



ORIGINAL

Department of Energy
 Western Area Power Administration
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PART 1076

September 30, 2009

Honorable Kimberly D. Bose
 Office of the Secretary
 Federal Energy Regulatory Commission
 888 First Street, NE
 Room 1A, East
 Washington, DC 20426

Re: Western Area Power Administration
 Docket No. ~~NJ09~~-1-000

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FEDERAL ENERGY
REGULATORY COMMISSION

2009 OCT -1 A 10:00

SECRETARY OF THE
COMMISSION

Dear Secretary Bose:

Pursuant to the Federal Energy Regulatory Commission's (Commission) Order Nos. 890, 890-A, 890-B, and 890-C,¹ and sections 35.28(e) and (f)(iv)(2) of the Commission's Regulations,² the United States Department of Energy, Western Area Power Administration (Western) hereby submits proposed revisions to its non-jurisdictional Open Access Transmission Tariff (Tariff). The primary purpose of this filing is to revise the terms of Western's Tariff to incorporate various modifications directed by the Commission in the aforementioned orders.

Enclosed please find the original and 14 copies of the proposed Tariff revisions. I have also enclosed an additional copy that I would appreciate being time-stamped and returned in the self-addressed envelope.

Western is a Federal Power Marketing Administration (PMA) that markets Federal power and owns and operates transmission facilities throughout 15 western and central states, encompassing a geographic area of 1.3 million square-miles. Western was established pursuant to section 302 of the DOE Organization Act.³ Western's primary mission is to market Federal power and transmission resources constructed with congressional authorization. The Federal generation marketed by Western resulted from the construction of power plants by the Federal generating agencies, principally the Department of the Interior's Bureau of Reclamation and the U.S. Army Corps of Engineers. The power and transmission requirements of project use loads, which are designated by Congress and carry out purposes such as pumping of irrigation water, by law, must

¹ Preventing Undue Discrimination and Preference in Transmission Service, Order No. 890, 72 FR 12,266 (March 15, 2007), FERC Stats. & Regs. ¶ 31,241 (2007), order on reh'g, Order No. 890-A, 73 FR 2984 (Jan. 16, 2008), FERC Stats. & Regs. ¶ 31,261 (2007), order on reh'g, Order No. 890-B, 73 Fed. Reg. 39,092 (Jul. 8, 2008), 123 FERC ¶ 61,299 (2008), order on reh'g, Order No. 890-C, 74 Fed. Reg. 12,540 (March 25, 2009), 126 FERC ¶ 61,228 (2009) (collectively, Order No. 890).

² 18 C.F.R. § 35.28(e) and (f) (2008).

³ 42 U.S.C. § 7152(a) (2003).

be met first for the life of those projects. Power in excess of these requirements is available for marketing by Western to its preference customers. Western's statutory obligation to market Federal hydropower from a particular Federal project extends for the life of that project. Western owns and operates over 17,000 miles of high-voltage transmission lines, and has entered into long-term transmission contracts for widespread distribution of Federal hydro generation to project use and preference customers comprised of non-profit public entities such as electric cooperatives, Native American tribes, municipal utilities, and Federal and state government entities. Western's transmission system resides within both the Midwest Reliability Organization (MRO) and the Western Electricity Coordinating Council (WECC). Western has four Regional offices located in Phoenix, Arizona (Desert Southwest Region), Sacramento, California (Sierra Nevada Region), Loveland, Colorado (Rocky Mountain Region), and Billings, Montana (Upper Great Plains Region), as well as the Colorado River Storage Project Management Center located in Salt Lake City, Utah (collectively, Regions), and a Corporate Services Office located in Lakewood, Colorado. Western's Regions have reserved sufficient transmission capacity on the systems they manage to meet their existing statutory obligations regarding project use and preference power deliveries. Those obligations are accounted for in each project's marketing plan, which is, in turn, implemented through existing contracts for the provision of hydroelectric capacity and/or energy.⁴ In addition, Western's transmission system is used by third parties for network and point-to-point transmission service purposes; therefore, Western has contractual obligations it must meet under a myriad of existing transmission agreements which were executed before and after Western's Tariff became effective.

Western is not a public utility subject to the Commission's jurisdiction under sections 205 and 206 of the Federal Power Act (FPA).⁵ Western is, however, a transmitting utility subject to FPA sections 210-213,⁶ and has provided open access transmission service since its inception in 1977. The revisions Western proposes below are primarily intended to revise the terms and conditions of Western's existing Commission-approved Tariff to incorporate various modifications directed in Order No. 890.⁷ Western also proposes relatively minor revisions to its Commission-approved Large Generator Interconnection Procedures and Agreement and Small Generator Interconnection Procedures and Agreement (LGIP, LGIA, SGIP, and SGIA, respectively),⁸ mostly to eliminate certain discrepancies with Western's governing statutes and long-standing contractual practices that have come to light as Western has gained more experience administering the Commission's standard interconnection procedures.

Western has two points of clarification regarding its compliance with Order No. 890. First, with respect to the matter of redispatch cost posting, Western notes that Order No. 890 directed transmission providers to calculate and post on the OASIS a monthly average cost of redispatch for each internal congested transmission facility or interface over which it provides redispatch

⁴ The majority of these contracts do not terminate until December 31, 2020, at the earliest.

⁵ 16 U.S.C. §§ 824d and 824e (2000).

⁶ 16 U.S.C. §§ 824i-824l (2000).

⁷ Insofar as Western is not subject to the Commission's jurisdiction under FPA section 205, Western is not seeking the Commission's approval under FPA section 205 to continue including previously-approved non-rate terms and conditions in its Tariff that differ from those set forth in Order No. 890. See Order No. 890 at P 135.

⁸ See Western Area Power Administration, 112 FERC ¶ 61,044 (2005). See also Western Area Power Administration, 119 FERC ¶ 61,239 (2007); and the Commission's delegated letter order issued on September 6, 2007, in Docket No. NJ07-2-001.

service using planning redispatch or reliability redispatch under the pro forma Tariff. Nonetheless, the Commission indicated in Order No. 890-A that a transmission provider may propose a variation from the pro forma Tariff to allow for the posting of actual billing data if the transmission provider believes it is too burdensome to average the data prior to posting.⁹

At this time, however, it is not possible for Western to foresee the amount of redispatch that will be provided in the future by its Regions given the markedly differing circumstances among the various Federal projects; therefore, it is not possible for Western to foretell the associated cost calculation and posting workload and whether it will constitute a burden on Western's limited staff resources. Consequently, rather than attempt to revise its Tariff to provide a case-by-case approach to posting the data, Western hereby commits for the sake of transparency to post a notification on the applicable OASIS site if and when future workload and resource issues necessitate that a Region begin posting actual billing data in lieu of average data.

Second, with respect to the designation and undesignation of network resources, although Western's Regional Available Transfer Capability (ATC) methodologies do not currently account for the effects on ATC of short-term undesignations of network resources, it is probable that they will do so in the future, meaning that in certain cases Western reasonably could allow its network customers to forego undesignating network resources to make firm sales of less than one year. However, it is unlikely that all of Western's Regional ATC methodologies will reach this point at the same time; therefore, rather than attempt to revise its Tariff to provide a case-by-case approach on this matter, if and when each of Western's Regions decide to revise their ATC methodologies to account for the effects on ATC of short-term undesignations of network resources, they will post on the OASIS a business practice allowing network customers to forego undesignating network resources to make firm sales of less than one year. At the point where all of Western's Regional ATC methodologies make such an account, Western will revise its Tariff accordingly.

As provided by sections 35.28(e) and (f)(2) of the Commission's Regulations¹⁰, Western requests that the Commission issue a declaratory order determining that with this filing, Western's Tariff maintains its status as a "safe harbor" Tariff, ensuring that it may not be denied transmission access by any Commission-jurisdictional public utility. Western has already developed transmission rates for use in the Tariff under separate public processes pursuant to applicable Federal law and regulation, and those rates have already been approved by the Commission. To the extent a specific rate does not exist for a service provided under the Tariff (i.e., Schedule 9 and Schedule 10), Western will adopt rates for those services in Region specific rate proceedings as described in more detail below.

The Commission found in Order No. 890 that a non-public utility such as Western that already has a safe harbor Tariff must amend its Tariff so that its provisions substantially conform or are superior to the revised pro forma Tariff if it wishes to continue to qualify for safe harbor treatment.¹¹ Western respectfully submits that this filing complies with the Commission's mandate.

⁹ Order No. 890 at P 1162, and Order No. 890-A at P 625, respectively.

¹⁰ 18 C.F.R. § 35.28(e) (2008) and 18 C.F.R. § 35.28(f)(2) (2008).

¹¹ Order No. 890 at P 191.

I. PROPOSED REVISIONS TO WESTERN'S TARIFF DOCUMENTS

A. Tariff

1. Sections 1.5 and 19.2

To address the requirement in Order No. 890 that transmission providers include Tariff language in their compliance filings describing how the transmission provider will process requests for cluster studies and how it will structure transmission customers' obligations when they have joined a cluster, Western proposes to add a new term "Clustering" in section 1.5 of its Tariff, and also to add the requisite clustering provisions to section 19.2. Western's proposed language is based largely on that filed by Public Service Company of New Mexico (PNM), which the Commission accepted without modification.¹² To the extent that Western's proposed language is more restrictive than that filed by PNM, Western notes that Order No. 890 gave each transmission provider discretion to develop the clustering procedures it will use, because the transmission provider is in the best position to determine the clustering procedures that it can accommodate and that will prevent a customer from strategically participating in clusters to avoid costs for needed transmission system upgrades.¹³

2. Sections 1.29 and 1.43

During the informal public process that Western conducted regarding the revisions proposed in this filing,¹⁴ a commenter suggested that Western add ancillary services into the definition of the term "New Rate" in section 1.29 of Western's reciprocity Tariff. Western agreed with the commenter's suggestion. The term "New Rate" was incorporated into Western's Tariff through a previous revision process. This was done to accommodate new language added concurrently in section 1.0 of Attachment J to Western's Tariff regarding change of rates. However, Western's review indicated that the phrase "ancillary services" was inadvertently omitted from the term's definition.¹⁵ Consequently, Western has modified section 1.29 of its Tariff so that the term "New Rate" is now defined as "the modification of a Rate for transmission or ancillary services provided by the Transmission Provider, ~~that~~ which has been promulgated pursuant to the rate development process outlined in Power And Transmission Rates, 10 C.F.R. Part 903 (2006)."

Western's review also indicated the presence of a ministerial error in section 1.43 of its revised Tariff. For that reason, Western has revised this provision so that the term "Rate Adjustment" is now defined, in pertinent part, as "a change in an existing rate or rates, or the establishment ~~of~~ of a rate or rates for a new service."

¹² Public Service Co. of New Mexico, 122 FERC ¶ 61,176 at P 14 (2008).

¹³ Order No. 890 at P 1371.

¹⁴ See the relevant documents posted at <http://www.wapa.gov/transmission/oatt.htm>.

¹⁵ See Western's August 3, 2005 and June 20, 2007 filings in Docket Nos. NJ05-1-001 and -002, respectively.

3. Sections 1.45, 10.1, 16.2, 19.3, 19.4, 21.1, 29.3, 30.6, 31.5, 32.3, and 32.4

As Western has explained in previous filings,¹⁶ Western is a non-profit Federal PMA that implements strict cost controls on all aspects of its business, including the establishment of cost-effective staffing levels relative to Western's role as a transmission owner and provider throughout multiple states. In addition, as a Federal entity, Western is subject to executive and congressional oversight regarding staffing, funding, and authorization limits. Funding levels for these items may be established that limit Western's ability to meet various transmission and interconnection study deadlines. For these reasons, Western proposed in its previous filings, and the Commission approved in its subsequent orders, global modifications to Western's LGIP, LGIA, SGIP, and SGIA intended to allow Western to meet its interconnection study and other deadlines using "Reasonable Efforts," as that term is defined in the aforementioned documents. Similarly, to alleviate the conflict between Western's statutory staffing and funding limitations and the Commission's goal of strict adherence by jurisdictional transmission providers to the Tariff's 60-day transmission study timelines, Western proposes to include in section 1 of its Tariff the term "Reasonable Efforts" and to use that term in its Tariff's transmission study timeline and metric provisions rather than the undefined term "due diligence." Further, Western has capitalized existing instances of the phrase "reasonable efforts" in the Tariff to reflect this definition.

4. Sections 7.2(b) and 11, and Attachment Q

Western has revised section 7.2(b) of its Tariff for the purpose of implementing new Attachment Q to its Tariff,¹⁷ and has also revised section 11 to conform it to the relevant modifications directed by Order No. 890. As a result of these revisions, Western has modified changes to this section approved by the Commission in Western's January 25, 2005, Filing because Western's earlier changes to these sections are no longer necessary with the inclusion of the new Attachment Q to the Tariff.

New Attachment Q to Western's Tariff provides for the creditworthiness review procedures as directed by Order No. 890. In developing these procedures, Western evaluated industry best practices for determining creditworthiness based on compliance filings submitted by various transmission providers, and on clarifications and findings stated by the Commission in its related orders. Western's proposed creditworthiness review procedures are relatively limited in scope and administrative complexity. Nonetheless, they specify the qualitative and quantitative criteria that Western will use to determine the level of secured and unsecured credit required, and they contain the procedural and other elements described in Order No. 890.

¹⁶ See Western's January 25, 2005, and March 1, 2007, filings in Docket Nos. NJ05-1-000 and NJ07-2-000, respectively (January 25, 2005 Filing and March 1, 2007 Filing, respectively).

¹⁷ Western notes that it submitted through an informational filing, and the Commission acknowledged in a subsequent delegated letter order, language added to section 7.1 of Western's Tariff regarding potential advance payment for transmission services. Western equated the Commission's acknowledgment to its approval of the added language, and, as such, Western did not redline that language in this filing. See Western's October 31, 2007 filing in Docket No. NJ08-1-000; and the Commission's relevant delegated letter order issued on November 16, 2007.

5. Section 9

Western's original safe harbor Tariff filing removed pro forma language from section 9 of its Tariff.¹⁸ This language was removed to reflect the fact that Western is not a public utility, and is not subject to the Commission's jurisdiction under FPA sections 205 and 206. Because Western does not fall under the jurisdiction of the Commission in those sections, Western does not submit its Tariff agreements for Commission approval, nor does it seek Commission approval to terminate those agreements. An unintended consequence of this change, however, is the potential for confusion on the part of interconnection and transmission customers regarding how any future changes to Western's Tariff would apply to them.

Rather than continue to eliminate the entire first paragraph of the pro forma language from section 9, Western has reintroduced the first paragraph of section 9 from the Commission's original pro forma Tariff with succinct modifications. These modifications make it clear that any future Tariff changes regarding terms and conditions, classification of service, or Tariff agreements will be consistent with the Commission's rules and regulations and will apply to Western's existing Tariff documents, while retaining the elimination of applicability of FPA sections 205 and 206.

Western believes these changes more closely reflect the intent behind the removal of the entire first paragraph of section 9 in Western's original safe harbor Tariff filing, while still accommodating Western's unique status as a non-jurisdictional Federal PMA. In that regard, Western has left intact the second paragraph of section 9 of its Tariff, which does not affect the ability of a transmission or interconnection customer taking service under the Tariff to exercise any rights it has under the FPA and the Commission's rules and regulations.

6. Section 13.1

Two of Western's Regions (Desert Southwest and Sierra Nevada) currently offer hourly firm point-to-point transmission service due to customer demand for such a product, and those Regions fully account for the transmission usage in their respective ATC methodologies. Because all of Western's Regions currently do not offer this voluntary product, the Regions that do offer it have established the terms and conditions for its use under Regional business practices posted on their OASIS sites. To date, however, Western's Tariff did not explicitly recognize this fact, and Western has revised section 13.1 of its Tariff to correct this oversight.

7. Section 13.2

To address Order No. 890's requirements regarding the implementation of a simultaneous submission window by transmission providers who set a "no earlier than" time limit for transmission service requests, Western proposes to add the necessary language to section 13.2 of its Tariff. Western's proposed language uses a lottery capacity allocation methodology that

¹⁸ See Western's December 31, 1997 filing in Docket No. NJ98-1-000 (December 31, 1997 Filing); and Missouri Basin Municipal Power Agency, United States Department of Energy, Western Area Power Administration, 99 FERC ¶ 61,062 (2002) (April 12, 2002 Order).

largely mirrors the methodology filed by the Mid-Continent Area Power Pool (MAPP) and approved by the Commission.¹⁹

8. Sections 13.7(c), 14.5, and 28.6, and Schedule 10

As discussed in more detail below, Western determines its transmission and related rate methodologies on a Federal project-by-project basis under public rate processes as required by Federal regulation.²⁰ Those specific rates and methodologies are promulgated under individual rate schedules applicable to each project and incorporated by reference into Western's Tariff.²¹ Consistent with this approach, Western proposes to include a new Schedule 10 in its Tariff to incorporate by reference any project-specific unreserved use penalty rate schedules that Western chooses to establish in the future, and to revise the relevant Tariff provisions (i.e., sections 13.7(c), 14.5, and 28.6) to reference new Schedule 10 to accommodate the unreserved use penalty methodology established in Order No. 890. Individual project rate schedules will be made effective on or after the later of either the date Western's Tariff revisions become effective or the date any existing rate schedule implementing an unauthorized use penalty rate expires.

9. Section 15.4

A key requirement of the Federal Anti-Deficiency Act²² restricts Western from obligating funds which have not yet been congressionally appropriated or authorized for expenditure, and thus, Western's obligation under the Tariff to expand or modify transmission facilities must be limited accordingly. Section 28.2 of Western's Tariff contains Commission-approved non-pro forma language that codifies such a limitation for network service requests;²³ however, Western's prior Tariff filings inadvertently omitted this language from the equivalent provision in section 15.4 for firm point-to-point service requests. Therefore, Western has revised section 15.4 so that it now includes the requisite language.

10. Sections 17.3 and 29.2

In a previous filing, Western added language to sections 17.3 and 29.2 of its Tariff to re-introduce the deposit requirement for transmission requests of one year or longer, and also to introduce an escrow alternative to the deposit.²⁴ However, in so doing, Western erred by using the term "Transmission Customer" in certain instances rather than the proper term "Eligible Customer." Consequently, Western has revised sections 17.3 and 29.2 to remedy this error.

¹⁹ See Mid-Continent Area Power Pool, 123 FERC ¶ 61,177 (2008); and the Commission's delegated letter order issued on September 23, 2008, in Docket No. OA07-51-002.

²⁰ 10 C.F.R. Part 903 (2009).

²¹ See Western's December 31, 1997 Filing.

²² 31 U.S.C. § 1341(a)(1)(2003).

²³ See Western's December 31, 1997 Filing.

²⁴ See Western's January 25, 2005 Filing.

11. Sections 19.10 and 32.5

Western has omitted the language in its filing that subjects the transmission provider to payment of monetary penalties for failing to complete transmission studies within 60 days, as well as the requirement to file a notice with the Commission with respect to late studies. However, Western has retained the requirement under which the transmission provider tracks the number of studies it fails to complete on time. Western intends to use Reasonable Efforts to meet the study deadlines and intends to track its performance. Western is omitting only the penalty provision itself.

The Commission has already approved a reciprocity Tariff that omitted the requirement to file a notice with the Commission regarding late studies²⁵ and payment of penalties.²⁶ Western is also omitting the payment of the penalties themselves for three reasons. First, Western is a non-jurisdictional entity and the Commission's penalty authority regarding late studies does not extend to Western. Therefore, it would not be appropriate for Western to include the penalty provision in its reciprocity Tariff.

Second, under the pro forma Tariff, the transmission provider must pay the penalties to its customers. The Commission has said that public utilities may not include the penalties in their rates.²⁷ Western is statutorily required to set its rates to fully recover its costs, and the Commission is required to approve Western's rates if the revenue generated by the rates are sufficient to recover Western's costs consistent with its statutory and regulatory obligations.²⁸ One significant statutory obligation Western must meet is to set its rates as low as possible consistent with sound business principles.²⁹ Therefore, Western must include any penalties it pays within its rates to comply with these unique statutory obligations, and paying penalties to customers that must then be recovered from those same customers in accordance with existing statutes would only impose administrative costs on Western and its ratepayers with no tangible benefit. Third, Western is a non-public utility and not subject to the Commission's penalty authority regarding the payment of late studies. The Commission has approved a similar approach in Bonneville Power Administration's Tariff filing (BPA Filing).³⁰

Except for the penalty provisions, Western intends to adhere to the directives in Order No. 890 regarding the completion of studies. That is, Western will use Reasonable Efforts to complete the studies within the study deadlines, it will track the percent of non-affiliates' studies that it completes outside of the deadlines, and it will post study metrics regarding its performance under these sections as provided in Order No. 890. Therefore, instead of simply deleting new sections 19.9 and 32.5 of the pro forma Tariff, which provide for the study penalties, Western has amended them to provide that Western will use Reasonable Efforts in the completion of studies,

²⁵ East Kentucky Power Coop, Inc., 121 FERC ¶ 61,012 (2007).

²⁶ United States Department of Energy - Bonneville Power Administration, 128 FERC ¶ 61,057 (2009) at P 65

²⁷ Order No. 890 at P 1357.

²⁸ 43 U.S.C. § 485h(c) (2007), 16 U.S.C. § 825(s) (2000), 18 C.F.R. Part 300 (2008), and 10 C.F.R. Part 903 (2009)

²⁹ 16 U.S.C. § 825s (2000).

³⁰ United States Department of Energy - Bonneville Power Administration, 128 FERC ¶ 61,057 (2009) (Bonneville) at P 65.

and will track and post its performance in completing studies for both point-to-point and network service. Western intends to adhere to the Commission's study penalty regime up to the point at which legal issues intrude.

Finally, Western has renumbered section 19.9 of the Tariff to reflect new section 19.2 discussed previously, and also has replaced in sections 19.9 and 32.5 instances of the term "due diligence" to accommodate Western's use of Reasonable Efforts to complete transmission studies within the 60-day timelines, as discussed previously.

12. Sections 19.11 and 32.6, and Attachment J

Western noted in previous filings that it must comply with its statutory obligations regarding the National Environmental Policy Act (NEPA).³¹ However, Western has experienced difficulty in having transmission and interconnection customers execute the necessary documents in a timely manner to comply with NEPA and other environmental and natural resource statutes. As a result, Western in this filing has generally outlined its NEPA compliance obligations in section 16.0 of Attachment J to its Tariff, and has inserted mandatory deadlines for execution of environmental agreements in sections 19.11 and 32.6 of its Tariff.

Because the standard pro forma documents do not generally inform customers of Western's obligations to comply with applicable environmental and natural resource laws, such as NEPA, Western added a provision in section 16.0 of Attachment J to its Tariff to notify both transmission and interconnection customers of Western's obligations. Western has historically used Attachment J to reference any unique obligations it has due to its status as a Federal PMA.³² The additional provisions also make clear to Western's transmission and interconnection customers that they must comply with all environmental laws, regulations and resource protection measures, including but not limited to any mitigation measures and Best Management Practices associated with the approval of a project and the associated Transmission [or Interconnection] Customer's requested service. Attachment J also informs a customer that Western's decision to execute an agreement is dependent on the conclusions reached in the record of decision under NEPA, or other appropriate NEPA decision document.

Western has also added specific language into its Tariff at sections 19.11 and 32.6 to inform transmission and interconnection customers of the obligation to execute an environmental review agreement that outlines the environmental obligations required for a specific project. Western has posted examples of the generic clauses that will be included in the environmental review agreement on its OASIS.³³ To the extent that projects require specific mitigation measures or other Best Management Practices, those requirements will be included in the individual project's service agreements, construction contracts, or environmental compliance contracts, as appropriate. The parameters for entering into those agreements are contained in the generic environmental review agreement clauses described above. The purpose of these provisions is to

³¹ 42 U.S.C. § 4321, *et seq.* (2003). [?]

³² See, generally, Western's January 25, 2005 Filing at p. 9-11.

³³ See the EIS and EA Environmental Review Agreement templates posted at <http://www.wapa.gov/transmission/oatt.htm>.

obligate the customer to any initial as well as ongoing environmental obligations it has as a result of any transmission service taken or interconnection permitted on Federal transmission facilities. The Commission has already approved a similar approach in the BPA Tariff filing.³⁴

13. Section 23.1

Western has not adopted the provisions of Order No. 890 removing the price cap on the resale of transmission capacity. Western will retain the original pro forma language that allows a transmission customer to reassign its transmission capacity. Accordingly, the rate for capacity reassignment will continue to be capped at the original transmission rate charged to the assignor, Western's maximum stated firm transmission rate in effect at the time of reassignment, or the assignor's own opportunity costs capped at Western's costs of expansion.

Western is not removing the price cap on the resale of transmission capacity because doing so would be inconsistent with Western's obligations under Reclamation Law. Specifically, removal of the price cap and allowing resale of Western's transmission capacity conflicts with the spirit and intent, if not the letter, of the preference clause embodied in both section 9(c) of the Reclamation Project Act of 1939 (Section 9(c)) and section 5 of the Flood Control Act of 1944 (Section 5).³⁵ These two clauses primarily establish the guidelines that govern Western's mission.

Section 5 refers to the transmitting of power as well as the construction of transmission facilities. Section 5 of the Flood Control Act requires the Secretary to "... transmit and dispose of such power and energy in such manner as to encourage the most widespread use thereof at the lowest possible rates to consumers consistent with sound business principles" Further, the authority and principals Western is required to use to set rates for the sale of power and energy under Section 9(c) are applicable to its ratemaking authority used to set transmission rates. As a result, Western is required to set its transmission rates to recover sufficient revenue to cover its construction, operation, and maintenance costs and an appropriate share of any fixed costs as determined by Western's Administrator. The courts have interpreted Section 9(c) as granting wide discretion to Western's Administrator in marketing Federal power.³⁶

Because Western does not make a profit on the sales of the use of its transmission facilities, it would not be appropriate for Western to allow a third party to resell Western's Federal transmission system capacity at a profit. Doing so would be inconsistent with Western's obligation to "transmit and dispose of power and energy" at the "lowest possible rates to consumers." That is, Western cannot establish rates for the sale of its transmission assets over and above its associated costs, and Western interprets the aforementioned statutes as not providing for third parties to do so either. It appears the Commission's resale proposal is an attempt to create economic incentives in an industry that generally has a broader purpose than Western does. Western's mission is more narrowly focused and, as a result, the Commission's

³⁴ See Bonneville Power Administration's October 3, 2008 filing in Docket No. NJ09-1-000 at p. 17-18; and United States Department of Energy - Bonneville Power Administration, 128 FERC ¶ 61,057 (2009) at P 12.

³⁵ 16 U.S.C. § 825(s) and 43 U.S.C. § 485h(c), respectively.

³⁶ City of Santa Clara v. Andrus, 572 F.2d 660, 667-668 (9th Cir. 1978), cert. den., 439 U.S. 859 (1979).

proposal is not consistent with the requirements for providing service over Western's Federal transmission system, which was not created, nor is it intended to be marketed, for purely economic purposes.

Additionally, Western has deleted the language from section 23.1 of the pro forma Tariff pertaining to the transmission provider charging and crediting the reseller and assignee for the reassigned service. This is due to the fact that Western will not act as the financial intermediary between the reseller and assignee; instead, as provided in revised Attachment A-1 of Western's Tariff, Western will continue to charge the original reselling transmission customer as set forth under the original Tariff agreement, and that customer will in turn charge the assignee for the reassigned capacity at their negotiated rate, subject to the pricing cap retained in section 23.1 of Western's Tariff. Therefore, Western will not charge the assignee for reassigned capacity, and the mechanism to account for any difference between the rates charged by Western to the reseller and by the reseller to the assignee will be provided under separate billing arrangements to be negotiated and executed by the reseller and the assignee.

14. Section 29.2(v)

Western has revised section 29.2(v) of the pro forma Tariff so that it conditionally requires network customers to identify the source control area of off-system network resources at the time of designation. Such information is unnecessary for Western's Regions that are situated in WECC, insofar as they use the rated path methodology to determine ATC.³⁷ Conversely, Western's Upper Great Plains Region uses a flow-based methodology to determine ATC, and, as such, it is necessary for that Region to require its network customers to identify the source control area of off-system network resources.

15. Section 30.9

As modified by Order No. 890, the first revised sentence in section 30.9 of the pro forma Tariff includes the phrase "[the effective date of a Final Rule in RM05-25-000]." To prevent confusion among Western's transmission customers, Western has replaced that phrase with the actual effective date of Order No. 890, and has also added a clarifying note regarding that date.

16. Section 35.2

Order No. 890 deleted from section 35.2 of the pro forma Tariff references to the North American Electric Reliability Council and the regional reliability councils and substituted references to the Electric Reliability Organization (ERO). However, as noted previously, Western's multi-state transmission service territory resides within both MRO and WECC. Each of these regional reliability organizations (RRO) has been delegated certain responsibilities for reliability standards compliance monitoring and enforcement, and WECC in particular actively continues to develop and institute region-specific reliability standards and associated business practices. For these reasons, Western has modified section 35.2 so that it references the reliability guidelines of the ERO and the applicable RRO, rather than only those of the ERO.

³⁷ See, e.g., Puget Sound Energy, Inc., 120 FERC ¶ 61,232 at P 10 (2007).

17. Schedules 4 and 9

Western has modified Schedule 4 and new Schedule 9 of the pro forma Tariff to reflect the fact that Western determines its transmission and ancillary service rates and formula methodologies on a Federal project-by-project basis under public rate guidelines as consistent with existing statute and regulation,³⁸ and that Western promulgates those rates and formula methodologies under the appropriate rate schedules applicable to each project. In so doing, Western removed the language from Schedules 4 and 9 pertaining to the tiered imbalance methodology, and included in Schedule 9 non-pro forma Tariff language previously accepted by the Commission indicating that the specific charges for Generator Imbalance Service are to be set forth in the appropriate rate schedule and providing for changes to the rate methodology.³⁹ These changes ensure that the outcome of the statutorily mandated public processes related to project-specific imbalance service rates will not be improperly predetermined by language in Western's voluntary reciprocity Tariff. Further, Western made a ministerial revision to Schedule 4 to remove language that has been rendered obsolete due to the fact that all of Western's Regions now have Energy Imbalance rate schedules in effect.

18. Attachment A-1

Similar to certain Commission-approved modifications that Western made in the past,⁴⁰ Western has revised new Attachment A-1 of the pro forma Tariff to ensure conformance between Western's long-standing Federal contractual practices and its as-filed forms of service agreement, and to make it consistent with the other forms of agreement in its Tariff. The Commission has previously accepted similar revisions.⁴¹ In addition, Western has modified Attachment A-1 to clarify that the reassignment service agreement is subject to the terms and conditions of the relevant service agreement between Western and the original transmission customer, and to reflect Western's modifications to the billing provisions in revised section 23.1 of the Tariff, as discussed previously.

19. Attachment C

Western has modified Attachment C to its Tariff to provide Western's ATC methodologies as directed by Order No. 890. Western's Attachment C is bifurcated to reflect the fact that Western's transmission system resides within both MRO and WECC. Western's development of Attachment C was informed by the related Order No. 890 compliance filings of certain parties in the MAPP and WestConnect footprints, as well as by the Commission's findings pertaining to those filings.⁴²

³⁸ 43 U.S.C. § 485h(c) (2007), 16 U.S.C. § 825(s) (2000), 18 C.F.R. Part 300 (2008), and 10 C.F.R. Part 903 (2009)

³⁹ See Western's December 31, 1997 Filing; and the April 12, 2002 Order.

⁴⁰ See Western's January 25, 2005 Filing and March 1, 2007 Filing.

⁴¹ E.g., Western's March 1, 2007 Filing at p. 5.

⁴² E.g., Arizona Public Service Co., 123 FERC ¶ 61,024 (2008); and the Commission's delegated letter orders issued on March 28, 2008, and August 21, 2008, in Docket Nos. OA07-90-000, et al., and OA07-90-003, respectively.

20. Attachment D

Western has revised Attachment D to its Tariff to reflect the fact that WECC annually submits to the Commission a System Impact Study Methodology on behalf of each of its member systems, including Western's Regions that are situated within WECC.

21. Attachment K

Inasmuch as Order No. 890 directed that all instances in the pro forma Tariff of the term "Available Transmission Capability" be replaced with "Available Transfer Capability," Western has made a conforming change in the third paragraph of Attachment K to its Tariff. Western has also made some minor ministerial corrections to Attachment K.

22. Attachment N

Western has modified Attachment N to its Tariff to incorporate by reference the revised North American Electric Standards Board Wholesale Electric Quadrant standards as required by Order No. 676-C.⁴³

23. Attachment O

New Attachment O ("Procedures for Addressing Parallel Flows") to Western's Tariff incorporates the language required by the Commission in its orders accepting, as modified, certain Order No. 890 compliance filings submitted by public utility transmission providers.⁴⁴

24. Attachment P

Proposed new Attachment P to Western's Tariff sets forth its transmission planning processes as directed by Order No. 890. Like revised Attachment C, Attachment P is bifurcated to reflect the fact that Western's transmission system resides within both MRO and WECC. Western's development of Attachment P was informed by the related Order No. 890 compliance filings of certain parties in the MAPP and WestConnect footprints,⁴⁵ as well as by the Commission's findings pertaining to such filings.⁴⁶

⁴³ Standards for Business Practices and Communication Protocols for Public Utilities, Order No. 676-C, 73 Fed. Reg. 43,848 (July 29, 2008), FERC Stats. & Regs. ¶ 31,274 (July 21, 2008).

⁴⁴ E.g., Duke Energy Carolinas, LLC, 122 FERC ¶ 61,077 at P 19 (2008); and Idaho Power Co., 122 FERC ¶ 61,243 at P 36 (2008).

⁴⁵ See, e.g., the September 14, 2009 compliance filings submitted by Arizona Public Service Company and Public Service Company of New Mexico in Docket Nos. OA08-33-002 and OA08-34-002, respectively.

⁴⁶ E.g., El Paso Electric Co., et al., 124 FERC ¶ 61,051 (2008); and MidAmerican Energy Co., 123 FERC ¶ 61,160 (2008).

No. 890, Western will begin tracking such metrics on January 1, 2010. As a result, Western will post its first set of quarterly metrics within 15 days of the end of the quarter,⁵³ or by April 15, 2010.

IV. REQUEST FOR WAIVER OF SERVICE REQUIREMENTS

Western has informed all interested parties regarding the proposed Tariff changes through an informal public process. Western has notified all customers that have indicated a desire to be kept informed of the Tariff development of this filing. Western shall make copies of this filing available for public inspection on its Web site at www.wapa.gov/transmission/oatt.htm. Therefore, Western will not file a copy of this tariff upon all interested parties.

V. CONTENTS OF THE FILING

Along with this transmittal letter, the documents submitted with this filing include:⁵⁴

Attachment A – A clean version of Western’s proposed Tariff, including the LGIP, LGIA, SGIP, and SGIA.

Attachment B – A redlined version of Western’s proposed Tariff, including the LGIP, LGIA, SGIP, and SGIA compared with all of those documents as previously approved by the Commission up to and including the October 31, 2007, filing in Docket No. NJ08-1-000 and the Commission’s relevant delegated letter order issued on November 16, 2007.

VI. COMMUNICATION

Western requests that all correspondence, pleadings, and other communications concerning this filing be served upon:

Ronald J. Klinefelter
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Western Area Power Administration
Office of General Counsel
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P.O. Box 281213
Lakewood, CO 80228-8213
(720) 962-7010
klinefelter@wapa.gov

⁵³ Order No. 890 at P 1309.

⁵⁴ In light of the Notice Announcing New Combined Notice of Filings issued by the Commission on May 13, 2005, Western has not included a Notice of Filing and a diskette containing the same.

phrase “and Filing” from the title of section 11.3 to be consistent with other areas of its tariff documents, so there is no inadvertent confusion regarding whether or not Western will file an unexecuted agreement with the Commission should a dispute arise.

C. LGIA – Article 19.1

In Western’s previous filings it noted that it must comply with the Federal Anti-Assignment Act,⁵¹ and Western, therefore, made changes to the pro forma LGIA language to require Western’s written approval prior to any assignment by the interconnection customer. An unintended consequence of this change has been some confusion on the part of interconnection customers regarding their ability to assign the LGIA to third parties for security purposes, e.g., in several instances, the interconnection customer was concerned that it was only permissible to assign the agreement to one of its affiliates for security purposes. This was not Western’s intent. Assignment of the LGIA may occur to any party provided a potential assignee meets the assignment requirements in Article 19.1. Further, the ability to assign the LGIA for security purposes may occur to any third party, not just affiliates of the interconnection customer. Consequently, Western has made changes to Article 19.1 to remedy this confusion.

D. SGIP – Section 3.3

Western has added a new section 3.3 to its SGIP to incorporate environmental compliance language in conformance with what Western included in its Tariff at sections 19.11 and 32.6 and Attachment J, as discussed previously.

E. SGIA – Article 7.1

Western has modified the assignment provisions in Article 7.1 of its SGIA to conform them to the revisions Western made to Article 19.1 of the LGIA, as discussed previously.

II. PETITION FOR AN EXEMPTION FROM FILING FEES

Western hereby seeks an exemption in lieu of paying a filing fee applicable to petitions for declaratory orders. As an agency of the United States Department of Energy, Western is engaged in official business of the Federal Government in filing this petition for a declaratory order from the Commission that the revisions to its non-jurisdictional Tariff, including the LGIA, LGIP, SGIA, and SGIP, continue to be an acceptable reciprocity Tariff. Western is an agency of the United States and, therefore, is exempt from filing fees.⁵²

III. EFFECTIVE DATE

Western requests that the revised Tariff become effective on December 1, 2009. Western notes that due to the year-end holiday period and in order to synchronize Western’s tracking of its transmission study performance metrics with the calendar quarter posting requirement in Order

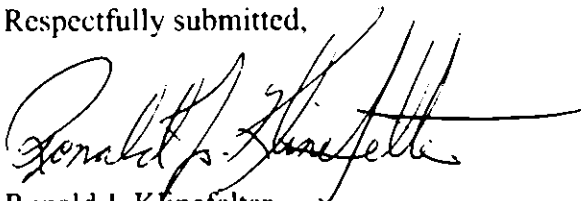
⁵¹ 41 U.S.C. § 15 (2008).

⁵² 18 C.F.R. §§ 381.102(a), 381.108(a), and 381.302(c) (2008).

Edward F. Hulls
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Loveland, CO 80539-3003
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Dated this 30th day of September, 2009.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ronald J. Klinefelter", with a long horizontal flourish extending to the right.

Ronald J. Klinefelter
Attorney
Office of General Counsel
Western Area Power Administration

Attachments

B. LGIP

1. Section 1 – Definition of “Reasonable Efforts”

Western has revised the LGIP’s pro forma definition of the term “Reasonable Efforts” to reference the LGIP rather than the LGIA. Western made this change to eliminate confusion that has arisen regarding applicability of the term and to parallel the definition of “Reasonable Efforts” that Western added to its SGIP in a previous filing.⁴⁷

2. Section 3.3.5

Western added a new section 3.3.5 to its LGIP to incorporate environmental compliance language in conformance with the language Western included in its Tariff at sections 19.11, 32.6 and Attachment J, as discussed previously.

3. Section 8.1, and Section 5.0 of the Interconnection Facilities Study Agreement

As Western explained in a previous filing,⁴⁸ Western requires advance payment to perform work related to transmission and interconnection requests consistent with the Federal Contributed Funds Act and the Federal Anti-Deficiency Act.⁴⁹ Western has in certain instances used, with the interconnection customer’s concurrence, the Interconnection Facilities Study deposit for the performance of other work such as environmental review activities and development of an Engineering & Procurement Agreement and the LGIA. In addition, Western’s cost of performing the Interconnection Facilities Study and such other work at times does not exceed the required \$100,000 deposit, yet the LGIP implicitly assumes that the deposit will always be exceeded. All that being the case, Western proposes to revise section 8.1 of the LGIP and section 5.0 of the LGIP’s Interconnection Facilities Study Agreement to eliminate potential issues regarding the Interconnection Facilities Study deposit and its use, and to provide more transparency in that respect to the Commission and Western’s prospective interconnection customers.

4. Section 11

In a previous filing, Western revised the LGIA-related tender, offer and negotiation provisions in section 11 of the pro forma LGIP to accommodate changes Western made to that section regarding its obligations under NEPA.⁵⁰ In so doing, however, Western inadvertently created confusion among its customers related to the tender, offer, and negotiation of a LGIA. Here, Western has made changes to the section 11 of its LGIP to remedy such confusion by clarifying the deadlines provided in sections 11.1 and 11.2. Western has also changed the location of language it previously inserted regarding cost recovery of Western’s efforts related to the negotiation of the LGIA. Finally, as a non-jurisdictional entity, Western does not file its agreements with the Commission as previously noted. As such, Western has also removed the

⁴⁷ See Western’s March 1, 2007 Filing.

⁴⁸ Id. at p. 7-8.

⁴⁹ 43 U.S.C. § 395 (2007) and 31 U.S.C. § 1341(a)(1)(2003), respectively.

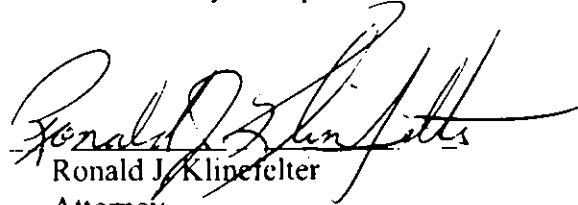
⁵⁰ See Western’s January 25, 2005 Filing.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Lakewood, Colorado, this 30th day of September, 2009.

By:



Ronald J. Klinfelter
Attorney

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UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
OPEN ACCESS TRANSMISSION SERVICE TARIFF

Issued by: Edward Hulls, PSOC Chair
Issued on: September 30, 2009

Effective: December 1, 2009

UNITED STATES
DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
OPEN ACCESS TRANSMISSION SERVICE TARIFF

PART I. COMMON SERVICE PROVISIONS	1
1 Definitions.....	1
1.1 Affiliate.....	1
1.2 Ancillary Services	1
1.3 Annual Transmission Costs	1
1.4 Application.....	1
1.5 Clustering.....	1
1.6 Commission	1
1.7 Completed Application	1
1.8 Control Area.....	1
1.9 Curtailment	2
1.10 Delivering Party	2
1.11 Designated Agent.....	2
1.12 Direct Assignment Facilities.....	2
1.13 Eligible Customer	2
1.14 Facilities Study.....	2
1.15 Firm Point-To-Point Transmission Service	3
1.16 Good Utility Practice	3
1.17 Interruption.....	3
1.18 Load Ratio Share.....	3
1.19 Load Shedding	3
1.20 Long-Term Firm Point-To-Point Transmission Service.....	3
1.21 Native Load Customers.....	3
1.22 Network Customer	3
1.23 Network Integration Transmission Service.....	4
1.24 Network Load	4
1.25 Network Operating Agreement.....	4
1.26 Network Operating Committee.....	4
1.27 Network Resource.....	4
1.28 Network Upgrades	4
1.29 New Rate.....	4
1.30 Non-Firm Point-To-Point Transmission Service.....	4
1.31 Non-Firm Sale.....	5
1.32 Open Access Same-Time Information System (OASIS).....	5
1.33 Part I: Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.....	5
1.34 Part II: Tariff Sections 13 through 27	5
1.35 Part III: Tariff Sections 28 through 35	5
1.36 Parties.....	5
1.37 Point(s) of Delivery.....	5

1.38	Point(s) of Receipt	5
1.39	Point-To-Point Transmission Service	6
1.40	Power Purchaser.....	6
1.41	Pre-Confirmed Application.....	6
1.42	Rate	6
1.43	Rate Adjustment.....	6
1.44	Rate Formula Adjustment	6
1.45	Reasonable Efforts	6
1.46	Receiving Party	6
1.47	Regional Transmission Group (RTG).....	6
1.48	Reserved Capacity.....	6
1.49	Service Agreement.....	7
1.50	Service Commencement Date.....	7
1.51	Short-Term Firm Point-To-Point Transmission Service.....	7
1.52	System Condition.....	7
1.53	System Impact Study.....	7
1.54	Third-Party Sale	7
1.55	Transmission Customer	7
1.56	Transmission Provider	7
1.57	Transmission Provider's Monthly Transmission System Peak.....	8
1.58	Transmission Service	8
1.59	Transmission System	8
2	Initial Allocation and Renewal Procedures.....	8
2.1	Initial Allocation of Available Transfer Capability	8
2.2	Reservation Priority For Existing Firm Service Customers.....	8
3	Ancillary Services	9
3.1	Scheduling, System Control and Dispatch Service.....	10
3.2	Reactive Supply and Voltage Control from Generation or Other Sources Service.....	10
3.3	Regulation and Frequency Response Service	10
3.4	Energy Imbalance Service.....	10
3.5	Operating Reserve - Spinning Reserve Service	11
3.6	Operating Reserve - Supplemental Reserve Service.....	11
3.7	Generator Imbalance Service	11
4	Open Access Same-Time Information System (OASIS).....	11
4.1	Terms and conditions	11
4.2	The North American Energy Standards Board	11
4.3	The Transmission Provider shall post on OASIS	11
5	Local Furnishing Bonds	11
5.1	Transmission Providers That Own Facilities Financed by Local Furnishing Bonds	11
5.2	Alternative Procedures for Requesting Transmission Service.....	12
6	Reciprocity	12
7	Billing and Payment.....	13
7.1	Billing Procedures.....	13

7.2	Unpaid Balances	13
7.3	Customer Default	14
8	Accounting for the Transmission Provider's Use of the Tariff.....	14
8.1	Transmission Revenues	14
8.2	Study Costs and Revenues	14
9	Regulatory Filings.....	15
10	Force Majeure and Indemnification	15
10.1	Force Majeure	15
10.2	Indemnification	15
11	Creditworthiness	15
12	Dispute Resolution Procedures	16
12.1	Internal Dispute Resolution Procedures.....	16
12.2	External Dispute Resolution Procedures	16
12.3	Rights Under The Federal Power Act	16
	PART II. POINT-TO-POINT TRANSMISSION SERVICE	16
13	Nature of Firm Point-To-Point Transmission Service	16
13.1	Term	16
13.2	Reservation Priority	17
13.3	Use of Firm Transmission Service by the Transmission Provider.....	18
13.4	Service Agreements	18
13.5	Transmission Customer Obligations for Facility Additions or Redispatch Costs.....	19
13.6	Curtailment of Firm Transmission Service.....	19
13.7	Classification of Firm Transmission Service.....	20
13.8	Scheduling of Firm Point-To-Point Transmission Service.....	21
14	Nature of Non-Firm Point-To-Point Transmission Service	21
14.1	Term	21
14.2	Reservation Priority	21
14.3	Use of Non-Firm Point-To-Point Transmission Service by the Transmission Provider.....	22
14.4	Service Agreements	22
14.5	Classification of Non-Firm Point-To-Point Transmission Service.....	22
14.6	Scheduling of Non-Firm Point-To-Point Transmission Service.....	23
14.7	Curtailment or Interruption of Service.....	23
15	Service Availability.....	24
15.1	General Conditions	24
15.2	Determination of Available Transfer Capability.....	24
15.3	Initiating Service in the Absence of an Executed Service Agreement.....	24
15.4	Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System, Redispatch or Conditional Curtailment	25
15.5	Deferral of Service.....	26
15.6	Other Transmission Service Schedules.....	26
15.7	Real Power Losses	26

16	Transmission Customer Responsibilities.....	26
16.1	Conditions Required of Transmission Customers	26
16.2	Transmission Customer Responsibility for Third-Party Arrangements.....	27
17	Procedures for Arranging Firm Point-To-Point Transmission Service.....	27
17.1	Application.....	27
17.2	Completed Application	28
17.3	Deposit and Processing Fee	29
17.4	Notice of Deficient Application.....	29
17.5	Response to a Completed Application.....	30
17.6	Execution of a Service Agreement.....	30
17.7	Extensions for Commencement of Service.....	30
18	Procedures for Arranging Non-Firm Point-To-Point Transmission Service	31
18.1	Application.....	31
18.2	Completed Application	31
18.3	Reservation of Non-Firm Point-To-Point Transmission Service.....	32
18.4	Determination of Available Transfer Capability.....	32
19	Additional Study Procedures For Firm Point-To-Point Transmission Service Requests	32
19.1	Notice of Need for System Impact Study.....	32
19.2	Clustering of System Impact Studies	33
19.3	System Impact Study Agreement and Compensation	34
19.4	System Impact Study Procedures.....	34
19.5	Facilities Study Procedures	35
19.6	Facilities Study Modifications	36
19.7	Due Diligence in Completing New Facilities	36
19.8	Partial Interim Service	36
19.9	Expedited Procedures for New Facilities.....	36
19.10	Study Metrics	37
19.11	Notice of Need for Environmental Review.....	37
20	Procedures if The Transmission Provider is Unable to Complete New Transmission Facilities for Firm Point-To-Point Transmission Service	38
20.1	Delays in Construction of New Facilities	38
20.2	Alternatives to the Original Facility Additions.....	38
20.3	Refund Obligation for Unfinished Facility Additions	38
21	Provisions Relating to Transmission Construction and Services on the Systems of Other Utilities.....	39
21.1	Responsibility for Third-Party System Additions.....	39
21.2	Coordination of Third-Party System Additions	39
22	Changes in Service Specifications	39
22.1	Modifications On a Non-Firm Basis.....	39
22.2	Modifications On a Firm Basis	40
23	Sale or Assignment of Transmission Service	40
23.1	Procedures for Assignment or Transfer of Service.....	40
23.2	Limitations on Assignment or Transfer of Service.....	41
23.3	Information on Assignment or Transfer of Service	41

24	Metering and Power Factor Correction at Receipt and Delivery Point(s)	41
24.1	Transmission Customer Obligations.....	41
24.2	Transmission Provider Access to Metering Data.....	41
24.3	Power Factor	41
25	Compensation for Transmission Service	42
26	Stranded Cost Recovery.....	42
27	Compensation for New Facilities and Redispatch Costs	42
PART III. NETWORK INTEGRATION TRANSMISSION SERVICE.....		42
28	Nature of Network Integration Transmission Service	42
28.1	Scope of Service	42
28.2	Transmission Provider Responsibilities.....	43
28.3	Network Integration Transmission Service.....	43
28.4	Secondary Service.....	43
28.5	Real Power Losses	43
28.6	Restrictions on Use of Service.....	44
29	Initiating Service	44
29.1	Condition Precedent for Receiving Service.....	44
29.2	Application Procedures.....	45
29.3	Technical Arrangements to be Completed Prior to Commencement of Service ..	48
29.4	Network Customer Facilities	48
29.5	This section is intentionally left blank	48
30	Network Resources	48
30.1	Designation of Network Resources.....	48
30.2	Designation of New Network Resources	49
30.3	Termination of Network Resources	49
30.4	Operation of Network Resources.....	50
30.5	Network Customer Redispatch Obligation	50
30.6	Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider	51
30.7	Limitation on Designation of Network Resources.....	51
30.8	Use of Interface Capacity by the Network Customer.....	51
30.9	Network Customer Owned Transmission Facilities	51
31	Designation of Network Load.....	52
31.1	Network Load	52
31.2	New Network Loads Connected With the Transmission Provider	52
31.3	Network Load Not Physically Interconnected with the Transmission Provider ...	52
31.4	New Interconnection Points	52
31.5	Changes in Service Requests	52
31.6	Annual Load and Resource Information Updates	53
32	Additional Study Procedures For Network Integration Transmission Service Requests..	53
32.1	Notice of Need for System Impact Study.....	53
32.2	System Impact Study Agreement and Compensation	54
32.3	System Impact Study Procedures.....	54
32.4	Facilities Study Procedures.....	55
32.5	Study Metrics	56

32.6	Notice of Need for Environmental Review.....	56
33	Load Shedding and Curtailments.....	56
33.1	Procedures.....	56
33.2	Transmission Constraints.....	57
33.3	Cost Responsibility for Relieving Transmission Constraints	57
33.4	Curtailments of Scheduled Deliveries	57
33.5	Allocation of Curtailments.....	57
33.6	Load Shedding	57
33.7	System Reliability	58
34	Rates and Charges.....	58
34.1	Monthly Demand Charge.....	58
34.2	Determination of Network Customer's Monthly Network Load.....	58
34.3	Determination of Transmission Provider's Monthly Transmission System Load	58
34.4	Redispatch Charge	59
34.5	Stranded Cost Recovery.....	59
35	Operating Arrangements	59
35.1	Operation under The Network Operating Agreement.....	59
35.2	Network Operating Agreement.....	59
35.3	Network Operating Committee.....	60
SCHEDULE 1	.....	61
	Scheduling, System Control and Dispatch Service.....	61
SCHEDULE 2	.....	62
	Reactive Supply and Voltage Control from Generation or Other Sources Service	62
SCHEDULE 3	.....	63
	Regulation and Frequency Response Service	63
SCHEDULE 4	.....	64
	Energy Imbalance Service.....	64
SCHEDULE 5	.....	65
	Operating Reserve - Spinning Reserve Service	65
SCHEDULE 6	.....	66
	Operating Reserve - Supplemental Reserve Service.....	66
SCHEDULE 7	.....	67
	Long-Term Firm and Short-Term Firm Point-to-Point Transmission Service	67
SCHEDULE 8	.....	68
	Non-Firm Point-To-Point Transmission Service	68
ATTACHMENT A	.....	71
	Service Agreement for Firm Point-To-Point Transmission Service.....	71
ATTACHMENT B	.....	81
	Service Agreement for Non-Firm Point-To-Point Transmission Service.....	81
ATTACHMENT C	.....	85
	Methodology to Assess Available Transfer Capability.....	85
ATTACHMENT D	.....	114
	Methodology for Completing a System Impact Study.....	114

ATTACHMENT E.....	115
Index of Point-To-Point Transmission Service Customers	115
ATTACHMENT F.....	116
Service Agreement for Network Integration Transmission Service	116
ATTACHMENT G	121
Network Operating Agreement	121
ATTACHMENT H	122
Annual Transmission Revenue Requirement for Network Integration Transmission Service.....	122
ATTACHMENT I.....	123
Index of Network Integration Customers.....	123
ATTACHMENT J	124
Provisions Specific to the Transmission Provider	124
ATTACHMENT K	129
Authorities and Obligations	129
ATTACHMENT L.....	134
Standard Large Generator Interconnection Procedures Including Standard Large Generator Interconnection Agreement	134
ATTACHMENT M	135
Standard Small Generator Interconnection Procedures Including Standard Small Generator Interconnection Agreement	135
ATTACHMENT N	136
North American Energy Standards Board Wholesale Electric Quadrant Standards.....	136
ATTACHMENT O	138
Procedures for Addressing Parallel Flows	138
ATTACHMENT P.....	139
Transmission Planning Process.....	139
ATTACHMENT Q	203
Creditworthiness Procedures	203

WESTERN AREA POWER ADMINISTRATION

OPEN ACCESS TRANSMISSION SERVICE TARIFF

PART 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, pursuant to Federal Law.
- 1.4 Application: A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.
- 1.5 Clustering: The process whereby two or more Long-Term Firm Point-to-Point Transmission Service requests are studied together, instead of serially, for the purpose of conducting the System Impact Study in accordance with Section 19 of this Tariff.
- 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 and application processing fee.
- 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.
- 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.
- 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.
- 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.
- 1.20 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.
- 1.21 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 a 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 New Rate: Means the modification of a Rate for transmission or ancillary services provided by the Transmission Provider which has been promulgated pursuant to the rate development process outlined in Power And Transmission Rates, 10 C.F.R. Part 903 (2006).
- 1.30 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 the Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month. The Transmission provider may offer Non-Firm Point-To-Point Transmission Service for periods longer than one month. If offered, the terms and conditions will be consistent with Part II of the Tariff and will be posted on the Transmission Provider's OASIS.

- 1.31 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.
- 1.32 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.
- 1.33 Part I: Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.
- 1.34 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.
- 1.35 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.
- 1.36 Parties: The Transmission Provider and the Transmission Customer receiving service under the Tariff.
- 1.37 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 Agreement for Long-Term Firm Point-to-Point Transmission Service.
- 1.38 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 Agreement for Long-Term Firm Point-to-Point Transmission Service.

- 1.39 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.
- 1.40 Power Purchaser: The entity that is purchasing the capacity and energy to be transmitted under the Tariff.
- 1.41 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.
- 1.42 Rate: Means the monetary charge or the formula for computing such a charge for any electric service provided a the Transmission Provider as defined in 10 C.F.R. § 903.2(k)(1) (2006).
- 1.43 Rate Adjustment: Means a change in an existing rate or rates, or the establishment of a rate or rates for a new service. It does not include a change in rate schedule provisions or in contract terms, other than changes in the price per unit of service, nor does it include changes in the monetary charge pursuant to a formula stated in a rate schedule or a contract as defined in 10 C.F.R. § 903.2(k)(m) (2006).
- 1.44 Rate Formula Adjustment: Means a change in an existing rate formula, or the establishment of a rate formula for a new service. It does not include updates to the monetary charge pursuant to a formula stated in a rate schedule or a contract.
- 1.45 Reasonable Efforts: With respect to an action required to be attempted or taken by a Party under this Tariff, 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.
- 1.46 Receiving Party: The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.
- 1.47 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.
- 1.48 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.

- 1.49 **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.
- 1.50 **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.
- 1.51 **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.
- 1.52 **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.
- 1.53 **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.
- 1.54 **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.
- 1.55 **Transmission Customer:** Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider provide transmission service without a Service Agreement, pursuant to section 15.3 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.
- 1.56 **Transmission Provider:** The Regional Office of the Western Area Power Administration (Western) which owns, controls, or operates the facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff.

- 1.57 Transmission Provider's Monthly Transmission System Peak: The maximum firm usage of the Transmission Provider's Transmission System in a calendar month.
- 1.58 Transmission Service: Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.
- 1.59 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 rate 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 [the date of the Transmission Provider's filing adopting the reformed rollover language herein in compliance with Order

No. 890] 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 [the date of the Transmission Provider's filing adopting the reformed rollover language herein in compliance with Order No. 890]; provided that, the one-year notice requirement shall apply to such service agreements with five years or more left in their terms as of the [date of the Transmission Provider's filing adopting the reformed rollover language herein in compliance with Order No. 890].

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. However, when sufficient Federal generation is not available to provide the required Ancillary Services, the Transmission Provider will offer to make every effort to purchase Ancillary Services from others, as available. The costs of such purchases on behalf of a Transmission Customer will be passed directly through to that Transmission Customer. At the request of the Transmission Provider, the costs associated with the purchase of Ancillary Services from others may be collected from the Transmission Customer in advance of the provision of service. 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 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 9) from a third party or by self-supply when technically feasible.

The Transmission Provider shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer.

The specific Ancillary Services, prices and/or compensation methods for each 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 9.

4 Open Access Same-Time Information System (OASIS)

- 4.1 Terms and conditions regarding Open Access Same-Time Information System and standards of conduct are set forth in 18 C.F.R. § 37 of the Commission's regulations (Open Access Same-Time Information System and Standards of Conduct for Public Utilities) and 18 C.F.R. § 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.
- 4.2 The North American Energy Standards Board Wholesale Electric Quadrant standards listed in Attachment N to this Tariff are incorporated herein.
- 4.3 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) 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, 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 Procedures:** Within a reasonable time after the first day of each month, the Transmission Provider shall submit an invoice to the Transmission Customer for charges for services under the Tariff. The charges shall be for all services furnished during the preceding month except for those Transmission Customers required to make advance payment pursuant to a rate schedule adopted in a public process. Invoices for Transmission Customers required to make advance payment shall be issued in accordance with the applicable rate schedule and will show the credits for any advance payments deposited and received by the Transmission Provider for the service month being billed. 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 Unpaid Balances:

- (a) Bills not paid in full by the Contractor by the due date specified in Section 7.1 shall bear an interest charge of five hundredths percent (0.05%) of the principal sum unpaid for each day payment is delinquent, to be added until the amount due is paid in full. 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. Payments received will be first applied to the charges for late payment assessed on the principal and then to payment of the principal.
- (b) In the event the Transmission Customer fails to make payment to the Transmission Provider on or before the due date as described above, twice within any twelve consecutive months, the Transmission Provider may

determine that the Transmission Customer presents a risk of future timely payments. If such determination is made, Transmission Provider will give written notice to the Transmission Customer that it must provide a form of collateral as identified in Attachment Q to this Tariff. Any dispute between the Transmission Customer and the Transmission Provider regarding elimination of additional collateral under this provision shall be covered under Section 12.

- 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. Within the same 30 calendar days after notice of failure to make payment, the Transmission Customer shall have the right of appeal to the Administrator of Western. The Transmission Provider shall submit its recommendation to the Administrator for review and approval, but shall not terminate service until the Administrator makes a determination on the Transmission Customer's appeal. 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 changes in terms and conditions, classification of service, or Service Agreement, consistent with the Commission's rules and regulations and Transmission Providers statutory obligations.

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. The liability of the Transmission Provider shall be determined in accordance with the Federal Tort Claims Act provision set forth in Attachment J of this Tariff.

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 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 resolved in accordance with the procedures set forth below.
- 12.2 External Dispute Resolution Procedures: Any complaint arising concerning implementation of this Tariff shall be resolved as follows:
- (a) through a dispute resolution process, pursuant to the terms of a Regional Transmission Group or applicable reliability council governing agreement of which both Parties are members; or
 - (b) if both Parties are not members of the same Regional Transmission Group or applicable reliability council, through a dispute resolution process agreed to by the Parties, or through a transmission complaint filed with the Commission to the extent the Commission has jurisdiction over such dispute.
- 12.3 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.

PART 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 determined by the Transmission Provider as either one hour or one day and the maximum term shall be specified in the Service Agreement. Where applicable, the Transmission Provider shall post on its OASIS the rates, terms and conditions pertaining to its provision of hourly Firm Point-To-Point Transmission Service.

13.2 Reservation Priority:

- (i) 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 reserved 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 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 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.

- (v) For any requests for Short-Term Firm Point-to-Point Transmission Service for which the Transmission Provider's business practices establish an earliest time such requests are permitted to be submitted, any requests for such service submitted within a five (5) minute window following such earliest time shall be deemed to have been submitted simultaneously during such window. If sufficient transmission capacity is not available to meet all such requests submitted within any such five (5) minute window, the otherwise applicable priorities shall apply to allocation of transmission capacity to such requests; provided that, if the otherwise applicable priorities would be to allocate transmission capacity to transmission requests on a first-come, first-served basis (i.e., in the chronological sequence in which each Transmission Customer has requested service), transmission capacity shall instead be allocated to such transmission requests pursuant to a lottery that will select the order that such requests will be processed in a non-discriminatory and non-preferential manner. The Transmission Provider shall post on its OASIS the allocation methodology and associated business practices.

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 agreements executed on or after March 7, 1998. 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 first submits a Completed Application for Short-Term Firm Point-to-Point Transmission Service pursuant to the Tariff. An Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved and that 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. 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 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 in advance 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 or a separate agreement, as appropriate, 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, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. 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 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 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 Transmission Service. When the Transmission Provider determines that an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail Firm 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 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 Firm Point-To-Point Service Agreement for 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 Transmission. Each Point of Delivery at which firm transfer capability is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for 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 Transmission. 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 7. 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. The Transmission Provider shall specify in accordance with Schedule 10 of this Tariff the rate treatment and all related terms and conditions applicable 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 or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved.

- 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. [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. 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 [or a reasonable increment that is generally accepted in the region and is consistently adhered to by the Transmission Provider]. 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 [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] 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 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 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 agreements executed on or after March 7, 1998. 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.
- 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. The Transmission Provider shall specify in accordance with Schedule 10 of this Tariff the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including

Third-Party Sales by the Transmission Provider) exceeds its non-firm capacity reservation. 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.

- 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. [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] of the day prior to commencement of such service. Schedules submitted after 2:00 p.m. will be accommodated, if practicable. Hour-to-hour schedules of energy that are to be delivered must be stated in increments of 1,000 kW per hour [or a reasonable increment that is generally accepted in the region and is consistently adhered to by the Transmission Provider]. 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 [or a reasonable time that is generally accepted in the region and is consistently adhered to by the Transmission Provider] 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. 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 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 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 commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate the Transmission Provider at the existing rate placed in effect pursuant to applicable Federal law and regulations, and (ii) comply with the terms and conditions of the Tariff including paying the appropriate security deposit and processing fees in accordance with the terms of Section 17.3. If the Transmission Customer

cannot accept all of the terms and conditions of the offered Service Agreement, the Transmission Customer may request resolution of the unacceptable terms and conditions under Section 12, Dispute Resolution Procedures, of the Tariff.

Any changes resulting from the Dispute Resolution Procedures will be effective upon the date of initial service.

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 Transmission Service, consistent with its planning obligations in Attachment P, provided the Transmission Customer agrees to compensate the Transmission Provider in advance 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 P, 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, and is contingent upon the availability to Transmission Provider of sufficient appropriations and/or authority, when needed, and the Transmission Customer's advanced funds.
- (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 Transmission Service with the condition that the Transmission Provider may curtail the service prior to the curtailment of other Firm 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 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 specified in the Service Agreements.

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 P; 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 must contain a written Application to the appropriate Regional Office, as identified in Attachment K to the Tariff, 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 C.F.R. § 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 the Tariff, by Federal law, 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 P.

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 and Processing Fee:** For firm Transmission Service requests of one year or longer, a Completed Application for Firm Point-To-Point Transmission Service shall include: (1) a non-refundable processing fee of \$3,500; and (2) a deposit of either one month's charge for Reserved Capacity (not to exceed \$100,000) submitted to the Transmission Provider, or the same amount deposited into an escrow fund setup by the Eligible Customer. The application processing fee does not apply to costs to complete System Impact Studies or Facility Studies or to add new facilities. The specific requirements for the escrow fund will be posted on the Transmission Provider's OASIS. The Eligible Customer shall select one of the two options to satisfy the deposit requirement; provided, that the Transmission Customer will not be required to submit a deposit in the case of either a request for transmission service resulting only in modification to an existing Service Agreement, or a rollover of equivalent transmission service provided under either an existing Service Agreement or other existing bundled or standalone agreement executed prior to December 31, 1997. If the Application is rejected by the Transmission Provider because it does not meet the conditions for service as set forth herein, the Transmission Provider shall release the escrow fund or return the deposit, without interest. The Transmission Provider shall also release the escrow fund or return the deposit, without interest, 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 Transmission Provider shall release the escrow fund or return the deposit, without interest. Advanced payments 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 Transmission Provider shall release the escrow fund following receipt of the Transmission Customer's payment for the first month of service, or the deposit, without interest, will be fully credited against the Transmission Customer's monthly transmission service bill(s) upon commencement of service.
- 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 and release the escrow fund or return the deposit, without 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 a 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 service without an executed 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 pursuant to section 17.3, and release the escrow fund or return the deposit, without 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 Transmission Service for each year or fraction thereof within 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 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 C.F.R. § 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;
- (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 Federal Law, 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 [or such reasonable times that are generally accepted in the region and are consistently adhered to by the Transmission Provider].

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. [Or such reasonable times that are generally accepted in the region and are consistently adhered to by the Transmission Provider].

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. If notification is provided prior to tender of the System Impact Study Agreement, the Eligible Customer can avoid the costs associated with the study of these options. 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 advance funds to 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 pursuant to section 17.3, the Transmission Provider shall release the escrow fund or return the deposit, without interest.

- 19.2 Clustering of System Impact Studies: Clustering is intended to facilitate the Transmission Provider's performance of System Impact Studies for multiple Long-Term Firm Point-to-Point Transmission Service requests. At the request of an Eligible Customer and with the concurrence of all other Eligible Customers proposed to be included in the System Impact Study cluster, two or more Long-Term Firm Point-to-Point Transmission Service requests may be studied in a cluster for the purpose of the System Impact Study. If the Transmission Provider determines at its own discretion that it cannot reasonably accommodate a request for Clustering, including but not limited to instances where a request for Clustering may impair the administration or timely processing of the Transmission Provider's Transmission Service queue, the Transmission Provider may reject a request of an Eligible Customer to implement Clustering of System Impact Studies.

If the Transmission Provider determines based on an Eligible Customer's request and with the concurrence of other Eligible Customers within the proposed cluster to study Long-Term Firm Point-to-Point Transmission Service requests using Clustering, all Transmission Service requests within the cluster shall be studied together. Once such a cluster is established, no Eligible Customer shall be allowed to opt out of the cluster unless the Eligible Customer withdraws its Transmission Service request. If an Eligible Customer fails to make payment to the Transmission Provider as specified in the System Impact Study Agreement, such Eligible Customer will be deemed withdrawn from the cluster and its Transmission Service request shall also be deemed withdrawn. The deadline and procedures for completing all System Impact Studies for which a System Impact Study Agreement has been executed for a cluster shall be in accordance with Section 19 of this Tariff for all Transmission Service requests assigned to the same cluster. The initiation date of the System Impact Study for the cluster will take into consideration the time required to coordinate the completion of a System Impact Study Agreement among the cluster participants and the Transmission Provider, and such coordination may cause tender of the System Impact Study Agreement to extend beyond the time frame stated in Section 19.1.

The Transmission Provider will assign the cost of producing the clustered System Impact Study, including any third-party study work required by the Transmission Provider and any cost for restudy necessitated by a customer opting out of or being deemed withdrawn from the cluster, to each customer remaining in the cluster at the time of the cost allocation based on the ratio of the transmission capacity reservation of each such customer to the total transmission capacity reservation of all such customers.

19.3 System Impact Study Agreement and Compensation:

- (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 will 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 8.

19.4 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use Reasonable Efforts 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 Reasonable Efforts 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 service without an executed Service Agreement pursuant to Section 15.3, or the Application shall be deemed terminated and withdrawn.

- 19.5 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 advance funds to 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. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use Reasonable Efforts 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 pay the Transmission Provider in advance Transmission Customer's share of the costs of new facilities or

upgrades. The Transmission Customer shall have thirty (30) days to execute a construction agreement and a Service Agreement and provide the advance payment or request service without an executed Service Agreement pursuant to Section 15.3 and pay the Transmission Customer's share of the costs or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn and pursuant to section 17.3, the Transmission Provider shall release the escrow fund or return the deposit, without interest. Any advance payment made by the Transmission Customer that is in excess of the costs incurred by the Transmission Provider shall be refunded.

- 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 in advance 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 in advance 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 Study Metrics: Sections 19.4 and 19.5 require a Transmission Provider to use Reasonable Efforts to meet 60-day study completion deadlines for System Impact Studies and Facilities Studies.

For the purpose of calculating the percent of non-Affiliates' System Impact Studies processed outside of the 60 day study completion deadlines, the Transmission Provider shall consider all System Impact Studies and Facilities Studies that it completed 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.

- 19.11 Notice of Need for Environmental Review: If the Transmission Provider determines that environmental review is required in response to a request for service the Transmission Provider shall use Reasonable Efforts to tender an environmental review agreement within 15 Calendar Days of providing a System Impact Study report to Eligible Customer. Pursuant to such agreement or agreements, the Eligible Customer shall make advance payment of funds to the Transmission Provider for performing the environmental review, including review under the National Environmental Policy Act (NEPA), 42 U.S.C. § 4321, et seq., as amended. The agreement(s) shall also set forth Eligible Customer's responsibilities in connection with such environmental review. The Eligible Customer shall execute and return each environmental review agreement, along with the required study funds due upon execution as set forth in the agreement, to the Transmission Provider within 30 calendar days of receipt of the final version offered for execution. If an executed environmental review agreement(s) and the required funds are not provided in the manner set forth above, the application shall be deemed withdrawn and, pursuant to Section 17.3, its deposit shall be returned, without interest, or the release of its escrow funds authorized. In addition, if at any time prior to the issuance of Transmission Providers final NEPA decisional document the Eligible Customer fails to comply with the terms of the environmental review agreement, Transmission Provider reserves the right to deem the request for service withdrawn.

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 pursuant to section 17.3, the Transmission Provider shall release the escrow fund or return the deposit, without interest, and any advance payment made by the Transmission Customer that is in excess of the costs incurred by the Transmission Provider through the time construction was suspended shall be returned. 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 Modifications 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 and application processing fee 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.

23 Sale or Assignment of Transmission Service

23.1 Procedures for Assignment or Transfer of Service: Subject to the Transmission Provider's prior approval, 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 the Reseller shall not exceed the higher of (i) the original rate paid by the Reseller, (ii) the Transmission Provider's maximum rate on file at the time of the assignment, or (iii) the Reseller's opportunity cost capped at the Transmission Provider's cost of expansion.

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. 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 the 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 in advance 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: Firm Point-To-Point Transmission Service (Schedule 7); 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 in a manner consistent with applicable Federal law and regulations.

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.

PART 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 P 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 the 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 P, 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. This obligation to construct and place into service sufficient transmission capacity to deliver the Network Customer's Network Resources to serve its Network Load is contingent upon the availability to Transmission Provider of sufficient appropriations and/or authority, when needed, and the Transmission Customer's advanced funds.
- 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.
- 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 specified in the Service Agreements.

- 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. The Transmission Provider shall specify in accordance with Schedule 10 of this Tariff any appropriate charges and penalties and all related terms and conditions applicable in the event that a Network Customer uses Network Integration Transmission Service or secondary service pursuant to Section 28.4 to facilitate a wholesale sale that does not serve a Network Load.

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 provide service without an executed Service Agreement, 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 provide service without an executed Network Operating Agreement. If the Transmission Provider and the Network Customer cannot agree on all the terms and conditions of the Network Service Agreement, the Transmission Provider shall commence providing Network Integration Transmission Service subject to the Network Customer agreeing to (i) compensate the Transmission Provider at the existing rate placed in effect pursuant to applicable Federal law and regulations, and (ii) comply with the terms and conditions of the Tariff including paying the appropriate processing fees in accordance with the terms of Section 29.2. If the Network Customer cannot accept all of the terms and conditions of the offered Service Agreement, the Network Customer may request resolution of the unacceptable terms and conditions under Section 12, Dispute Resolution Procedures, of the Tariff. Any changes resulting from the Dispute Resolution Procedures will be effective upon the date of initial service.

29.2 Application Procedures: An Eligible Customer requesting service under Part III of the Tariff must submit an Application to the Transmission Provider as far as possible in advance of the month in which service is to commence. For transmission service requests of one year or longer, the Completed Application shall include: (1) a non-refundable application processing fee of \$3,500; and (2) a deposit approximating the charge for one month of service (not to exceed \$100,000) submitted to the Transmission Provider, or the same amount deposited into an escrow fund setup by the Eligible Customer. The application processing fee does not apply to costs to complete System Impact Studies or Facility Studies or to add new facilities. The specific requirements for the escrow fund will be posted on the Transmission Provider's OASIS. The Eligible Customer shall select one of the two options to satisfy the deposit requirement; provided, that the Transmission Customer will not be required to submit a deposit in the case of either a request for transmission service resulting only in modification to an existing Service Agreement, or a rollover of equivalent transmission service provided under either an existing Service Agreement or other existing bundled or standalone agreement executed prior to December 31, 1997. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Network Integration Transmission Service, the Transmission Provider shall release the escrow fund or return the deposit, without interest. If a Service Agreement for Network Integration Transmission Service is executed, the Transmission Provider shall release the escrow fund following receipt of the Transmission Customer's payment for the first month of service, or the deposit, without interest, will be fully credited against the Transmission Customer's monthly transmission service bill(s) upon commencement of service. 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 10 year load forecast provided in response to (iii) above;
- (v) A description of Network Resources (current and 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, if required based on the Transmission Provider's posting on OASIS
- 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
 - 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 noninterruptible basis, except for purposes of fulfilling obligations under a reserve sharing program; and
- (ix) Any additional information required of the Transmission Customer as specified in the Transmission Provider's planning process established in Attachment P.

Unless the Parties agree to a different time frame, the Transmission Provider must acknowledge the request within ten (10) days of receipt. The acknowledgment 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 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 This section is intentionally left blank.

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 noninterruptible 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 at any time 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 Transmission 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. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Network Customer's schedule at the delivery point for a Network Resource not physically interconnected with the Transmission Provider's Transmission System exceeds the Network Resource's designated capacity, excluding energy delivered using secondary service or Point-to-Point Transmission Service.
- 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 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 May 14, 2007 (i.e., the effective date of the Commission's Order No. 890), 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. The Transmission Provider will have no obligation to refund any advance of funds expended for purposes of providing facilities for a Network Customer. However, upon receipt of a Network Customer's written notice of such a cancellation or delay, the Transmission Provider will use the same Reasonable Efforts to mitigate the costs and charges owed to the Transmission Provider as it would to reduce its own costs and charges.

- 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 P. 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 advance funds to 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 pursuant to section 29.2, the Transmission Provider shall release the escrow fund or return the deposit, without interest.

32.2 System Impact Study Agreement and Compensation:

- (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 Reasonable Efforts 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, 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 Reasonable Efforts 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 service without an executed Service Agreement pursuant to Section 29.1, 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 advance funds to 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. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use Reasonable Efforts 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 advance funds to the Transmission Provider for the construction of new facilities and such advance and construction shall be provided for in a separate agreement. If the construction of new facilities requires the expenditure of Transmission Provider funds, such construction shall be contingent upon the availability of appropriated funds. The Eligible Customer shall have thirty (30) days to execute a construction agreement and a Service Agreement and provide the advance payment or request service without an executed Service Agreement pursuant to Section 29.1 and pay the Transmission Customer's share of the costs or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn and pursuant to section 29.2, the

Transmission Provider shall release the escrow fund or return the deposit, without interest. Any advance payment made by the Transmission Customer that is in excess of the costs incurred by the Transmission Provider shall be refunded.

- 32.5 Study Metrics: Section 19.10 defines the methodology used to calculate the percentage of non-affiliates' System Impact Studies and Facilities Studies processed outside the 60-day study completion deadlines using Reasonable Efforts under Part II of the Tariff. The same calculation applies to service under Part III of the Tariff.
- 32.6 Notice of Need for Environmental Review: If the Transmission Provider determines that environmental review is required in response to a request for service the Transmission Provider shall use Reasonable Efforts to tender an environmental review agreement within 15 Calendar Days of providing a System Impact Study report to Eligible Customer. Pursuant to such agreement or agreements, the Eligible Customer shall make advance payment of funds to the Transmission Provider for performing the environmental review, including review under the National Environmental Policy Act (NEPA), 42 U.S.C. § 4321, et seq., as amended. The agreement(s) shall also set forth Eligible Customer's responsibilities in connection with such environmental review. The Eligible Customer shall execute and return each environmental review agreement, along with the required study funds due upon execution as set forth in the agreement, to the Transmission Provider within 30 calendar days of receipt of the final version offered for execution. If an executed environmental review agreement(s) and the required funds are not provided in the manner set forth above, the application shall be deemed withdrawn and, pursuant to Section 17.3, its deposit shall be returned, without interest, or the release of its escrow funds authorized. In addition, if at any time prior to the issuance of Transmission Providers final NEPA decisional document the Eligible Customer fails to comply with the terms of the environmental review agreement, Transmission Provider reserves the right to deem the request for service withdrawn.

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. 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.
- 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 Federal policy, along with the following:

- 34.1 **Monthly Demand Charge:** The Network Customer shall pay a monthly Demand Charge, which shall be determined by multiplying its Load Ratio Share times one twelfth (1/12) of the Transmission Provider's Annual Transmission Revenue Requirement specified in Schedule H.
- 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 Long-Term Firm Point-To-Point Transmission