection and/or configuration in accordance with such changes and proceed with any re-studies necessary to do so in accordance with Section 6.4, Section 7.6 and Section 8.5 as applicable and Interconnection Customer shall retain its Queue Position.

4.4.1 Prior to the return of the executed Interconnection System Impact Study Agreement to Transmission Provider, modifications permitted under this Section shall include specifically: (a) a decrease of up to 60 percent of electrical output (MW) of the proposed project; (b) modifying the technical parameters associated with the Large Generating Facility technology or the Large Generating Facility step-up transformer impedance characteristics; and (c) modifying the interconnection configuration. For plant increases, the incremental increase in plant output will go to the end of the queue for the purposes of cost allocation and study analysis.

- 4.4.2** Prior to the return of the executed Interconnection Facility Study Agreement to Transmission Provider, the modifications permitted under this Section shall include specifically: (a) additional 15 percent decrease of electrical output (MW), and (b) Large Generating Facility technical parameters associated with modifications to Large Generating Facility technology and transformer impedances; provided, however, the incremental costs associated with those modifications are the responsibility of the requesting Interconnection Customer.
- 4.4.3** Prior to making any modification other than those specifically permitted by Sections 4.4.1, 4.4.2, and 4.4.5, Interconnection Customer may first request that Transmission Provider evaluate whether such modification is a Material Modification. In response to Interconnection Customer's request, Transmission Provider shall evaluate the proposed modifications prior to making them and inform Interconnection Customer in writing of whether the modifications would constitute a Material Modification. Any change to the Point of Interconnection, except those deemed acceptable under Sections 4.4.1, 6.1, 7.2 or so allowed elsewhere, shall constitute a Material Modification. Interconnection Customer may then withdraw the proposed modification or proceed with a new Interconnection Request for such modification.
- 4.4.4** Upon receipt of Interconnection Customer's request for modification permitted under this Section 4.4, Transmission Provider shall commence and perform any necessary additional studies as soon as practicable, but in no event shall Transmission Provider commence such studies later than thirty (30) Calendar Days after receiving notice of Interconnection Customer's request. Any additional studies resulting from such modification shall be done at Interconnection Customer's cost.
- 4.4.5** Extensions of less than three (3) cumulative years in the Commercial Operation Date of the Large Generating Facility to which the Interconnection Request relates are not material and should be handled through construction sequencing.

Section 5. Procedures for Interconnection Requests Submitted Prior to Effective Date of Standard Large Generator Interconnection Procedures

5.1 Queue Position for Pending Requests.

- 5.1.1** Any Interconnection Customer assigned a Queue Position prior to the effective date of this LGIP shall retain that Queue Position.

5.1.1.1 If an Interconnection Study Agreement has not been executed as of the effective date of this LGIP, then such Interconnection Study, and any subsequent Interconnection Studies, shall be processed in accordance with this LGIP.

5.1.1.2 If an Interconnection Study Agreement has been executed prior to the effective date of this LGIP, such Interconnection Study shall be completed in accordance with the terms of such agreement. With respect to any remaining studies for which an Interconnection Customer has not signed an Interconnection Study Agreement prior to the effective date of the LGIP, Transmission Provider must offer Interconnection Customer the option of either continuing under Transmission Provider's existing interconnection study process or going forward with the completion of the necessary Interconnection Studies (for which it does not have a signed Interconnection Studies Agreement) in accordance with this LGIP.

5.1.1.3 If an LGIA has been submitted to FERC for approval before the effective date of the LGIP, then the LGIA would be grandfathered.

5.1.2 Transition Period.

To the extent necessary, Transmission Provider and Interconnection Customers with an outstanding request (*i.e.*, an Interconnection Request for which an LGIA has not been submitted to FERC for approval as of the effective date of this LGIP) shall transition to this LGIP within a reasonable period of time not to exceed sixty (60) Calendar Days. The use of the term "outstanding request" herein shall mean any Interconnection Request, on the effective date of this LGIP: (i) that has been submitted but not yet accepted by Transmission Provider; (ii) where the related interconnection agreement has not yet been submitted to FERC for approval in executed or unexecuted form, (iii) where the relevant Interconnection Study Agreements have not yet been executed, or (iv) where any of the relevant Interconnection Studies are in process but not yet completed. Any Interconnection Customer with an outstanding request as of the effective date of this LGIP may request a reasonable extension of any deadline, otherwise applicable, if necessary to avoid undue hardship or prejudice to its Interconnection Request. A reasonable extension shall be granted by Transmission Provider to the extent consistent with the intent and process provided for under this LGIP.

5.2 New Transmission Provider.

If Transmission Provider transfers control of its Transmission System to a successor Transmission Provider during the period when an Interconnection Request is pending, the original Transmission Provider shall transfer to the successor Transmission Provider any amount of the deposit or payment with interest thereon that exceeds the cost that it incurred to evaluate the request for interconnection. Any difference between such net amount and the deposit or payment required by this LGIP shall be paid by or refunded to the Interconnection Customer, as appropriate. The original Transmission Provider shall coordinate with the successor Transmission Provider to complete any Interconnection Study, as appropriate, that the original Transmission Provider has begun but has not completed. If Transmission Provider has tendered a draft LGIA to Interconnection Customer but Interconnection Customer has not either executed the LGIA or requested the filing of an unexecuted LGIA with FERC, unless otherwise provided, Interconnection Customer must complete negotiations with the successor Transmission Provider.

Section 6. Interconnection Feasibility Study

6.1 Interconnection Feasibility Study Agreement.

Simultaneously with the acknowledgement of a valid Interconnection Request Transmission Provider shall provide to Interconnection Customer an Interconnection Feasibility Study Agreement in the form of Appendix 2. The Interconnection Feasibility Study Agreement shall specify that Interconnection Customer is responsible for the actual cost of the Interconnection Feasibility Study. Within five (5) Business Days following the Scoping Meeting Interconnection Customer shall specify for inclusion in the attachment to the Interconnection Feasibility Study Agreement the Point(s) of Interconnection and any reasonable alternative Point(s) of Interconnection. Within five (5) Business Days following Transmission Provider's receipt of such designation, Transmission Provider shall tender to Interconnection Customer the Interconnection Feasibility Study Agreement signed by Transmission Provider, which includes a good faith estimate of the cost for completing the Interconnection Feasibility Study. Interconnection Customer shall execute and deliver to Transmission Provider the Interconnection Feasibility Study Agreement along with a \$10,000 deposit no later than thirty (30) Calendar Days after its receipt.

On or before the return of the executed Interconnection Feasibility Study Agreement to Transmission Provider, Interconnection Customer shall provide the technical data called for in Appendix 1, Attachment A.

If the Interconnection Feasibility Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting, a substitute Point of Interconnection

identified by either Interconnection Customer or Transmission Provider, and acceptable to the other, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and Re-studies shall be completed pursuant to Section 6.4 as applicable. For the purpose of this Section 6.1, if Transmission Provider and Interconnection Customer cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to Section 3.3.4, shall be the substitute. If Interconnection Customer and Transmission Provider agree to forgo the Interconnection Feasibility Study, Transmission Provider will initiate an Interconnection System Impact Study under Section 7 of this LGIP and apply the \$10,000 deposit towards the Interconnection System Impact Study.

6.2 Scope of Interconnection Feasibility Study.

The Interconnection Feasibility Study shall preliminarily evaluate the feasibility of the proposed interconnection to the Transmission System.

The Interconnection Feasibility Study will consider the Base Case as well as all generating facilities (and with respect to (iii), any identified Network Upgrades) that, on the date the Interconnection Feasibility Study is commenced: (i) are directly interconnected to the Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the Transmission System; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC. The Interconnection Feasibility Study will consist of a power flow and short circuit analysis. The Interconnection Feasibility Study will provide a list of facilities and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

6.3 Interconnection Feasibility Study Procedures.

Transmission Provider shall utilize existing studies to the extent practicable when it performs the study. Transmission Provider shall use Reasonable Efforts to complete the Interconnection Feasibility Study no later than forty-five (45) Calendar Days after Transmission Provider receives the fully executed Interconnection Feasibility Study Agreement. At the request of Interconnection Customer or at any time Transmission Provider determines that it will not meet the required time frame for completing the Interconnection Feasibility Study, Transmission Provider shall notify Interconnection Customer as to the schedule status of the Interconnection Feasibility Study. If Transmission Provider is unable to complete the Interconnection Feasibility Study within that time period, it shall notify Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, Transmission Provider shall provide Interconnection Customer supporting

documentation, workpapers and relevant power flow, short circuit and stability databases for the Interconnection Feasibility Study, subject to confidentiality arrangements consistent with Section 13.1.

6.3.1 Meeting with Transmission Provider.

Within ten (10) Business Days of providing an Interconnection Feasibility Study report to Interconnection Customer, Transmission Provider and Interconnection Customer shall meet to discuss the results of the Interconnection Feasibility Study.

6.4 Re-Study.

If Re-Study of the Interconnection Feasibility Study is required due to a higher queued project dropping out of the queue, or a modification of a higher queued project subject to Section 4.4, or re-designation of the Point of Interconnection pursuant to Section 6.1 Transmission Provider shall notify Interconnection Customer in writing. Such Re-Study shall take not longer than forty-five (45) Calendar Days from the date of the notice. Any cost of Re-Study shall be borne by the Interconnection Customer being re-studied.

Section 7. Interconnection System Impact Study

7.1 Interconnection System Impact Study Agreement.

Unless otherwise agreed, pursuant to the Scoping Meeting provided in Section 3.3.4, simultaneously with the delivery of the Interconnection Feasibility Study to Interconnection Customer, Transmission Provider shall provide to Interconnection Customer an Interconnection System Impact Study Agreement in the form of Appendix 3 to this LGIP. The Interconnection System Impact Study Agreement shall provide that Interconnection Customer shall compensate Transmission Provider for the actual cost of the Interconnection System Impact Study. Within three (3) Business Days following the Interconnection Feasibility Study results meeting, Transmission Provider shall provide to Interconnection Customer a non-binding good faith estimate of the cost and timeframe for completing the Interconnection System Impact Study.

7.2 Execution of Interconnection System Impact Study Agreement.

Interconnection Customer shall execute the Interconnection System Impact Study Agreement and deliver the executed Interconnection System Impact Study Agreement to Transmission Provider no later than thirty (30) Calendar Days after its receipt along with demonstration of Site Control, and a \$50,000 deposit.

If Interconnection Customer does not provide all such technical data when it delivers the Interconnection System Impact Study Agreement, Transmission Provider shall notify Interconnection Customer of the deficiency within five (5) Business Days of the receipt of the executed Interconnection System Impact

Study Agreement and Interconnection Customer shall cure the deficiency within ten (10) Business Days of receipt of the notice, provided, however, such deficiency does not include failure to deliver the executed Interconnection System Impact Study Agreement or deposit.

If the Interconnection System Impact Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting and the Interconnection Feasibility Study, a substitute Point of Interconnection identified by either Interconnection Customer or Transmission Provider, and acceptable to the other, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and restudies shall be completed pursuant to Section 7.6 as applicable. For the purpose of this Section 7.2, if Transmission Provider and Interconnection Customer cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to Section 3.3.4, shall be the substitute.

7.3 Scope of Interconnection System Impact Study.

The Interconnection System Impact Study shall evaluate the impact of the proposed interconnection on the reliability of the Transmission System. The Interconnection System Impact Study will consider the Base Case as well as all generating facilities (and with respect to (iii) below, any identified Network Upgrades associated with such higher queued interconnection) that, on the date the Interconnection System Impact Study is commenced: (i) are directly interconnected to the Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the Transmission System; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC.

The Interconnection System Impact Study will consist of a short circuit analysis, a grounding review, reactive power analysis, regional transfer capability, nuclear plant off-site power analysis (where applicable), a stability analysis, and a power flow analysis. The Interconnection System Impact Study will state the assumptions upon which it is based; state the results of the analyses; and provide the requirements or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. The Interconnection System Impact Study will provide a list of facilities that are required as a result of the Interconnection Request and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

7.4 Interconnection System Impact Study Procedures

Transmission Provider shall coordinate the Interconnection System Impact Study with any Affected System that is affected by the Interconnection Request pursuant

to Section 3.5 above. Transmission Provider shall utilize existing studies to the extent practicable when it performs the study. Transmission Provider shall use Reasonable Efforts to complete the Interconnection System Impact Study within ninety (90) Calendar Days after the receipt of the Interconnection System Impact Study Agreement or notification to proceed, study payment, and technical data. If Transmission Provider uses Clustering, Transmission Provider shall use Reasonable Efforts to deliver a completed Interconnection System Impact Study within ninety (90) Calendar Days after the close of the Queue Cluster Window.

At the request of Interconnection Customer or at any time Transmission Provider determines that it will not meet the required time frame for completing the Interconnection System Impact Study, Transmission Provider shall notify Interconnection Customer as to the schedule status of the Interconnection System Impact Study. If Transmission Provider is unable to complete the Interconnection System Impact Study within the time period, it shall notify Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon request, Transmission Provider shall provide Interconnection Customer all supporting documentation, workpapers and relevant pre-Interconnection Request and post-Interconnection Request power flow, short circuit and stability databases for the Interconnection System Impact Study, subject to confidentiality arrangements consistent with Section 13.1.

7.5 Meeting with Transmission Provider.

Within ten (10) Business Days of providing an Interconnection System Impact Study report to Interconnection Customer, Transmission Provider and Interconnection Customer shall meet to discuss the results of the Interconnection System Impact Study.

7.6 Re-Study.

If Re-Study of the Interconnection System Impact Study is required due to a higher queued project dropping out of the queue, or a modification of a higher queued project subject to Section 4.4, or re-designation of the Point of Interconnection pursuant to Section 7.2, Transmission Provider shall notify Interconnection Customer in writing. Such Re-Study shall take no longer than sixty (60) Calendar Days from the date of notice. Any cost of Re-Study shall be borne by the Interconnection Customer being re-studied.

Section 8. Interconnection Facilities Study

8.1 Interconnection Facilities Study Agreement.

Simultaneously with the delivery of the Interconnection System Impact Study to Interconnection Customer, Transmission Provider shall provide to Interconnection Customer an Interconnection Facilities Study Agreement in the form of Appendix 4 to this LGIP. The Interconnection Facilities Study Agreement shall provide that Interconnection Customer shall compensate Transmission Provider for the actual

cost of the Interconnection Facilities Study. Within three (3) Business Days following the Interconnection System Impact Study results meeting, Transmission Provider shall provide to Interconnection Customer a non-binding good faith estimate of the cost and timeframe for completing the Interconnection Facilities Study. Interconnection Customer shall execute the Interconnection Facilities Study Agreement and deliver the executed Interconnection Facilities Study Agreement to Transmission Provider within thirty (30) Calendar Days after its receipt, together with the required technical data and the greater of \$100,000 or Interconnection Customer's portion of the estimated monthly cost of conducting the Interconnection Facilities Study.

8.1.1 Transmission Provider shall invoice Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study each month (or other basis mutually agreed upon by both parties). Interconnection Customer shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice. Transmission Provider shall continue to hold the amounts on deposit until settlement of the final invoice.

8.2 Scope of Interconnection Facilities Study.

The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Interconnection Facility to the Transmission System. The Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Transmission Provider's Interconnection Facilities and Network Upgrades necessary to accomplish the interconnection; and an estimate of the time required to complete the construction and installation of such facilities.

8.3 Interconnection Facilities Study Procedures.

Transmission Provider shall coordinate the Interconnection Facilities Study with any Affected System pursuant to Section 3.5 above. Transmission Provider shall utilize existing studies to the extent practicable in performing the Interconnection Facilities Study. Transmission Provider shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to Interconnection Customer within the following number of days after receipt of an executed Interconnection Facilities Study Agreement: ninety (90) Calendar Days, with no more than a +/- 20 percent cost estimate contained in the report; or one hundred eighty (180) Calendar Days, if Interconnection Customer requests a +/- 10 percent cost estimate.

At the request of Interconnection Customer or at any time Transmission Provider determines that it will not meet the required time frame for completing the

Interconnection Facilities Study, Transmission Provider shall notify Interconnection Customer as to the schedule status of the Interconnection Facilities Study. If Transmission Provider is unable to complete the Interconnection Facilities Study and issue a draft Interconnection Facilities Study report within the time required, it shall notify Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required.

Interconnection Customer may, within thirty (30) Calendar Days after receipt of the draft report, provide written comments to Transmission Provider, which Transmission Provider shall include in the final report. Transmission Provider shall issue the final Interconnection Facilities Study report within fifteen (15) Business Days of receiving Interconnection Customer's comments or promptly upon receiving Interconnection Customer's statement that it will not provide comments. Transmission Provider may reasonably extend such fifteen-day period upon notice to Interconnection Customer if Interconnection Customer's comments require Transmission Provider to perform additional analyses or make other significant modifications prior to the issuance of the final Interconnection Facilities Report. Upon request, Transmission Provider shall provide Interconnection Customer supporting documentation, workpapers, and databases or data developed in the preparation of the Interconnection Facilities Study, subject to confidentiality arrangements consistent with Section 13.1.

8.4 Meeting with Transmission Provider.

Within ten (10) Business Days of providing a draft Interconnection Facilities Study report to Interconnection Customer, Transmission Provider and Interconnection Customer shall meet to discuss the results of the Interconnection Facilities Study.

8.5 Re-Study.

If Re-Study of the Interconnection Facilities Study is required due to a higher queued project dropping out of the queue or a modification of a higher queued project pursuant to Section 4.4, Transmission Provider shall so notify Interconnection Customer in writing. Such Re-Study shall take no longer than sixty (60) Calendar Days from the date of notice. Any cost of Re-Study shall be borne by the Interconnection Customer being re-studied.

Section 9. Engineering & Procurement ('E&P') Agreement.

Prior to executing an LGIA, an Interconnection Customer may, in order to advance the implementation of its interconnection, request and Transmission Provider shall offer the Interconnection Customer, an E&P Agreement that authorizes Transmission Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection. However, Transmission Provider shall not be obligated to offer an E&P Agreement if

Interconnection Customer is in Dispute Resolution as a result of an allegation that Interconnection Customer has failed to meet any milestones or comply with any prerequisites specified in other parts of the LGIP. The E&P Agreement is an optional procedure and it will not alter the Interconnection Customer's Queue Position or In- Service Date. The E&P Agreement shall provide for Interconnection Customer to pay the cost of all activities authorized by Interconnection Customer and to make advance payments or provide other satisfactory security for such costs. Interconnection Customer shall pay the cost of such authorized activities and any cancellation costs for equipment that is already ordered for its interconnection, which cannot be mitigated as hereafter described, whether or not such items or equipment later become unnecessary. If Interconnection Customer withdraws its application for interconnection or either Party terminates the E&P Agreement, to the extent the equipment ordered can be canceled under reasonable terms, Interconnection Customer shall be obligated to pay the associated cancellation costs. To the extent that the equipment cannot be reasonably canceled, Transmission Provider may elect: (i) to take title to the equipment, in which event Transmission Provider shall refund Interconnection Customer any amounts paid by Interconnection Customer for such equipment and shall pay the cost of delivery of such equipment, or (ii) to transfer title to and deliver such equipment to Interconnection Customer, in which event Interconnection Customer shall pay any unpaid balance and cost of delivery of such equipment.

Section 10. Optional Interconnection Study

10.1 Optional Interconnection Study Agreement.

On or after the date when Interconnection Customer receives Interconnection System Impact Study results, Interconnection Customer may request, and Transmission Provider shall perform a reasonable number of Optional Studies. The request shall describe the assumptions that Interconnection Customer wishes Transmission Provider to study within the scope described in Section 10.2. Within five (5) Business Days after receipt of a request for an Optional Interconnection Study, Transmission Provider shall provide to Interconnection Customer an Optional Interconnection Study Agreement in the form of Appendix 5.

The Optional Interconnection Study Agreement shall: (i) specify the technical data that Interconnection Customer must provide for each phase of the Optional Interconnection Study, (ii) specify Interconnection Customer's assumptions as to which Interconnection Requests with earlier queue priority dates will be excluded from the Optional Interconnection Study case and assumptions as to the type of interconnection service for Interconnection Requests remaining in the Optional Interconnection Study case, and (iii) Transmission Provider's estimate of the cost of the Optional Interconnection Study. To the extent known by Transmission

Provider, such estimate shall include any costs expected to be incurred by any Affected System whose participation is necessary to complete the Optional Interconnection Study. Notwithstanding the above, Transmission Provider shall not be required as a result of an Optional Interconnection Study request to conduct any additional Interconnection Studies with respect to any other Interconnection Request.

Interconnection Customer shall execute the Optional Interconnection Study Agreement within ten (10) Business Days of receipt and deliver the Optional Interconnection Study Agreement, the technical data and a \$10,000 deposit to Transmission Provider.

10.2 Scope of Optional Interconnection Study.

The Optional Interconnection Study will consist of a sensitivity analysis based on the assumptions specified by Interconnection Customer in the Optional Interconnection Study Agreement. The Optional Interconnection Study will also identify Transmission Provider's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or Interconnection Service based upon the results of the Optional Interconnection Study. The Optional Interconnection Study shall be performed solely for informational purposes. Transmission Provider shall use Reasonable Efforts to coordinate the study with any Affected Systems that may be affected by the types of Interconnection Services that are being studied. Transmission Provider shall utilize existing studies to the extent practicable in conducting the Optional Interconnection Study.

10.3 Optional Interconnection Study Procedures.

The executed Optional Interconnection Study Agreement, the prepayment, and technical and other data called for therein must be provided to Transmission Provider within ten (10) Business Days of Interconnection Customer receipt of the Optional Interconnection Study Agreement. Transmission Provider shall use Reasonable Efforts to complete the Optional Interconnection Study within a mutually agreed upon time period specified within the Optional Interconnection Study Agreement. If Transmission Provider is unable to complete the Optional Interconnection Study within such time period, it shall notify Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required. Any difference between the study payment and the actual cost of the study shall be paid to Transmission Provider or refunded to Interconnection Customer, as appropriate. Upon request, Transmission Provider shall provide Interconnection Customer supporting documentation and workpapers and databases or data developed in the preparation of the Optional Interconnection Study, subject to confidentiality arrangements consistent with Section 13.1.

Section 11. Standard Large Generator Interconnection Agreement (LGIA)

11.1 Tender.

Interconnection Customer shall tender comments on the draft Interconnection Facilities Study Report within thirty (30) Calendar Days of receipt of the report. Within thirty (30) Calendar Days after the comments are submitted, Transmission Provider shall tender a draft LGIA, together with draft appendices. The draft LGIA shall be in the form of Transmission Provider's FERC-approved standard form LGIA, which is in Appendix 6. Interconnection Customer shall execute and return the completed draft appendices within thirty (30) Calendar Days.

11.2 Negotiation.

Notwithstanding Section 11.1, at the request of Interconnection Customer Transmission Provider shall begin negotiations with Interconnection Customer concerning the appendices to the LGIA at any time after Interconnection Customer executes the Interconnection Facilities Study Agreement. Transmission Provider and Interconnection Customer shall negotiate concerning any disputed provisions of the appendices to the draft LGIA for not more than sixty (60) Calendar Days after tender of the final Interconnection Facilities Study Report. If Interconnection Customer determines that negotiations are at an impasse, it may request termination of the negotiations at any time after tender of the draft LGIA pursuant to Section 11.1 and request submission of the unexecuted LGIA with FERC or initiate Dispute Resolution procedures pursuant to Section 13.5. If Interconnection Customer requests termination of the negotiations, but within sixty (60) Calendar Days thereafter fails to request either the filing of the unexecuted LGIA or initiate Dispute Resolution, it shall be deemed to have withdrawn its Interconnection Request. Unless otherwise agreed by the Parties, if Interconnection Customer has not executed the LGIA, requested filing of an unexecuted LGIA, or initiated Dispute Resolution procedures pursuant to Section 13.5 within sixty (60) Calendar Days of tender of draft LGIA, it shall be deemed to have withdrawn its Interconnection Request. Transmission Provider shall provide to Interconnection Customer a final LGIA within fifteen (15) Business Days after the completion of the negotiation process.

11.3 Execution and Filing.

Within fifteen (15) Business Days after receipt of the final LGIA, Interconnection Customer shall provide Transmission Provider (A) reasonable evidence that continued Site Control or (B) posting of \$250,000, non-refundable additional security, which shall be applied toward future construction costs. At the same time, Interconnection Customer also shall provide reasonable evidence that one or more of the following milestones in the development of the Large Generating Facility, at Interconnection Customer election, has been achieved: (i) the execution of a contract for the supply or transportation of fuel to the Large Generating Facility; (ii) the execution of a contract for the supply of cooling water to the Large Generating Facility; (iii) execution of a contract for the engineering

for, procurement of major equipment for, or construction of, the Large Generating Facility; (iv) execution of a contract for the sale of electric energy or capacity from the Large Generating Facility; or (v) application for an air, water, or land use permit.

Interconnection Customer shall either: (i) execute two originals of the tendered LGIA and return them to Transmission Provider; or (ii) request in writing that Transmission Provider file with FERC an LGIA in unexecuted form. As soon as practicable, but not later than ten (10) Business Days after receiving either the two executed originals of the tendered LGIA (if it does not conform with a FERC-approved standard form of interconnection agreement) or the request to file an unexecuted LGIA, Transmission Provider shall file the LGIA with FERC, together with its explanation of any matters as to which Interconnection Customer and Transmission Provider disagree and support for the costs that Transmission Provider proposes to charge to Interconnection Customer under the LGIA. An unexecuted LGIA should contain terms and conditions deemed appropriate by Transmission Provider for the Interconnection Request. If the Parties agree to proceed with design, procurement, and construction of facilities and upgrades under the agreed-upon terms of the unexecuted LGIA, they may proceed pending FERC action.

11.4 Commencement of Interconnection Activities.

If Interconnection Customer executes the final LGIA, Transmission Provider and Interconnection Customer shall perform their respective obligations in accordance with the terms of the LGIA, subject to modification by FERC. Upon submission of an unexecuted LGIA, Interconnection Customer and Transmission Provider shall promptly comply with the unexecuted LGIA, subject to modification by FERC.

Section 12. Construction of Transmission Provider's Interconnection Facilities and Network Upgrades

12.1 Schedule.

Transmission Provider and Interconnection Customer shall negotiate in good faith concerning a schedule for the construction of Transmission Provider's Interconnection Facilities and the Network Upgrades.

12.2 Construction Sequencing.

12.2.1 General.

In general, the In-Service Date of an Interconnection Customers seeking interconnection to the Transmission System will determine the sequence of construction of Network Upgrades.

12.2.2 Advance Construction of Network Upgrades that are an Obligation of an Entity other than Interconnection Customer.

An Interconnection Customer with an LGIA, in order to maintain its In-Service Date, may request that Transmission Provider advance to the extent necessary the completion of Network Upgrades that: (i) were assumed in the Interconnection Studies for such Interconnection Customer, (ii) are necessary to support such In-Service Date, and (iii) would otherwise not be completed, pursuant to a contractual obligation of an entity other than Interconnection Customer that is seeking interconnection to the Transmission System, in time to support such In-Service Date. Upon such request, Transmission Provider will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that Interconnection Customer commits to pay Transmission Provider: (i) any associated expediting costs and (ii) the cost of such Network Upgrades.

Transmission Provider will refund to Interconnection Customer both the expediting costs and the cost of Network Upgrades, in accordance with Article 11.4 of the LGIA. Consequently, the entity with a contractual obligation to construct such Network Upgrades shall be obligated to pay only that portion of the costs of the Network Upgrades that Transmission Provider has not refunded to Interconnection Customer. Payment by that entity shall be due on the date that it would have been due had there been no request for advance construction. Transmission Provider shall forward to Interconnection Customer the amount paid by the entity with a contractual obligation to construct the Network Upgrades as payment in full for the outstanding balance owed to Interconnection Customer. Transmission Provider then shall refund to that entity the amount that it paid for the Network Upgrades, in accordance with Article 11.4 of the LGIA.

12.2.3 Advancing Construction of Network Upgrades that are Part of an Expansion Plan of the Transmission Provider.

An Interconnection Customer with an LGIA, in order to maintain its In-Service Date, may request that Transmission Provider advance to the extent necessary the completion of Network Upgrades that: (i) are necessary to support such In-Service Date and (ii) would otherwise not be completed, pursuant to an expansion plan of Transmission Provider, in time to support such In-Service Date. Upon such request, Transmission Provider will use Reasonable Efforts to advance the construction of such Network Upgrades to accommodate such request; provided that

Interconnection Customer commits to pay Transmission Provider any associated expediting costs. Interconnection Customer shall be entitled to transmission credits, if any, for any expediting costs paid.

12.2.4 Amended Interconnection System Impact Study.

An Interconnection System Impact Study will be amended to determine the facilities necessary to support the requested In-Service Date. This amended study will include those transmission and Large Generating Facilities that are expected to be in service on or before the requested In-Service Date.

Section 13. Miscellaneous

13.1 Confidentiality.

Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by either of the Parties to the other prior to the execution of an LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by either Party, the other Party shall provide in writing, the basis for asserting that the information referred to in this Article warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

13.1.1 Scope.

Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or

Breach of the LGIA; or (6) is required, in accordance with Section 13.1.6, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under the LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

13.1.2 Release of Confidential Information.

Neither Party shall release or disclose Confidential Information to any other person, except to its Affiliates (limited by the Standards of Conduct requirements), employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with these procedures, unless such person has first been advised of the confidentiality provisions of this Section 13.1 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Section 13.1.

13.1.3 Rights.

Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

13.1.4 No Warranties.

By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.

13.1.5 Standard of Care.

Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication

or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under these procedures or its regulatory requirements.

13.1.6 Order of Disclosure.

If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires either Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of the LGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

13.1.7 Remedies.

The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's Breach of its obligations under this Section 13.1. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Section 13.1, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Section 13.1, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Section 13.1.

13.1.8 Disclosure to FERC, its Staff, or a State.

Notwithstanding anything in this Section 13.1 to the contrary, and pursuant to 18 CFR section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to the LGIP, the Party shall provide the requested information to FERC or its staff, within the time

provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 CFR section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Party to the LGIA when its is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner, consistent with applicable state rules and regulations.

13.1.9 Subject to the exception in Section 13.1.8, any information that a Party claims is competitively sensitive, commercial or financial information ("Confidential Information") shall not be disclosed by the other Party to any person not employed or retained by the other Party, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIP or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a subregional, regional or national reliability organization or planning group. The Party asserting confidentiality shall notify the other Party in writing of the information it claims is confidential. Prior to any disclosures of the other Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

13.1.10 This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a Breach of this provision).

13.1.11 Transmission Provider shall, at Interconnection Customer's election, destroy, in a confidential manner, or return the Confidential Information provided at the time of Confidential Information is no longer needed.

13.2 Delegation of Responsibility.

Transmission Provider may use the services of subcontractors as it deems appropriate to perform its obligations under this LGIP. Transmission Provider shall remain primarily liable to Interconnection Customer for the performance of such subcontractors and compliance with its obligations of this LGIP. The subcontractor shall keep all information provided confidential and shall use such information solely for the performance of such obligation for which it was provided and no other purpose.

13.3 Obligation for Study Costs.

Transmission Provider shall charge and Interconnection Customer shall pay the actual costs of the Interconnection Studies. Any difference between the study deposit and the actual cost of the applicable Interconnection Study shall be paid by or refunded, except as otherwise provided herein, to Interconnection Customer or offset against the cost of any future Interconnection Studies associated with the applicable Interconnection Request prior to beginning of any such future Interconnection Studies. Any invoices for Interconnection Studies shall include a detailed and itemized accounting of the cost of each Interconnection Study. Interconnection Customer shall pay any such undisputed costs within thirty (30) Calendar Days of receipt of an invoice therefor. Transmission Provider shall not be obligated to perform or continue to perform any studies unless Interconnection Customer has paid all undisputed amounts in compliance herewith.

13.4 Third Parties Conducting Studies.

If (i) at the time of the signing of an Interconnection Study Agreement there is disagreement as to the estimated time to complete an Interconnection Study, (ii) Interconnection Customer receives notice pursuant to Sections 6.3, 7.4 or 8.3 that Transmission Provider will not complete an Interconnection Study within the applicable timeframe for such Interconnection Study, or (iii) Interconnection Customer receives neither the Interconnection Study nor a notice under Sections 6.3, 7.4 or 8.3 within the applicable timeframe for such Interconnection Study, then Interconnection Customer may require Transmission Provider to utilize a third party consultant reasonably acceptable to Interconnection Customer and Transmission Provider to perform such Interconnection Study under the direction of Transmission Provider. At other times, Transmission Provider may also utilize a third party consultant to perform such Interconnection Study, either in response to a general request of Interconnection Customer, or on its own volition.

In all cases, use of a third party consultant shall be in accord with Article 26 of the LGIA (Subcontractors) and limited to situations where Transmission Provider determines that doing so will help maintain or accelerate the study process for

Interconnection Customer's pending Interconnection Request and not interfere with Transmission Provider's progress on Interconnection Studies for other pending Interconnection Requests. In cases where Interconnection Customer requests use of a third party consultant to perform such Interconnection Study, Interconnection Customer and Transmission Provider shall negotiate all of the pertinent terms and conditions, including reimbursement arrangements and the estimated study completion date and study review deadline. Transmission Provider shall convey all workpapers, data bases, study results and all other supporting documentation prepared to date with respect to the Interconnection Request as soon as soon as practicable upon Interconnection Customer's request subject to the confidentiality provision in Section 13.1. In any case, such third party contract may be entered into with either Interconnection Customer or Transmission Provider at Transmission Provider's discretion. In the case of (iii) Interconnection Customer maintains its right to submit a claim to Dispute Resolution to recover the costs of such third party study. Such third party consultant shall be required to comply with this LGIP, Article 26 of the LGIA (Subcontractors), and the relevant Tariff procedures and protocols as would apply if Transmission Provider were to conduct the Interconnection Study and shall use the information provided to it solely for purposes of performing such services and for no other purposes. Transmission Provider shall cooperate with such third party consultant and Interconnection Customer to complete and issue the Interconnection Study in the shortest reasonable time.

13.5 Disputes.

13.5.1 Submission.

In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with the LGIA, the LGIP, or their performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this LGIA.

13.5.2 External Arbitration Procedures.

Any arbitration initiated under these procedures shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Section 13, the terms of this Section 13 shall prevail.

13.5.3 Arbitration Decisions.

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the LGIA and LGIP and shall have no power to modify or change any provision of the LGIA and LGIP in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

13.5.4 Costs.

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

13.6 Local Furnishing Bonds.

13.6.1 Transmission Providers That Own Facilities Financed by Local Furnishing Bonds.

This provision is applicable only to a Transmission Provider that has financed facilities for the local furnishing of electric energy with tax-exempt bonds, as described in Section 142(f) of the Internal Revenue Code ("local furnishing bonds"). Notwithstanding any other provision of this LGIA and LGIP, Transmission Provider shall not be required to provide Interconnection Service to Interconnection Customer pursuant to this LGIA and LGIP if the provision of such Transmission Service would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance Transmission Provider's facilities that would be used in providing such Interconnection Service.

13.6.2 Alternative Procedures for Requesting Interconnection Service.

If Transmission Provider determines that the provision of Interconnection Service requested by Interconnection Customer could jeopardize the tax-exempt status of any local furnishing bond(s) used to finance its facilities that would be used in providing such Interconnection Service, it shall advise the Interconnection Customer within thirty (30) Calendar Days of receipt of the Interconnection Request.

Interconnection Customer thereafter may renew its request for interconnection using the process specified in Article 5.2(ii) of the Transmission Provider's Tariff.

**APPENDIX 1 to LGIP
INTERCONNECTION REQUEST FOR A
LARGE GENERATING FACILITY**

1. The undersigned Interconnection Customer submits this request to interconnect its Large Generating Facility with Transmission Provider's Transmission System pursuant to a Tariff.
2. This Interconnection Request is for (check one):

 A proposed new Large Generating Facility.

 An increase in the generating capacity or a Material Modification of an existing Generating Facility.
3. The type of interconnection service requested (check one):

 Energy Resource Interconnection Service

 Network Resource Interconnection Service
4. Check here only if Interconnection Customer requesting Network Resource Interconnection Service also seeks to have its Generating Facility studied for Energy Resource Interconnection Service
5. Interconnection Customer provides the following information:
 - a. Address or location of the proposed new Large Generating Facility site including a USGS map of the proposed plant site (to the extent known) or, in the case of an existing Generating Facility, the name and specific location of the existing Generating Facility;
 - b. Maximum summer at 95 degrees F and winter at 50-70 degrees F gross and net megawatt electrical output of the proposed new Large Generating Facility or the amount of megawatt increase in the generating capacity of an existing Generating Facility;
 - c. General description of the equipment configuration;
 - d. Estimated In-Service Date, Initial Synchronization Date and Commercial Operation Date (Day, Month, and Year);
 - e. Name, address, telephone number, and e-mail address of Interconnection Customer's contact person;

- f. Approximate location of the proposed Point of Interconnection (optional);
 - g. Interconnection Customer Data (set forth in Attachment A); and
 - h. Running Station Service Load ____ MW; ____Mvar, and connection location (i.e., attach single-line diagram).
6. Applicable deposit amount as specified in the LGIP.
7. Evidence of Site Control as specified in the LGIP (check one)
- ____ Is attached to this Interconnection Request
- ____ Will be provided at a later date in accordance with this LGIP
8. This Interconnection Request shall be submitted to the representative indicated below:
- [To be completed by Transmission Provider]
9. Representative of Interconnection Customer to contact:
- [To be completed by Interconnection Customer]
10. This Interconnection Request is submitted by:
- Name of Interconnection Customer: _____
- By (signature): _____
- Name (type or print): _____
- Title: _____
- Date: _____

**Attachment A to Appendix 1
Interconnection Request**

LARGE GENERATING FACILITY DATA

UNIT RATINGS

MVA _____ °F _____ Voltage _____
 Power Factor _____
 Speed (RPM) _____ Connection (e.g., Wye) _____
 Short Circuit Ratio _____ Frequency, Hertz _____
 Stator Amperes at Rated MVA _____ Field Volts _____
 Maximum Gross Turbine MW at 50-70°F _____
 Maximum Gross Turbine MW at 95°F _____
 Maximum Gross Reactive production at Maximum MW output (95°F) and rated voltage
 _____Mvar.
 Maximum Gross Reactive absorption at Maximum MW output (95°F) and rated voltage
 _____Mvar.

COMBINED TURBINE-GENERATOR-EXCITER INERTIA DATA

Inertia Constant, H = _____ kW sec/kVA
 or
 Moment-of-Inertia, WR² = _____ lb. ft.²

REACTANCE DATA (PER UNIT-RATED KVA)

	DIRECT AXIS	QUADRATURE AXIS
Synchronous – saturated	X _{dv} _____	X _{qv} _____
Synchronous – unsaturated	X _{di} _____	X _{qi} _____
Transient – saturated	X _{dv} ' _____	X _{qv} ' _____
Transient – unsaturated	X _{di} ' _____	X _{qi} ' _____
Subtransient – saturated	X _{dv} " _____	X _{qv} " _____
Subtransient – unsaturated	X _{di} " _____	X _{qi} " _____
Negative Sequence – saturated	X _{2v} _____	
Negative Sequence – unsaturated	X _{2i} _____	
Zero Sequence – saturated	X _{0v} _____	
Zero Sequence – unsaturated	X _{0i} _____	
Leakage Reactance	X _{lm} _____	

FIELD TIME CONSTANT DATA (SEC)

Open Circuit	T'_{do}	_____	T'_{qo}	_____
Three-Phase Short Circuit Transient	T'_{d3}	_____	T'_q	_____
Line to Line Short Circuit Transient	T'_{d2}	_____		
Line to Neutral Short Circuit Transient	T'_{d1}	_____		
Short Circuit Subtransient	T''_d	_____	T''_q	_____
Open Circuit Subtransient	T''_{do}	_____	T''_{qo}	_____

ARMATURE TIME CONSTANT DATA (SEC)

Three Phase Short Circuit	T_{a3}	_____
Line to Line Short Circuit	T_{a2}	_____
Line to Neutral Short Circuit	T_{a1}	_____

NOTE: If requested information is not applicable, indicate by marking "N/A."

**MW CAPABILITY AND PLANT CONFIGURATION
LARGE GENERATING FACILITY DATA**

ARMATURE WINDING RESISTANCE DATA (PER UNIT)

Positive	R_1	_____
Negative	R_2	_____
Zero	R_0	_____

Rotor Short Time Thermal Capacity $I_2^2t =$ _____
 Field Current at Rated MVA, Armature Voltage and PF = _____ amps
 Field Current at Rated MVA and Armature Voltage, 0 PF = _____ amps
 Three Phase Armature Winding Capacitance = _____ microfarad
 Field Winding Resistance = _____ ohms _____ °C
 Armature Winding Resistance (Per Phase) = _____ ohms _____ °C

CURVES

Provide Generator Vendor Data Sheets, including reactances, time constants, Saturation, Vee, Reactive Capability, Capacity Temperature Correction curves. Designate normal and emergency Hydrogen Pressure operating range for multiple curves.

GENERATOR STEP-UP TRANSFORMER DATA RATINGS

TWO-WINDING GENERATOR STEP-UP TRANSFORMER DATA (if applicable)

Capacity (i.e., OA/FA/FA)

_____/_____/_____MVA

Voltage Ratio (Generator Side/System side)

_____/_____/kV

Winding Connections (Low V/High V (Delta or Wye))

_____/_____

Fixed Taps Available _____/_____/_____/_____/_____kV

Present Tap Setting (if applicable) _____kV

IMPEDANCE

Positive Z_1 (on OA MVA rating)_____ % _____ X/R

Zero Z_0 (on OA MVA rating)_____ % _____ X/R

THREE-WINDING GENERATOR STEP-UP TRANSFORMER DATA (if applicable)

GSU connection and winding (please attach diagram and mark to reference this form).

H Winding Data

Full load ratings (i.e., OA/FA/FA) _____/_____/_____ MVA
Rated high side voltage base _____ kV Delta/Wye connected (circle one)
Tap positions available: _____/_____/_____/_____/_____ kV
Present Tap Setting (if applicable): _____ kV
Neutral solidly grounded? ___ (or) Neutral Grounding Resistor (if applicable) ___ Ohms
BIL rating: _____ kV

X Winding Data

Full load ratings (i.e., OA/FA/FA) _____/_____/_____ MVA
Rated low side voltage base _____ kV Delta/Wye connected (circle one)
Tap positions available: _____/_____/_____/_____/_____ kV
Present Tap Setting (if applicable): _____ kV
Neutral solidly grounded? ___ (or) Neutral Grounding Resistor (if applicable) ___ Ohms
BIL rating: _____ kV

Y Winding Data

Full load ratings (i.e., OA/FA/FA) _____/_____/_____ MVA
Rated low side voltage base _____ kV Delta/Wye connected (circle one)
Tap positions available: _____/_____/_____/_____/_____ kV
Present Tap Setting (if applicable): _____ kV
Neutral solidly grounded? ___ (or) Neutral Grounding Resistor (if applicable) ___ Ohms
BIL rating: _____ kV

IMPEDANCE

H-X Winding data

Transformer base for impedances provided below: _____ MVA
Positive sequence impedance Z1(H-X) _____% _____ X/R
Zero sequence impedance Z0(H-X) _____% _____ X/R

H-Y Winding data

Transformer base for impedances provided below: _____ MVA
Positive sequence impedance Z1(H-Y) _____% _____ X/R
Zero sequence impedance Z0(H-Y) _____% _____ X/R

X-Y Winding data

Transformer base for impedances provided below: _____ MVA
Positive sequence impedance Z1(X-Y) _____% _____ X/R
Zero sequence impedance Z0(X-Y) _____% _____ X/R

EXCITATION SYSTEM DATA

Identify appropriate IEEE or PTI model block diagram of excitation system and power system stabilizer (PSS) for computer representation in power system stability simulations and the corresponding excitation system and PSS constants for use in the model.

GOVERNOR SYSTEM DATA

Identify appropriate IEEE or PTI model block diagram of governor system for computer representation in power system stability simulations and the corresponding governor system constants for use in the model.

WIND GENERATORS

Number of generators to be interconnected pursuant to this Interconnection Request:

Elevation: _____ _____ Single Phase _____ Three Phase

Inverter manufacturer, model name, number, and version:

List of adjustable setpoints for the protective equipment or software:

Note: A completed power system load flow and dynamic data in IEEE or PTI format must be supplied with the Interconnection Request. If other data sheets provide additional information for consideration in the Interconnection Request, then they shall be provided and discussed at the Scoping Meeting.

INDUCTION GENERATORS

(*) Field Volts: _____

(*) Field Amperes: _____

(*) Motoring Power (kW): _____

(*) Neutral Grounding Resistor (If Applicable): _____

(*) I_2^2t or K (Heating Time Constant): _____

(*) Rotor Resistance: _____

(*) Stator Resistance: _____

(*) Stator Reactance: _____

- (*) Rotor Reactance: _____
- (*) Magnetizing Reactance: _____
- (*) Short Circuit Reactance: _____
- (*) Exciting Current: _____
- (*) Temperature Rise: _____
- (*) Frame Size: _____
- (*) Design Letter: _____
- (*) Reactive Power Required In Vars (No Load): _____
- (*) Reactive Power Required In Vars (Full Load): _____
- (*) Total Rotating Inertia, H: _____ Per Unit on kVA Base

Note: Please consult Transmission Provider prior to submitting the Interconnection Request to determine if the information designated by (*) is required.

**APPENDIX 2 to LGIP
INTERCONNECTION FEASIBILITY STUDY AGREEMENT**

THIS AGREEMENT is made and entered into this ___ day of _____, 20___, by and between _____, a _____ organized and existing under the laws of the State of _____ (“Interconnection Customer”), and _____, a _____ existing under the laws of the State of _____ (“Transmission Provider”). Interconnection Customer and Transmission Provider each may be referred to as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by Interconnection Customer dated _____; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility with the Transmission System; and

WHEREAS, Interconnection Customer has requested Transmission Provider to perform an Interconnection Feasibility Study to assess the feasibility of interconnecting the proposed Large Generating Facility to the Transmission System, and of any Affected Systems;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Transmission Provider’s FERC-approved LGIP.
- 2.0 Interconnection Customer elects and Transmission Provider shall cause to be performed an Interconnection Feasibility Study consistent with Section 6.0 of this LGIP in accordance with the Tariff.
- 3.0 The scope of the Interconnection Feasibility Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Interconnection Feasibility Study shall be based on the technical information provided by Interconnection Customer in the Interconnection Request, as may be modified as the result of the Scoping Meeting. Transmission Provider reserves the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Feasibility Study and as designated in accordance with Section 3.3.4 of the LGIP. If, after the designation of the Point of Interconnection pursuant to Section 3.3.4 of the LGIP, Interconnection Customer modifies its Interconnection Request pursuant to

Section 4.4, the time to complete the Interconnection Feasibility Study may be extended.

5.0 The Interconnection Feasibility Study report shall provide the following information:

- preliminary identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection;
- preliminary identification of any thermal overload or voltage limit violations resulting from the interconnection; and
- preliminary description and non-bonding estimated cost of facilities required to interconnect the Large Generating Facility to the Transmission System and to address the identified short circuit and power flow issues.

6.0 Interconnection Customer shall provide a deposit of \$10,000 for the performance of the Interconnection Feasibility Study.

Upon receipt of the Interconnection Feasibility Study Transmission Provider shall charge and Interconnection Customer shall pay the actual costs of the Interconnection Feasibility Study.

Any difference between the deposit and the actual cost of the study shall be paid by or refunded to Interconnection Customer, as appropriate.

7.0 Miscellaneous. The Interconnection Feasibility Study Agreement shall include the following terms together with standard miscellaneous terms that reflect best practices in the electric industry, that are consistent with regional practices, Applicable Laws and Regulations, and the organizational nature of each Party and, to the extent practicable, that are consistent with the provisions of the LGIP and the LGIA.

7.1 Equipment Release Disclaimer. Transmission Provider's Interconnection Feasibility Study shall not be construed as confirming or endorsing the design, or as any warranty of safety, durability, reliability, or suitability of Interconnection Customer's Large Generating Facility or installation thereof for any use, including the use intended by Interconnection Customer.

7.2 Indemnity and Consequential Damages.

7.2.1 Indemnity. The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions of its obligations

under this Interconnection Feasibility Study Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

7.2.1.1 Indemnified Person. If an Indemnified Person is entitled to indemnification under this Section 7.2 as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under Section 7.2, to assume the defense of such claim, such Indemnified Person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

7.2.1.2 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Person harmless under this Section 7.2, the amount owing to the Indemnified Person shall be the amount of such Indemnified Person's actual loss, net of any insurance or other recovery.

7.2.1.3 Indemnity Procedures. Promptly after receipt by an Indemnified Person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Section 7.2 may apply, the Indemnified Person shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Person. If the defendants in any such action include one or more Indemnified Persons and the Indemnifying Party and if the Indemnified Person reasonably concludes that there may be legal defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the Indemnifying Party, the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Person or Indemnified Persons having such differing or additional legal defenses.

The Indemnified Person shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party.

Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Person and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Person, or there exists a conflict or adversity of interest between the Indemnified Person and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Person, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Person, which shall not be reasonably withheld, conditioned or delayed.

7.2.2 Consequential Damages. In no event shall either Party be liable under any provision of this Interconnection Feasibility Study Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.3 Governing Law.

7.3.1 The validity, interpretation and performance of this Interconnection Feasibility Study Agreement and each of its provisions shall be governed by the laws of the state where the Point of Interconnection is located, without regard to its conflicts of law principles.

7.3.2 This Interconnection Feasibility Study Agreement is subject to all Applicable Laws and Regulations.

7.3.3 Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

7.4 Waiver. The failure of either Party to insist upon strict performance of any of the terms and conditions of this Interconnection Feasibility Study Agreement, or to exercise or any delay in the exercise of any rights or remedies provided by this Interconnection Feasibility Study Agreement or by law, shall not release the other Party from any of the responsibilities or obligations imposed by law, or by this Interconnection Feasibility Study Agreement, and shall not be deemed a waiver of any right of the other Party to insist upon strict performance of this Interconnection Feasibility Study Agreement.

- 7.5 Amendment. This Interconnection Feasibility Study Agreement shall constitute the entire agreement between the Parties hereto with reference to the subject matter hereof, and no change or modification as to any of the provisions hereof shall be binding on either Party unless reduced to writing and approved by a duly authorized representative of Interconnection Customer and the President or a Vice President of Transmission Provider.
- 7.6 Execution. This Interconnection Feasibility Study Agreement may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.
- 7.7 Captions. All indexes, titles, subject headings, section titles and similar items are provided for the purpose of reference and convenience and are not intended to be inclusive, definitive, or to affect the meaning of the contents or scope of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Transmission Provider or Transmission Owner, if applicable]

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

[Insert name of Interconnection Customer]

By: _____
Title: _____
Date: _____

**Attachment A to Appendix 2
Interconnection Feasibility
Study Agreement**

**ASSUMPTIONS USED IN CONDUCTING THE
INTERCONNECTION FEASIBILITY STUDY**

The Interconnection Feasibility Study will be based upon the information set forth in the Interconnection Request and agreed upon in the Scoping Meeting held on _____:

Designation of Point of Interconnection and configuration to be studied.
Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by Interconnection Customer and other assumptions to be provided by Interconnection Customer and Transmission Provider]

**APPENDIX 3 to LGIP
INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT**

THIS AGREEMENT is made and entered into this ___ day of _____, 20___, by and between _____, a _____ organized and existing under the laws of the State of _____ ("Interconnection Customer"), and _____, a _____ existing under the laws of the State of _____ ("Transmission Provider"). Interconnection Customer and Transmission Provider each may be referred to as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by Interconnection Customer dated _____; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility with the Transmission System;

WHEREAS, Transmission Provider has completed an Interconnection Feasibility Study (the "Feasibility Study") and provided the results of said study to Interconnection Customer (This recital to be omitted if Transmission Provider does not require the Interconnection Feasibility Study.); and

WHEREAS, Interconnection Customer has requested Transmission Provider to perform an Interconnection System Impact Study to assess the impact of interconnecting the Large Generating Facility to the Transmission System, and of any Affected Systems;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Transmission Provider's FERC-approved LGIP.
- 2.0 Interconnection Customer elects and Transmission Provider shall cause to be performed an Interconnection System Impact Study consistent with Section 7.0 of this LGIP in accordance with the Tariff.
- 3.0 The scope of the Interconnection System Impact Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study and the technical information provided by Interconnection Customer in the Interconnection Request, subject to any

modifications in accordance with Section 4.4 of the LGIP. Transmission Provider reserves the right to request additional technical information from Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the Interconnection Customer System Impact Study. If Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the Interconnection System Impact Study may be extended.

5.0 The Interconnection System Impact Study report shall provide the following information:

- identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection;
- identification of any thermal overload or voltage limit violations resulting from the interconnection;
- identification of any instability or inadequately damped response to system disturbances resulting from the interconnection and
- review of the reactive capability and determination of adequacy to meet minimum requirements;
- identification of any grounding improvements or changes in buswork design due to the increased fault current;
- identification of the impact on nuclear plant offsite power requirements and
- description and non-binding, good faith estimated cost of facilities required to interconnect the Large Generating Facility to the Transmission System and to address the identified short circuit, instability, and power flow issues.

6.0 Interconnection Customer shall provide a deposit of \$50,000 for the performance of the Interconnection System Impact Study. Transmission Provider's good faith estimate for the time of completion of the Interconnection System Impact Study is [insert date].

Upon receipt of the Interconnection System Impact Study, Transmission Provider shall charge and Interconnection Customer shall pay the actual costs of the Interconnection System Impact Study.

Any difference between the deposit and the actual cost of the study shall be paid by or refunded to Interconnection Customer, as appropriate.

- 7.0 Miscellaneous. The Interconnection System Impact Study Agreement shall include the following terms together with standard miscellaneous terms that reflect best practices in the electric industry, that are consistent with regional practices, Applicable Laws and Regulations and the organizational nature of each Party and, to the extent practicable, that are consistent with the provisions of the LGIP and the LGIA.
- 7.1 Equipment Release Disclaimer. Transmission Provider's Interconnection System Impact Study shall not be construed as confirming or endorsing the design, or as any warranty of safety, durability, reliability, or suitability of Interconnection Customer's Large Generating Facility or installation thereof for any use, including the use intended by Interconnection Customer.
- 7.2 Indemnity and Consequential Damages.
- 7.2.1 Indemnity. The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions of its obligations under this Interconnection System Impact Study Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.
- 7.2.1.1 Indemnified Person. If an Indemnified Person is entitled to indemnification under this Section 7.2 as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under Section 7.2, to assume the defense of such claim, such Indemnified Person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.
- 7.2.1.2 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Person harmless under this Section 7.2, the amount owing to the Indemnified Person shall be the amount of such Indemnified Person's actual loss, net of any insurance or other recovery.
- 7.2.1.3 Indemnity Procedures. Promptly after receipt by an Indemnified Person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Section 7.2 may apply, the

Indemnified Person shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Person. If the defendants in any such action include one or more Indemnified Persons and the Indemnifying Party and if the Indemnified Person reasonably concludes that there may be legal defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the Indemnifying Party, the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Person or Indemnified Persons having such differing or additional legal defenses.

The Indemnified Person shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Person and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Person, or there exists a conflict or adversity of interest between the Indemnified Person and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Person, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Person, which shall not be reasonably withheld, conditioned or delayed.

- 7.2.2 Consequential Damages. In no event shall either Party be liable under any provision of this Interconnection System Impact Study Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may

be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.3 Governing Law.

7.3.1 The validity, interpretation and performance of this Interconnection System Impact Study Agreement and each of its provisions shall be governed by the laws of the state where the Point of Interconnection is located, without regard to its conflicts of law principles.

7.3.2 This Interconnection System Impact Study Agreement is subject to all Applicable Laws and Regulations.

7.3.3 Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

7.4 Waiver. The failure of either Party to insist upon strict performance of any of the terms and conditions of this Interconnection System Impact Study Agreement, or to exercise or any delay in the exercise of any rights or remedies provided by this Interconnection System Impact Study Agreement or by law, shall not release the other Party from any of the responsibilities or obligations imposed by law or by this Interconnection System Impact Study Agreement, and shall not be deemed a waiver of any right of the other Party to insist upon strict performance of this Interconnection System Impact Study Agreement.

7.5 Amendment. This Interconnection System Impact Study Agreement shall constitute the entire agreement between the Parties hereto with reference to the subject matter hereof, and no change or modification as to any of the provisions hereof shall be binding on either Party unless reduced to writing and approved by a duly authorized representative of Interconnection Customer and the President or a Vice President of Transmission Provider.

7.6 Execution. This Interconnection System Impact Study Agreement may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.

7.7 Captions. All indexes, titles, subject headings, section titles and similar items are provided for the purpose of reference and convenience and are not intended to be inclusive, definitive, or to affect the meaning of the contents or scope of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Transmission Provider or Transmission Owner, if applicable]

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

[Insert name of Interconnection Customer]

By: _____
Title: _____
Date: _____

**Attachment A To Appendix 3
Interconnection System Impact
Study Agreement**

**ASSUMPTIONS USED IN CONDUCTING THE
INTERCONNECTION SYSTEM IMPACT STUDY**

The Interconnection System Impact Study will be based upon the results of the Interconnection Feasibility Study, subject to any modifications in accordance with Section 4.4 of the LGIP, and the following assumptions:

Designation of Point of Interconnection and configuration to be studied.
Designation of alternative Point(s) of Interconnection and configuration.

[Above assumptions to be completed by Interconnection Customer and other assumptions to be provided by Interconnection Customer and Transmission Provider]

**APPENDIX 4 to LGIP
INTERCONNECTION FACILITIES STUDY AGREEMENT**

THIS AGREEMENT is made and entered into this ___ day of _____, 20___, by and between _____, a _____ organized and existing under the laws of the State of _____ ("Interconnection Customer"), and _____, a _____ existing under the laws of the State of _____ ("Transmission Provider "). Interconnection Customer and Transmission Provider each may be referred to as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by Interconnection Customer dated _____; and

WHEREAS, Interconnection Customer desires to interconnect the Large Generating Facility with the Transmission System;

WHEREAS, Transmission Provider has completed an Interconnection System Impact Study (the "System Impact Study") and provided the results of said study to Interconnection Customer; and

WHEREAS, Interconnection Customer has requested Transmission Provider to perform an Interconnection Facilities Study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Large Generating Facility to the Transmission System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Transmission Provider's FERC-approved LGIP.
- 2.0 Interconnection Customer elects and Transmission Provider shall cause an Interconnection Facilities Study consistent with Section 8.0 of this LGIP to be performed in accordance with the Tariff.
- 3.0 The scope of the Interconnection Facilities Study shall be subject to the assumptions set forth in Attachment A and the data provided in Attachment B to this Agreement.

- 4.0 The Interconnection Facilities Study report (i) shall provide a description, estimated cost of (consistent with Attachment A), schedule for required facilities to interconnect the Large Generating Facility to the Transmission System and (ii) shall address the short circuit, instability, and power flow issues identified in the Interconnection System Impact Study.
- 5.0 Interconnection Customer shall provide a deposit of \$100,000 for the performance of the Interconnection Facilities Study. The time for completion of the Interconnection Facilities Study is specified in Attachment A.

Transmission Provider shall invoice Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study each month. Interconnection Customer shall pay invoiced amounts within thirty (30) Calendar Days of receipt of invoice. Transmission Provider shall continue to hold the amounts on deposit until settlement of the final invoice.

- 6.0 Miscellaneous. The Interconnection Facilities Study Agreement shall include the following terms together with standard miscellaneous terms that reflect best practices in the electric industry, that are consistent with regional practices, Applicable Laws and Regulations, and the organizational nature of each Party and, to the extent practicable, that are consistent with the provisions of the LGIP and the LGIA.
- 6.1 Equipment Release Disclaimer. Transmission Provider's Interconnection Facilities Study shall not be construed as confirming or endorsing the design, or as any warranty of safety, durability, reliability, or suitability of Interconnection Customer's Large Generating Facility or installation thereof for any use, including the use intended by Interconnection Customer.
- 6.2 Indemnity and Consequential Damages.
- 6.2.1 Indemnity. The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions of its obligations under this Interconnection Facilities Study Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.
- 6.2.1.1 Indemnified Person. If an Indemnified Person is entitled to indemnification under this Section 6.2 as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under Section 6.2, to assume the

defense of such claim, such Indemnified Person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

6.2.1.2 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Person harmless under this Section 6.2, the amount owing to the Indemnified Person shall be the amount of such Indemnified Person's actual loss, net of any insurance or other recovery.

6.2.1.3 Indemnity Procedures. Promptly after receipt by an Indemnified Person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Section 6.2 may apply, the Indemnified Person shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Person. If the defendants in any such action include one or more Indemnified Persons and the Indemnifying Party and if the Indemnified Person reasonably concludes that there may be legal defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the Indemnifying Party, the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Person or Indemnified Persons having such differing or additional legal defenses.

The Indemnified Person shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Person and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Person, or there exists a conflict or adversity of interest between the Indemnified Person and the Indemnifying Party, in such event the Indemnifying Party shall pay the

reasonable expenses of the Indemnified Person, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Person, which shall not be reasonably withheld, conditioned or delayed.

6.2.2 Consequential Damages. In no event shall either Party be liable under any provision of this Interconnection Facilities Study Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

6.3 Governing Law.

6.3.1 The validity, interpretation and performance of this Interconnection Facilities Study Agreement and each of its provisions shall be governed by the laws of the state where the Point of Interconnection is located, without regard to its conflicts of law principles.

6.3.2 This Interconnection Facilities Study Agreement is subject to all Applicable Laws and Regulations.

6.3.3 Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

6.4 Waiver. The failure of either Party to insist upon strict performance of any of the terms and conditions of this Interconnection Facilities Study Agreement, or to exercise or any delay in the exercise of any rights or remedies provided by this Interconnection Facilities Study Agreement or by law, shall not release the other Party from any of the responsibilities or obligations imposed by law or by this Interconnection Facilities Study Agreement, and shall not be deemed a waiver of any right of the other Party to insist upon strict performance of this Interconnection Facilities Study Agreement.

6.5 Amendment. This Interconnection Facilities Study Agreement shall constitute the entire agreement between the Parties hereto with reference to the subject matter hereof, and no change or modification as to any of the provisions hereof shall be binding on either Party unless reduced to writing and approved by a duly authorized representative of Interconnection Customer and the President or a Vice President of Transmission Provider.

- 6.6 Execution. This Interconnection Facilities Study Agreement may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.

- 6.7 Captions. All indexes, titles, subject headings, section titles and similar items are provided for the purpose of reference and convenience and are not intended to be inclusive, definitive, or to affect the meaning of the contents or scope of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Transmission Provider or Transmission Owner, if applicable]

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

[Insert name of Interconnection Customer]

By: _____	
Title: _____	
	Date: _____

**Attachment A To Appendix 4
Interconnection Facilities
Study Agreement**

**INTERCONNECTION CUSTOMER SCHEDULE ELECTION FOR CONDUCTING
THE INTERCONNECTION FACILITIES STUDY**

Transmission Provider shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to Interconnection Customer within the following number of days after of receipt of an executed copy of this Interconnection Facilities Study Agreement:

- ninety (90) Calendar Days with no more than a +/- 20 percent cost estimate contained in the report, or
- one hundred eighty (180) Calendar Days with no more than a +/- 10 percent cost estimate contained in the report.

**Attachment B to Appendix 4
Interconnection Facilities
Study Agreement**

**DATA FORM TO BE PROVIDED BY INTERCONNECTION CUSTOMER
WITH THE
INTERCONNECTION FACILITIES STUDY AGREEMENT**

Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

One set of metering is required for each generation connection to the new ring bus or existing Transmission Provider station. Number of generation connections:

On the one line diagram indicate the generation capacity attached at each metering location. (Maximum load on CT/PT)

On the one line diagram indicate the location of auxiliary power. (Minimum load on CT/PT)
Amps

Will an alternate source of auxiliary power be available during CT/PT maintenance?
 Yes No

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? Yes No (Please indicate on one line diagram).

What type of control system or PLC will be located at Interconnection Customer's Large Generating Facility?

What protocol does the control system or PLC use?

Please provide a 7.5-minute quadrangle of the site. Sketch the plant, station, transmission line, and property line.

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

Line length from interconnection station to Transmission Provider's transmission line.

Tower number observed in the field. (Painted on tower leg)* _____

Number of third party easements required for transmission lines*:

* To be completed in coordination with Transmission Provider.

Is the Large Generating Facility in the Transmission Provider's service area?

_____ Yes _____ No Local provider: _____

Please provide proposed schedule dates:

Begin Construction Date: _____

Generator step-up transformer
 receives back feed power Date: _____

Generation Testing Date: _____

Commercial Operation Date: _____

**APPENDIX 5 to LGIP
OPTIONAL INTERCONNECTION STUDY AGREEMENT**

THIS AGREEMENT is made and entered into this ___ day of _____, 20___, by and between _____, a _____ organized and existing under the laws of the State of _____ ("Interconnection Customer"), and _____, a _____ existing under the laws of the State of _____ ("Transmission Provider"). Interconnection Customer and Transmission Provider each may be referred to as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Large Generating Facility or generating capacity addition to an existing Generating Facility consistent with the Interconnection Request submitted by Interconnection Customer dated _____;

WHEREAS, Interconnection Customer is proposing to establish an interconnection with the Transmission System; and

WHEREAS, Interconnection Customer has submitted to Transmission Provider an Interconnection Request; and

WHEREAS, on or after the date when Interconnection Customer receives the Interconnection System Impact Study results, Interconnection Customer has further requested that Transmission Provider prepare an Optional Interconnection Study;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agree as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Transmission Provider's FERC-approved LGIP.
- 2.0 Interconnection Customer elects and Transmission Provider shall cause an Optional Interconnection Study consistent with Section 10.0 of this LGIP to be performed in accordance with the Tariff.
- 3.0 The scope of the Optional Interconnection Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Optional Interconnection Study shall be performed solely for informational purposes.
- 5.0 The Optional Interconnection Study report shall provide a sensitivity analysis based on the assumptions specified by Interconnection Customer in Attachment A

to this Agreement. The Optional Interconnection Study will identify Transmission Provider's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide transmission service or interconnection service based upon the assumptions specified by Interconnection Customer in Attachment A.

- 6.0 Interconnection Customer shall provide a deposit of \$10,000 for the performance of the Optional Interconnection Study. Transmission Provider's good faith estimate for the time of completion of the Optional Interconnection Study is [insert date].

Upon receipt of the Optional Interconnection Study, Transmission Provider shall charge and Interconnection Customer shall pay the actual costs of the Optional Study.

Any difference between the initial payment and the actual cost of the study shall be paid by or refunded to Interconnection Customer, as appropriate.

- 7.0 Miscellaneous. The Optional Interconnection Study Agreement shall include the following terms together with standard miscellaneous terms that reflect best practices in the electric industry, that are consistent with regional practices, Applicable Laws and Regulations, and the organizational nature of each Party and, to the extent practicable, that are consistent with the provisions of the LGIP and the LGIA.

- 7.1 Equipment Release Disclaimer. Transmission Provider's Optional Interconnection Study shall not be construed as confirming or endorsing the design, or as any warranty of safety, durability, reliability, or suitability of Interconnection Customer's Large Generating Facility or installation thereof for any use, including the use intended by Interconnection Customer.

- 7.2 Indemnity and Consequential Damages.

7.2.1 Indemnity. The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions of its obligations under this Optional Interconnection Study Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

- 7.2.1.1 Indemnified Person. If an Indemnified Person is entitled to indemnification under this Section 7.2 as a result of a claim by a third party, and the indemnifying Party fails, after notice and

reasonable opportunity to proceed under Section 7.2, to assume the defense of such claim, such Indemnified Person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

- 7.2.1.2 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Person harmless under this Section 7.2, the amount owing to the Indemnified Person shall be the amount of such Indemnified Person's actual loss, net of any insurance or other recovery.
- 7.2.1.3 Indemnity Procedures. Promptly after receipt by an Indemnified Person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Section 7.2 may apply, the Indemnified Person shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Person. If the defendants in any such action include one or more Indemnified Persons and the Indemnifying Party and if the Indemnified Person reasonably concludes that there may be legal defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the Indemnifying Party, the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Person or Indemnified Persons having such differing or additional legal defenses.

The Indemnified Person shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Person and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Person, or there exists a conflict or adversity

of interest between the Indemnified Person and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Person, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Person, which shall not be reasonably withheld, conditioned or delayed.

7.2.2 Consequential Damages. In no event shall either Party be liable under any provision of this Optional Interconnection Study Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.3 Governing Law.

7.3.1 The validity, interpretation and performance of this Optional Interconnection Study Agreement and each of its provisions shall be governed by the laws of the state where the Point of Interconnection is located, without regard to its conflicts of law principles.

7.3.2 This Optional Interconnection Study Agreement is subject to all Applicable Laws and Regulations.

7.3.3 Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

7.4 Waiver. The failure of either Party to insist upon strict performance of any of the terms and conditions of this Optional Interconnection Study Agreement, or to exercise or any delay in the exercise of any rights or remedies provided by this Optional Interconnection Study Agreement or by law, shall not release the other Party from any of the responsibilities or obligations imposed by law or by this Optional Interconnection Study Agreement, and shall not be deemed a waiver of any right of the other Party to insist upon strict performance of this Optional Interconnection Study Agreement.

7.5 Amendment. This Optional Interconnection Study Agreement shall constitute the entire agreement between the Parties hereto with reference to the subject matter hereof, and no change or modification as to any of the provisions hereof shall be binding on either Party unless reduced to writing and approved by a duly authorized representative of Interconnection Customer and the President or a Vice President of Transmission Provider.

- 7.6 Execution. This Optional Interconnection Study Agreement may be executed in two or more counterparts, each of which is deemed an original, but all constitute one and the same instrument.
- 7.7 Captions. All indexes, titles, subject headings, section titles and similar items are provided for the purpose of reference and convenience and are not intended to be inclusive, definitive, or to affect the meaning of the contents or scope of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Transmission Provider or Transmission Owner, if applicable]

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

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

APPENDIX 6 to LGIP

**STANDARD LARGE GENERATOR
INTERCONNECTION AGREEMENT (LGIA)**

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STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

THIS STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT ("Agreement") is made and entered into this ____ day of _____ 20__, by and between _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnection Customer" with a Large Generating Facility), and _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Transmission Provider and/or Transmission Owner"). Interconnection Customer and Transmission Provider each may be referred to as a "Party" or collectively as the "Parties."

Recitals

WHEREAS, Transmission Provider operates the Transmission System; and

WHEREAS, Interconnection Customer intends to own, lease and/or control and operate the Generating Facility identified as a Large Generating Facility in Appendix C to this Agreement; and,

WHEREAS, Interconnection Customer and Transmission Provider have agreed to enter into this Agreement for the purpose of interconnecting the Large Generating Facility with the Transmission System;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

When used in this Standard Large Generator Interconnection Agreement, terms with initial capitalization that are not defined in Article 1 shall have the meanings specified in the Article in which they are used or the Open Access Transmission Tariff (Tariff).

Article 1. Definitions

Adverse System Impact shall mean the negative effects due to technical or operational limits on conductors or equipment being exceeded that may compromise the safety and reliability of the electric system.

Affected System shall mean an electric system other than the Transmission Provider's Transmission System that may be affected by the proposed interconnection.

Affected System Operator shall mean the entity that operates an Affected System.

Affiliate shall mean, with respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.

Ancillary Services shall mean those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

Applicable Laws and Regulations shall mean all duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Applicable Reliability Council shall mean the reliability council applicable to the Transmission System to which the Generating Facility is directly interconnected.

Applicable Reliability Standards shall mean the requirements and guidelines of NERC, the Applicable Reliability Council, and the Control Area of the Transmission System to which the Generating Facility is directly interconnected.

Base Case shall mean the base case power flow, short circuit, and stability data bases used for the Interconnection Studies by the Transmission Provider or Interconnection Customer.

Breach shall mean the failure of a Party to perform or observe any material term or condition of the Standard Large Generator Interconnection Agreement.

Breaching Party shall mean a Party that is in Breach of the Standard Large Generator Interconnection Agreement.

Business Day shall mean Monday through Friday, excluding Federal Holidays.

Calendar Day shall mean any day including Saturday, Sunday or a Federal Holiday.

Clustering shall mean the process whereby a group of Interconnection Requests is studied together, instead of serially, for the purpose of conducting the Interconnection System Impact Study.

Commercial Operation shall mean the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.

Commercial Operation Date of a unit shall mean the date on which the Generating Facility commences Commercial Operation as agreed to by the Parties pursuant to Appendix E to the Standard Large Generator Interconnection Agreement.

Confidential Information shall mean any confidential, proprietary or trade secret information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Party, which is designated as confidential by the Party supplying the information, whether conveyed orally, electronically, in writing, through inspection, or otherwise.

Control Area shall mean an electrical system or systems bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the interconnection. A Control Area must be certified by the Applicable Reliability Council.

Default shall mean the failure of a Breaching Party to cure its Breach in accordance with Article 17 of the Standard Large Generator Interconnection Agreement.

Dispute Resolution shall mean the procedure for resolution of a dispute between the Parties in which they will first attempt to resolve the dispute on an informal basis.

Distribution System shall mean the Transmission Provider's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which distribution systems operate differ among areas.

Distribution Upgrades shall mean the additions, modifications, and upgrades to the Transmission Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to acceptance by FERC, or if filed unexecuted, upon the date specified by FERC.

Emergency Condition shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of a Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to Transmission Provider's Transmission System, Transmission Provider's Interconnection Facilities or the electric systems of others to which the Transmission Provider's Transmission System is directly connected; or (3) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or Interconnection Customer's Interconnection Facilities. System restoration and black start shall be considered Emergency Conditions; provided, that Interconnection

Customer is not obligated by the Standard Large Generator Interconnection Agreement to possess black start capability.

Energy Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to connect its Generating Facility to the Transmission Provider's Transmission System to be eligible to deliver the Generating Facility's electric output using the existing firm or nonfirm capacity of the Transmission Provider's Transmission System on an as available basis. Energy Resource Interconnection Service in and of itself does not convey transmission service.

Engineering & Procurement (E&P) Agreement shall mean an agreement that authorizes the Transmission Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

Environmental Law shall mean Applicable Laws or Regulations relating to pollution or protection of the environment or natural resources.

Federal Power Act shall mean the Federal Power Act, as amended, 16 U.S.C. §§ 791a et seq.

FERC shall mean the Federal Energy Regulatory Commission (Commission) or its successor.

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

Generating Facility shall mean Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Generating Facility Capacity shall mean the net capacity of the Generating Facility and the aggregate net capacity of the Generating Facility where it includes multiple energy production devices.

Good Utility Practice shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method,

or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include Interconnection Customer, Transmission Provider, or any Affiliate thereof.

Hazardous Substances shall mean any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous constituents," "restricted hazardous materials," "extremely hazardous substances," "toxic substances," "radioactive substances," "contaminants," "pollutants," "toxic pollutants" or words of similar meaning and regulatory effect under any applicable Environmental Law, or any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

Initial Synchronization Date shall mean the date upon which the Generating Facility is initially synchronized and upon which Trial Operation begins.

In-Service Date shall mean the date upon which the Interconnection Customer reasonably expects it will be ready to begin use of the Transmission Provider's Interconnection Facilities to obtain back feed power.

Interconnection Customer shall mean any entity, including the Transmission Provider, Transmission Owner or any of the Affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the Transmission Provider's Transmission System.

Interconnection Customer's Interconnection Facilities shall mean all facilities and equipment, as identified in Appendix A of the Standard Large Generator Interconnection Agreement, that are located between the Generating Facility and the Point of Change of Ownership, including any modification, addition, or upgrades to such facilities and equipment necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Customer's Interconnection Facilities are sole use facilities.

Interconnection Facilities shall mean the Transmission Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Transmission Provider's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Interconnection Facilities Study shall mean a study conducted by the Transmission Provider or a third party consultant for the Interconnection Customer to determine a list of facilities (including Transmission Provider's Interconnection Facilities and Network Upgrades as identified in the Interconnection System Impact Study), the cost of those facilities, and the time required to interconnect the Generating Facility with the Transmission Provider's Transmission System. The scope of the study is defined in Section 8 of the Standard Large Generator Interconnection Procedures.

Interconnection Facilities Study Agreement shall mean the form of agreement contained in Appendix 4 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Facilities Study.

Interconnection Feasibility Study shall mean a preliminary evaluation of the system impact and cost of interconnecting the Generating Facility to the Transmission Provider's Transmission System, the scope of which is described in Section 6 of the Standard Large Generator Interconnection Procedures.

Interconnection Feasibility Study Agreement shall mean the form of agreement contained in Appendix 2 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection Feasibility Study.

Interconnection Request shall mean an Interconnection Customer's request, in the form of Appendix 1 to the Standard Large Generator Interconnection Procedures, in accordance with the Tariff, to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with the Transmission Provider's Transmission System.

Interconnection Service shall mean the service provided by the Transmission Provider associated with interconnecting the Interconnection Customer's Generating Facility to the Transmission Provider's Transmission System and enabling it to receive electric energy and capacity from the Generating Facility at the Point of Interconnection, pursuant to the terms of the Standard Large Generator Interconnection Agreement and, if applicable, the Transmission Provider's Tariff.

Interconnection Study shall mean any of the following studies: the Interconnection Feasibility Study, the Interconnection System Impact Study, and the Interconnection Facilities Study described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study shall mean an engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of Transmission Provider's Transmission System and, if applicable, an Affected System. The study shall identify and detail the system impacts that would result if the Generating Facility were interconnected without project modifications or system modifications, focusing on the Adverse System Impacts identified in the Interconnection Feasibility Study, or to study potential impacts, including but not limited to those identified in the Scoping Meeting as described in the Standard Large Generator Interconnection Procedures.

Interconnection System Impact Study Agreement shall mean the form of agreement contained in Appendix 3 of the Standard Large Generator Interconnection Procedures for conducting the Interconnection System Impact Study.

IRS shall mean the Internal Revenue Service.

Joint Operating Committee shall be a group made up of representatives from Interconnection Customers and the Transmission Provider to coordinate operating and technical considerations of Interconnection Service.

Large Generating Facility shall mean a Generating Facility having a Generating Facility Capacity of more than 20 MW.

Loss shall mean any and all losses relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's performance, or non-performance of its obligations under the Standard Large Generator Interconnection Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnifying Party.

Material Modification shall mean those modifications that have a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Metering Equipment shall mean all metering equipment installed or to be installed at the Generating Facility pursuant to the Standard Large Generator Interconnection Agreement at the metering points, including but not limited to instrument transformers, MWh-meters, data acquisition equipment, transducers, remote terminal unit, communications equipment, phone lines, and fiber optics.

NERC shall mean the North American Electric Reliability Council or its successor organization.

Network Resource shall mean any designated generating resource owned, purchased, or leased by a Network Customer under the Network Integration Transmission Service Tariff. Network Resources do not include any resource, or any portion thereof, that is committed for sale to third parties or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis.

Network Resource Interconnection Service shall mean an Interconnection Service that allows the Interconnection Customer to integrate its Large Generating Facility with the Transmission Provider's Transmission System (1) in a manner comparable to that in which the Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an RTO or ISO with market based congestion management, in the same manner as Network

Resources. Network Resource Interconnection Service in and of itself does not convey transmission service.

Network Upgrades shall mean the additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the point at which the Interconnection Facilities connect to the Transmission Provider's Transmission System to accommodate the interconnection of the Large Generating Facility to the Transmission Provider's Transmission System.

Notice of Dispute shall mean a written notice of a dispute or claim that arises out of or in connection with the Standard Large Generator Interconnection Agreement or its performance.

Optional Interconnection Study shall mean a sensitivity analysis based on assumptions specified by the Interconnection Customer in the Optional Interconnection Study Agreement.

Optional Interconnection Study Agreement shall mean the form of agreement contained in Appendix 5 of the Standard Large Generator Interconnection Procedures for conducting the Optional Interconnection Study.

Party or Parties shall mean Transmission Provider, Transmission Owner, Interconnection Customer or any combination of the above.

Point of Change of Ownership shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Customer's Interconnection Facilities connect to the Transmission Provider's Interconnection Facilities.

Point of Interconnection shall mean the point, as set forth in Appendix A to the Standard Large Generator Interconnection Agreement, where the Interconnection Facilities connect to the Transmission Provider's Transmission System.

Queue Position shall mean the order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Transmission Provider.

Reasonable Efforts shall mean, with respect to an action required to be attempted or taken by a Party under the Standard Large Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Scoping Meeting shall mean the meeting between representatives of the Interconnection Customer and Transmission Provider conducted for the purpose of discussing alternative interconnection options, to exchange information including any transmission data and earlier study evaluations that would be reasonably expected to impact such interconnection options, to analyze such information, and to determine the potential feasible Points of Interconnection.

Site Control shall mean documentation reasonably demonstrating: (1) ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Generating Facility; (2) an option to purchase or acquire a leasehold site for such purpose; or (3) an exclusivity or other business relationship between Interconnection Customer and the entity having the right to sell, lease or grant Interconnection Customer the right to possess or occupy a site for such purpose.

Small Generating Facility shall mean a Generating Facility that has a Generating Facility Capacity of no more than 20 MW.

Stand Alone Network Upgrades shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Transmission Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

Standard Large Generator Interconnection Agreement (LGIA) shall mean the form of interconnection agreement applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in the Transmission Provider's Tariff.

Standard Large Generator Interconnection Procedures (LGIP) shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a Large Generating Facility that are included in the Transmission Provider's Tariff.

System Protection Facilities shall mean the equipment, including necessary protection signal communications equipment, required to protect (1) the Transmission Provider's Transmission System from faults or other electrical disturbances occurring at the Generating Facility and (2) the Generating Facility from faults or other electrical system disturbances occurring on the Transmission Provider's Transmission System or on other delivery systems or other generating systems to which the Transmission Provider's Transmission System is directly connected.

Tariff shall mean the Transmission Provider's Tariff through which open access transmission service and Interconnection Service are offered, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.

Transmission Owner shall mean an entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Standard Large Generator Interconnection Agreement to the extent necessary.

Transmission Provider shall mean the public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission service under the Tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider.

Transmission Provider's Interconnection Facilities shall mean all facilities and equipment owned, controlled or operated by the Transmission Provider from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Transmission Provider's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

Transmission System shall mean the facilities owned, controlled or operated by the Transmission Provider or Transmission Owner that are used to provide transmission service under the Tariff.

Trial Operation shall mean the period during which Interconnection Customer is engaged in on-site test operations and commissioning of the Generating Facility prior to Commercial Operation.

Article 2. Effective Date, Term, and Termination

2.1 Effective Date. This LGIA shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by FERC. Transmission Provider shall promptly file this LGIA with FERC upon execution in accordance with Article 3.1, if required.

2.2 Term of Agreement. Subject to the provisions of Article 2.3, this LGIA shall remain in effect for a period of ten (10) years from the Effective Date or such other longer period as Interconnection Customer may request (Term to be specified in individual agreements) and shall be automatically renewed for each successive one-year period thereafter.

2.3 Termination Procedures.

2.3.1 Written Notice. This LGIA may be terminated by Interconnection Customer after giving Transmission Provider ninety (90) Calendar Days advance written notice, or by Transmission Provider notifying FERC after the Generating Facility permanently ceases Commercial Operation.

2.3.2 Default. Either Party may terminate this LGIA in accordance with Article 17.

2.3.3 Notwithstanding Articles 2.3.1 and 2.3.2, no termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this LGIA, which notice has been accepted for filing by FERC.

2.4 Termination Costs. If a Party elects to terminate this Agreement pursuant to Article 2.3 above, each Party shall pay all costs incurred (including any cancellation costs relating to

orders or contracts for Interconnection Facilities and equipment) or charges assessed by the other Party, as of the date of the other Party's receipt of such notice of termination, that are the responsibility of the Terminating Party under this LGIA. In the event of termination by a Party, the Parties shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination. Upon termination of this LGIA, unless otherwise ordered or approved by FERC:

2.4.1 With respect to any portion of Transmission Provider's Interconnection Facilities that have not yet been constructed or installed, Transmission Provider shall to the extent possible and with Interconnection Customer's authorization cancel any pending orders of, or return, any materials or equipment for, or contracts for construction of, such facilities; provided that in the event Interconnection Customer elects not to authorize such cancellation, Interconnection Customer shall assume all payment obligations with respect to such materials, equipment, and contracts, and Transmission Provider shall deliver such material and equipment, and, if necessary, assign such contracts, to Interconnection Customer as soon as practicable, at Interconnection Customer's expense. To the extent that Interconnection Customer has already paid Transmission Provider for any or all such costs of materials or equipment not taken by Interconnection Customer, Transmission Provider shall promptly refund such amounts to Interconnection Customer, less any costs, including penalties incurred by Transmission Provider to cancel any pending orders of or return such materials, equipment, or contracts.

If an Interconnection Customer terminates this LGIA, it shall be responsible for all costs incurred in association with that Interconnection Customer's interconnection, including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment, and other expenses including any Network Upgrades for which Transmission Provider has incurred expenses and has not been reimbursed by Interconnection Customer.

2.4.2 Transmission Provider may, at its option, retain any portion of such materials, equipment, or facilities that Interconnection Customer chooses not to accept delivery of, in which case Transmission Provider shall be responsible for all costs associated with procuring such materials, equipment, or facilities.

2.4.3 With respect to any portion of the Interconnection Facilities, and any other facilities already installed or constructed pursuant to the terms of this LGIA, Interconnection Customer shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such materials, equipment, or facilities.

2.5 Disconnection. Upon termination of this LGIA, the Parties will take all appropriate steps to disconnect the Large Generating Facility from the Transmission System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this LGIA or such non-terminating Party otherwise is responsible for these costs under this LGIA.

- 2.6 Survival.** This LGIA shall continue in effect after termination to the extent necessary to provide for final billings and payments and for costs incurred hereunder, including billings and payments pursuant to this LGIA; to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this LGIA was in effect; and to permit each Party to have access to the lands of the other Party pursuant to this LGIA or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

Article 3. Regulatory Filings

- 3.1 Filing.** Transmission Provider shall file this LGIA (and any amendment hereto) with the appropriate Governmental Authority, if required. Interconnection Customer may request that any information so provided be subject to the confidentiality provisions of Article 22. If Interconnection Customer has executed this LGIA, or any amendment thereto, Interconnection Customer shall reasonably cooperate with Transmission Provider with respect to such filing and to provide any information reasonably requested by Transmission Provider needed to comply with applicable regulatory requirements.

Article 4. Scope of Service

- 4.1 Interconnection Product Options.** Interconnection Customer has selected the following (checked) type of Interconnection Service:

4.1.1 Energy Resource Interconnection Service.

4.1.1.1 The Product. Energy Resource Interconnection Service allows Interconnection Customer to connect the Large Generating Facility to the Transmission System and be eligible to deliver the Large Generating Facility's output using the existing firm or non-firm capacity of the Transmission System on an "as available" basis. To the extent Interconnection Customer wants to receive Energy Resource Interconnection Service, Transmission Provider shall construct facilities identified in Attachment A.

4.1.1.2 Transmission Delivery Service Implications. Under Energy Resource Interconnection Service, Interconnection Customer will be eligible to inject power from the Large Generating Facility into and deliver power across the interconnecting Transmission Provider's Transmission System on an "as available" basis up to the amount of MWs identified in the applicable stability and steady state studies to the extent the upgrades initially required to qualify for Energy Resource Interconnection Service have been constructed. Where eligible to do so (e.g., PJM, ISO-NE, NYISO),

Interconnection Customer may place a bid to sell into the market up to the maximum identified Large Generating Facility output, subject to any conditions specified in the interconnection service approval, and the Large Generating Facility will be dispatched to the extent Interconnection Customer's bid clears. In all other instances, no transmission delivery service from the Large Generating Facility is assured, but Interconnection Customer may obtain Point-To-Point Transmission Service, Network Integration Transmission Service, or be used for secondary network transmission service, pursuant to Transmission Provider's Tariff, up to the maximum output identified in the stability and steady state studies. In those instances, in order for Interconnection Customer to obtain the right to deliver or inject energy beyond the Large Generating Facility Point of Interconnection or to improve its ability to do so, transmission delivery service must be obtained pursuant to the provisions of Transmission Provider's Tariff. The Interconnection Customer's ability to inject its Large Generating Facility output beyond the Point of Interconnection, therefore, will depend on the existing capacity of Transmission Provider's Transmission System at such time as a transmission service request is made that would accommodate such delivery. The provision of firm Point-To-Point Transmission Service or Network Integration Transmission Service may require the construction of additional Network Upgrades.

4.1.2 Network Resource Interconnection Service.

4.1.2.1 The Product. Transmission Provider must conduct the necessary studies pursuant to Attachment J-1 of the Tariff and construct the Network Upgrades needed to integrate the Large Generating Facility (1) in a manner comparable to that in which Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an ISO or RTO with market based congestion management, in the same manner as all Network Resources. To the extent Interconnection Customer wants to receive Network Resource Interconnection Service, Transmission Provider shall construct the facilities identified in Attachment A to this LGIA.

4.1.2.2 Transmission Delivery Service Implications. Network Resource Interconnection Service allows Interconnection Customer's Large Generating Facility to be designated by any Network Customer under the Tariff on Transmission Provider's Transmission System as a Network Resource, up to the Large Generating Facility's full output, on the same basis as existing Network Resources interconnected to Transmission Provider's Transmission System, and to be studied as a Network Resource on the assumption that

such a designation will occur. Although Network Resource Interconnection Service does not convey a reservation of transmission service, any Network Customer under the Tariff can utilize its network service under the Tariff to obtain delivery of energy from the interconnected Interconnection Customer's Large Generating Facility in the same manner as it accesses Network Resources. A Large Generating Facility receiving Network Resource Interconnection Service may also be used to provide Ancillary Services after technical studies and/or periodic analyses are performed with respect to the Large Generating Facility's ability to provide any applicable Ancillary Services, provided that such studies and analyses have been or would be required in connection with the provision of such Ancillary Services by any existing Network Resource. However, if an Interconnection Customer's Large Generating Facility has not been designated as a Network Resource by any load, it cannot be required to provide Ancillary Services except to the extent such requirements extend to all generating facilities that are similarly situated. The provision of Network Integration Transmission Service or firm Point-To-Point Transmission Service may require additional studies and the construction of additional upgrades. Because such studies and upgrades would be associated with a request for delivery service under the Tariff, cost responsibility for the studies and upgrades would be in accordance with FERC's policy for pricing transmission delivery services.

Network Resource Interconnection Service does not necessarily provide Interconnection Customer with the capability to physically deliver the output of its Large Generating Facility to any particular load on Transmission Provider's Transmission System without incurring congestion costs. In the event of transmission constraints on Transmission Provider's Transmission System, Interconnection Customer's Large Generating Facility shall be subject to the applicable congestion management procedures in Transmission Provider's Transmission System in the same manner as Network Resources.

There is no requirement either at the time of study or interconnection, or at any point in the future, that Interconnection Customer's Large Generating Facility be designated as a Network Resource by a Network Service Customer under the Tariff or that Interconnection Customer identify a specific buyer (or sink). To the extent a Network Customer does designate the Large Generating Facility as a Network Resource, it must do so pursuant to Transmission Provider's Tariff.

Once an Interconnection Customer satisfies the requirements for obtaining Network Resource Interconnection Service, any future transmission service request for delivery from the Large Generating Facility within Transmission Provider's Transmission System of any amount of capacity and/or energy, up to the amount initially studied, will not require that any additional studies be performed or that any further upgrades associated with such Large Generating Facility be undertaken, regardless of whether or not such Large Generating Facility is ever designated by a Network Customer as a Network Resource and regardless of changes in ownership of the Large Generating Facility. However, the reduction or elimination of congestion or redispatch costs may require additional studies and the construction of additional upgrades.

To the extent Interconnection Customer enters into an arrangement for long term transmission service for deliveries from the Large Generating Facility outside Transmission Provider's Transmission System, such request may require additional studies and upgrades in order for Transmission Provider to grant such request.

- 4.2 Provision of Service.** Transmission Provider shall provide Interconnection Service for the Large Generating Facility at the Point of Interconnection.
- 4.3 Performance Standards.** Each Party shall perform all of its obligations under this LGIA in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice, and to the extent a Party is required or prevented or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in Breach of this LGIA for its compliance therewith. If such Party is a Transmission Provider or Transmission Owner, then that Party shall amend the LGIA and submit the amendment to FERC for approval.
- 4.4 No Transmission Delivery Service.** The execution of this LGIA does not constitute a request for, nor the provision of, any transmission delivery service under Transmission Provider's Tariff, and does not convey any right to deliver electricity to any specific customer or Point of Delivery.
- 4.5 Interconnection Customer Provided Services.** The services provided by Interconnection Customer under this LGIA are set forth in Article 9.6 and Article 13.5.1. Interconnection Customer shall be paid for such services in accordance with Article 11.6.

Article 5. Interconnection Facilities Engineering, Procurement, and Construction

- 5.1 Options.** Unless otherwise mutually agreed to between the Parties, Interconnection Customer shall select the In-Service Date, Initial Synchronization Date, and Commercial

Operation Date; and either Standard Option or Alternate Option set forth below for completion of Transmission Provider's Interconnection Facilities and Network Upgrades as set forth in Appendix A, Interconnection Facilities and Network Upgrades, and such dates and selected option shall be set forth in Appendix B, Milestones.

5.1.1 Standard Option. Transmission Provider shall design, procure, and construct Transmission Provider's Interconnection Facilities and Network Upgrades, using Reasonable Efforts to complete Transmission Provider's Interconnection Facilities and Network Upgrades by the dates set forth in Appendix B, Milestones. Transmission Provider shall not be required to undertake any action which is inconsistent with its standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, and Applicable Laws and Regulations. In the event Transmission Provider reasonably expects that it will not be able to complete Transmission Provider's Interconnection Facilities and Network Upgrades by the specified dates, Transmission Provider shall promptly provide written notice to Interconnection Customer and shall undertake Reasonable Efforts to meet the earliest dates thereafter.

5.1.2 Alternate Option. If the dates designated by Interconnection Customer are acceptable to Transmission Provider, Transmission Provider shall so notify Interconnection Customer within thirty (30) Calendar Days, and shall assume responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities by the designated dates.

If Transmission Provider subsequently fails to complete Transmission Provider's Interconnection Facilities by the In-Service Date, to the extent necessary to provide back feed power; or fails to complete Network Upgrades by the Initial Synchronization Date to the extent necessary to allow for Trial Operation at full power output, unless other arrangements are made by the Parties for such Trial Operation; or fails to complete the Network Upgrades by the Commercial Operation Date, as such dates are reflected in Appendix B, Milestones; Transmission Provider shall pay Interconnection Customer liquidated damages in accordance with Article 5.3, Liquidated Damages, provided, however, the dates designated by Interconnection Customer shall be extended day for day for each day that the applicable RTO or ISO refuses to grant clearances to install equipment.

5.1.3 Option to Build. If the dates designated by Interconnection Customer are not acceptable to Transmission Provider, Transmission Provider shall so notify Interconnection Customer within thirty (30) Calendar Days, and unless the Parties agree otherwise, Interconnection Customer shall have the option to assume responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades on the dates specified in Article 5.1.2. Transmission Provider and Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and

identify such Stand Alone Network Upgrades in Appendix A. Except for Stand Alone Network Upgrades, Interconnection Customer shall have no right to construct Network Upgrades under this option.

5.1.4 Negotiated Option. If Interconnection Customer elects not to exercise its option under Article 5.1.3, Option to Build, Interconnection Customer shall so notify Transmission Provider within thirty (30) Calendar Days, and the Parties shall in good faith attempt to negotiate terms and conditions (including revision of the specified dates and liquidated damages, the provision of incentives or the procurement and construction of a portion of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades by Interconnection Customer) pursuant to which Transmission Provider is responsible for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Network Upgrades. If the Parties are unable to reach agreement on such terms and conditions, Transmission Provider shall assume responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Network Upgrades pursuant to 5.1.1, Standard Option.

5.2 General Conditions Applicable to Option to Build. If Interconnection Customer assumes responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades,

(1) Interconnection Customer shall engineer, procure equipment, and construct Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by Transmission Provider;

(2) Interconnection Customer's engineering, procurement and construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades shall comply with all requirements of law to which Transmission Provider would be subject in the engineering, procurement or construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades;

(3) Transmission Provider shall review and approve the engineering design, equipment acceptance tests, and the construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades;

(4) prior to commencement of construction, Interconnection Customer shall provide to Transmission Provider a schedule for construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades, and shall promptly respond to requests for information from Transmission Provider;

(5) at any time during construction, Transmission Provider shall have the right to gain unrestricted access to Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades and to conduct inspections of the same;

(6) at any time during construction, should any phase of the engineering, equipment procurement, or construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades not meet the standards and specifications provided by Transmission Provider, Interconnection Customer shall be obligated to remedy deficiencies in that portion of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades;

(7) Interconnection Customer shall indemnify Transmission Provider for claims arising from Interconnection Customer's construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades under the terms and procedures applicable to Article 18.1 Indemnity;

(8) Interconnection Customer shall transfer control of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades to Transmission Provider;

(9) Unless Parties otherwise agree, Interconnection Customer shall transfer ownership of Transmission Provider's Interconnection Facilities and Stand-Alone Network Upgrades to Transmission Provider;

(10) Transmission Provider shall approve and accept for operation and maintenance Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades to the extent engineered, procured, and constructed in accordance with this Article 5.2; and

(11) Interconnection Customer shall deliver to Transmission Provider "as-built" drawings, information, and any other documents that are reasonably required by Transmission Provider to assure that the Interconnection Facilities and Stand-Alone Network Upgrades are built to the standards and specifications required by Transmission Provider.

5.3 Liquidated Damages. The actual damages to Interconnection Customer, in the event Transmission Provider's Interconnection Facilities or Network Upgrades are not completed by the dates designated by Interconnection Customer and accepted by Transmission Provider pursuant to subparagraphs 5.1.2 or 5.1.4, above, may include Interconnection Customer's fixed operation and maintenance costs and lost opportunity costs. Such actual damages are uncertain and impossible to determine at this time. Because of such uncertainty, any liquidated damages paid by Transmission Provider to Interconnection Customer in the event that Transmission Provider does not complete any portion of Transmission Provider's Interconnection Facilities or Network Upgrades by the applicable dates, shall be an amount equal to ½ of 1 percent per day of the actual cost

of Transmission Provider's Interconnection Facilities and Network Upgrades, in the aggregate, for which Transmission Provider has assumed responsibility to design, procure and construct.

However, in no event shall the total liquidated damages exceed 20 percent of the actual cost of Transmission Provider's Interconnection Facilities and Network Upgrades for which Transmission Provider has assumed responsibility to design, procure, and construct. The foregoing payments will be made by Transmission Provider to Interconnection Customer as just compensation for the damages caused to Interconnection Customer, which actual damages are uncertain and impossible to determine at this time, and as reasonable liquidated damages, but not as a penalty or a method to secure performance of this LGIA. Liquidated damages, when the Parties agree to them, are the exclusive remedy for the Transmission Provider's failure to meet its schedule.

No liquidated damages shall be paid to Interconnection Customer if: (1) Interconnection Customer is not ready to commence use of Transmission Provider's Interconnection Facilities or Network Upgrades to take the delivery of power for the Large Generating Facility's Trial Operation or to export power from the Large Generating Facility on the specified dates, unless Interconnection Customer would have been able to commence use of Transmission Provider's Interconnection Facilities or Network Upgrades to take the delivery of power for Large Generating Facility's Trial Operation or to export power from the Large Generating Facility, but for Transmission Provider's delay; (2) Transmission Provider's failure to meet the specified dates is the result of the action or inaction of Interconnection Customer or any other Interconnection Customer who has entered into an LGIA with Transmission Provider or any cause beyond Transmission Provider's reasonable control or reasonable ability to cure; (3) the Interconnection Customer has assumed responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades; or (4) the Parties have otherwise agreed.

5.4 Power System Stabilizers. The Interconnection Customer shall procure, install, maintain and operate Power System Stabilizers in accordance with the guidelines and procedures established by the Applicable Reliability Council. Transmission Provider reserves the right to reasonably establish minimum acceptable settings for any installed Power System Stabilizers, subject to the design and operating limitations of the Large Generating Facility. If the Large Generating Facility's Power System Stabilizers are removed from service or not capable of automatic operation, Interconnection Customer shall immediately notify Transmission Provider's system operator, or its designated representative. The requirements of this paragraph shall not apply to wind generators.

5.5 Equipment Procurement. If responsibility for construction of Transmission Provider's Interconnection Facilities or Network Upgrades is to be borne by Transmission Provider, then Transmission Provider shall commence design of Transmission Provider's Interconnection Facilities or Network Upgrades and procure necessary equipment as soon

as practicable after all of the following conditions are satisfied, unless the Parties otherwise agree in writing:

- 5.5.1** Transmission Provider has completed the Facilities Study pursuant to the Facilities Study Agreement;
 - 5.5.2** Transmission Provider has received written authorization to proceed with design and procurement from Interconnection Customer by the date specified in Appendix B, Milestones; and
 - 5.5.3** Interconnection Customer has provided security to Transmission Provider in accordance with Article 11.5 by the dates specified in Appendix B, Milestones.
- 5.6 Construction Commencement.** Transmission Provider shall commence construction of Transmission Provider's Interconnection Facilities and Network Upgrades for which it is responsible as soon as practicable after the following additional conditions are satisfied:
- 5.6.1** Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;
 - 5.6.2** Necessary real property rights and rights-of-way have been obtained, to the extent required for the construction of a discrete aspect of Transmission Provider's Interconnection Facilities and Network Upgrades;
 - 5.6.3** Transmission Provider has received written authorization to proceed with construction from Interconnection Customer by the date specified in Appendix B, Milestones; and
 - 5.6.4** Interconnection Customer has provided security to Transmission Provider in accordance with Article 11.5 by the dates specified in Appendix B, Milestones.
- 5.7 Work Progress.** The Parties will keep each other advised periodically as to the progress of their respective design, procurement and construction efforts. Either Party may, at any time, request a progress report from the other Party. If, at any time, Interconnection Customer determines that the completion of Transmission Provider's Interconnection Facilities will not be required until after the specified In-Service Date, Interconnection Customer will provide written notice to Transmission Provider of such later date upon which the completion of Transmission Provider's Interconnection Facilities will be required.
- 5.8 Information Exchange.** As soon as reasonably practicable after the Effective Date, the Parties shall exchange information regarding the design and compatibility of the Parties' Interconnection Facilities and compatibility of the Interconnection Facilities with Transmission Provider's Transmission System, and shall work diligently and in good faith to make any necessary design changes.

- 5.9 Limited Operation.** If any of Transmission Provider's Interconnection Facilities or Network Upgrades are not reasonably expected to be completed prior to the Commercial Operation Date of the Large Generating Facility, Transmission Provider shall, upon the request and at the expense of Interconnection Customer, perform operating studies on a timely basis to determine the extent to which the Large Generating Facility and Interconnection Customer's Interconnection Facilities may operate prior to the completion of Transmission Provider's Interconnection Facilities or Network Upgrades consistent with Applicable Laws and Regulations, Applicable Reliability Standards, Good Utility Practice, and this LGIA. Transmission Provider shall permit Interconnection Customer to operate the Large Generating Facility and Interconnection Customer's Interconnection Facilities in accordance with the results of such studies.
- 5.10 Interconnection Customer's Interconnection Facilities ('ICIF').** Interconnection Customer shall, at its expense, design, procure, construct, own and install the ICIF, as set forth in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades.
- 5.10.1 Interconnection Customer's Interconnection Facility Specifications.** Interconnection Customer shall submit initial specifications for the ICIF, including System Protection Facilities, to Transmission Provider at least one hundred eighty (180) Calendar Days prior to the Initial Synchronization Date; and final specifications for review and comment at least ninety (90) Calendar Days prior to the Initial Synchronization Date. Transmission Provider shall review such specifications to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of Transmission Provider and comment on such specifications within thirty (30) Calendar Days of Interconnection Customer's submission. All specifications provided hereunder shall be deemed confidential.
- 5.10.2 Transmission Provider's Review.** Transmission Provider's review of Interconnection Customer's final specifications shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability or reliability of the Large Generating Facility, or the ICIF. Interconnection Customer shall make such changes to the ICIF as may reasonably be required by Transmission Provider, in accordance with Good Utility Practice, to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of Transmission Provider.
- 5.10.3 ICIF Construction.** The ICIF shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another mutually acceptable deadline, Interconnection Customer shall deliver to Transmission Provider "as-built" drawings, information

and documents for the ICIF, such as: a one-line diagram, a site plan showing the Large Generating Facility and the ICIF, plan and elevation drawings showing the layout of the ICIF, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings for all facilities associated with Interconnection Customer's step-up transformers, the facilities connecting the Large Generating Facility to the step-up transformers and the ICIF, and the impedances (determined by factory tests) for the associated step-up transformers and the Large Generating Facility. The Interconnection Customer shall provide Transmission Provider specifications for the excitation system, automatic voltage regulator, Large Generating Facility control and protection settings, transformer tap settings, and communications, if applicable.

- 5.11 Transmission Provider's Interconnection Facilities Construction.** Transmission Provider's Interconnection Facilities shall be designed and constructed in accordance with Good Utility Practice. Upon request, within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another mutually acceptable deadline, Transmission Provider shall deliver to Interconnection Customer the following "as-built" drawings, information and documents for Transmission Provider's Interconnection Facilities [include appropriate drawings and relay diagrams].

Transmission Provider will obtain control of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades upon completion of such facilities.

- 5.12 Access Rights.** Upon reasonable notice and supervision by a Party, and subject to any required or necessary regulatory approvals, a Party ("Granting Party") shall furnish at no cost to the other Party ("Access Party") any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, its agents (if allowed under the applicable agency agreement), or any Affiliate, that are necessary to enable the Access Party to obtain ingress and egress to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: (i) interconnect the Large Generating Facility with the Transmission System; (ii) operate and maintain the Large Generating Facility, the Interconnection Facilities and the Transmission System; and (iii) disconnect or remove the Access Party's facilities and equipment upon termination of this LGIA. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party's business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party.

- 5.13 Lands of Other Property Owners.** If any part of Transmission Provider or Transmission Owner's Interconnection Facilities and/or Network Upgrades is to be installed on property owned by persons other than Interconnection Customer or Transmission Provider or Transmission Owner, Transmission Provider or Transmission Owner shall at Interconnection Customer's expense use efforts, similar in nature and

extent to those that it typically undertakes on its own behalf or on behalf of its Affiliates, including use of its eminent domain authority, and to the extent consistent with state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary to construct, operate, maintain, test, inspect, replace or remove Transmission Provider or Transmission Owner's Interconnection Facilities and/or Network Upgrades upon such property.

- 5.14 Permits.** Transmission Provider or Transmission Owner and Interconnection Customer shall cooperate with each other in good faith in obtaining all permits, licenses, and authorizations that are necessary to accomplish the interconnection in compliance with Applicable Laws and Regulations. With respect to this paragraph, Transmission Provider or Transmission Owner shall provide permitting assistance to Interconnection Customer comparable to that provided to Transmission Provider's own, or an Affiliate's generation.
- 5.15 Early Construction of Base Case Facilities.** Interconnection Customer may request Transmission Provider to construct, and Transmission Provider shall construct, using Reasonable Efforts to accommodate Interconnection Customer's In-Service Date, all or any portion of any Network Upgrades required for Interconnection Customer to be interconnected to the Transmission System which are included in the Base Case of the Facilities Study for Interconnection Customer, and which also are required to be constructed for another Interconnection Customer, but where such construction is not scheduled to be completed in time to achieve Interconnection Customer's In-Service Date.
- 5.16 Suspension.** Interconnection Customer reserves the right, upon written notice to Transmission Provider, to suspend at any time all work by Transmission Provider associated with the construction and installation of Transmission Provider's Interconnection Facilities and/or Network Upgrades required under this LGIA with the condition that Transmission System shall be left in a safe and reliable condition in accordance with Good Utility Practice and Transmission Provider's safety and reliability criteria. In such event, Interconnection Customer shall be responsible for all reasonable and necessary costs which Transmission Provider (i) has incurred pursuant to this LGIA prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the Transmission System during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which Transmission Provider cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, Transmission Provider shall obtain Interconnection Customer's authorization to do so.

Transmission Provider shall invoice Interconnection Customer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work by Transmission Provider required under this LGIA pursuant to this Article 5.16, and has not requested Transmission Provider to recommence the work required under this LGIA on or before the expiration of three (3) years following

commencement of such suspension, this LGIA shall be deemed terminated. The three-year period shall begin on the date the suspension is requested, or the date of the written notice to Transmission Provider, if no effective date is specified.

5.17 Taxes.

5.17.1 Interconnection Customer Payments Not Taxable. The Parties intend that all payments or property transfers made by Interconnection Customer to Transmission Provider for the installation of Transmission Provider's Interconnection Facilities and the Network Upgrades shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws.

5.17.2 Representations and Covenants. In accordance with IRS Notice 2001-82 and IRS Notice 88-129, Interconnection Customer represents and covenants that (i) ownership of the electricity generated at the Large Generating Facility will pass to another party prior to the transmission of the electricity on the Transmission System, (ii) for income tax purposes, the amount of any payments and the cost of any property transferred to Transmission Provider for Transmission Provider's Interconnection Facilities will be capitalized by Interconnection Customer as an intangible asset and recovered using the straight-line method over a useful life of twenty (20) years, and (iii) any portion of Transmission Provider's Interconnection Facilities that is a "dual-use intertie," within the meaning of IRS Notice 88-129, is reasonably expected to carry only a de minimis amount of electricity in the direction of the Large Generating Facility. For this purpose, "de minimis amount" means no more than 5 percent of the total power flows in both directions, calculated in accordance with the "5 percent test" set forth in IRS Notice 88-129. This is not intended to be an exclusive list of the relevant conditions that must be met to conform to IRS requirements for non-taxable treatment.

At Transmission Provider's request, Interconnection Customer shall provide Transmission Provider with a report from an independent engineer confirming its representation in clause (iii), above. Transmission Provider represents and covenants that the cost of Transmission Provider's Interconnection Facilities paid for by Interconnection Customer will have no net effect on the base upon which rates are determined.

5.17.3 Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon the Transmission Provider. Notwithstanding Article 5.17.1, Interconnection Customer shall protect, indemnify and hold harmless Transmission Provider from the cost consequences of any current tax liability imposed against Transmission Provider as the result of

payments or property transfers made by Interconnection Customer to Transmission Provider under this LGIA for Interconnection Facilities, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Transmission Provider.

Transmission Provider shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Interconnection Customer under this LGIA unless (i) Transmission Provider has determined, in good faith, that the payments or property transfers made by Interconnection Customer to Transmission Provider should be reported as income subject to taxation or (ii) any Governmental Authority directs Transmission Provider to report payments or property as income subject to taxation; provided, however, that Transmission Provider may require Interconnection Customer to provide security for Interconnection Facilities, in a form reasonably acceptable to Transmission Provider (such as a parental guarantee or a letter of credit), in an amount equal to the cost consequences of any current tax liability under this Article 5.17. Interconnection Customer shall reimburse Transmission Provider for such costs on a fully grossed-up basis, in accordance with Article 5.17.4, within thirty (30) Calendar Days of receiving written notification from Transmission Provider of the amount due, including detail about how the amount was calculated.

The indemnification obligation shall terminate at the earlier of (1) the expiration of the ten year testing period and the applicable statute of limitation, as it may be extended by Transmission Provider upon request of the IRS, to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article 5.17.

5.17.4 Tax Gross-Up Amount. Interconnection Customer's liability for the cost consequences of any current tax liability under this Article 5.17 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that Interconnection Customer will pay Transmission Provider, in addition to the amount paid for the Interconnection Facilities and Network Upgrades, an amount equal to (1) the current taxes imposed on Transmission Provider ("Current Taxes") on the excess of (a) the gross income realized by Transmission Provider as a result of payments or property transfers made by Interconnection Customer to Transmission Provider under this LGIA (without regard to any payments under this Article 5.17) (the "Gross Income Amount") over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the "Present Value Depreciation Amount"), plus (2) an additional amount sufficient to permit Transmission Provider to receive and retain, after the payment of

all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on Transmission Provider's composite federal and state tax rates at the time the payments or property transfers are received and Transmission Provider will be treated as being subject to tax at the highest marginal rates in effect at that time (the "Current Tax Rate"), and (ii) the Present Value Depreciation Amount shall be computed by discounting Transmission Provider's anticipated tax depreciation deductions as a result of such payments or property transfers by Transmission Provider's current weighted average cost of capital. Thus, the formula for calculating Interconnection Customer's liability to Transmission Owner pursuant to this Article 5.17.4 can be expressed as follows: $(\text{Current Tax Rate} \times (\text{Gross Income Amount} - \text{Present Value of Tax Depreciation})) / (1 - \text{Current Tax Rate})$. Interconnection Customer's estimated tax liability in the event taxes are imposed shall be stated in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades.

5.17.5 Private Letter Ruling or Change or Clarification of Law. At Interconnection Customer's request and expense, Transmission Provider shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Interconnection Customer to Transmission Provider under this LGIA are subject to federal income taxation. Interconnection Customer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Interconnection Customer's knowledge. Transmission Provider and Interconnection Customer shall cooperate in good faith with respect to the submission of such request.

Transmission Provider shall keep Interconnection Customer fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes Interconnection Customer to participate in all discussions with the IRS regarding such request for a private letter ruling. Transmission Provider shall allow Interconnection Customer to attend all meetings with IRS officials about the request and shall permit Interconnection Customer to prepare the initial drafts of any follow-up letters in connection with the request.

5.17.6 Subsequent Taxable Events. If, within ten (10) years from the date on which the relevant Transmission Provider's Interconnection Facilities are placed in service, (i) Interconnection Customer Breaches the covenants contained in Article 5.17.2, (ii) a "disqualification event" occurs within the meaning of IRS Notice 88-129, or (iii) this LGIA terminates and

Transmission Provider retains ownership of the Interconnection Facilities and Network Upgrades, Interconnection Customer shall pay a tax gross-up for the cost consequences of any current tax liability imposed on Transmission Provider, calculated using the methodology described in Article 5.17.4 and in accordance with IRS Notice 90-60.

5.17.7

Contests. In the event any Governmental Authority determines that Transmission Provider's receipt of payments or property constitutes income that is subject to taxation, Transmission Provider shall notify Interconnection Customer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Interconnection Customer and at Interconnection Customer's sole expense, Transmission Provider may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon Interconnection Customer's written request and sole expense, Transmission Provider may file a claim for refund with respect to any taxes paid under this Article 5.17, whether or not it has received such a determination. Transmission Provider reserves the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but Transmission Provider shall keep Interconnection Customer informed, shall consider in good faith suggestions from Interconnection Customer about the conduct of the contest, and shall reasonably permit Interconnection Customer or an Interconnection Customer representative to attend contest proceedings.

Interconnection Customer shall pay to Transmission Provider on a periodic basis, as invoiced by Transmission Provider, Transmission Provider's documented reasonable costs of prosecuting such appeal, protest, abatement or other contest. At any time during the contest, Transmission Provider may agree to a settlement either with Interconnection Customer's consent or after obtaining written advice from nationally-recognized tax counsel, selected by Transmission Provider, but reasonably acceptable to Interconnection Customer, that the proposed settlement represents a reasonable settlement given the hazards of litigation. Interconnection Customer's obligation shall be based on the amount of the settlement agreed to by Interconnection Customer, or if a higher amount, so much of the settlement that is supported by the written advice from nationally-recognized tax counsel selected under the terms of the preceding sentence. The settlement amount shall be calculated on a fully grossed-up basis to cover any related cost consequences of the current tax liability. Any settlement without Interconnection Customer's consent or such written advice will relieve Interconnection Customer from any obligation to indemnify Transmission Provider for the tax at issue in the contest.

5.17.8 Refund. In the event that (a) a private letter ruling is issued to Transmission Provider which holds that any amount paid or the value of any property transferred by Interconnection Customer to Transmission Provider under the terms of this LGIA is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to Transmission Provider in good faith that any amount paid or the value of any property transferred by Interconnection Customer to Transmission Provider under the terms of this LGIA is not taxable to Transmission Provider, (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Interconnection Customer to Transmission Provider are not subject to federal income tax, or (d) if Transmission Provider receives a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by Interconnection Customer to Transmission Provider pursuant to this LGIA, Transmission Provider shall promptly refund to Interconnection Customer the following:

(i) any payment made by Interconnection Customer under this Article 5.17 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon,

(ii) interest on any amounts paid by Interconnection Customer to Transmission Provider for such taxes which Transmission Provider did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 CFR §35.19a(a)(2)(iii) from the date payment was made by Interconnection Customer to the date Transmission Provider refunds such payment to Interconnection Customer, and

(iii) with respect to any such taxes paid by Transmission Provider, any refund or credit Transmission Provider receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to Transmission Provider for such overpayment of taxes (including any reduction in interest otherwise payable by Transmission Provider to any Governmental Authority resulting from an offset or credit); provided, however, that Transmission Provider will remit such amount promptly to Interconnection Customer only after and to the extent that Transmission Provider has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to Transmission Provider's Interconnection Facilities.

The intent of this provision is to leave the Parties, to the extent practicable, in the event that no taxes are due with respect to any payment for Interconnection Facilities and Network Upgrades hereunder, in the same position they would have been in had no such tax payments been made.

5.17.9 Taxes Other Than Income Taxes. Upon the timely request by Interconnection Customer, and at Interconnection Customer's sole expense, Transmission Provider may appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against Transmission Provider for which Interconnection Customer may be required to reimburse Transmission Provider under the terms of this LGIA. Interconnection Customer shall pay to Transmission Provider on a periodic basis, as invoiced by Transmission Provider, Transmission Provider's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Interconnection Customer and Transmission Provider shall cooperate in good faith with respect to any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Interconnection Customer to Transmission Provider for such taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Interconnection Customer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by Transmission Provider.

5.17.10 Transmission Owners Who Are Not Transmission Providers. If Transmission Provider is not the same entity as the Transmission Owner, then (i) all references in this Article 5.17 to Transmission Provider shall be deemed also to refer to and to include the Transmission Owner, as appropriate, and (ii) this LGIA shall not become effective until such Transmission Owner shall have agreed in writing to assume all of the duties and obligations of Transmission Provider under this Article 5.17 of this LGIA.

5.18 Tax Status. Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this LGIA is intended to adversely affect any Transmission Provider's tax exempt status with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds.

5.19 Modification.

5.19.1 General. Either Party may undertake modifications to its facilities. If a Party plans to undertake a modification that reasonably may be expected to affect the other Party's facilities, that Party shall provide to the other Party sufficient information regarding such modification so that the other

Party may evaluate the potential impact of such modification prior to commencement of the work. Such information shall be deemed to be confidential hereunder and shall include information concerning the timing of such modifications and whether such modifications are expected to interrupt the flow of electricity from the Large Generating Facility. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Party at least ninety (90) Calendar Days in advance of the commencement of the work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned or delayed.

In the case of Large Generating Facility modifications that do not require Interconnection Customer to submit an Interconnection Request, Transmission Provider shall provide, within thirty (30) Calendar Days (or such other time as the Parties may agree), an estimate of any additional modifications to the Transmission System, Transmission Provider's Interconnection Facilities or Network Upgrades necessitated by such Interconnection Customer modification and a good faith estimate of the costs thereof.

5.19.2 Standards. Any additions, modifications, or replacements made to a Party's facilities shall be designed, constructed and operated in accordance with this LGIA and Good Utility Practice.

5.19.3 Modification Costs. Interconnection Customer shall not be directly assigned for the costs of any additions, modifications, or replacements that Transmission Provider makes to Transmission Provider's Interconnection Facilities or the Transmission System to facilitate the interconnection of a third party to Transmission Provider's Interconnection Facilities or the Transmission System, or to provide transmission service to a third party under Transmission Provider's Tariff. Interconnection Customer shall be responsible for the costs of any additions, modifications, or replacements to Interconnection Customer's Interconnection Facilities that may be necessary to maintain or upgrade such Interconnection Customer's Interconnection Facilities consistent with Applicable Laws and Regulations, Applicable Reliability Standards or Good Utility Practice.

Article 6. Testing and Inspection

6.1 Pre-Commercial Operation Date Testing and Modifications. Prior to the Commercial Operation Date, Transmission Provider shall test Transmission Provider's Interconnection Facilities and Network Upgrades and Interconnection Customer shall test the Large Generating Facility and Interconnection Customer's Interconnection Facilities to ensure their safe and reliable operation. Similar testing may be required after initial operation. Each Party shall make any modifications to its facilities that are found to be

necessary as a result of such testing. Interconnection Customer shall bear the cost of all such testing and modifications. Interconnection Customer shall generate test energy at the Large Generating Facility only if it has arranged for the delivery of such test energy.

- 6.2 Post-Commercial Operation Date Testing and Modifications.** Each Party shall at its own expense perform routine inspection and testing of its facilities and equipment in accordance with Good Utility Practice as may be necessary to ensure the continued interconnection of the Large Generating Facility with the Transmission System in a safe and reliable manner. Each Party shall have the right, upon advance written notice, to require reasonable additional testing of the other Party's facilities, at the requesting Party's expense, as may be in accordance with Good Utility Practice.
- 6.3 Right to Observe Testing.** Each Party shall notify the other Party in advance of its performance of tests of its Interconnection Facilities. The other Party has the right, at its own expense, to observe such testing.
- 6.4 Right to Inspect.** Each Party shall have the right, but shall have no obligation to: (i) observe the other Party's tests and/or inspection of any of its System Protection Facilities and other protective equipment, including Power System Stabilizers; (ii) review the settings of the other Party's System Protection Facilities and other protective equipment; and (iii) review the other Party's maintenance records relative to the Interconnection Facilities, the System Protection Facilities and other protective equipment. A Party may exercise these rights from time to time as it deems necessary upon reasonable notice to the other Party. The exercise or non-exercise by a Party of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Interconnection Facilities or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that a Party obtains through the exercise of any of its rights under this Article 6.4 shall be deemed to be Confidential Information and treated pursuant to Article 22 of this LGIA.

Article 7. Metering

- 7.1 General.** Each Party shall comply with the Applicable Reliability Council requirements. Unless otherwise agreed by the Parties, Transmission Provider shall install Metering Equipment at the Point of Interconnection prior to any operation of the Large Generating Facility and shall own, operate, test and maintain such Metering Equipment. Power flows to and from the Large Generating Facility shall be measured at or, at Transmission Provider's option, compensated to, the Point of Interconnection. Transmission Provider shall provide metering quantities, in analog and/or digital form, to Interconnection Customer upon request. Interconnection Customer shall bear all reasonable documented costs associated with the purchase, installation, operation, testing and maintenance of the Metering Equipment.

- 7.2 Check Meters.** Interconnection Customer, at its option and expense, may install and operate, on its premises and on its side of the Point of Interconnection, one or more check meters to check Transmission Provider's meters. Such check meters shall be for check purposes only and shall not be used for the measurement of power flows for purposes of this LGIA, except as provided in Article 7.4 below. The check meters shall be subject at all reasonable times to inspection and examination by Transmission Provider or its designee. The installation, operation and maintenance thereof shall be performed entirely by Interconnection Customer in accordance with Good Utility Practice.
- 7.3 Standards.** Transmission Provider shall install, calibrate, and test revenue quality Metering Equipment in accordance with applicable ANSI standards.
- 7.4 Testing of Metering Equipment.** Transmission Provider shall inspect and test all Transmission Provider-owned Metering Equipment upon installation and at least once every two (2) years thereafter. If requested to do so by Interconnection Customer, Transmission Provider shall, at Interconnection Customer's expense, inspect or test Metering Equipment more frequently than every two (2) years. Transmission Provider shall give reasonable notice of the time when any inspection or test shall take place, and Interconnection Customer may have representatives present at the test or inspection. If at any time Metering Equipment is found to be inaccurate or defective, it shall be adjusted, repaired or replaced at Interconnection Customer's expense, in order to provide accurate metering, unless the inaccuracy or defect is due to Transmission Provider's failure to maintain, then Transmission Provider shall pay. If Metering Equipment fails to register, or if the measurement made by Metering Equipment during a test varies by more than two percent from the measurement made by the standard meter used in the test, Transmission Provider shall adjust the measurements by correcting all measurements for the period during which Metering Equipment was in error by using Interconnection Customer's check meters, if installed. If no such check meters are installed or if the period cannot be reasonably ascertained, the adjustment shall be for the period immediately preceding the test of the Metering Equipment equal to one-half the time from the date of the last previous test of the Metering Equipment.
- 7.5 Metering Data.** At Interconnection Customer's expense, the metered data shall be telemetered to one or more locations designated by Transmission Provider and one or more locations designated by Interconnection Customer. Such telemetered data shall be used, under normal operating conditions, as the official measurement of the amount of energy delivered from the Large Generating Facility to the Point of Interconnection.

Article 8. Communications

- 8.1 Interconnection Customer Obligations.** Interconnection Customer shall maintain satisfactory operating communications with Transmission Provider's Transmission System dispatcher or representative designated by Transmission Provider. Interconnection Customer shall provide standard voice line, dedicated voice line and

facsimile communications at its Large Generating Facility control room or central dispatch facility through use of either the public telephone system, or a voice communications system that does not rely on the public telephone system. Interconnection Customer shall also provide the dedicated data circuit(s) necessary to provide Interconnection Customer data to Transmission Provider as set forth in Appendix D, Security Arrangements Details. The data circuit(s) shall extend from the Large Generating Facility to the location(s) specified by Transmission Provider. Any required maintenance of such communications equipment shall be performed by Interconnection Customer. Operational communications shall be activated and maintained under, but not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily load data.

- 8.2 Remote Terminal Unit.** Prior to the Initial Synchronization Date of the Large Generating Facility, a Remote Terminal Unit, or equivalent data collection and transfer equipment acceptable to the Parties, shall be installed by Interconnection Customer, or by Transmission Provider at Interconnection Customer's expense, to gather accumulated and instantaneous data to be telemetered to the location(s) designated by Transmission Provider through use of a dedicated point-to-point data circuit(s) as indicated in Article 8.1. The communication protocol for the data circuit(s) shall be specified by Transmission Provider. Instantaneous bi-directional analog real power and reactive power flow information must be telemetered directly to the location(s) specified by Transmission Provider.

Each Party will promptly advise the other Party if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by the other Party. The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible.

- 8.3 No Annexation.** Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Parties.

Article 9. Operations

- 9.1 General.** Each Party shall comply with the Applicable Reliability Council requirements. Each Party shall provide to the other Party all information that may reasonably be required by the other Party to comply with Applicable Laws and Regulations and Applicable Reliability Standards.
- 9.2 Control Area Notification.** At least three months before Initial Synchronization Date, Interconnection Customer shall notify Transmission Provider in writing of the Control Area in which the Large Generating Facility will be located. If Interconnection Customer

elects to locate the Large Generating Facility in a Control Area other than the Control Area in which the Large Generating Facility is physically located, and if permitted to do so by the relevant transmission tariffs, all necessary arrangements, including but not limited to those set forth in Article 7 and Article 8 of this LGIA, and remote Control Area generator interchange agreements, if applicable, and the appropriate measures under such agreements, shall be executed and implemented prior to the placement of the Large Generating Facility in the other Control Area.

9.3 Transmission Provider Obligations. Transmission Provider shall cause the Transmission System and Transmission Provider's Interconnection Facilities to be operated, maintained and controlled in a safe and reliable manner and in accordance with this LGIA. Transmission Provider may provide operating instructions to Interconnection Customer consistent with this LGIA and Transmission Provider's operating protocols and procedures as they may change from time to time. Transmission Provider will consider changes to its operating protocols and procedures proposed by Interconnection Customer.

9.4 Interconnection Customer Obligations. Interconnection Customer shall at its own expense operate, maintain and control the Large Generating Facility and Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA. Interconnection Customer shall operate the Large Generating Facility and Interconnection Customer's Interconnection Facilities in accordance with all applicable requirements of the Control Area of which it is part, as such requirements are set forth in Appendix C, Interconnection Details, of this LGIA. Appendix C, Interconnection Details, will be modified to reflect changes to the requirements as they may change from time to time. Either Party may request that the other Party provide copies of the requirements set forth in Appendix C, Interconnection Details, of this LGIA.

9.5 Start-Up Synchronization and Commercial Operation. Consistent with the Parties' mutually acceptable procedures, Interconnection Customer is responsible for the proper synchronization of the Large Generating Facility to Transmission Provider's Transmission System. The pertinent information is provided in Exhibits 3 and 4 of Appendix C.

9.6 Reactive Power.

9.6.1 Power Factor Design Criteria. Interconnection Customer shall design the Large Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the minimum range of 0.95 leading to 0.95 lagging, unless Transmission Provider has established different requirements that apply to all generators in the Control Area on a comparable basis. The requirements of this paragraph shall not apply to wind generators.

9.6.2 Voltage Schedules. Once Interconnection Customer has synchronized the Large Generating Facility with the Transmission System, Transmission Provider shall require Interconnection Customer to operate the Large Generating Facility to produce or absorb reactive power within the design limitations of the Large

Generating Facility in following the assigned voltage schedule. This may be a wider range than the minimum requirement set forth in Article 9.6.1 (Power Factor Design Criteria). Transmission Provider's voltage schedules shall treat all sources of reactive power in the Control Area in an equitable and not unduly discriminatory manner. Transmission Provider shall exercise Reasonable Efforts to provide Interconnection Customer with such schedules at least one (1) day in advance, and may make changes to such schedules as necessary to maintain the reliability of the Transmission System. Interconnection Customer shall operate the Large Generating Facility to maintain the specified output voltage or power factor at the Point of Interconnection within the design limitations of the Large Generating Facility set forth in Article 9.6.1 (Power Factor Design Criteria). If Interconnection Customer is unable to maintain the specified voltage or power factor, it shall promptly notify the System Operator.

9.6.2.1 Governors and Regulators. Whenever the Large Generating Facility is operated in parallel with the Transmission System and the speed governors (if installed on the generating unit pursuant to Good Utility Practice) and voltage regulators are capable of operation, Interconnection Customer shall operate the Large Generating Facility with its speed governors and voltage regulators in automatic operation. If the Large Generating Facility's speed governors and voltage regulators are not capable of such automatic operation, Interconnection Customer shall immediately notify Transmission Provider's system operator, or its designated representative, and ensure that such Large Generating Facility's reactive power production or absorption (measured in MVARs) are within the design capability of the Large Generating Facility's generating unit(s) and steady state stability limits. Interconnection Customer shall not cause its Large Generating Facility to disconnect automatically or instantaneously from the Transmission System or trip any generating unit comprising the Large Generating Facility for an under or over frequency condition unless the abnormal frequency condition persists for a time period beyond the limits set forth in ANSI/IEEE Standard C37.106, or such other standard as applied to other generators in the Control Area on a comparable basis.

9.6.3 Payment for Reactive Power. Transmission Provider is required to pay Interconnection Customer for reactive power that Interconnection Customer provides or absorbs from the Large Generating Facility when Transmission Provider requests Interconnection Customer to operate its Large Generating Facility outside the range specified in Article 9.6.1, provided that if Transmission Provider pays its own or affiliated generators for reactive power service within the specified range, it must also pay Interconnection Customer. Payments shall be pursuant to Article 11.6 or such other agreement to which the Parties have otherwise agreed.

9.7 Outages and Interruptions.

9.7.1 Outages.

9.7.1.1 Outage Authority and Coordination. Each Party may in accordance with Good Utility Practice in coordination with the other Party remove from service any of its respective Interconnection Facilities or Network Upgrades that may impact the other Party's facilities as necessary to perform maintenance or testing or to install or replace equipment. Absent an Emergency Condition, the Party scheduling a removal of such facility(ies) from service will use Reasonable Efforts to schedule such removal on a date and time mutually acceptable to the Parties. In all circumstances, any Party planning to remove such facility(ies) from service shall use Reasonable Efforts to minimize the effect on the other Party of such removal.

9.7.1.2 Outage Schedules. Transmission Provider shall post scheduled outages of its transmission facilities on the OASIS. Interconnection Customer shall submit its planned maintenance schedules for the Large Generating Facility to Transmission Provider for a minimum of a rolling twenty-four month period. Interconnection Customer shall update its planned maintenance schedules as necessary. Transmission Provider may request Interconnection Customer to reschedule its maintenance as necessary to maintain the reliability of the Transmission System; provided, however, adequacy of generation supply shall not be a criterion in determining Transmission System reliability. Transmission Provider shall compensate Interconnection Customer for any additional direct costs that Interconnection Customer incurs as a result of having to reschedule maintenance, including any additional overtime, breaking of maintenance contracts or other costs above and beyond the cost Interconnection Customer would have incurred absent Transmission Provider's request to reschedule maintenance. Interconnection Customer will not be eligible to receive compensation, if during the twelve (12) months prior to the date of the scheduled maintenance, Interconnection Customer had modified its schedule of maintenance activities.

9.7.1.3 Outage Restoration. If an outage on a Party's Interconnection Facilities or Network Upgrades adversely affects the other Party's operations or facilities, the Party that owns or controls the facility that is out of service shall use Reasonable Efforts to promptly restore such facility(ies) to a normal operating condition consistent with the nature of the outage. The Party that owns or controls the

facility that is out of service shall provide the other Party, to the extent such information is known, information on the nature of the Emergency Condition, an estimated time of restoration, and any corrective actions required. Initial verbal notice shall be followed up as soon as practicable with written notice explaining the nature of the outage.

9.7.2 Interruption of Service. If required by Good Utility Practice to do so, Transmission Provider may require Interconnection Customer to interrupt or reduce deliveries of electricity if such delivery of electricity could adversely affect Transmission Provider's ability to perform such activities as are necessary to safely and reliably operate and maintain the Transmission System. The following provisions shall apply to any interruption or reduction permitted under this Article 9.7.2:

- 9.7.2.1** The interruption or reduction shall continue only for so long as reasonably necessary under Good Utility Practice;
- 9.7.2.2** Any such interruption or reduction shall be made on an equitable, non-discriminatory basis with respect to all generating facilities directly connected to the Transmission System;
- 9.7.2.3** When the interruption or reduction must be made under circumstances which do not allow for advance notice, Transmission Provider shall notify Interconnection Customer by telephone as soon as practicable of the reasons for the curtailment, interruption, or reduction, and, if known, its expected duration. Telephone notification shall be followed by written notification as soon as practicable;
- 9.7.2.4** Except during the existence of an Emergency Condition, when the interruption or reduction can be scheduled without advance notice, Transmission Provider shall notify Interconnection Customer in advance regarding the timing of such scheduling and further notify Interconnection Customer of the expected duration. Transmission Provider shall coordinate with Interconnection Customer using Good Utility Practice to schedule the interruption or reduction during periods of least impact to Interconnection Customer and Transmission Provider;
- 9.7.2.5** The Parties shall cooperate and coordinate with each other to the extent necessary in order to restore the Large Generating Facility, Interconnection Facilities, and the Transmission System to their normal operating state, consistent with system conditions and Good Utility Practice.

9.7.3 Under-Frequency and Over Frequency Conditions. The Transmission System is designed to automatically activate a load-shed program as required by the Applicable Reliability Council in the event of an under-frequency system disturbance. Interconnection Customer shall implement under-frequency and over-frequency relay set points for the Large Generating Facility as required by the Applicable Reliability Council to ensure "ride through" capability of the Transmission System. Large Generating Facility response to frequency deviations of pre-determined magnitudes, both under-frequency and over-frequency deviations, shall be studied and coordinated with Transmission Provider in accordance with Good Utility Practice. The term "ride through" as used herein shall mean the ability of a Generating Facility to stay connected to and synchronized with the Transmission System during system disturbances within a range of under-frequency and over-frequency conditions, in accordance with Good Utility Practice.

9.7.4 System Protection and Other Control Requirements.

9.7.4.1 System Protection Facilities. Interconnection Customer shall, at its expense, install, operate and maintain System Protection Facilities as a part of the Large Generating Facility or Interconnection Customer's Interconnection Facilities. Transmission Provider shall install at Interconnection Customer's expense any System Protection Facilities that may be required on Transmission Provider's Interconnection Facilities or the Transmission System as a result of the interconnection of the Large Generating Facility and Interconnection Customer's Interconnection Facilities.

9.7.4.2 Each Party's protection facilities shall be designed and coordinated with other systems in accordance with Good Utility Practice.

9.7.4.3 Each Party shall be responsible for protection of its facilities consistent with Good Utility Practice.

9.7.4.4 Each Party's protective relay design shall incorporate the necessary test switches to perform the tests required in Article 6. The required test switches will be placed such that they allow operation of lockout relays while preventing breaker failure schemes from operating and causing unnecessary breaker operations and/or the tripping of Interconnection Customer's units.

9.7.4.5 Each Party will test, operate and maintain System Protection Facilities in accordance with Good Utility Practice.

9.7.4.6 Prior to the In-Service Date, and again prior to the Commercial Operation Date, each Party or its agent shall perform a complete

calibration test and functional trip test of the System Protection Facilities. At intervals suggested by Good Utility Practice and following any apparent malfunction of the System Protection Facilities, each Party shall perform both calibration and functional trip tests of its System Protection Facilities. These tests do not require the tripping of any in-service generation unit. These tests do, however, require that all protective relays and lockout contacts be activated.

9.7.5 Requirements for Protection. In compliance with Good Utility Practice, Interconnection Customer shall provide, install, own, and maintain relays, circuit breakers and all other devices necessary to remove any fault contribution of the Large Generating Facility to any short circuit occurring on the Transmission System not otherwise isolated by Transmission Provider's equipment, such that the removal of the fault contribution shall be coordinated with the protective requirements of the Transmission System. Such protective equipment shall include, without limitation, a disconnecting device or switch with load-interrupting capability located between the Large Generating Facility and the Transmission System at a site selected upon mutual agreement (not to be unreasonably withheld, conditioned or delayed) of the Parties. Interconnection Customer shall be responsible for protection of the Large Generating Facility and Interconnection Customer's other equipment from such conditions as negative sequence currents, over- or under-frequency, sudden load rejection, over- or under-voltage, and generator loss-of-field. Interconnection Customer shall be solely responsible to disconnect the Large Generating Facility and Interconnection Customer's other equipment if conditions on the Transmission System could adversely affect the Large Generating Facility.

9.7.6 Power Quality. Neither Party's facilities shall cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as defined by ANSI Standard C84.1-1989, in accordance with IEEE Standard 519, or any applicable superseding electric industry standard. In the event of a conflict between ANSI Standard C84.1-1989, or any applicable superseding electric industry standard, ANSI Standard C84.1-1989, or the applicable superseding electric industry standard, shall control.

9.8 Switching and Tagging Rules. Each Party shall provide the other Party a copy of its switching and tagging rules that are applicable to the other Party's activities. Such switching and tagging rules shall be developed on a non-discriminatory basis. The Parties shall comply with applicable switching and tagging rules, as amended from time to time, in obtaining clearances for work or for switching operations on equipment.

9.9 Use of Interconnection Facilities by Third Parties.

9.9.1 Purpose of Interconnection Facilities. Except as may be required by Applicable Laws and Regulations, or as otherwise agreed to among the Parties, the

Interconnection Facilities shall be constructed for the sole purpose of interconnecting the Large Generating Facility to the Transmission System and shall be used for no other purpose.

- 9.9.2 Third Party Users.** If required by Applicable Laws and Regulations or if the Parties mutually agree, such agreement not to be unreasonably withheld, to allow one or more third parties to use Transmission Provider's Interconnection Facilities, or any part thereof, Interconnection Customer will be entitled to compensation for the capital expenses it incurred in connection with the Interconnection Facilities based upon the pro rata use of the Interconnection Facilities by Transmission Provider, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually-agreed upon methodology. In addition, cost responsibility for ongoing costs, including operation and maintenance costs associated with the Interconnection Facilities, will be allocated between Interconnection Customer and any third party users based upon the pro rata use of the Interconnection Facilities by Transmission Provider, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed upon methodology. If the issue of such compensation or allocation cannot be resolved through such negotiations, it shall be submitted to FERC for resolution.
- 9.10 Disturbance Analysis Data Exchange.** The Parties will cooperate with one another in the analysis of disturbances to either the Large Generating Facility or Transmission Provider's Transmission System by gathering and providing access to any information relating to any disturbance, including information from oscillography, protective relay targets, breaker operations and sequence of events records, and any disturbance information required by Good Utility Practice.

Article 10. Maintenance

- 10.1 Transmission Provider Obligations.** Transmission Provider shall maintain the Transmission System and Transmission Provider's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA.
- 10.2 Interconnection Customer Obligations.** Interconnection Customer shall maintain the Large Generating Facility and Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA.
- 10.3 Coordination.** The Parties shall confer regularly to coordinate the planning, scheduling and performance of preventive and corrective maintenance on the Large Generating Facility and the Interconnection Facilities.

- 10.4 Secondary Systems.** Each Party shall cooperate with the other in the inspection, maintenance, and testing of control or power circuits that operate below 600 volts, AC or DC, including, but not limited to, any hardware, control or protective devices, cables, conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers that directly affect the operation of a Party's facilities and equipment which may reasonably be expected to impact the other Party. Each Party shall provide advance notice to the other Party before undertaking any work on such circuits, especially on electrical circuits involving circuit breaker trip and close contacts, current transformers, or potential transformers.
- 10.5 Operating and Maintenance Expenses.** Subject to the provisions herein addressing the use of facilities by others, and except for operations and maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, Interconnection Customer shall be responsible for all reasonable expenses including overheads, associated with: (1) owning, operating, maintaining, repairing, and replacing Interconnection Customer's Interconnection Facilities; and (2) operation, maintenance, repair and replacement of Transmission Provider's Interconnection Facilities.

Article 11. Performance Obligation

- 11.1 Interconnection Customer Interconnection Facilities.** Interconnection Customer shall design, procure, construct, install, own and/or control Interconnection Customer Interconnection Facilities described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades, at its sole expense.
- 11.2 Transmission Provider's Interconnection Facilities.** Transmission Provider or Transmission Owner shall design, procure, construct, install, own and/or control the Transmission Provider's Interconnection Facilities described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades, at the sole expense of the Interconnection Customer.
- 11.3 Network Upgrades and Distribution Upgrades.** Transmission Provider or Transmission Owner shall design, procure, construct, install, and own the Network Upgrades and Distribution Upgrades described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades. The Interconnection Customer shall be responsible for all costs related to Distribution Upgrades. Unless Transmission Provider or Transmission Owner elects to fund the capital for the Network Upgrades, they shall be solely funded by Interconnection Customer.
- 11.4 Transmission Credits.**
- 11.4.1 Repayment of Amounts Advanced for Network Upgrades.** Interconnection Customer shall be entitled to a cash repayment, equal to

the total amount paid to Transmission Provider and Affected System Operator, if any, for the Network Upgrades, including any tax gross-up or other tax-related payments associated with Network Upgrades, and not refunded to Interconnection Customer pursuant to Article 5.17.8 or otherwise, to be paid to Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, as payments are made under Transmission Provider's Tariff and Affected System's Tariff for transmission services with respect to the Large Generating Facility. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. Interconnection Customer may assign such repayment rights to any person.

Notwithstanding the foregoing, Interconnection Customer, Transmission Provider, and Affected System Operator may adopt any alternative payment schedule that is mutually agreeable so long as Transmission Provider and Affected System Operator take one of the following actions no later than five years from the Commercial Operation Date: (1) return to Interconnection Customer any amounts advanced for Network Upgrades not previously repaid, or (2) declare in writing that Transmission Provider or Affected System Operator will continue to provide payments to Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, or develop an alternative schedule that is mutually agreeable and provides for the return of all amounts advanced for Network Upgrades not previously repaid; however, full reimbursement shall not extend beyond twenty (20) years from the Commercial Operation Date.

If the Large Generating Facility fails to achieve commercial operation, but it or another Generating Facility is later constructed and makes use of the Network Upgrades, Transmission Provider and Affected System Operator shall at that time reimburse Interconnection Customer for the amounts advanced for the Network Upgrades. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the Generating Facility, if different, is responsible for identifying the entity to which reimbursement must be made.

11.4.2 Special Provisions for Affected Systems. Unless Transmission Provider provides, under the LGIA, for the repayment of amounts advanced to Affected System Operator for Network Upgrades, Interconnection Customer and Affected System Operator shall enter into an agreement that provides for such repayment. The agreement shall specify the terms

governing payments to be made by Interconnection Customer to the Affected System Operator as well as the repayment by the Affected System Operator.

11.4.3 Notwithstanding any other provision of this LGIA, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that Interconnection Customer, shall be entitled to, now or in the future under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements or transmission credits for transmission service that is not associated with the Large Generating Facility.

11.5 Provision of Security. At least thirty (30) Calendar Days prior to the commencement of the procurement, installation, or construction of a discrete portion of a Transmission Provider's Interconnection Facilities, Network Upgrades, or Distribution Upgrades, Interconnection Customer shall provide Transmission Provider, at Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Transmission Provider and is consistent with the Uniform Commercial Code of the jurisdiction identified in Article 14.2.1. Such security for payment shall be in an amount sufficient to cover the costs for constructing, procuring and installing the applicable portion of Transmission Provider's Interconnection Facilities, Network Upgrades, or Distribution Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to Transmission Provider for these purposes.

In addition:

11.5.1 The guarantee must be made by an entity that meets the creditworthiness requirements of Transmission Provider, and contain terms and conditions that guarantee payment of any amount that may be due from Interconnection Customer, up to an agreed-to maximum amount.

11.5.2 The letter of credit must be issued by a financial institution reasonably acceptable to Transmission Provider and must specify a reasonable expiration date.

11.5.3 The surety bond must be issued by an insurer reasonably acceptable to Transmission Provider and must specify a reasonable expiration date.

11.6 Interconnection Customer Compensation. If Transmission Provider requests or directs Interconnection Customer to provide a service pursuant to Articles 9.6.3 (Payment for Reactive Power), or 13.5.1 of this LGIA, Transmission Provider shall compensate Interconnection Customer in accordance with Interconnection Customer's applicable rate schedule then in effect unless the provision of such service(s) is subject to an RTO or ISO FERC-approved rate schedule. Interconnection Customer shall serve Transmission

Provider or RTO or ISO with any filing of a proposed rate schedule at the time of such filing with FERC. To the extent that no rate schedule is in effect at the time the Interconnection Customer is required to provide or absorb any Reactive Power under this LGIA, Transmission Provider agrees to compensate Interconnection Customer in such amount as would have been due Interconnection Customer had the rate schedule been in effect at the time service commenced; provided, however, that such rate schedule must be filed at FERC or other appropriate Governmental Authority within sixty (60) Calendar Days of the commencement of service.

11.6.1 Interconnection Customer Compensation for Actions During Emergency Condition. Transmission Provider or RTO or ISO shall compensate Interconnection Customer for its provision of real and reactive power and other Emergency Condition services that Interconnection Customer provides to support the Transmission System during an Emergency Condition in accordance with Article 11.6.

Article 12. Invoice

- 12.1 General.** Unless the Parties otherwise agree to a different period for invoices, each Party shall submit to the other Party, on a monthly basis, invoices of amounts due for the preceding month. Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided. The Parties may discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts a Party owes to the other Party under this LGIA, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party.
- 12.2 Final Invoice.** Within six months after completion of the construction of Transmission Provider's Interconnection Facilities and the Network Upgrades, Transmission Provider shall provide an invoice of the final cost of the construction of Transmission Provider's Interconnection Facilities and the Network Upgrades and shall set forth such costs in sufficient detail to enable Interconnection Customer to compare the actual costs with the estimates and to ascertain deviations, if any, from the cost estimates. Transmission Provider shall refund to Interconnection Customer any amount by which the actual payment by Interconnection Customer for estimated costs exceeds the actual costs of construction within thirty (30) Calendar Days of the issuance of such final construction invoice.
- 12.3 Payment.** Invoices shall be rendered to the paying Party at the address specified in Appendix F. The Party receiving the invoice shall pay the invoice within thirty (30) Calendar Days of receipt. All payments shall be made in immediately available funds payable to the other Party, or by wire transfer to a bank named and account designated by the invoicing Party. Payment of invoices by either Party will not constitute a waiver of any rights or claims either Party may have under this LGIA.

12.4 Disputes. In the event of a billing dispute between Transmission Provider and Interconnection Customer, Transmission Provider shall continue to provide Interconnection Service under this LGIA as long as Interconnection Customer: (i) continues to make all payments not in dispute; and (ii) pays to Transmission Provider or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If Interconnection Customer fails to meet these two requirements for continuation of service, then Transmission Provider may provide notice to Interconnection Customer of a Default pursuant to Article 17. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accord with the methodology set forth in FERC's regulations at 18 CFR § 35.19a(a)(2)(iii).

Article 13. Emergencies

13.1 Definition. "Emergency Condition" shall mean a condition or situation: (i) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (ii) that, in the case of Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Transmission System, Transmission Provider's Interconnection Facilities or the Transmission Systems of others to which the Transmission System is directly connected; or (iii) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Large Generating Facility or Interconnection Customer's Interconnection Facilities' System restoration and black start shall be considered Emergency Conditions; provided, that Interconnection Customer is not obligated by this LGIA to possess black start capability.

13.2 Obligations. Each Party shall comply with the Emergency Condition procedures of the applicable ISO/RTO, NERC, the Applicable Reliability Council, Applicable Laws and Regulations, and any emergency procedures agreed to by the Joint Operating Committee.

13.3 Notice. Transmission Provider shall notify Interconnection Customer promptly when it becomes aware of an Emergency Condition that affects Transmission Provider's Interconnection Facilities or the Transmission System that may reasonably be expected to affect Interconnection Customer's operation of the Large Generating Facility or Interconnection Customer's Interconnection Facilities. Interconnection Customer shall notify Transmission Provider promptly when it becomes aware of an Emergency Condition that affects the Large Generating Facility or Interconnection Customer's Interconnection Facilities that may reasonably be expected to affect the Transmission System or Transmission Provider's Interconnection Facilities. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of Interconnection Customer's or Transmission Provider's facilities and operations, its anticipated duration and the corrective action taken and/or to be taken. The initial notice shall be followed as soon as practicable with written notice.

13.4 Immediate Action. Unless, in Interconnection Customer's reasonable judgment, immediate action is required, Interconnection Customer shall obtain the consent of Transmission Provider, such consent to not be unreasonably withheld, prior to performing any manual switching operations at the Large Generating Facility or Interconnection Customer's Interconnection Facilities in response to an Emergency Condition either declared by Transmission Provider or otherwise regarding the Transmission System.

13.5 Transmission Provider Authority.

13.5.1 General. Transmission Provider may take whatever actions or inactions with regard to the Transmission System or Transmission Provider's Interconnection Facilities it deems necessary during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Transmission System or Transmission Provider's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service.

Transmission Provider shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Large Generating Facility or Interconnection Customer's Interconnection Facilities. Transmission Provider may, on the basis of technical considerations, require the Large Generating Facility to mitigate an Emergency Condition by taking actions necessary and limited in scope to remedy the Emergency Condition, including, but not limited to, directing Interconnection Customer to shut-down, start-up, increase or decrease the real or reactive power output of the Large Generating Facility; implementing a reduction or disconnection pursuant to Article 13.5.2; directing Interconnection Customer to assist with blackstart (if available) or restoration efforts; or altering the outage schedules of the Large Generating Facility and Interconnection Customer's Interconnection Facilities. Interconnection Customer shall comply with all of Transmission Provider's operating instructions concerning Large Generating Facility real power and reactive power output within the manufacturer's design limitations of the Large Generating Facility's equipment that is in service and physically available for operation at the time, in compliance with Applicable Laws and Regulations.

13.5.2 Reduction and Disconnection. Transmission Provider may reduce Interconnection Service or disconnect the Large Generating Facility or Interconnection Customer's Interconnection Facilities, when such, reduction or disconnection is necessary under Good Utility Practice due to Emergency Conditions. These rights are separate and distinct from any right of curtailment of Transmission Provider pursuant to Transmission Provider's Tariff. When Transmission Provider can schedule the reduction or disconnection in advance, Transmission Provider shall notify

Interconnection Customer of the reasons, timing and expected duration of the reduction or disconnection. Transmission Provider shall coordinate with Interconnection Customer using Good Utility Practice to schedule the reduction or disconnection during periods of least impact to Interconnection Customer and Transmission Provider. Any reduction or disconnection shall continue only for so long as reasonably necessary under Good Utility Practice. The Parties shall cooperate with each other to restore the Large Generating Facility, the Interconnection Facilities, and the Transmission System to their normal operating state as soon as practicable consistent with Good Utility Practice.

13.6 Interconnection Customer Authority. Consistent with Good Utility Practice and the LGIA and the LGIP, Interconnection Customer may take actions or inactions with regard to the Large Generating Facility or Interconnection Customer's Interconnection Facilities during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Large Generating Facility or Interconnection Customer's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service. Interconnection Customer shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Transmission System and Transmission Provider's Interconnection Facilities. Transmission Provider shall use Reasonable Efforts to assist Interconnection Customer in such actions.

13.7 Limited Liability. Except as otherwise provided in Article 11.6.1 of this LGIA, neither Party shall be liable to the other for any action it takes in responding to an Emergency Condition so long as such action is made in good faith and is consistent with Good Utility Practice.

Article 14. Regulatory Requirements and Governing Law

14.1 Regulatory Requirements. Each Party's obligations under this LGIA shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this LGIA shall require Interconnection Customer to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act, the Public Utility Holding Company Act of 1935, as amended, or the Public Utility Regulatory Policies Act of 1978.

14.2 Governing Law.

14.2.1 The validity, interpretation and performance of this LGIA and each of its provisions shall be governed by the laws of the state where the Point of Interconnection is located, without regard to its conflicts of law principles.

14.2.2 This LGIA is subject to all Applicable Laws and Regulations.

14.2.3 Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

Article 15. Notices.

15.1 General. Unless otherwise provided in this LGIA, any notice, demand or request required or permitted to be given by either Party to the other and any instrument required or permitted to be tendered or delivered by either Party in writing to the other shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out in Appendix F, Addresses for Delivery of Notices and Billings.

Either Party may change the notice information in this LGIA by giving five (5) Business Days written notice prior to the effective date of the change.

15.2 Billings and Payments. Billings and payments shall be sent to the addresses set out in Appendix F.

15.3 Alternative Forms of Notice. Any notice or request required or permitted to be given by a Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile or email to the telephone numbers and email addresses set out in Appendix F.

15.4 Operations and Maintenance Notice. Each Party shall notify the other Party in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to the implementation of Articles 9 and 10.

Article 16. Force Majeure

16.1 Force Majeure.

16.1.1 Economic hardship is not considered a Force Majeure event.

16.1.2 Neither Party shall be considered to be in Default with respect to any obligation hereunder, (including obligations under Article 4), other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation

hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

Article 17. Default

17.1 Default

17.1.1 General. No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this LGIA or the result of an act of omission of the other Party. Upon a Breach, the non-breaching Party shall give written notice of such Breach to the breaching Party. Except as provided in Article 17.1.2, the breaching Party shall have thirty (30) Calendar Days from receipt of the Default notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Default notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.

17.1.2 Right to Terminate. If a Breach is not cured as provided in this article, or if a Breach is not capable of being cured within the period provided for herein, the non-breaching Party shall have the right to declare a Default and terminate this LGIA by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this LGIA, to recover from the breaching Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this LGIA.

Article 18. Indemnity, Consequential Damages and Insurance

18.1 Indemnity. The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions of its obligations under this LGIA on behalf of the Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

18.1.1 Indemnified Person. If an Indemnified Person is entitled to indemnification under this Article 18 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable opportunity to proceed under Article 18.1, to assume the defense of such claim, such Indemnified Person may at the expense of the Indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

18.1.2 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Person harmless under this Article 18, the amount owing to the Indemnified Person shall be the amount of such Indemnified Person's actual Loss, net of any insurance or other recovery.

18.1.3 Indemnity Procedures. Promptly after receipt by an Indemnified Person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 18.1 may apply, the Indemnified Person shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the Indemnifying Party.

The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Person. If the defendants in any such action include one or more Indemnified Persons and the Indemnifying Party and if the Indemnified Person reasonably concludes that there may be legal defenses available to it and/or other Indemnified Persons which are different from or additional to those available to the Indemnifying Party, the Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Person or Indemnified Persons having such differing or additional legal defenses.

The Indemnified Person shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Person and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the Indemnified Person, or there exists a conflict or adversity of interest between the Indemnified Person and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Person, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Person, which shall not be reasonably withheld, conditioned or delayed.

18.2 Consequential Damages. Other than the Liquidated Damages heretofore described, in no event shall either Party be liable under any provision of this LGIA for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

18.3 Insurance. Each party shall, at its own expense, maintain in force throughout the period of this LGIA, and until released by the other Party, the following minimum insurance coverages, with insurers authorized to do business in the state where the Point of Interconnection is located:

18.3.1 Employers' Liability in the amount of One Million Dollars (\$1,000,000) and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Interconnection is located.

18.3.2 Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars (\$1,000,000) per occurrence/One Million Dollars (\$1,000,000) aggregate

combined single limit for personal injury, bodily injury, including death and property damage.

- 18.3.3** Comprehensive Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers designed for travel on public roads, with a minimum, combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage.
- 18.3.4** Excess Public Liability Insurance over and above the Employers' Liability Commercial General Liability and Comprehensive Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate.
- 18.3.5** The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Public Liability Insurance policies shall name the other Party, its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this LGIA against the Other Party Group and provide thirty (30) Calendar Days advance written notice to the Other Party Group prior to the date of cancellation or any material change in coverage or condition.
- 18.3.6** The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.
- 18.3.7** The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this LGIA, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.
- 18.3.8** The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not

in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this LGIA.

- 18.3.9** Within ten (10) days following execution of this LGIA, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) days thereafter, each Party shall provide certification of all insurance required in this LGIA, executed by each insurer or by an authorized representative of each insurer.
- 18.3.10** Notwithstanding the foregoing, each Party may self-insure to meet the minimum insurance requirements of Articles 18.3.1 through 18.3.8 to the extent it maintains a self-insurance program; provided that, such Party's senior secured debt is rated at investment grade or better by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 18.3.1 through 18.3.8. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 18.3.1 through 18.3.9. In the event that a Party is permitted to self-insure pursuant to this article, it shall notify the other Party that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 18.3.9.
- 18.3.11** The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this LGIA.

Article 19. Assignment

- 19.1 Assignment.** This LGIA may be assigned by either Party only with the written consent of the other; provided that either Party may assign this LGIA without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this LGIA; and provided further that Interconnection Customer shall have the right to assign this LGIA, without the consent of Transmission Provider, for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that Interconnection Customer will promptly notify Transmission Provider of any such assignment. Any financing arrangement entered into by Interconnection Customer pursuant to this article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify Transmission Provider of the date and particulars of any such exercise of assignment right(s), including

providing the Transmission Provider with proof that it meets the requirements of Articles 11.5 and 18.3. Any attempted assignment that violates this article is void and ineffective. Any assignment under this LGIA shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

Article 20. Severability

20.1 Severability. If any provision in this LGIA is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this LGIA; provided that if Interconnection Customer (or any third party, but only if such third party is not acting at the direction of Transmission Provider) seeks and obtains such a final determination with respect to any provision of the Alternate Option (Article 5.1.2), or the Negotiated Option (Article 5.1.4), then none of these provisions shall thereafter have any force or effect and the Parties' rights and obligations shall be governed solely by the Standard Option (Article 5.1.1).

Article 21. Comparability

21.1 Comparability. The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

Article 22. Confidentiality

22.1 Confidentiality. Confidential Information shall include, without limitation, all information relating to a Party's technology, research and development, business affairs, and pricing, and any information supplied by either of the Parties to the other prior to the execution of this LGIA.

Information is Confidential Information only if it is clearly designated or marked in writing as confidential on the face of the document, or, if the information is conveyed orally or by inspection, if the Party providing the information orally informs the Party receiving the information that the information is confidential.

If requested by either Party, the other Party shall provide in writing, the basis for asserting that the information referred to in this Article 22 warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated with affording confidential treatment to its information.

- 22.1.1 Term.** During the term of this LGIA, and for a period of three (3) years after the expiration or termination of this LGIA, except as otherwise provided in this Article 22, each Party shall hold in confidence and shall not disclose to any person Confidential Information.
- 22.1.2 Scope.** Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this LGIA; or (6) is required, in accordance with Article 22.1.7 of the LGIA, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.
- 22.1.3 Release of Confidential Information.** Neither Party shall release or disclose Confidential Information to any other person, except to its Affiliates (limited by the Standards of Conduct requirements), subcontractors, employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with this LGIA, unless such person has first been advised of the confidentiality provisions of this Article 22 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 22.
- 22.1.4 Rights.** Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.

- 22.1.5 No Warranties.** By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.
- 22.1.6 Standard of Care.** Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under this LGIA or its regulatory requirements.
- 22.1.7 Order of Disclosure.** If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires either Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of this LGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.
- 22.1.8 Termination of Agreement.** Upon termination of this LGIA for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from the other Party, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Party) or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party.
- 22.1.9 Remedies.** The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's Breach of its obligations under this Article 22. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 22, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article 22, but shall be in addition to all other remedies available at law or in equity. The Parties further

acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 22.

22.1.10 Disclosure to FERC, its Staff, or a State. Notwithstanding anything in this Article 22 to the contrary, and pursuant to 18 CFR section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this LGIA, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 CFR section 388.112, request that the information be treated as confidential and non-public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party to this LGIA prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Party to the LGIA when it is notified by FERC or its staff that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

22.1.11 Subject to the exception in Article 22.1.10, any information that a Party claims is competitively sensitive, commercial or financial information under this LGIA ("Confidential Information") shall not be disclosed by the other Party to any person not employed or retained by the other Party, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIA or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a regional or national reliability organization. The Party asserting confidentiality shall notify the other Party in writing of the information it claims is confidential. Prior to any disclosures of the other Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the

other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

Article 23. Environmental Releases

23.1 Each Party shall notify the other Party, first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Large Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall: (i) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four hours after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Party copies of any publicly available reports filed with any Governmental Authorities addressing such events.

Article 24. Information Requirements

24.1 Information Acquisition. Transmission Provider and Interconnection Customer shall submit specific information regarding the electrical characteristics of their respective facilities to each other as described below and in accordance with Applicable Reliability Standards.

24.2 Information Submission by Transmission Provider. The initial information submission by Transmission Provider shall occur no later than one hundred eighty (180) Calendar Days prior to Trial Operation and shall include Transmission System information necessary to allow Interconnection Customer to select equipment and meet any system protection and stability requirements, unless otherwise agreed to by the Parties. On a monthly basis Transmission Provider shall provide Interconnection Customer a status report on the construction and installation of Transmission Provider's Interconnection Facilities and Network Upgrades, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last report (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.

24.3 Updated Information Submission by Interconnection Customer. The updated information submission by Interconnection Customer, including manufacturer information, shall occur no later than one hundred eighty (180) Calendar Days prior to the Trial Operation. Interconnection Customer shall submit a completed copy of the Large Generating Facility data requirements contained in Appendix 1 to the LGIP. It shall also include any additional information provided to Transmission Provider for the Feasibility and Facilities Study. Information in this submission shall be the most current Large Generating Facility design or expected performance data. Information submitted

for stability models shall be compatible with Transmission Provider standard models. If there is no compatible model, Interconnection Customer will work with a consultant mutually agreed to by the Parties to develop and supply a standard model and associated information.

If Interconnection Customer's data is materially different from what was originally provided to Transmission Provider pursuant to the Interconnection Study Agreement between Transmission Provider and Interconnection Customer, then Transmission Provider will conduct appropriate studies to determine the impact on Transmission Provider Transmission System based on the actual data submitted pursuant to this Article 24.3. The Interconnection Customer shall not begin Trial Operation until such studies are completed.

24.4 Information Supplementation. Prior to the Operation Date, the Parties shall supplement their information submissions described above in this Article 24 with any and all "as-built" Large Generating Facility information or "as-tested" performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist. The Interconnection Customer shall conduct tests on the Large Generating Facility as required by Good Utility Practice such as an open circuit "step voltage" test on the Large Generating Facility to verify proper operation of the Large Generating Facility's automatic voltage regulator.

Unless otherwise agreed, the test conditions shall include: (1) Large Generating Facility at synchronous speed; (2) automatic voltage regulator on and in voltage control mode; and (3) a five percent change in Large Generating Facility terminal voltage initiated by a change in the voltage regulators reference voltage. Interconnection Customer shall provide validated test recordings showing the responses of Large Generating Facility terminal and field voltages. In the event that direct recordings of these voltages is impractical, recordings of other voltages or currents that mirror the response of the Large Generating Facility's terminal or field voltage are acceptable if information necessary to translate these alternate quantities to actual Large Generating Facility terminal or field voltages is provided. Large Generating Facility testing shall be conducted and results provided to Transmission Provider for each individual generating unit in a station.

Subsequent to the Operation Date, Interconnection Customer shall provide Transmission Provider any information changes due to equipment replacement, repair, or adjustment. Transmission Provider shall provide Interconnection Customer any information changes due to equipment replacement, repair or adjustment in the directly connected substation or any adjacent Transmission Provider-owned substation that may affect Interconnection Customer's Interconnection Facilities equipment ratings, protection or operating requirements. The Parties shall provide such information no later than thirty (30) Calendar Days after the date of the equipment replacement, repair or adjustment.

Article 25. Information Access and Audit Rights

25.1 Information Access. Each Party (the "disclosing Party") shall make available to the other Party information that is in the possession of the disclosing Party and is necessary in order for the other Party to: (i) verify the costs incurred by the disclosing Party for which the other Party is responsible under this LGIA; and (ii) carry out its obligations and responsibilities under this LGIA. The Parties shall not use such information for purposes other than those set forth in this Article 25.1 and to enforce their rights under this LGIA.

25.2 Reporting of Non-Force Majeure Events. Each Party (the "notifying Party") shall notify the other Party when the notifying Party becomes aware of its inability to comply with the provisions of this LGIA for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this article shall not entitle the Party receiving such notification to allege a cause for anticipatory breach of this LGIA.

25.3 Audit Rights. Subject to the requirements of confidentiality under Article 22 of this LGIA, each Party shall have the right, during normal business hours, and upon prior reasonable notice to the other Party, to audit at its own expense the other Party's accounts and records pertaining to either Party's performance or either Party's satisfaction of obligations under this LGIA. Such audit rights shall include audits of the other Party's costs, calculation of invoiced amounts, Transmission Provider's efforts to allocate responsibility for the provision of reactive support to the Transmission System, Transmission Provider's efforts to allocate responsibility for interruption or reduction of generation on the Transmission System, and each Party's actions in an Emergency Condition. Any audit authorized by this article shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to each Party's performance and satisfaction of obligations under this LGIA. Each Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 25.4.

25.4 Audit Rights Periods.

25.4.1 Audit Rights Period for Construction-Related Accounts and Records. Accounts and records related to the design, engineering, procurement, and construction of Transmission Provider's Interconnection Facilities and Network Upgrades shall be subject to audit for a period of twenty-four months following Transmission Provider's issuance of a final invoice in accordance with Article 12.2.

25.4.2 Audit Rights Period for All Other Accounts and Records. Accounts and records related to either Party's performance or satisfaction of all obligations under this LGIA other than those described in Article 25.4.1 shall be subject to audit as follows: (i) for an audit relating to cost obligations, the applicable audit rights period shall be twenty-four months after the auditing Party's receipt of an invoice giving rise to such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit rights period shall be twenty-four months after the event for which the audit is sought.

25.5 Audit Results. If an audit by a Party determines that an overpayment or an underpayment has occurred, a notice of such overpayment or underpayment shall be given to the other Party together with those records from the audit which support such determination.

Article 26. Subcontractors

26.1 General. Nothing in this LGIA shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this LGIA; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this LGIA in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

26.2 Responsibility of Principal. The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this LGIA. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall Transmission Provider be liable for the actions or inactions of Interconnection Customer or its subcontractors with respect to obligations of Interconnection Customer under Article 5 of this LGIA. Any applicable obligation imposed by this LGIA upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

26.3 No Limitation by Insurance. The obligations under this Article 26 will not be limited in any way by any limitation of subcontractor's insurance.

Article 27. Disputes

27.1 Submission. In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this LGIA or its performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the event the designated representatives are

unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this LGIA.

- 27.2 External Arbitration Procedures.** Any arbitration initiated under this LGIA shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("Arbitration Rules") and any applicable FERC regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article 27, the terms of this Article 27 shall prevail.
- 27.3 Arbitration Decisions.** Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this LGIA and shall have no power to modify or change any provision of this Agreement in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.
- 27.4 Costs.** Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable: (1) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or (2) one half the cost of the single arbitrator jointly chosen by the Parties.

Article 28. Representations, Warranties, and Covenants

28.1 General. Each Party makes the following representations, warranties and covenants:

- 28.1.1 Good Standing.** Such Party is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the Large Generating Facility, Interconnection Facilities and Network Upgrades owned by such Party, as applicable, are located; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this LGIA and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this LGIA.
- 28.1.2 Authority.** Such Party has the right, power and authority to enter into this LGIA, to become a Party hereto and to perform its obligations hereunder. This LGIA is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).
- 28.1.3 No Conflict.** The execution, delivery and performance of this LGIA does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.
- 28.1.4 Consent and Approval.** Such Party has sought or obtained, or, in accordance with this LGIA will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and performance of this LGIA, and it will provide to any Governmental Authority notice of any actions under this LGIA that are required by Applicable Laws and Regulations.

Article 29. Joint Operating Committee

29.1 Joint Operating Committee. Except in the case of ISOs and RTOs, Transmission Provider shall constitute a Joint Operating Committee to coordinate operating and technical considerations of Interconnection Service. At least six (6) months prior to the expected Initial Synchronization Date, Interconnection Customer and Transmission Provider shall each appoint one representative and one alternate to the Joint Operating

Committee. Each Interconnection Customer shall notify Transmission Provider of its appointment in writing. Such appointments may be changed at any time by similar notice. The Joint Operating Committee shall meet as necessary, but not less than once each calendar year, to carry out the duties set forth herein. The Joint Operating Committee shall hold a meeting at the request of either Party, at a time and place agreed upon by the representatives. The Joint Operating Committee shall perform all of its duties consistent with the provisions of this LGIA. Each Party shall cooperate in providing to the Joint Operating Committee all information required in the performance of the Joint Operating Committee's duties. All decisions and agreements, if any, made by the Joint Operating Committee, shall be evidenced in writing. The duties of the Joint Operating Committee shall include the following:

- 29.1.1** Establish data requirements and operating record requirements.
- 29.1.2** Review the requirements, standards, and procedures for data acquisition equipment, protective equipment, and any other equipment or software.
- 29.1.3** Annually review the one (1) year forecast of maintenance and planned outage schedules of Transmission Provider's and Interconnection Customer's facilities at the Point of Interconnection.
- 29.1.4** Coordinate the scheduling of maintenance and planned outages on the Interconnection Facilities, the Large Generating Facility and other facilities that impact the normal operation of the interconnection of the Large Generating Facility to the Transmission System.
- 29.1.5** Ensure that information is being provided by each Party regarding equipment availability.
- 29.1.6** Perform such other duties as may be conferred upon it by mutual agreement of the Parties.

Article 30. Miscellaneous

- 30.1 Binding Effect.** This LGIA and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.
- 30.2 Conflicts.** In the event of a conflict between the body of this LGIA and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this LGIA shall prevail and be deemed the final intent of the Parties.
- 30.3 Rules of Interpretation.** This LGIA, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns

but, in the case of a Party, only if such successors and assigns are permitted by this LGIA, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this LGIA), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this LGIA or such Appendix to this LGIA, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this LGIA as a whole and not to any particular Article or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

30.4 Entire Agreement. This LGIA, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this LGIA. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this LGIA.

30.5 No Third Party Beneficiaries. This LGIA is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

30.6 Waiver. The failure of a Party to this LGIA to insist, on any occasion, upon strict performance of any provision of this LGIA will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

Any waiver at any time by either Party of its rights with respect to this LGIA shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this LGIA. Termination or Default of this LGIA for any reason by Interconnection Customer shall not constitute a waiver of Interconnection Customer's legal rights to obtain an interconnection from Transmission Provider. Any waiver of this LGIA shall, if requested, be provided in writing.

- 30.7 Headings.** The descriptive headings of the various Articles of this LGIA have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this LGIA.
- 30.8 Multiple Counterparts.** This LGIA may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 30.9 Amendment.** The Parties may by mutual agreement amend this LGIA by a written instrument duly executed by the Parties.
- 30.10 Modification by the Parties.** The Parties may by mutual agreement amend the Appendices to this LGIA by a written instrument duly executed by the Parties. Such amendment shall become effective and a part of this LGIA upon satisfaction of all Applicable Laws and Regulations.
- 30.11 Reservation of Rights.** Transmission Provider shall have the right to make a unilateral filing with FERC to modify this LGIA with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this LGIA pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this LGIA shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.
- 30.12 No Partnership.** This LGIA shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

IN WITNESS WHEREOF, the Parties have executed this LGIA in duplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

[Insert name of Transmission Provider or Transmission Owner, if applicable]

By: _____ By: _____

Title: _____ Title: _____

Date: _____ Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

Appendix A to LGIA

Interconnection Facilities, Network Upgrades and Distribution Upgrades

1. Interconnection Facilities:

(a) [insert Interconnection Customer's Interconnection Facilities]:

(b) [insert Transmission Provider's Interconnection Facilities]:

2. Network Upgrades:

(a) [insert Stand Alone Network Upgrades]:

(b) [insert Other Network Upgrades]:

3. Distribution Upgrades:

Appendix B to LGIA

Milestones

Appendix C to LGIA
Interconnection Details

Exhibit 1 of Appendix C
Voltage Schedules at the Connection Point

Exhibit 2 of Appendix C
Single-Line Diagram for

Exhibit 3 of Appendix C

Data Required Prior to Synchronization

1. Generator Machine Data:

Provide final design data sheets from vendor which show the following information (the vendor data sheets must be provided) :

- a. Generator base MVA (impedance base for data below): _____ MVA
- b. Rated power factor of generator _____
- c. Generator rated voltage: _____ kV
- d. Combined Inertia Data _____ lb. ft² or _____kW sec/kVA
- e. All applicable reactance values (unsaturated):
 - 1) X_d _____ 2) X_q _____ 3) X'_d _____ 4) X'_q _____ 5) X''_d _____
 - 6) X_{LM} _____ 7) R₀ _____ 8) R₁ _____ 9) R₂ _____
- f. Saturated reactance values:
 - 1) X'd _____ 2) X''d _____ 3) X₂ _____ 4) X_o _____
- g. All applicable time constants (seconds):
 - 1) T'do _____ 2) T''do _____ 3) T'qo _____ 4) T''qo _____
- h. Saturation diagrams for the generator.
- i. Neutral Grounding Resistor (if applicable): _____(Ohms)

Final design specifications which are a function of either 1) the generator design or 2) the generator design and the supporting plant auxiliary system

- j. Maximum gross power output of turbine at 95 degree ambient temperature:
_____ MW
- k. Minimum gross power production at 95 degree ambient temperature:
_____ MW
- l. Maximum gross power output of turbine in the range of 50-70 degree ambient temperature:
_____ MW
- m. Minimum gross power production in the range of 50-70 degree ambient temperature:
_____ MW
- n. Maximum reactive production at maximum MW output (95 degree ambient)
and rated voltage:
_____ MVAR
- o. Maximum reactive absorption at maximum MW output (95 degree ambient)
and rated voltage:
_____ MVAR
- p. Attach a copy of the unit capability curve at rated voltage and indicate which curve is appropriate for a 95 degree ambient day. If necessary to accurately represent expected operating capability on a 95 degree ambient day, indicate a sufficient number of unit operating points on the manufacturer supplied unit capability curve.
- q. Generator Cooling (Open air, TEWAC, Hydrogen, etc.). _____Specify

3 Generator Step-up Transformer Data:

- a. Transformer test reports showing ratings, impedances, available taps, etc.
- b. GSU tap is set to _____

4 Turbine Under-frequency Protection:

- a. Attach turbine under-frequency relay frequency versus time characteristic including trip and alarm setpoints. Reference the coordination curve below that defines the minimum frequency excursion for which the unit is expected to sustain (i.e., the unit's under-frequency relay shall not initiate unit trip for the frequency excursion represented below).

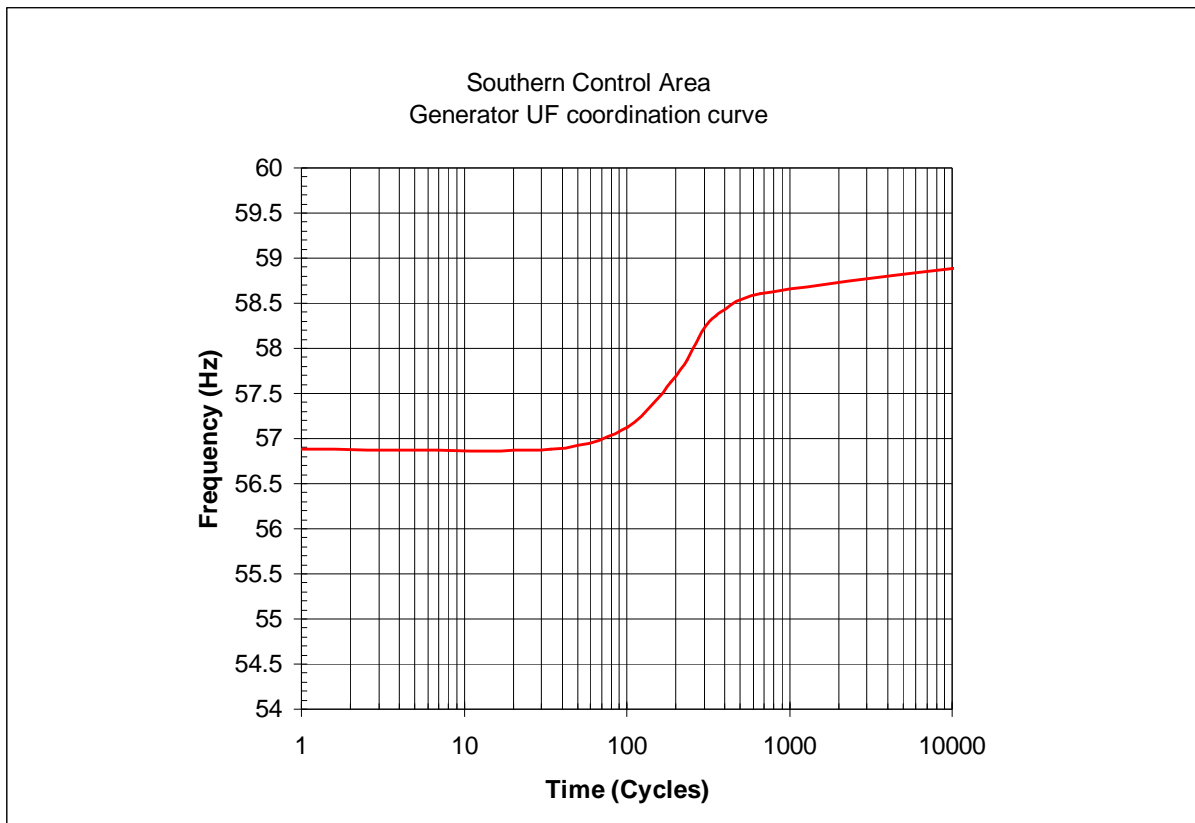


Exhibit 4 of Appendix C Data Required Prior to Commercial Operation

1. Excitation System Model Data:

- a. Block diagram and exciter type, (i.e., IEEE type 1, IEEE type 3, thyristor type, etc.)
- b. All applicable time constants, gains, limits and saturation constants for the exciter model based on the **actual final field settings** for the generator.
- c. The above data must conform to a standard PTI PSS/E model. Otherwise, a user written model for PTI's PSS/E Dynamic Simulation software must be supplied.

2. Power System Stabilizer Model Data:

- a. Block diagram and stabilizer type (i.e., accelerating power, etc.)
- b. All applicable time constants, gains, limits and saturation constants for the stabilizer model based on the **actual final field settings**.
- c. The above data must conform to a standard PTI PSS/E model. Otherwise, a user written model for PTI's PSS/E Dynamic Simulation software must be supplied.

3. Speed Governing System Model Data:

- a. Block diagram model.
- b. All applicable time constants, gains, etc. for the governor model based on the **actual final field settings**.
- c. The above data must conform to a standard PTI PSS/E model. Otherwise, a user written model for PTI's PSS/E Dynamic Simulation software must be supplied.

4. Excitation System and Power System Stabilizer Test Data:

- a. Excitation system open circuit step in voltage test response chart recordings showing generator terminal voltage, field voltage, and field current (exciter field voltage and current for brushless excitation systems).
- b. The excitation system open circuit step in voltage test data points corresponding to the chart recordings should also be submitted in electronic form.
- c. Test reports including power system stabilizer gain margin, phase compensation (frequency response test) and closed step in voltage with and without PSS in service.

Appendix D to LGIA

Security Arrangements Details

Infrastructure security of Transmission System equipment and operations and control hardware and software is essential to ensure day-to-day Transmission System reliability and operational security. FERC will expect all Transmission Providers, market participants, and Interconnection Customers interconnected to the Transmission System to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities will be expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

Appendix E to LGIA
Commercial Operation Date

This Appendix E is a part of the LGIA between Transmission Provider and Interconnection Customer.

[Date]

[Transmission Provider Address]

Re: _____ Large Generating Facility

Dear _____:

On **[Date]** **[Interconnection Customer]** has completed Trial Operation of Unit No. ____.
This letter confirms that **[Interconnection Customer]** commenced Commercial Operation of Unit No. ____ at the Large Generating Facility, effective as of **[Date plus one day]**.

Thank you.

[Signature]

[Interconnection Customer Representative]

Appendix F to LGIA

Addresses for Delivery of Notices and Billings

Notices:

Transmission Provider:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

Billings and Payments:

Transmission Provider:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

Alternative Forms of Delivery of Notices (telephone, facsimile or email):

Transmission Provider:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

Appendix G to LGIA

INTERCONNECTION REQUIREMENTS FOR A WIND GENERATING PLANT

Appendix G sets forth requirements and provisions specific to a wind generating plant. All other requirements of this LGIA continue to apply to wind generating plant interconnections.

A. Technical Standards Applicable to a Wind Generating Plant

i. Low Voltage Ride-Through (LVRT) Capability

A wind generating plant shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the standard below. The LVRT standard provides for a transition period standard and a post-transition period standard.

Transition Period LVRT Standard

The transition period standard applies to wind generating plants subject to FERC Order 661 that have either: (i) interconnection agreements signed and filed with the Commission, filed with the Commission in unexecuted form, or filed with the Commission as non-conforming agreements between January 1, 2006 and December 31, 2006, with a scheduled in-service date no later than December 31, 2007, or (ii) wind generating turbines subject to a wind turbine procurement contract executed prior to December 31, 2005, for delivery through 2007.

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to pre-fault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the transmission provider. The maximum clearing time the wind generating plant shall be

required to withstand for a three-phase fault shall be 9 cycles at a voltage as low as 0.15 p.u., as measured at the high side of the wind generating plant step-up transformer (i.e. the transformer that steps the voltage up to the transmission interconnection voltage or “GSU”), after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system.

2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU or to faults that would result in a voltage lower than 0.15 per unit on the high side of the GSU serving the facility.
3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.
4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAR Compensator, etc.) within the wind generating plant or by a combination of generator performance and additional equipment.
5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the effective date of the Appendix G LVRT Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Appendix G LVRT Standard.

Post-transition Period LVRT Standard

All wind generating plants subject to FERC Order No. 661 and not covered by the transition period described above must meet the following requirements:

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 – 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the transmission provider. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system. A wind generating plant shall remain interconnected during such a fault on the transmission system for a voltage level as low as zero volts, as measured at the high voltage side of the wind GSU.
2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU.
3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.
4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAR Compensator) within the wind generating plant or by a combination of generator performance and additional equipment.
5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the effective date of the Appendix G LVRT Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Appendix G LVRT Standard.

ii. Power Factor Design Criteria (Reactive Power)

A wind generating plant shall maintain a power factor within the range of 0.95 leading to 0.95 lagging, measured at the Point of Interconnection as defined in this LGIA, if the Transmission Provider's System Impact Study shows that such a requirement is necessary to ensure safety or reliability. The power factor range standard can be met by using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors if agreed to by the Transmission Provider, or a combination of the two. The Interconnection Customer shall not disable power factor equipment while the wind plant is in operation. Wind plants shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the System Impact Study shows this to be required for system safety or reliability.

iii. Supervisory Control and Data Acquisition (SCADA) Capability

The wind plant shall provide SCADA capability to transmit data and receive instructions from the Transmission Provider to protect system reliability. The Transmission Provider and the wind plant Interconnection Customer shall determine what SCADA information is essential for the proposed wind plant, taking into account the size of the plant and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.

APPENDIX 7 TO LGIP

INTERCONNECTION PROCEDURES FOR A WIND GENERATING PLANT

Appendix G sets forth procedures specific to a wind generating plant. All other requirements of this LGIP continue to apply to wind generating plant interconnections.

A. Special Procedures Applicable to Wind Generators

The wind plant Interconnection Customer, in completing the Interconnection Request required by section 3.3 of this LGIP, may provide to the Transmission Provider a set of preliminary electrical design specifications depicting the wind plant as a single equivalent generator. Upon satisfying these and other applicable Interconnection Request conditions, the wind plant may enter the queue and receive the base case data as provided for in this LGIP.

No later than six months after submitting an Interconnection Request completed in this manner, the wind plant Interconnection Customer must submit completed detailed electrical design specifications and other data (including collector system layout data) needed to allow the Transmission Provider to complete the System Impact Study.

Attachment J-1

Study Procedure for Network Resource Interconnection Service

1. Overview

This Attachment J-1 provides the procedure for studying a request for Network Resource Interconnection Service (“NRIS”) under the Large Generator Interconnection Procedures (“LGIP”) in Attachment J of the Tariff. This study will consist of analyses performed to satisfy the following two requirements of the LGIP:

1.1 Under Section 3.2.2.1 of the LGIP, Transmission Provider must conduct studies and construct Network Upgrades needed to integrate the Large Generating Facility “in a manner comparable to that in which Transmission Provider integrates generating facilities to serve native load customers.”

1.2 Under Section 3.2.2.2 of the LGIP, Transmission Provider must study the Large Generating Facility’s interconnection “with Transmission Provider’s Transmission System at peak load, under a variety of severely stressed conditions, to determine whether, with the Large Generating Facility at full output, the aggregate of generation in the local area can be delivered to the aggregate of load on the Transmission Provider’s System.”

In order to satisfy the requirement in Section 1.1 above, Transmission Provider will conduct a “Comparable Manner Analysis.” In order to satisfy the requirement in Section 1.2, Transmission Provider will conduct an “Aggregate Deliverability Analysis.” In addition to these analyses, Transmission Provider will perform all studies for an NRIS request that would be required for an Energy Resource Interconnection Service request. The Network Upgrades identified under an NRIS study are in addition to those facilities that would be required to provide the Large Generating Facility with Energy Resource Interconnection Service.

2. Comparable Manner Analysis

2.1 General Description of Analysis

The Comparable Manner Analysis is intended to satisfy the requirement of Section 1.1 above that Transmission Provider conduct studies needed to integrate the Large Generating Facility in a manner comparable to that in which Transmission Provider integrates generating facilities to serve native load customers. Therefore, the Comparable Manner Analysis will use the same study approach utilized for integrating Network Resources that serve native load customers on Transmission Provider’s Transmission System.

On Southern Companies’ Transmission System, Network Resources are designated by Network Customers in conjunction with requests for Network Integration Transmission Service under the Tariff. Because Section 3.2.2.1 of the LGIP requires a Large Generating Facility to “be studied as a Network Resource on the assumption that such a designation will occur,” the Comparable Manner Analysis will identify the upgrades that would be required as if a Network

Customer had requested the designation of the Large Generating Facility as a Network Resource under the Network Integration Transmission Service provisions of the Tariff for purposes of procuring that service commencing on the facility's proposed Commercial Operation Date.

2.2 Assumptions and Methods

2.2.1 Transmission Provider will conduct the analysis in the same manner as if the Large Generating Facility has been designated by a Network Customer for purposes of procuring Network Integration Transmission Service commencing on the Interconnection Customer's proposed Commercial Operation Date. The Interconnection Customer is not required to request Transmission Service or be designated by a Network Customer in order to receive NRIS status.

2.2.2 The Comparable Manner Analysis will model the Large Generating Facility at full output. Power flows associated with existing and earlier queued requests for long term firm transmission delivery service (both point-to-point service and Network Integration Transmission Service) will also be considered. The analysis shall not consider power flows associated with generating facilities, or portions thereof, from which there is no existing or earlier queued request for long term firm transmission delivery service. For purposes of the analysis, Network Resources outside of the local area will be displaced as appropriate to balance generation and load. The other provisions of this Section 2.2.2 notwithstanding, Comparable Manner Analyses and transmission delivery service studies will be conducted in a manner that preserves the NRIS status of existing NRIS Generators.

2.2.3 Thermal, voltage, and stability analyses will be performed for various contingencies and load levels consistent with the provision of Network Integration Transmission Service and in accordance with NERC Planning Standards 1A, SERC Regional Requirements, and the criteria and process detailed in Southern Companies' annual FERC Form 715 submittal.

3. Aggregate Deliverability Analysis

3.1 General Description of Analysis

The Aggregate Deliverability Analysis is intended to satisfy the requirement of Section 1.2 above. As a general matter, the Transmission Provider will: (i) study the Large Generating Facility at full output simultaneously with the Transmission Provider's Transmission System at peak load, under a variety of severely stressed conditions; and (ii) identify those facilities and upgrades that would be required to reliably deliver the aggregate of generation in the local area to the aggregate of load on the Transmission Provider's System, without regard to congestion.

3.2 Assumptions and Methods

3.2.1 The Aggregate Deliverability Analysis will model the Large Generating Facility at full output simultaneous with the aggregate of generation in the local area, including earlier queued Large Generating Facilities in the local area that have either

obtained, or have a pending request for, NRIS (“NRIS Generators”). Provided, however, except for the Large Generating Facility and NRIS Generators, in the local area, the analysis shall not consider power flows associated with generating facilities, or portions thereof, from which there is no existing or earlier queued request for long term firm transmission delivery service. In addition, the analysis will consider power flows associated with existing and earlier queued requests for long term firm transmission delivery service (both point-to-point service and Network Integration Transmission Service). For purposes of the analysis, other Network Resources outside of the local area will be displaced as appropriate to balance generation and load.

3.2.2 Power flow analyses will be performed at peak load for various contingencies. With regard to other generators, appropriate consideration of forced outage rates, distribution factors, and emergency transfer limits will be included.

4. Future Studies

As long as a Large Generating Facility with NRIS remains in commercial operation, the output of the facility will be considered in the Aggregate Deliverability Analyses for other Interconnection Customers requesting NRIS for generating facilities in the same local area as the Large Generating Facility. However, because NRIS does not constitute a reservation of transmission capacity, until long term firm transmission delivery service (either Network Integration Transmission Service or point to point service) is requested from the Large Generating Facility, the Large Generating Facility will not be considered in other Comparable Manner Analyses or other transmission delivery service studies conducted under the Tariff for other customers. In addition, the Transmission Provider shall have no obligation to conduct additional studies to identify, or construct, additional facilities and/or upgrades in order to preserve any Transmission System capacity created by the initial facilities and upgrades except pursuant to a request for transmission delivery service from the Large Generating Facility under the provisions of the Tariff. The other provisions of this Section 4 notwithstanding, Comparable Manner Analyses and transmission delivery service studies will be conducted in a manner that preserves the NRIS status of existing NRIS Generators.

ATTACHMENT J-2

**SMALL GENERATOR
INTERCONNECTION PROCEDURES (SGIP)**

(For Generating Facilities No Larger Than 20 MW)

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Attachment 1 – Glossary of Terms

Attachment 2 – Small Generator Interconnection Request

Attachment 3 – Certification Codes and Standards

Attachment 4 – Certification of Small Generator Equipment Packages

Attachment 5 – Application, Procedures, and Terms and Conditions for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10 kW ("10 kW Inverter Process")

Attachment 6 – Feasibility Study Agreement

Attachment 7 – System Impact Study Agreement

Attachment 8 – Facilities Study Agreement

Section 1. Application

1.1 Applicability

- 1.1.1 A request to interconnect a certified Small Generating Facility (See Attachments 3 and 4 for description of certification criteria) no larger than 2 MW shall be evaluated under the section 2 Fast Track Process. A request to interconnect a certified inverter-based Small Generating Facility no larger than 10 kW shall be evaluated under the Attachment 5 10 kW Inverter Process. A request to interconnect a Small Generating Facility larger than 2 MW but no larger than 20 MW or a Small Generating Facility that does not pass the Fast Track Process or the 10 kW Inverter Process, shall be evaluated under the section 3 Study Process.
- 1.1.2 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of these procedures.
- 1.1.3 Neither these procedures nor the requirements included hereunder apply to Small Generating Facilities interconnected or approved for interconnection prior to 60 Business Days after the effective date of these procedures.
- 1.1.4 Prior to submitting its Interconnection Request (Attachment 2), the Interconnection Customer may ask the Transmission Provider's interconnection contact employee or office whether the proposed interconnection is subject to these procedures. The Transmission Provider shall respond within 15 Business Days.
- 1.1.5 Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. The Federal Energy Regulatory Commission expects all Transmission Providers, market participants, and Interconnection Customers interconnected with electric systems to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for electric system infrastructure and operational security, including physical, operational, and cyber-security practices.
- 1.1.6 References in these procedures to interconnection agreement are to the Small Generator Interconnection Agreement (SGIA).

1.2 Pre-Application

The Transmission Provider shall designate an employee or office from which information on the application process and on an Affected System can be obtained through informal requests from the Interconnection Customer presenting a proposed project for a specific site. The name, telephone number, and e-mail address of such contact employee or office shall be made available on the Transmission Provider's Internet web site. Electric system

information provided to the Interconnection Customer should include relevant system studies, interconnection studies, and other materials useful to an understanding of an interconnection at a particular point on the Transmission Provider's Transmission System, to the extent such provision does not violate confidentiality provisions of prior agreements or critical infrastructure requirements. The Transmission Provider shall comply with reasonable requests for such information.

1.3 Interconnection Request

The Interconnection Customer shall submit its Interconnection Request to the Transmission Provider, together with the processing fee or deposit specified in the Interconnection Request. The Interconnection Request shall be date- and time-stamped upon receipt. The original date- and time-stamp applied to the Interconnection Request at the time of its original submission shall be accepted as the qualifying date- and time-stamp for the purposes of any timetable in these procedures. The Interconnection Customer shall be notified of receipt by the Transmission Provider within three Business Days of receiving the Interconnection Request. The Transmission Provider shall notify the Interconnection Customer within ten Business Days of the receipt of the Interconnection Request as to whether the Interconnection Request is complete or incomplete. If the Interconnection Request is incomplete, the Transmission Provider shall provide along with the notice that the Interconnection Request is incomplete, a written list detailing all information that must be provided to complete the Interconnection Request. The Interconnection Customer will have ten Business Days after receipt of the notice to submit the listed information or to request an extension of time to provide such information. If the Interconnection Customer does not provide the listed information or a request for an extension of time within the deadline, the Interconnection Request will be deemed withdrawn. An Interconnection Request will be deemed complete upon submission of the listed information to the Transmission Provider.

1.4 Modification of the Interconnection Request

Any modification to machine data or equipment configuration or to the interconnection site of the Small Generating Facility not agreed to in writing by the Transmission Provider and the Interconnection Customer may be deemed a withdrawal of the Interconnection Request and may require submission of a new Interconnection Request, unless proper notification of each Party by the other and a reasonable time to cure the problems created by the changes are undertaken.

1.5 Site Control

Documentation of site control must be submitted with the Interconnection Request. Site control may be demonstrated through:

1.5.1 Ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Small Generating Facility;

1.5.2 An option to purchase or acquire a leasehold site for such purpose; or

1.5.3 An exclusivity or other business relationship between the Interconnection Customer and the entity having the right to sell, lease, or grant the Interconnection Customer the right to possess or occupy a site for such purpose.

1.6 Queue Position

The Transmission Provider shall assign a Queue Position based upon the date- and time-stamp of the Interconnection Request. The Queue Position of each Interconnection Request will be used to determine the cost responsibility for the Upgrades necessary to accommodate the interconnection. The Transmission Provider shall maintain a single queue per geographic region. At the Transmission Provider's option, Interconnection Requests may be studied serially or in clusters for the purpose of the system impact study.

1.7 Interconnection Requests Submitted Prior to the Effective Date of the SGIP

Nothing in this SGIP affects an Interconnection Customer's Queue Position assigned before the effective date of this SGIP. The Parties agree to complete work on any interconnection study agreement executed prior the effective date of this SGIP in accordance with the terms and conditions of that interconnection study agreement. Any new studies or other additional work will be completed pursuant to this SGIP.

Section 2. Fast Track Process

2.1 Applicability

The Fast Track Process is available to an Interconnection Customer proposing to interconnect its Small Generating Facility with the Transmission Provider's Transmission System if the Small Generating Facility is no larger than 2 MW and if the Interconnection Customer's proposed Small Generating Facility meets the codes, standards, and certification requirements of Attachments 3 and 4 of these procedures, or the Transmission Provider has reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate.

2.2 Initial Review

Within 15 Business Days after the Transmission Provider notifies the Interconnection Customer it has received a complete Interconnection Request, the Transmission Provider shall perform an initial review using the screens set forth below, shall notify the Interconnection Customer of the results, and include with the notification copies of the analysis and data underlying the Transmission Provider's determinations under the screens.

2.2.1 Screens

- 2.2.1.1 The proposed Small Generating Facility's Point of Interconnection must be on a portion of the Transmission Provider's Distribution System that is subject to the Tariff.
- 2.2.1.2 For interconnection of a proposed Small Generating Facility to a radial distribution circuit, the aggregated generation, including the proposed Small Generating Facility, on the circuit shall not exceed 15 % of the line section annual peak load as most recently measured at the substation. A line section is that portion of a Transmission Provider's electric system connected to a customer bounded by automatic sectionalizing devices or the end of the distribution line.
- 2.2.1.3 For interconnection of a proposed Small Generating Facility to the load side of spot network protectors, the proposed Small Generating Facility must utilize an inverter-based equipment package and, together with the aggregated other inverter-based generation, shall not exceed the smaller of 5 % of a spot network's maximum load or 50 kW¹.
- 2.2.1.4 The proposed Small Generating Facility, in aggregation with other generation on the distribution circuit, shall not contribute more than 10 % to the distribution circuit's maximum fault current at the point on the high voltage (primary) level nearest the proposed point of change of ownership.
- 2.2.1.5 The proposed Small Generating Facility, in aggregate with other generation on the distribution circuit, shall not cause any distribution protective devices and equipment (including, but not limited to, substation breakers, fuse cutouts, and line reclosers), or Interconnection Customer equipment on the system to exceed 87.5 % of the short circuit interrupting capability; nor shall the interconnection be proposed for a circuit that already exceeds 87.5 % of the short circuit interrupting capability.

¹A spot Network is a type of distribution system found within modern commercial buildings to provide high reliability of service to a single customer. (Standard Handbook for Electrical Engineers, 11th edition, Donald Fink, McGraw Hill Book Company)

2.2.1.6 Using the table below, determine the type of interconnection to a primary distribution line. This screen includes a review of the type of electrical service provided to the Interconnecting Customer, including line configuration and the transformer connection to limit the potential for creating over-voltages on the Transmission Provider's electric power system due to a loss of ground during the operating time of any anti-islanding function.

Primary Distribution Line Type	Type of Interconnection to Primary Distribution Line	Result/Criteria
Three-phase, three wire	3-phase or single phase, phase-to-phase	Pass screen
Three-phase, four wire	Effectively-grounded 3 phase or Single-phase, line-to-neutral	Pass screen

2.2.1.7 If the proposed Small Generating Facility is to be interconnected on single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed Small Generating Facility, shall not exceed 20 kW.

2.2.1.8 If the proposed Small Generating Facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20 % of the nameplate rating of the service transformer.

2.2.1.9 The Small Generating Facility, in aggregate with other generation interconnected to the transmission side of a substation transformer feeding the circuit where the Small Generating Facility proposes to interconnect shall not exceed 10 MW in an area where there are known, or posted, transient stability limitations to generating units located in the general electrical vicinity (e.g., three or four transmission busses from the point of interconnection).

2.2.1.10 No construction of facilities by the Transmission Provider on its own system shall be required to accommodate the Small Generating Facility.

2.2.2 If the proposed interconnection passes the screens, the Interconnection Request shall be approved and the Transmission Provider will provide the Interconnection Customer an executable interconnection agreement within five Business Days after the determination.

- 2.2.3 If the proposed interconnection fails the screens, but the Transmission Provider determines that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards, the Transmission Provider shall provide the Interconnection Customer an executable interconnection agreement within five Business Days after the determination.
- 2.2.4 If the proposed interconnection fails the screens, but the Transmission Provider does not or cannot determine from the initial review that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards unless the Interconnection Customer is willing to consider minor modifications or further study, the Transmission Provider shall provide the Interconnection Customer with the opportunity to attend a customer options meeting.

2.3 Customer Options Meeting

If the Transmission Provider determines the Interconnection Request cannot be approved without minor modifications at minimal cost; or a supplemental study or other additional studies or actions; or at significant cost to address safety, reliability, or power quality problems, within the five Business Day period after the determination, the Transmission Provider shall notify the Interconnection Customer and provide copies of all data and analyses underlying its conclusion. Within ten Business Days of the Transmission Provider's determination, the Transmission Provider shall offer to convene a customer options meeting with the Transmission Provider to review possible Interconnection Customer facility modifications or the screen analysis and related results, to determine what further steps are needed to permit the Small Generating Facility to be connected safely and reliably. At the time of notification of the Transmission Provider's determination, or at the customer options meeting, the Transmission Provider shall:

- 2.3.1 Offer to perform facility modifications or minor modifications to the Transmission Provider's electric system (e.g., changing meters, fuses, relay settings) and provide a non-binding good faith estimate of the limited cost to make such modifications to the Transmission Provider's electric system; or
- 2.3.2 Offer to perform a supplemental review if the Transmission Provider concludes that the supplemental review might determine that the Small Generating Facility could continue to qualify for interconnection pursuant to the Fast Track Process, and provide a non-binding good faith estimate of the costs of such review; or
- 2.3.3 Obtain the Interconnection Customer's agreement to continue evaluating the Interconnection Request under the section 3 Study Process.

2.4 Supplemental Review

If the Interconnection Customer agrees to a supplemental review, the Interconnection Customer shall agree in writing within 15 Business Days of the offer, and submit a deposit for the estimated costs. The Interconnection Customer shall be responsible for

the Transmission Provider's actual costs for conducting the supplemental review. The Interconnection Customer must pay any review costs that exceed the deposit within 20 Business Days of receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced costs, the Transmission Provider will return such excess within 20 Business Days of the invoice without interest.

2.4.1 Within ten Business Days following receipt of the deposit for a supplemental review, the Transmission Provider will determine if the Small Generating Facility can be interconnected safely and reliably.

2.4.1.1 If so, the Transmission Provider shall forward an executable interconnection agreement to the Interconnection Customer within five Business Days.

2.4.1.2 If so, and Interconnection Customer facility modifications are required to allow the Small Generating Facility to be interconnected consistent with safety, reliability, and power quality standards under these procedures, the Transmission Provider shall forward an executable interconnection agreement to the Interconnection Customer within five Business Days after confirmation that the Interconnection Customer has agreed to make the necessary changes at the Interconnection Customer's cost.

2.4.1.3 If so, and minor modifications to the Transmission Provider's electric system are required to allow the Small Generating Facility to be interconnected consistent with safety, reliability, and power quality standards under the Fast Track Process, the Transmission Provider shall forward an executable interconnection agreement to the Interconnection Customer within ten Business Days that requires the Interconnection Customer to pay the costs of such system modifications prior to interconnection.

2.4.1.4 If not, the Interconnection Request will continue to be evaluated under the section 3 Study Process.

Section 3. Study Process

3.1 Applicability

The Study Process shall be used by an Interconnection Customer proposing to interconnect its Small Generating Facility with the Transmission Provider's Transmission System if the Small Generating Facility (1) is larger than 2 MW but no larger than 20 MW, (2) is not certified, or (3) is certified but did not pass the Fast Track Process or the 10 kW Inverter Process.

3.2 Scoping Meeting

- 3.2.1 A scoping meeting will be held within ten Business Days after the Interconnection Request is deemed complete, or as otherwise mutually agreed to by the Parties. The Transmission Provider and the Interconnection Customer will bring to the meeting personnel, including system engineers and other resources as may be reasonably required to accomplish the purpose of the meeting.
- 3.2.2 The purpose of the scoping meeting is to discuss the Interconnection Request and review existing studies relevant to the Interconnection Request. The Parties shall further discuss whether the Transmission Provider should perform a feasibility study or proceed directly to a system impact study, or a facilities study, or an interconnection agreement. If the Parties agree that a feasibility study should be performed, the Transmission Provider shall provide the Interconnection Customer, as soon as possible, but not later than five Business Days after the scoping meeting, a feasibility study agreement (Attachment 6) including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.
- 3.2.3 The scoping meeting may be omitted by mutual agreement. In order to remain in consideration for interconnection, an Interconnection Customer who has requested a feasibility study must return the executed feasibility study agreement within 15 Business Days. If the Parties agree not to perform a feasibility study, the Transmission Provider shall provide the Interconnection Customer, no later than five Business Days after the scoping meeting, a system impact study agreement (Attachment 7) including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.

3.3 Feasibility Study

- 3.3.1 The feasibility study shall identify any potential adverse system impacts that would result from the interconnection of the Small Generating Facility.
- 3.3.2 A deposit of the lesser of 50 percent of the good faith estimated feasibility study costs or earnest money of \$1,000 may be required from the Interconnection Customer.
- 3.3.3 The scope of and cost responsibilities for the feasibility study are described in the attached feasibility study agreement (Attachment 6).
- 3.3.4 If the feasibility study shows no potential for adverse system impacts, the Transmission Provider shall send the Interconnection Customer a facilities study agreement, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study. If no additional facilities are

required, the Transmission Provider shall send the Interconnection Customer an executable interconnection agreement within five Business Days.

- 3.3.5 If the feasibility study shows the potential for adverse system impacts, the review process shall proceed to the appropriate system impact study(s).

3.4 System Impact Study

- 3.4.1 A system impact study shall identify and detail the electric system impacts that would result if the proposed Small Generating Facility were interconnected without project modifications or electric system modifications, focusing on the adverse system impacts identified in the feasibility study, or to study potential impacts, including but not limited to those identified in the scoping meeting. A system impact study shall evaluate the impact of the proposed interconnection on the reliability of the electric system.
- 3.4.2 If no transmission system impact study is required, but potential electric power Distribution System adverse system impacts are identified in the scoping meeting or shown in the feasibility study, a distribution system impact study must be performed. The Transmission Provider shall send the Interconnection Customer a distribution system impact study agreement within 15 Business Days of transmittal of the feasibility study report, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, or following the scoping meeting if no feasibility study is to be performed.
- 3.4.3 In instances where the feasibility study or the distribution system impact study shows potential for transmission system adverse system impacts, within five Business Days following transmittal of the feasibility study report, the Transmission Provider shall send the Interconnection Customer a transmission system impact study agreement, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, if such a study is required.
- 3.4.4 If a transmission system impact study is not required, but electric power Distribution System adverse system impacts are shown by the feasibility study to be possible and no distribution system impact study has been conducted, the Transmission Provider shall send the Interconnection Customer a distribution system impact study agreement.
- 3.4.5 If the feasibility study shows no potential for transmission system or Distribution System adverse system impacts, the Transmission Provider shall send the Interconnection Customer either a facilities study agreement (Attachment 8), including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, or an executable interconnection agreement, as applicable.

- 3.4.6 In order to remain under consideration for interconnection, the Interconnection Customer must return executed system impact study agreements, if applicable, within 30 Business Days.
- 3.4.7 A deposit of the good faith estimated costs for each system impact study may be required from the Interconnection Customer.
- 3.4.8 The scope of and cost responsibilities for a system impact study are described in the attached system impact study agreement.
- 3.4.9 Where transmission systems and Distribution Systems have separate owners, such as is the case with transmission-dependent utilities ("TDUs") – whether investor-owned or not – the Interconnection Customer may apply to the nearest Transmission Provider (Transmission Owner, Regional Transmission Operator, or Independent Transmission Provider) providing transmission service to the TDU to request project coordination. Affected Systems shall participate in the study and provide all information necessary to prepare the study.

3.5 Facilities Study

- 3.5.1 Once the required system impact study(s) is completed, a system impact study report shall be prepared and transmitted to the Interconnection Customer along with a facilities study agreement within five Business Days, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the facilities study. In the case where one or both impact studies are determined to be unnecessary, a notice of the fact shall be transmitted to the Interconnection Customer within the same timeframe.
- 3.5.2 In order to remain under consideration for interconnection, or, as appropriate, in the Transmission Provider's interconnection queue, the Interconnection Customer must return the executed facilities study agreement or a request for an extension of time within 30 Business Days.
- 3.5.3 The facilities study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the system impact study(s).
- 3.5.4 Design for any required Interconnection Facilities and/or Upgrades shall be performed under the facilities study agreement. The Transmission Provider may contract with consultants to perform activities required under the facilities study agreement. The Interconnection Customer and the Transmission Provider may agree to allow the Interconnection Customer to separately arrange for the design of some of the Interconnection Facilities. In such cases, facilities design will be reviewed and/or modified prior to acceptance by the Transmission Provider,

under the provisions of the facilities study agreement. If the Parties agree to separately arrange for design and construction, and provided security and confidentiality requirements can be met, the Transmission Provider shall make sufficient information available to the Interconnection Customer in accordance with confidentiality and critical infrastructure requirements to permit the Interconnection Customer to obtain an independent design and cost estimate for any necessary facilities.

- 3.5.5 A deposit of the good faith estimated costs for the facilities study may be required from the Interconnection Customer.
- 3.5.6 The scope of and cost responsibilities for the facilities study are described in the attached facilities study agreement.
- 3.5.7 Upon completion of the facilities study, and with the agreement of the Interconnection Customer to pay for Interconnection Facilities and Upgrades identified in the facilities study, the Transmission Provider shall provide the Interconnection Customer an executable interconnection agreement within five Business Days.

Section 4. Provisions that Apply to All Interconnection Requests

4.1 Reasonable Efforts

The Transmission Provider shall make reasonable efforts to meet all time frames provided in these procedures unless the Transmission Provider and the Interconnection Customer agree to a different schedule. If the Transmission Provider cannot meet a deadline provided herein, it shall notify the Interconnection Customer, explain the reason for the failure to meet the deadline, and provide an estimated time by which it will complete the applicable interconnection procedure in the process.

4.2 Disputes

- 4.2.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.
- 4.2.2 In the event of a dispute, either Party shall provide the other Party with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.
- 4.2.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, either Party may contact FERC's Dispute Resolution Service (DRS) for assistance in resolving the dispute.
- 4.2.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early

neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.

4.2.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-half of any costs paid to neutral third-parties.

4.2.6 If neither Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then either Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of these procedures.

4.3 Interconnection Metering

Any metering necessitated by the use of the Small Generating Facility shall be installed at the Interconnection Customer's expense in accordance with Federal Energy Regulatory Commission, state, or local regulatory requirements or the Transmission Provider's specifications.

4.4 Commissioning

Commissioning tests of the Interconnection Customer's installed equipment shall be performed pursuant to applicable codes and standards. The Transmission Provider must be given at least five Business Days written notice, or as otherwise mutually agreed to by the Parties, of the tests and may be present to witness the commissioning tests.

4.5. Confidentiality

4.5.1 Confidential information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential." For purposes of these procedures all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed confidential information regardless of whether it is clearly marked or otherwise designated as such.

4.5.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce these procedures. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under these procedures, or to fulfill legal or regulatory requirements.

4.5.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.

4.5.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

4.5.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if FERC, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to these procedures, the Party shall provide the requested information to FERC, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party prior to the release of the Confidential Information to FERC. The Party shall notify the other Party when it is notified by FERC that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

4.6 Comparability

The Transmission Provider shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this document. The Transmission Provider shall use the same reasonable efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Small Generating Facility is owned or operated by the Transmission Provider, its subsidiaries or affiliates, or others.

4.7 Record Retention

The Transmission Provider shall maintain for three years records, subject to audit, of all Interconnection Requests received under these procedures, the times required to complete Interconnection Request approvals and disapprovals, and justification for the actions taken on the Interconnection Requests.

4.8 Interconnection Agreement

After receiving an interconnection agreement from the Transmission Provider, the Interconnection Customer shall have 30 Business Days or another mutually agreeable timeframe to sign and return the interconnection agreement, or request that the Transmission Provider file an unexecuted interconnection agreement with the Federal Energy Regulatory Commission. If the Interconnection Customer does not sign the interconnection agreement, or ask that it be filed unexecuted by the Transmission Provider within 30 Business Days, the Interconnection Request shall be deemed withdrawn. After the interconnection agreement is signed by the Parties, the

interconnection of the Small Generating Facility shall proceed under the provisions of the interconnection agreement.

4.9 Coordination with Affected Systems

The Transmission Provider shall coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System operators and, if possible, include those results (if available) in its applicable interconnection study within the time frame specified in these procedures. The Transmission Provider will include such Affected System operators in all meetings held with the Interconnection Customer as required by these procedures. The Interconnection Customer will cooperate with the Transmission Provider in all matters related to the conduct of studies and the determination of modifications to Affected Systems. A Transmission Provider which may be an Affected System shall cooperate with the Transmission Provider with whom interconnection has been requested in all matters related to the conduct of studies and the determination of modifications to Affected Systems.

4.10 Capacity of the Small Generating Facility

4.10.1 If the Interconnection Request is for an increase in capacity for an existing Small Generating Facility, the Interconnection Request shall be evaluated on the basis of the new total capacity of the Small Generating Facility.

4.10.2 If the Interconnection Request is for a Small Generating Facility that includes multiple energy production devices at a site for which the Interconnection Customer seeks a single Point of Interconnection, the Interconnection Request shall be evaluated on the basis of the aggregate capacity of the multiple devices.

4.10.3 The Interconnection Request shall be evaluated using the maximum rated capacity of the Small Generating Facility.

Attachment 1

Glossary of Terms

10 kW Inverter Process – The procedure for evaluating an Interconnection Request for a certified inverter-based Small Generating Facility no larger than 10 kW that uses the section 2 screens. The application process uses an all-in-one document that includes a simplified Interconnection Request, simplified procedures, and a brief set of terms and conditions. See SGIP Attachment 5.

Affected System – An electric system other than the Transmission Provider's Transmission System that may be affected by the proposed interconnection.

Business Day – Monday through Friday, excluding Federal Holidays.

Distribution System – The Transmission Provider's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades – The additions, modifications, and upgrades to the Transmission Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Small Generating Facility and render the transmission service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Fast Track Process – The procedure for evaluating an Interconnection Request for a certified Small Generating Facility no larger than 2 MW that includes the section 2 screens, customer options meeting, and optional supplemental review.

Good Utility Practice – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Interconnection Customer – Any entity, including the Transmission Provider, the Transmission Owner or any of the affiliates or subsidiaries of either, that proposes to interconnect its Small Generating Facility with the Transmission Provider's Transmission System.

Interconnection Facilities – The Transmission Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of

Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the Transmission Provider's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

Interconnection Request – The Interconnection Customer's request, in accordance with the Tariff, to interconnect a new Small Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Small Generating Facility that is interconnected with the Transmission Provider's Transmission System.

Material Modification – A modification that has a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Network Upgrades – Additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the point at which the Small Generating Facility interconnects with the Transmission Provider's Transmission System to accommodate the interconnection with the Small Generating Facility to the Transmission Provider's Transmission System. Network Upgrades do not include Distribution Upgrades.

Party or Parties – The Transmission Provider, Transmission Owner, Interconnection Customer or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Transmission Provider's Transmission System.

Queue Position – The order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the date and time of receipt of the valid Interconnection Request by the Transmission Provider.

Small Generating Facility – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Study Process – The procedure for evaluating an Interconnection Request that includes the section 3 scoping meeting, feasibility study, system impact study, and facilities study.

Transmission Owner – The entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Small Generator Interconnection Agreement to the extent necessary.

Transmission Provider – The public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission service under the Tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider.

Transmission System – The facilities owned, controlled or operated by the Transmission Provider or the Transmission Owner that are used to provide transmission service under the Tariff.

Upgrades – The required additions and modifications to the Transmission Provider's Transmission System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

Attachment 2

**SMALL GENERATOR INTERCONNECTION REQUEST
(Application Form)**

Transmission Provider: _____

Designated Contact Person: _____

Address: _____

Telephone Number: _____

Fax: _____

E-Mail Address: _____

An Interconnection Request is considered complete when it provides all applicable and correct information required below. Per SGIP section 1.5, documentation of site control must be submitted with the Interconnection Request.

Preamble and Instructions

An Interconnection Customer who requests a Federal Energy Regulatory Commission jurisdictional interconnection must submit this Interconnection Request by hand delivery, mail, e-mail, or fax to the Transmission Provider.

Processing Fee or Deposit:

If the Interconnection Request is submitted under the Fast Track Process, the non-refundable processing fee is \$500.

If the Interconnection Request is submitted under the Study Process, whether a new submission or an Interconnection Request that did not pass the Fast Track Process, the Interconnection Customer shall submit to the Transmission Provider a deposit not to exceed \$1,000 towards the cost of the feasibility study.

Interconnection Customer Information

Legal Name of the Interconnection Customer (or, if an individual, individual's name)

Name: _____

Contact Person: _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

Facility Location (if different from above): _____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Alternative Contact Information (if different from the Interconnection Customer)

Contact Name: _____

Title: _____

Address: _____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Application is for: _____ New Small Generating Facility
_____ Capacity addition to Existing Small Generating Facility

If capacity addition to existing facility, please describe: _____

Will the Small Generating Facility be used for any of the following?

Net Metering? Yes ___ No ___

To Supply Power to the Interconnection Customer? Yes ___ No ___

To Supply Power to Others? Yes ___ No ___

For installations at locations with existing electric service to which the proposed Small Generating Facility will interconnect, provide:

(Local Electric Service Provider*)

(Existing Account Number*)

[*To be provided by the Interconnection Customer if the local electric service provider is different from the Transmission Provider]

Contact Name: _____

Title: _____

Address: _____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Requested Point of Interconnection: _____

Interconnection Customer's Requested In-Service Date: _____

Small Generating Facility Information

Data apply only to the Small Generating Facility, not the Interconnection Facilities.

Energy Source: ___ Solar ___ Wind ___ Hydro ___ Hydro Type (e.g. Run-of-River): ___
Diesel ___ Natural Gas ___ Fuel Oil ___ Other (state type) _____

Prime Mover: ___ Fuel Cell ___ Recip Engine ___ Gas Turb ___ Steam Turb
___ Microturbine ___ PV ___ Other

Type of Generator: ___ Synchronous ___ Induction ___ Inverter

Generator Nameplate Rating: _____ kW (Typical) Generator Nameplate kVAR: _____

Interconnection Customer or Customer-Site Load: _____ kW (if none, so state)

Typical Reactive Load (if known): _____

Maximum Physical Export Capability Requested: _____ kW

List components of the Small Generating Facility equipment package that are currently certified:

Equipment Type	Certifying Entity
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____

Is the prime mover compatible with the certified protective relay package? ___Yes ___No

Generator (or solar collector)

Manufacturer, Model Name & Number: _____

Version Number: _____

Nameplate Output Power Rating in kW: (Summer) _____ (Winter) _____

Nameplate Output Power Rating in kVA: (Summer) _____ (Winter) _____

Individual Generator Power Factor

Rated Power Factor: Leading: _____ Lagging: _____

Total Number of Generators in wind farm to be interconnected pursuant to this

Interconnection Request: _____ Elevation: _____ _____ Single phase _____ Three phase

Inverter Manufacturer, Model Name & Number (if used): _____

List of adjustable set points for the protective equipment or software: _____

Note: A completed Power Systems Load Flow data sheet must be supplied with the Interconnection Request.

Small Generating Facility Characteristic Data (for inverter-based machines)

Max design fault contribution current: _____ Instantaneous _____ or RMS? _____

Harmonics Characteristics: _____

Start-up requirements: _____

Small Generating Facility Characteristic Data (for rotating machines)

RPM Frequency: _____

(*) Neutral Grounding Resistor (If Applicable): _____

Synchronous Generators:

Direct Axis Synchronous Reactance, X_d : _____ P.U.

Direct Axis Transient Reactance, X'_d : _____ P.U.

Direct Axis Subtransient Reactance, X''_d : _____ P.U.

Negative Sequence Reactance, X_2 : _____ P.U.

Zero Sequence Reactance, X_0 : _____ P.U.

KVA Base: _____

Field Volts: _____

Field Amperes: _____

Induction Generators:

Motoring Power (kW): _____

I_2^2t or K (Heating Time Constant): _____

Rotor Resistance, Rr: _____

Stator Resistance, Rs: _____

Stator Reactance, Xs: _____

Rotor Reactance, Xr: _____

Magnetizing Reactance, Xm: _____

Short Circuit Reactance, Xd": _____

Exciting Current: _____

Temperature Rise: _____

Frame Size: _____

Design Letter: _____

Reactive Power Required In Vars (No Load): _____

Reactive Power Required In Vars (Full Load): _____

Total Rotating Inertia, H: _____ Per Unit on kVA Base

Note: Please contact the Transmission Provider prior to submitting the Interconnection Request to determine if the specified information above is required.

Excitation and Governor System Data for Synchronous Generators Only

Provide appropriate IEEE model block diagram of excitation system, governor system and power system stabilizer (PSS) in accordance with the regional reliability council criteria. A PSS may be determined to be required by applicable studies. A copy of the manufacturer's block diagram may not be substituted.

Interconnection Facilities Information

Will a transformer be used between the generator and the point of common coupling?

Yes No

Will the transformer be provided by the Interconnection Customer? Yes No

Transformer Data (If Applicable, for Interconnection Customer-Owned Transformer):

Is the transformer: single phase three phase? Size: _____ kVA

Transformer Impedance: _____ % on _____ kVA Base

If Three Phase:

Transformer Primary: _____ Volts Delta Wye Wye Grounded

Transformer Secondary: _____ Volts Delta Wye Wye Grounded

Transformer Tertiary: _____ Volts _____ Delta _____ Wye _____ Wye Grounded

Transformer Fuse Data (If Applicable, for Interconnection Customer-Owned Fuse):

(Attach copy of fuse manufacturer's Minimum Melt and Total Clearing Time-Current Curves)

Manufacturer: _____ Type: _____ Size: _____ Speed: _____

Interconnecting Circuit Breaker (if applicable):

Manufacturer: _____ Type: _____
Load Rating (Amps): _____ Interrupting Rating (Amps): _____ Trip Speed (Cycles): _____

Interconnection Protective Relays (If Applicable):

If Microprocessor-Controlled:

List of Functions and Adjustable Setpoints for the protective equipment or software:

Setpoint Function	Minimum	Maximum
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____

If Discrete Components:

(Enclose Copy of any Proposed Time-Overcurrent Coordination Curves)

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____
Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____
Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____
Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____
Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Current Transformer Data (If Applicable):

(Enclose Copy of Manufacturer's Excitation and Ratio Correction Curves)

Manufacturer: _____
Type: _____ Accuracy Class: _____ Proposed Ratio Connection: _____

Manufacturer: _____
Type: _____ Accuracy Class: _____ Proposed Ratio Connection: _____

Potential Transformer Data (If Applicable):

Manufacturer: _____
Type: _____ Accuracy Class: _____ Proposed Ratio Connection: _____

Manufacturer: _____
Type: _____ Accuracy Class: _____ Proposed Ratio Connection: _____

General Information

Enclose copy of site electrical one-line diagram showing the configuration of all Small Generating Facility equipment, current and potential circuits, and protection and control schemes. This one-line diagram must be signed and stamped by a licensed Professional Engineer if the Small Generating Facility is larger than 50 kW. Is One-Line Diagram Enclosed? ___Yes ___No

Enclose copy of any site documentation that indicates the precise physical location of the proposed Small Generating Facility (e.g., USGS topographic map or other diagram or documentation).

Proposed location of protective interface equipment on property (include address if different from the Interconnection Customer's address) _____

Enclose copy of any site documentation that describes and details the operation of the protection and control schemes. Is Available Documentation Enclosed? ___Yes ___No

Enclose copies of schematic drawings for all protection and control circuits, relay current circuits, relay potential circuits, and alarm/monitoring circuits (if applicable).
Are Schematic Drawings Enclosed? ___Yes ___No

Applicant Signature

I hereby certify that, to the best of my knowledge, all the information provided in this Interconnection Request is true and correct.

For Interconnection Customer: _____ Date: _____

Attachment 3

Certification Codes and Standards

IEEE1547 Standard for Interconnecting Distributed Resources with Electric Power Systems (including use of IEEE 1547.1 testing protocols to establish conformity)

UL 1741 Inverters, Converters, and Controllers for Use in Independent Power Systems

IEEE Std 929-2000 IEEE Recommended Practice for Utility Interface of Photovoltaic (PV) Systems

NFPA 70 (2002), National Electrical Code

IEEE Std C37.90.1-1989 (R1994), IEEE Standard Surge Withstand Capability (SWC) Tests for Protective Relays and Relay Systems

IEEE Std C37.90.2 (1995), IEEE Standard Withstand Capability of Relay Systems to Radiated Electromagnetic Interference from Transceivers

IEEE Std C37.108-1989 (R2002), IEEE Guide for the Protection of Network Transformers

IEEE Std C57.12.44-2000, IEEE Standard Requirements for Secondary Network Protectors

IEEE Std C62.41.2-2002, IEEE Recommended Practice on Characterization of Surges in Low Voltage (1000V and Less) AC Power Circuits

IEEE Std C62.45-1992 (R2002), IEEE Recommended Practice on Surge Testing for Equipment Connected to Low-Voltage (1000V and Less) AC Power Circuits

ANSI C84.1-1995 Electric Power Systems and Equipment – Voltage Ratings (60 Hertz)

IEEE Std 100-2000, IEEE Standard Dictionary of Electrical and Electronic Terms

NEMA MG 1-1998, Motors and Small Resources, Revision 3

IEEE Std 519-1992, IEEE Recommended Practices and Requirements for Harmonic Control in Electrical Power Systems

NEMA MG 1-2003 (Rev 2004), Motors and Generators, Revision 1

Attachment 4

Certification of Small Generator Equipment Packages

- 1.0 Small Generating Facility equipment proposed for use separately or packaged with other equipment in an interconnection system shall be considered certified for interconnected operation if (1) it has been tested in accordance with industry standards for continuous utility interactive operation in compliance with the appropriate codes and standards referenced below by any Nationally Recognized Testing Laboratory (NRTL) recognized by the United States Occupational Safety and Health Administration to test and certify interconnection equipment pursuant to the relevant codes and standards listed in SGIP Attachment 3, (2) it has been labeled and is publicly listed by such NRTL at the time of the interconnection application, and (3) such NRTL makes readily available for verification all test standards and procedures it utilized in performing such equipment certification, and, with consumer approval, the test data itself. The NRTL may make such information available on its website and by encouraging such information to be included in the manufacturer's literature accompanying the equipment.
- 2.0 The Interconnection Customer must verify that the intended use of the equipment falls within the use or uses for which the equipment was tested, labeled, and listed by the NRTL.
- 3.0 Certified equipment shall not require further type-test review, testing, or additional equipment to meet the requirements of this interconnection procedure; however, nothing herein shall preclude the need for an on-site commissioning test by the parties to the interconnection nor follow-up production testing by the NRTL.
- 4.0 If the certified equipment package includes only interface components (switchgear, inverters, or other interface devices), then an Interconnection Customer must show that the generator or other electric source being utilized with the equipment package is compatible with the equipment package and is consistent with the testing and listing specified for this type of interconnection equipment.
- 5.0 Provided the generator or electric source, when combined with the equipment package, is within the range of capabilities for which it was tested by the NRTL, and does not violate the interface components' labeling and listing performed by the NRTL, no further design review, testing or additional equipment on the customer side of the point of common coupling shall be required to meet the requirements of this interconnection procedure.
- 6.0 An equipment package does not include equipment provided by the utility.
- 7.0 Any equipment package approved and listed in a state by that state's regulatory body for interconnected operation in that state prior to the effective date of these small generator interconnection procedures shall be considered certified under these procedures for use in that state.

Attachment 5

Application, Procedures, and Terms and Conditions for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10 kW ("10 kW Inverter Process")

- 1.0 The Interconnection Customer ("Customer") completes the Interconnection Request ("Application") and submits it to the Transmission Provider ("Company").
- 2.0 The Company acknowledges to the Customer receipt of the Application within three Business Days of receipt.
- 3.0 The Company evaluates the Application for completeness and notifies the Customer within ten Business Days of receipt that the Application is or is not complete and, if not, advises what material is missing.
- 4.0 The Company verifies that the Small Generating Facility can be interconnected safely and reliably using the screens contained in the Fast Track Process in the Small Generator Interconnection Procedures (SGIP). The Company has 15 Business Days to complete this process. Unless the Company determines and demonstrates that the Small Generating Facility cannot be interconnected safely and reliably, the Company approves the Application and returns it to the Customer. Note to Customer: Please check with the Company before submitting the Application if disconnection equipment is required.
- 5.0 After installation, the Customer returns the Certificate of Completion to the Company. Prior to parallel operation, the Company may inspect the Small Generating Facility for compliance with standards which may include a witness test, and may schedule appropriate metering replacement, if necessary.
- 6.0 The Company notifies the Customer in writing that interconnection of the Small Generating Facility is authorized. If the witness test is not satisfactory, the Company has the right to disconnect the Small Generating Facility. The Customer has no right to operate in parallel until a witness test has been performed, or previously waived on the Application. The Company is obligated to complete this witness test within ten Business Days of the receipt of the Certificate of Completion. If the Company does not inspect within ten Business Days or by mutual agreement of the Parties, the witness test is deemed waived.
- 7.0 Contact Information – The Customer must provide the contact information for the legal applicant (i.e., the Interconnection Customer). If another entity is responsible for interfacing with the Company, that contact information must be provided on the Application.

- 8.0 Ownership Information – Enter the legal names of the owner(s) of the Small Generating Facility. Include the percentage ownership (if any) by any utility or public utility holding company, or by any entity owned by either.

- 9.0 UL1741 Listed – This standard ("Inverters, Converters, and Controllers for Use in Independent Power Systems") addresses the electrical interconnection design of various forms of generating equipment. Many manufacturers submit their equipment to a Nationally Recognized Testing Laboratory (NRTL) that verifies compliance with UL1741. This "listing" is then marked on the equipment and supporting documentation.

**Application for Interconnecting a Certified Inverter-Based Small Generating Facility No
Larger than 10kW**

This Application is considered complete when it provides all applicable and correct information required below. Per SGIP section 1.5, documentation of site control must be submitted with the Interconnection Request. Additional information to evaluate the Application may be required.

Processing Fee

A non-refundable processing fee of \$100 must accompany this Application.

Interconnection Customer

Name: _____

Contact Person: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Contact (if different from Interconnection Customer)

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Owner of the facility (include % ownership by any electric utility): _____

Small Generating Facility Information

Location (if different from above): _____

Electric Service Company: _____

Account Number: _____

Inverter Manufacturer: _____ Model _____

Nameplate Rating: _____ (kW) _____ (kVA) _____ (AC Volts)

Single Phase _____ Three Phase _____

System Design Capacity: _____ (kW) _____ (kVA)

Prime Mover: Photovoltaic Reciprocating Engine Fuel Cell
 Turbine Other _____

Energy Source: Solar Wind Hydro Diesel Natural Gas
 Fuel Oil Other (describe) _____

Is the equipment UL1741 Listed? Yes__ No __
 If Yes, attach manufacturer's cut-sheet showing UL1741 listing

Estimated Installation Date: _____ Estimated In-Service Date: _____

The 10 kW Inverter Process is available only for inverter-based Small Generating Facilities no larger than 10 kW that meet the codes, standards, and certification requirements of Attachments 3 and 4 of the Small Generator Interconnection Procedures (SGIP), or the Transmission Provider has reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate.

List components of the Small Generating Facility equipment package that are currently certified:

Equipment Type	Certifying Entity
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____

Interconnection Customer Signature

I hereby certify that, to the best of my knowledge, the information provided in this Application is true. I agree to abide by the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW and return the Certificate of Completion when the Small Generating Facility has been installed.

Signed: _____

Title: _____ Date: _____

Contingent Approval to Interconnect the Small Generating Facility

(For Company use only)

Interconnection of the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW and return of the Certificate of Completion.

Company Signature: _____

Title: _____ Date: _____

Application ID number: _____

Company waives inspection/witness test? Yes___ No___

Small Generating Facility Certificate of Completion

Is the Small Generating Facility owner-installed? Yes _____ No _____

Interconnection Customer: _____

Contact Person: _____

Address: _____

Location of the Small Generating Facility (if different from above):

City: _____ State: _____ Zip Code: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Electrician:

Name: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

License number: _____

Date Approval to Install Facility granted by the Company: _____

Application ID number: _____

Inspection:

The Small Generating Facility has been installed and inspected in compliance with the local building/electrical code of _____

Signed (Local electrical wiring inspector, or attach signed electrical inspection):

Print Name: _____

Date: _____

As a condition of interconnection, you are required to send/fax a copy of this form along with a copy of the signed electrical permit to (insert Company information below):

Name: _____

Company: _____

Address: _____

City, State ZIP: _____

Fax: _____

Approval to Energize the Small Generating Facility (For Company use only)

Energizing the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW

Company Signature: _____

Title: _____ Date: _____

Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW

1.0 Construction of the Facility

The Interconnection Customer (the "Customer") may proceed to construct (including operational testing not to exceed two hours) the Small Generating Facility when the Transmission Provider (the "Company") approves the Interconnection Request (the "Application") and returns it to the Customer.

2.0 Interconnection and Operation

The Customer may operate Small Generating Facility and interconnect with the Company's electric system once all of the following have occurred:

- 2.1 Upon completing construction, the Customer will cause the Small Generating Facility to be inspected or otherwise certified by the appropriate local electrical wiring inspector with jurisdiction, and
- 2.2 The Customer returns the Certificate of Completion to the Company, and
- 2.3 The Company has either:
 - 2.3.1 Completed its inspection of the Small Generating Facility to ensure that all equipment has been appropriately installed and that all electrical connections have been made in accordance with applicable codes. All inspections must be conducted by the Company, at its own expense, within ten Business Days after receipt of the Certificate of Completion and shall take place at a time agreeable to the Parties. The Company shall provide a written statement that the Small Generating Facility has passed inspection or shall notify the Customer of what steps it must take to pass inspection as soon as practicable after the inspection takes place; or
 - 2.3.2 If the Company does not schedule an inspection of the Small Generating Facility within ten business days after receiving the Certificate of Completion, the witness test is deemed waived (unless the Parties agree otherwise); or
 - 2.3.3 The Company waives the right to inspect the Small Generating Facility.
- 2.4 The Company has the right to disconnect the Small Generating Facility in the event of improper installation or failure to return the Certificate of Completion.
- 2.5 Revenue quality metering equipment must be installed and tested in accordance with applicable ANSI standards.

3.0 Safe Operations and Maintenance

The Customer shall be fully responsible to operate, maintain, and repair the Small Generating Facility as required to ensure that it complies at all times with the interconnection standards to which it has been certified.

4.0 Access

The Company shall have access to the disconnect switch (if the disconnect switch is required) and metering equipment of the Small Generating Facility at all times. The Company shall provide reasonable notice to the Customer when possible prior to using its right of access.

5.0 Disconnection

The Company may temporarily disconnect the Small Generating Facility upon the following conditions:

5.1 For scheduled outages upon reasonable notice.

5.2 For unscheduled outages or emergency conditions.

5.3 If the Small Generating Facility does not operate in the manner consistent with these Terms and Conditions.

5.4 The Company shall inform the Customer in advance of any scheduled disconnection, or as is reasonable after an unscheduled disconnection.

6.0 Indemnification

The Parties shall at all times indemnify, defend, and save the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions of its obligations under this agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

7.0 Insurance

The Parties agree to follow all applicable insurance requirements imposed by the state in which the Point of Interconnection is located. All insurance policies must be maintained with insurers authorized to do business in that state.

8.0 Limitation of Liability

Each party's liability to the other party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either party be liable to the other party for

any indirect, incidental, special, consequential, or punitive damages of any kind whatsoever, except as allowed under paragraph 6.0.

9.0 Termination

The agreement to operate in parallel may be terminated under the following conditions:

9.1 By the Customer

By providing written notice to the Company.

9.2 By the Company

If the Small Generating Facility fails to operate for any consecutive 12 month period or the Customer fails to remedy a violation of these Terms and Conditions.

9.3 Permanent Disconnection

In the event this Agreement is terminated, the Company shall have the right to disconnect its facilities or direct the Customer to disconnect its Small Generating Facility.

9.4 Survival Rights

This Agreement shall continue in effect after termination to the extent necessary to allow or require either Party to fulfill rights or obligations that arose under the Agreement.

10.0 Assignment/Transfer of Ownership of the Facility

This Agreement shall survive the transfer of ownership of the Small Generating Facility to a new owner when the new owner agrees in writing to comply with the terms of this Agreement and so notifies the Company.

Attachment 6

Feasibility Study Agreement

THIS AGREEMENT is made and entered into this ____ day of _____ 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____, a _____ existing under the laws of the State of _____, ("Transmission Provider"). Interconnection Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by Interconnection Customer on _____; and

WHEREAS, Interconnection Customer desires to interconnect the Small Generating Facility with the Transmission Provider's Transmission System; and

WHEREAS, Interconnection Customer has requested the Transmission Provider to perform a feasibility study to assess the feasibility of interconnecting the proposed Small Generating Facility with the Transmission Provider's Transmission System, and of any Affected Systems;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures.
- 2.0 The Interconnection Customer elects and the Transmission Provider shall cause to be performed an interconnection feasibility study consistent the standard Small Generator Interconnection Procedures in accordance with the Open Access Transmission Tariff.
- 3.0 The scope of the feasibility study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The feasibility study shall be based on the technical information provided by the Interconnection Customer in the Interconnection Request, as may be modified as the result of the scoping meeting. The Transmission Provider reserves the right to request additional technical information from the Interconnection Customer as may reasonably

become necessary consistent with Good Utility Practice during the course of the feasibility study and as designated in accordance with the standard Small Generator Interconnection Procedures. If the Interconnection Customer modifies its Interconnection Request, the time to complete the feasibility study may be extended by agreement of the Parties.

- 5.0 In performing the study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing studies of recent vintage. The Interconnection Customer shall not be charged for such existing studies; however, the Interconnection Customer shall be responsible for charges associated with any new study or modifications to existing studies that are reasonably necessary to perform the feasibility study.
- 6.0 The feasibility study report shall provide the following analyses for the purpose of identifying any potential adverse system impacts that would result from the interconnection of the Small Generating Facility as proposed:
 - 6.1 Initial identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection;
 - 6.2 Initial identification of any thermal overload or voltage limit violations resulting from the interconnection;
 - 6.3 Initial review of grounding requirements and electric system protection; and
 - 6.4 Description and non-binding estimated cost of facilities required to interconnect the proposed Small Generating Facility and to address the identified short circuit and power flow issues.
- 7.0 The feasibility study shall model the impact of the Small Generating Facility regardless of purpose in order to avoid the further expense and interruption of operation for reexamination of feasibility and impacts if the Interconnection Customer later changes the purpose for which the Small Generating Facility is being installed.
- 8.0 The study shall include the feasibility of any interconnection at a proposed project site where there could be multiple potential Points of Interconnection, as requested by the Interconnection Customer and at the Interconnection Customer's cost.
- 9.0 A deposit of the lesser of 50 percent of good faith estimated feasibility study costs or earnest money of \$1,000 may be required from the Interconnection Customer.
- 10.0 Once the feasibility study is completed, a feasibility study report shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the feasibility study must be completed and the feasibility study report transmitted within 30 Business Days of the Interconnection Customer's agreement to conduct a feasibility study.

- 11.0 Any study fees shall be based on the Transmission Provider's actual costs and will be invoiced to the Interconnection Customer after the study is completed and delivered and will include a summary of professional time.
- 12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Transmission Provider shall refund such excess within 30 calendar days of the invoice without interest.
- 13.0 Governing Law, Regulatory Authority, and Rules
The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.
- 14.0 Amendment
The Parties may amend this Agreement by a written instrument duly executed by both Parties.
- 15.0 No Third-Party Beneficiaries
This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.
- 16.0 Waiver
- 16.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.
- 16.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Transmission Provider. Any waiver of this Agreement shall, if requested, be provided in writing.
- 17.0 Multiple Counterparts
This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

18.0 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

19.0 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

20.0 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

20.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Transmission Provider be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

20.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

21.0 Reservation of Rights

The Transmission Provider shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and

FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Transmission Provider]

[Insert name of Interconnection Customer]

Signed _____

Signed _____

Name (Printed):

Name (Printed):

Title _____

Title _____

**Attachment A to
Feasibility Study Agreement**

Assumptions Used in Conducting the Feasibility Study

The feasibility study will be based upon the information set forth in the Interconnection Request and agreed upon in the scoping meeting held on _____:

- 1) Designation of Point of Interconnection and configuration to be studied.

- 2) Designation of alternative Points of Interconnection and configuration.

1) and 2) are to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer and the Transmission Provider.

Attachment 7

System Impact Study Agreement

THIS AGREEMENT is made and entered into this ____ day of _____ 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____, a _____ existing under the laws of the State of _____, ("Transmission Provider"). Interconnection Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by the Interconnection Customer on _____; and

WHEREAS, the Interconnection Customer desires to interconnect the Small Generating Facility with the Transmission Provider's Transmission System;

WHEREAS, the Transmission Provider has completed a feasibility study and provided the results of said study to the Interconnection Customer (This recital to be omitted if the Parties have agreed to forego the feasibility study.); and

WHEREAS, the Interconnection Customer has requested the Transmission Provider to perform a system impact study(s) to assess the impact of interconnecting the Small Generating Facility with the Transmission Provider's Transmission System, and of any Affected Systems;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures.
- 2.0 The Interconnection Customer elects and the Transmission Provider shall cause to be performed a system impact study(s) consistent with the standard Small Generator Interconnection Procedures in accordance with the Open Access Transmission Tariff.
- 3.0 The scope of a system impact study shall be subject to the assumptions set forth in Attachment A to this Agreement.

- 4.0 A system impact study will be based upon the results of the feasibility study and the technical information provided by Interconnection Customer in the Interconnection Request. The Transmission Provider reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the system impact study. If the Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the system impact study may be extended.
- 5.0 A system impact study shall consist of a short circuit analysis, a stability analysis, a power flow analysis, voltage drop and flicker studies, protection and set point coordination studies, and grounding reviews, as necessary. A system impact study shall state the assumptions upon which it is based, state the results of the analyses, and provide the requirement or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. A system impact study shall provide a list of facilities that are required as a result of the Interconnection Request and non-binding good faith estimates of cost responsibility and time to construct.
- 6.0 A distribution system impact study shall incorporate a distribution load flow study, an analysis of equipment interrupting ratings, protection coordination study, voltage drop and flicker studies, protection and set point coordination studies, grounding reviews, and the impact on electric system operation, as necessary.
- 7.0 Affected Systems may participate in the preparation of a system impact study, with a division of costs among such entities as they may agree. All Affected Systems shall be afforded an opportunity to review and comment upon a system impact study that covers potential adverse system impacts on their electric systems, and the Transmission Provider has 20 additional Business Days to complete a system impact study requiring review by Affected Systems.
- 8.0 If the Transmission Provider uses a queuing procedure for sorting or prioritizing projects and their associated cost responsibilities for any required Network Upgrades, the system impact study shall consider all generating facilities (and with respect to paragraph 8.3 below, any identified Upgrades associated with such higher queued interconnection) that, on the date the system impact study is commenced –
 - 8.1 Are directly interconnected with the Transmission Provider's electric system; or
 - 8.2 Are interconnected with Affected Systems and may have an impact on the proposed interconnection; and
 - 8.3 Have a pending higher queued Interconnection Request to interconnect with the Transmission Provider's electric system.

- 9.0 A distribution system impact study, if required, shall be completed and the results transmitted to the Interconnection Customer within 30 Business Days after this Agreement is signed by the Parties. A transmission system impact study, if required, shall be completed and the results transmitted to the Interconnection Customer within 45 Business Days after this Agreement is signed by the Parties, or in accordance with the Transmission Provider's queuing procedures.
- 10.0 A deposit of the equivalent of the good faith estimated cost of a distribution system impact study and the one half the good faith estimated cost of a transmission system impact study may be required from the Interconnection Customer.
- 11.0 Any study fees shall be based on the Transmission Provider's actual costs and will be invoiced to the Interconnection Customer after the study is completed and delivered and will include a summary of professional time.
- 12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Transmission Provider shall refund such excess within 30 calendar days of the invoice without interest.
- 13.0 Governing Law, Regulatory Authority, and Rules
The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.
- 14.0 Amendment
The Parties may amend this Agreement by a written instrument duly executed by both Parties.
- 15.0 No Third-Party Beneficiaries
This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.
- 16.0 Waiver
- 16.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

16.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Transmission Provider. Any waiver of this Agreement shall, if requested, be provided in writing.

17.0 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

18.0 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

19.0 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

20.0 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

20.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Transmission Provider be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

20.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

21.0 Reservation of Rights

The Transmission Provider shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

IN WITNESS THEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Transmission Provider]

[Insert name of Interconnection Customer]

Signed _____

Signed _____

Name (Printed):

Name (Printed):

Title _____

Title _____

**Attachment A to System
Impact Study Agreement**

Assumptions Used in Conducting the System Impact Study

The system impact study shall be based upon the results of the feasibility study, subject to any modifications in accordance with the standard Small Generator Interconnection Procedures, and the following assumptions:

- 1) Designation of Point of Interconnection and configuration to be studied.

- 2) Designation of alternative Points of Interconnection and configuration.

1) and 2) are to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer and the Transmission Provider.

Attachment 8

Facilities Study Agreement

THIS AGREEMENT is made and entered into this ____ day of _____ 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and _____, a _____ existing under the laws of the State of _____, ("Transmission Provider"). Interconnection Customer and Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

WHEREAS, the Interconnection Customer is proposing to develop a Small Generating Facility or generating capacity addition to an existing Small Generating Facility consistent with the Interconnection Request completed by the Interconnection Customer on _____; and

WHEREAS, the Interconnection Customer desires to interconnect the Small Generating Facility with the Transmission Provider's Transmission System;

WHEREAS, the Transmission Provider has completed a system impact study and provided the results of said study to the Interconnection Customer; and

WHEREAS, the Interconnection Customer has requested the Transmission Provider to perform a facilities study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the system impact study in accordance with Good Utility Practice to physically and electrically connect the Small Generating Facility with the Transmission Provider's Transmission System.

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein the Parties agreed as follows:

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures.
- 2.0 The Interconnection Customer elects and the Transmission Provider shall cause a facilities study consistent with the standard Small Generator Interconnection Procedures to be performed in accordance with the Open Access Transmission Tariff.
- 3.0 The scope of the facilities study shall be subject to data provided in Attachment A to this Agreement.

- 4.0 The facilities study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the system impact study(s). The facilities study shall also identify (1) the electrical switching configuration of the equipment, including, without limitation, transformer, switchgear, meters, and other station equipment, (2) the nature and estimated cost of the Transmission Provider's Interconnection Facilities and Upgrades necessary to accomplish the interconnection, and (3) an estimate of the time required to complete the construction and installation of such facilities.
- 5.0 The Transmission Provider may propose to group facilities required for more than one Interconnection Customer in order to minimize facilities costs through economies of scale, but any Interconnection Customer may require the installation of facilities required for its own Small Generating Facility if it is willing to pay the costs of those facilities.
- 6.0 A deposit of the good faith estimated facilities study costs may be required from the Interconnection Customer.
- 7.0 In cases where Upgrades are required, the facilities study must be completed within 45 Business Days of the receipt of this Agreement. In cases where no Upgrades are necessary, and the required facilities are limited to Interconnection Facilities, the facilities study must be completed within 30 Business Days.
- 8.0 Once the facilities study is completed, a facilities study report shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the facilities study must be completed and the facilities study report transmitted within 30 Business Days of the Interconnection Customer's agreement to conduct a facilities study.
- 9.0 Any study fees shall be based on the Transmission Provider's actual costs and will be invoiced to the Interconnection Customer after the study is completed and delivered and will include a summary of professional time.
- 10.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Transmission Provider shall refund such excess within 30 calendar days of the invoice without interest.
- 11.0 Governing Law, Regulatory Authority, and Rules
The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.0 Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties.

13.0 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

14.0 Waiver

14.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

14.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Transmission Provider. Any waiver of this Agreement shall, if requested, be provided in writing.

15.0 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

16.0 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

17.0 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

18.0 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

18.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Transmission Provider be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

18.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

19.0 Reservation of Rights

The Transmission Provider shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their duly authorized officers or agents on the day and year first above written.

[Insert name of Transmission Provider]

[Insert name of Interconnection Customer]

Signed _____

Signed _____

Name (Printed):

Name (Printed):

Title _____

Title _____

**Attachment A to
Facilities Study Agreement**

**Data to Be Provided by the Interconnection Customer
with the Facilities Study Agreement**

Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

On the one-line diagram, indicate the generation capacity attached at each metering location. (Maximum load on CT/PT)

On the one-line diagram, indicate the location of auxiliary power. (Minimum load on CT/PT) Amps

One set of metering is required for each generation connection to the new ring bus or existing Transmission Provider station. Number of generation connections: _____

Will an alternate source of auxiliary power be available during CT/PT maintenance?
Yes _____ No _____

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? Yes _____ No _____
(Please indicate on the one-line diagram).

What type of control system or PLC will be located at the Small Generating Facility?

What protocol does the control system or PLC use?

Please provide a 7.5-minute quadrangle map of the site. Indicate the plant, station, transmission line, and property lines.

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

Line length from interconnection station to Transmission Provider's Transmission System.

Tower number observed in the field. (Painted on tower leg)*:

Number of third party easements required for transmission lines*:

* To be completed in coordination with Transmission Provider.

Is the Small Generating Facility located in Transmission Provider's service area?

Yes _____ No _____ If No, please provide name of local provider:

Please provide the following proposed schedule dates:

Begin Construction Date: _____

Generator step-up transformers
receive back feed power Date: _____

Generation Testing Date: _____

Commercial Operation Date: _____

**SMALL GENERATOR
INTERCONNECTION AGREEMENT (SGIA)**

(For Generating Facilities No Larger Than 20 MW)

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This Interconnection Agreement ("Agreement") is made and entered into this _____ day of _____, 20__, by _____ ("Transmission Provider"), and _____ ("Interconnection Customer") each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties."

Transmission Provider Information

Transmission Provider: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

Interconnection Customer Information

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

Interconnection Customer Application No: _____

In consideration of the mutual covenants set forth herein, the Parties agree as follows:

Article 1. Scope and Limitations of Agreement

- 1.1 This Agreement shall be used for all Interconnection Requests submitted under the Small Generator Interconnection Procedures (SGIP) except for those submitted under the 10 kW Inverter Process contained in SGIP Attachment 5.
- 1.2 This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generating Facility will interconnect with, and operate in parallel with, the Transmission Provider's Transmission System.
- 1.3 This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate agreements, if any. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with the applicable Transmission Provider.

1.4 Nothing in this Agreement is intended to affect any other agreement between the Transmission Provider and the Interconnection Customer.

1.5 Responsibilities of the Parties

1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.

1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Small Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Good Utility Practice.

1.5.3 The Transmission Provider shall construct, operate, and maintain its Transmission System and Interconnection Facilities in accordance with this Agreement, and with Good Utility Practice.

1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to design, install, maintain, and operate its Small Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Transmission Provider and any Affected Systems.

1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Transmission Provider and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Transmission Provider's Transmission System, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.

1.5.6 The Transmission Provider shall coordinate with all Affected Systems to support the interconnection.

1.6 Parallel Operation Obligations

Once the Small Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the applicable control area, including, but not limited to; 1) the rules and procedures concerning the operation of generation set forth in the Tariff or by the applicable system operator(s) for the Transmission Provider's Transmission System and; 2) the Operating Requirements set forth in Attachment 5 of this Agreement.

1.7 Metering

The Interconnection Customer shall be responsible for the Transmission Provider's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachments 2 and 3 of this Agreement. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.

1.8 Reactive Power

1.8.1 The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the Transmission Provider has established different requirements that apply to all similarly situated generators in the control area on a comparable basis. The requirements of this paragraph shall not apply to wind generators.

1.8.2 The Transmission Provider is required to pay the Interconnection Customer for reactive power that the Interconnection Customer provides or absorbs from the Small Generating Facility when the Transmission Provider requests the Interconnection Customer to operate its Small Generating Facility outside the range specified in article 1.8.1. In addition, if the Transmission Provider pays its own or affiliated generators for reactive power service within the specified range, it must also pay the Interconnection Customer.

1.8.3 Payments shall be in accordance with the Interconnection Customer's applicable rate schedule then in effect unless the provision of such service(s) is subject to a regional transmission organization or independent system operator FERC-approved rate schedule. To the extent that no rate schedule is in effect at the time the Interconnection Customer is required to provide or absorb reactive power under this Agreement, the Parties agree to expeditiously file such rate schedule and agree to support any request for waiver of the Commission's prior notice requirement in order to compensate the Interconnection Customer from the time service commenced.

- 1.9 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement.

Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

2.1.1 The Interconnection Customer shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the Transmission Provider of such activities no fewer than five Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. The Transmission Provider may, at its own expense, send qualified personnel to the Small Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the Transmission Provider a written test report when such testing and inspection is completed.

2.1.2 The Transmission Provider shall provide the Interconnection Customer written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Transmission Provider of the safety, durability, suitability, or reliability of the Small Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Small Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

2.2.1 The Transmission Provider shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the Transmission Provider shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Transmission Provider shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.

2.2.2 The Interconnection Customer shall not operate its Small Generating Facility in parallel with the Transmission Provider's Transmission System without prior written authorization of the Transmission Provider. The Transmission Provider will provide such authorization once the Transmission Provider receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

- 2.3.1 Upon reasonable notice, the Transmission Provider may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Small Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Small Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Transmission Provider at least five Business Days prior to conducting any on-site verification testing of the Small Generating Facility.
- 2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the Transmission Provider shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.
- 2.3.3 Each Party shall be responsible for its own costs associated with following this article.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

This Agreement shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by the FERC. The Transmission Provider shall promptly file this Agreement with the FERC upon execution, if required.

3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of ten years from the Effective Date or such other longer period as the Interconnection Customer may request and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 3.3 of this Agreement.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this Agreement (if required), which notice has been accepted for filing by FERC.

- 3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the Transmission Provider 20 Business Days written notice.

- 3.3.2 Either Party may terminate this Agreement after Default pursuant to article 7.6.
- 3.3.3 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the Transmission Provider's Transmission System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this SGIA or such non-terminating Party otherwise is responsible for these costs under this SGIA.
- 3.3.4 The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.
- 3.3.5 This provisions of this article shall survive termination or expiration of this Agreement.

3.4 Temporary Disconnection

Temporary disconnection shall continue only for so long as reasonably necessary under Good Utility Practice.

- 3.4.1 Emergency Conditions -- "Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of the Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Transmission System, the Transmission Provider's Interconnection Facilities or the Transmission Systems of others to which the Transmission System is directly connected; or (3) that, in the case of the Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Small Generating Facility or the Interconnection Customer's Interconnection Facilities. Under Emergency Conditions, the Transmission Provider may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility. The Transmission Provider shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Small Generating Facility. The Interconnection Customer shall notify the Transmission Provider promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Transmission Provider's Transmission System or any Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair

The Transmission Provider may interrupt interconnection service or curtail the output of the Small Generating Facility and temporarily disconnect the Small Generating Facility from the Transmission Provider's Transmission System when necessary for routine maintenance, construction, and repairs on the Transmission Provider's Transmission System. The Transmission Provider shall provide the Interconnection Customer with five Business Days notice prior to such interruption. The Transmission Provider shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

3.4.3 Forced Outages

During any forced outage, the Transmission Provider may suspend interconnection service to effect immediate repairs on the Transmission Provider's Transmission System. The Transmission Provider shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Transmission Provider shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

3.4.4 Adverse Operating Effects

The Transmission Provider shall notify the Interconnection Customer as soon as practicable if, based on Good Utility Practice, operation of the Small Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Small Generating Facility could cause damage to the Transmission Provider's Transmission System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Transmission Provider may disconnect the Small Generating Facility. The Transmission Provider shall provide the Interconnection Customer with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

3.4.5 Modification of the Small Generating Facility

The Interconnection Customer must receive written authorization from the Transmission Provider before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the Transmission System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer makes such modification without the Transmission Provider's prior written authorization, the latter shall have the right to temporarily disconnect the Small Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, and the Transmission Provider's Transmission System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The Transmission Provider shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Customer, such other entities, and the Transmission Provider.

4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Transmission Provider's Interconnection Facilities.

4.2 Distribution Upgrades

The Transmission Provider shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the Transmission Provider and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer.

Article 5. Cost Responsibility for Network Upgrades

5.1 Applicability

No portion of this article 5 shall apply unless the interconnection of the Small Generating Facility requires Network Upgrades.

5.2 Network Upgrades

The Transmission Provider or the Transmission Owner shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If the Transmission Provider and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the

Interconnection Customer. Unless the Transmission Provider elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne initially by the Interconnection Customer.

5.2.1 Repayment of Amounts Advanced for Network Upgrades

The Interconnection Customer shall be entitled to a cash repayment, equal to the total amount paid to the Transmission Provider and Affected System operator, if any, for Network Upgrades, including any tax gross-up or other tax-related payments associated with the Network Upgrades, and not otherwise refunded to the Interconnection Customer, to be paid to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, as payments are made under the Transmission Provider's Tariff and Affected System's Tariff for transmission services with respect to the Small Generating Facility. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. The Interconnection Customer may assign such repayment rights to any person.

5.2.1.1 Notwithstanding the foregoing, the Interconnection Customer, Transmission Provider, and any applicable Affected System operators may adopt any alternative payment schedule that is mutually agreeable so long as the Transmission Provider and said Affected System operators take one of the following actions no later than five years from the Commercial Operation Date: (1) return to the Interconnection Customer any amounts advanced for Network Upgrades not previously repaid, or (2) declare in writing that the Transmission Provider or any applicable Affected System operators will continue to provide payments to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, or develop an alternative schedule that is mutually agreeable and provides for the return of all amounts advanced for Network Upgrades not previously repaid; however, full reimbursement shall not extend beyond twenty (20) years from the commercial operation date.

5.2.1.2 If the Small Generating Facility fails to achieve commercial operation, but it or another generating facility is later constructed and requires use of the Network Upgrades, the Transmission Provider and Affected System operator shall at that time reimburse the Interconnection Customer for the amounts advanced for the Network Upgrades. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs

the generating facility, if different, is responsible for identifying the entity to which reimbursement must be made.

5.3 Special Provisions for Affected Systems

Unless the Transmission Provider provides, under this Agreement, for the repayment of amounts advanced to any applicable Affected System operators for Network Upgrades, the Interconnection Customer and Affected System operator shall enter into an agreement that provides for such repayment. The agreement shall specify the terms governing payments to be made by the Interconnection Customer to Affected System operator as well as the repayment by Affected System operator.

5.4 Rights Under Other Agreements

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain cash reimbursements or transmission credits for transmission service that is not associated with the Small Generating Facility.

Article 6. Billing, Payment, Milestones, and Financial Security

6.1 Billing and Payment Procedures and Final Accounting

6.1.1 The Transmission Provider shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by the Parties. The Interconnection Customer shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to by the Parties.

6.1.2 Within three months of completing the construction and installation of the Transmission Provider's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the Transmission Provider shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Transmission Provider for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Transmission Provider shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Transmission Provider within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Transmission Provider shall refund to the

Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure Event, it shall immediately notify the other Party of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

6.3 Financial Security Arrangements

At least 20 Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Transmission Provider's Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the Transmission Provider, at the Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the Transmission Provider and is consistent with the Uniform Commercial Code of the jurisdiction where the Point of Interconnection is located. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the Transmission Provider's Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to the Transmission Provider under this Agreement during its term. In addition:

- 6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Transmission Provider, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.
- 6.3.2 The letter of credit or surety bond must be issued by a financial institution or insurer reasonably acceptable to the Transmission Provider and must specify a reasonable expiration date.

Article 7. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default

7.1 Assignment

This Agreement may be assigned by either Party upon 15 Business Days prior written notice and opportunity to object by the other Party; provided that:

7.1.1 Either Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that the Interconnection Customer promptly notifies the Transmission Provider of any such assignment;

7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Transmission Provider, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will promptly notify the Transmission Provider of any such assignment.

7.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

7.2 Limitation of Liability

Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.

7.3 Indemnity

7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 7.2.

7.3.2 The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or failure to

meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

- 7.3.3 If an indemnified person is entitled to indemnification under this article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified person may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.
- 7.3.4 If an indemnifying party is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.
- 7.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the indemnifying party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying party.

7.4 Consequential Damages

Other than as expressly provided for in this Agreement, neither Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.5 Force Majeure

- 7.5.1 As used in this article, a Force Majeure Event shall mean "any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing."

7.5.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure Event (Affected Party) shall promptly notify the other Party, either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

7.6 Default

7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in article 7.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.

7.6.2 If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 8. Insurance

8.1 The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of

the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in the State where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the Transmission Provider, except that the Interconnection Customer shall show proof of insurance to the Transmission Provider no later than ten Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.

- 8.2 The Transmission Provider agrees to maintain general liability insurance or self-insurance consistent with the Transmission Provider's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Transmission Provider's liabilities undertaken pursuant to this Agreement.
- 8.3 The Parties further agree to notify each other whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

Article 9. Confidentiality

- 9.1 Confidential Information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.
- 9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.
 - 9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.
 - 9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information

without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

- 9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if FERC, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to FERC, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party to this Agreement prior to the release of the Confidential Information to FERC. The Party shall notify the other Party to this Agreement when it is notified by FERC that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

Article 10. Disputes

- 10.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.
- 10.2 In the event of a dispute, either Party shall provide the other Party with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.
- 10.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, either Party may contact FERC's Dispute Resolution Service (DRS) for assistance in resolving the dispute.
- 10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.
- 10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-half of any costs paid to neutral third-parties.
- 10.6 If neither Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then either Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

Article 11. Taxes

- 11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with FERC policy and Internal Revenue Service requirements.
- 11.2 Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect the Transmission Provider's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 12. Miscellaneous

12.1 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties, or under article 12.12 of this Agreement.

12.3 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

12.4 Waiver

12.4.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

12.4.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Transmission Provider. Any waiver of this Agreement shall, if requested, be provided in writing.

12.5 Entire Agreement

This Agreement, including all Attachments, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

12.6 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 Security Arrangements

Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. FERC expects all Transmission Providers, market participants, and Interconnection Customers interconnected to electric systems to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and, eventually, best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

12.10 Environmental Releases

Each Party shall notify the other Party, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Small Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall (1) provide the notice as soon as practicable, provided such Party

makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party copies of any publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

12.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Transmission Provider be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

12.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

12.12 Reservation of Rights

The Transmission Provider shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

Article 13. Notices

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person, delivered by recognized national courier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

If to the Transmission Provider:

Transmission Provider: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

13.2 Billing and Payment

Billings and payments shall be sent to the addresses set out below:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____

Transmission Provider: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____

13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by either Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Interconnection Customer: _____
Attention: _____

Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

If to the Transmission Provider:

Transmission Provider: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

Transmission Provider's Operating Representative:

Transmission Provider: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

13.5 Changes to the Notice Information

Either Party may change this information by giving five Business Days written notice prior to the effective date of the change.

Article 14. Signatures

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

For the Transmission Provider

Name: _____

Title: _____

Date: _____

For the Interconnection Customer

Name: _____

Title: _____

Date: _____

Attachment 1

Glossary of Terms

Affected System – An electric system other than the Transmission Provider's Transmission System that may be affected by the proposed interconnection.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Business Day – Monday through Friday, excluding Federal Holidays.

Default – The failure of a breaching Party to cure its breach under the Small Generator Interconnection Agreement.

Distribution System – The Transmission Provider's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries directly from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances. The voltage levels at which Distribution Systems operate differ among areas.

Distribution Upgrades – The additions, modifications, and upgrades to the Transmission Provider's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Small Generating Facility and render the transmission service necessary to effect the Interconnection Customer's wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

Good Utility Practice – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, the Interconnection Provider, or any Affiliate thereof.

Interconnection Customer – Any entity, including the Transmission Provider, the Transmission Owner or any of the affiliates or subsidiaries of either, that proposes to interconnect its Small Generating Facility with the Transmission Provider's Transmission System.

Interconnection Facilities – The Transmission Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Small Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Small Generating Facility to the Transmission Provider's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades or Network Upgrades.

Interconnection Request – The Interconnection Customer's request, in accordance with the Tariff, to interconnect a new Small Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Small Generating Facility that is interconnected with the Transmission Provider's Transmission System.

Material Modification – A modification that has a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Network Upgrades – Additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the point at which the Small Generating Facility interconnects with the Transmission Provider's Transmission System to accommodate the interconnection of the Small Generating Facility with the Transmission Provider's Transmission System. Network Upgrades do not include Distribution Upgrades.

Operating Requirements – Any operating and technical requirements that may be applicable due to Regional Transmission Organization, Independent System Operator, control area, or the Transmission Provider's requirements, including those set forth in the Small Generator Interconnection Agreement.

Party or Parties – The Transmission Provider, Transmission Owner, Interconnection Customer or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Transmission Provider's Transmission System.

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the Small Generator Interconnection Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Small Generating Facility – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Tariff – The Transmission Provider or Affected System's Tariff through which open access transmission service and Interconnection Service are offered, as filed with the FERC, and as amended or supplemented from time to time, or any successor tariff.

Transmission Owner – The entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Small Generator Interconnection Agreement to the extent necessary.

Transmission Provider – The public utility (or its designated agent) that owns, controls, or operates transmission or distribution facilities used for the transmission of electricity in interstate commerce and provides transmission service under the Tariff. The term Transmission Provider should be read to include the Transmission Owner when the Transmission Owner is separate from the Transmission Provider.

Transmission System – The facilities owned, controlled or operated by the Transmission Provider or the Transmission Owner that are used to provide transmission service under the Tariff.

Upgrades – The required additions and modifications to the Transmission Provider's Transmission System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

Attachment 2

Description and Costs of the Small Generating Facility, Interconnection Facilities, and Metering Equipment

Equipment, including the Small Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer, the Transmission Provider, or the Transmission Owner. The Transmission Provider will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

Attachment 3

**One-line Diagram Depicting the Small Generating Facility, Interconnection
Facilities, Metering Equipment, and Upgrades**

Attachment 4

Milestones

In-Service Date: _____

Critical milestones and responsibility as agreed to by the Parties:

	Milestone/Date	Responsible Party
(1)	_____	_____
(2)	_____	_____
(3)	_____	_____
(4)	_____	_____
(5)	_____	_____
(6)	_____	_____
(7)	_____	_____
(8)	_____	_____
(9)	_____	_____
(10)	_____	_____

Agreed to by:

For the Transmission Provider _____ Date _____

For the Transmission Owner (If Applicable) _____ Date _____

For the Interconnection Customer _____ Date _____

Attachment 5

**Additional Operating Requirements for the Transmission Provider's
Transmission System and Affected Systems Needed to Support**

The Transmission Provider shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the Transmission Provider's Transmission System.

Attachment 6

**Transmission Provider's Description of its Upgrades
and Best Estimate of Upgrade Costs**

The Transmission Provider shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Transmission Provider shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

ATTACHMENT K **The Southeastern Regional Transmission Planning Process**

The Transmission Provider participates in the Southeastern Regional Transmission Planning Process described herein and on the Regional Planning Website, a link to which is found on the Transmission Provider's OASIS. The other transmission providers and owners that participate in this Southeastern Regional Transmission Planning Process are identified on the Regional Planning Website ("Sponsors").¹ This Southeastern Regional Transmission Planning Process provides a coordinated, open and transparent planning process between the Transmission Provider and its Network and Firm Point-to-Point Transmission Customers and other interested parties, including the coordination of such planning with interconnected systems within the region, to ensure that the Transmission System is planned to meet the needs of both the Transmission Provider and its Network and Firm Point-to-Point Transmission Customers on a comparable and nondiscriminatory basis. The Transmission Provider's coordinated, open and transparent planning process is hereby provided in this Attachment K, with additional materials provided on the Regional Planning Website.

¹The Transmission Provider notes that while this Attachment K discusses the Transmission Provider largely effectuating the activities of the Southeastern Regional Transmission Planning Process that are discussed herein, the Transmission Provider expects that the other Sponsors will also sponsor those activities. For example, while this Attachment K discusses the Transmission Provider hosting the Annual Transmission Planning Meetings, the Transmission Provider expects that it will be co-hosting such meetings with the other Sponsors. Accordingly, many of the duties described herein as being performed by the Transmission Provider may be performed in conjunction with one or more other Sponsors or may be performed entirely by one or more other Sponsors. Likewise, while this Attachment K discusses the transmission expansion plan of the Transmission Provider, the Transmission Provider expects that transmission expansion plans of the other Sponsors shall also be discussed, particularly since, at times, a single transmission expansion plan may be common to all Sponsors. To the extent that this Attachment K makes statements that might be construed to imply establishing duties or obligations upon other Sponsors, no such duty or obligation is intended. Rather, such statements are intended to only mean that it is the Transmission Provider's expectation that other Sponsors will engage in such activities. Accordingly, this Attachment K only establishes the duties and obligations of the Transmission Provider and the means by which Stakeholders may interact with the Transmission Provider through the Southeastern Regional Transmission Planning Process described herein.

As provided herein, the Southeastern Regional Transmission Planning Process addresses the following nine principles, as defined in the Final Rule in Docket No. RM05-25-000: coordination, openness, transparency, information exchange, comparability,² dispute resolution, regional participation, economic planning studies, and cost allocation for new projects. This planning process also addresses the requirement to provide a mechanism for the recovery and allocation of planning costs consistent with the Final Rule in Docket No. RM05-25-000.

Section 1. Coordination

1.1 General: The Southeastern Regional Transmission Planning Process is designed to eliminate the potential for undue discrimination in planning by establishing appropriate lines of communication between the Transmission Provider, its transmission-providing neighbors, affected state authorities, Transmission Customers, and other Stakeholders regarding transmission planning issues.

1.2 Meeting Structure: Each calendar year, the Southeastern Regional Transmission Planning Process will generally conduct and facilitate four (4) meetings (“Annual Transmission Planning Meetings”) that are open to all Stakeholders. However, the number of Annual Transmission Planning Meetings, or duration of any particular meeting, may be adjusted by announcement upon the Regional Planning Website, provided that any decision to reduce the number of Annual Transmission Planning Meetings must first be approved by the Sponsors and by the Regional Planning

²The Transmission Provider is committed to providing comparable and non-discriminatory transmission service. As such, comparability is not separately addressed in a stand-alone section of this Attachment K but instead permeates the Southeastern Regional Transmission Process described in this Attachment K.

Stakeholders' Group ("RPSG"). These meetings can be done in person, through phone conferences, or through other telecommunications or technical means that may be available. The details regarding any such meeting will be posted on the Regional Planning Website, with a projected meeting schedule for a calendar year being posted on the Regional Planning Website on or before December 31st of the prior calendar year, with firm dates for all Annual Transmission Planning Meetings being posted at least 60 calendar days prior to a particular meeting. The general structure and purpose of these four (4) meetings will be as follows:

1.2.1 First RPSG Meeting and Interactive Training Session: At this meeting, which will be held in the first quarter of each calendar year, the RPSG will be formed for purposes of that year. In addition, the Transmission Provider will meet with the RPSG and any other interested Stakeholders for the purposes of allowing the RPSG to select up to five (5) Stakeholder requested Economic Planning Studies that they would like to have studied by the Transmission Provider and the Sponsors. At this meeting, the Transmission Provider will work with the RPSG to assist the RPSG in formulating these Economic Planning Study requests. Requests that are inter-regional in nature will be addressed in the Southeast Inter-Regional Participation Process. The Transmission Provider will also conduct an interactive training session regarding its transmission planning for all interested Stakeholders. This

session will explain and discuss the underlying methodology and criteria that will be utilized to develop the transmission expansion plan before that methodology and criteria are finalized for purposes of the development of that year's transmission expansion plan (*i.e.*, the expansion plan that will be implemented the following calendar year).³ Stakeholders may submit comments to the Transmission Provider regarding the Transmission Provider's criteria and methodology during the discussion at the meeting or within ten (10) business days after the meeting, and the Transmission Provider will consider such comments. Depending upon the major transmission planning issues presented at that time, the Transmission Provider will provide various technical experts that will lead the discussion of pertinent transmission planning topics, respond to Stakeholder questions, and provide technical guidance regarding transmission planning matters. It is foreseeable that it may prove appropriate to shorten the training sessions as Stakeholders become increasingly knowledgeable regarding the Transmission Provider's transmission planning process and no longer need detailed training in this regard.

³A transmission expansion plan completed during one calendar year (and presented to Stakeholders at that calendar year's Annual Transmission Planning Summit) is implemented the following calendar year. For example, the transmission expansion plan developed during 2009 and presented at the 2009 Annual Transmission Planning Summit is for the 2010 calendar year.

The Transmission Provider will also address transmission planning issues that the Stakeholders may raise.

1.2.2 Preliminary Expansion Plan Meeting: During the second quarter of each calendar year, the Transmission Provider will meet with all interested Stakeholders to explain and discuss: the Transmission Provider's preliminary transmission expansion plan, which is also input into that year's SERC regional model; internal model updating and any other then-current coordination study activities with the transmission providers in the Florida Reliability Coordinating Council ("FRCC"); and any *ad hoc* coordination study activities that might be occurring. These preliminary transmission expansion plan, internal model updating, and coordination study activities will be described to the Stakeholders, with this meeting providing them an opportunity to supply their input and feedback, including the transmission plan/enhancement alternatives that the Stakeholders would like the Transmission Provider and the Sponsors to consider. In addition, the Transmission Provider will address transmission planning issues that the Stakeholders may raise and otherwise discuss with Stakeholders developments at the SERC reliability assessment process.

1.2.3 Second RPSG Meeting: During the third quarter of each calendar year, the Transmission Provider will meet with the RPSG and any

other interested Stakeholders to report the preliminary results for the Economic Planning Studies requested by the RPSG at the First RPSG Meeting and Interactive Training Session. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders as they become available from the Southeast Inter-Regional Planning Participation Process. This meeting will give the RPSG an opportunity to provide input and feedback regarding those preliminary results, including alternatives for possible transmission solutions that have been identified. At this meeting, the Transmission Provider shall provide feedback to the Stakeholders regarding transmission expansion plan alternatives that the Stakeholders may have provided at the Preliminary Expansion Plan Meeting, or within a designated time following that meeting. The Transmission Provider will also discuss with the Stakeholders the results of the SERC regional model development for that year (with the Transmission Provider's input into that model being its ten (10) year transmission expansion plan); any on-going coordination study activities with the FRCC transmission providers; and any *ad hoc* coordination study activities. In addition, the Transmission Provider will address transmission planning issues that the Stakeholders may raise.

1.2.4 Annual Transmission Planning Summit and Assumptions

Input Meeting: During the fourth quarter of each calendar year,

the Transmission Provider will host the annual Transmission Planning Summit and Assumptions Input Meeting.

1.2.4.1 Annual Transmission Planning Summit: At the Annual Transmission Planning Summit aspect of the Annual Transmission Planning Summit and Assumptions Input Meeting, the Transmission Provider will present the final results for the Economic Planning Studies. The results for such studies that are inter-regional in nature will be reported to the RPSG and interested Stakeholders as they become available from the Southeast Inter-Regional Planning Participation Process. The Transmission Provider will also provide an overview of the ten (10) year transmission expansion plan, the results of that year's coordination study activities with the FRCC transmission providers, and the results of any *ad hoc* coordination study activities. In addition, the Transmission Provider will address transmission planning issues that the Stakeholders may raise.

1.2.4.2 Assumptions Input Session: The Assumptions Input Session aspect of the Annual Transmission Planning Summit and Assumptions Input Meeting will take place following the annual Transmission Planning Summit and will provide an open forum for discussion with, and input from, the Stakeholders regarding: the data gathering and transmission model assumptions that will be used for the development of the Transmission Provider's following

year's ten (10) year transmission expansion plan, which comprises the Transmission Provider's input into that year's SERC regional model development; internal model updating and any other then-current coordination study activities with the transmission providers in the Florida Reliability Coordinating Council ("FRCC"); and any *ad hoc* coordination study activities that might be occurring. This meeting may also serve to address miscellaneous transmission planning issues, such as reviewing the previous year's regional planning process, and to address specific transmission planning issues that may be raised by Stakeholders.

1.3 Committee Structure – the RPSG: To facilitate focused interactions and dialogue between the Transmission Provider and the Stakeholders regarding transmission planning, and to facilitate the development of the Economic Planning Studies, the RPSG was formed in March 2007. The RPSG has two primary purposes. First, the RPSG is charged with determining and proposing up to five (5) Economic Planning Studies on an annual basis and should consider clustering similar Economic Planning Study requests. The RPSG is also encouraged to coordinate with stakeholder groups in the area covered by the Southeast Inter-Regional Participation Process regarding requests for Economic Planning Studies that are inter-regional in nature. Second, the RPSG serves as the representative in interactions with the Transmission Provider and Sponsors for the eight (8) industry sectors identified below.

1.3.1 RPSG Sector Representation: The Stakeholders are organized into the following eight (8) sectors for voting purposes within the RPSG:

- (1) Transmission Owners/Operators³
- (2) Transmission Service Customers
- (3) Cooperative Utilities
- (4) Municipal Utilities
- (5) Power Marketers
- (6) Generation Owners/Developers
- (7) ISO/RTOs
- (8) Demand Side Management/Demand Side Response

1.3.2 Sector Representation Requirements: Representation within each sector is limited to two members, with the total membership within the RPSG being capped at 16 members (“Sector Members”). The Sector Members, each of whom must be a Stakeholder, are elected by Stakeholders, as discussed below. A single company, and all of its affiliates, subsidiaries, and parent company, is limited to participating in a single sector.

1.3.3 Annual Reformulation: The RPSG will be reformed annually at each First RPSG Meeting and Interactive Training Session discussed in Section 1.2.1. Specifically, the Sector Members will

³The Sponsors will not have a vote within the Transmission Owners/Operators sector, although they (or their affiliates, subsidiaries or parent company) shall have the right to participate in other sectors.

be elected for a term of approximately one year that will terminate upon the convening of the following year's First RPSG Meeting and Interactive Training Session. Sector Members shall be elected by the Stakeholders physically present at the First RPSG Meeting and Interactive Training Session (voting by sector for the respective Sector Members). If elected, Sector Members may serve consecutive, one-year terms, and there is no limit on the number of terms that a Sector Member may serve.

1.3.4 Simple Majority Voting: RPSG decision-making that will be recognized by the Transmission Provider for purposes of this Attachment K shall be those authorized by a simple majority vote by the then-current Sector Members, with voting by proxy being permitted for a Sector Member that is unable to attend a particular meeting. The Transmission Provider will notify the RPSG of the matters upon which an RPSG vote is required and will use reasonable efforts to identify upon the Regional Planning Website the matters for which an RPSG decision by simple majority vote is required prior to the vote, recognizing that developments might occur at a particular Annual Transmission Planning Meeting for which an RPSG vote is required but that could not be reasonably foreseen in advance. If the RPSG is unable to achieve a majority vote, or should the RPSG miss any of the deadlines prescribed herein or clearly identified on the Regional Planning Website

and/or at a particular meeting to take any action, then the Transmission Provider will be relieved of any obligation that is associated with such RPSG action.

1.3.5 RPSG Guidelines/Protocols: The RPSG is a self-governing entity subject to the following requirements that may not be altered absent an appropriate filing with the Commission to amend this aspect of the Tariff: (i) the RPSG shall consist of the above-specified eight (8) sectors; (ii) each company, its affiliates, subsidiaries, and parent company, may only participate in a single sector; (iii) the RPSG shall be reformed annually, with the Sector Members serving terms of a single year; and (iv) RPSG decision-making shall be by a simple majority vote (*i.e.*, more than 50%) by the Sector Members, with voting by written proxy being recognized for a Sector Member unable to attend a particular meeting. There are no formal incorporating documents for the RPSG, nor are there formal agreements between the RPSG and the Transmission Provider. As a self-governing entity, to the extent that the RPSG desires to adopt other internal rules and/or protocols, or establish subcommittees or other structures, it may do so provided that any such rule, protocol, etc., does not conflict with or otherwise impede the foregoing requirements or other aspects of the Tariff. Any such additional action by the RPSG shall not impose additional burdens upon the Transmission Provider unless

it agrees in advance to such in writing, and the costs of any such action shall not be borne or otherwise imposed upon the Transmission Provider unless the Transmission Provider agrees in advance to such in writing.

1.4 The Role of the Transmission Provider in Coordinating the Activities of the Southeastern Regional Transmission Planning Process Meetings and of the Functions of the RPSG:

The Transmission Provider will host and conduct the above-described Annual Transmission Planning Meetings with Stakeholders.⁴

1.5 Procedures Used to Notice Meetings and Other Planning-Related Communications:

Meetings notices, data, stakeholder questions, reports, announcements, registration for inclusion in distribution lists, means for being certified to receive Critical Energy Infrastructure Information (“CEII”), and other transmission planning-related information will be posted on the Regional Planning Website. Stakeholders will also be provided notice regarding the annual meetings by e-mail messages (if they have appropriately registered on the Regional Planning Website to be so notified). Accordingly, interested Stakeholders may register on the Regional Planning Website to be included in e-mail distribution lists (“Registered Stakeholder”). For purposes of clarification, a Stakeholder

⁴As previously discussed, the Transmission Provider expects that the other Sponsors will also be hosts and sponsors of these activities.

does not have to have received certification to access CEII in order to be a Registered Stakeholder.

1.6 Procedures to Obtain CEII Information: For access to information considered to be CEII, there will be a password protected area that contains such CEII information. Any Stakeholder may seek certification to have access to this CEII data area.

1.7 The Regional Planning Website: The Regional Planning Website will contain information regarding the Southeastern Regional Transmission Planning Process, including:

- Notice procedures and e-mail addresses for contacting the Sponsors and for questions;
- A calendar of meetings and other significant events, such as release of draft reports, final reports, data, etc.;
- A registration page that allows Stakeholders to register to be placed upon an e-mail distribution list to receive meetings notices and other announcements electronically; and
- The form in which meetings will occur (*i.e.*, in person, teleconference, webinar, *etc.*).

Section 2. Openness

2.1 General: The Annual Transmission Planning Meetings, whether consisting of in-person meetings, conference calls, or other communicative mediums, will be open to all Stakeholders. The Regional Planning Website will provide announcements of upcoming events, with Stakeholders being notified regarding the Annual Transmission Planning Meetings by such postings. In addition, Registered Stakeholders will also be notified by e-mail messages. Should any of the Annual Transmission

Planning Meetings become too large or otherwise become unmanageable for the intended purpose(s), smaller breakout meetings may be utilized.

2.2 Links to OASIS: In addition to open meetings, the publicly available information, CEII-secured information (the latter of which is available to any Stakeholder certified to receive CEII), and certain confidential non-CEII information (as set forth below) shall be made available on the Regional Planning Website, a link to which is found on the Transmission Provider's OASIS website, so as to further facilitate the availability of this transmission planning information on an open and comparable basis.

2.3 CEII Information

2.3.1 Criteria and Description of CEII: The Commission has defined CEII as being specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure (physical or virtual) that:

1. Relates details about the production, generation, transmission, or distribution of energy;
2. Could be useful to a person planning an attack on critical infrastructure;
3. Is exempt from mandatory disclosure under the Freedom of Information Act; and
4. Does not simply give the general location of the critical infrastructure.

2.3.2 Secured Access to CEII Data: The Regional Planning Website will have a secured area containing the CEII data involved in the Southeastern Regional Transmission Planning Process that will be

password accessible to Stakeholders that have been certified to be eligible to receive CEII data. For CEII data involved in the Southeastern Regional Transmission Planning Process that did not originate with the Transmission Provider, the duty is incumbent upon the entity that submitted the CEII data to have clearly marked it as CEII.

2.3.3 CEII Certification: In order for a Stakeholder to be certified and be eligible for access to the CEII data involved in the Southeastern Regional Transmission Planning Process, the Stakeholder must follow the CEII certification procedures posted on the Regional Planning Website (*e.g.*, authorize background checks and execute the SERTP CEII Confidentiality Agreement posted on the Regional Planning Website). The Transmission Provider reserves the discretionary right to waive the certification process, in whole or in part, for anyone that the Transmission Provider deems appropriate to receive CEII information. The Transmission Provider also reserves the discretionary right to reject a request for CEII; upon such rejection, the requestor may pursue the dispute resolution procedures of Section 5.

2.3.4 Discussions of CEII Data at the Annual Transmission Planning Meetings: While the Annual Transmission Planning Meetings are open to all Stakeholders, if CEII information is to be discussed during a portion of such a meeting, those discussions will be

limited to being only with those Stakeholders who have been certified eligible to have access to CEII information, with the Transmission Provider reserving the discretionary right at such meeting to certify a Stakeholder as being eligible if the Transmission Provider deems it appropriate to do so.

2.4 Other Sponsor- and Stakeholder- Submitted Confidential

Information: The other Sponsors and Stakeholders that provide information to the Transmission Provider that foreseeably could implicate transmission planning should expect that such information will be made publicly available on the Regional Planning Website or may otherwise be provided to Stakeholders in accordance with the terms of this Attachment K. Should another Sponsor or Stakeholder consider any such information to be CEII, it shall clearly mark that information as CEII and bring that classification to the Transmission Provider's attention at, or prior to, submittal. Should another Sponsor or Stakeholder consider any information to be submitted to the Transmission Provider to otherwise be confidential (*e.g.*, competitively sensitive), it shall clearly mark that information as such and notify the Transmission Provider in writing at, or prior to, submittal, recognizing that any such designation shall not result in any material delay in the development of the transmission expansion plan or any other transmission plan that the Transmission Provider (in whole or in part) is required to produce.

2.5 Procedures to Obtain Confidential Non-CEII Information

2.5.1 The Transmission Provider shall make all reasonable efforts to preserve the confidentiality of information in accordance with the provisions of the Tariff, the requirements of (and/or agreements with) NERC, the requirements of (and/or agreements with) the SERC Reliability Corporation (“SERC”), the provisions of any agreements with the other Sponsors and/or with the sponsors of the Southeast Inter-Regional Participation Process (“SIRPP”), and/or in accordance with any other contractual or legal confidentiality requirements.

2.5.2 [RESERVED]

2.5.3 [RESERVED]

2.5.4 Without limiting the applicability of Section 2.5.1, to the extent competitively sensitive and/or otherwise confidential information (other than information that is confidential solely due to its being CEII) is provided in the transmission planning process and is needed to participate in the transmission planning process and to replicate transmission planning studies, it will be made available to those Stakeholders who have executed the SERTP Non-CEII Confidentiality Agreement (which agreement is posted on the Regional Planning Website). Importantly, if information should prove to contain both competitively sensitive/otherwise

confidential information and CEII, then the requirements of both Section 2.3 and Section 2.5 would apply.

2.5.5 Other transmission planning information shall be posted on the Regional Planning Website and may be password protected, as appropriate.

Section 3 Transparency

3.1 General: Through the Annual Transmission Planning Meetings and postings made on the Regional Planning Website, the Transmission Provider will disclose to its Transmission Customers and other Stakeholders the basic criteria, assumptions, and data that underlie its transmission system plan, as well as information regarding the status of upgrades identified in the transmission plan. The process for notifying stakeholders of changes or updates in the data bases used for transmission planning shall be through the Annual Transmission Planning Meetings and/or by postings on the Regional Planning Website.

3.2 The Availability of the Basic Methodology, Criteria, and Process the Transmission Provider Uses to Develop its Transmission Plan: In an effort to enable Stakeholders to replicate the results of the Transmission Provider's transmission planning studies, and thereby reduce the incidences of after-the-fact disputes regarding whether transmission planning has been conducted in an unduly discriminatory fashion, the Transmission Provider will provide the following information, or links thereto, on the Regional Planning Website:

- (1) The Electric Reliability Organization and Regional Entity reliability standards that the Transmission Provider utilizes, and complies with, in performing transmission planning.
- (2) The Transmission Provider's internal policies, criteria, and guidelines that it utilizes in performing transmission planning.
- (3) Current software titles and version numbers used for transmission analyses by the Transmission Provider.

Any additional information necessary to replicate the results of the Transmission Provider's planning studies will be provided in accordance with, and subject to, the CEII and confidentiality provisions specified in this Attachment K and Exhibit K-2.

3.3 Additional Transmission Planning-Related Information: In an effort to facilitate the Stakeholders' understanding of the Transmission System, the Transmission Provider will also post additional transmission planning-related information that it deems appropriate on the Regional Planning Website.

3.4 Additional Transmission Planning Business Practice Information: In an effort to facilitate the Stakeholders' understanding of the Business Practices related to Transmission Planning, the Transmission Provider will also post the following information on the Regional Planning Website:

- (1) Means for contacting the Transmission Provider.
- (2) Procedures for submittal of questions regarding transmission planning to the Transmission Provider (in general, questions of a

non-immediate nature will be collected and addressed through the Annual Transmission Planning Meeting process).

- (3) Instructions for how Stakeholders may obtain transmission base cases and other underlying data used for transmission planning.
- (4) Means for Transmission Customers having Service Agreements for Network Integration Transmission Service to provide load and resource assumptions to the Transmission Provider; provided that if there are specific means defined in a Transmission Customer's Service Agreement for Network Integration Transmission Service ("NITSA") or its corresponding Network Operating Agreement ("NOA"), then the NITSA or NOA shall control.
- (5) Means for Transmission Customers having Long-Term Service Agreements for Point-To-Point Transmission Service to provide to the Transmission Provider projections of their need for service over the planning horizon (including any potential rollover periods, if applicable), including transmission capacity, duration, receipt and delivery points, likely redirects, and resource assumptions; provided that if there are specific means defined in a Transmission Customer's Long-Term Transmission Service Agreement for Point-To-Point Transmission Service, then the Service Agreement shall control.

3.5 Transparency Provided Through the Annual Transmission Planning Meetings

3.5.1 The First RPSG Meeting and Interactive Training Session

3.5.1.1 An Interactive Training Session Regarding the Transmission Provider's Transmission Planning Methodologies and Criteria: As discussed in (and subject to) Section 1.2.1, at the First RPSG Meeting and Interactive Training Session, the Transmission Provider will, among other things, conduct an interactive, training and input session for the Stakeholders regarding the methodologies and criteria that the Transmission Provider utilizes in conducting its transmission planning analyses. The purpose of these training and interactive sessions is to facilitate the Stakeholders' ability to replicate transmission planning study results to those of the Transmission Provider.

3.5.1.2 Presentation and Explanation of Underlying Transmission Planning Study Methodologies: During the training session in the First RPSG Meeting and Interactive Training Session, the Transmission Provider will present and explain its transmission study methodologies. While not all of the following methodologies may be addressed at

any single meeting, these presentations may include explanations of the methodologies for the following types of studies:

1. Steady state thermal analysis.
2. Steady state voltage analysis.
3. Stability analysis.
4. Short-circuit analysis.
5. Nuclear plant off-site power requirements.
6. Interface analysis (*i.e.*, import and export capability).

3.5.2 Presentation of Preliminary Modeling Assumptions: At the Annual Transmission Planning Summit, the Transmission Provider will also provide to the Stakeholders its preliminary modeling assumptions for the development of the Transmission Provider's following year's ten (10) year transmission expansion plan. This information will be made available on the Regional Planning Website, with CEII information being secured by password access. The preliminary modeling assumptions that will be provided may include:

1. Study case definitions, including load levels studied and planning horizon information.

2. Resource assumptions, including on-system and off-system supplies for current and future native load and network customer needs.
3. Planned resource retirements.
4. Renewable resources under consideration.
5. Demand side options under consideration.
6. Long-term firm transmission service agreements.
7. Current TRM and CBM values.

3.5.3 The Transmission Expansion Review and Input Process: The Annual Transmission Planning Meetings will provide an interactive process over a calendar year for the Stakeholders to receive information and updates, as well as to provide input, regarding the Transmission Provider's development of its transmission expansion plan. This dynamic process will generally be provided as follows:

1. At the Annual Transmission Planning Summit and Assumptions Input Meeting, the Transmission Provider will describe and explain to the Stakeholders the database assumptions for the ten (10) year transmission expansion plan that will be developed during the upcoming year. The Stakeholders will be allowed to provide input regarding the ten (10) year transmission expansion plan assumptions.
2. At the First RPSG Meeting and Interactive Training Session, the Transmission Provider will provide interactive training

to the Stakeholders regarding the underlying criteria and methodologies utilized to develop the transmission expansion plan. The databases utilized by the Transmission Provider will be posted on the secured area of the Regional Planning Website.

3. To the extent that Stakeholders have transmission expansion plan/enhancement alternatives that they would like for the Transmission Provider and other Sponsors to consider, the Stakeholders shall perform analysis prior to, and provide any such analysis at, the Preliminary Expansion Plan Meeting. At the Preliminary Expansion Plan Meeting, the Transmission Provider will present its preliminary transmission expansion plan for the current ten (10) year planning horizon. The Transmission Provider and Stakeholders will engage in interactive expansion plan discussions regarding this preliminary analysis. This preliminary transmission expansion plan will be posted on the secure/CEII area of the Regional Planning Website at least 10 calendar days prior to the Preliminary Expansion Plan meeting.
4. The transmission expansion plan/enhancement alternatives suggested by the Stakeholders will be considered by the Transmission Provider for possible inclusion in the

transmission expansion plan. When evaluating such proposed alternatives, the Transmission Provider will, from a transmission planning perspective, take into account factors such as, but not limited to, the proposed alternatives' impacts on reliability, relative economics, effectiveness of performance, impact on transmission service (and/or cost of transmission service) to other customers and on third-party systems, project feasibility/viability and lead time to install.

5. At the Second RPSG Meeting, the Transmission Provider will report to the Stakeholders regarding the suggestions/alternatives suggested by the Stakeholders at the Preliminary Expansion Plan Meeting. The then-current version of the transmission expansion plan will be posted on the secure/CEII area of the regional planning website at least 10 calendar days prior to the Second RPSG Meeting.
6. At the Annual Transmission Planning Summit, the ten (10) year transmission expansion plan that will be implemented the following year will be presented to the Stakeholders. The Transmission Planning Summit presentations and the (10) year transmission expansion plan will be posted on the Regional Planning Website at least 10 calendar days prior to the Annual Transmission Planning Summit.

3.5.4 Flowchart Diagramming the Steps of the Southeastern Regional Transmission Planning Process: A flowchart diagramming the Southeastern Regional Transmission Planning Process, as well as providing the general timelines and milestones for the performance of the reliability planning activities described in Section 6 to this Attachment K, is provided in Exhibit K-3.

Section 4 Information Exchange

4.1 General: Transmission Customers having Service Agreements for Network Integration Transmission Service are required to submit information on their projected loads and resources on a comparable basis (*e.g.*, planning horizon and format) as used by transmission providers in planning for their native load. Transmission Customers having Service Agreements for Point-To-Point Transmission Service are required to submit any projections they have a need for service over the planning horizon and at what receipt and delivery points. Interconnection Customers having Interconnection Agreements under the Tariff are required to submit projected changes to their generating facility that could impact the Transmission Provider's performance of transmission planning studies. The purpose of this information that is provided by each class of customers is to facilitate the Transmission Provider's transmission planning process, with the September 1 due date of these data submissions by customers being timed to facilitate the Transmission Provider's

development of its databases and model building for the following year's ten (10) year transmission expansion plan.

4.2 Network Integration Transmission Service Customers: By September 1 of each year, each Transmission Customer having Service Agreement[s] for Network Integration Transmission Service shall provide to the Transmission Provider an annual update of that Transmission Customer's Network Load and Network Resource forecasts for the following ten (10) years consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff.

4.3 Point-to-Point Transmission Service Customers: By September 1 of each year, each Transmission Customers having Service Agreement[s] for long-term Firm Point-To-Point Transmission Service shall provide to the Transmission Provider usage projections for the term of service. Those projections shall include any projected redirects of that transmission service, and any projected resells or reassignments of the underlying transmission capacity. In addition, should the Transmission Customer have rollover rights associated with any such service agreement, the Transmission Customer shall also provide non-binding usage projections of any such rollover rights.

4.4 Demand Resource Projects: The Transmission Provider expects that Transmission Customers having Service Agreements for Network Integration Transmission Service that have demand resource assets will appropriately reflect those assets in those customers' load projections.

Should a Stakeholder have a demand resource asset that is not associated with such load projections that the Stakeholder would like to have considered for purposes of the transmission expansion plan, then the Stakeholder shall provide the necessary information (*e.g.* technical and operational characteristics, affected loads, cost, performance, lead time to install) in order for the Transmission Provider to consider such demand response resource comparably with other alternatives. The Stakeholder shall provide this information to the Transmission Provider by the Annual Transmission Planning Summit and Assumptions Input Meeting of the year prior to the implementation of the pertinent ten (10) year transmission expansion plan, and the Stakeholder should then continue to participate in this Southeastern Regional Transmission Planning Process. To the extent similarly situated, the Transmission Provider shall treat such Stakeholder submitted demand resource projects on a comparable basis for transmission planning purposes.

- 4.5 Interconnection Customers:** By September 1 of each year, each Interconnection Customer having an Interconnection Agreement[s] under the Tariff shall provide to the Transmission Provider annual updates of that Interconnection Customer's planned addition or upgrades (including status and expected in-service date), planned retirements, and environmental restrictions.
- 4.6 Notice of Material Change:** Transmission Customers and Interconnection Customers shall provide the Transmission Provider with

timely written notice of material changes in any information previously provided related to any such customer's load, resources, or other aspects of its facilities, operations, or conditions of service materially affecting the Transmission Provider's ability to provide transmission service or materially affecting the Transmission System.

Section 5 Dispute Resolution

5.1 Negotiation: Any substantive or procedural dispute between the Transmission Provider and one or more Stakeholders (collectively, the "Parties") that arises from the Attachment K transmission planning process generally shall be referred to a designated senior representative of the Transmission Provider and a senior representative of the pertinent Stakeholder(s) for resolution on an informal basis as promptly as practicable. Should the dispute also involve one or more other Sponsors of this Southeastern Transmission Planning Process or other Participating Transmission Owners of the Southeast Inter-Regional Participation Process, then such entity(ies) shall have the right to be included in "Parties" for purposes of this section and for purposes of that dispute, and any such entity shall also include a designated senior representative in the above discussed negotiations in an effort to resolve the dispute on an informal basis as promptly as practicable. In the event that the designated representatives are unable to resolve the dispute within thirty (30) days, or such other period as the Parties may unanimously agree upon, by unanimous agreement among the Parties such dispute may be voluntarily

submitted to the use of the Commission's Alternative Means of Dispute Resolution (18 C.F.R. § 385.604, as those regulations may be amended from time to time), the Commission's Arbitration process (18 C.F.R. § 385.605, as those regulations may be amended from time to time) (collectively, "Commission ADR"), or such other dispute resolution process that the Parties may unanimously agree to utilize.

5.2 Use of Dispute Resolution Processes: In the event that the Parties voluntarily and unanimously agree to the use of a Commission ADR process or other dispute resolution procedure, then the Transmission Provider will have a notice posted to this effect on the Regional Planning Website, and an e-mail notice in that regard will be sent to Registered Stakeholders. In addition to the Parties, all Stakeholders and Sponsors shall be eligible to participate in any Commission ADR process as "participants", as that or its successor term in meaning is used in 18 C.F.R. §§ 385.604, 385.605 as may be amended from time to time, for purposes of the Commission ADR process; provided, however, any such Stakeholder or Sponsor must first have provided written notice to the Transmission Provider within thirty (30) calendar days of the posting on the Regional Planning Website of the Parties' notice of their intent to utilize a Commission ADR Process.

5.3 Costs: Each Party involved in a dispute resolution process hereunder, and each "participant" in a Commission ADR Process utilized in accordance with Section 5.2, shall be responsible for its own costs incurred during the

dispute resolution process. Should additional costs be incurred during the dispute resolution process that are not directly attributable to a single Party/participant, then the Parties/participants shall each bear an equal share of such cost.

- 5.4 Rights under the Federal Power Act:** Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

Section 6 Regional Participation

- 6.1 General:** The Transmission Provider coordinates with interconnected systems to (1) share system plans to ensure that they are simultaneously feasible and otherwise use consistent assumptions and data and (2) identify system enhancements that could relieve congestion or integrate new resources.
- 6.2 Coordination with the other Sponsors:** The Transmission Provider coordinates with the other Sponsors through this Southeastern Regional Transmission Planning Process and the corresponding meetings, communications, and data and information exchanges. The Sponsors are identified on the Regional Planning Website. The particular activities that are coordinated are the annual preparation of this region's ten (10) year transmission expansion plan and the preparation of the Economic Planning Studies addressed in Section 7 below. The transmission, generation, and demand resource transmission expansion plan/enhancement alternatives suggested by the Stakeholders pursuant to Section 3.5.3(3) will be

considered in regional studies conducted to improve the reliability of the bulk power system and this information will be shared with the other Sponsors.

6.3 Coordination with the Other Participating Transmission Owners in

the Southeast Inter-Regional Participation Process: On an inter-regional basis, the Transmission Provider coordinates with the transmission systems with which the Transmission Provider is interconnected, with the exception of the utilities in the Florida Reliability Coordination Council (“FRCC”), through the Southeast Inter-Regional Participation Process (“SIRPP”) attached hereto as Exhibit K-2 and incorporated herein by reference, and the corresponding meetings, communications, and data and informational exchanges. In that regard, a link to the SIRPP website is found on the Transmission Provider’s OASIS. The transmission owners participating in the SIRPP are identified on the SIRPP website (“SIRPP Sponsors”). The particular activities that the SIRPP sponsors coordinate are the preparation of the inter-regional Economic Planning Studies addressed in Section 7 below and in Exhibit K-2, and the review with stakeholders of the data, assumptions, and assessment activities that are then being conducted on a SERC-wide basis.

6.4 Coordination with Other SERC Members:

The Transmission Provider is a member of the SERC Reliability Corporation (“SERC”) and coordinates with other SERC members in reliability transmission planning. At least as of December 17, 2008, the SERC members are

identified on SERC's website. SERC is the regional entity responsible for promoting the reliability and adequacy of the bulk power system in the area served by its member systems. SERC has in place various committees and subcommittees, whose members are employees of SERC members, to perform those functions, including the promotion of the reliability and adequacy of the bulk power system as related to the planning and engineering of the electric systems. At least as of December 17, 2008, the SERC committees are identified on SERC's website. Through these committee processes, the particular transmission planning activities that are coordinated with the SERC members are the creation of a SERC regional model and the preparation of a simultaneous feasibility assessment, which are discussed in further detail below.

6.5 Coordination with the Transmission Owners in the FRCC

6.5.1 Reliability Coordination with the Transmission Owners in the

FRCC: As discussed in Exhibit K-2, seams coordination for the SIRPP occurs at the regional level where external planning processes adjoin the SIRPP. In that regard, the Transmission Provider coordinates with the transmission providers in the FRCC through a reliability coordination arrangement for the purpose of safeguarding and augmenting the reliability of the Transmission Provider's Transmission System and that of the FRCC. This arrangement provides for exchanges of information and system data between the Transmission Provider and the FRCC

transmission providers for the coordination of planning and operations in the interest of reliability. This arrangement also provides the mechanism for regional studies and recommendations designed to improve the reliability of the interconnected bulk power system. Duties under the arrangement are as follows: (1) coordination of generation and transmission system planning, construction, operating, and protection to maintain maximum reliability; (2) coordination of interconnection lines and facilities for full implementation of mutual assistance in emergencies; (3) initiation of joint studies and investigations pertaining to the reliability of bulk power supply facilities; (4) coordination of maintenance schedules of generating units and transmission lines; (5) determination of requirements for necessary communication between the parties; (6) coordination of load relief measures and restoration procedures; (7) coordination of spinning reserve requirements; (8) coordination of voltage levels and reactive power supply; (9) other matters relating to the reliability of bulk power supply required to meet customer service requirements; and (10) exchange of necessary information, such as magnitude and characteristics of actual and forecasted loads, capability of generating facilities, programs of capacity additions, capability of bulk power interchange facilities, plant and system emergencies, unit outages, and line outages.

6.5.2 Economic Planning Studies with the FRCC: The Transmission Provider and the FRCC have developed procedures for the performance of Economic Planning Studies that are selected by their Stakeholders through their respective Attachment K transmission planning processes for bulk power transfers that involve both the FRCC and the Transmission Provider. Those procedures are posted on the Regional Planning Website (including the FRCC/SERTP process for requesting inter-regional economic studies and a description of how information, modeling data and expansion plans are shared).

6.6 Reliability Planning Process

6.6.1 General: The Transmission Provider's reliability planning process with both the Sponsors and with the transmission providers and owners participating in the SIRPP is described in documentation posted on the Regional Website and the Inter-Regional Website.

6.6.2 A Description of How the Various Reliability Study Processes Interact with Each Other: The reliability planning process in the Southeast is a "bottom-up" process. Specifically, the Transmission Provider's 10-year transmission expansion plan is the base case that it uses for reliability planning processes, with it being the Transmission Provider's input into the development of the SERC regional model. In addition, the results of the FRCC

coordination activities and of any *ad hoc* coordination activities are incorporated into the Transmission Provider's transmission expansion plan. These processes are discussed further below on both (a) a regional level (*e.g.* Southeastern Regional Transmission Planning level) and (b) an inter-regional (*e.g.* SERC-wide level).

(a)(i) **Regional Reliability Planning:** The bulk of the substantive transmission planning in the Southeast occurs as transmission owners, such as the Transmission Provider, develop their reliability transmission expansion plans. In this regard, the reliability plan for each Attachment K region (such as that comprising this Southeastern Regional Transmission Planning Process) is generally developed by determining the required 10-year transmission expansion plan to satisfy load, resources, and transmission service commitments throughout the 10-year reliability planning horizon. The development of each regional reliability plan is facilitated through the creation of transmission models (base cases) that incorporate the current ten (10) year transmission expansion plan, load projections, resource assumptions (generation, demand response, and imports), and transmission service commitments within the region. The transmission models also incorporate external regional

models (at a minimum the current SERC models) that are developed using similar information.

(a)(ii) **Regional Reliability Study Process:** The transmission models created for use in developing the regional reliability 10-year transmission expansion plan are analyzed to determine if any planning criteria concerns (including, at a minimum, North American Electric Reliability Corporation (“NERC”) planning criteria) are projected. In the event one or more planning criteria concerns are identified at the regional level, the transmission owners will develop solutions for these projected limitations. As a part of this study process, the transmission owners will reexamine the current regional reliability 10-year transmission expansion plan (determined through the previous year’s regional reliability planning process) to determine if the current plan can be enhanced based on the updated assumptions and any new planning criteria concerns identified in the analysis. The enhancement process may include the deletion and/or modification to any of the existing reliability transmission enhancements identified in the previous year’s reliability planning process.

(a)(iii) **Identification of Regional Reliability Transmission Enhancements:** Once a planning criteria concern is

identified or the enhancement process identifies the potential for a superior solution, the transmission owner will then determine if any neighboring planning process is potentially impacted by the projected limitation. Potentially impacted regions are then contacted to determine if there is a need for an inter-regional *ad hoc* coordinated study. In the event one or more neighboring region agrees that they would be impacted by the projected limitation or identifies the potential for a superior inter-regional reliability solution based on transmission enhancements in their current regional reliability plan, an inter-regional *ad hoc* coordinated study is initiated. Once the study has been completed, the identified reliability transmission enhancements will then be incorporated into the region's(s') ten (10) year transmission expansion plan (*i.e.*, the plan due to be implanted the following year) as a reliability project.

- (b)(i) **Inter-Regional (SERC-Wide) Assessments and Inter-Regional Planning Activities:** After the regional transmission models are developed, the transmission owners within SERC create a SERC-wide transmission model and conduct a long-term reliability assessment. The intent of the SERC-wide reliability assessment is to

determine if the different regional reliability transmission expansion plans are simultaneously feasible and to otherwise ensure that the transmission owners are using consistent models and data. Additionally, the reliability assessment measures and reports transfer capabilities between regions and transmission owners within SERC. The SERC-wide assessment serves as a valuable tool for each of the transmission owners to reassess the need for additional inter-regional reliability joint studies.

(b)(ii) **SERC Transmission Model Development:** The construction of the SERC transmission model is a “bottom-up” process. In particular, SERC transmission models are developed by the transmission owners in SERC through an annual model development process. Each transmission owner in SERC, incorporating input from their regional planning process, develops and submits their 10-year transmission models to a model development databank, with the models and the databank then being used to create a SERC-wide model for use in the reliability assessment. Additionally, the SERC-wide models are then used in each regional planning process as an update (if needed) to the current transmission models and as a foundation (along with the Multiregional Modeling Working Group

(“MMWG”) models) for the development of the transmission provider’s transmission models for the following year.

(b)(iii) **Additional Inter-Regional Reliability Joint Studies:** As mentioned above, the SERC-wide reliability assessment serves as a valuable tool for the transmission owners to reassess the need for additional inter-regional reliability joint studies. If the SERC-wide reliability model projects additional planning criteria concerns that were not identified in the regional reliability studies, then the impacted transmission owners will initiate one or more *ad hoc* inter-regional coordinated study(ies) (in accordance with existing Reliability Coordination Agreements) to better identify the planning criteria concerns and determine inter-regional reliability transmission enhancements to resolve the limitations. Once the study(ies) is completed, required reliability transmission enhancements will be incorporated into the region’s ten (10) year expansion plan as a reliability project. Accordingly, planning criteria concerns identified at the SERC-wide level are “pushed down” to the transmission owner level for detailed resolution.

6.6.4 A Description of How Stakeholders May Participate in These Processes

- (a)(i) **Participation Through the Southeastern Regional Transmission Planning Process:** Since the bulk of the reliability transmission planning occurs at the regional level as a “bottom up” process in the development of the Transmission Provider’s ten (10) year transmission expansion plan, Stakeholders may participate in these reliability planning processes by participating in the Southeastern Regional Transmission Planning Process. Specifically, the ten (10) year transmission expansion plan is the Transmission Provider’s input into the SERC model development, and the results of the FRCC coordination and of any *ad hoc* coordination studies are incorporated into the ten (10) year transmission expansion plan. As discussed in Section 1.2.2, at the Preliminary Expansion Plan Meeting, Stakeholders are provided the opportunity to review and comment (and allowed to propose alternatives concerning enhancements found in): the Transmission Provider’s preliminary transmission expansion plan, which is the Transmission Provider’s input into (1) SERC’s regional model development, (2) coordination with the FRCC, and (3) any *ad hoc* coordination activities. As discussed in

Section 1.2.3, at the Second RPSG Meeting, the Stakeholders are provided feedback regarding the expansion plan alternatives that they submitted at the First RPSG Meeting and are provided an overview of the results of the SERC regional model development for that year, as well as the results of any on-going coordination activities with the FRCC transmission providers and any *ad hoc* coordination activities. As discussed in Section 1.2.4, at the Annual Transmission Planning Summit and Assumptions Input Section, the Stakeholders are provided an overview of the ten (10) year transmission expansion plan, the results of that year's coordination study activities with the FRCC transmission providers, and the results of any *ad hoc* coordination activities. In addition, Stakeholders are provided an open forum regarding: the data gathering and transmission model assumptions that will be used for purposes of the ten (10) year transmission expansion plan to be developed the following year (which will constitute the Transmission Provider's input into the SERC regional model development for the following year); FRCC model development; and any *ad hoc* coordination studies.

(a)(ii) **Participation Through the SIRPP:** As shown on the Southeast Inter-Regional Participation Process Diagram contained in Exhibit K-2, the particular activities that the SIRPP sponsors coordinate are the preparation of the inter-regional Economic Planning Studies addressed in Section 7 below and in Exhibit K-2. In addition, the SIRPP sponsors will review with stakeholders the data, assumptions, and assessment that are then being conducted on a SERC-wide basis at: the 1st Inter-Regional Stakeholder Meeting; the 2nd Inter-Regional Stakeholder Meeting; and the 3rd Inter-Regional Stakeholder Meeting.

(a)(iii) **Membership in SERC:** Interested Stakeholders may further participate in SERC processes by seeking to become a member of SERC. At least as of December 17, 2008, the requirements to become a SERC member are specified on SERC's website.

6.7 Timeline and Milestones: The general timelines and milestones for the performance of the reliability planning activities are provided in Exhibit K-3, which also provides a flowchart diagramming the steps of the Southeastern Regional Transmission Planning Process.

Section 7 Economic Planning Studies

7.1 General – Economic Planning Study Requests: Stakeholders will be allowed to request that the Transmission Provider perform up to five (5)

Stakeholder requested economic planning studies (“Economic Planning Studies”) on an annual basis. Requests that are inter-regional in nature will be addressed in the SIRPP. Accordingly, it is expected that the RPSG will coordinate with other inter-regional stakeholders regarding Economic Planning Studies that are inter-regional in nature.

7.2 Parameters for the Economic Planning Studies: These Economic Planning Studies shall be confined to sensitivity requests for bulk power transfers and/or to evaluate potential upgrades or other investments on the Transmission System that could reduce congestion or integrate new resources. Bulk power transfers from one area to another area within the region encompassed by this Southeastern Regional Transmission Planning Process (the “Region”) shall also constitute valid requests. The operative theory for the Economic Planning Studies is for them to identify meaningful information regarding the requirements for moving large amounts of power beyond that currently feasible, whether such transfers are internal to the Region or from this Region to interconnected regions. It should again be noted that requests that are inter-regional in nature will be addressed in the SIRPP.

7.3 Other Tariff Studies: The Economic Planning Studies are not intended to replace System Impact Studies, Facility Studies, or any of the studies that are performed for transmission delivery service or interconnection service under the Tariff.

7.4 Clustering: The RPSG should consider clustering similar Economic Planning Study requests. In this regard, if two or more of the RPSG requests are similar in nature and the Transmission Provider concludes that clustering of such requests and studies is appropriate, the Transmission Provider may, following communications with the RPSG, cluster those studies for purposes of the transmission evaluation. It is foreseeable that clustering of requests may occur during the SIRPP.

7.5 Additional Economic Planning Studies: Should a Stakeholder(s) request the performance of an Economic Planning Study in addition to the above-described five (5) Economic Planning Studies that the RPSG may request during a calendar year, then any such additional Economic Planning Study will only be performed if such Stakeholder(s) first agrees to bear the Transmission Provider's actual costs for doing so and the costs incurred by any other Sponsor to perform such Economic Planning Study, recognizing that the Transmission Provider may only conduct a reasonable number of transmission planning studies per year. If affected by the request for such an additional Economic Planning Study, the Transmission Provider will provide to the requesting Stakeholder(s) a non-binding but good faith estimate of what the Transmission Provider expects its costs to be to perform the study prior to the Stakeholder(s) having to agree to bear those costs. Should the Stakeholder(s) decide to proceed with the additional study, then it shall pay the Transmission Provider's and other affected Sponsor[s]' estimated study costs up-front, with those costs being

trued-up to the Transmission Provider's and other affected Sponsor[s]' actual costs upon the completion of the additional Economic Planning Study.

7.6 Economic Planning Study Process

1. Stakeholders will be prompted at the Annual Transmission Planning Summit to provide requests for the performance of Economic Planning Studies. Corresponding announcements will also be posted on the Regional Planning Website, and Registered Stakeholders will also receive e-mail notifications to provide such requests. An Economic Planning Study Request Form will be made available on the Regional Planning Website, and interested Stakeholders may submit any such completed request form on the non-secure area of the Regional Planning Website (unless such study request contains CEII, in which case the study request shall be provided to the Transmission Provider with the CEII identified, and the study request shall then be posted on the secure area of the Regional Planning Website).
2. Prior to each First RPSG Meeting, the RPSG shall compile the Economic Planning Study requests. At the First RPSG Meeting, the RPSG shall meet to discuss and select up to five (5) Economic Planning Studies to be requested to be performed. At the First RPSG Meeting, the Transmission Provider will coordinate with the RPSG and any interested Stakeholders to facilitate the RPSG's

efforts regarding its development and selection of the Economic Planning Study requests. Once the RPSG selects the Economic Planning Study(ies) (up to five annually), the RPSG will notify the Transmission Provider, who will post the results on the Regional Planning Website.

3. The Transmission Provider will post on the secure area of the Regional Planning Website the study assumptions for the five (5) Economic Planning Studies within thirty (30) days of the postings of the selected Economic Planning Studies on the Regional Planning Website. Registered Stakeholders will receive an e-mail notification of this posting, and an announcement will also be posted on the Regional Planning Website.
4. Stakeholders will have thirty (30) calendar days from the Transmission Provider's posting of the assumptions for the RPSG to provide comments regarding those assumptions. Any such comments shall be posted on the secure area of the Regional Planning Website if the comments concern CEII.
5. The preliminary results of the Economic Planning Studies will be presented at the Second RPSG Meeting. These results and related data will be posted on the secure area of the Regional Planning Website a minimum of 10 calendar days prior to the Second RPSG Meeting. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders and posted as

they become available from the SIRPP. The Second RPSG Meeting will be an interactive session with the RPSG and other interested Stakeholders in which the Transmission Provider will explain the results, alternatives, methodology, criteria, and related considerations pertaining to those preliminary results. At that meeting, the Stakeholders may submit alternatives to the enhancement solutions identified in those preliminary results. All such alternatives must be submitted by Stakeholders within thirty (30) calendar days from the close of the Second RPSG Meeting. The Transmission Provider will consider the alternatives provided by the Stakeholders.

6. The final results of the Economic Planning Studies will be presented at the Annual Transmission Planning Summit, and the Transmission Provider will report regarding its consideration of the alternatives provided by Stakeholders. These final results will be posted on the secure area of the Regional Planning Website a minimum of 10 calendar days prior to the Transmission Planning Summit. Study results that are inter-regional in nature will be reported to the RPSG and interested Stakeholders and posted as they become available from the SIRPP.
7. The final results of the Economic Planning Studies will be non-binding upon the Transmission Provider and will provide general

non-binding estimations of the required transmission upgrades, timing for their construction, and costs for completion.

Section 8 Cost Allocation

8.1 General: The following provides the Transmission Provider’s methodologies for allocating the costs of new transmission facilities that do not fit under the general Tariff rate structure under two scenarios. The first methodology addresses the allocation of the costs of economic transmission upgrades that are identified in the Economic Planning Studies and that are not otherwise associated with transmission service provided under the Tariff and are not associated with the provision of transmission service under other arrangements, such as the Transmission Provider’s provision of bundled service to its Native Load Customers. The second methodology addresses upgrades that are not required to satisfy the Transmission Provider’s planning standards and/or ERO or RE reliability standards, and thus would not otherwise be included in the transmission expansion plan, but that a Stakeholder, including a Transmission Customer, may want to have installed to provide additional reliability benefits above those necessary to satisfy the Transmission Provider’s planning criteria and/or ERO or RE reliability standards (“Enhanced Reliability Upgrades”).

8.2 Cost Allocation Methodology for Economic Upgrades

8.2.1 Identification of Economic Upgrades: The transmission expansion plan will identify the transmission upgrades that are necessary to ensure the reliability of the Transmission System and

to otherwise meet the needs of long-term firm transmission service commitments (“Reliability Upgrades”) in accordance with the Transmission Provider’s planning standards and/or ERO or RE reliability standards. All of the upgrades identified in the Economic Planning Studies that are not identified in the transmission expansion plan, and are thus not such Reliability Upgrades, shall constitute “Economic Upgrades”.

8.2.2 Request for Performance of Economic Upgrades: Within thirty (30) calendar days of the posting of the final results of the underlying Economic Planning Study[ies], one or more entities (“Initial Requestor[s]”) that would like the Transmission Provider to construct one or more Economic Upgrades identified in the Economic Planning Study[ies] may submit a request for the Transmission Provider to construct such Economic Upgrade[s]. The Initial Requestor[s] should identify the percentage of cost responsibility for the Economic Upgrade[s] that the Initial Requestor[s] is requesting cost responsibility. The request must consist of a completed request application, the form of which will be posted on the Regional Planning Website (“Economic Upgrade Application”). The Transmission Provider will post the request on the secure area of the Regional Planning Website. Other entities (“Subsequent Requestor[s]”) that also would like the Transmission Provider to construct the Economic Upgrade[s] sought by the

Initial Requestor[s] shall notify the Transmission Provider of its intent, along with the percentage of cost responsibility that the Subsequent Requestor[s] is requesting cost responsibility, by following the instructions specified on the Regional Planning Website within thirty (30) calendar days of the Initial Requestor[s]' posting of its Economic Upgrade Application on the Regional Planning Website (collectively, the Initial Requestor[s] and the Subsequent Requestor[s] shall be referred to as the "Requestor[s]").

8.2.3 Allocation of the Costs of the Economic Upgrades: The costs of the Economic Upgrades shall be allocated to each Requestor based upon the percentage of cost responsibility that it has requested in its respective request. Should the total amount of percentage requests for cost responsibility for the Economic Upgrade[s] by the Requestors not equal one-hundred percent (100%), regardless if the requested amount is less than or exceeds one-hundred percent (100%), then the Requestor[s]' cost responsibility will be adjusted on a pro rata basis based upon the total percentage identified by all of the Requestor[s] relative to one-hundred percent (100%) so that all of the cost responsibility for the Economic Upgrade[s] is allocated to the Requestor[s]. If one or more of the Requestors do not identify the percentage of cost responsibility for which it is requesting cost responsibility, then the Requestors shall bear the

costs of the Economic Upgrade[s] in equal shares based upon the number of Requestors. The Requestor[s] shall bear cost responsibility for the actual costs of the Economic Upgrades. Should a Requestor later not enter into an agreement with the Transmission Provider for the construction of the Economic Upgrade[s], then the remaining Requestor[s]' cost responsibility will be recalculated on a pro rata basis based upon the percentage of cost responsibility requested or based upon the remaining number of Requestor[s] if that methodology was used to allocate the Economic Upgrade[s]' costs.

8.2.4 Cost Allocation for the Acceleration, Expansion, Deferral, or Cancellation of Reliability Upgrades: Should the Transmission Provider conclude that the construction of an Economic Upgrade[s] would accelerate the construction of, or require the construction of a more expansive, Reliability Upgrade, then the Requestor[s] shall bear the costs of such acceleration or expansion. Should the Transmission Provider conclude that the construction of the Economic Upgrade[s] would result in the deferral or cancellation of a Reliability Upgrade, then the costs of the Economic Upgrade[s] allocated to the Requestor[s] shall be reduced by the present value of the amount of savings caused by the deferral or cancellation.

8.2.5 Implementing Agreements and Regulatory Approvals: The Transmission Provider will not be obligated to commence design or construction of any Economic Upgrade until (i) a binding agreement[s] with all of the Requestor[s] for such construction by the Transmission Provider and payment by the Requestor[s] of its allocated cost responsibility (in accordance with Section 8.2.3 above) is executed by the Transmission Provider, all other affected Sponsor[s], and all of the Requestor[s]; (ii) all of the Requestor[s] provide (and maintain, subject to reduction as set forth in (iii) below) the Transmission Provider security, in a form acceptable to the Transmission Provider, for the full costs of the design and construction; and (iii) appropriate commitments to construct are in place for all affected third party transmission providers (*e.g.*, other Sponsors). In addition, the Transmission Provider shall not be obligated to commence any phase of design or construction of any Economic Upgrade unless the Requestor[s] has first paid to the Transmission Provider in immediately available funds via wire transfer the Transmission Provider's estimated costs for that phase of design or construction (it being understood that security provided under (ii) above may be reduced on a dollar-for-dollar basis with respect to such payments received by Transmission Provider as and when they are final and are no longer subject to being voided or set aside), with the Requestor[s] bearing the actual

costs of design and construction upon completion of the Economic Upgrade[s] pursuant to a true-up to the estimated costs already paid. Furthermore, the Transmission Provider shall not be obligated to commence construction, or to continue construction, if all necessary regulatory approvals are not obtained or maintained, with the Transmission Provider having to make a good faith effort to obtain all such approvals. The costs associated with obtaining and maintaining such regulatory approvals shall be included in the total costs of the Economic Upgrades and shall otherwise be borne by the Requestors.

8.3 Cost Allocation Methodology for Enhanced Reliability Upgrades

8.3.1 Enhanced Reliability Upgrades: The transmission expansion plan will identify the Reliability Upgrades, which are the transmission upgrades that are necessary to ensure the reliability of the Transmission System and to otherwise meet the needs of long-term firm transmission service commitments in accordance with the Transmission Provider's planning standards and/or ERO or RE reliability standards. Should one or more Stakeholders, including a Transmission Customer, determine that it wants an upgrade installed to provide additional reliability benefits above those necessary to satisfy the Transmission Provider's

planning criteria and/or ERO or RE reliability standards (*i.e.*, an Enhanced Reliability Upgrade), then the costs of any such Enhanced Reliability Upgrade shall be directly assigned to that Stakeholder[s] (“Requesting Stakeholder[s]”) without the provision of transmission credits or other means of reimbursement from the Transmission Provider for such direct assignment costs.

8.3.2 Cost Allocation of the Direct Assignment Costs Should Multiple Stakeholders Desire the Same Enhanced Reliability Upgrade: Should multiple Stakeholders want the installation and construction of the same Enhanced Reliability Upgrade[s], then the direct assignment costs for such Enhanced Reliability Upgrade[s] shall be allocated to those Requesting Stakeholders in equal shares, unless those Requesting Stakeholders agree in writing to a different cost allocation approach prior to the Transmission Provider assigning those costs.

8.3.3 Implementing Agreements and Regulatory Approvals: The Transmission Provider will not be obligated to commence design or construction of any Enhanced Reliability Upgrade until (i) a binding agreement[s] with the Requesting Stakeholder[s] for such construction by the Transmission Provider and payment by the Requesting

Stakeholder[s] of its direct assignment costs (in accordance with Sections 8.3.1 and 8.3.2 above) is executed by the Transmission Provider and all of the Requesting Stakeholders seeking the construction of such Enhanced Reliability Upgrade[s] and (ii) all of the Requesting Stakeholder[s] provide (and maintain, subject to reduction as set forth in the following sentence) the Transmission Provider security, in a form acceptable to the Transmission Provider, for the full costs of the design and construction. In addition, the Transmission Provider shall not be obligated to commence any phase of design or construction of any Enhanced Reliability Upgrade unless the Requesting Stakeholder[s] has first paid to the Transmission Provider in immediately available funds via wire transfer the Transmission Provider's estimated costs for that phase of design or construction (it being understood that security provided under (ii) above may be reduced on a dollar-for-dollar basis with respect to such payments received by Transmission Provider as and when they are final and are no longer subject to being voided or set aside), with the Requesting Stakeholder[s] bearing the actual costs of design and construction upon completion of the Economic Upgrade[s] pursuant to a true-up to the estimated costs

already paid. Furthermore, the Transmission Provider shall not be obligated to commence construction, or to continue construction, if all necessary regulatory approvals are not obtained or maintained, with the Transmission Provider having to make a good faith effort to obtain all such approvals. The costs associated with obtaining and maintaining such regulatory approvals shall be included in the total costs of the Reliability Upgrade[s] and shall otherwise be borne by the Requesting Stakeholder[s].

Section 9 Recovery of Planning Costs: With the exception of the costs to perform more than five Economic Planning Studies (which will be directly assigned to the requestor), the Transmission Provider will recover the costs that it incurs in implementing its requirements under this Southeastern Regional Transmission Planning Process by adding those costs to the Annual Charge costs that it recovers under Informational Schedule D in the Tariff.

EXHIBIT K-2

Southeast Inter-Regional Participation Process

Introduction:

In an effort to more fully address the regional participation principle outlined in the Order 890 Attachment K Tariff requirements and the related guidance contained in the FERC Transmission Planning Process Staff White Paper (dated August 2, 2007), this Southeast Inter-Regional Participation Process expands upon the existing processes for regional planning in the Southeast. This document outlines an inter-regional process among various Southeastern interconnected transmission owners. The inter-regional process described herein is incorporated into each Participating Transmission Owner's¹ planning process and OATT Attachment K (for those transmission owners that have a regulatory requirement to file an Attachment K).

Purpose:

This inter-regional process complements the regional planning processes developed by the Participating Transmission Owners in the Southeast. For the purpose of this document, the term "Southeast Inter-Regional Participation Process" ("SIRPP") is defined as a new process to more fully address the regional participation principle of Order 890 for multiple transmission systems in the Southeast. The term "Regional Planning Processes" refers to the regional transmission planning processes a Transmission Owner has established within its particular region for Attachment K purposes. Importantly, the Economic Planning Studies discussed herein are hypothetical studies that do not affect the transmission queue for purposes of System Impact Studies, Facilities Studies, or interconnection studies performed under other portions of the OATT.

Current Inter-Regional Planning Process:

Each Southeastern transmission owner currently develops a transmission plan to account for service to its native load and other firm transmission service commitments on its transmission system. This plan development is the responsibility of each transmission planner individually and does not directly involve the Regional Reliability Organization (*e.g.* SERC). Once developed, the Participating Transmission Owners collectively conduct inter-regional reliability transmission assessments, which include the sharing of the individual transmission system plans, providing information on the assumptions and data inputs used in the development of those plans and assessing whether the plans are simultaneously feasible.

¹The sponsors of the Southeast Inter-Regional Participation Process are referred to as transmission owners, rather than transmission providers, because not all of the sponsors are "Transmission Providers" for purposes of the *pro forma* OATT.

Participating Transmission Owners:

Due to the additional regional planning coordination principles that have been announced in Order 890 and the associated Transmission Planning White Paper, several transmission owners have agreed to provide additional transmission planning coordination, as further described in this document. The “Participating Transmission Owners” are listed on the SIRPP website (<http://www.southeastirpp.com>).

Southeast Inter-Regional Participation Process:

The Southeast Inter-Regional Participation Process is outlined in the attached diagram. As shown in that diagram, this process will provide a means for conducting stakeholder requested Economic Planning Studies across multiple interconnected systems. In addition, this process will build on the current inter-regional, reliability planning processes required by existing multi-party reliability agreements to allow for additional participation by stakeholders.

The established Regional Planning Processes outlined in the Participating Transmission Owners’ Attachment Ks will be utilized for collecting data, coordinating planning assumptions, and addressing stakeholder requested Economic Planning Studies internal to their respective regions. The data and assumptions developed at the regional level will then be consolidated and used in the development of models for use in the Inter-Regional Participation Process. This will ensure consistency in the planning data and assumptions used in local, regional, and inter-regional planning processes.

These established Attachment K processes may also serve as a mechanism to collect requests for inter-regional Economic Planning Studies by a participant’s stakeholders group. The Economic Planning Studies requested through each participant’s Attachment K process that involve impacts on multiple systems between Regional Planning Processes will be consolidated and evaluated as part of the Southeast Inter-Regional Participation Process. Stakeholders will also be provided the opportunity to submit their requests for inter-regional Economic Planning Studies directly to the Inter-Regional process.

The Participating Transmission Owners recognize the importance of coordination with neighboring (external) planning processes. Therefore, seams coordination will take place at the regional level where external regional planning processes adjoin the Southeast Inter-Regional Participation Process (*e.g.* Southeastern Regional Planning Process coordinating with FRCC Regional Planning Process, Entergy coordinating with SPP, TVA coordinating with MISO and PJM, and the North Carolina Transmission Planning Collaborative coordinating with PJM). External coordination is intended to include planning assumptions from neighboring processes and the coordination of transmission enhancements and stakeholder requested Economic Planning Studies to support the development of simultaneously feasible transmission plans both internal and external to the Southeast Inter-Regional Participation Process.

With regard to the development of the stakeholder requested inter-regional Economic Planning Studies, the Participating Transmission Owners will each provide staff (transmission planners) to

serve on the study coordination team. The study coordination team will lead the development of study assumptions (and coordinate with stakeholders, as discussed further below), perform model development, and perform any other coordination efforts with stakeholders and impacted external planning processes. During the study process, the study coordination team will also be responsible for performing analysis, developing solution options, evaluating stakeholder suggested solution options, and developing a report(s) once the study(ies) is completed. Once the study(ies) is completed, the study coordination team will distribute the report(s) to all Participating Transmission Owners and the stakeholders.

With regard to coordinating with stakeholders in the development of the inter-regional Economic Planning Study(ies), in each cycle of the Southeast Inter-Regional Participation Process, the Participating Transmission Owners will conduct three inter-regional stakeholder meetings. The information to be discussed at such meetings will be made available in final draft form for stakeholder review prior to any such meeting by posting on the SIRPP website and/or e-mails to SIRPP Stakeholder Group (“SIRPPSG”) members. The Participating Transmission Owners will use reasonable efforts to make such information available at least 10 calendar days prior to the particular meeting. The Participating Transmission Owners will conduct the “1st Inter-Regional Stakeholder Meeting”, as shown in the attached diagram. At this meeting, a review of all of the Economic Planning Study(ies) submitted through the participants’ Regional Planning Processes or directly to the Inter-Regional process, along with any additional Economic Planning Study requests that are submitted at this 1st meeting, will be conducted. During this meeting, the stakeholders will select up to five studies that will be evaluated within the planning cycle. The study coordination team will coordinate with the stakeholders regarding the study assumptions underlying the identified stakeholder requested inter-regional Economic Planning Study(ies). Through this process, stakeholders will be provided an opportunity to comment and provide input regarding those assumptions. Following that meeting, and once the study coordination team has an opportunity to perform its initial analyses of the inter-regional Economic Planning Study(ies), the Participating Transmission Owners will then conduct the “2nd Inter-Regional Stakeholder Meeting.” At this meeting, the study coordination team will review the results of such initial analysis, and stakeholders will be provided an opportunity to comment and provide input regarding that initial analysis. The study coordination team will then finalize its analysis of the inter-regional study(ies) and draft the Economic Planning Study(ies) report(s), which will be presented to the stakeholders at the “3rd Inter-Regional Stakeholder Meeting.” Stakeholders will be provided an opportunity to comment and provide input regarding the draft report(s). Subsequent to that meeting, the study coordination team will then finalize the report(s), which will be issued to the Participating Transmission Owners and stakeholders.

In addition to performing inter-regional Economic Planning Studies, the Southeast Inter-Regional Participation Process will also provide a means for the Participating Transmission Owners to review, at the Southeast Inter-Regional Participation Process stakeholder meetings, the regional data, assumptions, and assessments that are then being performed on an inter-regional basis.

Southeast Inter-Regional Participation Process Cycle:

The Southeast Inter-Regional Participation Process will be performed annually. Due to the expected scope of the requested studies and size of the geographical region encompassed, the Participating Transmission Owners will perform up to five (5) inter-regional Economic Planning Studies annually, which could encompass both Step 1 and Step 2 evaluations. A Step 1 evaluation will consist of a high level screen of the requested transfer and will be performed during a single year's planning cycle. The high level screen will identify transfer constraints and likely transmission enhancements to resolve the identified constraints. The Participating Transmission Owners will also provide approximate costs and timelines associated with the identified transmission enhancements to facilitate the stakeholders' determination of whether they have sufficient interest to pursue a Step 2 evaluation. Once a Step 1 evaluation has been completed for a particular transfer, the stakeholders have the option to request a Step 2 evaluation for that transfer to be performed during the subsequent year's Inter-Regional Participation Process Cycle. If the stakeholders opt to not pursue Step 2 evaluation for the requested transfer during the subsequent year's Inter-Regional Participation Process Cycle, an Economic Planning Study of that request may be re-evaluated in the future by being submitted for a new Step 1 evaluation. In the event that the stakeholders request a Step 2 evaluation, the Participating Transmission Owners will then perform additional analysis, which may include additional coordination with external processes. The Participating Transmission Owners will then develop detailed cost estimates and timelines associated with the final transmission enhancements. The Step 2 evaluation will ensure that sufficient coordination can occur with stakeholders and among the impacted Participating Transmission Owners. In addition, the Step 2 evaluation will provide sufficient time to ensure that the inter-regional study results are meaningful and meet the needs of the stakeholders.

It is important to note that the Participating Transmission Owners expect that a Step 2 evaluation will be completed prior to interested parties requesting to sponsor transmission enhancements identified in an Economic Planning Study. However, the Participating Transmission Owners will work with stakeholders if a situation develops where interested parties attempt to sponsor projects identified in a Step 1 evaluation and there is a compelling reason (*e.g.* where time is of the essence).

Inter-Regional Cost Allocation:

The cost allocation for Inter-Regional Economic Upgrade projects will be determined in accordance with the cost allocation principle adopted by each Participating Transmission Owner's Regional Planning Process in which each portion of the construction of such upgrades would occur. The cost allocation principle for each SIRPP Regional Planning Process is posted on the SIRPP website. Typically, since Inter-Regional Economic Upgrade projects will likely consist of improvements that will be physically located in the footprints of multiple Regional Planning Processes, this approach means the cost allocation for each part of the Inter-Regional Economic Upgrade project or each project within a set of projects will be governed by the cost allocation principle adopted by the Regional Planning Process in which that part of the project or set is physically located. For example, should an Inter-Regional Economic Upgrade project

consist of a single, 100 mile 500 kV transmission line, with 30 miles physically located in Regional Planning Process “A” and the remaining 70 miles located in Regional Planning Process “B,” then the cost allocation for the 30 miles of 500 kV transmission line located in Regional Planning Process “A” would be governed by that Regional Planning Process’ cost allocation principle, and the cost allocation for the other 70 miles of 500 kV transmission line would be governed by the cost allocation principle of Regional Planning Process “B.” Should an Inter-Regional Economic Upgrade project be physically located entirely within one Regional Transmission Planning process, the costs of the project would be governed by that region’s cost allocation principle.

Inter-Regional Coordination of Economic Transmission Project Development:

Once an Economic Planning Study report has been finalized, multiple stakeholders may be interested in jointly participating in the project development. An Inter-Regional process addressing each such economic upgrade request will be developed that will formalize the process of determining if there is sufficient stakeholder interest to pursue economic project development and the coordination that will be required of the impacted Transmission Owners to support this process. The Participating Transmission Owners and the stakeholders will support this process development activity beginning in 2008.

Stakeholder Participation in the Southeast Inter-Regional Participation Process:

Purpose

The purpose of the SIRPPSG is to provide a structure to facilitate the stakeholders’ participation in the Southeast Inter-Regional Participation Process. Importantly, the SIRPPSG shall have the flexibility to change the “Meeting Procedures” section discussed below but cannot change the Purpose, Responsibilities, Membership, or Data and Information Release Protocol sections absent an appropriate filing with (and order by) FERC to amend the OATT.

Responsibilities

In general, the SIRPPSG is responsible for working with the Participating Transmission Owners on Inter-Regional Economic Planning Study requests so as to facilitate the development of such studies that meet the goals of the stakeholders. The specific responsibilities of this group include:

1. Adherence to the intent of the FERC Standards of Conduct requirements in all discussions.
2. Develop the SIRPPSG annual work plan and activity schedule.
3. Propose and select the Economic Planning Study(ies) to be evaluated (five annually).
 - a. Step 1 evaluations
 - b. Step 2 evaluations
4. The SIRPPSG should consider clustering similar Economic Planning Study requests. In this regard, if two or more of the Economic Planning Study requests are similar in nature and the Participating Transmission Owners conclude that clustering of such requests and studies is appropriate, the Participating Transmission Owners may, following communications with the SIRPPSG, cluster those studies for purposes of the transmission evaluation.

5. Provide timely input on the annual Economic Planning Study(ies) scope elements, including the following:
 - a. Study Assumptions, Criteria and Methodology
 - b. Case Development and Technical Analysis
 - c. Problem Identification, Assessment and Development of Solutions
(including proposing alternative solutions for evaluation)
 - d. Comparison and Selection of the Preferred Solution Options
 - e. Economic Planning Study Results Report.
6. Providing advice and recommendations to the Participating Transmission Owners on the Southeast Inter-Regional Participation Process.

Membership

The SIRPPSG membership is open to any interested party.

Meeting Procedures

The SIRPPSG may change the Meeting Procedures criteria provided below pursuant to the voting structure in place for the SIRPPSG at that time. The currently effective Meeting Procedures for the SIRPPSG shall be provided to the Participating Transmission Owners to be posted on the SIRPP website and shall become effective once posted on that website (<http://www.southeastirpp.com>), which postings shall be made within a reasonable amount of time upon receipt by the Transmission Owners. Accordingly, the following provisions contained under this Meeting Procedures heading provide a starting-point structure for the SIRPPSG, which the SIRPPSG shall be allowed to change.

Meeting Chair

A stakeholder-elected member of the SIRPPSG will chair the SIRPPSG meetings and serve as a facilitator for the group by working to bring consensus within the group. In addition, the duties of the SIRPPSG chair will include:

1. Developing mechanisms to solicit and obtain the input of all interested stakeholders related to inter-regional Economic Planning Studies.
2. Ensuring that SIRPPSG meeting notes are taken and meeting highlights are posted on the SIRPP website (<http://www.southeastirpp.com>) for the information of the participants after all SIRPPSG meetings.

Meetings

Meetings of the SIRPPSG shall be open to all SIRPPSG members interested in inter-regional Economic Planning Studies across the respective service territories of the Participating Transmission Owners. There are no restrictions on the number of people attending SIRPPSG meetings from any interested party.

Quorum

Since SIRPPSG membership is open to all interested parties, there are no quorum requirements for SIRPPSG meetings.

Voting

In attempting to resolve any issue, the goal is for the SIRPPSG to develop consensus solutions. However, in the event consensus cannot be reached, voting will be conducted with each SIRPPSG member's organization represented at the meeting (either physically present or participating via phone) receiving one vote. The SIRPPSG chair will provide notices to the SIRPPSG members in advance of the SIRPPSG meeting that specific votes will be taken during the SIRPPSG meeting. Only SIRPPSG members participating in the meeting will be allowed to participate in the voting (either physically present or participating via phone). No proxy votes will be allowed. During each SIRPP cycle, the SIRPPSG members will propose and select the inter-regional Economic Planning Studies that will be performed during that particular SIRPP cycle. The SIRPPSG will annually select up to five (5) inter-regional Economic Planning Studies, including both Step 1 evaluation(s) and any Step 2 evaluations, with any such Step 2 evaluations being performed for the previous years Step 1 studies for the pertinent transfers. Each organization represented by their SIRPPSG members will be able to cast a single vote for up to five Economic Planning Studies that their organization would like to be studied within the SIRPP cycle. If needed, repeat voting will be conducted until there are clear selections for the five Economic Planning Studies to be conducted.

Meeting Protocol

In the absence of specific provisions in this document, the SIRPPSG shall conduct its meetings guided by the most recent edition of *Robert's Rules of Order, Newly Revised*.

Data and Information Release Protocol

SIRPPSG members can request data and information that would facilitate their ability to replicate the SIRPP inter-regional Economic Planning studies while ensuring that CEII and other confidential data is protected.

CEII Data and Information

SIRPPSG members may be certified to obtain CEII data used in the SIRPP by following the confidentiality procedures posted on the SIRPP website (*e.g.*, making a formal request for CEII, authorizing background checks, executing the SIRPP CEII Confidentiality Agreement, etc.). The SIRPP Participating Transmission Owners reserve the discretionary right to waive the certification process, in whole or in part, for anyone that the SIRPP Participating Transmission Owners deem appropriate to receive CEII. The SIRPP Participating Transmission Owners also reserve the discretionary right to reject a request for CEII; upon such rejection, the requestor may pursue the SIRPP dispute resolution procedures set forth below.

Non-CEII Confidential Information

The Participating Transmission Owners will make reasonable efforts to preserve the confidentiality of information that is confidential but not CEII in accordance with the provisions of the Tariff and the requirements of (and/or agreements with) NERC and/or SERC, as well as any agreements with the other Participating Transmission Owners and any other contractual or legal confidentiality requirements.

Without limiting the applicability of the foregoing, to the extent confidential non-CEII information is provided in the transmission planning process and is needed to participate in the transmission planning process and/or to replicate transmission planning studies, it will be made available to those SIRPPSG members who have executed the SIRPP Non-CEII Confidentiality Agreement, which is posted on the SIRPP website. Importantly, if information should prove to contain both confidential non-CEII information and CEII, then the requirements of both this section and the previous section would apply.

Dispute Resolution

Any procedural or substantive dispute between a stakeholder and a Participating Transmission Owner that arises from the SIRPP will be addressed by the Participating Transmission Owner's dispute resolution procedures in its respective Regional Planning Process. In addition, should the dispute only be between stakeholders with no Participating Transmission Owner involved (other than its ownership and/or control of the underlying facilities), the stakeholders will be encouraged to utilize the Commission's alternative means of dispute resolution.

Should dispute resolution proceedings be commenced in multiple Regional Planning Processes involving a single dispute among multiple Participating Transmission Owners, the affected Participating Transmission Owners, in consultation with the affected stakeholders, agree to use reasonable efforts to consolidate the resolution of the dispute such that it will be resolved by the dispute resolution procedures of a single Regional Planning Process in a single proceeding. If such a consensus is reached, the Participating Transmission Owners agree that the dispute will be addressed by the dispute resolution procedures of the selected Regional Transmission Planning Process.

Nothing herein shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

Southeast Inter-Regional Participation Process Diagram:

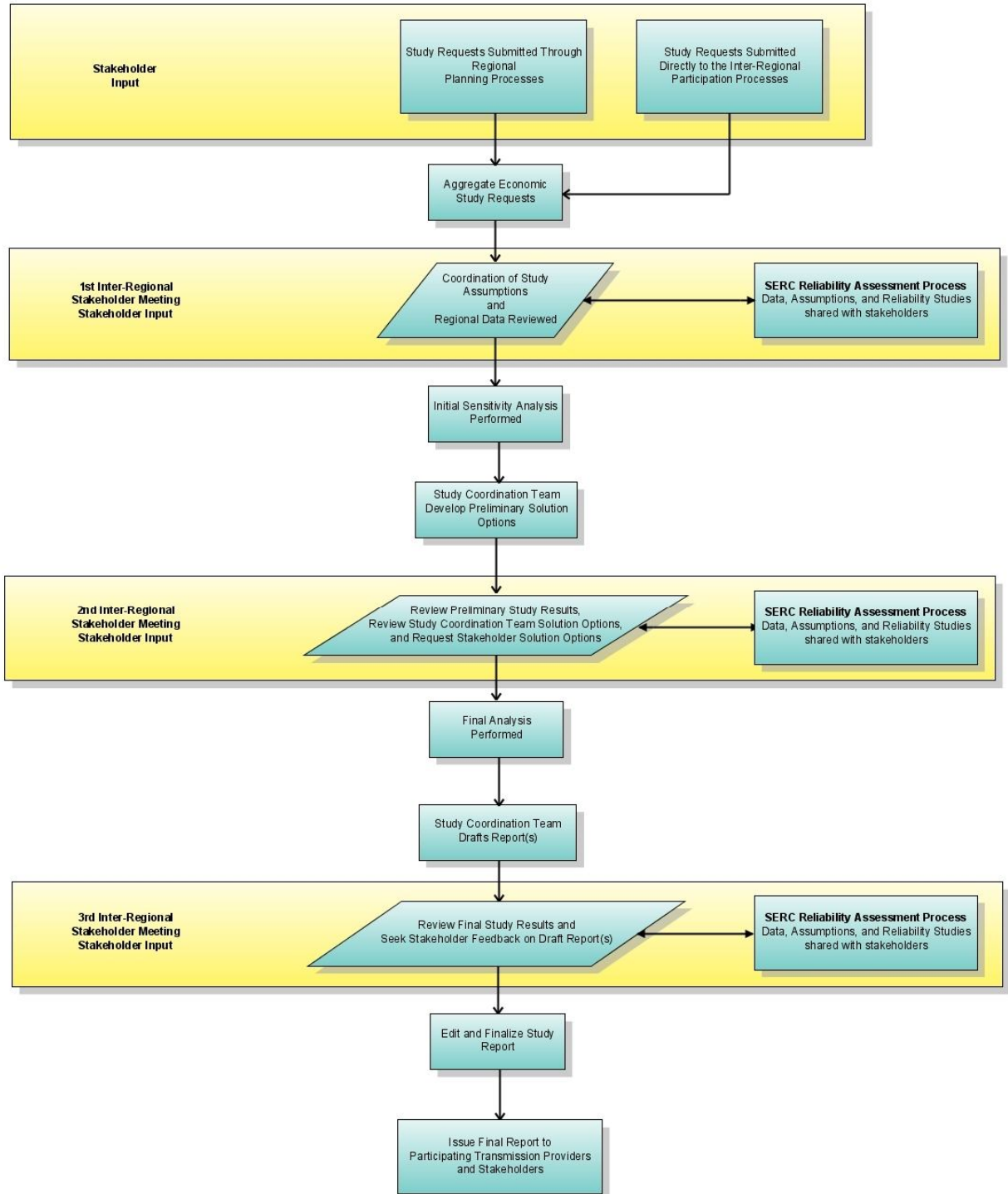
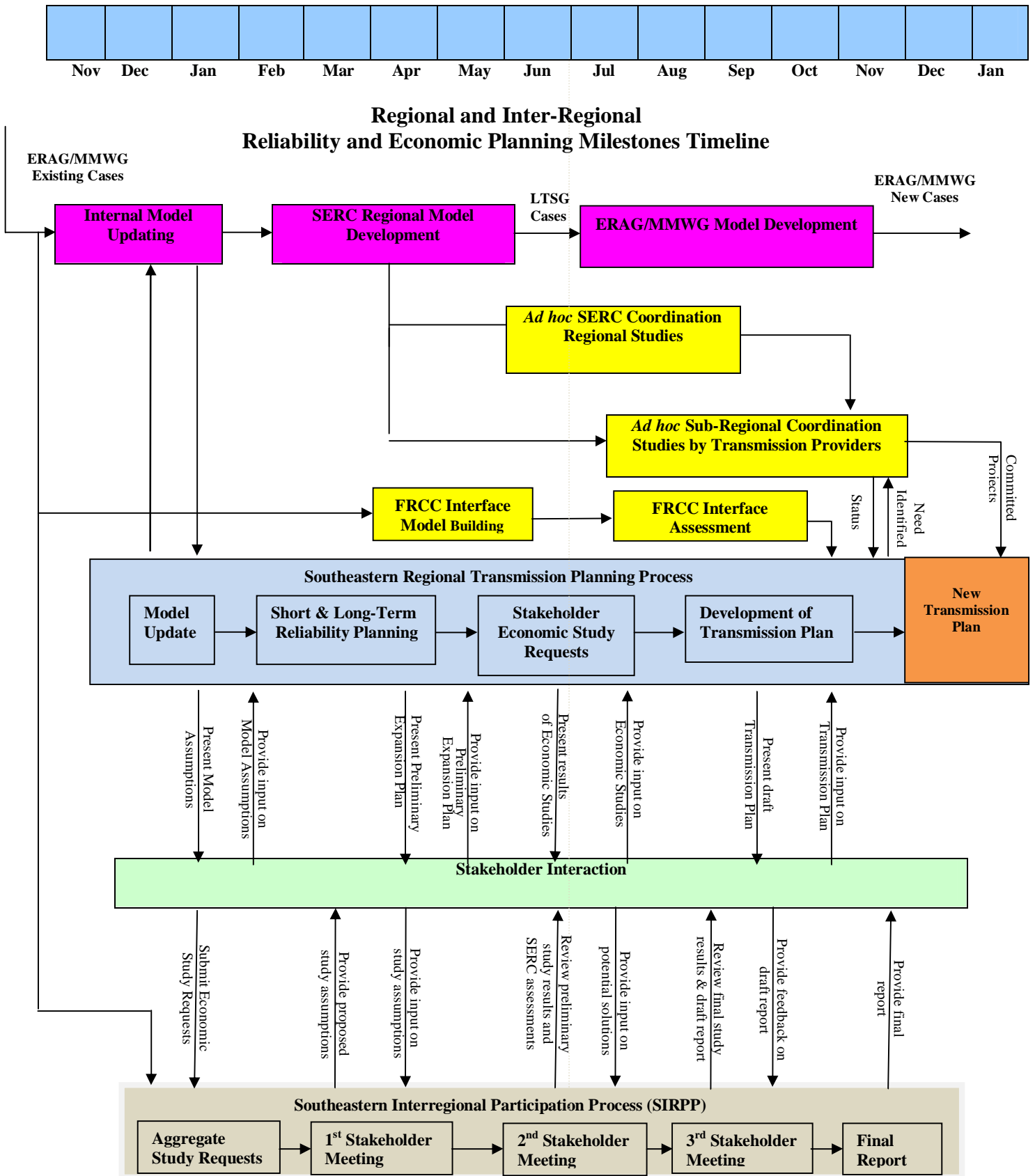


Exhibit K-3



ATTACHMENT L

Source and Sink Requirements for Point-to-Point Transmission Service

- 1 **Generally:** All Transmission Customers taking service under the point-to-point transmission service provisions of the Southern Companies' Open Access Transmission Tariff ("Tariff") must submit to Southern Companies' OASIS reservations and transmission schedules that designate *specific* and *valid* sources and sinks.
- 2 **Definitions**
 - 2.1 **Source:** A "source" is the location of the generating facility(ies) supplying the capacity and energy to be transmitted.
 - 2.2 **Sink:** A "sink" is the location of the load ultimately served by the capacity and energy transmitted.
- 3 **Valid Sources and Sinks on Transmission Provider's Transmission System**
 - 3.1 **Source:** If the source is on Transmission Provider's Transmission System, the source must be a specific and valid generator bus. A load bus is not a valid source. Only one generator bus may be listed as the source.
 - 3.2 **Sink:** If the sink is on Transmission Provider's Transmission System, the sink must be a specific and valid load bus. A generator bus is not a valid sink. Only one load bus may be listed as the sink.
 - 3.3 **Posting:** The Transmission Provider will post on its OASIS site and update as appropriate a list of all specific and valid sources and sinks on the Transmission Provider's Transmission System.

4 Valid Sources and Sinks Off Transmission Provider's Transmission System

4.1 **Source:** If the source is not on the Transmission Provider's Transmission System, the source can be the control area where the source generating unit is located. A load-only control area is not a valid source.

4.2 **Sink:** If the sink is not on the Transmission Provider's Transmission System, the sink can be the control area where the ultimate load is located. A generator-only control area is not a valid sink.

5 Scheduled Amount: The scheduled amount for any point-to-point transmission schedule cannot exceed the amount of the Transmission Provider-approved OASIS reservation and either of the following: (a) for sources on Transmission Provider's Transmission System, the rated capability of the generating facility(ies) at the generator bus; or (b) for sinks on the Transmission Provider's Transmission System, the maximum allowable load at the load bus.

6 Modifications in Service Specifications

6.1 **Generally:** Source or sink information provided in an OASIS reservation or transmission schedule can be modified consistent with Section 22 of the Tariff.

6.2 **Service under Section 22 of the Tariff:** If the Transmission Customer submits source or sink information in a transmission schedule that is different from the information provided in the OASIS reservation, the following procedures shall be followed:

6.2.1 Pursuant to Section 22 of the Tariff and Section 6.3 of this attachment, the Transmission Provider shall determine whether the change in source or sink information requires the Transmission Provider to provide service

over Receipt or Delivery Points other than those specified in the OASIS reservation.

6.2.2 If the change in source or sink information does not require the Transmission Provider to provide service over Receipt or Delivery Points other than those originally specified in the OASIS reservation, then the Transmission Provider shall accept the transmission schedule.

6.2.3 If the change in source or sink information does require the Transmission Provider to provide service over Receipt and Delivery Points other than those originally specified in the OASIS reservation, the Transmission Provider shall refuse the transmission schedule, and the Transmission Customer shall have the option of submitting: (a) a new schedule that conforms to the original OASIS reservation; (b) a new OASIS reservation for firm service over the new Receipt or Delivery Points consistent with Section 22.2 of the Tariff; or (c) a new OASIS reservation for non-firm service over Secondary Receipt or Delivery Points consistent with Section 22.1 of the Tariff.

6.3 **Changes in Receipt or Delivery Points:** Modifications to source and sink information will require the Transmission Provider to provide service over Receipt or Delivery Points other than those originally specified in the OASIS reservation, if either of the following applies:

6.3.1 For original sources or sinks on the Transmission Provider's Transmission System, the new source or sink is located in a different control area than the original source or sink OR is connected to the Transmission Provider's

Transmission System at a different transmission substation than the original source or sink.

6.3.2 For original sources or sinks off the Transmission Provider's Transmission System, the new source or sink is located in a different control area than the original source or sink AND the Transmission Provider would have evaluated different Receipt or Delivery Points in deciding whether to grant the original service request.

7 NERC Tags as Schedules: In order to minimize scheduling work for all entities, the Transmission Provider will accept NERC Tags as transmission schedules, provided that the information described above is supplied on the NERC Tags.

ATTACHMENT M

Formula Rate Manual

Section 0.1 Description and Purpose: This Formula Rate Manual (“Manual”) establishes the procedures and methodology for deriving the charges (“Bulk Transmission Charges”) for the following services provided under the Tariff on the Transmission Provider’s bulk transmission facilities (those above 44/46 kV and excluding generator step-up transformers) (“Bulk Transmission Facilities”): Firm Point-To-Point Transmission Service; Non-Firm Point-To-Point Transmission Service; and Network Integration Transmission Service. This Manual also establishes the procedures and methodology for deriving the charges (“Subtransmission Charges”) for the following services provided under the Tariff on the Transmission Provider’s subtransmission lines (those at 44/46 kV) (“Subtransmission Facilities”): Firm Point-To-Point Transmission Service; Non-Firm Point-To-Point Transmission Service; and Network Integration Transmission Service. The Manual is divided into articles as follows:

Article I - Procedures Governing Operation of Formula Rate

Article II - Derivation of Annual Revenue Requirement for the Bulk Transmission Facilities

Article III- Derivation of Annual Revenue Requirement for the Subtransmission Facilities

Article IV - Derivation of Bulk Transmission Load

Article V - Derivation of Subtransmission Load

Article VI- Calculation of Bulk Transmission Charges, Subtransmission Charges, and FERC Annual Charge

Article VII - Updated Analysis of Losses

Section 0.2 Uniform System of Accounts: The FERC Accounts set forth in this Manual are prescribed in the “Uniform System of Accounts Prescribed for Public Utilities and Licensees” (18 C.F.R. Part 101) effective as of December 31, 2002. Changes to these FERC Accounts may be addressed in the manner provided in Attachment N of the Tariff, or through a filing pursuant to Section 205 of the Federal Power Act.

ARTICLE I

PROCEDURES GOVERNING OPERATION OF FORMULA RATE

Section 1.1 Rate Year for Transmission Charges: The charges for the use of the Transmission Provider’s Bulk Transmission Facilities and Subtransmission Facilities shall be effective for the period of January 1 through December 31 (“Rate Year”). The only exceptions to this January 1 to December 31 application are (1) a delay in filing the Annual Informational Filing until after December 31 in accordance with Attachment N, footnote 3; and (2) the recovery of the cost component for the FERC Annual Charge, which will be effective from October 1 of one Rate Year through September 30 of the following Rate Year.

Section 1.2 Basis for Annually Updated Bulk Transmission Charges and Subtransmission Charges: On or before November 1 preceding each Rate Year, the Transmission Provider shall follow the methodology and procedures set forth in this Manual and in Attachment N to the Tariff to calculate updated Bulk Transmission Charges and updated Subtransmission Charges for the Rate Year (“Annual Informational Filing”). This Annual Informational Filing will be based upon projected data drawn from the most recent information that is being used to prepare the corporate budgets of the Transmission Provider for the Rate Year, together with other necessary data developed in a manner consistent with the Transmission Provider’s customary practices and procedures. Where applicable (i.e., investment components),

data inputs shall be based upon a simple average of (i) the balance for December 31 of the year immediately prior to the Rate Year and (ii) the balance for December 31 of the Rate Year. The Annual Informational Filings made pursuant to the Settlement in Docket No. ER02-851 shall not constitute rate change filings under Section 205 of the Federal Power Act.

Section 1.3 Basis for Annual True-Up Informational Filing for Bulk Transmission Charges and Subtransmission Charges: On or before May 1 of the year immediately subsequent to each Rate Year, the Transmission Provider shall follow the methodology and procedures set forth in this Manual and in Attachment N to the Tariff to make a True-Up Informational Filing with the Commission that calculates actual charges for the Rate Year (“True-Up Filing”). This True-Up Filing will be based on actual costs, loads, and other inputs for the Rate Year, and, to the extent available, applicable data will be drawn from the FERC Form No. 1 filings of the Transmission Provider and otherwise from their books and records. Where applicable, (i.e., investment components) data inputs shall be based upon a simple average of (i) the balance for December 31 of the year immediately prior to the Rate Year and (ii) the balance for December 31 of the Rate Year. The True-Up Filings made pursuant to the Settlement in Docket No. ER02-851 shall not constitute rate change filings under Section 205 of the Federal Power Act.

Section 1.4 Basis for FERC Annual Charge: The cost component that recovers the FERC Annual Charge (18 C.F.R. Part 382) will be updated to be effective October 1 of each year to reflect the most recently received FERC invoices for that charge.

Section 1.5 Informational Schedules: The updated charges associated with the Annual Informational Filing and the charges associated with the True-Up Filing shall be set forth on the Informational Schedules described in Article VI of this Manual. A copy of the updated

Informational Schedules shall be provided to customers taking Network Integration Transmission Service, customers taking Long-Term Firm Point-to-Point Transmission Service, and other interested parties upon request and shall also be made available on the Transmission Provider's OASIS.

Section 1.6 Revisions to Manual: The Transmission Provider shall have the right to make revisions to this Manual as provided in Section 9 of the Tariff.

ARTICLE IIA

DERIVATION OF ANNUAL REVENUE REQUIREMENT FOR THE BULK TRANSMISSION FACILITIES FOR NETWORK INTEGRATION TRANSMISSION SERVICE AND NON-FIRM POINT-TO-POINT TRANSMISSION SERVICE

Section 2.1 Overview: This article of the Manual establishes the formula methodology and procedures for deriving the annual revenue requirement for the Bulk Transmission Facilities for purposes of calculating charges for Network Integration Transmission Service and Non-Firm Point-to-Point Transmission Service.

Section 2.2 Formula for Deriving Annual Revenue Requirement for the Bulk Transmission Facilities for Purposes of Calculating Charges for Network Integration Transmission Service and Non-Firm Point-to-Point Transmission Service: The derivation of the annual revenue requirement for the Bulk Transmission Facilities is based on the Transmission Provider's investment and expenses related to the Bulk Transmission Facilities and the associated cost of capital and income taxes. The derivation of the Transmission Provider's total annual revenue requirement for the Bulk Transmission Facilities for purposes of calculating charges for Network Integration Transmission Service and Non-Firm Point-to-Point Transmission Service is expressed in the following formula:

$$\begin{aligned} RR_{B1} &= \text{Annual revenue requirement for the Bulk Transmission Facilities (\$).} \\ &= \Sigma CRR_B - RC_{B1} \end{aligned}$$

Where:

$$\begin{aligned} CRR_B &= \text{Individual operating company revenue requirement for its Bulk Transmission Facilities (\$).} \\ &= (RB_B \times R) + IT_B + E_B \\ RB_B &= \text{Rate base (The beginning and end of year average transmission investment for Bulk Transmission Facilities) (\$).} \\ R &= \text{The composite rate of return (\%).} \\ IT_B &= \text{Income taxes associated with Bulk Transmission Facilities (\$).} \\ &= (RB_B \times R) \times CIT - ITC_B \\ CIT &= \text{Income tax requirement associated with the preferred stock and common equity weighted cost of capital (\%).} \\ ITC_B &= \text{Investment tax credit adjustment for Bulk Transmission Facilities (\$).} \\ E_B &= \text{Annual expenses for Bulk Transmission Facilities (\$).} \\ RC_{B1} &= \text{Revenue credits associated with Bulk Transmission Facilities (\$) for purposes of calculating charges for Network Integration Transmission Service and Non-Firm Point-to-Point Transmission Service.} \end{aligned}$$

The sources of the Transmission Provider's investment and expense data that are incorporated in the above formula (including FERC Account numbers, description of allocation procedures, and calculation of the cost of capital) are as follows:

RATE BASE ("RB_B") COMPONENTS

Section 2.2.1 Gross Plant in Service includes Gross Transmission Investment associated with the Bulk Transmission Facilities and allocated General and Intangible Investment. Gross Transmission Investment associated with the Bulk Transmission Facilities is

the summation of FERC Accounts 350 through 359 multiplied by the Transmission Plant (TP_B) allocator described in Section 2.2.16.a to remove investment associated with generator step-up transformers and Subtransmission Facilities. Allocated General and Intangible Investment is the summation of FERC Accounts 301 through 303 and 389 through 399, excluding fuel supply/handling facilities and equipment and items that are solely retail-related (e.g., retail conservation and load management systems and retail customer service and information systems),¹ multiplied by the Wages and Salaries (W/S_B) allocator described in Section 2.2.16. c.

Section 2.2.2 Accumulated Depreciation is the depreciation recorded in FERC Account 108 associated with the Gross Plant in Service defined above. The accumulated depreciation associated with transmission is multiplied by the TP_B allocator. Accumulated depreciation associated with general plant is allocated to bulk transmission based on the W/S_B allocator.

Section 2.2.3 Net Plant in Service is the difference between Section 2.2.1 (Gross Plant in Service) and Section 2.2.2 (Accumulated Depreciation).

Section 2.2.4 Adjustments to Rate Base include portions of the following accounts that are added to Rate Base: FERC Accounts 181, 182.3, 189, and 190. Portions of the following accounts are deducted from Rate Base: FERC Accounts 254, 257, 282, and 283. FERC Accounts 190, 282, and 283 are allocated based on the Gross Plant (GP_B) allocator described in Section 2.2.16.d. The portions of Accounts 182.3 and 254 that are subject to Financial Accounting Standards Board Standard 109 are also allocated using the GP_B allocator. FERC Accounts 181, 189, and 257 are allocated to the Bulk Transmission Facilities based on the Net Plant (NP_B) allocator described in Section 2.2.16.e.

¹Only with respect to Alabama Power Company, production-related expenses of these types may be recorded in Account 399 and thus are excluded from that account.

Section 2.2.5 Land Held For Future Use is the portion of FERC Account 105 associated with transmission multiplied by the TP_B allocator.

Section 2.2.6 Working Capital is the summation of cash working capital, materials and supplies, and prepayments. The working capital for the Bulk Transmission Facilities consists of the following components: (1) cash working capital, which is one-eighth (45/360) of the O&M expenses, developed as explained in Section 2.2.8; (2) materials and supplies (M&S), consisting of materials and operating supplies recorded in FERC Account 154 that are related to the Bulk Transmission Facilities as determined by multiplying M&S - Transmission by the TP_B allocator; (3) M&S identified with Construction, Other, and Undistributed Stores, allocated to the Bulk Transmission Facilities by multiplying the balance of those three components by the W/S_B allocator; (4) prepayments as reported in FERC Accounts 165 and 128 (Special Funds – Prepaid Pensions and Other Postretirement Benefits), allocated to the Bulk Transmission Facilities on the basis of the GP_B allocator; and, (5) the jurisdictional portion of prepaid pensions accrued in FERC Account 128 since May 1, 2003, allocated to the Bulk Transmission Facilities on the basis of the GP_B allocator; provided however, the reversal of prepaid pension amounts accrued in FERC Account 128 (as reflected by charges to FERC Account 926) is limited to the jurisdictional portion of the prepaid pension asset accrued after May 1, 2003; and, any amounts associated with “Other Postretirement Benefits” otherwise recorded in FERC Account 128 are specifically excluded from this formula rate component.

Section 2.2.7 Rate Base represents the direct and allocated investments that are associated with the Bulk Transmission Facilities and is the summation of Section 2.2.3 (Net Plant in Service) through Section 2.2.6 (Working Capital). This is the value for “ RB_B ” in the formula in Section 2.2.

EXPENSE (“E_B”) COMPONENTS

Section 2.2.8 Bulk Transmission Operation and Maintenance (O&M) Expenses

include Transmission O&M associated with the Bulk Transmission Facilities and allocated Administrative & General (A&G) expenses. Bulk Transmission O&M expenses are derived by summing FERC Accounts 560 through 574, excluding Account 561 (Load Dispatching), Account 565 (Transmission of Electricity by Others), the amount of Electric Power Research Institute (“EPRI”) membership dues that are booked to transmission accounts, and the amount of EPRI-related research, development, and demonstration expenses that are booked to transmission accounts. The resulting figure is then multiplied by the TP_B allocator.

A&G expenses include FERC Accounts 920 through 935, but exclude the portion of Account 923 associated with Southern Nuclear Operating Company’s performance of services, the portion of Account 924 associated with nuclear property insurance reimbursements, Account 927, Account 928, Account 930.1, and the portions of Account 930.2 associated with EEI and EPRI dues. A&G Expenses in Account 924 are allocated based on the GP_B allocator. The remainder of A&G Expenses is allocated based on the W/S_B allocator.

Section 2.2.9 Depreciation Expense includes FERC Accounts 403 through 405. The depreciation expense for transmission plant is allocated to the Bulk Transmission Facilities based on the TP_B allocator. The depreciation expense associated with general plant is allocated to the Bulk Transmission Facilities based on the W/S_B allocator.

Section 2.2.10 Taxes Other than Income Taxes include amounts recorded in FERC Account 408.1--Electric, excluding taxes and fees associated solely with retail service, fuel-related taxes, and energy-use-related taxes, and are developed as follows: Payroll taxes are allocated to the Bulk Transmission Facilities based on the W/S_B allocator. Property taxes are

allocated to the Bulk Transmission Facilities based on the GP_B allocator. The taxes based on retail gross receipts are not allocated to the Bulk Transmission Facilities. The remaining taxes recorded in Account 408.1 not specified above are allocated to the Bulk Transmission Facilities based on the NP_B allocator.

Section 2.2.11 Other Expenses include the portions of the net of Amortization of Loss on Reacquired Debt (Account 428.1), Amortization of Premium on Debt (Account 429), and Amortization of Gain on Reacquired Debt (Account 429.1) associated with the Bulk Transmission Facilities, as allocated using the NP_B allocator.

Section 2.2.12 Total Bulk Transmission Expenses represent the direct and allocated fixed expenses associated with the Bulk Transmission Facilities considered herein and are the summation of Section 2.2.8 (Bulk Transmission Operation and Maintenance Expenses) through Section 2.2.11 (Other Expenses). These costs are represented by the value for “ E_B ” in the formula in Section 2.2.

Section 2.2.13 The Rate of Return (“R”) is computed in the following manner:

$$R = [(DR \times i) + (PR \times p) + (ER \times c)]$$

Where: $DR + PR + ER = 1.0$

DR = Ratio of Long-Term Debt (includes FERC Accounts 221 through 224).

PR = Ratio of Preferred Stock (Account 204).

ER = Ratio of common equity (Proprietary Capital less Preferred Stock and Unappropriated Undistributed Subsidiary Earnings (Account 216.1)).

i = Long-Term Interest (Accounts 427 and 428) divided by Long-Term Debt (%).

p = Preferred Dividends (Account 437) divided by Preferred Stock (%).

$$c = \text{Return on Common Equity (11.25\%).}$$

INCOME TAX (“IT”) COMPONENT

2.2.14 The Composite Income Taxes (“CIT”) Associated with Preferred Stock and Common Equity Weighted Cost of Capital are computed in the following manner:

$$\text{CIT} = \frac{T}{1-T} \times [1 - \text{WCLTD}/R]$$

Where:

For Alabama Power and SEGCo

$$T = \frac{\text{FIT} + \text{SIT} - (2 \times \text{FIT} \times \text{SIT})}{1 - \text{FIT} \times \text{SIT}}$$

Where:

For all other companies

$$T = 1 - [(1 - \text{FIT}) \times (1 - \text{SIT})]$$

WCLTD = Weighted Cost of Long Term Debt (%).

R = Rate of Return (%).

FIT = Federal Income Tax Rate (%).

SIT = State Income Tax Rate (%).

Section 2.2.15 Income Taxes are calculated as the composite income tax rate (“CIT”) times R times RB_B , and reduced by amortization of the Investment Tax Credit (“ITC_B”). ITC_B is an adjustment for the amount of amortized investment tax credits in Account 411.4 (Investment Tax Credit Adjustments, Utility Operations) associated with the Bulk Transmission Facilities on the basis of the NP_B allocator.

ALLOCATORS

Section 2.2.16 Allocators used in the formula are as follows:

Section 2.2.16.a The Transmission Plant (TP_B) Allocator is derived by adjusting the total transmission plant to exclude facilities that are not considered Bulk Transmission Facilities and then dividing that result by the total transmission plant.

Section 2.2.16.b The Transmission Expense (TE_B) Allocator is derived by reducing the Transmission O&M expenses by Account 561 and then multiplying that result by the TP_B allocator. The product is then divided by the Transmission O&M expenses.

Section 2.2.16.c The Wages and Salaries (W/S_B) Allocator is derived by multiplying the Wages and Salaries expenses associated with the transmission function by the TE_B allocator described above to derive the portion of Wages and Salaries expenses associated with the Bulk Transmission Facilities. This product is divided by the Wages and Salaries expenses for all functions except A&G to produce the W/S_B allocator.

Section 2.2.16.d The Gross Plant (GP_B) Allocator is derived by dividing the Gross Plant in Service associated with the Bulk Transmission Facilities by the total company gross plant.

Section 2.2.16.e The Net Plant (NP_B) Allocator is derived by dividing the Net Plant in Service associated with the Bulk Transmission Facilities by the total company net plant.

OTHER COMPONENTS

Section 2.2.17 Revenue Credits (RC_{B1}) for Network Integration Transmission Service and Non-Firm Point-to-Point Transmission Service reflect the following items: (i) rental payments and reimbursements received for use or rental of specific Bulk Transmission Facilities, but only to the extent the costs of such facilities are included in the development of charges

under the formula rate; (ii) all transmission-related other revenues associated with the use or rental of Bulk Transmission Facilities (e.g., rental payments by telecommunications companies for use of transmission facilities; transmission plant rental fees; right-of-way use charges), but only to the extent the costs of such facilities are included in the development of charges under the formula rate; (iii) a proportional share of the income associated with the portion of General Plant that is included in the formula rate (e.g., facilities rental income and payments for use of telecommunications facilities and equipment); and (iv) revenues received for non-firm and short-term firm point-to-point transmission service provided on the Bulk Transmission Facilities under the Tariff.

ARTICLE IIB

DERIVATION OF ANNUAL REVENUE REQUIREMENT FOR THE BULK TRANSMISSION FACILITIES FOR FIRM POINT-TO-POINT TRANSMISSION SERVICE

Section 2.2.21 Overview: This article of the Manual establishes the formula methodology and procedures for deriving the annual revenue requirement for the Bulk Transmission Facilities for purposes of calculating charges for Firm Point-to-Point Transmission Service.

Section 2.2.22 Formula for Deriving Annual Revenue Requirement for the Bulk Transmission Facilities for Firm Point-to-Point Transmission Service: The derivation of the annual revenue requirement for the Bulk Transmission Facilities is based on the Transmission Provider's investment and expenses related to the Bulk Transmission Facilities and the associated cost of capital and income taxes. The derivation of the Transmission Provider's total annual revenue requirement for the Bulk Transmission Facilities for purposes of calculating charges for Firm Point-to-Point Transmission Service is expressed in the following formula:

$$\begin{aligned} RR_{B2} &= \text{Revenue Requirement associated with Bulk Transmission Facilities for purposes of calculating charges for Firm Point-to-Point Transmission Service.} \\ &= \Sigma CRR_B - RC_{B2} \end{aligned}$$

Where:

$$\begin{aligned} CRR_B &= \text{Individual operating company revenue requirement for its Bulk Transmission Facilities (\$).} \\ &= (RB_B \times R) + IT_B + E_B \end{aligned}$$

Section 2.2.23 CRR_B shall have the same meaning as in Section 2.2.

Section 2.2.24 Revenue Credits (RC_{B2}) for Firm Point-to-Point Transmission Service reflect the following items: (i) rental payments and reimbursements received for use or rental of specific Bulk Transmission Facilities, but only to the extent the costs of such facilities are included in the development of charges under the formula rate; (ii) all transmission-related other revenues associated with the use or rental of Bulk Transmission Facilities (e.g., rental payments by telecommunications companies for use of transmission facilities; transmission plant rental fees; right-of-way use charges), but only to the extent the costs of such facilities are included in the development of charges under the formula rate; (iii) a proportional share of the income associated with the portion of General Plant that is included in the formula rate (e.g., facilities rental income and payment for use of telecommunications facilities and equipment); and (iv) revenues received for non-firm and short-term firm point-to-point transmission service provided on the Bulk Transmission Facilities under the Tariff except that revenues associated with non-firm use of transmission capacity set aside as Capacity Benefit Margin shall not be included in these revenue credits (RC_{B2}).

ARTICLE III

DERIVATION OF ANNUAL REVENUE REQUIREMENT FOR THE SUBTRANSMISSION FACILITIES

Section 3.1 Overview: This article of the Manual establishes the formula methodology and procedures for deriving the annual revenue requirement for the Subtransmission Facilities.

Section 3.2 Formula for Deriving Annual Revenue Requirement for the Subtransmission Facilities: The derivation of the annual revenue requirement for the Subtransmission Facilities is based on the Transmission Provider's investment and expenses related to the Subtransmission Facilities and the associated cost of capital and income taxes. The derivation of the Transmission Provider's total annual revenue requirement for the Subtransmission Facilities is expressed in the following formula:

$$\begin{aligned} RR_S &= \text{Annual revenue requirement for the Subtransmission} \\ &\quad \text{Facilities (\$).} \\ &= \Sigma CRR_S - RC_S \end{aligned}$$

Where:

$$\begin{aligned} CRR_S &= \text{Individual operating company revenue requirement for its} \\ &\quad \text{Subtransmission Facilities (\$).} \\ &= (RB_S \times R) + IT_S + E_S \\ RB_S &= \text{Rate base (The beginning and end of year average} \\ &\quad \text{transmission investment for Subtransmission Facilities) (\$).} \\ R &= \text{The composite rate of return (\%).} \\ IT_S &= \text{Income taxes associated with Subtransmission Facilities} \\ &\quad \text{(\$).} \\ &= (RB_S \times R) \times CIT - ITC_S \\ CIT &= \text{Income tax requirement associated with the preferred stock} \\ &\quad \text{and common equity weighted cost of capital (\%).} \end{aligned}$$

ITC _S	=	Investment tax credit adjustment for Subtransmission Facilities (\$).
E _S	=	Annual expenses for Subtransmission Facilities (\$).
RC _S	=	Revenue credits associated with Subtransmission Facilities (\$).

The sources of the Transmission Provider's investment and expense data that are incorporated in the above formula (including FERC Account numbers, description of allocation procedures, and calculation of the cost of capital) are as follows:

RATE BASE ("RB_S") COMPONENTS

Section 3.2.1 Gross Plant in Service includes Gross Transmission Investment associated with the Subtransmission Facilities and allocated General and Intangible Investment. Gross Transmission Investment associated with the Subtransmission Facilities is the summation of FERC Accounts 350 through 359 multiplied by the Transmission Plant (TP_S) allocator described in Section 3.2.16.a to remove investment associated with generator step-up transformers and Bulk Transmission Facilities. Allocated General and Intangible Investment is the summation of FERC Accounts 301 through 303 and 389 through 399, excluding fuel supply/handling facilities and equipment and items that are solely retail-related (e.g., retail conservation and load management systems and retail customer service and information systems), multiplied by the Wages and Salaries (W/S_S) allocator described in Section 3.2.16.c.

Section 3.2.2 Accumulated Depreciation is the depreciation recorded in FERC Account 108 associated with the Gross Plant in Service defined above. The accumulated depreciation associated with transmission is multiplied by the TP_S allocator. Accumulated depreciation associated with general plant is allocated to subtransmission based on the W/S_S allocator.

Section 3.2.3 Net Plant in Service is the difference between Section 3.2.1 (Gross Plant in Service) and Section 3.2.2 (Accumulated Depreciation).

Section 3.2.4 Adjustments to Rate Base include portions of the following accounts that are added to Rate Base: FERC Accounts 181, 182.3, 189, and 190. Portions of the following accounts are deducted from Rate Base: FERC Accounts 254, 257, 282, and 283. FERC Accounts 190, 282, and 283 are allocated based on the Gross Plant (GP_S) allocator described in Section 3.2.16.d. The portions of Accounts 182.3 and 254 that are subject to Financial Accounting Standards Board Standard 109 are also allocated using the GP_S allocator. FERC Accounts 181, 189, and 257 are allocated to the Subtransmission Facilities based on the Net Plant (NP_S) allocator described in Section 3.2.16.e.

Section 3.2.5 Land Held For Future Use is the portion of FERC Account 105 associated with transmission multiplied by the TP_S allocator.

Section 3.2.6 Working Capital is the summation of cash working capital, materials and supplies, and prepayments. The working capital for the Subtransmission Facilities consists of the following components: (1) cash working capital, which is one-eighth (45/360) of the O&M expenses, developed as explained in Section 3.2.8; (2) materials and supplies (M&S), consisting of materials and operating supplies recorded in FERC Account 154 that are related to the Subtransmission Facilities as determined by multiplying M&S - Transmission by the TP_S allocator; (3) M&S identified with Construction, Other, and Undistributed Stores, allocated to the Subtransmission Facilities by multiplying the balance of those three components by the W/S_S allocator; (4) prepayments as reported in FERC Accounts 165 and 128 (Special Funds – Prepaid Pensions and Other Postretirement Benefits), allocated to the Subtransmission Facilities on the basis of the GP_S allocator; and, (5) the jurisdictional portion of prepaid pensions accrued in

FERC Account 128 since May 1, 2003, allocated to the Subtransmission Facilities on the basis of the GPS allocator; provided however, the reversal of prepaid pension amounts accrued in FERC Account 128 (as reflected by charges to FERC Account 926) is limited to the jurisdictional portion of the prepaid pension asset accrued after May 1, 2003; and, any amounts associated with “Other Postretirement Benefits” otherwise recorded in FERC Account 128 are specifically excluded from this formula rate component.

Section 3.2.7 Rate Base represents the direct and allocated investments that are associated with the Subtransmission Facilities and is the summation of Section 3.2.3 (Net Plant in Service) through Section 3.2.6 (Working Capital). This is the value for “RB_S” in the formula in Section 3.2.

EXPENSE (“E_S”) COMPONENTS

Section 3.2.8 Subtransmission Operation and Maintenance (O&M) Expenses include Transmission O&M associated with the Subtransmission Facilities and allocated Administrative & General (A&G) expenses. Subtransmission O&M expenses are derived by summing FERC Accounts 560 through 574, excluding Account 561 (Load Dispatching), Account 565 (Transmission of Electricity by Others), the amount of Electric Power Research Institute (“EPRI”) membership dues that are booked to transmission accounts, and the amount of EPRI-related research, development, and demonstration expenses that are booked to transmission accounts. The resulting figure is then multiplied by the TP_S allocator.

A&G expenses include FERC Accounts 920 through 935, but exclude the portion of Account 923 associated with Southern Nuclear Operating Company’s performance of services, the portion of Account 924 associated with nuclear property insurance reimbursements, Account 927, Account 928, Account 930.1, and the portions of Account 930.2 associated with EEI and

EPRI dues. A&G Expenses in Account 924 are allocated based on the GP_S allocator. The remainder of A&G Expenses is allocated based on the W/S_S allocator.

Section 3.2.9 Depreciation Expense includes FERC Accounts 403 through 405. The depreciation expense for transmission plant is allocated to the Subtransmission Facilities based on the TP_S allocator. The depreciation expense associated with general plant is allocated to the Subtransmission Facilities based on the W/S_S allocator.

Section 3.2.10 Taxes Other than Income Taxes include amounts recorded in FERC Account 408.1--Electric, excluding taxes and fees associated solely with retail service, fuel-related taxes, and energy-use-related taxes, and are developed as follows: Payroll taxes are allocated to the Subtransmission Facilities based on the W/S_S allocator. Property taxes are allocated to the Subtransmission Facilities based on the GP_S allocator. The taxes based on retail gross receipts are not allocated to the Subtransmission Facilities. The remaining taxes recorded in Account 408.1 not specified above are allocated to the Subtransmission Facilities based on the NP_S allocator.

Section 3.2.11 Other Expenses include the portions of the net of Amortization of Loss on Reacquired Debt (Account 428.1), Amortization of Premium on Debt (Account 429), and Amortization of Gain on Reacquired Debt (Account 429.1) associated with the Subtransmission Facilities, as allocated using the NP_S allocator.

Section 3.2.12 Total Subtransmission Expenses represent the direct and allocated fixed expenses associated with the Subtransmission Facilities considered herein and are the summation of Section 3.2.8 (Subtransmission Operation and Maintenance Expenses) through Section 3.2.11 (Other Expenses). These costs are represented by the value for “E_S” in the formula in Section 3.2.

Section 3.2.13 The Rate of Return (“R”) is computed in the following manner:

$$R = [(DR \times i) + (PR \times p) + (ER \times c)]$$

Where: $DR + PR + ER = 1.0$

DR = Ratio of Long-Term Debt (includes FERC Accounts 221 through 224).

PR = Ratio of Preferred Stock (Account 204).

ER = Ratio of common equity (Proprietary Capital less Preferred Stock and Unappropriated Undistributed Subsidiary Earnings (Account 216.1)).

i = Long-Term Interest (Accounts 427 and 428) divided by Long-Term Debt (%).

p = Preferred Dividends (Account 437) divided by Preferred Stock (%).

c = Return on Common Equity (11.25%).

INCOME TAX (“IT”) COMPONENT

3.2.14 The Composite Income Taxes (“CIT”) Associated with Preferred Stock and Common Equity Weighted Cost of Capital are computed in the following manner:

$$CIT = \frac{T}{1-T} \times [1 - WCLTD/R]$$

Where:

For Alabama Power and SEGCo

$$T = \frac{FIT + SIT - (2 \times FIT \times SIT)}{1 - FIT \times SIT}$$

Where:

For all other companies

$$T = 1 - [(1 - FIT) \times (1 - SIT)]$$

WCLTD = Weighted Cost of Long Term Debt (%).

R	=	Rate of Return (%).
FIT	=	Federal Income Tax Rate (%).
SIT	=	State Income Tax Rate (%).

Section 3.2.15 Income Taxes are calculated as the composite income tax rate (“CIT”) times R times RB_S , and reduced by amortization of the Investment Tax Credit (“ITC”). ITC is an adjustment for the amount of amortized investment tax credits in Account 411.4 (Investment Tax Credit Adjustments, Utility Operations) associated with the Subtransmission Facilities on the basis of the NP_S allocator.

ALLOCATORS

Section 3.2.16 Allocators used in the formula are as follows:

Section 3.2.16.a The Transmission Plant (TP_S) Allocator is derived by adjusting the total transmission plant to exclude facilities that are not considered Subtransmission Facilities and then dividing that result by the total transmission plant.

Section 3.2.16.b The Transmission Expense (TE_S) Allocator is derived by reducing the Transmission O&M expenses by Account 561 and then multiplying that result by the TP_S allocator. The product is then divided by the Transmission O&M expenses.

Section 3.2.16.c The Wages and Salaries (W/S_S) Allocator is derived by multiplying the Wages and Salaries expenses associated with the transmission function by the TE_S allocator described above to derive the portion of Wages and Salaries expenses associated with the Subtransmission Facilities. This product is divided by the Wages and Salaries expenses for all functions except A&G to produce the W/S_S allocator.

Section 3.2.16.d The Gross Plant (GP_S) Allocator is derived by dividing the Gross Plant in Service associated with the Subtransmission Facilities by the total company gross plant.

Section 3.2.16.e The Net Plant (NP_s) Allocator is derived by dividing the Net Plant in Service associated with the Subtransmission Facilities by the total company net plant.

OTHER COMPONENTS

Section 3.2.17 Revenue Credits reflect the following items: (i) rental payments and reimbursements received for use or rental of specific Subtransmission Facilities, but only to the extent the costs of such facilities are included in the development of charges under the formula rate; (ii) all transmission-related other revenues associated with the use or rental of Subtransmission Facilities (e.g., rental payments by telecommunications companies for use of transmission facilities; transmission plant rental fees; right-of-way use charges), but only to the extent the costs of such facilities are included in the development of charges under the formula rate; (iii) a proportional share of the income associated with the portion of General Plant that is included in the formula rate (e.g., facilities rental income and payments for use of telecommunications facilities and equipment); and (iv) revenues received for non-firm and short-term firm point-to-point transmission service provided on the Subtransmission Facilities under the Tariff.

ARTICLE IVA

DERIVATION OF BULK TRANSMISSION LOAD FOR NETWORK INTEGRATION TRANSMISSION SERVICE AND NON-FIRM POINT-TO-POINT TRANSMISSION SERVICE

Section 4.1 Overview: This article establishes the methodology to determine the Load (“L_{B1}”) used to derive the Bulk Transmission Charges for Network Integration Transmission Service and Non-Firm Point-to-Point Transmission Service.

Section 4.2 Twelve Month Average Coincident Peak Methodology: The Load (“L_{B1}”) used to derive the charges under Sections 6.3 (for Non-Firm Point-to-Point Transmission

Service provided on the Bulk Transmission Facilities) and 6.4 (for Network Integration Transmission Service provided on the Bulk Transmission Facilities) of this Manual for purposes of the Annual Informational Filing is the average of the twelve monthly coincident peak (CP) loads (kW) on the Bulk Transmission System for the Rate Year, as forecasted by the Transmission Provider. The Load used to derive the charges under Sections 6.3 and 6.4 of this Manual for purposes of the True-Up Filing is the average of the actual 12 CP loads (kW) on the Bulk Transmission System for the Rate Year. Adjustments made to the 12 CP load calculation are as follows: (1) the load of the City of Dalton is removed because it is a transmission owner of the Georgia Integrated Transmission System; (2) losses in the Bulk Transmission System are removed; and (3) loads for Network Customers that are not already included in the Transmission Provider's territorial load calculation and long-term firm point-to-point reservations are added to the 12 CP load calculation.

ARTICLE IVB

DERIVATION OF BULK TRANSMISSION LOAD FOR FIRM POINT-TO-POINT TRANSMISSION SERVICE

Section 4.3 Overview: This article establishes the methodology to determine the Load (“L_{B2}”) used to derive the Bulk Transmission Charges for Firm Point-to-Point Transmission Service.

Section 4.4 Twelve Month Average Coincident Peak Methodology: The Load (“L_{B2}”) used to derive the charges under Sections 6.2 (for Firm Point-to-Point Transmission Service provided on the Bulk Transmission Facilities) of this Manual for purposes of the Annual Informational Filing is the average of the twelve monthly coincident peak (CP) loads (kW) on the Bulk Transmission System for the Rate Year, as forecasted by the Transmission Provider.

The Load used to derive the charges under Sections 6.2 of this Manual for purposes of the True-Up Filing is the average of the actual 12 CP loads (kW) on the Bulk Transmission System for the Rate Year. Adjustments made to the 12 CP load calculation are as follows: (1) the load of the City of Dalton is removed because it is a transmission owner of the Georgia Integrated Transmission System; (2) losses in the Bulk Transmission System are removed; (3) loads for Network Customers that are not already included in the Transmission Provider's territorial load calculation and long-term firm point-to-point reservations are added to the 12 CP load calculation; and (4) the amount (kW) of capacity on the Bulk Transmission Facilities set aside by the Transmission Provider and/or Network Customer(s) for Capacity Benefit Margin use are added to the 12 CP load calculation.

ARTICLE V

DERIVATION OF SUBTRANSMISSION LOAD

Section 5.1 Overview: This article establishes the methodology to determine the Load ("L_S") used to derive the Subtransmission Charges.

Section 5.2 Twelve Month Average Coincident Peak Methodology: The Load ("L_S") used to derive the charges under Sections 6.5, 6.6, and 6.7 of this Manual is the average of the 12 CP territorial loads (kW) at Level 2 (i.e., native load excluding bulk transmission losses) on the Transmission System for the Rate Year as forecasted by the Transmission Provider, in an Annual Informational Filing or the actual load in a True-Up Filing, multiplied by the ratio of subtransmission load to territorial load on the Transmission System that is set forth in the Transmission Provider's most recent cost-of-service load flow study and adjusted to the subtransmission output level as follows: (1) losses on the Subtransmission System are removed; (2) the loads for Network Customers at the subtransmission level that are not included in the

Transmission Provider's territorial load calculation are added; and (3) the loads for subtransmission level long-term firm point-to-point reservations are added.

ARTICLE VI

CALCULATION OF BULK TRANSMISSION CHARGES, SUBTRANSMISSION CHARGES, AND FERC ANNUAL CHARGE

Section 6.1 Overview: This article shows the derivation of the specific Bulk Transmission Charges, and Subtransmission Charges, including the cost component to recover the FERC Annual Charge.

Section 6.2 Charges for Firm Point-To-Point Transmission Service Provided on the Bulk Transmission Facilities: The derivation of charges for Firm Point-To-Point Transmission Service provided on the Bulk Transmission Facilities is expressed in the following formula:

$$B2R_{YF} = \frac{RR_{B2}}{L_{B2}}$$

$$B2R_{MF} = \frac{RR_{B2}}{L_{B2} \times 12}$$

$$B2R_{WF} = \frac{RR_{B2}}{L_{B2} \times 52}$$

$$B2R_{DF, \text{ on-peak}} = \frac{B2R_{WF}}{5}$$

$$B2R_{DF, \text{ off-peak}} = \frac{B2R_{WF}}{7}$$

Where:

RR_{B2} = The annual revenue requirement for the Bulk Transmission Facilities for purposes of calculating charges for Firm Point-to-Point Transmission Service derived under Article IIB of this Manual (\$).

L_{B2} = The Load derived under Article IVB of this Manual (kW).

$B2R_{YF}$	=	The bulk transmission charge for yearly Firm Point-To-Point Transmission Service (\$/kW-year).
$B2R_{MF}$	=	The bulk transmission charge for monthly Firm Point-To-Point Transmission Service (\$/kW-month).
$B2R_{WF}$	=	The bulk transmission charge for weekly Firm Point-To-Point Transmission Service (\$/kW-week).
$B2R_{DF, on-peak}$	=	The bulk transmission charge for on-peak daily Firm Point-To-Point Transmission Service (\$/kW-day).
$B2R_{DF, off-peak}$	=	The bulk transmission charge for off-peak daily Firm Point-To-Point Transmission Service (\$/kW-day).

These charges will be updated to become effective on January 1 of each Rate Year (subject to Attachment N, footnote 3) based on the formula and will be set forth on Informational Schedule A, the form of which is Exhibit A to the Tariff.

Section 6.3 Charges for Non-Firm Point-To-Point Transmission Service Provided

on the Bulk Transmission Facilities: The derivation of the charges for Non-Firm Point-To-Point Transmission Service provided on the Bulk Transmission Facilities is expressed in the following formula:

$$B1R_M = \frac{RR_{B1}}{L_{B1} \times 12}$$

$$B1R_W = \frac{RR_{B1}}{L_{B1} \times 52}$$

$$B1R_{D, on-peak} = \frac{B1R_W}{5}$$

$$B1R_{D, off-peak} = \frac{B1R_W}{7}$$

$$B1R_{H, on-peak} = \frac{B1R_{D, on-peak}}{16} \times 1000$$

$$B1R_{H, \text{ off-peak}} = \frac{B1R_{D, \text{ off-peak}}}{24} \times 1000$$

Where:

- RR_{B1} = The annual revenue requirement for the Bulk Transmission Facilities for Network Integration Transmission Service and Non-Firm Point-to-Point Transmission Service derived under Article IIA of this Manual (\$).
- L_{B1} = The Load derived under Article IVA of this Manual (kW).
- $B1R_M$ = The bulk transmission charge for monthly Non-Firm Point-To-Point Transmission Service (\$/kW-month).
- $B1R_W$ = The bulk transmission charge for weekly Non-Firm Point-To-Point Transmission Service (\$/kW-week).
- $B1R_{D, \text{ on-peak}}$ = The bulk transmission charge for on-peak daily Non-Firm Point-To-Point Transmission Service (\$/kW-day).
- $B1R_{D, \text{ off-peak}}$ = The bulk transmission charge for off-peak daily Non-Firm Point-To-Point Transmission Service (\$/kW-day).
- $B1R_{H, \text{ on-peak}}$ = The bulk transmission charge for on-peak hourly Non-Firm Point-To-Point Transmission Service (mills/kWh).
- $B1R_{H, \text{ off-peak}}$ = The bulk transmission charge for off-peak hourly Non-Firm Point-To-Point Transmission Service (mills/kWh).

These charges will be updated to be effective on January 1 of each Rate Year (subject to Attachment N, footnote 3) based on the formula and will be set forth on Informational Schedule B, the form of which is Exhibit B to the Tariff.

Section 6.4 Charges for Network Integration Transmission Service Provided on the Bulk Transmission Facilities: The derivation of the charges for Network Integration Transmission Service provided on the Bulk Transmission Facilities is expressed in the following formula:

$$B1R_Y = \frac{RR_{B1}}{L_{B1}}$$

$$B1R_M = \frac{RR_{B1}}{L_{B1} \times 12}$$

Where:

RR_{B1}	=	The annual revenue requirement for the Bulk Transmission Facilities for Network Integration Transmission Service and Non-Firm Point-to-Point Transmission Service derived under Article IIA of this Manual (\$).
L_{B1}	=	The Load derived under Article IVA of this Manual (kW).
$B1R_Y$	=	The bulk transmission charge for yearly Network Integration Transmission Service (\$/kW-year).
$B1R_M$	=	The bulk transmission charge for monthly Network Integration Transmission Service (\$/kW-month).

These charges will be updated to be effective on January 1 of each Rate Year (subject to Attachment N, footnote 3) based on the formula and will be set forth on Informational Schedule C, the form of which is Exhibit C to the Tariff.

Section 6.5 Charges for Firm Point-To-Point Transmission Service Provided on the Subtransmission Facilities: The derivation of charges for Firm Point-To-Point Transmission Service provided on the Subtransmission Facilities is expressed in the following formula:

SR_{SY}	=	$\frac{RR_S}{L_S}$
SR_M	=	$\frac{RR_S}{L_S \times 12}$
SR_W	=	$\frac{RR_S}{L_S \times 52}$
$SR_{D, \text{on-peak}}$	=	$\frac{SR_W}{5}$
$SR_{D, \text{off-peak}}$	=	$\frac{SR_W}{7}$

Where:

RR_S	=	The annual revenue requirement for the Subtransmission Facilities derived under Article II of this Manual (\$).
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L_S	=	The Load derived under Article V of this Manual (kW).
SR_Y	=	The subtransmission charge for yearly Firm Point-To-Point Transmission Service (\$/kW-year).
SR_M	=	The subtransmission charge for monthly Firm Point-To-Point Transmission Service (\$/kW-month).
SR_W	=	The subtransmission charge for weekly Firm Point-To-Point Transmission Service (\$/kW-week).
$SR_{D, on-peak}$	=	The subtransmission charge for on-peak daily Firm Point-To-Point Transmission Service (\$/kW-day).
$SR_{D, off-peak}$	=	The subtransmission charge for off-peak daily Firm Point-To-Point Transmission Service (\$/kW-day).

These charges will be updated to become effective on January 1 of each Rate Year (subject to Attachment N, footnote 3) based on the formula and will be set forth on Informational Schedule A, the form of which is Exhibit A to the Tariff.

Section 6.6 Charges for Non-Firm Point-To-Point Transmission Service Provided

on the Subtransmission Facilities: The derivation of the charges for Non-Firm Point-To-Point Transmission Service provided on the Subtransmission Facilities is expressed in the following formula:

$$SR_M = \frac{RR_S}{L_S \times 12}$$

$$SR_W = \frac{RR_S}{L_S \times 52}$$

$$SR_{D, on-peak} = \frac{SR_W}{5}$$

$$SR_{D, off-peak} = \frac{SR_W}{7}$$

$$SR_{H, on-peak} = \frac{SR_{D, on-peak}}{16} \times 1000$$

$$SR_{H, \text{ off-peak}} = \frac{SR_{D, \text{ off-peak}}}{24} \times 1000$$

Where:

RR_S = The annual revenue requirement for the Subtransmission Facilities derived under Article III of this Manual (\$).

L_S = The Load derived under Article V of this Manual (kW).

SR_M = The subtransmission charge for monthly Non-Firm Point-To-Point Transmission Service (\$/kW-month).

SR_W = The subtransmission charge for weekly Non-Firm Point-To-Point Transmission Service (\$/kW-week).

$SR_{D, \text{ on-peak}}$ = The subtransmission charge for on-peak daily Non-Firm Point-To-Point Transmission Service (\$/kW-day).

$SR_{D, \text{ off-peak}}$ = The subtransmission charge for off-peak daily Non-Firm Point-To-Point Transmission Service (\$/kW-day).

$SR_{H, \text{ on-peak}}$ = The subtransmission charge for on-peak hourly Non-Firm Point-To-Point Transmission Service (mills/kWh).

$SR_{H, \text{ off-peak}}$ = The subtransmission charge for off-peak hourly Non-Firm Point-To-Point Transmission Service (mills/kWh).

These charges will be updated to be effective on January 1 of each Rate Year (subject to Attachment N, footnote 3) based on the formula and will be set forth on Informational Schedule B, the form of which is Exhibit B to the Tariff.

Section 6.7 Charges for Network Integration Transmission Service Provided on the Subtransmission Facilities: The derivation of the charges for Network Integration Transmission Service provided on the Subtransmission Facilities is expressed in the following formula:

$$SR_Y = \frac{RR_S}{L_S}$$

$$SR_M = \frac{RR_S}{L_S \times 12}$$

Where:

RR_S	=	The annual revenue requirement for the Subtransmission Facilities derived under Article III of this Manual (\$).
L_S	=	The Load derived under Article V of this Manual (kW).
SR_Y	=	The subtransmission charge for yearly Network Integration Transmission Service (\$/kW-year).
SR_M	=	The subtransmission charge for monthly Network Integration Transmission Service (\$/kW-month).

These charges will be updated to be effective on January 1 of each Rate Year (subject to Attachment N, footnote 3) based on the formula and will be set forth on Informational Schedule C, the form of which is Exhibit C to the Tariff.

Section 6.8 FERC Annual Charge and Attachment K Costs: The cost components to recover the FERC Annual Charge (18 C.F.R. Part 382) and the Transmission Provider's costs incurred in implementing its requirements, duties, and activities under Attachment K, the Southeastern Regional Transmission Planning Process, are in addition to the applicable charges specified above in Sections 6.2 through 6.7. The cost component for the FERC Annual Charge shall consist of the Charge Factor(s) shown on the Commission's invoices submitted to the Transmission Provider on or about August 1 of each calendar year. If more than one Charge Factor is shown on such invoices, then the appropriate Charge Factor will be applied to the corresponding type of service. The cost component for the recovery of the Transmission Provider's costs incurred in implementing its requirements, duties, and activities under Attachment K, the Southeastern Regional Transmission Planning Process, shall consist of a charge factor comprised by those total costs incurred for the prior calendar year divided by the total amount (MWh) of metered Network Integration Transmission Service and Point-to-Point Transmission Service taken under the Tariff the prior calendar year. These components will be

set forth on Informational Schedule D, the form of which is attached as Exhibit D of the Tariff, will be updated to be effective on October 1 of each year, and is assessed on the basis of megawatt hours associated with a Transmission Customer's deliveries of energy.

ARTICLE VII

Updated Analysis of Losses and CBM Usage

Section 7.1 Updated Information Relating to Losses on the Transmission System and the Usage of Capacity Benefit Margin to Meet Generation Deficits:

At two year intervals after August 1, 2004, the Transmission Provider will make available an updated analysis of losses for the Transmission System based on the following data: (i) power flow simulations using the Summer Peak Base Cases for the Bulk Transmission Facilities (i.e., those above 44/46 kV) adjusted to simulate the average 12 CP loads and the average annual load on the Bulk Transmission Facilities; (ii) power flow simulations on the Subtransmission Facilities (i.e., those at 44/46 kV) adjusted to simulate the average 12 CP loads and the average annual load on the Subtransmission Facilities; and (iii) the most recent cost-of-service load flow study. In addition, the Transmission Provider will also make available the instances (if any) over the prior two calendar years that transmission capacity set aside as CBM has been called upon to meet emergency generation deficits, including OASIS reference numbers, duration and amount of transmission capacity. A copy of the updated analysis of losses and CBM usage will be provided to customers taking Network Integration Transmission Service, customers taking Long-Term Firm Point-to-Point Transmission Service, and other interested parties upon request and shall also be made available on the Transmission Provider's OASIS.

EXHIBIT A

FORM OF INFORMATIONAL SCHEDULE A

**Charges For Long-Term and Short-Term Firm
Point-To-Point Transmission Service**

A. Charges for Bulk Transmission Service: For Firm Point-to-Point Transmission service provided during the period January 1, _____ through December 31, _____, the Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity for the use of the Transmission Provider's Bulk Transmission Facilities (voltage levels above 44/46 kV) at the sum of the applicable charges set forth below:

Bulk Transmission
(voltage levels above 44/46 kV)

- (1) **Yearly delivery:** \$_____/kW of Reserved Capacity per year.
- (2) **Monthly delivery:** \$_____/kW of Reserved Capacity per month.
- (3) **Weekly delivery:** \$_____/kW of Reserved Capacity per week.
- (4) **On-Peak Daily delivery:** \$_____/kW of Reserved Capacity per day.
- (5) **Off-Peak Daily delivery:** \$_____/kW of Reserved Capacity per day.

B. Charges for Subtransmission Service: For Firm Point-to-Point Transmission service provided during the period January 1, _____ through December 31, _____, the Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity for the use of the Transmission Provider's Subtransmission Facilities (voltage levels at 44/46 kV) at the sum of the applicable charges set forth below:

Subtransmission
(voltage levels at 44/46 kV)

- (1) **Yearly delivery:** \$____ /kW of Reserved Capacity per year.
- (2) **Monthly delivery:** \$____ /kW of Reserved Capacity per month.
- (3) **Weekly delivery:** \$____ /kW of Reserved Capacity per week.
- (4) **On-Peak Daily delivery:** \$____ /kW of Reserved Capacity per day.
- (5) **Off-Peak Daily delivery:** \$____ /kW of Reserved Capacity per day.

C. Description of On-Peak and Off-Peak Daily delivery periods: The on-peak daily delivery charge is applicable to daily service provided on a Monday through Friday of any given week, except for the six (6) holidays recognized by NERC. The off-peak daily delivery charge is applicable to service provided on a Saturday, Sunday, and any of the six (6) holidays recognized by NERC. For service at the bulk transmission level, the total demand charge in any week, pursuant to reservation(s) for daily service, shall not exceed the weekly delivery charge specified in the Bulk Transmission table above times the highest amount in kilowatts of Reserved Capacity at the bulk transmission service level on any given day during such week. In addition, for service at the subtransmission level, the total demand charge in any week, pursuant to reservation(s) for daily service, shall not exceed the weekly delivery charge specified in the Subtransmission table above times the highest amount in kilowatts of Reserved Capacity at the subtransmission service level on any given day during such week.

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

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

EXHIBIT B

FORM OF INFORMATIONAL SCHEDULE B

Charges For Bulk Non-Firm Point-To-Point Transmission Service

A. Charges for Bulk Transmission Service: For Non-Firm Point-To-Point Transmission Service provided during the period January 1, _____ through December 31, _____, the Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity for the use of the Transmission Provider's Bulk Transmission Facilities (voltage levels above 44/46 kV) at the sum of the applicable bulk charges set forth below:

Bulk Transmission
(voltage levels above 44/46 kV)

- (1) **Monthly delivery:** \$_____/kW of Reserved Capacity per month.
- (2) **Weekly delivery:** \$_____/kW of Reserved Capacity per week.
- (3) **On-Peak Daily delivery:** \$_____/kW of Reserved Capacity per day.
- (4) **Off-Peak Daily delivery:** \$_____/kW of Reserved Capacity per day.
- (5) **On-Peak Hourly delivery:** \$_____/kW of Reserved Capacity per hour.
- (6) **Off-Peak Hourly delivery:** \$_____/kW of Reserved Capacity per hour.

B. Charges for Subtransmission Service: For Non-Firm Point-To-Point Transmission Service provided during the period January 1, _____ through December 31, _____, the Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity for the use of the Transmission Provider's Subtransmission Facilities (voltage levels at 44/46 kV) at the sum of the applicable bulk charges set forth below:

Subtransmission
(voltage levels at 44/46 kV)

- (1) **Monthly delivery:** \$____ /kW of Reserved Capacity per month.
- (2) **Weekly delivery:** \$____ /kW of Reserved Capacity per week.
- (3) **On-Peak Daily delivery:** \$____ /kW of Reserved Capacity per day.
- (4) **Off-Peak Daily delivery:** \$____ /kW of Reserved Capacity per day.
- (5) **On-Peak Hourly delivery:** \$____ /kW of Reserved Capacity per hour.
- (6) **Off-Peak Hourly delivery:** \$____ /kW of Reserved Capacity per hour.

C. Description of On-Peak and Off-Peak Daily delivery periods: The on-peak daily delivery charge is applicable to daily service provided on a Monday through Friday of any given week, except for the six (6) holidays recognized by NERC. The off-peak daily delivery charge is applicable to service provided on a Saturday, Sunday, and any of the six (6) holidays recognized by NERC. For service at the bulk transmission level, the total demand charge in any week, pursuant to reservation(s) for daily service, shall not exceed the weekly delivery charge specified in the Bulk Transmission table above times the highest amount in kilowatts of Reserved Capacity at the bulk transmission service level on any given day during such week. In addition, for service at the subtransmission level, the total demand charge in any week, pursuant to reservation(s) for daily service, shall not exceed the weekly delivery charge specified in the Subtransmission table above times the highest amount in kilowatts of Reserved Capacity at the subtransmission service level on any given day during such week.

D. Description of On-Peak and Off-Peak Hourly delivery periods: The on-peak hourly delivery charge is applicable to hourly service provided during the sixteen (16) hour period from 6:00 a.m. to 10:00 p.m. (Prevailing Central Time), on a Monday through Friday, except on the

six (6) holidays recognized by NERC. The off-peak hourly charge is applicable to service provided during the eight (8) hour period from 10:00 p.m. to 6:00 a.m. (Prevailing Central Time) and during all hours of a Saturday, Sunday, and any of the six (6) holidays recognized by NERC. For service at the bulk transmission level, the total demand charge in any day, pursuant to reservation(s) for hourly service, shall not exceed the on-peak daily delivery charge specified in the Bulk Transmission table above times the highest amount in kilowatts of Reserved Capacity at the bulk transmission service level in any given hour during such day and shall not exceed the on-peak daily delivery charge specified in the Bulk Transmission table for Firm Point-to-Point Transmission Service in Informational Schedule A times the highest amount in kilowatts of Reserved Capacity at the bulk transmission level on any given hour during such day. In addition, for service at the subtransmission level, the total demand charge in any day, pursuant to reservation(s) for hourly service, shall not exceed the on-peak daily delivery charge specified in the Subtransmission table above times the highest amount in kilowatts of Reserved Capacity at the subtransmission service level in any given hour during such day and shall not exceed the on-peak daily delivery charge specified in the Subtransmission table for Firm Point-to-Point Transmission Service in Informational Schedule A times the highest amount in kilowatts of Reserved Capacity at the subtransmission level on any given hour during such day.

E. Discounts: Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by any customer's wholesale merchant or an affiliate) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from

point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

EXHIBIT C

FORM OF INFORMATIONAL SCHEDULE C

Charges for Bulk Network Integration Transmission Service

A. Charges for Bulk Transmission Service: For Network Integration Transmission Service provided during the period January 1, _____ through December 31, _____, the Transmission Customer shall compensate the Transmission Provider each month for the use of the Transmission Provider's Bulk Transmission Facilities (voltage levels above 44/46 kV) at the applicable charges set forth below:

- 1) **Yearly delivery:** \$_____ /kW-year.
- 2) **Monthly delivery:** \$_____ /kW-month.

B. Charges for Subtransmission Service: For Network Integration Transmission Service provided during the period January 1, _____ through December 31, _____, the Transmission Customer shall compensate the Transmission Provider each month for the use of the Transmission Provider's Subtransmission Facilities (voltage levels at 44/46 kV) at the applicable charges set forth below:

- 1) **Yearly delivery:** \$_____ /kW-year.
- 2) **Monthly delivery:** \$_____ /kW-month.

EXHIBIT D

FORM OF INFORMATIONAL SCHEDULE D

Charges for Recovery of the FERC Annual Charge and Attachment K Costs

For service provided during the period October 1, _____ through September 30, _____, the Transmission Customer shall compensate the Transmission Provider each month for: (i) the FERC Annual Charge at the following Charge Factor(s) provided by the Federal Energy Regulatory Commission in its invoices to the Transmission Provider:

Charge Factor: \$_____/MWh for energy deliveries per month;

Charge Factor (if more than one Charge Factor is set forth on the invoices from FERC): \$_____/MWh for energy deliveries per month;

and (ii) the Transmission Provider's costs for the prior calendar year in implementing its requirements, duties, and activities under Attachment K, the Southeastern Regional Transmission Planning Process:

Charge Factor: \$_____/MWh for energy deliveries per month.

ATTACHMENT N

Formula Rate Data Input Update and True-Up Procedures

Section 1 Projected Inputs:

Prior to their annual true-up, the charges under the Tariff shall be based upon budget data as follows:

- a. Rate charges shall be effective for the period January 1 through December 31 (“Rate Year”).
- b. The charges for Long-Term and Short-Term Firm Point-to-Point Transmission Service based on the Annual Informational Filing shall be reflected on Informational Schedule A.¹ The charges for Non-Firm Point-to-Point Transmission Service based on the Annual Informational Filing shall be reflected on Informational Schedule B. The charges for Network Integration Transmission Service based on the Annual Informational Filing shall be reflected on Informational Schedule C.
- c. The charges for recovery of the FERC Annual Charge shall be reflected on Informational Schedule D.
- d. On or before November 1² preceding each Rate Year,³ the Transmission Provider shall make an Annual Informational Filing with the Commission that calculates

¹ The charges for Recallable Long-Term Firm Point-to-Point Transmission Service are a function of the prevailing charge for Long-Term Firm Point-to-Point Transmission Service.

² If the deadline for making the Annual Informational Filing should fall upon a weekend or a holiday recognized by FERC, then the filing shall be due on the next business day.

³ In the event that the Transmission Provider fails to make such filing by November 1, all associated performance dates hereunder shall be tolled accordingly. If such a late submittal is filed on or before December 31, the effective date of the updated charges shall be January 1. If such a late submittal is filed after December 31, the effective date of the updated charges shall be the day immediately following the date that the Annual Information Filing is filed with the Commission.

the charges for the Rate Year, using projected costs, loads, and other inputs (e.g., revenue credits) as budgeted for the Rate Year, in accordance with the Attachment M Formula Rate Manual (“Manual”). Each Annual Informational Filing shall contain all workpapers and underlying service data, information, and documents and shall be substantially in the form of the materials appended to the Offer of Settlement filed in Docket No. ER02-851. The Annual Informational Filings made pursuant to the Settlement in Docket No. ER02-851 shall not constitute rate change filings under Section 205 of the Federal Power Act.

e. As soon as practicable following the Annual Informational Filing, any interested party or Commission Trial Staff (“Staff”) shall communicate to the Transmission Provider (with reasonable specificity) any questions or concerns related to: (1) the data inputs; and/or (2) any changes to the following fundamental predicates as they existed as of December 31, 2002, underlying the adoption of the formula rate:

- i. The FERC Uniform System of Accounts
- ii. The Transmission Provider’s accounting policies/practices/ procedures
- iii. FERC accounting directives and precedents
- iv. The ratemaking practices of the Transmission Provider at the federal and state levels

Challenges in this second category involving fundamental predicates (“Predicate Challenges”) are limited solely to changes in the above-specified fundamental predicates that may produce consequences from the application of the formula rate subsequent to such change. Predicate Challenges are not intended to serve as a means of pursuing other revisions to the formula rate. Failure to challenge any

change in a fundamental predicate shall not bar a subsequent challenge to an Annual Informational Filing or True-Up Filing. It is recognized that changes to fundamental predicates may necessitate pro forma adjustments to the formula rate calculations or changes to the formula rate, which may require changes to the input data, to restore the intent of the formula rate as reflected by such underlying fundamental predicates.

- f. The Transmission Provider, Staff, and the interested parties will have three (3) months to informally resolve any of the above-described matters that have been raised (“Informal Review Period”), which shall expire on February 1 of the Rate Year. During that Informal Review Period, the Transmission Provider, Staff, and the interested parties will have the opportunity to make reasonable inquiries and requests for data upon each other regarding the Annual Informational Filing and the identified issue(s). A good faith effort shall be made to respond to such inquiries and requests within ten (10) business days of receipt.
- g. Absent an informal resolution, an interested party will have until February 1 of the Rate Year to make a filing with the Commission detailing its position(s) on the unresolved issue(s) that it has raised (“Formal Challenge”) and must make electronic service to the Transmission Provider on the date of such filing. Any such Formal Challenge shall be limited to the following: (i) issues involving the projected data inputs that were brought to the Transmission Provider’s attention with reasonable specificity during the Informal Review Period; and (ii) issues involving Predicate Challenges that were brought to the Transmission Provider’s attention with reasonable specificity during the Informal Review Period.

- h. Any response by the Transmission Provider to a Formal Challenge must be submitted to the Commission by February 15 of the Rate Year. Unless accepted by the Commission for good cause shown, no reply, answer, or other rebuttal by any party will be permitted with respect to the Transmission Provider's response.
- i. Any order issued by the Commission in response to a Formal Challenge shall be limited to addressing the specific matters raised in the filing(s) and shall either: (i) decline to investigate some or all of the issues; (ii) summarily decide some or all of the issues on the merits; or (iii) set some or all of the issues for an evidentiary hearing before an administrative law judge. Except for issues decided under (ii) above, all other denials shall be without prejudice and shall not preclude the same or similar issues from being raised in the future.
- j. In any proceeding ordered by the Commission under these procedures, the Transmission Provider will have the burden of proof consistent with Section 205 of the Federal Power Act under the just and reasonable standard.
- k. Changes to the data inputs or to the formula rate resulting from these informal and formal procedures shall be incorporated into the charges produced through the operation of the formula rate as soon as reasonably practicable. For such changes made after January 1 of the Rate Year, the charges for that Rate Year resulting from the operation of the formula rate will be subject to refund or surcharge, as appropriate, plus interest⁴ to all transmission customers, except for those customers taking Recallable Long-Term Firm Point-to-Point Transmission

⁴ All interest calculations pursuant to this Settlement shall be made in accordance with the methodology set forth at 18 C.F.R. § 35.19a.

Service, pending the resolution (whether informally or pursuant to Commission order) of the challenged items.

Section 2 True-Up Filing:

- a. On or before May 1 of the year immediately subsequent to each Rate Year, the Transmission Provider shall make an informational filing with the Commission that calculates actual charges for the Rate Year, based on actual costs, loads, and other inputs for the Rate Year, in accordance with the Manual (“True-Up Filing”).⁵ The True-Up Filings made pursuant to the Settlement in Docket No. ER02-851 shall not constitute rate change filings under Section 205 of the Federal Power Act.
- b. On or before July 1 of the year immediately subsequent to each Rate Year, the Transmission Provider shall true-up charges for the Rate Year for customers taking Long-Term Firm Point-to-Point Transmission Service, for customers taking Conditional Long-Term Firm Point-to-Point Transmission Service, and for customers taking Network Integration Transmission Service by surcharging or refunding, as applicable, the difference between the charges collected during the Rate Year based on projected information and the charges for the Rate Year based on the True-Up Filing, plus interest.⁶ In addition, for customers taking Recallable Long-Term Firm Point-to-Point Transmission Service, the maximum

⁵ In the event the Transmission Provider fails to make such filing by May 1, all associated performance dates hereunder shall be tolled accordingly.

⁶ The projected charges for Short-Term Firm Point-to-Point Transmission Service and Non-Firm Point-to-Point Transmission Service shall not be subject to true-up for billing purposes, but the associated revenue actually received from those transactions shall be included in the true-up calculations for the corresponding Rate Year.

charge applicable for such transmission service for the Rate Year will be adjusted to be equal to the maximum charge for Long-Term Firm Point-to-Point Transmission Service shown in the True-Up Filing. If any customer taking Recalable Long-Term Firm Point-to-Point Transmission Service during the Rate Year has an aggregate transmission charge for such service that exceeds the maximum charge, the Transmission Provider shall refund the difference, plus interest.

- c. As soon as practicable following the True-Up Filing, Staff or any interested party shall communicate to the Transmission Provider (with reasonable specificity) any questions or concerns related to: (i) the actual data inputs; and/or (ii) Predicate Challenges. Predicate Challenges to the True-Up Filing are limited solely to changes in the fundamental predicates that may produce consequences from the application of the formula rate subsequent to such change and are not intended to serve as a means of pursuing other revisions to the formula rate. Failure to challenge any change in a fundamental predicate shall not bar a subsequent challenge to an Annual Informational Filing or True-Up Filing. It is recognized that changes to fundamental predicates may necessitate pro forma adjustments to the formula rate calculations or changes to the formula rate, which may require changes to the input data, to restore the intent of the formula rate as reflected by such underlying fundamental predicates.
- d. The Transmission Provider, Staff, and the interested parties will attempt to resolve any such matters during an Informal Review Period, which shall expire on August 1. During that Informal Review Period, the Transmission Provider, Staff,

and the interested parties will have the opportunity to make reasonable inquiries and requests for data upon each other regarding the True-Up Filing and the identified issue(s). A good faith effort shall be made to respond to such inquiries and requests within ten (10) business days of receipt.

- e. Absent an informal resolution, an interested party will have until August 1 of that same year to make a filing with the Commission detailing its position(s) on the unresolved issue(s) that it has raised and must make electronic service to the Transmission Provider on the date of such filing. Any such Formal Challenge shall be limited to the following: (i) issues involving the true-up data inputs that were brought to the Transmission Provider's attention with reasonable specificity before August 1; and (ii) Predicate Challenges that were brought to the Transmission Provider's attention with reasonable specificity during the Informal Review Period.
- f. Any response by the Transmission Provider to a Formal Challenge must be submitted to the Commission by August 15 of that same year. Unless accepted by the Commission for good cause shown, no reply, answer, or other rebuttal by any party will be permitted with respect to the Transmission Provider's response.
- g. Any order issued by the Commission in response to a Formal Challenge shall address the specific matters raised in the filing(s) and shall either: (i) decline to investigate some or all of the issues; (ii) summarily decide some or all of the issues on the merits; or (iii) set some or all of the issues for an evidentiary hearing before an administrative law judge. Except for issues decided under (ii) above, all other denials shall be without prejudice.

- h. In any proceeding ordered by the Commission under these procedures, the Transmission Provider will have the burden of proof consistent with Section 205 of the Federal Power Act under the just and reasonable standard.
- i. For each Rate Year, the charges resulting from the operation of the formula rate will be subject to refund or surcharge, as appropriate, plus interest to customers taking Long-Term Firm Point-to-Point Transmission Service, to customers taking Conditional Long-Term Firm Point-to-Point Transmission Service, and to customers taking Network Integration Transmission Service pending the resolution (whether informally or pursuant to Commission order) of the challenged items.⁷ In addition, for customers taking Recallable Long-Term Firm Point-to-Point Transmission Service, the maximum charge applicable for such transmission service for the Rate Year will be adjusted to be equal to the maximum charge for Long-Term Firm Point-to-Point Transmission Service shown in the True-Up Filing. If any customer taking Recallable Long-Term Firm Point-to-Point Transmission Service during the Rate Year has an aggregate transmission charge for that transmission service that exceeds the adjusted maximum charge, the Transmission Provider shall refund the difference, plus interest.

⁷ The projected charges for Short-Term Firm Point-to-Point Transmission Service and Non-Firm Point-to-Point Transmission Service shall not be subject to true-up for billing purposes, but the associated revenue actually received from those transactions shall be included in the true-up calculation for the corresponding Rate Year.

ATTACHMENT O

Incorporation of North American Energy Standards Board Business Practices

Section 1 Incorporation by Reference

The following Business Practices of the North American Energy Standards Board are hereby incorporated by reference:

- (1) Open Access Same-Time Information Systems (OASIS), Version 1.5 (WEQ-001, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009), with the exception of Standards 001-0.1, 001-0.9 through 001-0.13, 001-1.0, 001-9.7, 001-14.1.3, and 001-15.1.2;
- (2) Open Access Same-Time Information Systems (OASIS) Standards & Communication Protocols, Version 1.5 (WEQ-002, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- (3) Open Access Same-Time Information Systems (OASIS) Data Dictionary, Version 1.5 (WEQ-003, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- (4) Coordinate Interchange (WEQ-004, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- (5) Area Control Error (ACE) Equation Special Cases (WEQ-005, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- (6) Manual Time Error Correction (WEQ-006, Version 001, Oct. 31, 2007, with minor corrections applied on Nov. 16, 2007);

- (7) Inadvertent Interchange Payback (WEQ-007, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- (8) Transmission Loading Relief – Eastern Interconnection (WEQ-008, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- (9) Gas/Electric Coordination (WEQ-011, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- (10) Public Key Infrastructure (PKI) (WEQ-012, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009); and
- (11) Open Access Same-Time Information Systems (OASIS) Implementation Guide, Version 1.5 (WEQ-013, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009).

ATTACHMENT P

Procedures for Addressing Parallel Flows

Transmission Loading Relief Procedures

Pursuant to the Federal Energy Regulatory Commission's ("Commission") order issued on March 6, 2007 in North American Electric Reliability Council, Docket No. ER06-1545-002 ("March 6 Order"), Southern Operating Companies hereby incorporates the revised North American Electric Reliability Corporation ("NERC") Transmission Line Loading Relief ("TLR") Procedures accepted by the March 6 Order, and as thereafter amended by NERC and approved by the Commission.

ATTACHMENT Q

Creditworthiness Procedures

POLICY STATEMENT

It is Transmission Provider's policy that any entity who applies/applied to take service ("Applicant") under the Open Access Transmission Tariff of Southern Companies ("OATT"), including, without limitation, point-to-point transmission service(s), network integration transmission service(s), interconnection service(s) and/or ancillary service(s) ("Service(s)"), or who is a Transmission Customer or otherwise receives or is eligible to receive Service(s) under the OATT and/or any related agreement(s) ("Customer") must satisfy and continue to satisfy Transmission Provider's creditworthiness requirements set forth or referenced in this Attachment Q and the Transmission Provider's credit manual as may be revised periodically and posted by Transmission Provider on OASIS (the "Credit Manual"; collectively with Attachment Q, the "Credit Policy") in order to be eligible to receive and continue to receive Service(s) under the OATT and/or any related agreement(s). To facilitate Transmission Provider's assessment of such creditworthiness, each Applicant and Customer must file with Transmission Provider a completed Application for Unsecured Credit Line in the form posted on OASIS as may be revised periodically (the "Application") as follows: Initially, each Applicant and Customer who is an Applicant or Customer as of the time of the filing of this Attachment must file with Transmission Provider a completed Application not later than thirty (30) days after the latter to occur of (i) the filing of this Attachment and (ii) Transmission Provider's request, and each Applicant and Customer who becomes an Applicant or Customer after the filing of this Attachment must file a completed Application with Transmission Provider upon the first to occur of its becoming an Applicant or Customer or its filing any application for Service(s) under the OATT. Thereafter, each Applicant and Customer must file a completed Application with Transmission Provider as required in accordance with the Credit Policy, but, in any event, not less than annually. The goal of the Credit Policy is to ensure consistent and equitable treatment of all Applicants and Customers, minimize costs to Transmission Provider's customers, and minimize losses to Transmission Provider. Notwithstanding the provisions of the Credit Policy, Transmission Provider may waive the requirement that an Application and related information be provided or updated by an Applicant or Customer providing/maintaining an acceptable Irrevocable Letter of Credit who agrees that its Unsecured Credit Line (as described in Section II.B. below) is and shall be zero. Without limiting the foregoing, Transmission Provider may, in its discretion, waive any Credit Policy requirement by posting such waiver on OASIS and/or on a case-by-case basis.

The Transmission Provider shall administer and implement the terms of the Credit Policy.

APPLICABILITY

The Credit Policy applies to all Applicants who apply for and all Customers who take or desire to remain eligible to take Service(s) under the OATT and/or any related agreement(s).

IMPLEMENTATION

I. CREDIT EVALUATION

Each Applicant and Customer will be subject to a complete initial credit evaluation so that Transmission Provider may determine creditworthiness and establish an Unsecured Credit Line, if applicable. Upon completion of its initial credit evaluation, Transmission Provider may assign an Unsecured Credit Line and/or identify any necessary Eligible Collateral (as defined in Section VI below) requirements. In addition, Transmission Provider will perform ongoing credit evaluations on a periodic basis no less than annually and update the Unsecured Credit Line and/or Eligible Collateral requirements, as appropriate.

In the event that a Parent Guaranty (as defined in Section VI.B. below) is being utilized as Eligible Collateral for an Applicant or Customer, then the guarantor thereunder (the “Guarantor”) will be evaluated (and re-evaluated on at least an annual basis).

Each Unrated (as defined in Section I.A.2) below) Applicant and Customer will pay to Transmission Provider a non-refundable annual fee of \$750.00 for each entity whose credit is being evaluated/reevaluated (e.g., if Customer and a Guarantor are both evaluated, the fee will be \$1,500). Transmission Provider shall waive such fee for an Applicant or Customer providing/maintaining an acceptable Irrevocable Letter of Credit who agrees that its Unsecured Credit Line is and shall be zero.

A. Initial Credit Evaluation

In completing its initial credit evaluation, Transmission Provider will consider:

1) Rating Agency Reports

In evaluating creditworthiness, Transmission Provider will review rating agency reports from Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (“S&P”), Moody’s Investors Service (“Moody’s”), and Fitch Ratings Ltd. (“Fitch”; collectively with S&P and Moody’s and/or their successors, the “Rating Agencies”). Transmission Provider’s review will be based on senior unsecured debt (or similar) ratings. However, if a senior unsecured debt (or similar) rating is unavailable, Transmission Provider will consider issuer (or similar) ratings. If a senior unsecured debt (or similar) rating or issuer (or similar) rating from any of the Rating Agencies (“Credit Rating”) is not available, Transmission Provider will evaluate creditworthiness based on financial statements and other information as described below. In the event the Applicant or Customer has multiple Credit Ratings from one Rating Agency or Credit Ratings from more than one Rating Agency, the lowest of those Credit Ratings will be used to determine such Applicant’s or Customer’s Unsecured Credit Line. Applicants or Customers who have a Credit Rating by any of the Rating Agencies will not be required to submit financial statements, and Transmission Provider may use such Credit Rating to determine the Unsecured Credit Line. Transmission Provider will not be required to independently assess quantitative or qualitative

factors for any entity with a Credit Rating as such Credit Rating includes a professional, expert assessment of quantitative and qualitative factors.

2) Financial Statements and Related Information

Any Applicant or Customer who does not have a Credit Rating from a Rating Agency shall be considered “Unrated”. Each such Unrated Applicant or Customer must submit to Transmission Provider audited financial statements for each completed fiscal quarter of the then current fiscal year including the most recent fiscal quarter, as well as the most recent three (3) fiscal years, or the period of existence of the Applicant or Customer, if shorter. All financial and related information considered in the Applicant’s or Customer’s creditworthiness must be audited by a third-party, arms-length entity and must be accompanied by an unqualified audit letter acceptable to Transmission Provider.

For Unrated Applicants or Customers with publicly-traded stock, this information must include:

- (i) Annual reports on Form 10-K (or successor form) for the three (3) fiscal years most recently ended and quarterly reports on Form 10-Q (or successor form) for each completed quarter of the then current fiscal year, together with any amendments thereto; and
- (ii) Form 8-K (or successor form) reports disclosing material changes, if any, that have been filed since the most recent Form 10-K (or successor form), if applicable.

For Unrated Applicants or Customers that are privately held, this information must include:

- (i) Management’s Discussion and Analysis;
- (ii) Report of Independent Accountants;
- (iii) Financial Statements, including balance sheets, income statements, statement of cash flows, and statement of stockholder’s equity; and
- (iv) Notes to financial statements;

If the above information is available on the Internet, the Applicant or Customer may provide a letter to Transmission Provider stating where such statements may be located and retrieved by Transmission Provider in lieu of providing the same. For certain Unrated Applicants or Customers for whom some of the above financial information may not be available, alternate requirements may be specified by Transmission Provider on a case-by-case basis.

In evaluating the creditworthiness of an Unrated Public Power Entity, Transmission Provider may request additional information as part of the overall financial review process and may consider other alternative measures and perform different evaluations in determining financial strength and creditworthiness. For purposes hereof, “Public Power Entity” or “PPE” shall mean an Applicant or Customer that is a not-for-profit municipality, authority, cooperative, joint action agency, or agent representing one or more Public Power Entities and whose credit quality is directly derived from the credit quality of the Public Power Entities represented through the

agency relationship or any other entity that Transmission Provider reasonably deems to be a Public Power Entity. Notwithstanding the above provisions, Transmission Provider may waive the requirement that financial statements and related information be provided by an Applicant or Customer providing/maintaining an acceptable Irrevocable Letter of Credit who agrees that its Unsecured Credit Line is and shall be zero.

3) References

Unrated Applicants and Customers shall, upon request, provide Transmission Provider with at least one (1) bank and three (3) trade references acceptable to Transmission Provider.

4) Litigation, Commitments and Contingencies

Each Unrated Applicant and Customer shall provide Transmission Provider with information as to any material litigation, commitments or contingencies as well as any prior bankruptcy declarations or material defaults or defalcations by, against or involving the Applicant or Customer or its predecessors, subsidiaries or Affiliates, if any. These disclosures shall be made upon application, execution of any related agreement and initiation or change in any Service(s), at least annually thereafter and as more often requested by Transmission Provider.

5) Other Disclosures

Each Applicant and Customer shall disclose to Transmission Provider the existence of any material new or ongoing investigations by the Federal Energy Regulatory Commission (the "Commission"), the Securities and Exchange Commission ("SEC"), or any other governing, regulatory, or standards body. These disclosures shall be made upon application, execution of any related agreement and initiation or change in any Service(s), at least annually thereafter and as more often requested by Transmission Provider.

B. Ongoing Credit Evaluation

On at least an annual basis, Transmission Provider will perform follow-up credit evaluations on each Applicant and Customer. In connection therewith, on at least an annual basis, each Applicant and Customer will provide Transmission Provider an updated completed Application and Transmission Provider will follow the same procedure and require the same information as during the initial credit evaluation. Transmission Provider will also require the following additional information:

1) Material Adverse Changes

Each Applicant and Customer shall inform Transmission Provider immediately, in writing, of any Material Adverse Change in its financial condition (or the financial condition of its Guarantor). For the purpose of the Credit Policy, a "Material Adverse Change" in financial condition includes, but is not limited to, any of the following:

- (i) A downgrade or suspension of any debt or issuer rating by any Rating Agency;
- (ii) Being placed on a credit watch with negative implications (or similar) by any Rating Agency;
- (iii) A bankruptcy filing or material default or defalcation;
- (iv) Insolvency;
- (v) Conditions (i), (ii), (iii) or (iv) occurring with respect to any parent or subsidiary of Applicant or Customer;
- (vi) A quarterly or annual loss or a decline in earnings of twenty-five percent (25%) or more compared to the comparable year-ago period;
- (vii) Restatement of any prior financial statements;
- (viii) The resignation or removal of any key officer(s) or director(s); or
- (ix) Any government investigation or the filing of a lawsuit that could adversely impact any current or future financial results by twenty-five percent (25%) or more.

On at least an annual basis or if there is a Material Adverse Change in the financial condition of the Applicant or Customer, Transmission Provider may review the Credit Rating and revise the Credit Score (as defined in Section II.A. below) and/or Unsecured Credit Line of said Applicant or Customer. In the event said Applicant or Customer is required to provide additional Eligible Collateral as a result of the Transmission Provider's review/update, Transmission Provider will notify Applicant or Customer and such additional Eligible Collateral must be provided within five (5) business days of such notice, all in amount and form approved by Transmission Provider.

II. UNSECURED CREDIT LINE

For entities with a Credit Rating from any of the Rating Agencies, the Unsecured Credit Line may be based solely on such Credit Rating. For Unrated entities, Transmission Provider's credit evaluation process will include calculating a Credit Score. Such Credit Score will be utilized to determine each Unrated Applicant's and Customer's Unsecured Credit Line. Applicants and Customers who do not qualify for an Unsecured Credit Line or whose Unsecured Credit Line is less than its Total Potential Exposure will be required to provide Eligible Collateral based on their Total Potential Exposure (as defined in Section III.A. below), as provided below. A Total Credit Limit (as defined in Section III.B. below) will be established based on the Unsecured Credit Line and/or any Eligible Collateral that is provided and maintained.

If Applicants and Customers are considered Affiliates of each other, Unsecured Credit Lines and Total Credit Limits will be established for each individual Applicant and Customer, subject to an aggregate maximum amount for all Affiliates that will be based on a combined risk analysis.

A. Credit Score

For Unrated entities, a credit score will be generated by Transmission Provider based on its review and analysis of the qualitative and quantitative information required to be provided to

Transmission Provider pursuant to the Credit Policy as described in more detail below (the “Credit Score”).

1) Public Power Entities

If a Public Power Entity is Unrated, Transmission Provider will first determine a PPE Qualitative Score (defined below) based on a scale from 1 to 6 for such Unrated Public Power Entity. A score of one (1) indicates that the Public Power Entity has strong credit from a qualitative perspective, while a score of six (6) indicates weak credit from a qualitative perspective. The qualitative score will be based on Transmission Provider’s assessment of the following characteristics (“PPE Qualitative Score”):

- (i) the ability to set rates without seeking regulatory approval;
- (ii) the financial protections afforded unsecured creditors contained in the contracts and other legal documents provided to Transmission Provider related to the formation and governance of such Public Power Entity;
- (iii) the number and composition of members or customers of the Public Power Entity;
- (iv) the exposure to energy price risk for load served by the Public Power Entity; and
- (v) other applicable qualitative measures of creditworthiness.

The Transmission Provider’s quantitative analysis of the creditworthiness of each Unrated Public Power Entity shall be determined based upon credit scoring for each of the following component financial metrics for such Unrated Public Power Entity in accordance with the table(s), algorithm(s) and guidelines set forth in the Credit Manual as may be revised periodically and posted on OASIS.

Current Ratio: $\text{Current Assets} / \text{Current Liabilities}$

Working Capital: $\text{Current Assets} - \text{Current Liabilities}$

Tangible Net Worth: $\text{Total Equity} - \text{Intangible Assets} - \text{Goodwill}$

EBIT Interest Coverage: $(\text{Interest Expense} + \text{Income Taxes} + \text{Net Income}) / \text{Interest Expense}$

EBITDA Interest Coverage: $(\text{Depreciation} + \text{Amortization} + \text{Interest Expense} + \text{Income Taxes} + \text{Net Income}) / \text{Interest Expense}$

Total Debt/Total Equity: $\text{Total Debt}^* / \text{Total Equity}^{**}$

Pre-Tax Return on Equity: $(\text{Income Taxes} + \text{Net Income}) / \text{Total Equity}^{**}$

Total Debt/Total Capitalization: $\text{Total Debt}^* / (\text{Total Debt}^* + \text{Total Equity}^{**})$

* Total Debt = Short Term Debt + Long Term Debt + Current Maturities of Long Term Debt + Operating Leases + Capital Leases + Other Imputed Debt

** Total Equity = Total Members'/Shareholders' Equity + Preferred Stock

Once the calculated financial metrics have been translated into a credit score for each of the above-described components pursuant to the Credit Manual as may be revised periodically and posted on OASIS, those scores will be combined into a quantitative score according to the weights set forth in the Credit Manual as may be revised periodically and posted on OASIS ("PPE Quantitative Score").

Each Unrated Public Power Entity's overall Credit Score will be determined by calculating a weighted average of its PPE Quantitative Score and its PPE Qualitative Score in accordance with the Credit Manual as may be revised periodically and posted on OASIS.

2) Investor Owned Entities

If an Applicant or Customer that does not meet the definition of a Public Power Entity (an "Investor Owned Entity" or "IO") is Unrated, Transmission Provider will first determine an IO Qualitative Score (defined below) based on a scale from 1 to 10 for such Unrated Investor Owned Entity. A score of one (1) indicates strong credit from a qualitative perspective. A score of ten (10) indicates weak credit from a qualitative perspective. The qualitative score will be based on Transmission Provider's assessment of the following characteristics ("IO Qualitative Score"):

- (i) the ability to set rates without seeking regulatory approval;
- (ii) the financial protections afforded unsecured creditors contained in the contracts and other legal documents provided to Transmission Provider related to the formation and governance of such Investor Owned Entity;
- (iii) the number and composition of members or customers of the Investor Owned Entity;
- (iv) the exposure to energy price risk for load served by the Investor Owned Entity;
- (v) nature of the Investor Owned Entity's business; and
- (vi) other applicable qualitative measures of creditworthiness.

The Transmission Provider's quantitative analysis of the creditworthiness of each Unrated Investor Owned Entity shall be determined based upon the following financial metrics for such Unrated Investor Owned Entity in accordance with the Credit Manual as may be revised periodically and posted on OASIS.

EBITDA/Interest Expense: (Earnings From Continuing Operations + Interest Expense + Income Taxes + Depreciation and Amortization)/Interest Expense;

Total Debt/Total Capital: Total Debt/Total Capital; where Total Debt = Short Term Debt + Long Term Debt + Current Maturities of Long Term Debt + Operating Leases + Capital Leases + Other Imputed Debt; Total Capital = Total Debt + Total Equity; Total Equity = Total Shareholders'/Owners' Equity + Preferred Stock

Retained Earnings/Total Equity: Retained Earnings/Total Equity

Total Assets: In Millions of United States Dollars

Such financial metrics will then be combined with the IO Qualitative Score to determine the Unrated Investor Owned Entity's Credit Score pursuant to the formula set forth in the Credit Manual as may be revised periodically and posted on OASIS.

B. Unsecured Credit Lines

Transmission Provider will determine an Applicant's or Customer's Unsecured Credit Line based on its Credit Rating from the Rating Agencies or its Credit Score, as applicable, in accordance with the equation(s), applicable table(s) and guidelines set forth in the Credit Manual as may be revised periodically and posted on OASIS.

Notwithstanding the above provisions, Transmission Provider may elect not to calculate a Credit Score (or any component thereof) or determine an Unsecured Credit Line for any Applicant or Customer providing/maintaining an acceptable Irrevocable Letter of Credit who agrees that its Unsecured Credit Line is and shall be zero.

Transmission Provider has the right at any time to modify any Unsecured Credit Lines and/or require additional Eligible Collateral as it may reasonably be deemed necessary to support current and expected market activity and Service(s) provided or reasonably expected to be provided under the OATT and/or related agreement(s) by posting such modification on OASIS and/or by notifying Applicants and Customers directly.

C. Late Payments

Should an Applicant or Customer fail to make timely payment on two (2) or more occurrences during a six (6) month or shorter period, such Applicant's or Customer's Unsecured Credit Line may be reduced to zero by Transmission Provider and, thereupon, Applicant or Customer shall immediately provide Eligible Collateral to Transmission Provider such that its Total Potential Exposure is less than the value of Eligible Collateral provided to and maintained with Transmission Provider.

III. ELIGIBLE COLLATERAL REQUIREMENTS AND TOTAL CREDIT LIMIT AMOUNTS

A. Eligible Collateral Requirements

If, at any time, Transmission Provider determines that an Applicant or Customer does not qualify for an Unsecured Credit Line or that its Total Potential Exposure equals or exceeds its Total Credit Limit, such Applicant or Customer will be required to and shall provide Eligible

Collateral such that its Total Potential Exposure is less than its Total Credit Limit. “Total Potential Exposure” shall be defined as the sum of (i) three times the estimated average monthly charges (as estimated by Transmission Provider) for Service(s) that Applicant or Customer has applied for, is taking and/or in the future may be expected to take under the OATT and/or related agreement(s) plus (ii) the estimated charges (as estimated by Transmission Provider) for Service(s) that Applicant or Customer has applied for, is taking or may in the future be expected to take under the OATT and/or related agreement(s) during the longest Cure Period (as defined in Section VII below) permitted under the Credit Policy plus (iii) the amount of any unpaid invoices for Service(s) rendered to or for the benefit of Applicant or Customer under the OATT and/or related agreement(s). If at any time Transmission Provider reasonably expects the future average monthly charges to the Applicant or Customer to increase and/or if Applicant or Customer has purchased or obtained assigned or resold Service(s), Transmission Provider may revise the Total Potential Exposure. Without limiting the foregoing, Transmission Provider may review the Applicant’s or Customer’s Eligible Collateral requirement at least annually and may require additional Eligible Collateral if the Total Potential Exposure increases.

Transmission Provider may reduce or waive the Eligible Collateral requirement for an Applicant or Customer who has no outstanding obligations and agrees in writing that it shall not, after the date of such agreement, incur obligations under the OATT or any or all related agreement(s). In such instance, such entity’s access to all electronic and other transaction systems administered by Transmission Provider may be immediately terminated.

Transmission Provider may reduce or waive Eligible Collateral requirements to accommodate small and/or short-term transactions.

B. Total Credit Limit

The “Total Credit Limit” for an Applicant or Customer is the sum of its Unsecured Credit Line and the value of Eligible Collateral it has provided to and maintains with Transmission Provider.

C. Total Credit Limit Setting For Affiliates

If two or more Applicants or Customers are Affiliates and each is being granted a Total Credit Limit, Transmission Provider may consider the overall creditworthiness of the Affiliated Applicants and Customers and any Guarantor when determining the applicable Total Credit Limits and adjust such values downward so as not to have undue exposure/concentration of credit.

D. Monitoring of Activity Relative to Total Credit Limit

Should an Applicant’s or Customer’s Total Potential Exposure equal or exceed eighty-five percent (85%) of its Total Credit Limit, the Transmission Provider may notify the Applicant or Customer of such, provided the Applicant or Customer shall be responsible for ensuring that its Total Potential Exposure is less than its Total Credit Limit at all times.

E. Total Potential Exposure Violations

Should an Applicant's or Customer's Total Potential Exposure equal or exceed its Total Credit Limit at any time, the Applicant or Customer shall immediately (i) pay invoiced amounts to reduce its Total Potential Exposure and/or (ii) immediately provide Eligible Collateral in an amount sufficient to increase its Total Credit Limit such that after making such payments and/or providing such Eligible Collateral, its Total Potential Exposure will not equal or exceed its Total Credit Limit. Eligible Collateral submitted to increase an Applicant's or Customer's Total Credit Limit must meet the requirements for Eligible Collateral as described in the Credit Policy.

IV. COMMUNICATION WITH APPLICANTS AND CUSTOMERS

A. Initial Credit Evaluation

Transmission Provider will notify all Applicants and Customers who have submitted a current Application of the results of the initial credit evaluation and the Applicant's and Customer's Unsecured Credit Line.

B. Ongoing Credit Evaluation

Transmission Provider will inform each Applicant and Customer who has submitted a current Application of the results of the ongoing credit evaluation. Transmission Provider will also notify each Applicant and Customer of any change in their Credit Score and Unsecured Credit Line and any need for additional Eligible Collateral whereupon such Applicant and Customer will post any required additional Eligible Collateral.

Applicants or Customers desiring an explanation from Transmission Provider regarding any change in their Credit Score or Unsecured Credit Line and/or the need for additional Eligible Collateral must request from Transmission Provider such an explanation in writing within five (5) business days of receipt of Transmission Provider's notice. Transmission Provider will respond within fifteen (15) business days of receipt of Applicant's or Customer's request for an explanation; provided, unless Transmission Provider otherwise notifies Applicant or Customer in writing, no request for explanation or response thereto shall suspend or delay any requirement to post Eligible Collateral.

C. Contesting a Transmission Provider Decision

An Applicant or Customer who wishes to dispute a Transmission Provider credit or collateral decision will have the opportunity to do so. Said Applicant or Customer must notify Transmission Provider in writing within five (5) business days of receipt of Transmission Provider's original decision that it wishes to dispute Transmission Provider's decision. Within five (5) business days of so notifying Transmission Provider, the Applicant or Customer must submit to Transmission Provider a written explanation of why and on what basis it is disputing Transmission Provider's decision and what it reasonably concludes the result should be (and for what reasons). Transmission Provider will respond to the dispute within fifteen (15) business

days of receipt of the Applicant's or Customer's explanation, provided no dispute, explanation or response thereto shall suspend or delay any requirement to post Eligible Collateral. Transmission Provider's response to the Applicant's or Customer's dispute cannot be further disputed unless manifestly unreasonable.

D. Other

Eligible Collateral requirements and/or Total Credit Limits may be changed by posting such changes on OASIS and/or by notifying Applicants and Customers directly.

V. [Intentionally Left Blank]

VI. FORMS OF ELIGIBLE COLLATERAL

Applicants and Customers who provide Eligible Collateral (defined below) must provide the same in a form approved by Transmission Provider according to the guidelines set forth below and in the Credit Manual as may be revised periodically and posted on OASIS. Acceptable forms of eligible collateral include Irrevocable Letters of Credit and Parent Guaranties in the forms posted on OASIS as may be revised periodically, subject to the requirements below and in the Credit Manual as may be revised periodically and posted on OASIS and Transmission Provider's approval (the "Eligible Collateral").

A. Irrevocable Letter of Credit

An Irrevocable Letter of Credit may be submitted as a form of Eligible Collateral. An acceptable form of Irrevocable Letter of Credit is posted on Transmission Provider's OASIS. The Transmission Provider may amend the form of acceptable Irrevocable Letter of Credit by posting an amended/updated form on OASIS periodically and/or on a case-by-case basis.

The Irrevocable Letter of Credit must, among other things, be for an initial term of not less than three hundred sixty (360) days and be issued by a U.S. financial institution having a minimum corporate debt rating of A- by S&P, A3 by Moody's, or A- by Fitch (or an equivalent short-term debt rating by any of the Rating Agencies) at the time of issuance and at all times the Irrevocable Letter of Credit is outstanding. All costs associated with obtaining an Irrevocable Letter of Credit will be the sole responsibility of the Applicant or Customer. If an Applicant or Customer chooses to replace an Irrevocable Letter of Credit with a new Irrevocable Letter of Credit, the Transmission Provider will return the initial Irrevocable Letter of Credit when the replacement Irrevocable Letter of Credit is received by the Transmission Provider in form and amount acceptable to the Transmission Provider.

The Irrevocable Letter of Credit shall by its terms automatically renew unless the issuing financial institution provides a notice to the Transmission Provider at least ninety (90) days prior to its expiration date stating its decision not to renew the Irrevocable Letter of Credit. Upon and

after receiving such notice, the Transmission Provider shall be entitled to draw the full amount of the Irrevocable Letter of Credit.

Should the amount of the Irrevocable Letter of Credit fall below the required level due to a drawing, it must be immediately replenished or substituted by another form of Eligible Collateral acceptable to the Transmission Provider.

If the issuing financial institution's corporate debt is no longer rated or is at any time rated less than A- by S&P, A3 by Moody's or A- by Fitch (or an equivalent short-term debt rating by any of the Rating Agencies) or if the Irrevocable Letter of Credit otherwise no longer satisfies the Credit Policy requirements, the Applicant or Customer shall immediately submit another form of Eligible Collateral acceptable to the Transmission Provider, in the Transmission Provider's discretion, in place of the Irrevocable Letter of Credit.

B. Parent Guaranty

Any guaranty agreement must be issued by the Applicant's or Customer's direct or indirect parent company ("Parent Guaranty") and, subject to the terms below and the other provisions of the Credit Manual as may be revised periodically and posted on OASIS, the maximum associated Eligible Collateral value of the Parent Guaranty will be based on the Unsecured Credit Line to which the Guarantor would be entitled if it were the Applicant or Customer under the Credit Policy. The Parent Guaranty must meet the requirements set forth below and in the Credit Manual as may be revised periodically and posted on OASIS.

An Applicant or Customer supplying a Parent Guaranty must provide and continue to provide the same information regarding the Guarantor as is required of an Applicant or Customer, including Rating Agency reports, financial statements and related information, references, litigation information and other disclosures, as applicable.

If there is a Material Adverse Change in the financial condition of the Guarantor that adversely affects the Eligible Collateral value of the Parent Guaranty or if the Parent Guaranty comes within ninety (90) days of expiring without renewal or no longer satisfies the Credit Policy requirements, the Applicant and/or Customer will be required to immediately provide the Transmission Provider with another acceptable Parent Guaranty or other Eligible Collateral.

All costs associated with obtaining and maintaining a Parent Guaranty and meeting the provisions of the Credit Policy are the responsibility of Applicant and Customer.

Every Guarantor must meet the requirements as set forth in the Credit Manual as may be revised periodically and posted on OASIS.

If a proposed Parent Guaranty is from an entity that is domiciled in a country other than the United States, the Parent Guaranty agreement shall be considered a "Foreign Guaranty". All Foreign Guaranties must not exceed fifty percent (50%) of the Applicant's or Customer's Eligible Collateral. In addition to all of the above requirements, every Guarantor under a Foreign

Guaranty must meet the requirements as set forth in the Credit Manual as may be revised periodically and posted on OASIS.

Upon Transmission Provider's request, Applicant or Customer, at its own cost, shall provide Transmission Provider with a legal opinion from independent attorney(s)/solicitor(s) acceptable to Transmission Provider, in form and substance acceptable to Transmission Provider, confirming the enforceability of the Parent Guaranty, the Guarantor's legal authorization to grant the Parent Guaranty, the compliance with Credit Policy requirements, and/or such other matters as Transmission Provider may require. Transmission Provider reserves the right to deny, reject, or terminate acceptance and acceptability as Eligible Collateral of any Parent Guaranty at any time for reasonable cause, including Material Adverse Change or other change in circumstances.

If a Parent Guaranty is utilized as Eligible Collateral, the Eligible Collateral value assigned thereto will (subject to the additional limitations on Foreign Guaranties described above and in the Credit Manual as may be revised periodically and posted on OASIS) not exceed the lesser of:

- The unused dollar limit imposed in the Parent Guaranty;
- The unused Unsecured Credit Line which would be available to the Guarantor if it were the Applicant or Customer as calculated by Transmission Provider periodically based upon the Credit Score/Credit Rating of the Guarantor determined periodically as set forth or referenced above; and
- A portion of the Unsecured Credit Line/Total Credit Limit calculated for the respective Applicant, Customer and/or Guarantor in the case of Affiliated Applicants or Customers and/or Applicants or Customers with the same Guarantor or Affiliated Guarantors.

VII. DEFAULT AND CURE PERIOD

If an Applicant or Customer fails to comply with the Credit Policy in any way and such failure is not cured within five (5) business days (the "Cure Period") after its initial occurrence, such Applicant or Customer shall be in default under the Credit Policy and Transmission Provider may immediately suspend, limit or terminate any or all Service(s) to and rights and privileges of such Applicant or Customer under the OATT and/or any or all related agreement(s).

ATTACHMENT R

Form of Service Agreement For Tariff Schedule 10 - Generator Imbalance Service

- 1.0 This Service Agreement, dated as of _____ (“Effective Date”), is entered into by and between Southern Company Services, Inc., as agent for Alabama Power Company, Georgia Power Company, Gulf Power Company and Mississippi Power Company (collectively, “Transmission Provider”), and _____, a _____ corporation (“Generator Imbalance Service Customer”) (collectively, the “Parties” and individually a “Party”), pursuant to Southern Companies’ Open Access Transmission Tariff, FERC Electric Tariff, Fourth Revised Volume No. 5 (“Tariff”).
- 2.0 The Generator Imbalance Service Customer owns, operates and/or controls or is authorized to schedule the output of that certain electric generating facility located at or in _____ (the “Facility”) and such Facility is owned, operated and/or controlled by _____.
- 3.0 The Transmission Provider has determined that the Generator Imbalance Service Customer has completed an Application for Tariff Schedule 10 - Generator Imbalance Service.
- 4.0 Service under this Service Agreement shall commence on the later of (1) the requested service commencement date (“Start Date”), or (2) such other date as it is permitted to become effective by the Commission. Service under this Service Agreement shall terminate on such date as mutually agreed upon by the Parties (“Termination Date”).
- 5.0 The Transmission Provider agrees to provide and the Generator Imbalance Service Customer agrees to take and pay for Schedule 10 – Generator Imbalance Service in accordance with the provisions of Schedule 10 of the Tariff and this Service Agreement.
- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Generator Imbalance Service Customer:

7.0 The Tariff is incorporated herein and made a part hereof.

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

Transmission Provider:

By: _____
Name Title Date

Generator Imbalance Service Customer:

By: _____
Name Title Date

Specifications for Schedule 10 - Generator Imbalance Service

1.0 Term of Service:

Start Date: _____

Termination Date: _____

2.0 Reservation Quantity: _____

The reasonably determined capability of the Facility, in megawatt hours per hour (MWH/hr), elected by the Generator Imbalance Service Customer as the maximum quantity of energy that may be scheduled from the Facility to be delivered to the Transmission System at the Point of Interconnection in any given hour. For Facilities with capability that varies by season, the Reservation Quantity may be the maximum annual capability of the Facility. The Reservation Quantity may be increased or decreased by providing thirty (30) days prior written notice to Transmission Provider in accordance with this Service Agreement.

ATTACHMENT S

Depreciation and Amortization Rates

Gulf Power Company*

Category/ FERC Account No.	Rate of Depreciation (%)
Steam Production Plant	
Plant Daniel	2.80%
Plant Crist	3.50%
Plant Scholz	4.10%
Plant Smith	3.30%
Plant Scherer	2.00%
Plant Daniel Easements	1.40%
Plant Crist Easements	3.40%
Plant Daniel Rail Tracks	1.50%
Smith Other Production	
341	3.60%
342	3.60%
343	3.60%
344	3.60%
345	3.60%
346	3.60%
Pace (Pea Ridge) Other Production	
343	5.30%
344	5.30%
345	5.30%
346	5.30%
Smith #3 Other Production	
341	2.80%
342	2.80%
343	2.80%
344	2.80%
345	2.80%
346	2.80%
Transmission Plant	
350.2	1.60%

* Authorized for use effective January 1, 2010 in FERC Docket ER11-2477.

352	2.00%
353	2.30%
354	2.30%
355	3.60%
356	2.50%
358	2.10%
359	2.00%

Distribution Plant

360	1.80%
361	2.20%
362	2.20%
364	5.00%
365	3.10%
366	1.30%
367	3.30%
368	4.00%
369.1	3.80%
369.2	2.60%
369.3	4 YR recovery
370	2.70%
373	5.00%

General Plant

390	2.30%
392.1	N/A
392.2	9.30%
392.3	7.90%
392.4	4.80%
396	4.70%
397	6.30%
391	5 yr amort
391	7 yr amort
392.8	5 yr amort
393	7 yr amort
394	7 yr amort
395	7 yr amort
397	7 yr amort
398	7 yr amort

Georgia Power Company

<u>Function/Account No.</u>	<u>Depreciation Rate</u>
Steam	3.57%
Nuclear	1.37%
Hydraulic	2.21%
Other	2.63%
Transmission Plant	
352	1.18%
353	1.84%
354	1.30%
355	2.73%
356	2.00%
357	1.08%
358	1.92%
359	1.14%
Total Transmission Plant	1.88%
Distribution Plant	
361	1.18%
362	2.68%
364	2.44%
365	3.07%
366	1.34%
367	2.24%
368	2.56%
369	1.92%
370	3.83%
372	4.87%
373	4.83%
Total Distribution Plant	2.58%
General Plant	
390	2.08%
392	14.34%
396	18.78%
397	6.20%
Total General Plant	6.83%