



ORIGINAL

Department of Energy

Western Area Power Administration

P.O. Box 281213

Lakewood, CO 80228-8213

PART
4046

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

FILED
SECRETARY OF THE
COMMISSION
2009 OCT - 1
2009 OCT - 1 A 10:00
FEDERAL ENERGY
REGULATORY COMMISSION

Re: Western Area Power Administration
Docket No. NJ09-1-000
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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 v. 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/patf.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).

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).

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
Attorney
Western Area Power Administration
Office of General Counsel
12155 W. Alameda Parkway
P.O. Box 281213
Lakewood, CO 80228-8213
(720) 962-7010
klinefelter@wapa.gov

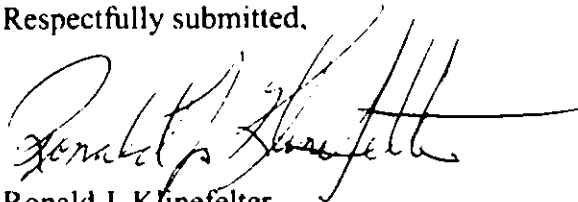
⁵³ Order No. 890 at P 1309.

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.

Edward F. Hulls
Chair, Power Systems Operations Council
Western Area Power Administration
Rocky Mountain Region
5555 E. Crossroads Blvd.
P.O. Box 3700
Loveland, CO 80539-3003
(970) 461-7566
hulls@wapa.gov

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.

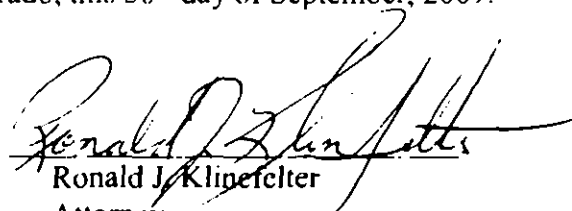
⁵⁰ See Western’s January 25, 2005 Filing.

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. Klinefelter

Attorney

Office of General Counsel

Western Area Power Administration

P.O. Box 281213

Lakewood, CO 80228-8213

(720) 962-7010 (voice)

(720) 962-7009 (fax)

(Contract Number)
(Interconnection Customer)

**Attachment A to
Feasibility Study Agreement**

Assumptions Used in Conducting the Feasibility Study

The feasibility study will be based upon the information set forth in the Interconnection Request and agreed upon in the scoping meeting held on _____:

- 1) Designation of Point of Interconnection and configuration to be studied.
- 2) Designation of alternative Points of Interconnection and configuration.

1) and 2) are to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer and the Transmission Provider.

(Contract Number)
(Interconnection Customer)

Attachment 4

System Impact Study Agreement

THIS AGREEMENT is made and entered into this ____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and Western Area Power Administration, a Federal Power Marketing Administration organized under the United States Department of Energy ("Transmission Provider"). The Interconnection Customer and the Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

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

WHEREAS, the Interconnection Customer desires to interconnect the Small Generating Facility with the Transmission Provider's Transmission System; and

WHEREAS, the Transmission Provider has completed a feasibility study and provided the results of said study to the Interconnection Customer [This recital to be omitted if the Parties have agreed to forego the feasibility study.]; and

WHEREAS, the Interconnection Customer has requested the Transmission Provider to perform a system impact study(s) to assess the impact of interconnecting the Small Generating Facility with the Transmission Provider's Transmission System, and of any Affected Systems;

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

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures.
- 2.0 The Interconnection Customer elects and the Transmission Provider shall cause to be performed a system impact study(s) consistent with the standard Small Generator Interconnection Procedures in accordance with the Transmission Provider's Tariff.
- 3.0 The scope of a system impact study shall be subject to the assumptions set forth in Attachment A to this Agreement.

(Contract Number)
(Interconnection Customer)

- 4.0 A system impact study will be based upon the results of the feasibility study (if one has been completed) and the technical information provided by the Interconnection Customer in the Interconnection Request. The Transmission Provider reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the system impact study. If the Interconnection Customer modifies its designated Point of Interconnection, Interconnection Request, or the technical information provided therein is modified, the time to complete the system impact study may be extended.
- 5.0 A system impact study shall consist of a short circuit analysis, a stability analysis, a power flow analysis, voltage drop and flicker studies, protection and set point coordination studies, and grounding reviews, as necessary. A system impact study shall state the assumptions upon which it is based, state the results of the analyses, and provide the requirement or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. A system impact study shall provide a list of facilities that are required as a result of the Interconnection Request and non-binding good faith estimates of cost responsibility and time to construct.
- 6.0 A distribution system impact study shall incorporate a distribution load flow study, an analysis of equipment interrupting ratings, protection coordination study, voltage drop and flicker studies, protection and set point coordination studies, grounding reviews, and the impact on electric system operation, as necessary.
- 7.0 Affected Systems may participate in the preparation of a system impact study, with a division of costs among such entities as they may agree. All Affected Systems shall be afforded an opportunity to review and comment upon a system impact study that covers potential adverse system impacts on their electric systems, and the Transmission Provider shall use Reasonable Efforts to complete within 20 additional Business Days a system impact study requiring review by Affected Systems.
- 8.0 If the Transmission Provider uses a queuing procedure for sorting or prioritizing projects and their associated cost responsibilities for any required Network Upgrades, the system impact study shall consider all generating facilities (and with respect to paragraph 8.3 below, any identified Upgrades associated with such higher queued interconnection) that, on the date the system impact study is commenced:
- 8.1 Are directly interconnected with the Transmission Provider's electric system; or
 - 8.2 Are interconnected with Affected Systems and may have an impact on the proposed interconnection; and
 - 8.3 Have a pending higher queued Interconnection Request to interconnect with the Transmission Provider's electric system.

(Contract Number)
(Interconnection Customer)

- 9.0 If required to complete a distribution system impact study, the Transmission Provider shall use Reasonable Efforts to complete the study and transmit the results to the Interconnection Customer within 30 Business Days after this Agreement is signed by the Parties. If required to complete a transmission system impact study, the Transmission Provider shall use Reasonable Efforts to complete the study and transmit the results to the Interconnection Customer within 45 Business Days after this Agreement is signed by the Parties, or in accordance with the Transmission Provider's queuing procedures.
- 10.0 A deposit of the equivalent of the good faith estimated cost of a distribution system impact study and the good faith estimated cost of a transmission system impact study shall be required from the Interconnection Customer prior to the initiation of study work.
- 11.0 Any study fees shall be based on the Transmission Provider's actual costs and will be invoiced to the Interconnection Customer along with a summary of professional time.
- 12.0 The Interconnection Customer must pay in advance any study costs that exceed the deposit without interest within 15 calendar days on receipt of the invoice or resolution of any dispute. The Transmission Provider shall not be obligated to perform or continue to perform any studies unless the Interconnection Customer has paid all undisputed amounts in compliance herewith. If the deposit exceeds the invoiced fees, the Transmission Provider shall use Reasonable Efforts to refund such excess within 30 calendar days of the invoice without interest.
- 13.0 Governing Law, Regulatory Authority, and Rules
The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by Federal law or the laws of the state where the Point of Interconnection is located, as applicable. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.
- 14.0 Amendment
The Parties may amend this Agreement by a written instrument duly executed by both Parties.
- 15.0 No Third-Party Beneficiaries
This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.
- 16.0 Waiver
16.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

(Contract Number)
(Interconnection Customer)

16.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by the Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Transmission Provider. Any waiver of this Agreement shall, if requested, be provided in writing.

17.0 Multiple Counterparts

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

18.0 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

19.0 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

20.0 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor; provided further, that the Transmission Provider shall be liable to the Interconnection Customer for the performance of the Transmission Provider's subcontractors only in accordance with the Federal Tort Claims Act provision set forth in Attachment J of the Transmission Provider's Tariff.

20.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Transmission Provider be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable

(Contract Number)
(Interconnection Customer)

obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

20.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

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

WESTERN AREA POWER ADMINISTRATION

By _____

Title _____

Address _____

Date _____

(INTERCONNECTION CUSTOMER)

(SEAL)

By _____

Attest:

Title _____

By _____

Address _____

Title _____

Date _____

(Contract Number)
(Interconnection Customer)

**Attachment A to System
Impact Study Agreement**

Assumptions Used in Conducting the System Impact Study

The system impact study shall be based upon the results of the feasibility study, subject to any modifications in accordance with the standard Small Generator Interconnection Procedures, and the following assumptions:

- 1) Designation of Point of Interconnection and configuration to be studied.
- 2) Designation of alternative Points of Interconnection and configuration.

1) and 2) are to be completed by the Interconnection Customer. Other assumptions (listed below) are to be provided by the Interconnection Customer and the Transmission Provider.

(Contract Number)
(Interconnection Customer)

Attachment 5

Facilities Study Agreement

THIS AGREEMENT is made and entered into this ____ day of _____, 20__ by and between _____, a _____ organized and existing under the laws of the State of _____, ("Interconnection Customer,") and Western Area Power Administration, a Federal Power Marketing Administration organized under the United States Department of Energy ("Transmission Provider"). The Interconnection Customer and the Transmission Provider each may be referred to as a "Party," or collectively as the "Parties."

RECITALS

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

WHEREAS, the Interconnection Customer desires to interconnect the Small Generating Facility with the Transmission Provider's Transmission System; and

WHEREAS, the Transmission Provider has completed a system impact study and provided the results of said study to the Interconnection Customer; and

WHEREAS, the Interconnection Customer has requested the Transmission Provider to perform a facilities study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the system impact study in accordance with Good Utility Practice to physically and electrically connect the Small Generating Facility with the Transmission Provider's Transmission System.

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

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures.
- 2.0 The Interconnection Customer elects and the Transmission Provider shall cause to be performed a facilities study consistent with the standard Small Generator Interconnection Procedures to be performed in accordance with the Transmission Provider's Tariff.
- 3.0 The scope of the facilities study shall be subject to data provided in Attachment A to this Agreement.

(Contract Number)
(Interconnection Customer)

- 4.0 The facilities study shall specify and provide a non-binding good faith estimate of the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the system impact study(s). The facilities study shall also identify (1) the electrical switching configuration of the equipment, including, without limitation, transformer, switchgear, meters, and other station equipment, (2) the nature and estimated cost of the Transmission Provider's Interconnection Facilities and Upgrades necessary to accomplish the interconnection, and (3) an estimate of the time required to complete the construction and installation of such facilities.
- 5.0 The Transmission Provider may propose to group facilities required for more than one Interconnection Customer in order to minimize facilities costs through economies of scale, but any Interconnection Customer may require the installation of facilities required for its own Small Generating Facility if it is willing to pay the costs of those facilities.
- 6.0 A deposit of the good faith estimated facilities study costs shall be required from the Interconnection Customer prior to the initiation of study work.
- 7.0 In cases where Upgrades are required, the Transmission Provider shall use Reasonable Efforts to complete the facilities study within 45 Business Days of the receipt of this Agreement. In cases where no Upgrades are necessary, and the required facilities are limited to Interconnection Facilities, the Transmission Provider shall use Reasonable Efforts to complete the facilities study within 30 Business Days.
- 8.0 Once the facilities study is completed, a facilities study report shall be prepared and transmitted to the Interconnection Customer. The Transmission Provider shall use Reasonable Efforts to complete the facilities study and transmit the facilities study report to the Interconnection Customer within 30 Business Days of the Interconnection Customer's agreement to conduct a facilities study.
- 9.0 Any study fees shall be based on the Transmission Provider's actual costs and will be invoiced to the Interconnection Customer along with a summary of professional time.
- 10.0 The Interconnection Customer must pay in advance any study costs that exceed the deposit without interest within 15 calendar days on receipt of the invoice or resolution of any dispute. The Transmission Provider shall not be obligated to perform or continue to perform any studies unless the Interconnection Customer has paid all undisputed invoiced fees in compliance herewith. If the deposit exceeds the invoiced fees, the Transmission Provider shall use Reasonable Efforts to refund such excess within 30 calendar days of the invoice without interest.
- 11.0 Governing Law, Regulatory Authority, and Rules
The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by Federal law or the laws of the state where the Point of Interconnection is located, as applicable. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in,

(Contract Number)
(Interconnection Customer)

appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.0 Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties.

13.0 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

14.0 Waiver

14.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

14.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by the Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Transmission Provider. Any waiver of this Agreement shall, if requested, be provided in writing.

15.0 Multiple Counterparts

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

16.0 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

17.0 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

(Contract Number)
(Interconnection Customer)

18.0 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor; provided further, that the Transmission Provider shall be liable to the Interconnection Customer for the performance of the Transmission Provider's subcontractors only in accordance with the Federal Tort Claims Act provision set forth in Attachment J of the Transmission Provider's Tariff.

18.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Transmission Provider be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

18.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

(Contract Number)
(Interconnection Customer)

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

WESTERN AREA POWER ADMINISTRATION

By _____

Title _____

Address _____

Date _____

(INTERCONNECTION CUSTOMER)

(SEAL)

By _____

Attest:

Title _____

By _____

Address _____

Title _____

Date _____

(Contract Number)
(Interconnection Customer)

**Attachment A to
Facilities Study Agreement**

**Data to Be Provided by the Interconnection Customer
with the Facilities Study Agreement**

Provide location plan and simplified one-line diagram of the plant and station facilities. For staged projects, please indicate future generation, transmission circuits, etc.

On the one-line diagram, indicate the generation capacity attached at each metering location. (Maximum load on CT/PT)

On the one-line diagram, indicate the location of auxiliary power. (Minimum load on CT/PT) Amps

One set of metering is required for each generation connection to the new ring bus or existing Transmission Provider station. Number of generation connections: _____

Will an alternate source of auxiliary power be available during CT/PT maintenance?
Yes _____ No _____

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? Yes _____ No _____
(Please indicate on the one-line diagram).

What type of control system or PLC will be located at the Small Generating Facility?

What protocol does the control system or PLC use?

Please provide a 7.5-minute quadrangle map of the site. Indicate the plant, station, transmission line, and property lines.

Physical dimensions of the proposed interconnection station:

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Bus length from generation to interconnection station:

Line length from interconnection station to Transmission Provider's Transmission System.

Tower number observed in the field. (Painted on tower leg)*:

Number of third party easements required for transmission lines*:

* To be completed in coordination with Transmission Provider.

Is the Small Generating Facility located in Transmission Provider's service area?

Yes _____ No _____ If No, please provide name of local provider:

Please provide the following proposed schedule dates:

Begin Construction Date: _____

Generator step-up transformers
receive back feed power Date: _____

Generation Testing Date: _____

Commercial Operation Date: _____

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**SMALL GENERATOR
INTERCONNECTION AGREEMENT (SGIA)**

(For Generating Facilities No Larger Than 20 MW)

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- Attachment 1 Glossary of Terms
- Attachment 2 – Description and Costs of the Small Generating Facility, Interconnection Facilities, and Metering Equipment
- Attachment 3 One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades
- Attachment 4 – Milestones
- Attachment 5 – Additional Operating Requirements for the Transmission Provider's Transmission System and Affected Systems Needed to Support the Interconnection Customer's Needs
- Attachment 6 Transmission Provider's Description of its Upgrades and Best Estimate of Upgrade Costs

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This Interconnection Agreement ("Agreement") is made and entered into this _____ day of _____, 20__, by Western Area Power Administration, a Federal power marketing administration organized under the United States Department of Energy ("Transmission Provider"), and _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ ("Interconnection Customer"), each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties."

Transmission Provider Information

Transmission Provider: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

Interconnection Customer Information

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

Interconnection Customer Application No: _____

In consideration of the mutual covenants set forth herein, the Parties agree as follows:

Article 1. Scope and Limitations of Agreement

- 1.1 This Agreement shall be used for all Interconnection Requests submitted under the Small Generator Interconnection Procedures (SGIP).
- 1.2 This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generating Facility will interconnect with, and operate in parallel with, the Transmission Provider's Transmission System.
- 1.3 This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate agreements, if any. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with the applicable Transmission Provider.
- 1.4 Nothing in this Agreement is intended to affect any other agreement between the Transmission Provider and the Interconnection Customer.

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1.5 Responsibilities of the Parties

- 1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.
- 1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Small Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Good Utility Practice.
- 1.5.3 The Transmission Provider shall construct, operate, and maintain its Transmission System and Interconnection Facilities in accordance with this Agreement, and with Good Utility Practice.
- 1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to design, install, maintain, and operate its Small Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Transmission Provider and any Affected Systems.
 - 1.5.4.1 The Interconnection Customer shall submit initial specifications for its Interconnection Facilities, including system protection facilities, to the Transmission Provider at least 180 calendar days prior to the initial synchronization date, and shall also submit final specifications for review and comment at least 90 calendar days prior to the initial synchronization date. The Transmission Provider shall review such specifications to ensure that the Interconnection Customer's Interconnection Facilities are compatible with the technical specifications, operational control, and safety requirements of the Transmission Provider, and shall use Reasonable Efforts to comment on such specifications within 30 calendar days of the Interconnection Customer's submission. All specifications provided hereunder shall be deemed confidential.
 - 1.5.4.2 The Transmission Provider's review of the Interconnection Customer's final specifications shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability or reliability of the Small Generating Facility, or the Interconnection Customer's Interconnection Facilities. The Interconnection Customer shall make such changes to the Interconnection Customer's

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Interconnection Facilities as may reasonably be required by the Transmission Provider, in accordance with Good Utility Practice, to ensure that the Interconnection Customer's Interconnection Facilities are compatible with the technical specifications, operational control, and safety requirements of the Transmission Provider.

1.5.4.3 Within 120 calendar days after the commercial operation date of the Small Generating Facility, unless the Parties agree on another mutually acceptable deadline, the Interconnection Customer shall deliver to the Transmission Provider "as-built" drawings, information and documents for the Interconnection Customer's Interconnection Facilities, such as: a one-line diagram, a site plan showing the Small Generating Facility and the Interconnection Customer's Interconnection Facilities, plan and elevation drawings showing the layout of the Interconnection Customer's Interconnection Facilities, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings for all facilities associated with the Interconnection Customer's step-up transformers, the facilities connecting the Small Generating Facility to the step-up transformers and the Interconnection Customer's Interconnection Facilities, and the impedances (determined by factory tests) for the associated step-up transformers and the Small Generating Facility. The Interconnection Customer shall provide the Transmission Provider specifications for the excitation system, automatic voltage regulator, Small Generating Facility control and protection settings, transformer tap settings, and communications, if applicable.

1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Transmission Provider and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Transmission Provider's Transmission System, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.

1.5.6 The Transmission Provider shall coordinate with all Affected Systems to support the interconnection.

1.6 Parallel Operation Obligations

Once the Small Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the applicable control area, including, but not limited to; 1) the rules and procedures concerning the operation of

generation set forth in the Tariff or by the applicable system operator(s) for the Transmission Provider's Transmission System and; 2) the Operating Requirements set forth in Attachment 5 of this Agreement.

1.7 Metering

The Interconnection Customer shall be responsible for the Transmission Provider's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering and data acquisition equipment specified in Attachments 2 and 3 of this Agreement. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.

1.8 Reactive Power

1.8.1 The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the Transmission Provider has established different requirements that apply to all similarly situated generators in the control area on a comparable basis. The requirements of this paragraph shall not apply to wind generators.

1.8.2 The Transmission Provider is required to pay the Interconnection Customer for reactive power that the Interconnection Customer provides or absorbs from the Small Generating Facility when the Transmission Provider requests the Interconnection Customer to operate its Small Generating Facility outside the range specified in article 1.8.1. In addition, if the Transmission Provider pays its own or affiliated generators for reactive power service within the specified range, it must also pay the Interconnection Customer.

1.8.3 Payments shall be in accordance with the Interconnection Customer's applicable rate schedule then in effect unless the provision of such service(s) is subject to a regional transmission organization or independent system operator FERC-approved rate schedule. To the extent that no rate schedule is in effect at the time the Interconnection Customer is required to provide or absorb reactive power under this Agreement, the Parties agree to expeditiously file such rate schedule and agree to support any request for waiver of the Commission's prior notice requirement in order to compensate the Interconnection Customer from the time service commenced.

1.9 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of this Agreement.

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Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

- 2.1.1 The Interconnection Customer shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the Transmission Provider of such activities no fewer than five Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. The Transmission Provider may, at the Interconnection Customer's expense, send qualified personnel to the Small Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the Transmission Provider a written test report when such testing and inspection is completed.
- 2.1.2 The Transmission Provider shall provide the Interconnection Customer written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Transmission Provider of the safety, durability, suitability, or reliability of the Small Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Small Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

- 2.2.1 The Transmission Provider shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the Transmission Provider shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Transmission Provider shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.
- 2.2.2 The Interconnection Customer shall not operate its Small Generating Facility in parallel with the Transmission Provider's Transmission System without prior written authorization of the Transmission Provider. The Transmission Provider will provide such authorization once the Transmission Provider receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

- 2.3.1 Upon reasonable notice, the Transmission Provider may send a qualified person to the premises of the Interconnection Customer at or immediately before the time

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the Small Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Small Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Transmission Provider at least five Business Days prior to conducting any on-site verification testing of the Small Generating Facility.

2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the Transmission Provider shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.

2.3.3 Each Party shall be responsible for its own costs associated with following this article.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

This Agreement shall become effective upon execution by the Parties.

3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of ten years from the Effective Date or such other longer period as the Interconnection Customer may request and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 3.3 of this Agreement. Notwithstanding this Article 3.2 or 3.3, the maximum effective period of this Agreement shall be 40 years from the Effective Date. Five years prior to termination, the Interconnection Customer shall provide written notice of its intention to extend this Agreement. Upon receiving such notice, Transmission Provider shall enter into good faith discussions regarding an extension of this Agreement at the Interconnection Customer's request.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination.

3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the Transmission Provider 20 Business Days written notice

3.3.2 The Transmission Provider may terminate this Agreement if the Small Generating Facility has ceased operation for three consecutive years, beginning on the last date of operation for the Small Generating Facility, after giving the Interconnection Customer 20 Business Days advance written notice.

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- 3.3.3 Either Party may terminate this Agreement after Default pursuant to article 7.6.
- 3.3.4 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the Transmission Provider's Transmission System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this SGIA or such non-terminating Party otherwise is responsible for these costs under this SGIA.
- 3.3.5 The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.
- 3.3.6 This provisions of this article shall survive termination or expiration of this Agreement.

3.4 Temporary Disconnection

Temporary disconnection shall continue only for so long as reasonably necessary under Good Utility Practice.

- 3.4.1 Emergency Conditions -- "Emergency Condition" shall mean a condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of the Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Transmission System, the Transmission Provider's Interconnection Facilities or the Transmission Systems of others to which the Transmission System is directly connected; or (3) that, in the case of the Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Small Generating Facility or the Interconnection Customer's Interconnection Facilities. Under Emergency Conditions, the Transmission Provider may immediately suspend interconnection service and temporarily disconnect the Small Generating Facility. The Transmission Provider shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer's operation of the Small Generating Facility. The Interconnection Customer shall notify the Transmission Provider promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Transmission Provider's Transmission System or any Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both Parties' facilities and operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair

The Transmission Provider may interrupt interconnection service or curtail the output of the Small Generating Facility and temporarily disconnect the Small

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Generating Facility from the Transmission Provider's Transmission System when necessary for routine maintenance, construction, and repairs on the Transmission Provider's Transmission System. The Transmission Provider shall use Reasonable Efforts to provide the Interconnection Customer with five Business Days notice prior to such interruption. The Transmission Provider shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

3.4.3 Forced Outages

During any forced outage, the Transmission Provider may suspend interconnection service to effect immediate repairs on the Transmission Provider's Transmission System. The Transmission Provider shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Transmission Provider shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

3.4.4 Adverse Operating Effects

The Transmission Provider shall notify the Interconnection Customer as soon as practicable if, based on Good Utility Practice, operation of the Small Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Small Generating Facility could cause damage to the Transmission Provider's Transmission System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Transmission Provider may disconnect the Small Generating Facility. The Transmission Provider shall use Reasonable Efforts to provide the Interconnection Customer with five Business Day notice of such disconnection, unless the provisions of article 3.4.1 apply.

3.4.5 Modification of the Small Generating Facility

The Interconnection Customer must receive written authorization from the Transmission Provider before making any change to the Small Generating Facility that may have a material impact on the safety or reliability of the Transmission System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer makes such modification without the Transmission Provider's prior written authorization, the latter shall have the right to temporarily disconnect the Small Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Small Generating Facility, Interconnection Facilities, and the Transmission Provider's Transmission System to their normal operating state as soon as reasonably practicable following a temporary disconnection.

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Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

- 4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The Transmission Provider shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Customer, such other entities, and the Transmission Provider.
- 4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Transmission Provider's Interconnection Facilities.

4.2 Distribution Upgrades

The Transmission Provider shall design, procure, construct, install, and own the Distribution Upgrades described in Attachment 6 of this Agreement. If the Transmission Provider and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer.

Article 5. Cost Responsibility for Network Upgrades

5.1 Applicability

No portion of this article 5 shall apply unless the interconnection of the Small Generating Facility requires Network Upgrades.

5.2 Network Upgrades

The Transmission Provider or the Transmission Owner shall design, procure, construct, install, and own the Network Upgrades described in Attachment 6 of this Agreement. If the Transmission Provider and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the Transmission Provider elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne initially by the Interconnection Customer.

5.2.1 Repayment of Amounts Advanced for Network Upgrades

The Interconnection Customer shall be entitled to ongoing credits to its transmission charges, the total amount of which will be paid in a timely manner and will equal the total amount paid to the Transmission Provider and Affected

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System operator, if any, for Network Upgrades, and not otherwise refunded to the Interconnection Customer, to be credited to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, as payments are made under the Transmission Provider's Tariff or Affected System's Tariff for transmission services with respect to the Small Generating Facility; provided, that the Transmission Provider shall net bill or bill credit the Interconnection Customer for any amounts to be credited. Any repayment shall include interest calculated from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph, with such interest to be fixed for the length of the crediting period at the lower of either (1) the Interconnection Customer's interest rate applicable to the Network Upgrades or (2) the Federal interest rate applicable to the Transmission Provider's Transmission System at the time the Network Upgrades are placed in service and ownership thereof is transferred to the Transmission Provider. With Transmission Provider's approval, the Interconnection Customer may assign such repayment rights to any person having an executed net billing or bill crediting agreement with Transmission Provider that is effective throughout the entire term of the assignment.

5.2.1.1 Notwithstanding the foregoing, the Transmission Provider or any applicable Affected System operators will continue to provide credits to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, without any restriction as to the period of time under which such crediting will occur.

5.2.1.2 If the Small Generating Facility fails to achieve commercial operation, but it or another generating facility is later constructed and requires use of the Network Upgrades, the Transmission Provider and Affected System operator shall at that time reimburse the Interconnection Customer for the amounts advanced for the Network Upgrades; provided, that the party making use of the Network Upgrades must first pay to Transmission Provider all amounts to be reimbursed to the Interconnection Customer. Such amounts shall be subsequently credited by the Transmission Provider to the new party in accordance with Article 5.2.1 of this Agreement. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the generating facility, if different, is responsible for identifying the entity to which reimbursement must be made.

5.3 Special Provisions for Affected Systems

Unless the Transmission Provider provides, under this Agreement, for the repayment of amounts advanced to any applicable Affected System operators for Network Upgrades, the Interconnection Customer and Affected System operator shall enter into an agreement that provides for such repayment. The agreement shall specify the terms governing

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payments to be made by the Interconnection Customer to Affected System operator as well as the repayment by Affected System operator.

5.4 Rights Under Other Agreements

Notwithstanding any other provision of this Agreement, nothing herein shall be construed as relinquishing or foreclosing any rights, including but not limited to firm transmission rights, capacity rights, transmission congestion rights, or transmission credits, that the Interconnection Customer shall be entitled to, now or in the future, under any other agreement or tariff as a result of, or otherwise associated with, the transmission capacity, if any, created by the Network Upgrades, including the right to obtain transmission credits for transmission service that is not associated with the Small Generating Facility.

Article 6. Billing, Payment, Milestones, and Advance Payment

6.1 Billing and Payment Procedures and Final Accounting

6.1.1 The Transmission Provider shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis in accordance with articles 6.3.1 and 6.3.2 of this Agreement. The Interconnection Customer shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to by the Parties.

6.1.2 Within three months of completing the construction and installation of the Transmission Provider's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the Transmission Provider shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Transmission Provider for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Transmission Provider shall invoice the Interconnection Customer for the amount due in accordance with article 6.3.3 of this Agreement. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Transmission Provider shall refund to the Interconnection Customer an amount equal to the difference in accordance with article 6.3.3 of this Agreement.

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure Event, it shall immediately notify the other Party of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Party affected by the failure to

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meet a milestone shall not unreasonably withhold agreement to such an amendment unless it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

6.3 Advance Payment

6.3.1 The Interconnection Customer shall be required to pay the Transmission Provider for all actual costs incurred by the Transmission Provider for the procurement, installation, or construction of a discrete portion of a the Transmission Provider's *Interconnection Facilities or Network Upgrades* and shall pay Transmission Provider, in advance, for all work to be conducted, under the terms and conditions set forth in this Agreement. Such advance payments shall be considered estimated costs for project planning, management, design, engineering, land purchase, environmental investigations, procurement, construction, inspection and commissioning activities for which such advance payments are then due. The funds shall be deposited by the Interconnection Customer according to the instructions on individual invoices from the Transmission Provider, which shall be delivered by the Transmission Provider to Interconnection Customer at least 10 Business Days prior to the date of such payment being due. Transmission Provider shall not provide any labor, equipment, materials, parts, travel, or incur incidental costs associated with tasks described above, or commence any other work until applicable advance payment(s) is/are received in full.

6.3.2 The Interconnection Customer shall not be required to make any subsequent payment in the event tasks relating to the prior payment have not been substantially completed.

6.3.3 The Transmission Provider shall keep detailed records for actual costs incurred. The Interconnection Customer shall be entitled, during normal business hours and at its own expense, to review such records and supporting documentation. If, during procurement, installation, or construction of a discrete portion of a the Transmission Provider's *Interconnection Facilities or Network Upgrades*, or upon close-out of any phase of such activities, costs by the Transmission Provider are expected to exceed the sum of payments made by the Interconnection Customer, the Transmission Provider will inform the Interconnection Customer of the additional expenses and provide a written revision to the estimate, together with an invoice for the amount due. The Interconnection Customer shall then promptly pay the Transmission Provider in full and without interest for the billed amount. If, upon completion of the procurement, installation, or construction of a discrete portion of the Transmission Provider's *Interconnection Facilities or Network Upgrades*, costs incurred by the Transmission Provider are less than the sum of payment(s) made to the Transmission Provider by the Interconnection Customer, the Transmission Provider shall refund the difference, without interest, as soon as the necessary vouchers may be prepared.

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Article 7. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default

7.1 Assignment

This Agreement may be assigned by either Party upon 15 Business Days prior written notice:

- 7.1.1 Either Party may assign this Agreement with the written consent of the other Party to any affiliate of the assigning Party or other third party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement;
- 7.1.2 The Interconnection Customer shall have the right to assign this Agreement, with the written consent of the Transmission Provider, for collateral security purposes to aid in providing financing for the Small Generating Facility.
- 7.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee of the Interconnection Customer is responsible for meeting the same financial, credit, and insurance obligations as the Interconnection Customer. Consent to assignment will not be unreasonably withheld, conditioned or delayed.

7.2 Limitation of Liability

- 7.2.1 The Interconnection Customer's liability to the Transmission Provider for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall the Interconnection Customer be liable to the Transmission Provider for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.
- 7.2.2 The liability of the Transmission Provider shall be determined only in accordance with the Federal Tort Claims Act provision set forth in Attachment J of the Transmission Provider's Tariff.

7.3 Indemnity

- 7.3.1 This provision protects the Transmission Provider from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 7.2.1.

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- 7.3.2 The Interconnection Customer shall at all times indemnify, defend, and hold 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, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Transmission Provider's action or failure to meet its obligations under this Agreement on behalf of the Interconnection Customer, except in cases of gross negligence or intentional wrongdoing by the Transmission Provider.
- 7.3.3 If an indemnified person is entitled to indemnification under this article as a result of a claim by a third party, and the Interconnection Customer fails, after notice and reasonable opportunity to proceed under this article, to assume the defense of such claim, such indemnified person may at the expense of the Interconnection Customer contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.
- 7.3.4 If the Interconnection Customer is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.
- 7.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the Interconnection Customer of such fact. Any failure of or delay in such notification shall not affect the Interconnection Customer's indemnification obligation unless such failure or delay is materially prejudicial to the Interconnection Customer.

7.4 Consequential Damages

Other than as expressly provided for in this Agreement, neither Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

7.5 Force Majeure

- 7.5.1 As used in this article, a Force Majeure Event shall mean "any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian

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authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing."

- 7.5.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure Event (Affected Party) shall promptly notify the other Party, either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

7.6 Default

- 7.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in article 7.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within such time, the Default specified in such notice shall cease to exist.
- 7.6.2 If a Default is not cured as provided in this article, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

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Article 8. Insurance

- 8.1 The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in the State where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the Transmission Provider, except that the Interconnection Customer shall show proof of insurance to the Transmission Provider no later than ten Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.
- 8.2 The Transmission Provider agrees to self-insure consistent with the Transmission Provider's practice. Such self-insurance shall not exclude coverage for the Transmission Provider's liabilities undertaken pursuant to this Agreement.
- 8.3 The Parties further agree to notify each other whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

Article 9. Confidentiality

- 9.1 Confidential Information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.
- 9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.
- 9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.

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- 9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.
- 9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if FERC, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to FERC, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party to this Agreement prior to the release of the Confidential Information to FERC. The Party shall notify the other Party to this Agreement when it is notified by FERC that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112.
- 9.4 If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires either Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of this SGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

Article 10. Disputes

- 10.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.
- 10.2 In the event of a dispute, either Party shall provide the other Party with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.
- 10.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, either Party may contact FERC's Dispute Resolution Service (DRS) for assistance in resolving the dispute.
- 10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can

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be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.

- 10.5 Each Party agrees to conduct all negotiations in good faith, and the Interconnection Customer will be responsible for all costs to be paid to neutral third-parties.
- 10.6 If neither Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then either Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

Article 11. Taxes

- 11.1 The Interconnection Customer agrees to follow all applicable tax laws and regulations, consistent with FERC policy and Internal Revenue Service requirements.
- 11.2 Each Party shall cooperate with the other to maintain the other Party's tax status.

Article 12. Miscellaneous

- 12.1 Governing Law, Regulatory Authority, and Rules
The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by Federal law or by the laws of the state where the Point of Interconnection is located, as applicable. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.
- 12.2 Amendment
The Parties may amend this Agreement by a written instrument duly executed by both Parties.
- 12.3 No Third-Party Beneficiaries
This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.
- 12.4 Waiver
- 12.4.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.
- 12.4.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement.
Termination or default of this Agreement for any reason by Interconnection

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Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Transmission Provider. Any waiver of this Agreement shall, if requested, be provided in writing.

12.5 Entire Agreement

This Agreement, including all Attachments, and also incorporating through reference Attachments J and K of Transmission Provider's Tariff as if they were a part hereof, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

12.6 Multiple Counterparts

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

12.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

12.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority, (1) such portion or provision shall be deemed separate and independent, (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and (3) the remainder of this Agreement shall remain in full force and effect.

12.9 Security Arrangements

Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. FERC expects all Transmission Providers, market participants, and Interconnection Customers interconnected to electric systems to comply with the recommendations offered by the National Infrastructure Advisory Council or its successor, and, eventually, with best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for system infrastructure and operational security, including physical, operational, and cyber-security practices.

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12.10 Environmental Releases

12.10.1 Each Party shall notify the other Party, first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Small Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party copies of any publicly available reports filed with any governmental authorities addressing such events.

12.10.2 Each Party shall remedy as soon as practicable all releases of Hazardous Substances brought to, or created at, real property it owns underlying the Small Generating Facility or Interconnection Facilities, and any such substances migrating from real property it owns at the Small Generating Facility site. The Party that caused the release shall bear the costs of the remedial action, which shall meet applicable Federal and state environmental standards at the time of the action. Such costs may include, but are not limited to, Federal and state supervision, remedial action plans, removal and remedial actions, and negotiation of voluntary and judicial agreements required to meet such environmental standards.

12.10.3 The Parties agree to comply fully with the substantive requirements of all applicable Federal, state and local environmental laws in the performance of their obligations hereunder, and to mitigate and abate adverse environmental impacts accordingly.

12.11 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

12.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Transmission Provider be liable for the actions or

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inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

12.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

12.12 [This article intentionally left blank.]

Article 13. Notices

13.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person, delivered by recognized national carrier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Interconnection Customer:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

If to the Transmission Provider:

Transmission Provider: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

13.2 Billing and Payment

Billings and payments shall be sent to the addresses set out below:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____

Transmission Provider: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____

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13.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by either Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Interconnection Customer:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

If to the Transmission Provider:

Transmission Provider: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

13.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Interconnection Customer's Operating Representative:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

Transmission Provider's Operating Representative:

Transmission Provider: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____

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13.5 Changes to the Notice Information

Either Party may change this information by giving five Business Days written notice prior to the effective date of the change.

Article 14. Signatures

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

WESTERN AREA POWER ADMINISTRATION

By _____

Title _____

Address _____

Date _____

(INTERCONNECTION CUSTOMER)

(SEAL)

By _____

Attest:

Title _____

By _____

Address _____

Title _____

Date _____

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Attachment 1

Glossary of Terms

Affected System – An electric system other than the Transmission Provider's Transmission System that may be affected by the proposed interconnection.

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

Business Day – Monday through Friday, excluding Federal Holidays.

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

Default – The failure of a breaching Party to cure its breach under the Small Generator Interconnection Agreement.

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

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

Effective Date – The date on which the Standard Small Generator Interconnection Agreement becomes effective upon execution by the Parties.

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

FERC – The Federal Energy Regulatory Commission or its successor.

Good Utility Practice – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good

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Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

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

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

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

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

Interconnection Request – The Interconnection Customer's request, in accordance with the Tariff, to interconnect a new Small Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Small Generating Facility that is interconnected with the Transmission Provider's Transmission System.

Material Modification – A modification that has a material impact on the cost or timing of any Interconnection Request with a later queue priority date.

Network Upgrades – Additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the point at which the Small Generating Facility interconnects with the Transmission Provider's Transmission System to accommodate the interconnection of the Small Generating Facility with the Transmission Provider's Transmission System. Network Upgrades do not include Distribution Upgrades.

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Notice of Dispute - A written notice of a dispute or claim that arises out of or in connection with the Standard Small Generator Interconnection Agreement or its performance.

Operating Requirements - Any operating and technical requirements that may be applicable due to Regional Transmission Organization, Independent System Operator, control area, or the Transmission Provider's requirements, including those set forth in the Small Generator Interconnection Agreement.

Party or Parties - The Transmission Provider, Transmission Owner, Interconnection Customer or any combination of the above.

Point of Interconnection - The point where the Interconnection Facilities connect with the Transmission Provider's Transmission System.

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

Small Generating Facility The Interconnection Customer's device for the production of electricity identified in the Interconnection Request. The Small Generating Facility shall be no larger than 20 MW, and shall not include the Interconnection Customer's Interconnection Facilities.

Tariff - The Transmission Provider or Affected System's Tariff through which open access transmission service and Interconnection Service are offered, as amended or supplemented from time to time, or any successor tariff.

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

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

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

Upgrades - The required additions and modifications to the Transmission Provider's Transmission System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

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Attachment 2

**Description and Costs of the Small Generating Facility,
Interconnection Facilities, and Metering Equipment**

Equipment, including the Small Generating Facility, Interconnection Facilities, and metering equipment shall be itemized and identified as being owned by the Interconnection Customer, the Transmission Provider, or the Transmission Owner. The Transmission Provider will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities and metering equipment, and a best estimate itemized cost of the annual operation and maintenance expenses associated with its Interconnection Facilities and metering equipment.

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Attachment 3

**One-line Diagram Depicting the Small Generating Facility, Interconnection
Facilities, Metering Equipment, and Upgrades**

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Attachment 4**Milestones**

In-Service Date: _____

Critical milestones and responsibility as agreed to by the Parties:

	Milestone/Date	Responsible Party
(1)	_____	_____
(2)	_____	_____
(3)	_____	_____
(4)	_____	_____
(5)	_____	_____
(6)	_____	_____
(7)	_____	_____
(8)	_____	_____
(9)	_____	_____
(10)	_____	_____

Agreed to by:

For the Transmission Provider _____ Date _____

For the Transmission Owner (If Applicable) _____ Date _____

For the Interconnection Customer _____ Date _____

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Attachment 5

**Additional Operating Requirements for the Transmission Provider's
Transmission System and Affected Systems Needed to Support
the Interconnection Customer's Needs**

The Transmission Provider shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the Transmission Provider's Transmission System.

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Attachment 6

**Transmission Provider's Description of its Upgrades
and Best Estimate of Upgrade Costs**

The Transmission Provider shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Transmission Provider shall functionalize Upgrade costs and annual expenses as either transmission or distribution related.

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

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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.

~~1.1.2~~ 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.

~~1.2.1.3~~ 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.

~~1.3.1.4~~ 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.

~~1.4.1.6~~ Commission: The Federal Energy Regulatory Commission.

~~1.5.1.7~~ Completed Application: An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit and application processing fee.

~~1.6.1.8~~ 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.

~~4.7~~1.9 Curtailment: A reduction in firm or non-firm transmission service in response to a ~~transmission capacity~~transfer capability shortage as a result of system reliability conditions.

~~4.8~~1.10 Delivering Party: The entity supplying capacity and energy to be transmitted at Point(s) of Receipt.

~~4.9~~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.

~~4.10~~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.

~~4.11~~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.

~~4.12~~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.

~~1.13~~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.

~~1.14~~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).

~~1.15~~1.17 Interruption: A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.

~~1.16~~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.

~~1.17~~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.

~~1.18~~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.

~~1.19~~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.

~~1.20~~ New Rate: ~~Means the modification of a Rate for transmission service provided by the Transmission Provider that has been promulgated pursuant to the rate development process outlined in Power And Transmission Rates, 10 C.F.R. Part 903 (2006).~~

~~1.24~~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.

~~1.22~~1.23 **Network Integration Transmission Service:** The transmission service provided under Part III of the Tariff.

~~1.23~~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.

~~1.24~~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.

~~1.25~~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.

~~1.26~~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.

~~1.27~~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).

~~1.28~~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.

~~1.29~~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.

~~1.30~~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.

~~1.34~~1.33 Part I: Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.

~~1.32~~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.

~~1.33~~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.

~~1.34~~1.36 Parties: The Transmission Provider and the Transmission Customer receiving service under the Tariff.

~~1.35~~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.

- ~~1.36~~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.
- ~~1.37~~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.
- ~~1.38~~1.40 **Power Purchaser:** The entity that is purchasing the capacity and energy to be transmitted under the Tariff.
- ~~1.39~~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.
- ~~1.40~~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).
- ~~1.41~~1.43 **Rate Adjustment:** Means a change in an existing rate or rates, or the establishment ~~or 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).
- ~~1.42~~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.
- ~~1.43~~1.46 **Receiving Party:** The entity receiving the capacity and energy transmitted by the Transmission Provider to Point(s) of Delivery.
- ~~1.44~~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.

~~1.45~~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.

~~1.46~~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.

~~1.47~~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.

~~1.48~~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.

~~1.49~~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.

~~1.50~~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.

~~1.51~~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.

~~1.52~~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.

~~1.53~~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.

~~1.54~~1.57 Transmission Provider's Monthly Transmission System Peak: The maximum firm usage of the Transmission Provider's Transmission System in a calendar month.

~~1.55~~1.58 Transmission Service: Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.

~~1.56~~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 ~~Transmission~~ 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 ~~one year~~ 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 ~~one year~~ 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, ~~and 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 ~~a~~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 3.6~~7~~ below list the ~~six 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 ~~transmission~~ 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, or Regional Transmission Group, Regional Transmission Organization (RTO), Independent System Operator (ISO) or other transmission organization

approved by the Commission for the operation of transmission facilities, also agrees to provide comparable transmission service to the transmission-owning members of such power pool and, Regional Transmission Group, RTO, ISO or other transmission organization on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates.

This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

7 Billing and Payment

7.1 Billing 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 security collateral as identified in Section 11 Attachment Q to this Tariff. ~~Such security must be provided by the Transmission Customer within thirty (30) calendar days after receiving such notice. At any time after submitting 12 consecutive on time payments, the Transmission Customer may request that the Transmission Provider review its payment history and rescind the requirement for additional security. The Transmission Customer shall demonstrate that it has eliminated the risk of future late payments prior to making a request. The Transmission Provider will notify the Transmission Customer of its decision within sixty (60) calendar days of the request. Any dispute between the Transmission Customer and the Transmission Provider regarding elimination of additional security 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 application to the Commission for a changes in rates, terms and conditions, charges, classification of service, or Service Agreement, rule or regulation under Section 205 of the Federal Power Act and pursuant consistent with to the Commission's rules and regulations and Transmission Providers statutory obligations promulgated thereunder.

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

10 Force Majeure and Indemnification

- 10.1 Force Majeure: An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any Curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include an act of negligence or intentional wrongdoing. Neither the Transmission Provider nor the Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by

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 ~~longer term~~ service may preempt ~~requests for shorter term service~~ 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 ~~transmission transfer~~ capability is insufficient to satisfy all ~~Applications~~ 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 ~~reservation 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 ~~more economically by redispatching the Transmission Provider's resources than through constructing Network Upgrades~~, 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 ~~transmission capacity~~ capacity 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 ~~transmission~~ 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, or (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 ~~Transmission~~ Transfer Capability: A description of the Transmission Provider's specific methodology for assessing available ~~transmission~~ transfer capability posted on the Transmission Provider's OASIS (Section 4) is contained in Attachment C of the Tariff. In the event sufficient ~~transmission~~ 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; ~~and~~
 - (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 ~~Transmission~~ 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 ~~Transmission~~ 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 ~~transmission~~ 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 ~~Transmission~~ Transfer Capability: Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available ~~transmission~~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. In such cases, the Once informed, the Eligible Customer shall timely notify the Transmission Provider if it elects to have the Transmission Provider study redispach 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.

19.219.3 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.

~~19.3~~ 19.4 System Impact Study Procedures: Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use ~~due diligence~~ 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 and, identified with specificity by transmission element or flowgate, (2) redispatch options, (when requested by an Eligible Customer) including an estimate of the cost of redispatch, (3) conditional curtailment options (when requested by an Eligible Customer) including the number of hours per year and the System Conditions during which conditional curtailment may occur, and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within the Transmission Provider's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If the Transmission Provider possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The Transmission Provider will use the same ~~due diligence~~ 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.

~~19.4~~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 ~~due diligence~~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.

~~19.5~~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.

~~19.6~~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.

~~19.7~~19.8 Partial Interim Service: If the Transmission Provider determines that it will not have adequate ~~transmission-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.

~~19.8~~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.

19.919.10 Penalties for Failure to Meet Study Deadlines-Study Metrics: Sections 19.4 and 19.5 require a Transmission Provider to use due diligence-Reasonable Efforts to meet 60-day study completion deadlines for System Impact Studies and Facilities Studies.

(i) The Transmission Provider is required to file notice with the Commission in the event that more than twenty (20) percent of non-Affiliates' System Impact Studies and Facilities Studies completed by the Transmission Provider in any two consecutive calendar quarters are not completed within the 60-day study completion deadlines. Such notice must be filed within thirty (30) days of the end of the calendar quarter triggering the notice requirement.

(ii) For the 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. The Transmission Provider may provide an explanation in its notification filing to the Commission if it believes there are extenuating circumstances that prevented it from meeting the 60-day study completion deadlines.

(iii) The Transmission Provider is subject to an operational penalty if it completes ten (10) percent or more of non-Affiliates' System Impact Studies and Facilities Studies outside of the 60 day study completion deadlines for each of the two calendar quarters immediately following the quarter that triggered its notification filing to the Commission. The operational penalty will be assessed for each calendar quarter for which an operational penalty applies, starting with the calendar quarter immediately following the quarter that triggered the Transmission Provider's notification filing to the Commission. The operational penalty will continue to be assessed each quarter until the Transmission Provider completes at least ninety (90) percent of all non-Affiliates' System Impact Studies and Facilities Studies within the 60-day deadline.

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

19.1019.11 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 render 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; provided that, for service prior to October 1, 2010, compensation to Resellers shall be at rates established by agreement between the Reseller and the Assignee.

The Assignee must execute a service agreement with the Transmission Provider governing reassignments of transmission service prior to the date on which the reassigned service commences. The Transmission Provider shall charge the Reseller, as appropriate, at the rate stated in the Reseller's Service Agreement with the Transmission Provider or the associated OASIS schedule and credit the Reseller with the price reflected in the Assignee's Service Agreement with the Transmission Provider or the associated OASIS schedule; provided that, such credit shall be reversed in the event of non-payment by the Assignee. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. ~~A Reseller should notify the Transmission Provider as soon as possible after any assignment or transfer of service occurs but in any event, notification must be provided prior to any provision of service to the Assignee.~~ 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 ~~Parties~~ 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 ~~more economically~~ by redispatching the Transmission Provider's resources ~~than by building new facilities or upgrading existing facilities~~ 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 ~~transmission-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 ~~transmission capacity~~ 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 ~~Transmission~~-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 ~~Transmission~~-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), ~~which shall include,~~ 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

~~— Description of purchased power designated as a Network Resource including source of supply, Control Area location, transmission arrangements and delivery point(s) to the Transmission Provider's Transmission System;~~ 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 ~~r~~Reasonable eEfforts, 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 ~~but should provide~~ 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 ~~a~~Non-Firm ~~s~~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 ~~r~~Reasonable ~~e~~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 ~~constructed~~ added by the Network Customer subsequent to the Service Commencement Date under Part III of the Tariff ~~the effective date of a Final Rule in RM05-25-000~~ May 14, 2007 (i.e., the effective date of the Commission's Order No. 890), the Network Customer shall receive credit ~~where for such transmission facilities added if such facilities are jointly planned and installed in coordination with the Transmission Provider~~ 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 the 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 ~~due diligence~~ 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 ~~due diligence~~ 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 ~~due diligence~~ 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 ~~Penalties for Failure to Meet Study Deadlines~~ Study Metrics: Section 19.910 defines ~~penalties that apply for failure to meet~~ the methodology used to calculate the percentage of non-affiliates' System Impact Studies and Facilities Studies processed outside the 60-day study completion deadlines ~~due diligence~~ using Reasonable Efforts for System Impact Studies and Facilities Studies under Part II of the Tariff. These same requirements and ~~penalties~~ 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 Service customers pursuant to Part II of this Tariff plus the Reserved Capacity of all Long-Term Firm Point-To-Point Transmission Service customers.

- 34.4 **Redispatch Charge:** The Network Customer shall pay a Load Ratio Share of any redispatch costs allocated between the Network Customer and the Transmission Provider pursuant to Section 33. To the extent that the Transmission Provider incurs an obligation to the Network Customer for redispatch costs in accordance with Section 33, such amounts shall be credited against the Network Customer's bill for the applicable month.
- 34.5 **Stranded Cost Recovery:** The Transmission Provider may seek to recover stranded costs from the Network Customer in a manner consistent with applicable Federal law and regulations.

35 Operating Arrangements

- 35.1 **Operation under The Network Operating Agreement:** The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Network Operating Agreement.
- 35.2 **Network Operating Agreement:** The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Network Customer within the Transmission Provider's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between the Transmission Provider and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the Transmission Provider's Transmission System, interchange schedules, unit outputs for redispatch required under Section 33, voltage schedules, loss factors and other real time data), (iii) use software programs required for data links and constraint dispatching, (iv) exchange data on forecasted loads and resources necessary for long-term planning, and (v) address any other technical and operational considerations required for implementation of Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the ~~North American Electric Reliability Council (NERC) and the applicable regional reliability council~~ Electric Reliability Organization (ERO) as defined in 18 C.F.R. § 39.1 and the applicable regional

reliability organization (RRO), (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with the Transmission Provider, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies ~~NERC and the applicable regional reliability council requirements~~ the applicable reliability guidelines of the ERO and the applicable RRO. The Transmission Provider shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G.

- 35.3 Network Operating Committee: A Network Operating Committee (Committee) may be established to coordinate operating criteria for the Parties' respective responsibilities under the Network Operating Agreement. Each Network Customer shall be entitled to have at least one representative on the Committee. The Committee may meet from time to time as need requires.

SCHEDULE 1

Scheduling, System Control and Dispatch Service

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

The Transmission System specific charges for Scheduling, System Control and Dispatch Service are set forth in the appropriate rate schedule attached to and made part of the applicable Service Agreement. The rates or rate methodology used to calculate the charges for service under this schedule were promulgated and may be modified pursuant to applicable Federal laws, regulations and policies.

The Transmission Provider may modify the charges for Scheduling, System Control and Dispatch Service upon written notice to the Transmission Customer. Any change to the charges to the Transmission Customer for Scheduling, System Control and Dispatch Service shall be as set forth in a subsequent rate schedule promulgated pursuant to applicable Federal laws, regulations and policies and attached to and made part of the applicable Service Agreement. The Transmission Provider shall charge the Transmission Customer in accordance with the rate then in effect.

SCHEDULE 2

Reactive Supply and Voltage Control from Generation or Other Sources Service

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

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

The Transmission System specific charges for Reactive Supply and Voltage Control from Generation Sources Service are set forth in the appropriate rate schedule attached to and made part of the applicable Service Agreement. The rates or rate methodology used to calculate the charges for service under this schedule were promulgated and may be modified pursuant to applicable Federal laws, regulations and policies.

The Transmission Provider may modify the charges for Reactive Supply and Voltage Control from Generation Sources Service upon written notice to the Transmission Customer. Any change to the charges to the Transmission Customer for Reactive Supply and Voltage Control from Generation Sources Service shall be as set forth in a subsequent rate schedule promulgated pursuant to applicable Federal laws, regulations and policies and attached to and made part of the applicable Service Agreement. The Transmission Provider shall charge the Transmission Customer in accordance with the rate then in effect.

SCHEDULE 3

Regulation and Frequency Response Service

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

The Transmission System specific charges for Regulation and Frequency Response Service are set forth in the appropriate rate schedule attached to and made part of the applicable Service Agreement. The rates or rate methodology used to calculate the charges for service under this schedule were promulgated and may be modified pursuant to applicable Federal laws, regulations and policies.

The Transmission Provider may modify the charges for Regulation and Frequency Response Service upon written notice to the Transmission Customer. Any change to the charges to the Transmission Customer for Regulation and Frequency Response Service shall be as set forth in a subsequent rate schedule promulgated pursuant to applicable Federal laws, regulations and policies and attached to and made part of the applicable Service Agreement. The Transmission Provider shall charge the Transmission Customer in accordance with the rate then in effect.

SCHEDULE 4

Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either obtain this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly energy imbalances under this Schedule or a penalty for hourly generator imbalances under Schedule 9 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish a charges for energy imbalance based on the deviation band of bands as follows: (i) not less than deviations within ± 1.5 percent (with a minimum of not less than 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of the month, at 100 percent of incremental or a monthly basis and settled financially, at the end of the month, at 1.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 1.0 percent of incremental cost or 90 percent of decremental cost, and (iii) deviations greater than ± 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 1.25 percent of incremental cost or 75 percent of decremental cost. Unless Transmission Provider has a rate schedule promulgated pursuant to applicable Federal laws, regulations and policies which requires financial settlement of energy imbalances, parties should attempt to eliminate energy imbalances within the limits of the deviation band within thirty (30) days or within such other reasonable period of time as is generally accepted in the region and consistently adhered to by the Transmission Provider. If an energy imbalance is not corrected within thirty (30) days or a reasonable period of time that is generally accepted in the region and consistently adhered to by the Transmission Provider, the Transmission Customer will compensate the Transmission Provider for such service. Energy imbalances outside the deviation band will be subject to charges to be specified by the Transmission Provider. Compensation for Energy Imbalance Service will be as set forth below:

For purposes of this Schedule, incremental cost and decremental cost represent the Transmission Provider's actual average hourly cost of the last 10 MW dispatched for any purpose, e.g., to supply the Transmission Provider's Native Load Customers, correct imbalances, or make off-system sales, based on the replacement cost of fuel, unit heat rates, start-up costs (including any

~~commitment and redispatch costs), incremental operation and maintenance costs, and purchased and interchange power costs and taxes, as applicable.~~

The Transmission System specific compensation for Energy Imbalance Service is set forth in the appropriate rate schedule attached to and made part of the applicable Service Agreement. The rates or rate methodology used to calculate the charges for service under this schedule were promulgated and may be modified pursuant to applicable Federal laws, regulations and policies.

The Transmission Provider may modify the compensation for Energy Imbalance Service upon written notice to the Transmission Customer. Any change to the compensation to the Transmission Customer for Energy Imbalance Service shall be as set forth in a subsequent rate schedule promulgated pursuant to applicable Federal laws, regulations and policies and attached to and made part of the applicable Service Agreement. The Transmission Provider shall charge the Transmission Customer in accordance with the rate then in effect.

SCHEDULE 5

Operating Reserve - Spinning Reserve Service

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

The Transmission System specific charges for Operating Reserve - Spinning Reserve Service are set forth in the appropriate rate schedule attached to and made part of the applicable Service Agreement. The rates or rate methodology used to calculate the charges for service under this schedule were promulgated and may be modified pursuant to applicable Federal laws, regulations and policies.

The Transmission Provider may modify the charges for Operating Reserve - Spinning Reserve Service upon written notice to the Transmission Customer. Any change to the charges to the Transmission Customer for Operating Reserve - Spinning Reserve Service shall be as set forth in a subsequent rate schedule promulgated pursuant to applicable Federal laws, regulations and policies and attached to and made part of the applicable Service Agreement. The Transmission Provider shall charge the Transmission Customer in accordance with the rate then in effect.

SCHEDULE 6

Operating Reserve - Supplemental Reserve Service

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

The Transmission System specific charges for Operating Reserve - Supplemental Reserve Service are set forth in the appropriate rate schedule attached to and made part of the applicable Service Agreement. The rates or rate methodology used to calculate the charges for service under this schedule were promulgated and may be modified pursuant to applicable Federal laws, regulations and policies.

The Transmission Provider may modify the charges for Operating Reserve - Supplemental Reserve Service upon written notice to the Transmission Customer. Any change to the charges to the Transmission Customer for Operating Reserve - Supplemental Reserve Service shall be as set forth in a subsequent rate schedule promulgated pursuant to applicable Federal laws, regulations and policies and attached to and made part of the applicable Service Agreement. The Transmission Provider shall charge the Transmission Customer in accordance with the rate then in effect.

SCHEDULE 7

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

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity pursuant to the Transmission System specific Firm Point-to-Point Transmission Service Rate Schedule attached to and made a part of the applicable Service Agreement. The rates or rate methodology used to calculate the charges for service under this schedule were promulgated and may be modified pursuant to applicable Federal laws, regulations and policies.

The Transmission Provider may modify the charges for Firm Point-to-Point Transmission Service upon written notice to the Transmission Customer. Any change to the charges to the Transmission Customer for Firm Point-to-Point Transmission Service shall be as set forth in a subsequent rate schedule promulgated pursuant to applicable Federal laws, regulations and policies and attached to and made part of the applicable Service Agreement. The Transmission Provider shall charge the Transmission Customer in accordance with the rate then in effect.

Discounts: Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts, including requests for use by one's wholesale merchant or an affiliate's use, must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from Point(s) of Receipt to Point(s) of Delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

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

SCHEDULE 8

Non-Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-to-Point Transmission Service pursuant to the Transmission System specific Non-Firm Point-to-Point Transmission Service Rate Schedule attached to and made a part of the applicable Service Agreement. The rates or rate methodology used to calculate the charges for service under this schedule were promulgated and may be modified pursuant to applicable Federal laws, regulations and policies.

The Transmission Provider may modify the charges for Non-Firm Point-to-Point Transmission Service upon written notice to the Transmission Customer. Any change to the charges to the Transmission Customer for Non-Firm Point-to-Point Transmission Service shall be as set forth in a subsequent rate schedule promulgated pursuant to applicable Federal laws, regulations and policies and attached to and made part of the applicable Service Agreement. The Transmission Provider shall charge the Transmission Customer in accordance with the rate then in effect.

Discounts: Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts, including requests for use by one's wholesale merchant or an affiliate's use, must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from Point(s) of Receipt to Point(s) of Delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

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

SCHEDULE 9

Generator Imbalance Service

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

The Transmission Provider shall establish charges for generator imbalance based on the deviation bands as follows: (i) deviations within ± 1.5 percent (with a minimum of 2 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of each month, at 100 percent of incremental or decremental cost; (ii) deviations greater than ± 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of incremental cost or 90 percent of decremental cost; and (iii) deviations greater than ± 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any generator imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled at 125 percent of incremental cost or 75 percent of decremental cost, except that an intermittent resource will be exempt from this deviation band and will pay the deviation band charges for all deviations greater than the larger of 1.5 percent or 2 MW. An intermittent resource, for the limited purpose of this Schedule is an electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand or respond to transmission security constraints.

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

For purposes of this Schedule, incremental cost and decremental cost represent the Transmission Provider's actual average hourly cost of the last 10 MW dispatched for any purpose, e.g., to supply the Transmission Provider's Native Load Customers, correct imbalances, or make off-system sales, based on the replacement cost of fuel, unit heat rates, start-up costs (including any commitment and redispatch costs), incremental operation and maintenance costs, and purchased and interchange power costs and taxes, as applicable.

The Transmission System specific compensation for Generator Imbalance Service is set forth in the appropriate rate schedule attached to and made part of the applicable Service Agreement. The rates or rate methodology used to calculate the charges for service under this schedule were promulgated and may be modified pursuant to applicable Federal laws, regulations and policies.

The Transmission Provider may modify the compensation for Generator Imbalance Service upon written notice to the Transmission Customer. Any change to the compensation to the Transmission Customer for Generator Imbalance Service shall be as set forth in a subsequent rate schedule promulgated pursuant to applicable Federal laws, regulations and policies and attached to and made part of the applicable Service Agreement. The Transmission Provider shall charge the Transmission Customer in accordance with the rate then in effect.

SCHEDULE 10

Unreserved Use Penalties

The Transmission System specific methodology for assessment of Unreserved Use Penalties is set forth in the appropriate rate schedule attached to and made part of the applicable Service Agreement. The rates or rate methodology used to calculate such penalties under this schedule were promulgated and may be modified pursuant to applicable Federal laws, regulations and policies.

The Transmission Provider may modify the methodology for assessment of Unreserved Use Penalties upon written notice to the Transmission Customer. Any change to that methodology shall be as set forth in a subsequent rate schedule promulgated pursuant to applicable Federal laws, regulations and policies and attached to and made part of the applicable Service Agreement. The Transmission Provider shall charge the Transmission Customer in accordance with the rate then in effect.

(Service Agreement Number)
(Transmission Customer)
Attachment A

ATTACHMENT A

Service Agreement for Firm Point-To-Point Transmission Service

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between the (Region) of Western Area Power Administration (Transmission Provider), and _____ (Transmission Customer), each of whom are sometimes hereinafter individually called Party and both of whom are sometimes hereinafter collectively called the Parties. For purposes of this Service Agreement, the Transmission Provider's Transmission System consists of the applicable facilities described in Attachment K to the Tariff. The Transmission Provider may revise charges or losses for Firm Point-to-Point Transmission Service provided under this Service Agreement pursuant to applicable Federal Laws, regulations and policies upon written notice to the Transmission Customer.
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.
- 3.0 The Transmission Customer has provided to the Transmission Provider a deposit and/or nonrefundable Application processing fee in accordance with the provisions of Section 17.3 of the Tariff.
- 4.0 Service under this agreement shall commence on the later of (1) the requested Service Commencement Date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as is mutually agreed. Service under this agreement shall terminate on _____. The Transmission Provider's acceptance of a rollover or renewal request is contingent upon, and in the sole discretion of the Transmission Provider may be limited by, the Transmission Provider's requirement to utilize capacity on its Transmission System in amounts necessary to meet statutory and contractual obligations to deliver Federal power to Project Use and Firm Electric Service customers of the Federal government. The Transmission Provider is presently aware of the following events that will impact and/or alter the capacity of its Transmission System and cause a limitation or denial of a rollover or renewal request: *(Each Region will add specific language into final service agreements detailing all known events that may affect transmission system capacity. Examples may include, but are not limited to: new Firm Electric Service Marketing Plans; status changes pertaining to Project Use and Firm Electric Service customers; and applications to join RTOs.)* Therefore, notwithstanding the provisions of Section 2.2 of the Tariff, prior to expiration of this Service Agreement, the Transmission Provider may in its sole discretion determine that a rollover or renewal would impair its ability to meet these Federal obligations. In such case, the Transmission Provider may not offer a

rollover or renewal of the Transmission Customer's transmission service in the amounts the Transmission Customer has reserved under this Service Agreement.

- 5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff, and this Service Agreement.
- 6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Transmission Customer:

Each Party may change the designation of its representative upon oral notice to the other, with confirmation of that change to be submitted in writing within ten (10) days thereafter.

- 7.0 The Tariff and, if applicable, the "Specifications For Long-Term Firm Point-To-Point Transmission Service", as presently constituted or as they may be revised or superseded, are incorporated herein and made a part hereof.
- 8.0 Power Factor: The Transmission Customer will be required to maintain a power factor between _ -percent lagging and _ -percent leading for all deliveries of capacity and energy to and from the Transmission Provider's Transmission System.
- 9.0 Transmission Losses

9.1 Loss Factors:

- 9.1.1 If, based on operating experience and technical studies, the Transmission Provider determines that any of the transmission loss factors on the Transmission Provider's Transmission System differs from the loss factors set forth in this Service Agreement, the Transmission Provider will notify the Transmission Customer of the

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 (Transmission Customer)
 Attachment A

revised loss factor(s) pursuant to Section 1.0 of this Service Agreement.

- 9.1.2 Transmission Provider Transmission Loss Factor: Transmission Provider transmission losses shall initially be __% and shall be assessed on the power scheduled and transmitted to a point of delivery on the Transmission Provider's Transmission System.

10.0 Ancillary Services

10.1 Provided by Transmission Provider

- 10.1.1 Scheduling, System Control, and Dispatch Service
 10.1.2 Reactive Supply and Voltage Control from Generation Sources Service

10.2 Provided by Transmission Customer

- 10.2.1 (To be filled in if applicable)
 10.2.2

10.3 Provided by _____

- 10.3.1 (To be filled in if applicable)
 10.3.2

- 11.0 Net Billing and Bill Crediting Option: The Parties have agreed to implement [Net Billing, Bill Crediting, both Net Billing and Bill Crediting, or neither Net Billing nor Bill Crediting] as set forth in Attachment J.

- 12.0 Charges for Service: Charges for Firm Point-to-Point Transmission Service and associated Ancillary Services shall be calculated in accordance with the applicable Rate Schedule(s) attached hereto and made a part of this Service Agreement. The rates or rate methodology used to calculate the charges for service under that schedule were promulgated and may be modified pursuant to applicable Federal laws, regulations and policies.

(The following section will be included as appropriate at the Transmission Providers discretion)

(Service Agreement Number)
 (Transmission Customer)
 Attachment A

13.0 Independent System Operator: The Parties understand that the Transmission Provider may join an independent system operator under Commission jurisdiction. In the event the Transmission Provider either joins or is required to conform to protocols of the independent system operator, the Parties agree that the Transmission Provider either may (1) make any changes necessary to conform to the terms and conditions required by Commission approval of the independent system operator, or (2) terminate this Service Agreement by providing a one-year written notice to the Transmission Customer.

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

WESTERN AREA POWER ADMINISTRATION

By _____

Title _____

Address _____

Date _____

(TRANSMISSION CUSTOMER)

(SEAL)

By _____

Attest:

Title _____

By _____

Address _____

Title _____

Date _____

(Service Agreement Number)
(Transmission Customer)
Attachment A

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

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

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

- 3.0 Point(s) of Receipt: _____
Delivering Party: _____
Capacity Reservation: _____

- 4.0 Point(s) of Delivery: _____
Receiving Party: _____
Capacity Reservation: _____

- 5.0 The Maximum amount of capacity and energy to be transmitted (Reserved Capacity) is: _____

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

- 7.0 Name of the Control Area from which capacity and energy will be delivered to the Transmission Provider for Transmission Service:

Name of the Control Area to which capacity and energy will be delivered by the Transmission Provider:

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

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

(Service Agreement Number)
(Transmission Customer)
Attachment A

- 8.1 Transmission Charge:

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

- 8.3 Direct Assignment Facilities Charge:

- 8.4 Ancillary Services Charges:

- 8.5 Redispatch Charges: To be filled in if applicable
- 8.6 Network Upgrade Charges: To be filled in if applicable

(Service Agreement Number)

(Assignee)

Attachment A-1

ATTACHMENT A-1**Form Of Service Agreement For
The Resale, Reassignment, Or Transfer Of
Point-To-Point Transmission Service**

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ the (Region) of Western Area Power Administration (~~the~~ Transmission Provider), and _____ (~~the~~ Assignee), each of whom are sometimes hereinafter individually called Party and both of whom are sometimes hereinafter collectively called the Parties. For purposes of this Service Agreement, the Transmission Provider's Transmission System consists of the applicable facilities described in Attachment K to the Tariff.
- 2.0 The Assignee has been determined by the Transmission Provider to be an Eligible Customer under the Tariff pursuant to which the transmission service rights to be transferred were originally obtained.
- 3.0 The terms and conditions for the transaction entered into under this Service Agreement shall be subject to the terms and conditions of Part II of the Transmission Provider's Tariff and the terms and conditions of Service Agreement No. _____ between the Transmission Provider and the initial Reseller, except for ~~those~~ the following terms and conditions negotiated by the Reseller of the reassigned transmission capacity (pursuant to Section 23.1 of this Tariff) and the Assignee, ~~to include:~~ contract effective and termination dates, subject to the limitations on rollover or renewal requests set forth in Service Agreement No. _____ between the Transmission Provider and the initial Reseller; the amount of reassigned capacity or energy; ~~p~~Point(s) of ~~r~~Receipt and ~~d~~Delivery; and transmission service and other charges. Changes by the Assignee to the Reseller's Points of Receipt and Points of Delivery will be subject to the provisions of Section 23.2 of this Tariff.
- 4.0 The Transmission Provider shall continue to invoice the initial Reseller for Point-to-Point Transmission Service provided in accordance with the terms and conditions of Service Agreement No. _____ between the Transmission Provider and the initial Reseller. ~~The Transmission Provider shall credit the~~ Reseller and the Assignee shall negotiate and execute separate billing arrangements between themselves for the ~~price~~charges reflected in the Assignee's this Service Agreement or the associated OASIS schedule.
- 5.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.