



OPEN ACCESS TRANSMISSION TARIFF (OATT)

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I. COMMON SERVICE PROVISIONS

1 Definitions

1.1 Affiliate:

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

1.2 Ancillary Services:

Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of Tacoma Power Transmission System in accordance with Good Utility Practice.

1.3 Annual Transmission Costs:

The total annual cost of the Transmission System for purposes of Network Integration Transmission Service shall be the amount specified in Attachment H until amended by Tacoma Power.

1.4 Application:

A request by an Eligible Customer for transmission service pursuant to the provisions of the Tariff.

1.5 Balancing Authority (BA):

The responsible entity that integrates resource plans ahead of time, maintains

load-interchange-generation balance within a Balancing Authority Area, and supports interconnection frequency in real time.

1.6 Balancing Authority Area (BAA):

The collection of generation, transmission, and loads within the metered boundaries of the BA. The BA maintains load-resource balance within this area. For purposes of this Tariff, “BAA” shall have the same meaning as “Control Area.”

1.7 Balancing Authority Area Resource:

A resource owned by Tacoma Power, or voluntarily contracted for by Tacoma Power to provide EIM Available Balancing Capacity, that can provide regulation and load following services to enable the Tacoma Power EIM Entity to meet reliability criteria. No resource unaffiliated with the Tacoma Power EIM Entity shall be a Balancing Authority Area Resource solely on the basis of one or more of the following reasons: (1) the resource is a Designated Network Resource; (2) the resource flows on a Point-To-Point Transmission Service reservation; and/or (3) the resource is an Interconnection Customer under the Tariff.

1.8 Bid Cost Recovery (BCR):

The MO EIM settlements process through which Tacoma Power EIM Participating Resources recover their bid costs.

1.9 California Independent System Operator Corporation (CAISO):

A state-chartered, California non-profit public benefit corporation that operates the transmission facilities of all CAISO participating transmission owners and dispatches certain generating units and loads. The CAISO is the MO for the EIM.

1.10 CAISO BAA or CAISO Controlled Grid:

The system of transmission lines and associated facilities of the CAISO participating transmission owners that have been placed under the CAISO's operational control.

1.11 Commission:

The Federal Energy Regulatory Commission.

1.12 Completed Application:

An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.

1.13 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:

- 1.13.1 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);

1.13.2 maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

1.13.3 maintain the frequency of the electric power system(s) within reasonable limits in accordance with Good Utility Practice; and

1.13.4 provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.

1.14 Curtailment:

A reduction or interruption in firm or non-firm transmission service that is necessary, in the judgment of Tacoma Power consistent with Good Utility Practice, to preserve or restore system reliability.

1.15 Delivering Party:

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

1.16 Designated Agent:

Any entity that performs actions or functions on behalf of Tacoma Power, an Eligible Customer, or the Transmission Customer required under the Tariff.

1.17 Direct Assignment Facilities:

Facilities or portions of facilities that are constructed by Tacoma Power for the sole use/benefit of a particular Transmission Customer requesting service

under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer.

1.18 Dispatch Instruction:

An instruction by the MO for an action with respect to a specific Tacoma Power EIM Participating Resource or Balancing Authority Area Resource for increasing or decreasing its energy supply or demand.

1.19 Dispatch Operating Point:

The expected operating point, in MW, of a Tacoma Power EIM Participating Resource that has received a Dispatch Instruction from the MO or a Balancing Authority Area Resource to which the Tacoma Power EIM Entity has relayed a Dispatch Instruction received from the MO. For purposes of Attachment O of this Tariff, the Dispatch Operating Point means the change, in MW output, of (i) a Tacoma Power EIM Participating Resource due to an EIM bid being accepted and the Tacoma Power EIM Participating Resource receiving a Dispatch Instruction; or (ii) a Balancing Authority Area Resource for which a Dispatch Instruction has been issued by the CAISO with respect to EIM Available Balancing Capacity. The Dispatch Operating Point is expressed either as a negative MW quantity for the downward movement of generation, or a positive MW quantity for the upward movement of generation.

1.20 Dynamic Transfer:

The provision of the real-time monitoring, telemetering, computer software, hardware, communications, engineering, energy accounting (including inadvertent Interchange), and administration required to electronically move all or a portion of the real energy services associated with a generator or load out of one BAA into another. A Dynamic Transfer can be either:

- (1) a Dynamic Schedule: a telemetered reading or value that is updated in real time and used as a schedule in the AGC/ACE equation and the integrated value of which is treated as an after-the-fact schedule for Interchange accounting purposes; or
- (2) a Pseudo-Tie: a functionality by which the output of a generating unit physically interconnected to the electric grid in a native BAA is telemetered to and deemed to be produced in an attaining BAA that provides BA services for and exercises BA jurisdiction over the generating unit.

1.21 Energy Imbalance Market (EIM):

The real-time market to manage transmission congestion and optimize procurement of imbalance energy (positive or negative) to balance supply and demand deviations for the EIM Area in the fifteen-minute and five-minute markets through economic bids submitted by EIM Participating Resource Scheduling Coordinators.

1.22 EIM Area:

The combination of Tacoma Power's BAA, the CAISO BAA, and the BAAs of any other EIM Entities.

1.23 EIM Available Balancing Capacity:

Any upward or downward capacity from a Balancing Authority Area Resource that has not been bid into the EIM and is included in the Tacoma Power EIM Entity's Resource Plan.

1.24 EIM Entity:

A BA, other than the Tacoma Power EIM Entity, that enters into the MO's pro forma EIM Entity Agreement to enable the EIM to occur in its BAA.

1.25 EIM Transfer:

The transfer of real-time energy resulting from an EIM Dispatch Instruction: (1) between the Tacoma Power BAA and the CAISO BAA; (2) between the Tacoma Power BAA and an EIM Entity BAA; or (3) between the CAISO BAA and an EIM Entity BAA using transmission capacity available in the EIM.

1.26 Eligible Customer:

- i. Any electric utility (including Tacoma Power 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 Tacoma Power offer the unbundled transmission service, or pursuant to a voluntary offer of such service by Tacoma Power.

- ii. Any retail customer taking unbundled transmission service pursuant to a state requirement that Tacoma Power offer the transmission service, or pursuant to a voluntary offer of such service by Tacoma Power, is an Eligible Customer under the Tariff.

1.27 e-Tag:

An electronic tag associated with a schedule in accordance with the requirements of the North American Electric Reliability Corporation (NERC), the Western Electricity Coordinating Council (WECC), or the North American Energy Standards Board (NAESB).

1.28 Facilities Study:

An engineering study conducted by Tacoma Power to determine the required modifications to Tacoma Power's Transmission System, including the cost and scheduled completion date for such modifications, that will be required to provide the requested transmission service.

1.29 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.

1.30 Flexible Ramping Product:

The costs associated with meeting a requirement, established by the MO, that may be enforced in the MO's EIM optimization to ensure that the unit commitment or dispatch of resources for intervals beyond the applicable commitment or dispatch period provide for the availability of required capacity for dispatch in subsequent real-time dispatch intervals.

1.31 Flexible Ramping Forecasted Movement:

A resource's change in forecasted output between market intervals for purposes of Flexible Ramping Product.

1.32 Flexible Ramping Product Uncertainty Award:

A resource's award for meeting a Flexible Ramping Uncertainty Requirement under the Flexible Ramping Product.

1.33 Flexible Ramping Uncertainty Requirement:

Flexible ramping capability to meet the Flexible Ramping Product requirements established by the MO.

1.34 Forecast Data:

Information provided by Transmission Customers regarding expected load (as determined pursuant to Section 4.2.4.3 of Attachment O of this Tariff), generation, Intrachange, and Interchange, as specified in Section 4.2.4 of Attachment O and the Tacoma Power EIM BP. The Transmission Customer Base Schedule includes Forecast Data that is used by the Tacoma Power EIM Entity as the baseline by which to measure Imbalance Energy for purposes of EIM settlement.

1.35 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).

1.36 Hourly Pricing Proxy:

The Hourly Pricing Proxy will be the hourly Mid-Columbia Price Index

published by Powerdex.

1.37 Interconnection Customer:

Any Eligible Customer (or its Designated Agent) that executes an agreement to receive generation interconnection service pursuant to Attachment N of this Tariff.

1.38 Imbalance Energy:

The deviation of supply or demand from the Transmission Customer Base Schedule, positive or negative, as measured by metered generation, metered load, or realtime Interchange or Intrachange schedules.

1.39 Instructed Imbalance Energy (IIE):

There are three scenarios that can lead to settlement of imbalance as IIE: (1) operational adjustments of the Transmission Customer's affected Interchange or Intrachange, which includes changes by the Transmission Customer after T-57, (2) resource imbalances created by Manual Dispatch or an EIM Available Balancing Capacity dispatch, or (3) an adjustment to resource imbalances created by adjustments to resource forecasts pursuant to Section 11.5 of the MO Tariff. IIE will be settled at either the RTD or FMM price at the applicable PNode depending on the nature and timing of the imbalance.

1.40 Interchange:

E-Tagged energy transfers from, to, or through the Tacoma Power BAA or

other BAAs, not including EIM Transfers.

1.41 Intrachange:

E-Tagged energy transfers within the Tacoma Power BAA, not including real-time actual energy flows associated with EIM Dispatch Instructions.

1.42 Interruption:

A reduction in non-firm transmission service due to economic reasons pursuant to Section 14.7.

1.43 Load Aggregation Point:

A set of Pricing Nodes that is used for the submission of bids and settlement of demand in the EIM.

1.44 Load Ratio Share:

Ratio of a Transmission Customer's Network Load to Tacoma Power's Transmission System Load computed in accordance with Section 34 of the Network Integration Transmission Service under Part III of the Tariff.

1.45 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.

1.46 Locational Marginal Price (LMP):

The marginal cost (\$/MWh) of serving the next increment of demand at that

PNode consistent with existing transmission constraints and the performance characteristics of resources.

1.47 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.

1.48 Manual Dispatch:

An operating order issued by the Tacoma Power EIM Entity to a Transmission Customer with a Tacoma Power EIM Participating Resource or a Non-Participating Resource in Tacoma Power's BAA, outside of the EIM optimization, when necessary to address reliability or operational issues in Tacoma Power's BAA that the EIM is not able to address through economic dispatch and congestion management.

1.49 Market Operator (MO):

The entity responsible for operation, administration, settlement, and oversight of the EIM.

1.50 Measured Demand:

Includes (1) Metered Demand, plus (2) e-Tagged export volumes from the Tacoma Power BAA (excluding EIM Transfers).

1.51 Metered Demand:

Metered load volumes in Tacoma Power's BAA.

1.52 MO Tariff:

Those portions of the MO's approved tariff, as such tariff may be modified from time to time, that specifically apply to the operation, administration, settlement, and oversight of the EIM.

1.53 Native Load Customers:

The wholesale and retail power customers of Tacoma Power on whose behalf Tacoma Power, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate Tacoma Power's system to meet the reliable electric needs of such customers.

1.54 Network Customer:

An entity receiving transmission service pursuant to the terms of Tacoma Power's Network Integration Transmission Service under Part III of the Tariff.

1.55 Network Integration Transmission Service:

The transmission service provided under Part III of the Tariff.

1.56 Network Load:

The load that a Network Customer designates for Network Integration Transmission Service under Part III of the Tariff. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as Network Load but may not

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

1.57 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.

1.58 Network Operating Committee:

A group made up of representatives from the Network Customer(s) and Tacoma Power, established to coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service under Part III of this Tariff.

1.59 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.

1.60 Network Upgrades:

Modifications or additions to transmission-related facilities that are integrated with and support Tacoma Power's overall Transmission System for the general benefit of all users of such Transmission System.

1.61 Non-Firm Point-To-Point Transmission Service:

Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of this Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month.

1.62 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.

1.63 Non-Participating Resource:

A resource in Tacoma Power's BAA that is not a Tacoma Power EIM Participating Resource.

1.64 Open Access Same-Time Information System (OASIS):

The information system on which Tacoma Power posts its Available Transfer Capability and other information relevant to Transmission Service or Network Integration Transmission Service under this Tariff. Transmission Customers also use the OASIS to request Transmission Service or Network Integration Transmission Service.

1.65 Operating Hour:

The hour during the day when the EIM runs and energy is supplied to load.

1.66 Part I:

Tariff Definitions and Common Service Provisions contained in Sections 2 through 12.

1.67 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.

1.68 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.

1.69 Part IV:

Tariff Section 36 pertaining to Generator Interconnection service in conjunction with the applicable Common Service Provisions of Part I and appropriate Schedules and Attachments.

1.70 Parties:

Tacoma Power and the Transmission Customer receiving service under the Tariff.

1.71 Point(s) of Delivery:

Point(s) on Tacoma Power's Transmission System where capacity and energy transmitted by Tacoma Power 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.

1.72 Point(s) of Receipt:

Point(s) of interconnection on Tacoma Power's Transmission System where capacity and energy will be made available to Tacoma Power 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.

1.73 Point-To-Point Transmission Service:

The reservation and transmission of capacity and energy on a firm or non-firm

basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

1.74 Power Purchaser:

The entity that is purchasing the capacity and energy to be transmitted under the Tariff.

1.75 Pricing Node (PNode):

A single network node or subset of network nodes where a physical injection or withdrawal is modeled by the MO and for which the MO calculates an LMP that is used for financial settlements by the MO and the Tacoma Power EIM Entity.

1.76 Real Power Losses:

Electrical losses associated with the use of Tacoma Power's Transmission System and, where applicable, the use of Tacoma Power's distribution system. Such losses are provided for in Sections 15.6 and 28.5 of the Tariff and settled financially under Schedule 10.

1.77 Receiving Party:

The entity receiving the capacity and energy transmitted by Tacoma Power to Point(s) of Delivery.

1.78 Reserved Capacity:

The maximum amount of capacity and energy that Tacoma Power agrees to

transmit for the Transmission Customer over Tacoma Power'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.

1.79 Resource Plan:

The combination of load, resource and Interchange components of the Transmission Customer Base Schedule, ancillary services plans of the Tacoma Power EIM Entity, bid ranges submitted by Tacoma Power EIM Participating Resources, and the EIM Available Balancing Capacity of Balancing Authority Area Resources.

1.80 Service Agreement:

The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and Tacoma Power for service under the Tariff.

1.81 Service Commencement Date:

The date Tacoma Power begins to provide service pursuant to the terms of an executed Service Agreement.

1.82 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.

1.83 System Impact Study:

An assessment by Tacoma Power 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.

1.84 Tacoma Power BAA:

Refers to the BAA operated by Tacoma Power.

1.85 Tacoma Power BAA Transmission Owner:

A transmission owner, other than the Tacoma Power EIM Entity, who owns transmission facilities in Tacoma Power's BAA.

1.86 Tacoma Power EIM Business Practice (Tacoma Power EIM BP):

The business practice posted on Tacoma Power's OASIS that contains procedures related to Tacoma Power's implementation of EIM and the rights and obligations of Transmission Customers and Interconnection Customers related to EIM.

1.87 Tacoma Power EIM Entity:

Tacoma Power in performance of its role as an EIM Entity under the MO Tariff and this Tariff, including, but not limited to, Attachment O.

1.88 Tacoma Power EIM Entity Scheduling Coordinator:

Tacoma Power or the entity selected by Tacoma Power who is certified by the MO and who enters into the MO's pro forma EIM Entity Scheduling Coordinator Agreement.

1.89 Tacoma Power EIM Participating Resource:

A resource or a portion of a resource: (1) that has been certified in accordance with Attachment O by the Tacoma Power EIM Entity as eligible to participate in the EIM; and (2) for which the generation owner and/or operator enters into the MO's pro forma EIM Participating Resource Agreement.

1.90 Tacoma Power EIM Participating Resource Scheduling Coordinator:

A Transmission Customer with one or more Tacoma Power EIM Participating Resource(s) or a third-party designated by the Transmission Customer with one or more Tacoma Power EIM Participating Resource(s), that is certified by the MO and enters into the MO's pro forma EIM Participating Resource Scheduling Coordinator Agreement.

1.91 Tacoma Power Interchange Rights Holder:

A Transmission Customer who has informed the Tacoma Power EIM Entity that it is electing to make reserved firm transmission capacity available for EIM Transfers without compensation.

1.92 Tacoma Power's Transmission System Peak:

The maximum firm usage of Tacoma Power's Transmission System during the previous 12 months.

1.93 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.

1.94 Transmission Customer:

Any Eligible Customer (or its Designated Agent) that executes a Service Agreement. 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.

1.95 Transmission Customer Base Schedule:

An energy schedule that provides Transmission Customer hourly-level Forecast Data and other information that is used by the Tacoma Power EIM Entity as the baseline by which to measure Imbalance Energy for purposes of EIM settlement. The term "Transmission Customer Base Schedule" as used in this Tariff may refer collectively to the components of such schedule (resource, Interchange, Intrachange, and load determined pursuant to Section

4.2.4.3 of Attachment O) or any individual components of such schedule.

1.96 Transmission Service:

Point-To-Point Transmission Service provided under Part II of the Tariff on a firm or non-firm basis.

1.97 Transmission System:

The facilities owned, controlled, or operated by Tacoma Power that are used to provide transmission service under Part II and Part III of the Tariff.

1.98 Utility Board:

The Tacoma Public Utility Board, or any successor body with analogous authority and responsibilities.

1.99 Uninstructed Imbalance Energy (UIE):

For Non-Participating Resources in an EIM Entity BAA, the MO shall calculate UIE as either (1) the algebraic difference between the resource's 5-minute meter data and the resource component of the Transmission Customer Base Schedule, or, if applicable, (2) the 5-minute meter data and any Manual Dispatch or EIM Available Balancing Capacity dispatch. For Transmission Customers with load in the Tacoma Power EIM Entity's BAA, the Tacoma Power EIM Entity shall calculate UIE as the algebraic difference between the Transmission Customer's actual hourly load and the Transmission Customer Base Schedule.

1.100 Variable Energy Resource:

A device for the production of electricity that is characterized by an energy source that: (1) is renewable; (2) cannot be stored by the facility owner or operator; and (3) has variability that is beyond the control of the facility owner or operator.

1.101 WECC:

The Western Electricity Coordinating Council or any successor entity that serves as the regional entity responsible for coordinating and promoting bulk electric system reliability in the Western Interconnection.

2 Initial Allocation and Renewal Procedures

2.1 Reservation Priority For Existing Firm Service Customers:

Existing firm service customers (wholesale requirements and transmission-only, with a contract term of five years or more), have the right to continue to take transmission service from Tacoma Power 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 Tacoma Power or elects to purchase capacity and energy from another supplier. If at the end of the contract term, Tacoma Power'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 Tacoma Power's then current rates 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 Tacoma Power whether it will exercise its right of first refusal no less than one year prior to the expiration date of its transmission service agreement. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of five years or longer.

3 Ancillary Services

Ancillary Services are needed with transmission service to maintain reliability within and among the Balancing Authorities affected by the transmission service. Tacoma Power is required to provide (or offer to arrange with another Balancing Authority 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.

Tacoma Power is required to offer to provide (or offer to arrange with another Balancing Authority as discussed below) the following Ancillary Services only to the Transmission Customer serving load within Tacoma Power's Balancing Authority Area (i) Regulation and Frequency Response, (ii) Energy Imbalance,

(iii) Operating Reserve - Spinning, and (iv) Operating Reserve - Supplemental.

The Transmission Customer serving load within Tacoma Power's Balancing Authority Area is required to acquire these Ancillary Services, whether from Tacoma Power, from a third party, or by self-supply.

Tacoma Power is required to provide (or offer to arrange with another Balancing Authority 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 Balancing Authority Area. The Transmission Customer using Transmission Service to deliver energy from a generator located within Tacoma Power's Balancing Authority Area is required to acquire Generator Imbalance Service, whether from Tacoma Power, from a third party, or by self-supply.

The Transmission Customer may not decline Tacoma Power's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from Tacoma Power. 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 Tacoma Power 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 at such time that Tacoma Power is no longer a Balancing Authority and is unable to provide some or all of the Ancillary Services, Tacoma Power can fulfill its obligation to provide Ancillary Services by acting as the Transmission Customer's agent to secure these Ancillary Services from a nearby Balancing Authority. The Transmission Customer may elect to (i) have Tacoma Power act as its agent, or (ii) secure the Ancillary Services (discussed in Schedules 3, 4, 5, 6 and 9) from a third party or by self-supply when technically feasible.

Tacoma Power 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 are described on the Schedules that are attached to and made a part of the Tariff.

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)

In the event available transfer capability 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.

Tacoma Power shall post on OASIS 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. Tacoma Power shall post on OASIS an electronic link to the NAESB website where any rules, standards and practices that are protected by copyright may be obtained. Tacoma Power shall provide a minimum of 45 days advance notice to Transmission Customers and Eligible Customers (which notice may be given by posting on OASIS and must be given by formal written notice (hard copy or electronic) to

each Transmission Customer currently receiving service under this Tariff) of any additions, deletions or modifications to Tacoma Power's rules, standards, and practices associated with this Tariff, the associated effective date, and any additional implementation procedures that Tacoma Power deems appropriate.

5 Local Furnishing Bonds

5.1 Transmission Providers That Own Facilities Financed by Local Furnishing Bonds:

Notwithstanding any other provision of this Tariff, Tacoma Power 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 Tacoma Power's facilities that would be used in providing such transmission service.

6 Reciprocity

A Transmission Customer receiving transmission service under this Tariff agrees to provide comparable transmission service that it is capable of providing to Tacoma Power on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate Affiliates. A Transmission Customer that is a member of, or takes transmission service from, a power pool, Regional Transmission Group (RTG), 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, RTG, RTO, ISO or other transmission organization on similar terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate Affiliates.

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

7 Billing and Payment

7.1 Billing Procedure:

Within a reasonable time after service is provided, Tacoma Power shall submit an invoice to the Transmission Customer for the charges for all services furnished under the Tariff. Notwithstanding the prior sentence, Tacoma Power may submit invoices for periods of less than a full month. The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to Tacoma Power, or by wire transfer to a bank named by Tacoma Power.

7.2 Interest on Unpaid Balances:

Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by Tacoma Power.

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 Tacoma Power on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after Tacoma Power notifies the

Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, Tacoma Power may initiate a proceeding with the Utility Board to terminate service but shall not terminate service until the Utility Board so approves any such request. In the event of a billing dispute between Tacoma Power and the Transmission Customer, Tacoma Power 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 Tacoma Power may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days.

8 [Reserved]

9 Withdrawal of and Changes to the Tariff by Tacoma Power

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of Tacoma Power to unilaterally make a change in rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation as approved by the Utility Board. Tacoma Power shall give Transmission Customers a minimum of 45 days notice of any proposed changes (which notice may be given by posting on OASIS and must be given by formal written notice (hard copy or electronic) to each Transmission Customer

currently receiving service under this Tariff).

Notwithstanding the foregoing, either of the Tacoma Director of Utilities or Tacoma Power's Superintendent may modify Ancillary Services terms and conditions in this Tariff without said 45-day notice provided that (a) the Director of Utilities or the Superintendent, as applicable, determines that there are exigent circumstances that require the modifications to be made without 45-day notice or prior Utility Board approval, (b) any such modifications shall be subject to refund, except to the extent subsequently confirmed by the Utility Board, and (c) any such modifications shall be submitted to the Utility Board for action (which may include approval, further modification, or rescission) as promptly following implementation as feasible, consistent with applicable Utility Board meeting and notice requirements.

The Transmission Customer shall have the right to appear at any public meeting of the Utility Board to challenge or support existing provisions of or proposed modifications to this Tariff or any Service Agreement (including, without limitations, modifications implemented by the Director of Utilities or the Superintendent as provided in the preceding paragraph), and nothing contained in this Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Transmission Customer receiving service under this Tariff to exercise its rights to challenge, in a public process, any changes, revisions, or modifications made by the Utility Board, Director of Utilities, and/or

Superintendent, and/or to exercise any rights it may have under the Federal Power Act and pursuant to Commission 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 of the Party seeking to be excused. Neither Tacoma Power nor the Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

10.2 Indemnification:

The Transmission Customer shall at all times indemnify, defend, and save Tacoma Power harmless from, any and all damages, losses, claims (including claims and actions relating to injury to or death of any person or damage to property), demands, suits, recoveries, costs and expenses, court costs, attorney

fees, and all other obligations by or to third parties, arising out of or resulting from Tacoma Power's performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of negligence or intentional wrongdoing by Tacoma Power. If Tacoma Power and the Transmission Customer are Parties to the Agreement Limiting Liability Among Western Interconnected Systems (Agreement) then to the extent that Agreement provides Tacoma Power with indemnity, defense, and holds Tacoma Power harmless from third party claims that Agreement shall govern, otherwise the Transmission Customer shall be obligated to provide indemnity, defense and hold Tacoma Power harmless as described above.

11 Creditworthiness

Tacoma Power will specify its Creditworthiness procedures in Attachment L.

12 Dispute Resolution Procedures

12.1 Internal Dispute Resolution Procedures:

Any dispute between a Transmission Customer and Tacoma Power involving transmission service under the Tariff shall be referred to a designated senior representative of Tacoma Power and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days (or such other period as the Parties may agree upon) by mutual agreement, such dispute may, with the written consent of Tacoma Power and the Transmission Customer, be submitted to arbitration

and resolved in accordance with the arbitration procedures set forth below; provided, however, that Tacoma Power and the Transmission Customer may further agree to vary the arbitration procedures set forth below. In the absence of written consent by Tacoma Power and the Transmission Customer to arbitrate a dispute involving transmission service under this Tariff, either Party may exercise such remedies as are available at law, in equity, or by statute.

12.2 External Arbitration Procedures:

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

12.3 Arbitration Decisions:

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

12.4 EIM Disputes

12.4.1 Disputes between the Tacoma Power EIM Entity and a Transmission Customer or Interconnection Customer Related to Allocation of Charges or Payments from the MO

To the extent a dispute arises between the Tacoma Power EIM Entity and a Transmission Customer or Interconnection Customer regarding the Tacoma Power EIM Entity's implementation of this Tariff's provisions regarding the manner in which the Tacoma Power EIM Entity allocates charges or payments from the MO, the parties shall follow the dispute resolution procedures in Sections 12.1 to 12.3 of this Tariff.

12.4.2 Disputes between the MO and Tacoma Power EIM Participating Resource Scheduling Coordinators Related to EIM Charges and Payments Directly From the MO

Disputes involving settlement statements between the MO and Tacoma Power EIM Participating Resource Scheduling Coordinators shall be resolved in accordance with the dispute resolution process of the MO Tariff. A Transmission Customer with a Tacoma Power EIM Participating Resource shall provide notice to the Tacoma Power EIM Entity if it raises a dispute with the MO, and such notice shall be provided in accordance with the process set forth in the Tacoma Power EIM BP.

12.4.3 Disputes between the MO and the Tacoma Power EIM Entity

The Tacoma Power EIM Entity may raise disputes with the MO regarding the settlement statements it receives from the MO in accordance with the process specified in the MO Tariff. If the Tacoma Power EIM Entity submits a dispute it shall provide notice to Transmission Customers in accordance with the Tacoma Power EIM BP.

12.4.4 Disputes Regarding MO Charges or Payments to the Tacoma Power EIM Entity Raised by Transmission Customers or Interconnection Customers

To the extent a dispute arises regarding a MO charge or a MO payment to the Tacoma Power EIM Entity that is subsequently charged or paid by the Tacoma Power EIM Entity to a Transmission Customer or an Interconnection Customer, and such Transmission Customer or Interconnection Customer wishes to raise a dispute with the MO, the Tacoma Power EIM Entity shall

file a dispute on behalf of such Transmission Customer or Interconnection Customer in accordance with the MO Tariff and work with the Transmission Customer or the Interconnection Customer to resolve the dispute pursuant to the process specified in the MO Tariff.

12.5 Costs:

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

1. the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or
2. one half the cost of the single arbitrator jointly chosen by the Parties.

II. POINT-TO-POINT TRANSMISSION SERVICE

Preamble

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

13 Nature of Firm Point-To-Point Transmission Service

13.1 Term:

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

13.2 Reservation Priority:

- (i) Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis, i.e., in the chronological sequence in which each Transmission Customer has requested service.
- (ii) Reservations for Short-Term Firm Point-To-Point Transmission Service will be conditional based upon the length of the requested transaction or reservation.
- (iii) If the Transmission System becomes oversubscribed, requests for service may preempt competing reservations up to the following conditional reservation deadlines: one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transfer capability is insufficient to satisfy all requests and reservations, an Eligible Customer with a reservation for shorter term service has the right of first refusal to match any longer term request before losing its reservation priority.
- (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 2.1.

13.3 Use of Firm Point-To-Point Transmission Service by Tacoma

Power:

Tacoma Power 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 June 1, 2012. Tacoma Power will maintain separate accounting for any use of Firm Point-To-Point Transmission Service to make Third-Party Sales.

13.4 Service Agreements:

Tacoma Power 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. Tacoma Power shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Attachment A) to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be submitted to the Utility Board for approval. 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.

13.5 Transmission Customer Obligations for Facility Additions:

In cases where Tacoma Power 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 Tacoma Power's ability to meet prior firm contractual commitments to others, Tacoma Power will be obligated to expand or upgrade its Transmission System pursuant to the terms of Section 15.3. The Transmission Customer must agree to compensate Tacoma Power for any necessary transmission facility additions pursuant to the terms of Section 27. Any Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service.

13.6 Curtailment of Firm Transmission Service:

In the event that a Curtailment on Tacoma Power's Transmission System, or a portion thereof, is required to maintain reliable operation of such system and

the system directly and indirectly interconnected with Tacoma Power's Transmission System, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. Tacoma Power may elect to implement such Curtailments pursuant to the Transmission Loading Relief procedures specified in Attachment J. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, Tacoma Power 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 Tacoma Power'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. When Tacoma Power 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 Tacoma Power. However, Tacoma Power reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in Tacoma Power's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of its Transmission System. Tacoma Power will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments. Tacoma Power shall take necessary

measures to ensure reliability in Tacoma Power's BAA in accordance with Section 6 of Attachment O.

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 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.
- (b) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on Tacoma Power'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) Tacoma Power shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm

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

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 Tacoma Power no later than 10:00 a.m. of the day prior to the day of commencement of such service. Schedules submitted after 10:00 a.m. will be accommodated, if practicable. Hour-to-hour schedules and intra-hour (four intervals consisting of fifteen minute schedules) schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within Tacoma Power's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common Point of Receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next scheduling interval provided that the Delivering Party and Receiving Party also agree to the schedule modification. Tacoma Power will furnish to the Delivering Party's system operator, hour-to-hour and intra-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 Tacoma Power, and Tacoma Power 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, an Eligible Customer requesting Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Section 18.3.

14.2 Reservation Priority:

Non-Firm Point-To-Point Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned to requests or reservations with a longer duration of 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 Tacoma Power; 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 Tacoma Power. 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 Tacoma Power:

Tacoma Power 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 June 1, 2012. Tacoma Power will maintain separate accounting for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

14.4 Service Agreements

Tacoma Power shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Attachment B) to an Eligible Customer when it first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be approved by the

Utility Board.

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. Tacoma Power 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. 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 Tacoma Power no later than 2:00 p.m. of the day prior to commencement of such service. Schedules submitted after 2:00 p.m. will be accommodated, if practicable. Hour-to-hour and intra-hour (four intervals consisting of fifteen minute schedules) schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within Tacoma Power's service area with multiple requests for

Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next scheduling interval provided that the Delivering Party and Receiving Party also agree to the schedule modification. Tacoma Power will furnish to the Delivering Party's system operator, hour-to-hour and intra-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 Tacoma Power, and Tacoma Power 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:

Tacoma Power reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System or the systems directly and indirectly interconnected with Tacoma Power's Transmission System. Tacoma Power may elect to implement such Curtailments pursuant to the procedures for addressing parallel flows specified in Attachment J. Tacoma

Power 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. Tacoma Power 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. Tacoma Power will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice. Tacoma Power will take necessary measures to ensure reliability in Tacoma Power's BAA in accordance with Section 6 of Attachment O.

15 Service Availability

15.1 General Conditions:

Tacoma Power 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 17.

15.2 Determination of Available Transfer Capability:

A description of Tacoma Power's specific methodology for assessing available transfer capability posted on Tacoma Power's OASIS (Section 4) is contained in Attachment C of the Tariff. In the event sufficient transfer capability may not exist to accommodate a service request, Tacoma Power will respond by performing a System Impact Study.

15.3 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System:

- (a) If Tacoma Power determines that it cannot accommodate a

Completed Application for Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, Tacoma Power 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 K, provided the Transmission Customer agrees to compensate Tacoma Power for such costs pursuant to the terms of Section 19. Tacoma Power will conform to Good Utility Practice and its planning obligations in Attachment K, in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those facilities that Tacoma Power has the right to expand or modify.

15.4 Deferral of Service:

Tacoma Power may defer providing service until it completes construction of new transmission facilities or upgrades needed to provide Firm Point-To-Point Transmission Service whenever Tacoma Power determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

15.5 Other Transmission Service Schedules:

Eligible Customers receiving transmission service from Tacoma Power, under other agreements, may continue to receive transmission service under those

agreements until such time as those agreements terminate pursuant to their terms and conditions or are replaced.

15.6 Real Power Losses:

Real Power Losses are associated with all transmission service. Tacoma Power is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing or purchasing losses associated with all transmission service as calculated by Tacoma Power. The applicable Transmission Loss factor is 1.87% of kWh's delivered.

16 Transmission Customer Responsibilities

16.1 Conditions Required of Transmission Customers:

Point-To-Point Transmission Service shall be provided by Tacoma Power 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 Tacoma Power prior to the time service under Part II of the Tariff commences;
- (d) The Transmission Customer agrees to pay for any facilities

constructed and chargeable to such Transmission Customer under Part II of the Tariff, whether or not the Transmission Customer takes service for the full term of its reservation;

- (e) The Transmission Customer provides the information required by Tacoma Power's planning process established in Attachment K; and
- (f) The Transmission Customer has executed a Point-To-Point Service Agreement; and
- (g) The Transmission Customer must comply with the requirements of Attachment O regarding the EIM.

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 Tacoma Power, notification to Tacoma Power identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by Tacoma Power 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, Tacoma Power 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: Tacoma Power, Attn: Transmission and Distribution Manager, 3628 South 35th Street Tacoma WA, 98409, at least sixty (60) days in advance of the calendar month in which service is to commence. Tacoma Power 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 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 Tacoma Power's OASIS. This method will provide a time-stamped record for establishing the priority of the Application.

17.2 Completed Application:

A Completed Application shall provide all the following information:

- (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. Tacoma Power will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing agreements;
- (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 Tacoma Power's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement; and

- (ix) Any additional information required by Tacoma Power's planning process established in Attachment K.

17.3 Deposit:

A Completed Application for Firm Point-To-Point Transmission Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected by Tacoma Power because it does not meet the conditions for service as set forth herein, said deposit shall be returned with interest less any reasonable costs incurred by Tacoma Power in connection with the review of the Application. The deposit also will be returned with interest less any reasonable costs incurred by Tacoma Power if Tacoma Power is unable to complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Point-To-Point Transmission Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by Tacoma Power to the extent such costs have not already been recovered by Tacoma Power from the Eligible Customer. Tacoma Power will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section 19. If a

Service Agreement for Firm Point-To-Point Transmission Service is executed, the deposit, with interest, will be returned to the Transmission Customer upon expiration or termination of the Service Agreement for Firm Point-To-Point Transmission Service. Applicable interest shall be computed in accordance with the Commission's regulations at 18 CFR 35.19a(a)(2)(iii), and shall be calculated from the day the deposit check is credited to Tacoma Power's account.

17.4 Notice of Deficient Application:

If an Application fails to meet the requirements of the Tariff, Tacoma Power shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. Tacoma Power will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, Tacoma Power shall return the Application, along with any deposit, with interest. Upon receipt of a new or revised Application that fully complies with the requirements of Part II of the Tariff, the Eligible Customer shall be assigned a new priority consistent with the date of the new or revised Application.

17.5 Response to a Completed Application:

Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, Tacoma Power shall make a determination of available transfer capability as required in Section 15.2. Tacoma Power 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 Tacoma Power must be made as soon as practicable to all Completed Applications and the timing of such responses must be made on a non-discriminatory basis.

17.6 Execution of Service Agreement:

Whenever Tacoma Power 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 within fifteen (15) days after it is tendered by Tacoma Power will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest less any costs reasonably incurred to review the application. 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 Tacoma Power 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 written Application to: Tacoma Power, Attn: Transmission and Distribution Manager, 3628 South 35th Street Tacoma WA, 98409, at least sixty (60) days in advance of the calendar month in which service is to commence. Additionally, eligible customers should be submitted

by entering the information listed below on Tacoma Power's OASIS in order to 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 following information:

- (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, Tacoma Power also may ask the Transmission Customer to provide the following:

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

- (viii) Tacoma Power will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG transmission information sharing agreements.

18.3 Reservation of Non-Firm Point-To-Point Transmission Service

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

18.4 Determination of Available Transfer Capability

Following receipt of a tendered schedule Tacoma Power will make a determination on a non-discriminatory basis of available transfer capability pursuant to Section 15.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service (i) thirty (30) minutes for hourly service, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly

service, and (iv) two (2) days for monthly service.

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

19.1 Notice of Need for System Impact Study:

After receiving a request for service, Tacoma Power shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of Tacoma Power's methodology for completing a System Impact Study is provided in Attachment D. If Tacoma Power determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. Once informed, the Eligible Customer shall timely notify Tacoma Power if it elects to have Tacoma Power study redispatch as part of the System Impact Study. If notification declining study of redispatch is provided prior to tender of the System Impact Study Agreement, the Eligible Customer can avoid the costs associated with the study of this option. Tacoma Power shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse Tacoma Power 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 Tacoma Power within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its application shall be deemed withdrawn and its deposit,

pursuant to Section 17.3, shall be returned with interest.

19.2 System Impact Study Agreement and Cost Reimbursement:

- (i) The System Impact Study Agreement will clearly specify Tacoma Power'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, Tacoma Power 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 Tacoma Power to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.

19.3 System Impact Study Procedures:

Upon receipt of an executed System Impact Study Agreement, Tacoma Power will use due diligence to complete the required System Impact Study within a

sixty (60) day period. The System Impact Study shall identify (1) any system constraints, identified with specificity by transmission element or flowgate, and (2) 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 (a) identify all resources located within Tacoma Power's Balancing Authority Area that can significantly contribute toward relieving the system constraint and (b) provide a measurement of each resource's impact on the system constraint. If Tacoma Power possesses information indicating that any resource outside its Balancing Authority Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that Tacoma Power 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. Tacoma Power will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. Tacoma Power 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 the Application shall be deemed terminated and withdrawn.

19.4 Facilities Study Procedures:

If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service request, Tacoma Power, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse Tacoma Power 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 Tacoma Power within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, Tacoma Power will use due diligence to complete the required Facilities Study within a sixty (60) day period. If Tacoma Power is unable to complete the Facilities Study in the allotted time period, Tacoma Power shall notify the Transmission Customer and provide an

estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, (ii) the Transmission Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of the Tariff, and (iii) the time required to complete such construction and initiate the requested service. The Transmission Customer shall provide Tacoma Power with a letter of credit or other reasonable form of security acceptable to Tacoma Power equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Transmission Customer shall have thirty (30) days to execute a Service Agreement and provide the required letter of credit or other form of security or the request will no longer be a Completed Application and shall be deemed terminated and withdrawn. If the Transmission Customer is unwilling to execute the Service Agreement offered by Tacoma Power due to unacceptability of proposed terms, but still wishes to obtain Firm Transmission Service from Tacoma Power, the Transmission Customer may address the matter to the Utility Board as provided in Section 9 of this Tariff.

19.5 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 Tacoma Power 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 Due Diligence in Completing New Facilities:

Tacoma Power shall use due diligence to add necessary facilities or upgrade its Transmission System within a reasonable time. Tacoma Power 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 Partial Interim Service:

If Tacoma Power determines that it will not have adequate transfer capability to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service, Tacoma Power 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, Tacoma Power 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.

20 Procedures If Tacoma Power 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, Tacoma Power shall promptly notify the Transmission Customer. In such circumstances, Tacoma Power 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. Tacoma Power 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 Tacoma Power 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, Tacoma Power 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 Tacoma Power 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, Tacoma Power shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event Tacoma Power 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.

20.3 Refund Obligation for Unfinished Facility Additions:

If Tacoma Power and the Transmission Customer mutually agree that no other reasonable alternatives exist and the requested service cannot be provided out of existing capability under the conditions of Part II of the Tariff, the obligation to provide the requested Firm Point-To-Point Transmission Service shall terminate and any deposit made by the Transmission Customer shall be returned with interest pursuant to Commission regulations 18 C.F.R.

35.19a(a)(2)(iii). However, the Transmission Customer shall be responsible for all prudently incurred costs by Tacoma Power 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:

Tacoma Power 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. Tacoma Power 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, Tacoma Power shall have the right to coordinate construction on its own system with the construction required by others. Tacoma Power, 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. Tacoma Power 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 Tacoma Power 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.

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 Tacoma Power 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 Tacoma Power 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 Point(s) of Receipt or Point(s) of Delivery on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Point(s) of Receipt or Point(s) of Delivery specified in its Service Agreement.

23 Sale or Assignment of Transmission Service

23.1 Procedures for Assignment or Transfer of Service:

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

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

service will be determined by Tacoma Power 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, Tacoma Power will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of Tacoma Power's generation, transmission, or distribution systems. The Assignee shall compensate Tacoma Power 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 Tacoma Power 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 Tacoma Power's OASIS on or before the date the reassigned service commences and are subject to Section 23.1. Resellers may also use Tacoma Power's OASIS to post transmission capacity available for resale.

24 Metering and Power Factor Correction at Receipt and Delivery Points(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 Tacoma Power. Such equipment shall remain the property of the Transmission Customer.

24.2 Tacoma Power Access to Metering Data:

Tacoma Power 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 Tacoma Power 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).

26 [Reserved]

27 Compensation for New Facilities and Redispatch Costs

Whenever a System Impact Study performed by Tacoma Power 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. Whenever a System Impact Study performed by Tacoma Power identifies capacity constraints that may be relieved by redispatching Tacoma Power's resources to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

Preamble

Tacoma Power 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 Tacoma Power 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 subject 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 Tacoma Power's Balancing Authority 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, and must comply with the requirements of Attachment O regarding the EIM.

28.2 Tacoma Power Responsibilities:

Tacoma Power will plan, construct, operate and maintain its Transmission System in accordance with Good Utility Practice and its planning obligations in Attachment K in order to provide the Network Customer with Network Integration Transmission Service over Tacoma Power's Transmission System. Tacoma Power, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer under Part III of this Tariff. This information must be consistent with the information used by Tacoma Power to calculate available transfer capability. Tacoma Power shall include the Network Customer's Network Load in its

Transmission System planning and shall, consistent with Good Utility Practice and Attachment K, endeavor to construct and place into service sufficient transfer capability to deliver the Network Customer's Network Resources to serve its Network Load on a basis comparable to Tacoma Power's delivery of its own generating and purchased resources to its Native Load Customers.

28.3 Network Integration Transmission Service:

Tacoma Power 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 Tacoma Power's use of the Transmission System to reliably serve its Native Load Customers.

28.4 Secondary Service:

The Network Customer may use Tacoma Power'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. Tacoma Power is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing or purchasing losses associated with all transmission service as calculated by Tacoma Power. The applicable Transmission Loss factor is 1.87% of kWh's delivered.

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 Tacoma Power's Transmission System.

28.7 Participation in the EIM

Notwithstanding the limitations in Section 28.6, Network Customers may participate in the EIM utilizing a Network Integration Transmission Service Agreement without a requirement to terminate the designation of any Network Resource that is a Tacoma Power EIM Participating Resource consistent with Section 30.3 of this Tariff and without a requirement to reserve additional Point-To-Point Transmission Service for such transactions.

29 Initiating Service

29.1 Condition Precedent for Receiving Service:

Subject to the terms and conditions of Part III of the Tariff, Tacoma Power 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 Tacoma Power 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, and (iv) the Eligible Customer executes a Network Operating Agreement with Tacoma Power pursuant to Attachment G.

29.2 Application Procedures:

An Eligible Customer requesting service under Part III of the Tariff must submit a written Application to: Tacoma Power, Attn: Transmission and Distribution Manager, 3628 South 35th Street Tacoma WA, 98409, with a deposit approximating the charge for one month of service, to Tacoma Power as far as possible in advance of the month in which service is to commence. Unless subject to the procedures in Section 2, Completed Applications for Network Integration Transmission Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest priority. Applications should be submitted

by entering the information listed below to Tacoma Power at the following email address, TransmissionService@cityoftacoma.org or on Tacoma Power's OASIS. 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, 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 Tacoma Power substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;
- (iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to

interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 10 year load forecast provided in response to (iii) above;

- (v) A description of Network Resources (current and 10-year projection). For each on-system Network Resource, such description shall include:
- Unit size and amount of capacity from that unit to be designated as Network Resource
 - VAR capability (both leading and lagging) of all generators
 - Operating restrictions
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit
 - Any must-run unit designations required for system reliability or contract reasons
 - Approximate variable generating cost (\$/MWH) for redispatch computations

- Arrangements governing sale and delivery of power to third parties from generating facilities located in Tacoma Power Balancing Authority Area, where only a portion of unit output is designated as a Network Resource;

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

- Identification of the Network Resource as an off-system resource
- Amount of power to which the customer has rights
- Identification of the Balancing Authority Area from which the power will originate
- Delivery point(s) to Tacoma Power'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 Tacoma Power
 - 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 Balancing Authority ties with other Balancing Authorities;
- (vii) Service Commencement Date and the term of the requested

Network Integration Transmission Service. The minimum term for Network Integration Transmission Service is one year;

(viii) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 29.2(v) satisfy the following conditions:

(1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) the Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program; and

(ix) Any additional information required of the Transmission Customer as specified in (1) Tacoma Power's planning process established in Attachment K, or (2) Attachment O.

Unless the Parties agree to a different time frame, Tacoma Power must acknowledge the request within ten (10) days of receipt. The acknowledgement must include a date by which a response, including a

Service Agreement, will be sent to the Eligible Customer. If an Application fails to meet the requirements of this section, Tacoma Power shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, Tacoma Power will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, Tacoma Power 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.

29.3 Technical Arrangements to be Completed Prior to Commencement of Service:

Network Integration Transmission Service shall not commence until Tacoma Power 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. Tacoma Power shall exercise reasonable efforts, in coordination with the Network Customer, to complete such arrangements as soon as practicable taking into consideration the Service Commencement Date.

29.4 Network Customer Facilities:

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

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, or participating in the EIM in accordance with Attachment O. 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 Tacoma Power with as much advance notice as practicable. A designation of a new Network Resource must be made to

TransmissionService@cityoftacoma.org and by written request to: Tacoma Power, Attn: Transmission and Distribution Manager, 3628 South 35th Street Tacoma WA, 98409. This request must include a statement that the new Network Resource satisfies the following conditions: (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) The Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. The Network Customer's request will be deemed deficient if it does not include this statement and Tacoma Power will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

30.3 Termination of Network Resources:

The Network Customer may terminate the designation of all or part of a

generating resource as a Network Resource by providing notification to Tacoma Power 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 through a written request to: Tacoma Power, Attn: Transmission and Distribution Manager, 3628 South 35th Street Tacoma WA, 98409 and through TransmissionService@cityoftacoma.org, 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 Tacoma Power 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 Tacoma Power's Balancing Authority Area such that the output of those facilities exceeds its designated Network Load, plus Non-Firm Sales delivered pursuant to Part II of the Tariff, plus losses, plus power sales under a reserve sharing program, plus sales that

permit curtailment without penalty to serve its designated Network Load.

This limitation shall not apply to Tacoma Power EIM Participating Resources responding to Dispatch Instructions or to changes in the operation of a Transmission Customer's Network Resources at the request of Tacoma Power 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 Tacoma Power'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 Tacoma Power's Transmission System by either obtaining Point-To-Point Transmission Service or utilizing secondary service pursuant to Section 28.4.

30.5 Network Customer Redispatch Obligation:

As a condition to receiving Network Integration Transmission Service, the Network Customer agrees to redispatch its Network Resources as requested by Tacoma Power 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 Tacoma Power.

30.6 Transmission Arrangements for Network Resources Not Physically Interconnected With Tacoma Power:

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

30.7 Limitation on Designation of Network Resources:

The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.

30.8 Use of Interface Capacity by the Network Customer:

There is no limitation upon a Network Customer's use of Tacoma Power'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 Tacoma Power'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 Tacoma Power'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 Tacoma Power, to serve its power and transmission customers.

For facilities added by the Network Customer, the Network Customer shall receive credit for such transmission facilities added if such facilities are integrated into the operations of Tacoma Power's facilities; provided however, the Network Customer's transmission facilities shall be presumed to be integrated if such transmission facilities, if owned by Tacoma Power, would be eligible for inclusion in Tacoma Power's annual transmission revenue requirement as specified in Attachment H. Calculation of any credit under this subsection shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

31 Designation of Network Load

31.1 Network Load:

The Network Customer must designate the individual Network Loads on whose behalf Tacoma Power will provide Network Integration Transmission Service. The Network Loads shall be specified in the Service Agreement.

31.2 New Network Loads Connected With Tacoma Power:

The Network Customer shall provide Tacoma Power 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. Tacoma Power 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 and charged in accordance with the procedures provided in Section 32.4.

31.3 Network Load Not Physically Interconnected with Tacoma Power:

This section applies to both initial designation pursuant to Section 31.1 and the subsequent addition of new Network Load not physically interconnected with Tacoma Power. To the extent that the Network Customer desires to obtain transmission service for a load outside Tacoma Power'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 Tacoma Power's Transmission System and a Network Load, the Network Customer shall provide Tacoma Power 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 Tacoma Power and charged to the Network Customer as reflected in the Service Agreement. However, Tacoma Power must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner.

31.6 Annual Load and Resource Information Updates:

The Network Customer shall provide Tacoma Power 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 Tacoma Power's planning process in Attachment K. The Network Customer also shall provide Tacoma Power 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 Tacoma Power'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, Tacoma Power shall determine on a non-discriminatory basis whether a System Impact Study is needed. A description of Tacoma Power's methodology for completing a System Impact Study is provided in Attachment D. If Tacoma Power 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, Tacoma Power shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse Tacoma Power 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 Tacoma Power within fifteen (15) days. If the Eligible Customer elects not to execute the System Impact Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest.

32.2 System Impact Study Agreement and Cost Reimbursement:

- (i) The System Impact Study Agreement will clearly specify Tacoma Power'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, Tacoma Power 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 Tacoma Power to accommodate the service requests, the costs of that study shall be pro-rated among the Eligible Customers.

32.3 System Impact Study Procedures:

Upon receipt of an executed System Impact Study Agreement, Tacoma Power will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints, identified with specificity by transmission element or flowgate, (2) redispatch options (when requested by an Eligible Customer) including, 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 Tacoma Power's Balancing Authority 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 Tacoma Power possesses information indicating that any resource outside its Balancing Authority Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that Tacoma Power 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. Tacoma Power will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. Tacoma Power 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 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, Tacoma Power, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse Tacoma Power 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 Tacoma Power within

fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, Tacoma Power will use due diligence to complete the required Facilities Study within a sixty (60) day period. If Tacoma Power is unable to complete the Facilities Study in the allotted time period, Tacoma Power shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide Tacoma Power with a letter of credit or other reasonable form of security acceptable to Tacoma Power equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Eligible Customer shall have thirty (30) days to execute a Service Agreement and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

33 Load Shedding and Curtailments

33.1 Procedures:

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

33.2 Transmission Constraints:

During any period when Tacoma Power determines that a transmission constraint exists on the Transmission System, and such constraint may impair the reliability of Tacoma Power's system, Tacoma Power will take whatever actions, consistent with Good Utility Practice, are reasonably necessary to maintain the reliability of Tacoma Power's system. To the extent Tacoma Power determines that the reliability of the Transmission System can be maintained by redispatching resources, Tacoma Power will initiate procedures pursuant to the Network Operating Agreement to redispatch all Network Resources and Tacoma Power'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 Tacoma Power'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 Tacoma Power implements least-cost redispatch procedures in response to a transmission constraint, Tacoma Power 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 Tacoma Power's Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and Tacoma Power 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:

Tacoma Power 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

Tacoma Power and Network Customer in proportion to their respective Load Ratio Shares. Tacoma Power shall not direct the Network Customer to Curtail schedules to an extent greater than Tacoma Power would Curtail Tacoma Power's schedules under similar circumstances.

33.6 Load Shedding:

To the extent that a system contingency exists on Tacoma Power's Transmission System and Tacoma Power determines that it is necessary for Tacoma Power 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, Tacoma Power reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Network Integration Transmission Service without liability on Tacoma Power'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 Tacoma Power's Transmission System or on any other system(s) directly or indirectly interconnected with Tacoma Power's Transmission System, Tacoma Power, 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. Tacoma Power 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 Tacoma Power's use of the Transmission System on behalf of its Native Load Customers.

34 Rates and Charges

The Network Customer shall pay Tacoma Power for any Direct Assignment Facilities, Ancillary Services, and applicable study costs, consistent with Tacoma Power policy and 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 Tacoma Power's Annual Transmission Revenue Requirement specified in Attachment H.

34.2 Determination of Network Customer's Network Load:

The Network Customer's Network Load is its hourly load (including its designated Network Load not physically interconnected with Tacoma Power under Section 31.3) coincident with Tacoma Power's Transmission System

Load.

34.3 Determination of Tacoma Power's Transmission System Load:

Tacoma Power's Transmission System Load is Tacoma Power's Transmission System Peak minus the coincident hour usage of all Firm Point-To-Point Transmission Service customers pursuant to Part II of this Tariff plus the Reserved Capacity of all Firm Point-To-Point Transmission Service customers.

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 Tacoma Power's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between Tacoma Power

and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside Tacoma Power'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 Balancing Authority under applicable guidelines of the Electric Reliability Organization (ERO) as defined in 18 C.F.R. 39.1, (ii) satisfy its Balancing Authority requirements, including all necessary Ancillary Services, by contracting with Tacoma Power, or (iii) satisfy its Balancing Authority requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies the applicable reliability guidelines of the ERO. Tacoma Power shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G.

35.3 Network Operating Committee:

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

IV. GENERATOR INTERCONNECTION SERVICE

36 Applicable Terms, Conditions, and Requirements

36.1 Generator Interconnection Agreement and Connection Requirements:

Any request by an Eligible Customer or Transmission Customer for generator interconnection service shall be processed in accordance with and subject to the provisions of Tacoma Power's Generator Interconnection Agreement and applicable provisions of Tacoma Power's Facility Connection Requirements, each as then in effect. Tacoma Power shall make good faith efforts to keep posted on OASIS current forms of its Generator Interconnection Agreement and Facility Connection Requirements.

36.2 No Rights to Transmission or Network Integration Transmission Service Conferring by Interconnection Service:

No request for or agreement governing generator interconnection service shall

(a) constitute a request for, or convey any rights on any Eligible Customer, Transmission Customer, or interconnection customer with respect to, any form or transmission delivery service (including, without limitation, Transmission Service pursuant to Part II of this Tariff and Network Integration Transmission Service pursuant to Part III of this Tariff) or any Ancillary Services, or (b) otherwise convey any rights to deliver electricity to any customer on or portion of Tacoma Power's Transmission System.

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 Balancing Authority Area. This service can be provided only by the operator of the Balancing Authority Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by Tacoma Power. The Transmission Customer must purchase this service from Tacoma Power.

The Transmission Customer shall compensate Tacoma Power for Scheduling, System Control, and Dispatch Service at a rate of \$1.06/MWh transmitted.

SCHEDULE 1A

EIM Administrative Service

This service recovers the administrative costs assessed by the CAISO as the MO of the EIM to the Tacoma Power EIM Entity in accordance with Sections 4.5.1.1.4, 4.5.1.3, 11.22.8, and 29.11(i) of the MO Tariff (EIM Administrative Costs). All Transmission Customers purchasing LongTerm Firm Point-to-Point Transmission Service, Short-Term Firm Point-to-Point Transmission Service, Non-Firm Point-to-Point Transmission Service, or Network Integration Transmission Service from Tacoma Power shall be required to acquire EIM Administrative Service from Tacoma Power.

EIM Administrative Costs assigned to the Tacoma Power EIM Entity shall be sub-allocated to Transmission Customers on the basis of Measured Demand for the month in which the EIM Administrative Costs were incurred.

SCHEDULE 2

Reactive Supply and Voltage Control from Generation or Other Sources Service

In order to maintain transmission voltages on Tacoma Power's transmission facilities within acceptable limits, generation facilities and non-generation resources capable of providing this service that are under the control of the Balancing Authority 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 Tacoma Power'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 Tacoma Power.

Reactive Supply and Voltage Control from Generation or Other Sources of Service is to be provided directly by Tacoma Power. The Transmission Customer shall compensate Tacoma Power for Reactive Supply and Voltage Control at a rate of \$0.14/MWh transmitted.

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 Tacoma Power. Tacoma Power must offer this service when the transmission service is used to serve load within its Balancing Authority Area. The Transmission Customer must either purchase this service from Tacoma Power or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation.

The Transmission Customer shall compensate Tacoma Power for Regulation and Frequency Response Service at a rate of \$0.52/MWh transmitted to load within the Tacoma Power Balancing Authority Area.

SCHEDULE 4

Energy Imbalance Service

(a) Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Balancing Authority Area over a single hour. Tacoma Power must offer this service when the transmission service is used to serve load within its Balancing Authority Area. The Transmission Customer must either purchase this service from Tacoma Power 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.

(b) A Transmission Customer shall be charged or paid for Energy Imbalance Service measured as the deviation of the Transmission Customer's metered load compared to the load component of the Transmission Customer Base Schedule (as determined pursuant to Section 4.2.4 of Attachment O of this Tariff) settled as UIE for the period of the deviation at the applicable LAP price where the load is located, as determined by the MO under Section 29.11(b)(3)(C) of the MO Tariff.

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. Tacoma Power must offer this service when the transmission service is used to serve load within its Balancing Authority Area. The Transmission Customer must either purchase this service from Tacoma Power or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation.

The Transmission Customer shall compensate Tacoma Power for Spinning Reserve Service at a rate of \$20.48/MWh for load or generation located within the Tacoma Power Balancing Authority Area.

The billing factor for the Spinning Reserve Service is the Transmission Customer's Spinning Reserve Requirement determined in accordance with applicable NERC, WECC, and NWPP standards. Currently the standards establish a minimum Spinning Reserve Requirement equal to the sum of:

1. One and one half percent (1.5%) of the Transmission Customer's Reserved Capacity or Network Load, plus
2. One and one half percent (1.5%) of generation associated with the transmission scheduled and located within Tacoma Power's Balancing Authority Area.

Energy delivered will be priced at the Hourly Pricing Proxy for the hours energy is delivered times the amount of actual energy delivered.

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. Tacoma Power must offer this service when the transmission service is used to serve load within its Balancing Authority Area. The Transmission Customer must either purchase this service from Tacoma Power or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation.

The Transmission Customer shall compensate Tacoma Power for Supplemental Reserve Service at a rate of \$20.48/MWh for load or generation located within the Tacoma Power Balancing Authority Area.

The billing factor for the Supplemental Reserve Service is the Transmission Customer's Supplemental Reserve Requirement determined in accordance with applicable NERC, WECC, and NWPP standards. Currently the standards establish a minimum Supplemental Reserve Requirement equal to the sum of:

1. One and one half percent (1.5%) of the Transmission Customer's Reserved Capacity or Network Load, plus
2. One and one half percent (1.5%) of generation associated with the transmission scheduled and located within Tacoma Power's Balancing Authority Area.

Energy delivered will be priced at the Hourly Pricing Proxy for the hours energy is delivered times the amount of actual energy delivered.

SCHEDULE 7

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

The Transmission Customer shall compensate Tacoma Power each month for Reserved Capacity at the sum of the applicable charges set forth below:

- 1) **Yearly delivery:** one-twelfth of the demand charge of \$19,626/MW of Reserved Capacity per year.
- 2) **Monthly delivery:** \$1,636/MW of Reserved Capacity per month.
- 3) **Weekly delivery:** \$377.43/MW of Reserved Capacity per week.
- 4) **Daily delivery:** \$62.90/MW of Reserved Capacity per day.
- 5) **Hourly delivery:** \$3.93/MWh of Reserved Capacity.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

- 6) **Discounts:** Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by Tacoma Power must be announced to all Eligible Customers solely by posting on 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 OASIS, and (3) once a discount is negotiated, details must be immediately posted on OASIS. For any discount agreed upon for service on a path, from Point(s) of

Receipt to Point(s) of Delivery, Tacoma Power 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.

- 7) **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 of the Tariff.

SCHEDULE 8

Non-Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate Tacoma Power for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below:

- 1) **Monthly delivery:** \$1,636/MW of Reserved Capacity per month.
- 2) **Weekly delivery:** \$377.43/MW of Reserved Capacity per week.
- 3) **Daily delivery:** \$62.90/MW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

- 4) **Hourly delivery:** The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed \$3.93/MWh. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.
- 5) **Discounts:** Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by Tacoma Power must be announced to all Eligible Customers solely by posting on 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 OASIS, and (3) once a discount is negotiated, details must be immediately posted on OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, Tacoma Power 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.

- 6) **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, that is not a Tacoma Power EIM Participating Resource, located in Tacoma Power's Control Area and the resource component of the Transmission Customer Base Schedule from that generator to (1) another Control Area or (2) a load within Tacoma Power's Control Area over a single hour. Tacoma Power 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 Tacoma Power or make alternative comparable arrangements, which may include use of nongeneration resources capable of providing this service, to satisfy its Generator Imbalance Service obligation. To the extent the Control Area operator performs this service for Tacoma Power, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to Tacoma Power by that Control Area Operator.

Tacoma Power shall establish charges for Generator Imbalance Service as follows (the following provisions do not apply to Transmission Customers which have received a Manual Dispatch or EIM Available Balancing Capacity dispatch, or which have communicated physical changes in the output of resources to the MO):

- (1) A Transmission Customer shall be charged or paid for Generator Imbalance

Service measured as the deviation of the Transmission Customer's metered generation compared to the resource component of the Transmission Customer Base Schedule settled as UIE for the period of the deviation at the applicable PNode RTD price where the generator is located, as determined by the MO under Section 29.11(b)(3)(B) of the MO Tariff.

The following provisions shall apply to Transmission Customers which have received a Manual Dispatch or EIM Available Balancing Capacity dispatch, or which have communicated physical changes in the output of resources to the MO:

- (1) (a) A Transmission Customer shall be charged or paid for Generator Imbalance Service measured as the deviation of the Transmission Customer's metered generation compared to the Manual Dispatch amount, the EIM Available Balancing Capacity dispatch amount, or physical changes in the output of resources incorporated by the MO in the FMM, settled as UIE for the period of the deviation at the applicable PNode RTD price where the generator is located, as determined by the MO under Section 29.11(b)(3)(B) of the MO Tariff; or
- (b) A Transmission Customer shall be charged or paid for Generator Imbalance Service measured as the deviation of the Transmission Customer's metered generation compared to the Manual Dispatch amount, the EIM Available Balancing Capacity dispatch amount, or physical changes in the output of resources incorporated by the MO in

RTD, settled as UIE for the period of the deviation at the applicable PNode RTD price where the generator is located, as determined by the MO under Section 29.11(b)(3)(B) of the MO Tariff.

- (2) (a) A Transmission Customer shall be charged or paid for Generator Imbalance Service measured as the deviation of either the Manual Dispatch amount, the EIM Available Balancing Capacity dispatch amount, or physical changes in the output of resources incorporated by the MO in the FMM, compared to the resource component of the Transmission Customer Base Schedule, settled as IIE for the period of the deviation at the applicable PNode FMM price where the generator is located, as determined by the MO under Section 29.11(b)(1)(A)(ii) of the MO Tariff; or
- (b) Generator Imbalance Service measured as the deviation of either the Manual Dispatch amount, the EIM Available Balancing Capacity dispatch amount, or physical changes in the output of resources incorporated by the MO in RTD, compared to the FMM schedule, as IIE for the period of the deviation at the applicable PNode RTD price where the generator is located, as determined by the MO under Section 29.11(b)(2)(A)(ii) of the MO Tariff.

Applicability to Interconnection Customers:

To the extent the Interconnection Customer is a different entity than the Transmission Customer and controls the output of a generator located in Tacoma Power's Control Area, the Interconnection Customer may be subject to charges for Generator Imbalance Service (rather than the Transmission Customer) in accordance with this Schedule 9.

SCHEDULE 10

Real Power Losses

The Transmission Customer taking Network Integration Transmission Service, Firm Point-to-Point, or Non-Firm Point-to-Point Transmission Service, excluding Energy Imbalance Service and Generator Imbalance Service, shall reimburse Tacoma Power for Real Power Losses as provided in Sections 15.6 and 28.5 of this Tariff. The Transmission Customer must financially settle for Real Power Losses by reimbursement as specified herein.

Settlement of Real Power Losses associated with Energy Imbalance Service shall be pursuant to Schedule 4 of this Tariff, and settlement of Real Power Losses associated with Generator Imbalance Service shall be pursuant to Schedule 9 of this Tariff. The procedures to determine the amount of Real Power Losses associated with a Transmission Customer's Base Schedule, as well as the reimbursement for Real Power Losses, are set forth below.

The Transmission Customer shall compensate Tacoma Power at a rate equal to the amount of Real Power Losses assessed to such Transmission Customer in a given hour multiplied by the hourly LAP price for the Tacoma Power BAA in that hour as established by the MO under section 29.11 (b)(3)(C) of the MO Tariff. A spreadsheet showing the LAP prices for each hour of the previous month shall be accessible through the MO's OASIS.

ATTACHMENT A

Form of Service Agreement for Firm Point-To-Point Transmission Service

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between City of Tacoma, Department of Public Utilities, Tacoma Power, a municipal corporation (Tacoma Power), and _____ (“Transmission Customer”).
- 2.0 The Transmission Customer has been determined by Tacoma Power to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.
- 3.0 The Transmission Customer has provided to Tacoma Power an Application deposit in accordance with the provisions of Section 17.3 of the Tariff.
- 4.0 Transmission Customers requesting Short-Term Firm Point-To-Point Transmission Service shall consider this agreement as a blanket authorizing agreement for such service.
- 5.0 Transmission Customers requesting Long-Term Firm Point-To-Point Transmission Service shall complete the Specifications sheet attached hereto.
- 6.0 Service under this agreement shall commence on the later of the requested service commencement date, or the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed. With respect to requests for blanket authorization for Short-Term Firm Point-To-Point Transmission Service, the term of this agreement shall be three (3) years from the date referenced in Section 1.0, at which time Transmission Customer must provide notice to Tacoma Power that Transmission Customer would like to renew this agreement for an additional three (3) year term. With respect to Long-Term Firm Point-To-Point Transmission Service, the term of this agreement shall be mutually agreed to between the parties and included in the Specifications sheet attached hereto. Notwithstanding the foregoing, service under this agreement may be terminated on such other date as mutually agreed upon by the parties.
- 7.0 Tacoma Power 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.
- 8.0 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.

Tacoma Power:

Transmission Customer:

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

10.0 Other provisions:

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

<TRANSMISSION CUSTOMER>

TACOMA POWER

By: _____

By: _____

Name: _____
(Print/Type)

Name: _____
(Print/Type)

Title: _____

Title: _____

Date: _____

Date: _____

**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 Tacoma Power including the electric Control Area in which the transaction originates.

- 3.0 Point(s) of Receipt: _____
Delivering Party: _____
- 4.0 Point(s) of Delivery: _____
Receiving Party: _____
- 5.0 Maximum amount of capacity and energy to be transmitted (Reserved Capacity): _____
- 6.0 Designation of party(ies) subject to reciprocal service obligation: _____

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

- 8.0 Service under this Agreement may be subject to some combination of the charges detailed below. (The appropriate charges for individual transactions will be determined consistent with the terms and conditions of the Tariff.)
- 8.1 Transmission Charge: _____

8.2 Distribution Facilities Charge: _____

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

8.4 Direct Assignment Facilities Charge: _____

8.5 Network Upgrades Charge and Charge for Other New and Upgraded Facilities:

8.6 Redispatch Costs: _____

8.7 Ancillary Services Charges: _____

8.8 Other Charges: _____

ATTACHMENT B

**Form of Service Agreement for
Non-Firm Point-To-Point Transmission Service**

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between City of Tacoma, Department of Public Utilities, Tacoma Power, a municipal corporation (Tacoma Power), and _____ (Transmission Customer).
- 2.0 The Transmission Customer has been determined by Tacoma Power to be a Transmission Customer under Part II of the Tariff and has filed a Completed Application for Non-Firm Point-To-Point Transmission Service in accordance with Section 18.2 of the Tariff.
- 3.0 Service under this Agreement shall be provided by Tacoma Power upon request by an authorized representative of the Transmission Customer.
- 4.0 The Transmission Customer agrees to supply information Tacoma Power deems reasonably necessary in accordance with Good Utility Practice in order for it to provide the requested service.
- 5.0 Transmission Customers requesting Non-Firm Point-To-Point Transmission Service shall consider this agreement as a blanket authorizing agreement for such service.
- 6.0 The term of this agreement shall be three (3) years from the date referenced in Section 1.0, at which time Transmission Customer must provide notice to Tacoma Power that Transmission Customer would like to renew this agreement for an additional three (3) year term.
- 7.0 Tacoma Power agrees to provide and the Transmission Customer agrees to take and pay for Non-Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 8.0 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.

Tacoma Power:

Transmission Customer:

9.0 The Tariff is incorporated herein and made a part hereof, including, without limitation, the specific Point-To-Point Transmission Service Products offered by Tacoma Power and identified in Attachment N.

10.0 Other Provisions: _____

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

<TRANSMISSION CUSTOMER>

TACOMA POWER

By: _____

By: _____

Name: _____
(Print/Type)

Name: _____
(Print/Type)

Title: _____

Title: _____

Date: _____

Date: _____

Specifications for Non-Firm Point-To-Point Transmission Service

1.0 Term of Transaction: _____

Start Date and Hour: _____

Termination Date and Hour: _____

2.0 Point(s) of Receipt: _____

3.0 Point(s) of Delivery: _____

4.0 Maximum amount of capacity at each Point of
Receipt: _____

5.0 Maximum amount of capacity at each Point of
Delivery: _____

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

6.1 Transmission Charge: _____

6.2 Distribution Facilities Charge: _____

6.3 Other Charges: _____

ATTACHMENT C

Methodology To Assess Available Transmission Capability

Tacoma Power will comply with all applicable Tacoma Power standards, reliability standards and guidelines of NERC or its successor, and reliability standards and guidelines of WECC or its successor in assessing Available Transmission Capacity (ATC).

Tacoma Power will respond to a firm Transmission Service request by performing studies, when necessary, that assess whether sufficient transmission capacity is available to satisfy such request. The ATC available will be computed on a point-to-point basis between a point of receipt (POR) and point of delivery (POD).

Tacoma Power details its ATC practices in the Available Transfer Capability Implementation Document, posted on OASIS.

Tacoma Power currently uses commercially available computer software to determine ATC. This software is compatible with model data used and provided by the WECC.

ATTACHMENT D

Methodology for Completing a System Impact Study

The system impact study will be done using the same commercially available computer software and load flow, stability, and short circuit models of WECC (or such other relevant regional entity that performs such functions that Tacoma Power is a member of) consistent with those used in the determination of ATC as described in Attachment C. The load flow, stability, and short circuit models database will be modified to include resource and/or load information provided by the Transmission Customer as well as any known scheduled transactions not included in the WECC models.

A series of load flow, stability, and short circuit analysis studies of three seasons will be performed to determine the required modifications to the transmission system (if any) in order to accommodate the requested service. The analysis will be done using Tacoma Power methodology. The analysis will be consistent with the manner in which Tacoma Power would perform a system impact study for its own native load customers. Tacoma Power will use due diligence in determining the most economic solution to provide the requested transmission service without violating Tacoma Power's planning and reliability criteria.

If the System Impact Study indicates that the requested transmission service can be provided only by making a facilities addition, a facilities study will be performed in accordance with Section 19 of the Tariff.

ATTACHMENT E

Index Of Point-To-Point Transmission Service Customers

<u>Customer</u>	<u>Date of Service Agreement</u>
-----------------	--------------------------------------

Information available upon customer request

ATTACHMENT F

**Service Agreement For
Network Integration Transmission Service**

[Standard template begins on next page]

NETWORK INTEGRATION

TRANSMISSION SERVICE AGREEMENT

This Network Integration Transmission Service Agreement (“Service Agreement”) is dated _____, ____ and is entered into by and between the City of Tacoma, Department of Public Utilities, Light Division, d/b/a Tacoma Power (“Tacoma Power”) and the <Transmission Customer Full Name> (“<Transmission Customer>”). Tacoma Power and <Transmission Customer> may sometimes be referred to in this Agreement in the singular as a “Party” and in the plural as “Parties.”

RECITALS

WHEREAS, Tacoma Power provides Network Integration Transmission Service over its Transmission System under Tacoma Power’s Open Access Transmission Tariff (as it may be amended or replaced from time to time, the “Tariff”); and

WHEREAS, contemporaneously with entering into this Service Agreement, the Parties are also entering into a Network Operating Agreement (as it may be amended or replaced from time to time), in the form attached as Exhibit E to this Service Agreement, addressing, among other things, operational and contractual requirements related to Network Integration Transmission Service over Tacoma Power’s Transmission System.

NOW THEREFORE, the Parties agree as follows:

1. Definitions

Unless otherwise defined herein, all capitalized terms used in this Service Agreement shall have their respective meanings as set forth in the Tariff. For purposes of this Service Agreement and the Tariff, <Transmission Customer> shall be deemed to be the Transmission Customer as such term is used in the Tariff, and Tacoma Power is the provider of Network Integration Transmission Service as defined in the Tariff.

1.1 Tariff. Tacoma Power’s Open Access Transmission Tariff as it may be amended or replaced from time to time.

1.2 Rate Schedules. The transmission rate schedules accompanying the Tariff as they may be amended or replaced from time to time.

2. Standard Provisions

2.1 Terms and Conditions and Incorporation of Tariff. The terms and conditions under which Network Integration Transmission Service is offered and

accepted are pursuant to this Service Agreement and the Tariff. The Tariff, including, without limitation, the Tacoma Power Rate Schedules attached thereto, is hereby incorporated by this reference and made a part of this Service Agreement.

2.2 Exhibits. The following exhibits to this Service Agreement are by this reference incorporated herein and made a part hereof: Exhibit A (Statement of Specifications for Network Integration Transmission Service); Exhibit B (Facilities Charges); Exhibit C (Ancillary and Other Services); Exhibit D (Forecast of Load); Exhibit E (Network Operating Agreement); and Exhibit F (Power Factor Compensation Calculation Methodology). The Parties acknowledge and agree that Tacoma Power's Technical Specifications and Operating Protocols and Procedures for Interconnection of Transmission Systems or End-User Loads form part of and are included in the Tariff.

2.3 Network Operating Agreement. Pursuant to Section 35 of the Tariff, the Parties are obligated to execute a Network Operating Agreement to address operational and contractual requirements related to Network Integration Transmission Service over Tacoma Power's Transmission System.

3. Term and Utility Board Approval

3.1 Effective Date and Submittal to Utility Board. This Service Agreement shall be effective as of the later of (a) _____, ____, or (b) such other date as may be designated by the Utility Board when this Service Agreement is approved by the Utility Board (such date, the "Effective Date"). Tacoma Power will submit this Service Agreement to the Utility Board as a Network Integration Transmission Service Agreement under the Tariff and the Service Agreement shall not be effective until approved by the Utility Board and executed by all of the Parties.

3.2 Cancellation Right. If, upon Tacoma Power's submission of this Service Agreement to the Utility Board for approval pursuant to Section 3.1 of this Service Agreement, the Utility Board determines that any part of this Service Agreement must be changed before the Utility Board gives its approval, Tacoma Power shall offer to <Transmission Customer> an amended Service Agreement reflecting such changes. If such amended Service Agreement is not executed by <Transmission Customer> within fifteen (15) days after the Utility Board's action, this Service Agreement shall be void and have no further force and effect.

3.3 Term of Agreement. Except as otherwise provided in Paragraph 3.2, this Service Agreement shall remain in effect through _____, ____.

4. Network Integration Transmission Service

4.1 Network Integration Transmission Service; Requirements Related to Network Resources.

4.1.1 Provision of Network Integration Transmission Service.

Commencing on the Effective Date, Tacoma Power shall provide to <Transmission Customer>, and <Transmission Customer> shall take and pay for, Network Integration Transmission Service pursuant to the Tariff and applicable Rate Schedules. Tacoma Power's obligation to provide Network Integration Transmission Service shall be subject to Tacoma Power's rights to curtail or interrupt schedules pursuant to the Tariff. Section 34 of the Tariff outlines the applicable rates and charges methodology for Network Integration Transmission Service.

4.2 Facilities Charges. All applicable charges pursuant to the Direct Assignment Facilities Provisions for existing facilities and facilities built as a result of this Service Agreement are hereby incorporated as Exhibit B.

4.3 Charges for Network Integration Transmission Service. <Transmission Customer> shall pay Tacoma Power the applicable charges for services provided hereunder pursuant to the Tacoma Power Rate Schedules included as part of the Tariff. Tacoma Power may change the rates that apply to Network Integration Transmission Service under this Service Agreement pursuant to Section 9 of the Tariff.

4.4 Power Factor Requirements. <Transmission Customer>'s load should not adversely affect the voltage stability of the Tacoma Power Transmission System. Accordingly, <Transmission Customer>'s load should operate at power factor of not less than 0.97. If, at any time during the term of this Service Agreement, there is a calendar month during which, in any hour, <Transmission Customer>'s load operates at a power factor below 0.97 (as measured at the applicable point of delivery and/or metering point), then <Transmission Customer> shall pay to Tacoma Power, for all hours during which the <Transmission Customer>'s load operated at a power factor of less than 0.97, the compensation specified and calculated in accordance with Exhibit F to this Service Agreement. Tacoma Power and <Transmission Customer> shall use good faith efforts to jointly plan and operate their facilities at the points specified in Exhibit A in a manner that does not place an undue burden on the other party to supply or absorb reactive power at such points.

5. Other Services

5.1 Ancillary Services. Commencing on the Effective Date, Tacoma Power shall provide, and <Transmission Customer> shall take and pay for all applicable following Ancillary Services:

The amounts of such Ancillary Services, any exceptions, specific terms and/or conditions associated with such Ancillary Services are listed in Exhibit C to this Service Agreement.

5.2 Real Power Losses. In addition to the Ancillary Services as set forth in Section 5.1 of this Service Agreement, Tacoma Power shall provide, and <Transmission Customer> shall take and pay for, Real Power Losses associated with the Network Integration Transmission Service provided under this Service Agreement, in accordance with the Transmission Loss Factor specified in the Tariff.

6. Construction of Facilities

As of the execution date of this Service Agreement (construction/no construction) of new or additional Direct Assignment Facilities (and/or) Network Upgrades are required for Network Integration Transmission Service to be provided pursuant to this Service Agreement.

7. Billing and Payment

Billing and payment for all services provided under this Service Agreement shall be pursuant to Section 7 of the Tariff. Bills sent to <Transmission Customer> shall be sent to:

All payments to Tacoma Power shall be [wire transferred] to:

ABA Routing # _____
Account Number: _____
Ref: (invoice #/payment purpose)_____

8. Miscellaneous Provisions

8.1 Governing Law and Venue for Disputes. This Service Agreement shall be interpreted, construed, and enforced in accordance with laws of the State of Washington, without reference to choice of law doctrine, except that to the extent the Parties' rights and obligations are required to be governed by United States Federal law, then such rights and obligations shall be governed by United States Federal law. The sole venue of any dispute, suit, action, or arbitration shall be in U.S. District Court for the Western District of Washington in Tacoma, Washington.

8.2 Notices Relating to Provisions of the Service Agreement. Any notice, request, demand, or statement given to or made upon one Party by the other Party under any of the provisions of this Service Agreement, except those specified in Section 8.3 below, shall be in writing and shall be considered delivered when either personally delivered to the following or deposited in the mail postage prepaid and properly addressed to the following:

If to <Transmission Customer>	If to Tacoma Power
Customer Name	Tacoma Power
Attn:	Attention: T&D Manager
Address	3628 South 35 th Street
City, State	Tacoma, WA 98409-3192
Phone: () ____ - ____	Phone: (253) 502-8282
Fax: () ____ - ____	Fax: (253) 502-8628

8.3 Notices of an Operating Nature. Any notice, request, or demand pertaining to matters of an operating nature, exclusive of requests for additional or modified Transmission Service under the Tariff, shall be sufficient if given in writing, by telephone, by facsimile, or orally in person to the person designated in writing by the Party as its representative for such purposes, provided that should such notice, request, or demand not be in writing, confirmation thereof shall be made in writing as soon as reasonably practicable thereafter, upon request of the Party being served. The representative for receiving notices pursuant to this Section 8.3 and such representative's address shall be communicated by the Parties under separate letter within 45 days from the execution date of this Service Agreement.

8.4 Future Changes or Additions. Any obligation of Tacoma Power to change or increase the capability of the Tacoma Power Transmission System to provide Network Integration Transmission Service for Network Load shall be as provided in Section 31 of the Tariff. No action by Tacoma Power to otherwise change or make additions to its

Transmission System shall confer on <Transmission Customer> any rights to additional transmission or other services under this Service Agreement.

8.5 No Third Party Beneficiaries. This Service Agreement, to the extent that it does not contradict the terms of Section 6 of the Tariff, creates rights and obligations exclusively between the Parties hereto. Except as set forth in Section 6 of the Tariff, the Parties hereto do not intend to create any additional obligation or promise of performance to any other person or entity and the Parties have not conferred any right to enforce this Service Agreement or any remedy upon any third person or entity other than the Parties hereto and their respective successors and assigns.

8.6 Waivers. Any waiver at any time by either Party of its rights with respect to a default under this Service Agreement, or with respect to any other matter arising in connection with this Service Agreement, shall not be deemed a waiver with respect to any other or subsequent default or matter.

8.7 Assignment. Tacoma Power may assign this Service Agreement only upon the prior written consent of <Transmission Customer>, provided however, that <Transmission Customer> hereby consents to assignment of this Service Agreement to any entity that has, pursuant to legally binding arrangements, assumed responsibility for operating the Tacoma Power Transmission System or administering transmission service on the Tacoma Power Transmission System. A Party requesting assignment shall provide at least six months' prior written notice to the other Party. Any assignment pursuant to this Section 8.7 by an assignor to an assignee shall only be made with the contemporaneous assignment of the Network Operating Agreement, by the same assignor to the same assignee. In addition, to the extent there are, at the time of the assignment, any arrangements in place between <Transmission Customer> and Tacoma Power (apart from those specified in the Tariff, this Service Agreement, and the Network Operating Agreement) that are material to Tacoma Power's provision of Network Integration Transmission Service or the operation of Tacoma Power's Transmission System consistent with Good Utility Practice, such assignment shall also be subject to the completion of comparable arrangements between Tacoma Power and the assignee. Subject to the foregoing restrictions on assignment, this Service Agreement shall be binding upon, inure to the benefit of, and be enforceable by the Parties and their successors and assigns.

8.8 Tariff Governs. In the event of any irreconcilable difference between the Tariff, this Service Agreement, or the Network Operating Agreement, the terms of the Tariff shall govern.

8.9 Interconnection with Other Systems. Nothing contained in this Service Agreement shall restrict or limit either Party from establishing, altering, or terminating

interconnection points with any entity not a party to this Service Agreement or amending or entering into such agreements.

8.10 Indemnification. Shall be governed as provided in section 10.2 of the Tariff.

9. Signatures

The signatories represent that they are authorized to enter into this Service Agreement on behalf of the Party for which they sign.

<TRANSMISSION CUSTOMER>

TACOMA POWER

By: _____

By: _____

Name: _____
(Print/Type)

Name: _____
(Print/Type)

Title: _____

Title: _____

Date: _____

Date: _____

Exhibit A

Statement of Specifications for Network Integration Transmission Service

1. TERM OF TRANSACTION

Start Date:

Termination Date: The earlier of: (a) 2400 hours on _____, _____, or (b) 2400 hours on the termination date established pursuant to Section 3 of this Service Agreement.

2. DESIGNATED NETWORK RESOURCES

3. DESIGNATED NETWORK LOADS

4. DESCRIPTION OF POINT(S) OF RECEIPT

5. DESCRIPTIONS OF NETWORK POINT(S) OF DELIVERY

6. DESIGNATION OF PARTY SUBJECT TO RECIPROCAL SERVICE

[When applicable identify the name of the <Transmission Customer> and its affiliate.]

7. NAME(S) OF ANY INTERVENING SYSTEMS PROVIDING TRANSMISSION
SERVICE

8. OTHER PROVISIONS SPECIFIC TO THIS SERVICE AGREEMENT

Exhibit B

Facilities Charges

DIRECT ASSIGNMENT FACILITIES CHARGES

[List any facilities designated as Direct Assignment Facilities and the Rate]

Exhibit C

Ancillary and Other Services

Provided By **Contract No.**

1. Ancillary Services

- (a) **Scheduling and Dispatch**
- (b) **Reactive Supply and Voltage Control**
- (c) **Regulation and Frequency Response**
- (d) **Energy Imbalance**
- (e) **Operating Reserve – Spinning Reserve**
- (f) **Operating Reserve – Supplemental Reserve**

2. Other

- (a) **Real Power Losses** **1.87%**
- (b) **Losses shall be settled [financially by monthly payment OR scheduled for return 168 hours after transfer]**

Exhibit D

Forecast of Load

[Insert load forecast (to be provided by <Transmission Customer>)]

Exhibit E

Network Operating Agreement

Between

TACOMA POWER

and

<TRANSMISSION CUSTOMER>

[See Attachment G for Network Operating Agreement template]

Exhibit F

Power Factor Compensation Calculation Methodology

Calculation Methodology for VAr Losses Charge:

The compensation formula uses the measured Voltage-Amperes (VA) and Volts (V) at the applicable points of delivery and/or metering points. The compensation to be paid by <Transmission Customer> for Volt-Ampere reactive (VAr) for each hour during which the <Transmission Customer> load did not achieve a power factor of at least 0.97 shall be calculated as set forth below.

The formula for VAr losses when VAr flow measured is from Tacoma Power to <Transmission Customer> is:

$$\text{VAr}_{\text{loss}} = \text{VAr}_{\text{in-to-load}} - W \times 0.2506$$

The formula for VAr losses when VAr flow measured is from <Transmission Customer> to Tacoma Power is:

$$\text{VAr}_{\text{loss}} = \text{VAr}_{\text{out-of-load}} - W \times 0.2506$$

Where $\text{VAr}_{\text{in-to-load}}$, $\text{VAr}_{\text{out-of-load}}$, and Watts (W) are as measured at each point of delivery and/or metering point. The $W \times 0.2506$ term credits VAr consumption by <Transmission Customer> down to a power factor of 0.97.

In each hour, the VAr_{loss} is calculated by the above formula. When the calculated VAr_{loss} is a positive number it is accumulated with all other positive VAr_{loss} in the metering period, and multiplied by the VAr charge per VArH. Examples of conditions with VAr in-to-load and VAr out-of-load are given in the following.

Sample Calculations

Example: VAr in-to-load for 1 hour

Power Factor (p.f.)	0.80	$\text{VAr} = \tan(\cos^{-1} \text{p.f.}) \times W$
Real Power	4,000	(kW)
Reactive Power	3,000	Voltage-Ampere reactive (kVAr)

Formula for VAr losses:

$$\text{kVAr}_{\text{loss}} = \text{kVAr}_{\text{in-to-load}} - \text{kW} \times 0.2506 = 3,000 - 1,002 = 1,997 \text{ kVArH}$$

Reactive Charge (\$/kVArH) \$0.00098

kVAr Hourly Charge \$1.96

Example: kVArS out-of-load for 1 hour

Power Factor	0.90	
Real Power	4,000	(kW)
Reactive Power	1,937	Voltage-Ampere reactive (kVAr)

Formula for VAr losses:

$$\text{kVAr}_{\text{loss}} = \text{kVAr}_{\text{out-of-load}} - \text{kW} \times 0.2506 = 1,937 - 1,002 = 934.5 \text{ kVArH}$$

Reactive Charge (\$/kVArH) \$0.00098

kVAr Hourly Charge \$0.92

ATTACHMENT G

Network Operating Agreement

[Network Operating Agreement template begins on next page]

Network Operating Agreement
Between
TACOMA POWER
and
<TRANSMISSION CUSTOMER>

This Network Operating Agreement (“Agreement”) is dated _____, ____ and is entered into by and between the City of Tacoma, Department of Public Utilities, Light Division, d/b/a Tacoma Power (“Tacoma Power”) and the <Transmission Customer Full Name> (“<Transmission Customer>”). Tacoma Power and <Transmission Customer> may sometimes be referred to in this Agreement in the singular as a “Party” and in the plural as “Parties.”

RECITALS

WHEREAS, Tacoma Power provides Network Integration Transmission Service over its Transmission System under Tacoma Power’s Open Access Transmission Tariff (as it may be amended or replaced from time to time, the “Tariff”); and

WHEREAS, concurrently with the execution of this Agreement, Tacoma Power and <Transmission Customer> have executed a Network Integration Transmission Service Agreement (as it may be amended or replaced from time to time, the “Service Agreement”), under the Tariff, pursuant to which Tacoma Power will provide Network Integration Transmission Service; and

WHEREAS, this Agreement will be an Exhibit attached to the Service Agreement.

NOW, THEREFORE, the Parties agree as follows:

Section 1- Scope of Network Operating Agreement

This Agreement provides terms and conditions associated with technical and operational issues necessary for the implementation of Network Integration Transmission Service under the Tariff. In performance of their respective obligations under this Agreement, the Service Agreement and the Tariff, each Party shall adhere to Good Utility Practice, subject to the Agreement Limiting Liability Among Western Interconnected Systems (“ALLAWIS”), or its replacement, so long as both Tacoma Power and <Transmission Customer> are parties to such agreement.

Section 2 - Definitions

Unless defined in this Section 2 or otherwise defined herein, all capitalized terms shall have their respective meanings as set forth in the Tariff.

2.1 NWPP. The Northwest Power Pool, or its successor.

2.2 Reliability Councils. The Western Electricity Coordinating Council (WECC), the North American Electric Reliability Council (NERC), their respective successors, or such other organization(s) whose mandate, in whole or in part, is to establish criteria, systems, standards, rules, procedures, practices or management programs for the operation and reliability of the bulk electric systems.

2.3 Reliability Requirements. The Reliability Councils' reliability, operation, security and other similar standards applicable to a Party, and any other similar standards to which a Party is subject by law or any authority having jurisdiction.

2.4 Tariff. Tacoma Power's Open Access Transmission Tariff, as it may be amended or replaced from time to time.

2.5 Telemetry. The sending of, or the capability of sending, real-time load monitoring data from each delivery point at the interconnection site to Tacoma Power's Operating Center using RTU (SCADA) equipment for metering load, power flow, voltage or breaker status.

Section 3 - Term

This Agreement shall become effective and remain effective concurrent with the term of the Service Agreement (see section 3.3 of the Service Agreement).

Section 4 - Network Operating Committee

4.1 Membership. The Network Operating Committee shall be composed of a representative(s) from Tacoma Power and <Transmission Customer>.

4.2 Responsibilities. The Network Operating Committee shall meet either in person or by means of electronic communication (e.g. telephone, internet, etc.) at least once per calendar year to: (a) adopt rules and procedures consistent with this Agreement and the Tariff governing operating and technical requirements necessary for implementing Network Integration Transmission Service under the Tariff; (b) review designated Network Resources and Network Loads on an annual basis in order to assess the adequacy of the Transmission System, and (3) obtain from Tacoma Power its

operating policies, procedures, and guidelines for network interconnection and operation.

4.3 General Customer Information Requirements. <Transmission Customer> shall, when requested by Tacoma Power, provide load forecasts, generation forecasts, schedules, and any other information (a) necessary for Tacoma Power's calculation of available transmission capability on Tacoma Power's Transmission System; (b) necessary for Tacoma Power's implementation of redispatch, Curtailment, load shedding and congestion management procedures; (c) necessary to enable Tacoma Power to operate its Transmission System consistent with Good Utility Practice; (d) required to be provided by a Transmission Customer under the Tariff; or (e) as otherwise required by law.

Section 5 - Interconnection Principles and Requirements

Tacoma Power and <Transmission Customer> are parties to an Interconnection Agreement providing for, among other things, the ownership, operation and maintenance of all or some of the Parties' interconnected electric facilities. Principles and requirements associated with the interconnection of the Parties' electric facilities shall be pursuant to the Interconnection Agreement or its successor. If at any time Tacoma Power and <Transmission Customer> shall fail to be parties to the Interconnection Agreement or its successor, Tacoma Power may amend this Agreement to provide for the ownership, operation, and maintenance of the Parties' interconnected facilities.

Section 6 - Interconnection of Network Resources

As of the execution date of this Agreement, <Transmission Customer> has no Network Resources directly interconnected with Tacoma Power's Transmission System. At such time as <Transmission Customer> intends to designate as a Network Resource a generation resource that is directly interconnected with Tacoma Power's Transmission System, and prior to such interconnection, Tacoma Power and <Transmission Customer> shall, subject to mutual agreement, specify applicable principles and requirements for the interconnection of generation resources and shall amend this section and this Agreement accordingly.

Section 7 - Curtailment of Network Service

7.1 Redispatch to Manage Transmission System Constraints – In the event that Tacoma Power requires redispatch of Network Resources pursuant to Section 33.2 of the Tariff, Tacoma Power shall determine the least cost redispatch that effectively removes the constraint without regard to ownership or purchaser of the output of such Network Resources. At such time as Tacoma Power develops a formal redispatch protocol, Tacoma Power shall provide such protocol and any applicable accounting measures

necessary to identify such redispatch costs to <Transmission Customer>. Such redispatch costs shall be borne by Tacoma Power and its Network Customers based upon a load ratio share methodology consistent with Section 33 of the Tariff.

7.2 Curtailment of Network Resources Pursuant to Section 33 of the Tariff – Consistent with Section 33 of the Tariff, Tacoma Power may direct specific operation of a Network Resource, including Curtailment, without prior notice to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. Tacoma Power may direct specific operation of a Network Resource, including Curtailment, on a planned basis with prior notice to facilitate maintenance on the Transmission System or to respond to a condition which may impair or degrade the reliability of the Transmission System.

7.3 Curtailment of Contract Resources – Unless otherwise specified by Tacoma Power, designated contract Network Resources scheduled to Tacoma Power’s system at a Point of Receipt shall not be available for redispatch. Pursuant to Section 33 of the Tariff, Tacoma Power may require the Curtailment of scheduled deliveries from contract Network Resources at a specified Point of Receipt. In the event of such Curtailment Tacoma Power shall, pursuant to Good Utility Practice and on a comparable basis with service to all other affected Network Customers and Tacoma Power’s bundled retail Native Load Customers, accept scheduled deliveries up to an amount equal to the Curtailment at any other available Point of Receipt on Tacoma Power’s system.

Section 8 - Scheduling

8.1 Designation of Network Resources. <Transmission Customer>’s Designated Network Resource under the Service Agreement amounts to the purchase of system power by contract. At such time as <Transmission Customer> intends to designate as a Network Resource under the Service Agreement a specific generation resource directly interconnected with Tacoma Power’s Transmission System or interconnected to a third-party system, this Agreement may be amended to provide applicable terms and conditions regarding the scheduling of such resource.

8.2 Scheduling Network Resources. Schedules for <Transmission Customer>’s Network Resources under the Service Agreement shall be submitted to Tacoma Power consistent with industry standard e-tagging requirements.

8.3 Modification of Scheduling Procedures. During the term of this Service Agreement, the Parties may modify the scheduling procedures applicable to delivery of Network Resources to <Transmission Customer> with revision to this Exhibit E of this Service Agreement, so long as any modified scheduling procedures are (a) signed by authorized representatives of <Transmission Customer> and Tacoma Power, and (b)

consistent with all applicable Reliability Requirements.

Section 9 - Permits, Inspection, Metering and Communications

9.1 Right of Entry/Permit. If any equipment or facilities associated with any point of interconnection and belonging to a Party are, or are to be, located on the property of the other Party, a permit to install, test, maintain, inspect, replace, repair, and operate such equipment and facilities during the term of this Agreement and to remove such equipment and facilities at the expiration of the term of this Agreement (together with the right of entry to said property at all reasonable times during the term of this Agreement to carry out the activities pursuant to such permit) is hereby granted to the other Party.

9.2 Inspection. During the term of this Agreement, each Party (“First Party”) shall, upon receipt of reasonable prior notice from the other Party (“Second Party”) specifying the date and time of the visit, provide access for the Second Party’s representatives to the facilities of the First Party as may be reasonably necessary for such Second Party’s performance of its obligations under this Agreement. The Second Party shall cause its representatives to observe during any such visit all of the First Party’s safety and security procedures or requirements of which the Second Party is then notified.

9.3 Metering Equipment. <Transmission Customer> shall be responsible for all costs associated with the purchase, installation, operation, maintenance, repair and replacement of (and any necessary upgrades to) all revenue and interchange metering equipment necessary for Tacoma Power to provide Network Integration Transmission Service under the Service Agreement. All metering equipment and data of <Transmission Customer> shall conform to applicable Reliability Requirements. The Parties shall review the metering equipment prior to its installation to ensure conformance with such standards or practices.

9.4 Additional Metering Equipment. In addition to the metering equipment installed, each Party may at any time during the term of this Agreement install metering equipment; provided that, any such installation of such metering equipment shall not be inconsistent with permit provisions of Section 9.1 above. Any such metering equipment shall be owned, operated, and maintained by the Party installing such metering equipment.

9.5 Testing of Metering Equipment. Notwithstanding any other provision of this Agreement, each Party during the term of this Agreement shall, at its expense, test its metering equipment associated with this Agreement in accordance with applicable Reliability Requirements, and, if requested by the other Party, shall make additional tests or inspections of such metering equipment. Each Party shall give reasonable notice to the other Party of the time when any such test or inspection is to be made, and the Party

receiving notice will have the opportunity to have representatives present at such test or inspection.

9.6 Adjustments. If any metering equipment fails to register, or if the measurement made by such metering equipment during a test made as provided above fails to meet the standards of such test, or if an error in meter reading occurs, adjustment shall be made correcting all measurements for the actual period during which such inaccurate measurements were made. Should any metering equipment at any time fail to register, or should registration thereof be so erratic as to be inherently unreliable, the capacity, energy and reactive power delivered shall be determined from the best available data. If an estimate is required due to metering equipment malfunction or failure, the method of estimating capacity, energy and reactive power delivered shall be made available and agreed upon by both Parties. Any metering equipment tested and found to be not more than one percent (1 %) above or below normal shall be considered to be accurate insofar as correction of billing is concerned. If any meter is found to be out of tolerance by more than one percent (1%), then the Party owning such meter shall use its best efforts to adjust the meters immediately and accurately, and there shall be a retroactive adjustment of the inaccurate meter for the twelve (12)-month period prior to the test or inspection in which such inaccuracy is found or the date of the last test or inspection, whichever date is shorter. Any component of such installations found to be defective or inaccurate shall be adjusted, repaired, or replaced to provide accurate metering.

9.7 Billing Information. <Transmission Customer> shall during the term of this Agreement transmit, or cause to be transmitted, or otherwise made available electronically to Tacoma Power, the metered information of <Transmission Customer>'s metering equipment, if any, (including kilowatt-hour and kiloVAR-hour) concerning electric power delivered under this Agreement. The metered information shall be transmitted or otherwise made available electronically in a format that is acceptable to Tacoma Power's billing function on a maximum time interval of one (1) hour or by mutual agreement to a longer time interval; such acceptance shall not be unreasonably withheld. With respect to currently installed and future replacement metering equipment, Tacoma Power shall use good faith efforts to work with the owners of such metering equipment to develop a format that is acceptable to TacomaPower; such acceptance shall not be unreasonably withheld.

9.8 Exchange of Metered Data. The Party owning, operating, and maintaining each meter used to determine billing associated with the Service Agreement shall provide or arrange to be provided to the other Party all hourly meter readings and any more frequent load profile information, if existing, from each such meter. All meter reading information for a given month shall be validated and made available to the other Party as soon as reasonably possible in the succeeding month and no later than by 10:00 a.m. of

the fifth (5th) working day of such succeeding month. All meter reading records and scheduled amounts shall be exchanged electronically between the Parties on a monthly basis. Each Party shall notify the other Party as soon as practicable of system configuration changes on its system or other events which may affect meter readings or access to meter reading information including, but not limited to, advance notice of planned line and substation outages and planned communications outages.

9.9 Use of <Transmission Customer>'s Meter Reading Information.

Consistent with Section 9.8 above, <Transmission Customer> shall transmit, or cause to be transmitted, or otherwise made available electronically to Tacoma Power its real and reactive power metering data, if any, at the delivery points, in a format compatible with the billing information systems used by Tacoma Power.

9.10 Metering and Communications Required for Integration of Network Resources. <Transmission Customer> shall be responsible for all costs associated with the installation, operation, and maintenance of any metering and communications equipment necessary for the integration of any generation resource to be designated an on-system Network Resource under the Service Agreement and on Tacoma Power's Transmission System. Such equipment installation, operation, and maintenance shall comply with all applicable laws and regulations including Reliability Requirements.

9.11 Metering and Communications Required for Ancillary Services. <Transmission Customer> shall be responsible for all costs associated with the installation, operation, and maintenance of any metering and communications equipment necessary for the provision of Ancillary Services by <Transmission Customer> or by a third party. All such metering and communication installations shall be installed, operated, and maintained pursuant to all applicable laws and regulations including Reliability Requirements.

9.12 Real-Time Data Acquisition.

(a) Installation of real-time Telemetry equipment, if any, shall be performed by the Party responsible for providing such real-time Telemetry equipment. Any such real-time Telemetry equipment shall be owned, operated and maintained by the Party installing such equipment.

(b) Each Party shall permit the other Party to install, or cause to be installed, real-time Telemetry equipment reasonably acceptable to both Parties as may be necessary from time to time during the term of the Service Agreement to replace or upgrade the real-time Telemetry equipment as specified above. Any such replacement real-time Telemetry equipment is to be owned, operated and maintained by the Party installing such equipment.

9.13 Real-Time Data Acquisition Upgrades. Upgrades of real-time Telemetry equipment and data, if any, from time to time during the term of this Agreement to be received by Tacoma Power and <Transmission Customer> shall be at the reasonable discretion of Tacoma Power, as deemed necessary for reliability, security, and/or monitoring of Tacoma's Balancing Authority Area operations. To the extent Telemetry changes are required in order to meet applicable Reliability Requirements, <Transmission Customer> shall, at its own expense, install any metering equipment, data acquisition equipment, or other equipment and software necessary for the Telemetry related to <Transmission Customer>'s load to be received by Tacoma Power. Each Party shall be responsible for its cost of making any computer modifications or changes required to its own computer system(s) as necessary to implement this Section 9.13.

Section 10 - Operation and Maintenance

10.1 Maintenance Scheduling and Continuity of Service. Tacoma Power may require Curtailment or otherwise temporarily suspend service at the delivery points:

- (a) pursuant to Section 33 of the Tariff; and
- (b) without prior notice of such Curtailment or temporary suspension as may be necessary due to Force Majeure pursuant to Section 10 of the Tariff.

10.2 Emergency Planning and Operation – Tacoma Power is responsible for planning, coordinating and implementing emergency operation schemes applicable to Tacoma Power's Transmission System. Examples of such schemes include NWPP programs related to underfrequency load shedding, undervoltage load shedding and system restoration. Other schemes may be developed to meet NERC, WECC or NWPP reliability planning and operations objectives. <Transmission Customer> shall:

- (A) participate in the development and implementation of such load shedding and other programs to facilitate system reliability and security;
- (B) install and maintain or, in the alternative, require its wholesale utility customer served via the Service Agreement to install and maintain, any required load shedding relays, including underfrequency and undervoltage relays; and
- (C) participate in system restoration planning.

Section 11 - Miscellaneous

11.1 Notices. Any formal notice to be served, given or made in connection with this Agreement shall be in writing and shall be directed as provided in the Service Agreement. Notices of an operating nature shall be given as provided in the Service Agreement.

11.2 Assignment. See section 8.7 of the Service Agreement.

11.3 Amendments. This Agreement may be amended (a) upon Tacoma Power's application to and receipt of approval from the Utility Board provided that the Utility Board determines that such changes are required to maintain consistency with applicable laws or regulations or requirements imposed by NERC, WECC, or the NWPP or to reflect, consistent with Good Utility Practice, modifications to Tacoma Power's Transmission System, and (b) by written agreement of the Parties.

12 - Signatures

The signatories represent that they are authorized to enter into this Agreement on behalf of the Party for which they sign.

<TRANSMISSION CUSTOMER>

TACOMA POWER

By: _____

By: _____

Name: _____
(Print/Type)

Name: _____
(Print/Type)

Title: _____

Title: _____

Date: _____

Date: _____

ATTACHMENT H

**Annual Transmission Revenue Requirement
For Network Integration Transmission Service**

1. The Annual Transmission Revenue Requirement for purposes of the Network Integration Transmission Service shall be \$26,712,192.
2. The amount in (1) shall be effective until amended by Tacoma Power.

ATTACHMENT I

Index Of Network Integration Transmission Service Customers

<u>Customer</u>	<u>Date of Service Agreement</u>
Information available upon customer request	

ATTACHMENT J

Procedures for Addressing Parallel Flows

Procedures available at the request of customer.

ATTACHMENT K

Transmission Planning Process

Tacoma Power's transmission planning process includes both local and regional aspects, but most importantly is intended to result in a safe and reliable system for its retail and wholesale (Point-To-Point and Network Transmission) customers.

LOCAL PLANNING

Tacoma Power's local planning process typically includes seasonal, yearly, biennial, and long-term studies and plans. These studies incorporate customer input, such as load forecasts and interconnection requests. Tacoma Power will have customer meetings during its local planning processes when changes to its transmission system adversely impact the Bulk Electric System and the transmission systems of those transmission owners and operators immediately adjacent to the Tacoma Power transmission system. Notice of such meetings will be posted on OASIS. Should Tacoma Power recognize through its local planning process that adjacent systems may be adversely impacted, Tacoma Power provides notification to the transmission owners and coordinates with them any solution or mitigation necessary to reduce or eliminate negative impacts.

In addition to the studies mentioned above, Tacoma Power completes studies to determine what transmission system upgrades and/or additions may be necessary when a customer requests to interconnect to Tacoma Power's system. In these situations, Tacoma Power follows the Tariff and its Facility Interconnection Requirements posted on Tacoma Power's OASIS. Tacoma Power works closely with the customer to obtain the information needed to perform the necessary studies and communicate the results of said studies to the customer. Tacoma Power and the customer then work in a coordinated effort to determine the upgrades and/or additions that are necessary and how costs will be allocated between the parties. In most cases, costs are allocated after the determination of upgrades and additions as either Network Upgrades or Direct Assignment Facilities as described in the Tariff.

Since Tacoma Power is subject to various City of Tacoma ordinances, and falls under the jurisdiction of the City of Tacoma Public Utility Board and City Council, costs, cost allocation, and rates must be approved by the Public Utility Board, and the City Council, if necessary.

REGIONAL PLANNING

Tacoma Power is directly involved in various coordinated regional planning related activities through its membership in the Western Electricity Coordinating Council

(WECC) and its participation (either as a member or participant) in regional transmission planning organizations, such as NorthernGrid (www.northerngrid.net). These regional transmission planning organizations manage transmission planning processes that are structured to support and manage coordination of multi-system planning (including related studies) for the transmission systems of transmission providers, owners, and operators within the northern portion of the WECC region.

Tacoma Power is a Member in the NorthernGrid Member Region and participates in regional planning as a party to the NorthernGrid Planning Agreement. The NorthernGrid Planning Agreement, as it may be amended or revised from time to time by the NorthernGrid Members, is posted on the NorthernGrid Website at the following link: www.northerngrid.net.

NorthernGrid is an unincorporated association of its Members formed for the purpose of coordinating regional transmission planning for the NorthernGrid Members. The NorthernGrid Member Region is the product of extensive collaboration and negotiation among the NorthernGrid Members. The NorthernGrid Planning Agreement provides a coordinated, open, and transparent process to be used to perform regional transmission planning in the NorthernGrid Member Region in order to provide a single forum to review and analyze, in parallel, the transmission needs of both FERC-jurisdictional utilities and non-jurisdictional utilities. Exhibit A to the NorthernGrid Planning Agreement describes the NorthernGrid Member Planning Process, including the development of the NorthernGrid Regional Transmission Plan, and Exhibit C to the NorthernGrid Planning Agreement includes the NorthernGrid Member Planning Committee Charter. The regional transmission planning process occurs over a two-year planning cycle beginning on January 1, 2020, and each even numbered year thereafter.

The NorthernGrid Member Planning Agreement is subject to change through external coordination and negotiation among the NorthernGrid Members. Amendments to the NorthernGrid Member Planning Process may be implemented prior to the adoption of the tariff revisions through a Terms and Conditions proceeding. Tacoma Power expects to align any future amendments to the NorthernGrid Member Planning Process among all of the NorthernGrid Members. To the extent feasible, Tacoma Power will provide notice and opportunity for stakeholder input regarding potential planning process changes prior to agreeing to amendments.

DISPUTE RESOLUTION

Dispute resolution procedures are provided under Section 12 of the Tariff.

ATTACHMENT L

Creditworthiness Procedures

Transmission Customer Creditworthiness and Collateral

I. Purpose

To ensure the ability of Transmission Customers to meet their service-related financial obligations, the City of Tacoma, Department of Public Utilities, Light Division, d.b.a. Tacoma Power (“Tacoma Power”) shall conduct reasonable credit review procedures and may require appropriate collateral before providing service to Transmission Customers.

These Transmission Credit Procedures establish credit standards for Transmission Customers requesting services under the Tacoma Power Open Access Transmission Tariff (“Tariff”) and is intended to mitigate the risk of financial exposure in the event of non-payment or default by a Transmission Customer. This review shall be made in accordance with Attachment L of the Tariff, the credit standards described in this Transmission Credit Procedures, and standard commercial practices. Tacoma Power reserves the right to amend these procedures at any time.

II. Credit Review

For the purpose of determining the creditworthiness of the Transmission Customer and its ability to meet its obligations related to Transmission Service, Tacoma Power shall apply the following credit procedures. A credit review will be conducted for each Transmission Customer upon receipt of request for service and on an annual basis thereafter, or upon reasonable request by the Transmission Customer. This review will specify quantitative and qualitative criteria to determine the level of secured and unsecured credit extended to the Transmission Customer. Tacoma Power may require Transmission Customer to provide and maintain in effect during the term of service an Irrevocable Standby Letter of Credit or other form of security acceptable to Tacoma Power.

III. Creditworthiness Criteria

Unsecured Credit

Both new and existing Transmission Customers that satisfy the Investment Grade

credit criteria described in this section will be considered creditworthy by Tacoma Power. Such Transmission Customers will not be required to provide security or collateral. Transmission Customer is creditworthy if it has not, pursuant to Section 7.3 (Transmission Customer Default) of the Tariff, defaulted in the last twelve (12) months, and:

- (i) Is “Investment Grade,” which for purposes of this Attachment L shall mean the following:
 - (a) A BBB-/Baa3 or better rated regulated electric public utility or
 - (b) Any other entity that has a minimum rating of A-/A3. All ratings are Standard and Poor’s (S&P) Long-Term Issuer Credit Rating or Moody’s Investor Service, Inc. (Moody’s) Long-Term Issuer Credit Rating, respectively, excluding ratings on negative watch or negative outlook and are additive (i.e., in the case of a split rating, the lower rating must also meet the standard); or
- (ii) If not rated, Transmission Customer shall meet the following minimum Quantitative financial ratios, all of the which must be calculated based on audited financial information:
 - (a) Have Earnings Before Interest and Taxes (EBIT) coverage greater than 1.5 times interest expense
 - (b) Have Total Debt Capitalization Ratio less than 70%
 - (c) Have Cash Flow From Operations to Total Debt (includes short term debt, long term debt, current portion of long-term debt and off-balance sheet operating lease obligations) greater than 10%.

In addition, Tacoma Power may consider the following Qualitative Credit Factors when evaluating the creditworthiness of a Transmission Customer:

- (a) Industry sector and business segment
- (b) Management quality and track record
- (c) Regulatory environment: a company subject to significant exposure to regulatory decisions, such as key planning decisions, shall be considered as having increased risk
- (d) Legal and contingent obligations: a pending legal action with potential monetary damages approaching 3% of gross revenues will be considered as significantly increasing Transmission Customer risk
- (e) Market risk: consideration of pricing exposure, credit exposures, and operational exposures.

Tacoma Power may require existing Transmission Customers to resubmit updated financial information annually and will require updated financial information whenever Transmission Customer's financial condition changes. Failure to comply with Tacoma Power's requests for updated financials shall be treated as an Event of Default under the applicable Tariff or Agreement. Upon notifying the Transmission Customer that they are in default, Tacoma Power may receive Utility Board approval to terminate the Service Agreement with the Transmission Customer; or

- (iii) Is a borrower from the Rural Utilities Service (RUS) and has a "Times Interest Earned Ratio" of 1.25 (or better) and a "Debt Service Coverage Ratio" of 1.10 (or better) in the most recent calendar year, or is maintaining the Times Interest Earned Ratio and Debt Service Coverage Ratio as established in Transmission Customer's RUS Mortgage. Transmission Customer must provide appropriate documentation annually, or as agreed-upon by both parties; or
- (iv) Provides a letter of unconditional and continuing guaranty from a bank or from Transmission Customer's parent company or affiliate ("Guarantor") providing that such Guarantor shall immediately pay upon demand to Tacoma Power all amounts now or hereafter due under Transmission Customer's Service Agreement (including, without limitation, all principal, interest and fees) and fulfill any other obligations of Transmission Customer under the Service Agreement, including the full and punctual payment and performance by Transmission Customer of all of Transmission Customer's obligations and liabilities under the Service Agreement ("Guaranty Amount") for the term of the Service Agreement including any renewals or extensions of the Service Agreement.

Any such Guaranty must be reviewed and Approved as to Form by Tacoma Power Legal Department prior to acceptance by Tacoma Power.

Secured Credit

Transmission Customers that do not meet the above criteria will not be granted unsecured credit and may be given the option to post collateral acceptable to Tacoma Power.

IV. Information Required From Transmission Customer

Transmission Customers seeking unsecured credit are required to provide all of

the following:

- (i) Rating agency reports (if applicable)
- (ii) Two most recent audited year-end financial statements plus, if available, the most recent quarterly financial statement
- (iii) Documentation of any material issues that could impact the creditworthiness of the Transmission Customer
- (iv) Demonstration by Transmission Customer of its strong financial standing as a stand-alone entity or, if applicable, the strong financial standing of its members to whom the Transmission Customer must have financial recourse
- (v) Proof of access to internal or external financial resources that provide sufficient liquidity to support existing and proposed obligations.

V. Acceptable Forms of Collateral

Irrevocable Standby Letter of Credit

If, at any time Transmission Customer is required to provide collateral or security to meet its responsibilities and obligations under the Tariff, Transmission Customer shall provide:

- (i) an irrevocable standby letter of credit in the form provided by Tacoma Power upon request (or otherwise in form and substance acceptable to Tacoma Power), issued by a domestic bank, or a domestic branch of a foreign bank, with a senior debt rating of at least “A” (or its equivalent) from Standard and Poor’s, Moody’s, or Fitch; or
- (ii) an alternative form of security proposed by the Transmission Customer and acceptable to Tacoma Power and consistent with standard commercial practices that protects Tacoma Power against the risk of non-payment.

Any such Letter of Credit must be reviewed and Approved as to Form by Tacoma Power Legal Department prior to acceptance by Tacoma Power.

VI. Procedure for Notification of Changes in Creditworthiness

At any time, at the discretion of Tacoma Power, if it is decided and recommended that the credit limit or collateral necessitates change, an “action required” or “information only” letter/e-mail will be sent, within 15 days of the decision, to the Primary Contact listed on the Transmission Customer Contact form that the Transmission Customer provided to Tacoma Power. The letter/e-mail will detail

the change in either credit limit or collateral requirement. In some cases, the letter/e-mail sent will be for information only and require no action on behalf of the Transmission Customer.

VII. Procedure for Providing Explanation of Changes in Creditworthiness

The Transmission Customer can request an explanation for any change in credit levels or collateral requirements by responding to the letter/e-mail sent by Tacoma Power's credit analyst detailing the changes. Once the credit analyst has sent the letter/e-mail detailing the changes, the Transmission Customer will have 15 days to respond requesting an explanation for the changes.

VIII. Procedure for Contesting Credit Determinations

After the credit analyst has sent the written explanation for said changes, the Transmission Customer will have 15 days to contest the determination of the changes. All credit decisions will be supported and documented based upon credit policy procedures posted on Tacoma Power's OASIS website.

IX. Procedures to Post Additional Credit Security

If the Transmission Customer acknowledges the action items in the letter/e-mail, they will then have 30 days post additional collateral required by Tacoma Power or to cure any non-creditworthy determination.

X. Termination of Service

If Transmission Customer fails to meet the credit requirements or otherwise comply with this Attachment L, and such failure is not corrected within thirty (30) calendar days after Tacoma Power notifies Transmission Customer to cure such failure, Tacoma Power may initiate a proceeding with the Utility Board to terminate service but shall not terminate service until the Utility Board so approves any such termination.

ATTACHMENT M

Facility Connection Requirements

Connection requirements are available upon request of the customer.

ATTACHMENT N

Generator Interconnection Procedures

Tacoma Power's Interconnection Procedures are posted on Tacoma Power's OASIS.

Generator Interconnection and Operating Agreement

This Generator Interconnection and Operating Agreement (the “**Agreement**”) is made and entered into this ____ day of _____, 20__, between the City of Tacoma, Department of Public Utilities, Light Division, a municipal corporation of the State of Washington, hereinafter referred to as “**Tacoma Power**”, and _____, hereinafter referred to as the “**Facility Sponsor**.” Tacoma Power and Facility Sponsor each may be referred to in this Agreement as a “**Party**,” or collectively as the “**Parties**.”

RECITALS

WHEREAS, the Facility Sponsor intends to own and operate a generation facility located in _____, _____ (the “**Facility**”); and,

WHEREAS, the Facility is located adjacent to the electrical facilities of Tacoma Power; and,

WHEREAS, the Facility Sponsor has requested, and Tacoma Power has agreed to enter into, an agreement with the Facility Sponsor governing the terms pursuant to which the Facility Sponsor will interconnect the Facility with the Tacoma Power Transmission System;

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

ARTICLE 1

DEFINITIONS

1.0 Whenever used in this Agreement, appendices, and attachments hereto, the following capitalized terms shall have the meanings set forth below. Any capitalized term not defined below shall have the meaning given such term in the Tariff.

1.01 **“Confidential Information”** means information disclosed by a Party (the “disclosing Party”) in connection with this Agreement that is (a) treated by the disclosing Party as confidential or subject to binding confidentiality obligations, and (b) clearly marked or otherwise identified at the time of disclosure as confidential. Notwithstanding the foregoing, “Confidential Information” shall not include information disclosed by the disclosing Party to the other Party (the “receiving Party”) pursuant to this Agreement that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party, after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or breach of this Agreement; or (6) is required, in accordance with Section 19.6 of this Agreement, to be disclosed by any federal or state government or agency or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this

Agreement. Confidential Information” also shall not include information that (A) in Tacoma Power’s reasonable opinion, is subject to mandatory disclosure pursuant to the State of Washington’s Public Disclosure Law, R.C.W. 42.56, or (B) although previously treated as confidential under this Agreement, has subsequently been designated by notice from the disclosing Party to the receiving Party as non-confidential.

- 1.02 **“Emergency”** means any abnormal system condition that (a) requires automatic or immediate manual action to prevent or limit loss of electrical facilities or generation supply and (b) could adversely affect the reliability of the Tacoma Power Transmission System or the systems to which the Tacoma Power Transmission System is directly or indirectly interconnected; provided however, that the inability of Tacoma Power to meet its load requirements because of insufficient generation resources shall not constitute an Emergency.
- 1.03 **“Facility”** means the Facility Sponsor’s electric generating facility identified generally in the recitals of this Agreement and more specifically identified in the “as built” drawings provided to Tacoma Power together with the other property, facilities, and equipment owned and/or controlled by the Facility Sponsor on the Facility Sponsor’s side of the Interconnection Point.
- 1.04 **“Force Majeure”** means an event or occurrence or circumstance, beyond the reasonable control of the Party claiming Force Majeure, that wholly or in part prevents the claiming Party from performing its obligations under this Agreement; provided, however, that Force Majeure shall not (a) include any act of negligence or intentional wrongdoing by or mere economic hardship to the claiming Party, or (b) relieve a Party of any obligation under this Agreement or under applicable laws or regulations (including applicable NERC reliability standards) to maintain protective

equipment or to otherwise operate its facilities so as to mitigate abnormal system conditions to the extent feasible and avoid damage to its property.

- 1.05 **“Good Utility Practice”** means any of the practices, methods and acts engaged in or approved by a significant proportion 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 reasonable cost consistent with applicable law, 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 a spectrum of acceptable practices, methods or acts. For purposes of this Agreement, Good Utility Practice includes, but is not limited to, applicable operational and/or reliability criteria, protocols, and directives, including those of Tacoma Power, NERC, and WECC.
- 1.06 **“Hazardous Substances”** means 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,” “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. For purposes of this Agreement, the term “Environmental Law” means federal, state, and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders relating to pollution or protection of the environment, natural resources, or human health and safety.

- 1.07 **“Interconnection Facilities”** means all facilities in place as of the effective date of this Agreement or proposed to be installed pursuant to this Agreement, as identified in Exhibit 1, or facilities which are later installed, in order to provide Interconnection Service and deliver energy from the Facility to the Tacoma Power Transmission System including, but not limited to, connection, distribution, transformation, switching, metering and safety equipment.
- 1.08 **“Interconnection Point”** means the physical location on the power system of the change of ownership between Tacoma Power and the Facility Sponsor.
- 1.09 **“Interconnection Service”** means the services provided by Tacoma Power to connect the Facility with the Tacoma Power Transmission System pursuant to the terms of this Agreement. The term does not include the right to obtain transmission service on the Tacoma Power Transmission System, which service shall be obtained in accordance with the provisions of the Tariff.
- 1.10 **“Metering Equipment”** means all metering equipment installed at the Facility as of the effective date of this Agreement and/or other metering equipment to be installed at the metering points designated in Exhibit 3.
- 1.11 **“NERC”** means the North American Electric Reliability Corporation or its successor.
- 1.12 **“Operation Date”** means the day commencing at 00:01 hours on the day following the day during which Interconnection Facilities and equipment of the Facility have been completed to Tacoma Power’s and the Facility Sponsor’s mutual satisfaction and energized in parallel operation of Tacoma Power’s and the Facility Sponsor’s systems as confirmed in a writing substantially in the form shown in Exhibit 6.
- 1.13 **“Secondary Systems”** means control or power circuits that operate below

600 volts, AC or DC, including, but not limited to, any hardware, control or protective devices, cables, conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers.

- 1.14 **“Switching and Tagging Rules”** means Tacoma Power’s and Project Sponsor’s switching and tagging procedures, as they may be amended.
- 1.15 **“System Protection Facilities”** means the equipment required to protect
- (a) the Tacoma Power Transmission System, the systems of others connected to the Tacoma Power Transmission System or the Facility from faults occurring at the Facility, and
 - (b) the Facility from faults occurring on the Tacoma Power Transmission System or on the systems of others to which the Tacoma Power Transmission System is directly or indirectly connected.
- 1.16 **“System Upgrades”** means modifications or improvements to the Tacoma Power Transmission System required in order to interconnect the Facility with the Tacoma Power Transmission System, as identified as “Required System Upgrades” in Exhibit 2. The cost of System Upgrades shall be borne by the Facility Sponsor.
- 1.17 **“Tariff”** means Tacoma Power’s Open Access Transmission Tariff, as it may be amended or replaced from time to time.

ARTICLE 2

TERM OF AGREEMENT

- 2.0 **Effective Date.** This Agreement shall be binding when executed by the Parties and shall be effective as of the date set forth in the preamble to this Agreement and shall continue for a period of _____ years. However, the Agreement may be earlier terminated upon written agreement of the Parties.

- 2.1 Termination Upon Default. This Agreement may be terminated upon a Party's Default in accordance with the provisions of Section 17.1.
- 2.2 Survival. Any termination or expiration of this Agreement shall be subject to the survival provisions set forth in Section 17.2.

ARTICLE 3

INTERCONNECTION SERVICE

- 3.0 Service. Tacoma Power shall provide the Facility Sponsor with Interconnection Service for the Facility pursuant to the terms of this Agreement for the period during which this Agreement remains in effect.
- 3.1 Scope of Service. Tacoma Power shall provide Interconnection Service for the Facility at the Interconnection Point. However, in the event of an increase in the output of the Facility or other material change or modification to the configuration and/or operation of the Facility, the Facility Sponsor must initiate, complete, and pay for a new Tacoma Power interconnection study process.
 - 3.1.1 Tacoma Power shall have no obligation under this Agreement to pay the Facility Sponsor any wheeling or other charges for electric power and/or energy transferred through the Facility Sponsor's equipment or for power or Ancillary Services provided by Facility Sponsor under this Agreement for the benefit of the Tacoma Power Transmission System.
 - 3.1.2 Tacoma Power shall have no obligation under this Agreement to make arrangements or pay under applicable tariffs or otherwise for transfer and ancillary services associated with the delivery of electricity and ancillary electrical products produced by the Facility.
 - 3.1.3 Tacoma Power shall have no obligation under this Agreement to make arrangements for transmission, losses, and ancillary services associated with the use of the Tacoma Power Transmission System for the delivery of electricity and ancillary electrical products to the Facility.

- 3.1.4 Tacoma Power shall have no obligation under this Agreement to procure electricity and ancillary electrical products to satisfy the Facility Sponsor's station service or other requirements.
- 3.1.5 Station Service is that power provided for local use at Project Sponsor's Facility to operate lighting, heat and auxiliary equipment. Alternate Station Service is a backup source of power, used only in emergency situations or during maintenance when primary Station Service is not available. Tacoma Power shall have no obligation under this Agreement to provide Station Service or Alternative Station Service. Station Service or Alternative Station Service to be provided by Tacoma Power, if any, shall be governed by terms set forth in a separate written agreement between Tacoma Power and the Facility Sponsor.
- 3.1.6 Tacoma Power makes no representations to the Facility Sponsor regarding the availability of transmission service on the Tacoma Power Transmission System, and the Facility Sponsor agrees that the availability of transmission service on the Tacoma Power Transmission System may not be inferred or implied from Tacoma Power's execution of this Agreement. If the Facility Sponsor wishes to obtain transmission service on the Tacoma Power Transmission System, the Facility Sponsor must request such service in accordance with the provisions of the Tariff.
- 3.2 Technical Standards. Details, specifications, requirements, and procedures that further expand on the general information set forth in this Article 3 and in those sections of this Agreement titled Operations, Maintenance, Emergencies, Safety, and Metering, can be found in Appendix B, Technical Standards, and Appendix C, Protection Standards.
- 3.3 Third Party Actions. The Facility Sponsor acknowledges and agrees that from time to time during the terms of this Agreement other persons may develop,

construct and operate, or acquire and operate generating facilities in Tacoma Power's service territory, and construction or acquisition and operation of any such facilities, and reservations by any such other persons of transmission service under the Tariff may adversely affect the Facility and the availability of transmission service for the Facility's electric output. The Facility Sponsor acknowledges and agrees that Tacoma Power has no obligation under this Agreement to disclose to the Facility Sponsor any information with respect to third party developments or circumstances, including the identity or existence of any such person or other facilities, except as may be required to comply with Article 4 or other provisions of this Agreement. Neither Party makes any guarantees to the other Party under this Agreement with respect to transmission service that is available under the Transmission or any other Tariff under which transmission service may be available to the Facility Sponsor or Tacoma Power.

- 3.4 Ancillary Services. Under normal operating conditions the Facility Sponsor shall provide reactive power as required by applicable provisions of this Agreement and Exhibit 1 at no cost to Tacoma Power. If the Facility Sponsor wishes to sell or self-provide any Ancillary Services as set forth in the Tariff or otherwise, and Tacoma Power is able to accommodate said request, then the Facility Sponsor shall install and maintain all equipment, and provide Tacoma Power with all data necessary to monitor, verify, and facilitate billing for any such Ancillary Services. Upon reasonable requests by Tacoma Power, the Facility Sponsor shall be required to test connected facilities to demonstrate and verify their ability to provide such Ancillary Services.

ARTICLE 4
OPERATIONS

- 4.0 Tacoma Power Obligations. Tacoma Power shall operate and control the Tacoma Power Transmission System in accordance with Good Utility Practice and the provisions of this Agreement.
- 4.1 Facility Sponsor Obligations. The Facility Sponsor shall operate and control the Facility in accordance with Good Utility Practice and the provisions of this Agreement.
- 4.2 Access Rights. The Parties shall provide each other such easements and/or access rights as may be necessary for either Party's performance of its operational obligations under this Agreement; provided that, notwithstanding anything stated herein, a Party performing operational work within the boundaries of the other Party's facilities must abide by the rules applicable to that site.
- 4.3 Switching and Tagging Rules. The Parties shall abide by their respective Switching and Tagging Rules for obtaining clearances for work or for switching operations on equipment.
- 4.4 Reactive Power.
- 4.4.1 Obligation to Supply Reactive Power. The Facility Sponsor shall supply reactive power to the Tacoma Power Transmission System in accordance with Good Utility Practice and the requirements set forth in Section 4.4.2. The Facility Sponsor shall respond to requests from Tacoma Power to increase or decrease generator reactive power output in a manner consistent with the Facility Sponsor's obligations under Section 4.1.
- 4.4.2 Reactive Power Standards. The Facility power factor design limitation minimum requirement shall be a reactive power capability sufficient to maintain a composite power delivery at the Interconnection Point at a power factor as set forth in Appendix B. Under normal operating conditions, the Facility Sponsor shall operate the Facility to maintain a

voltage schedule at the Interconnection Point as prescribed by the dispatcher (the “Tacoma Power Dispatcher”) or designated representative within the Facility’s power factor design limitations. In the event that the voltage schedule at the Interconnection Point cannot be or is not maintained within this requirement, Tacoma Power Dispatcher may request the Facility to be operated (within the design limitation of the equipment in operation at the time) to produce its maximum available reactive power output (measured in MVAR) in order to achieve the prescribed voltage schedule, provided that Tacoma Power Dispatcher has requested other generating facilities and other reactive compensation resources in the affected area (including but not limited to Tacoma Power’s facilities) to produce their maximum available reactive power output (measured in MVAR) in order to achieve the prescribed voltage schedule. The Facility Sponsor shall promptly comply with such requests made by Tacoma Power Dispatcher. In the event that under normal operating conditions the Facility is unable to consistently maintain a reactive power capability sufficient to maintain a composite power delivery at the Interconnection Point at a power factor set forth in Appendix B, the Facility Sponsor shall promptly take appropriate other steps to configure the Facility to meet such standards, including, as necessary, the installation of static and/or dynamic reactive power compensating devices. Tacoma Power shall maintain records of requests made by Tacoma Power Dispatcher, and records indicating actual responses to these requests, which records shall be subject to a third party independent audit at the Facility Sponsor’s request and expense. The Facility Sponsor shall present to Tacoma Power any such request for an audit no later than twenty-four (24) months following a request by the Tacoma Power Dispatcher that the Facility produce its maximum available reactive power output.

- 4.4.3 Emergency. During an Emergency on the Tacoma Power Transmission System or on an adjacent transmission system, as declared by Tacoma Power Dispatcher, the Tacoma Power Dispatcher shall have the authority to direct the Facility Sponsor to increase or decrease real power production (measured in MW) and/or reactive power production (measured in MVAR), within the design and operational limitations of the Facility equipment in operation at the time, in order to maintain reliable operations. In the event of such a declaration of an Emergency, determinations: (a) that the reliability of the Tacoma Power Transmission System is in jeopardy, and (b) that there is a need to increase or decrease reactive power production, even if real power production is adversely affected, will be made solely by the Tacoma Power Dispatcher or his or her designated representative. The Facility operator shall honor the Tacoma Power Dispatcher's orders and directives concerning Facility real power and/or reactive power output within the design limitations of the Facility's equipment in operation at the time, such that the reliability of the Tacoma Power Transmission System is maintained. Tacoma Power shall work expeditiously, in accordance with Good Utility Practice, to restore the Tacoma Power Transmission System conditions to normal.
- 4.5 Operating Expenses. Each Party shall be responsible for all expenses associated with (a) operating its own property, equipment, facilities, and appurtenances on its side of the Interconnection Point, and (b) operating its Interconnection Facilities.
- 4.6 Protection and System Quality. The Facility Sponsor shall, at its expense, provide, install, maintain, and operate, in accordance with Good Utility Practice, such System Protection Facilities, together with any additional protective or regulating devices, as are identified in Appendix C, Protection Standards, and as otherwise necessary to protect personnel and equipment and to minimize adverse impacts to Tacoma Power's electric service operations arising from the Facility. Any such

System Protection Facilities and other protective or regulating devices that may be required on Tacoma Power's facilities in connection with the operation of the Facility shall be installed by Tacoma Power at the Facility Sponsor's expense.

4.6.1 Requirements for Protection. In compliance with the requirements set forth in Appendix C, Protection Standards, the Facility Sponsor shall, at its expense, provide, install, own, and maintain, in accordance with Good Utility Practice, relays, circuit breakers, and all other devices necessary to promptly remove any fault contribution of the Facility to any short circuit occurring on the Tacoma Power Transmission System not otherwise isolated by Tacoma Power equipment. Such protective equipment shall include, without limitation, a disconnecting device or switch with load interrupting capability to be located between the Facility and the Tacoma Power Transmission System at an accessible, protected, and satisfactory site selected upon mutual agreement of the Parties. The Facility Sponsor shall be responsible for protection of the Facility and the Facility Sponsor's other equipment from such conditions as negative sequence currents, over- or under-frequency, sudden load rejection, over- or under-voltage, and generator loss-of-field. The Facility Sponsor shall be solely responsible for provisions to disconnect the Facility and the Facility Sponsor's other equipment when any of the foregoing (or other abnormal) conditions occur on the Tacoma Power Transmission System.

4.6.2 System Quality. The Facility Sponsor's facilities and equipment shall not cause excessive voltage excursions nor cause the voltage to drop below or rise above the range maintained by Tacoma Power without the Facility Sponsor's generation. The Facility Sponsor's facilities and equipment shall not cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as set forth in Appendix B, Technical Standards.

- 4.6.3 Inspection. Tacoma Power shall have the right, but shall have no obligation or responsibility to: (a) observe the Facility Sponsor's tests and/or inspection of any of the Facility Sponsor's System Protection Equipment; (b) review the settings of the Facility Sponsor's System Protection Equipment; and (c) review the Facility Sponsor's maintenance records relative to the Facility and/or the Facility Sponsor's System Protection Equipment. The foregoing rights may be exercised by Tacoma Power from time to time as deemed necessary by Tacoma Power upon reasonable notice to the Facility Sponsor. However, the exercise or non-exercise by Tacoma Power of any of the foregoing rights of observation, review or inspection shall be construed neither as an endorsement or confirmation of any aspect, feature, element, or condition of the Facility or the Facility Sponsor's System Protection Equipment or the operation thereof, nor as a warranty as to the fitness, safety, desirability, or reliability of same.
- 4.7 Frequency Regulation. The Facility Sponsor shall, at its expense, install, maintain, and operate, in accordance with Good Utility Practice, such frequency regulation equipment as is identified in Appendix C.
- 4.8 Outages, Interruptions, and Disconnection.
- 4.8.1 Outage Authority and Coordination. In accordance with Good Utility Practice, each Party may, in close cooperation with the other, remove from service its facilities that may impact the other Party's facilities as necessary to perform maintenance or testing or to install or replace equipment. Absent the existence or imminence of an Emergency, the Party scheduling a removal of a facility from service shall use commercially reasonable efforts to schedule such removal on a date mutually acceptable to both Parties, in accordance with Good Utility Practice.
- 4.8.2 Procedures. The parties shall jointly develop, and Tacoma Power shall have the final approval of, a set of procedures in accordance with the

provisions of Appendix B, to be followed when the Facility is disconnected from or reconnected to the Tacoma Power Transmission System. In addition to following said procedures, the Facility shall not be reconnected until such time as the Tacoma Power Dispatcher specifically approves energization.

4.8.3 Outage Restoration.

4.8.3.1 Unplanned Outage. In the event of an unplanned outage of a Party's facility that adversely affects the other Party's facilities, the Party that owns or controls the facility out of service shall use commercially reasonable efforts to promptly restore that facility to service in accordance with Good Utility Practice.

4.8.3.2 Planned Outage. In the event of a planned outage of a Party's facility that adversely affects the other Party's facilities, the Party that owns or controls the facility out of service shall use commercially reasonable efforts to promptly restore that facility to service in accordance with Good Utility Practice and in accordance with its schedule for the work that necessitated the planned outage.

4.8.4 Interruption. If at any time, in Tacoma Power's reasonable judgment exercised in accordance with Good Utility Practice, the continued operation of the Facility would cause an Emergency, Tacoma Power may curtail, interrupt, or reduce energy delivered from the Facility to the Tacoma Power Transmission System until the condition(s) that would cause the Emergency is corrected. Tacoma Power shall give the Facility Sponsor as much notice as is reasonably practicable of Tacoma Power's intention to curtail, interrupt, or reduce energy delivery from the Facility in response to a condition that would cause an Emergency and, where practicable, allow suitable time for the Facility Sponsor to remove or remedy such condition before any such curtailment, interruption, or reduction commences. In the

event of any curtailment, interruption, or reduction, Tacoma Power shall promptly confer with the Facility Sponsor regarding the conditions that gave rise to the curtailment, interruption, or reduction, and Tacoma Power shall give the Facility Sponsor Tacoma Power's recommendation, if any, concerning the timely correction of such conditions. Consistent with Good Utility Practice, Tacoma Power shall promptly cease the curtailment, interruption, or reduction of energy delivery when the condition that would cause the Emergency ceases to exist.

4.8.5 Disconnection.

4.8.5.1 Disconnection After Agreement Terminates. Upon termination of the Agreement by its terms, Tacoma Power may disconnect the Facility from the Tacoma Power Transmission System in accordance with a plan for disconnection upon which the Parties agree.

4.8.5.2 Disconnection in Event of Emergency. Subject to the provisions of Section 4.8.5.3, Tacoma Power or the Facility Sponsor shall have the right to disconnect the Facility without notice if, in Tacoma Power's or the Facility Sponsor's sole opinion, an Emergency exists and immediate disconnection is necessary to protect persons or property from damage or interference caused by the Facility Sponsor's connection or lack of proper or properly operating System Protection Equipment. For purposes of this Section 4.8.5.2, System Protection Equipment may be deemed by Tacoma Power to be not properly operating if Tacoma Power's review under this Agreement discloses irregular or otherwise insufficient maintenance on such System Protection Equipment or that maintenance records do not exist or are otherwise insufficient to demonstrate that adequate maintenance has been and is being

performed. Consistent with Good Utility Practice, Tacoma Power shall promptly allow reconnection when the condition that caused or would cause the Emergency ceases to exist.

4.8.5.3. Disconnection After Underfrequency Load-Shed Event. NERC Planning Criteria require the interconnected transmission system frequency be maintained between 59.95 Hz and 60.05 Hz. In the event of an underfrequency system disturbance, the Tacoma Power Transmission System is designed to automatically activate a load-shed program. Connected generating facilities receiving power from Tacoma Power Transmission System may set a higher underfrequency relay set point if necessary to protect facilities and equipment.

4.8.6 Continuity of Service. Notwithstanding any other provision of this Agreement, Tacoma Power shall not be obligated to accept, and Tacoma Power may require the Facility Sponsor to curtail, interrupt or reduce, deliveries of energy if such delivery of energy impairs Tacoma Power's ability to construct, install, repair, replace or remove any of its equipment or any part of its system or if Tacoma Power determines that curtailment, interruption or reduction is necessary because of Emergencies, forced outages, operating conditions on its system, or any reason otherwise permitted by applicable rules or regulations promulgated by a regulatory agency having jurisdiction over such matters or by applicable requirements of WECC or NERC. The Parties shall coordinate, and if necessary negotiate in good faith, the timing of such curtailments, interruptions, reductions or deliveries with respect to maintenance, investigation or inspection of Tacoma Power's equipment or system. Except in case of Emergency, Tacoma Power shall make good faith efforts to give the Facility Sponsor reasonable prior notice of any curtailment, interruption or

reduction, including the reason for its occurrence and its probable duration, in order not to interfere unreasonably with the Facility Sponsor's operations.

ARTICLE 5

MAINTENANCE

- 5.0 Tacoma Power Obligations. Tacoma Power shall maintain its Transmission System, to the extent it might reasonably be expected to have an impact on the operation of the Facility in accordance with Good Utility Practice and the provisions of this Agreement.
- 5.1 Facility Sponsor Obligations. The Facility Sponsor shall maintain its facilities and equipment, to the extent they might reasonably be expected to have an impact on the operation of the Tacoma Power Transmission System, in accordance with Good Utility Practice and the provisions of this Agreement.
- 5.2 Access Rights. The Parties shall provide each other such easements and/or access rights as may be necessary for either Party's performance of its maintenance obligations under this Agreement; provided that, notwithstanding anything stated herein, a Party performing maintenance work within the boundaries of the other Party's facilities must abide by the rules applicable to that site.
- 5.3 Maintenance Expenses. Each Party shall be responsible for all expenses associated with (a) maintaining its own property, equipment, facilities, and appurtenances on its side of the Interconnection Point; and (b) maintaining its Interconnection Facilities.
- 5.4 Coordination. The Parties agree to confer regularly to coordinate the planning and scheduling of preventive and corrective maintenance. Each Party shall conduct preventive and corrective maintenance activities as planned and scheduled in accordance with this section.
- 5.5 Inspections and Testing. Each Party shall perform routine inspection and testing

of its facilities and equipment in accordance with Good Utility Practice as may be necessary to ensure the continued connection of the Facility with the Tacoma Power Transmission System in accordance with Good Utility Practice.

- 5.6 Right to Observe Testing. Each Party shall, at its own expense, have the right to observe the testing of any of the other Party's facilities and equipment whose performance may reasonably be expected to affect the reliability of the observing Party's facilities and equipment. Each Party shall notify the other Party in advance of its performance of tests of its facilities and equipment, and the other Party may have a representative attend and be present during such testing.
- 5.7 Cooperation. Each Party agrees to cooperate with the other in the inspection, maintenance, and testing of those Secondary Systems directly affecting the operation of its facilities and equipment that may reasonably be expected to affect the facilities and equipment of other Party. Each Party shall provide advance notice to the other Party before undertaking any work in these areas, especially in electrical circuits involving circuit breaker trip and close contacts, current transformers, or potential transformers.
- 5.8 Observation of Deficiencies. If a Party observes any deficiencies or defects on, or becomes aware of a lack of scheduled maintenance and testing with respect to, the other Party's facilities and equipment that might reasonably be expected to adversely affect the observing Party's facilities and equipment, the observing Party shall provide notice to the other Party that is prompt under the circumstance, and the other Party shall make any corrections required in accordance with Good Utility Practice.

ARTICLE 6

EMERGENCIES

- 6.0 Obligations Related to Emergencies. Each Party agrees to comply with NERC and WECC Emergency procedures and Tacoma Power and Facility Sponsor

Emergency procedures, as applicable, with respect to Emergencies.

- 6.1 Notice of Emergencies. Tacoma Power shall provide the Facility Sponsor with oral notification that is prompt under the circumstances of an Emergency that may reasonably be expected to affect the Facility Sponsor's operation of the Facility, to the extent Tacoma Power is aware of the Emergency. The Facility Sponsor shall provide Tacoma Power with oral notification that is prompt under the circumstances of an Emergency that may reasonably be expected to affect the Tacoma Power Transmission System, to the extent the Facility Sponsor is aware of the Emergency. To the extent the Party becoming aware of an Emergency is aware of the facts of the Emergency, such notification shall describe the Emergency, the extent of the damage or deficiency, its anticipated duration, and the corrective action taken and/or to be taken, and shall be followed as soon as practicable with written notice.
- 6.2 Immediate Action. In the event of an Emergency, the Party becoming aware of the Emergency may, in accordance with Good Utility Practice and using its reasonable judgment, take such action as is reasonable and necessary to prevent, avoid, or mitigate injury, danger, and loss. If the Facility Sponsor has identified an Emergency involving the Tacoma Power Transmission System, the Facility Sponsor shall obtain the consent of Tacoma Power personnel prior to manually performing any switching operations unless, in the Facility Sponsor's reasonable judgment, immediate action is required.
- 6.3 Tacoma Power Authority. Tacoma Power may, consistent with Good Utility Practice, take whatever actions or inactions with regard to the Tacoma Power Transmission System that Tacoma Power deems necessary during an Emergency in order to: (a) preserve public health and safety; (b) preserve the reliability of the Tacoma Power Transmission System; (c) limit or prevent damage; and (d) expedite restoration of service. Tacoma Power shall use commercially reasonable efforts to minimize the effect of such actions or inactions on the Facility.

- 6.4 Facility Sponsor Authority. The Facility Sponsor may, consistent with Good Utility Practice, take whatever actions or inactions with regard to the Facility that the Facility Sponsor deems necessary during an Emergency in order to: (a) preserve public health and safety; (b) preserve the reliability of the Facility; (c) limit or prevent damage; and (d) expedite restoration of service. The Facility Sponsor shall use commercially reasonable efforts to minimize the effect of such actions or inactions on the Tacoma Power Transmission System.
- 6.5 Reclosure Following Disconnection. If, for any reason, the Facility is disconnected from the Tacoma Power Transmission System, any switching device used to disconnect the Facility from the Tacoma Power Transmission System shall remain open until Tacoma Power approves the reclosure. Specific procedures and requirements for reclosure, including necessary synchronization, are set forth in Appendix B.
- 6.6 Audit Rights Related to Emergencies. Each Party shall keep and maintain record of actions taken during an Emergency that may reasonably be expected to affect the other Party's facilities and make such records available for third party independent audit upon the request and expense of the Party affected by such action. Any such request for an audit must be no later than twenty-four (24) months following the action taken.

ARTICLE 7

SAFETY

- 7.0 General. Tacoma Power and the Facility Sponsor agree that all work performed by either Party that may reasonably be expected to affect the other Party shall be performed in accordance with Good Utility Practice and all applicable laws, regulations, and other requirements pertaining to the safety of persons or property. A Party performing work within the boundaries of the other Party's facilities must abide by the safety rules applicable to the site.

- 7.1 Environmental Releases. Each Party shall notify the other Party, first orally and then in writing, of the release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities, to the extent any of the foregoing may reasonably be expected to affect the other Party, as soon as possible but not later than twenty-four (24) hours after the Party becomes aware of the occurrence, and shall promptly furnish to the other Party copies of any reports filed with any governmental agencies addressing such events.

ARTICLE 8

SYSTEM UPGRADES, CONSTRUCTION AND MODIFICATIONS

- 8.0 System Upgrades. Tacoma Power shall perform, and the Facility Sponsor shall bear the reasonable cost of, any System Upgrades.
- 8.1 Construction.
- 8.1.1 Facility and Equipment Design and Construction. The Facility Sponsor shall, at its sole expense, design, construct, and install the Facility and all equipment needed to interconnect the Facility with the Tacoma Power Transmission System. The Facility Sponsor's Interconnection Facilities and equipment shall satisfy all requirements of applicable safety, reliability, and/or engineering codes, including Tacoma Power's, and further, shall satisfy all requirements of any duly-constituted regulatory authority having jurisdiction. The Facility Sponsor shall submit all specifications for the Facility Sponsor's Interconnection Facilities and equipment, including System Protection Facilities, to Tacoma Power for review at least ninety (90) days prior to interconnecting such Interconnection Facilities and equipment with the Tacoma Power Transmission System to enable Tacoma Power to assess whether such Interconnection Facilities and equipment are consistent with operational control, reliability and/or safety standards or requirements of Tacoma Power. Tacoma Power's review of the Facility

Sponsor's specifications shall not be construed as either confirming or endorsing the design, or as any warranty as to fitness, safety, durability or reliability of, the Facility Sponsor's Interconnection Facilities or other equipment. Tacoma Power shall not, by reason of such review or failure to review, be responsible for details of design, adequacy, or capacity of the Facility Sponsor's Interconnection Facilities or other equipment, and any Tacoma Power acceptance shall not be deemed to be an endorsement of any facility or equipment. The Facility Sponsor agrees to make and pay for ongoing changes to its Interconnection Facilities and other equipment as may be reasonably required to meet changing requirements of NERC and WECC standards, and any reasonable changes to Tacoma Power requirements.

8.1.2 Drawings. Subject to the requirements of Article 19, promptly upon completion of any construction or modification to the Facility Sponsor's facilities and equipment that may reasonably be expected to affect the Tacoma Power Transmission System, and in any case no later than ninety (90) days thereafter, the Facility Sponsor shall issue "as built" drawings to Tacoma Power, unless the Parties reasonably agree that such drawings are not necessary.

8.2 Modifications. Subject to the conditions set forth in Section 3.1 herein, either Party may undertake modifications to its facilities. In the event a Party plans to undertake a modification that reasonably may be expected to affect the other Party's facilities, that Party shall provide the other Party with sufficient information regarding such modification, including, without limitation, the information required in accordance with Article 11, so that the other Party can evaluate the potential impact of such modification prior to commencement of the work. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Party at least ninety (90) days in

advance of the work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld or delayed.

ARTICLE 9

METERING

- 9.0 General. Tacoma Power shall, at the Facility Sponsor's expense provide, install, own, maintain, and calibrate Metering Equipment necessary to meter the electrical output of the Facility and otherwise satisfy obligations under this Agreement as set forth in Appendix A. If necessary, Metering Equipment shall be either located or adjusted, at Tacoma Power's option, in such manner to account for any transformation or connection losses between the location of the meter and the Interconnection Point. All expenses associated with Metering Equipment and providing metering data shall be itemized on Tacoma Power's invoices to the Facility Sponsor.
- 9.1 Testing of Metering Equipment. Tacoma Power shall, at the Facility Sponsor's expense, inspect, test, and calibrate all Interconnection Point Metering Equipment upon installation and at least once every two years thereafter. If requested to do so by the Facility Sponsor, Tacoma Power shall, at the Facility Sponsor's expense, inspect or test Metering Equipment more frequently than every two years. Tacoma Power shall give reasonable notice of the time when any inspection or test shall take place, and the Facility Sponsor may have representatives present at the test or inspection. If Metering Equipment is found to be inaccurate or defective, it shall be adjusted, repaired or replaced at the Facility Sponsor's expense, in order to provide accurate metering. If Metering Equipment fails to register, or if the measurement made by Metering Equipment during a test varies, by an amount determined by Tacoma Power standards, from the measurement made by the standard meter used in the test, adjustment shall be made correcting all measurements made by the inaccurate meter: (a) for the actual period during

which inaccurate measurements were made, if the period can be determined, or (b) if the period during which inaccurate measurements were made cannot be determined, for the period immediately preceding the test of the Metering Equipment equal to one-half the time from the date of most recent test of the Metering Equipment; provided that the period covered by the correction shall not exceed six months.

- 9.3 Metering Data. Unless the Parties have made other arrangements, if hourly and/or daily energy readings are available and if such data are requested by Tacoma Power, the Facility Sponsor shall report same to Tacoma Power's representatives as designated pursuant to Article 22, by telephone or electronically or as the Parties otherwise agree, on a schedule to be agreed upon. At the Facility Sponsor's expense, the Facility Sponsor's metered data shall be telemetered to a location designated by Tacoma Power and one or more locations designated by the Facility Sponsor.

- 9.4 Communications.

9.4.1 At the Facility Sponsor's expense, the Facility Sponsor shall maintain satisfactory operating communications with the Tacoma Power Dispatcher or representative, as designated by Tacoma Power. The Facility Sponsor shall provide standard voice and facsimile communications at its Facility control room through use of the public telephone system. The Facility Sponsor shall also provide data communications as reasonably specified by Tacoma Power. The data circuit(s) shall extend from the Facility to a location(s) specified by Tacoma Power. Any required maintenance of such operating and data communications equipment shall be performed at the Facility Sponsor's expense, but may be performed by the Facility Sponsor or by Tacoma Power. Operational communications shall be activated and maintained with respect to, but shall not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns,

facility maintenance, equipment clearances, and hourly and daily load data.

9.4.2. A Remote Terminal Unit (“RTU”) or equivalent data collection and transfer equipment acceptable to both Parties shall be installed by the Facility Sponsor, or by Tacoma Power at the Facility Sponsor’s expense, to gather accumulated and instantaneous data (including, but not limited to, bi-directional analog real power and reactive power flow information) to be telemetered to a location(s) designated by Tacoma Power through the data communications capability required by Section 9.4.1. The Facility Sponsor shall install or facilitate installation of such equipment as soon as practicable following the effective date of this Agreement, provided that installation shall be accomplished within a time period of no more than one hundred eighty (180) days following notice by Tacoma Power and prior to initial operation of the Interconnection Facilities. Tacoma Power shall specify the communication protocol for data communications equipment required under this Agreement.

ARTICLE 10

INABILITY TO COMPLY AND FORCE MAJEURE

10.0 Notice of Related to Inability to Comply and Force Majeure If Applicable. Each Party shall, as promptly as feasible after determining that it is unable to comply, notify the other Party when it becomes aware of its inability to comply with the provisions of this Agreement. The Party giving notice shall provide necessary information regarding such inability to comply, including, but not limited to, the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Initial notice may be in writing or by telephone but, if by telephone, shall be followed as promptly as feasible with written confirmation. If a Party’s inability to comply is due to Force Majeure, the notice shall include in reasonable detail a description of the

circumstances giving rise to the Force Majeure. The Parties agree to cooperate with each other in seeking to remedy, as expeditiously as feasible, the inability of either Party to comply with this Agreement.

- 10.1 Effect of Force Majeure. A Party shall not be in breach of this Agreement for a failure to comply that is due to Force Majeure, provided that such Party (a) attempts in good faith to remedy or remove the conditions giving rise to the Force Majeure as expeditiously as feasible, (b) shall be excused only for the duration of and to the extent necessitated by the Force Majeure. Nothing in this Article 10 shall require a Party to settle a labor disturbance on terms unacceptable to it.

ARTICLE 11

INFORMATION REPORTING

- 11.0 Information Reporting Obligations. Each Party shall, in accordance with Good Utility Practice, promptly provide to the other Party all relevant information, documents, or data regarding the Party's facilities and equipment which may reasonably be expected to pertain to the reliability of the other Party's facilities and equipment and which has been reasonably requested by the other Party.

ARTICLE 12

PAYMENTS AND BILLING PROCEDURES

- 12.0 General. Within a not more than sixty (60) days following the date of incurrence or performance, each Party shall prepare and deliver to the other Party an invoice for any expenses incurred or services rendered for which payment is due from the other Party under this Agreement.
- 12.1 Invoice. Each invoice shall delineate the month in which the expenses were incurred or services were provided and shall be itemized to reflect and fully describe the expenses incurred or services rendered.
- 12.2 Payment. Any invoice delivered pursuant to this Agreement shall be paid within

thirty (30) calendar days of delivery. All payments shall be made in immediately available funds payable to the other Party, or by wire transfer to a bank named and account designated by the invoicing Party.

- 12.3 Payment Disputes. In the event of a billing dispute between Tacoma Power and the Facility Sponsor, each Party shall continue to provide services and pay all invoices on or before the invoice payment due date. If the dispute is resolved in favor of the Party disputing payment, the Party required to return disputed amounts shall, within thirty (30) days of resolution of the dispute, make payment with interest as calculated in accordance with Section 12.5.
- 12.4 Payment Not Waiver. Payment of an invoice shall not relieve the paying Party from any other responsibilities or obligations it has under this Agreement, nor shall such payment constitute a waiver of any claims arising hereunder.
- 12.5 Interest. Interest on any unpaid amounts, including disputed amounts, shall be calculated using an interest rate equal to 1.5% per month, not to exceed the maximum rate allowed by applicable law. Interest on unpaid amounts shall be calculated from the due date of the invoice to the date of payment. When payments are made by mail, invoices shall be considered as having been paid on the date of receipt by the other Party.
- 12.6 Collection Expenses. The prevailing Party shall be entitled to payment from the other Party for the costs of collecting amounts due under this Agreement, including attorney fees and expenses and the expenses of arbitration.

ARTICLE 13

ASSIGNMENT

- 13.0 Assignment; Successors and Assigns. The Facility Sponsor shall not assign, transfer or otherwise dispose of any of the privileges granted under this Agreement without the written consent of Tacoma Power. Consents to assignments or transfer requests shall not be unreasonably delayed or denied. Transfer of the

Facility Sponsor's ownership does not entitle new owners to transfer of this Agreement without the written consent of Tacoma Power. Under no circumstances shall any sale, transfer or assignment relieve the transferor or assignor of any liability for any Breach of or Default under this Agreement occurring before the effective date of such transfer or assignment.

Notwithstanding the foregoing, the Facility Sponsor or its assignee may grant a collateral interest in this Agreement to the persons, entities or institutions providing financing or refinancing for the development, design, construction or operation of the Facility and if the Facility Sponsor provides notice thereof to Tacoma Power, Tacoma Power shall provide notice and reasonable opportunity for such lenders to cure any Default under this Agreement. Tacoma Power shall, if requested by such lenders, execute its standard documents and certificates as may be requested with respect to the assignment and status of this Agreement, provided such documents do not change the rights of Tacoma Power under this Agreement except with respect to providing notice and reasonable opportunity to cure. In the event of any foreclosure by such lenders, the purchasers at such foreclosure, or any subsequent purchaser, shall upon request, be entitled to the rights and benefits of (and be bound by) this Agreement so long as it is an Eligible Customer under the Tariff.

ARTICLE 14

INSURANCE

- 14.0 Minimum Insurance Requirements. Without limiting any obligations or liabilities under this Agreement, the Facility Sponsor shall, at its expense, provide and maintain in effect for the life of this Agreement, minimum insurance coverage (in any combination of primary and excess layers), as follows:

14.0.1 Workers' compensation insurance in accordance with all applicable state, federal, and maritime laws, including employer's liability insurance in the

amount of \$1,000,000 per accident. Policy shall be endorsed to include a waiver of subrogation in favor of Tacoma Power.

14.0.2 Commercial general liability insurance, including contractual liability coverage for liabilities assumed under this Agreement, and personal injury coverage in the amount of \$25,000,000 per occurrence for bodily injury and property damage. Policy shall be endorsed (substantially in the form shown in Exhibit 4) to include Tacoma Power as an additional insured.

14.1 Notice of Cancellation; Certificates. All policies of insurance required under this Agreement shall provide for 30 days prior written notice to Tacoma Power of cancellation, or material adverse change. Prior to the date the Facility is first operated in parallel with the Tacoma Power Transmission System and annually thereafter during the term of this Agreement, the Facility Sponsor shall further Certificates of Insurance to Tacoma Power.

ARTICLE 15

INDEMNIFICATION, LIMITATION OF LIABILITY, AND DISCLAIMER OF WARRANTIES

15.0 Indemnification. The Facility Sponsor agrees to fully indemnify, defend and hold harmless Tacoma Power, and its commissioners, directors, officers, managers, employees, agents, representatives, and servants, from and against any and all claims, demands, liability, losses, damage, costs or expenses (including attorneys' fees and other costs of defense), of any nature or kind whatsoever, including, but not limited to, claims, demands and/or liability for personal injury to (including death of) any person whomsoever (including payments and awards made to the Facility Sponsor's employees or other under any workers' compensation law or under any plan for employees' disability and death benefits), and for damage to any property whatsoever (including the Facility and the Tacoma Power Transmission System) arising out of, resulting from or related to the use,

ownership, maintenance, or operation of the Facility or the Facility Sponsor's Interconnection Facilities, regardless of whether such claims, demands or liability are alleged to have been caused by negligence or to have arisen out of Tacoma Power's status as the owner or operator of facilities involved; provided, however, that the provisions of this paragraph shall not apply if any such personal injury or property damage is held to have been caused by the sole negligence or intentional wrongdoing of Tacoma Power, its agents or employees. The Facility Sponsor recognizes that it is waiving immunity under Washington Industrial Insurance law, Title 51 RCW, and further agrees that this indemnification clause has been mutually negotiated. This indemnification shall extend to and include attorney's fees and the costs of establishing the right of indemnification hereunder in favor of Tacoma Power.

- 15.1 Limitation of Liability. Tacoma Power shall not be liable pursuant to statute, contract, in tort (including negligence), strict liability, or otherwise to the Facility Sponsor, its agents, representatives, its affiliated and associated companies, and/or its assigns, for any indirect, incidental or consequential loss or damage whatsoever, including, but not limited to, loss of profits or revenue on work not performed, for loss of use of or under-utilization of the Facility, or loss of use of revenues or loss of anticipated profits, resulting from Tacoma Power's performance or non-performance of an obligation imposed on it by this Agreement.
- 15.2 Disclaimer of Warranties. Tacoma Power makes no warranty or representation whatsoever regarding the accuracy, completeness, or usefulness of the Interconnection Service provided hereunder (including any equipment or materials ordered and/or purchased hereunder), and Tacoma Power expressly disclaims any and all warranties, whether expressed or implied, including, but not limited to, implied warranties of merchantability and fitness for a particular purpose. Tacoma Power's provision of the Interconnection Service shall not be construed as

confirming or endorsing the suitability of the Interconnection Service, or as any warranty of safety, durability, reliability or efficacy of the Interconnection Service for any use or purpose.

ARTICLE 16

BREACH, CURE AND DEFAULT

- 16.0 General. A breach of this Agreement (“Breach”) shall occur upon the failure by a Party to perform or observe any material term or condition of this Agreement. A default of this Agreement (“Default”) shall occur upon the failure of a Party in Breach of this Agreement to cure such Breach in accordance with the provisions of Section 16.3.
- 16.1 Events of Breach. A Breach of this Agreement shall include, but not be limited to:
- (a) The failure to pay any amount when due;
 - (b) The failure to comply with any material term or condition of this Agreement, including but not limited to any material Breach of a representation, warranty or covenant made in this Agreement;
 - (c) A Party’s: (1) becoming insolvent; (2) filing a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy law or shall consent to the filing of any bankruptcy or reorganization petition against it under any similar law; (3) making a general assignment for the benefit of its creditors; or (4) consenting to the appointment of a receiver, trustee or liquidator;
 - (d) Assignment of this Agreement in a manner inconsistent with the terms of this Agreement;
 - (e) Failure of either Party to provide such access rights, or a Party’s attempt to revoke or terminate such access rights, as provided under this Agreement;
or
 - (f) Failure of either Party to provide information or data to the other Party as

required under this Agreement, provided the Party entitled to the information or data under this Agreement requires such information or data to satisfy its obligations under this Agreement.

- 16.2 Continued Operation. In the event of a Breach by either Party, the Parties shall continue to operate and maintain, as applicable, such System Protection Facilities, Metering Equipment, telemetering equipment, SCADA equipment, transformers, Secondary Systems, communications equipment, building facilities, software, documentation, structural components, and other facilities and appurtenances that are reasonably necessary for Tacoma Power to operate and maintain the Tacoma Power Transmission System, or for the Facility Sponsor to operate and maintain the Facility, in accordance with Good Utility Practice.
- 16.3 Cure and Default. Upon the occurrence of an event of Breach, the Party not in Breach (hereinafter the “Non-Breaching Party”), when it becomes aware of the Breach, shall give written notice of the Breach to the Breaching Party (the “Breaching Party”) and to any other person the Non-Breaching Party has agreed in advance to notify of Breach. Such notice shall set forth, in reasonable detail, the nature of the Breach, and where known and applicable, the steps necessary to cure such Breach. Upon receiving written notice of the Breach hereunder, the Breaching Party shall have thirty (30) days to cure such Breach. If the Breach is such that it cannot be cured within thirty (30) days, the Breaching Party shall commence in good faith all steps as are reasonable and appropriate to cure the Breach within such thirty (30) day time period and thereafter diligently pursue such action to completion. In the event the Breaching Party fails to cure the Breach, or to commence reasonable and appropriate steps to cure the Breach, within thirty (30) days of receiving written notice of the Breach, the Breaching Party shall be in Default of the Agreement.
- 16.4 Remedies. Upon the occurrence of an event of Default, the non-Defaulting Party shall be entitled to: (a) commence an action to require the Defaulting Party to

remedy such Default and specifically perform its duties and obligations hereunder in accordance with the terms and conditions hereof; (b) reimbursement by Defaulting Party for any fines, other monetary penalties, and expenses incurred by non-Defaulting Party as a result of such Default; and (c) exercise such other rights and remedies as it may have in equity or at law. If, in Tacoma Power's opinion, a Default or series of Defaults by the Facility Sponsor are of sufficient magnitude, frequency, or duration as to inhibit the ability of either Tacoma Power's, or any other entity interconnected to Tacoma Power's Transmission System, to operate in accordance with Good Utility Practice, then Tacoma Power may disconnect the Facility until such time as the Default has been corrected, or, if this Agreement is terminated before such Default has been corrected, such disconnection shall be permanent.

ARTICLE 17

TERMINATION OF INTERCONNECTION SERVICE

- 17.0 Expiration of Term. Except as otherwise specified in this Article 17, Interconnection Service for the Facility terminates at the conclusion of the term of this Agreement stated in Article 2 of this Agreement.
- 17.1 Termination for Default. A Party may terminate this Agreement upon the Default of other Party. Subject to the limitations set forth in Section 16.3, in the event of a Default, a non-Defaulting Party may terminate this Agreement upon written notice of termination to the other Party.
- 17.2 Survival of Rights and Obligations. The applicable provisions of this Agreement shall continue in effect after termination, expiration, or cancellation hereof to the extent necessary to provide for final billings, billing adjustments, and the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect. The termination, expiration, or cancellation of this Agreement shall not relieve either

Party of any of its liabilities and obligations arising hereunder prior to the date termination becomes effective, and each Party may take whatever judicial or administrative actions as it deems necessary or desirable to enforce its rights hereunder.

ARTICLE 18

SUBCONTRACTING

- 18.0 General. Nothing in this Agreement shall prevent a Party from utilizing the services of such subcontractors as is deems appropriate to perform its obligations under this Agreement; provided, however, that (a) the use of a subcontractor shall not relieve a Party of any of its obligations under this Agreement or from liability for any Breach or Default resulting from the acts or omissions of a subcontract, and (b) each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services,.
- 18.1 Responsibility of Hiring Party. The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. Each Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor it hires as if no subcontract had been made. Any applicable obligation imposed by this Agreement upon a Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.
- 18.2 No Third Party Beneficiaries. There are no third-party beneficiaries of this Agreement and nothing in this Agreement shall grant to any person rights as a third-party beneficiary.
- 18.3 No Limitation by Insurance. Neither any insurance carried by a subcontractor, nor any coverage limits applicable to any insurance carried by a subcontractor, shall in any way limit the obligations set forth in this Article 18.

ARTICLE 19

CONFIDENTIALITY

- 19.0 Term of Confidentiality Obligations. During the term of this Agreement, and for a period of three (3) years after the expiration or termination of this Agreement, except as otherwise provided in this Article 19, a receiving Party shall hold in confidence and shall not disclose to any person Confidential Information of the disclosing Party.
- 19.2 Release of Confidential Information. A receiving Party shall not release or disclose Confidential Information of the disclosing Party to any other person, except that a receiving Party may disclose Confidential Information of the disclosing Party to its employees, consultants or to parties who may be or considering providing financing to or equity participation with the Facility Sponsor, on a need-to-know basis in connection with this Agreement, provided that such person has first been advised of the confidentiality provisions of this Article 19 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall be liable for any release of Confidential Information in contravention of this Article 19.
- 19.3 Retention of Rights. Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.
- 19.4 No Warranties. By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.
- 19.5 Standard of Care. A receiving Party shall use at least the same standard of care to

protect Confidential Information of the disclosing Party as that it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information of the other Party solely to fulfill its obligations to the other Party under this Agreement and as necessary to comply with applicable laws and regulations.

- 19.6 Order of Disclosure. If a court or a government agency 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 Agreement. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the reasonable opinion of its counsel, the Party is legally compelled to disclose. Each Party will use reasonable effort to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.
- 19.7 Return or Destruction Upon Termination of Agreement. Upon termination of this Agreement for any reason, each Party shall, within ten days of receipt of a written request from the other Party, use reasonable efforts to destroy, erase, or delete (with such destruction, erasure and deletion certified in writing to the other Party) or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party.
- 19.8 Remedies Related to Confidential Information. The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's breach of its obligations under this Article 19. Each Party accordingly agrees that a Party that discloses Confidential Information shall be entitled to equitable relief, by way of injunction or otherwise, if the receiving Party breaches or threatens to breach its

obligations under this Article 19, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed to be an exclusive remedy for the breach of this Article, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. Neither Party, however, shall be liable for indirect, incidental, consequential, or punitive damages of any nature or kind resulting from or arising in connection with this Article 19.

ARTICLE 20

AUDIT RIGHTS

20.0 Audit of Records Pertaining to Agreement. Subject to the requirements of Article 19 of the Agreement, each Party shall have the right, during normal business hours, and upon prior reasonable notice to the other Party, to audit the other Party's accounts and records pertaining to such Party's performance and/or satisfaction of obligations arising under this Agreement. Said audit shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to obligations under this Agreement.

ARTICLE 21

DISPUTES

21.0 Submission. Any claim or dispute one Party may have against the other arising out of the Agreement shall be submitted in writing to the other Party not later than the latter of one hundred eighty (180) days after the circumstances which gave rise to the claim or dispute have taken place or one hundred eighty (180) days of discovery of such circumstances. The submission of any claim or dispute shall

include a concise statement of the question or issue in dispute, together with relevant facts and documentation to fully support the claim.

- 21.1 Dispute Resolution. The Parties shall exercise reasonable efforts to resolve a dispute. Disputes shall initially be referred to the Chief Executive Officer of the Facility Sponsor, or a designee, and the Superintendent of Tacoma Power, or a designee, for good faith consultation and discussion endeavoring to reach amicable settlement within fifteen days of written notice by either Party to the other notifying that Party of the existence of said dispute. Should these discussions fail, either Party may, subject to Section 21.2, initiate binding arbitration, to be held in Tacoma, Washington, for the purpose of resolving a dispute under this Agreement. The parties should attempt to agree on the arbitrator, and if no agreement can be reached, the Presiding Judge of Pierce County Superior Court shall select the arbitrator. Discovery shall be allowed to the same extent and manner permitted by the Washington State Superior Court Civil Rules. The arbitrator shall have authority to decide any and all issues in dispute, provided that (a) the arbitrator shall have no power to modify or disregard the terms of this Agreement, and (b) all issues of law shall be subject to review and vacation by application to Superior Court within thirty (30) days of the arbitrator's decision. Either Party shall be entitled to seek injunctive relief prior to and pending arbitration. Except as expressly set forth herein, Chapter 7.04A RCW shall be applicable to the arbitration. The substantially prevailing party in any litigation/arbitration arising hereunder shall be entitled to its reasonable attorney's fees and court/arbitration costs, including appeals, if any.
- 21.2 Exception for Claims Over Fifty Thousand Dollars. Notwithstanding the provisions of Section 21.1, for disputes in excess of \$50,000.00, either Party may terminate its participation in binding arbitration prior to the entry of judgment upon the decision of an arbitrator and proceed to submit such claim or dispute for decision by a Pierce County, Washington court of competent jurisdiction.

ARTICLE 22

NOTICES

22.0 Delivery of Notices. Any notice, demand or request required or permitted to be given by either Party to the other and any instrument required or permitted to be tendered or delivered by either Party to the other may be so given, tendered or delivered, as the case may be, by depositing the same in any United States Post Office with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the address set out below:

To Tacoma Power:

Tacoma Power
Attn: Transmission and Distribution Manager
3628 South 35th Street
Tacoma, Washington 98409-3192

To the Facility Sponsor:

Attention: _____

ARTICLE 23

MISCELLANEOUS

- 23.0 Waiver. Any waiver at any time by either Party of its rights with respect to a Default under this Agreement, or with respect to any other matters arising in connection with this Agreement, shall not be deemed a waiver or continuing waiver with respect to any subsequent Default or other matter.
- 23.1 Governing Law. This Agreement shall be interpreted, governed by, and construed under the laws of the State of Washington, exclusive of provisions pertaining to choice of law. The parties agree and stipulate that in the event any litigation occurs concerning or arising out of this Agreement, the sole venue of any legal action shall be the Pierce County Superior Court of the State of Washington.
- 23.2 Headings Not to Affect Meaning. The descriptive headings of the various sections and articles of this Agreement have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms and provisions hereof.
- 23.3 Amendments. Nothing contained in this Agreement shall be construed as affecting in any way the right of Tacoma Power to at any time change, add to, or remove provisions of the Tariff.
- 23.4 Entire Agreement. This Agreement, including the attachments, exhibits, and appendices hereto and those contained in that document titled Tacoma Power Facility Connection Requirements, constitutes the entire agreement between the Parties with respect to its subject matter. Any and all previous and contemporaneous agreements, representations or promises and conditions relating to the subject matter of this Agreement are hereby superseded. If any term, condition or provision part of this Agreement is declared void or unenforceable or limited in its application or effect, such event shall not effect any other provisions hereof and all other provisions shall continue in full force and effect and shall be binding upon the Parties.
- 23.5 Binding Effect. This Agreement and the rights and obligations hereof, shall be

binding upon and shall inure to the benefit of the successors and permitted assigns of the Parties.

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

WITNESSES:

CUSTOMER NAME

TACOMA POWER

By: _____

By: _____

Name: _____
(Print/Type)

Name: _____
(Print/Type)

Title: _____

Title: _____

Date: _____

Date: _____

ATTACHMENT O
Energy Imbalance Market

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3. Eligibility to be a Tacoma Power EIM Participating Resource
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ATTACHMENT O
Energy Imbalance Market

1. General Provision - Purpose and Effective Date of Attachment O

Attachment O provides for Tacoma Power's participation as the Tacoma Power EIM Entity in the EIM administered by the MO. Attachment O shall be in effect no earlier than December 1, 2021 or seven (7) days prior to the start of parallel operations, with the exceptions provided below, for as long as Tacoma Power implements the EIM and until all final settlements are finalized resulting from such implementation. Sections 4.1.5, 4.1.6, 8 and 10 of this Attachment O take effect no earlier than March 1, 2022, or the implementation date of Tacoma Power's participation in the EIM, whichever is later.

This Attachment O shall apply to all Transmission Customers and Interconnection Customers, as applicable, with new and existing service agreements under Parts II and III and Attachment M of this Tariff. To the extent an Interconnection Customer controls the output of a generator located in Tacoma Power's BAA, the Tacoma Power EIM Entity may require the Interconnection Customer to comply with a requirement in this Attachment O that on its face applies to a Transmission Customer to the extent that the Tacoma Power EIM Entity makes a determination, in its sole discretion, that the Interconnection Customer is the more appropriate party to satisfy the requirements of Attachment O than any Transmission Customer.

This Attachment O shall work in concert with the provisions of the MO Tariff implementing the EIM to support operation of the EIM. To the extent that this Attachment O is inconsistent with a provision in the remainder of this Tariff with regard to the Tacoma Power EIM Entity's administration of the EIM, this Attachment O shall prevail.

This Attachment O governs the relationship between the Tacoma Power EIM Entity and all Transmission Customers and Interconnection Customers subject to this Tariff. This Attachment O does not establish privity between Transmission Customers and the MO or make a Transmission Customer subject to the MO Tariff. Any Transmission Customer duties and obligations related to the EIM are those identified in this Tariff, unless the Transmission Customer voluntarily elects to participate directly in the EIM with Tacoma Power EIM Participating Resources, in which case the MO Tariff provisions for EIM Participating Resources and EIM Participating Resource Scheduling Coordinators shall also apply.

2. Election of Transmission Customers to become Tacoma Power EIM Participating Resources

The decision of a Transmission Customer to participate in the EIM with resources as Tacoma Power EIM Participating Resources is voluntary. A Transmission Customer that chooses to have a resource become a Tacoma Power EIM Participating Resource must:

- (1) Meet the requirements specified in Section 3 of this Attachment O and the Tacoma Power EIM BP;
- (2) Become or retain a MO-certified EIM Participating Resource Scheduling Coordinator; and
- (3) Follow the application and certification process specified in this Attachment O and in the Tacoma Power EIM BP posted on Tacoma Power's OASIS.

Transmission Customers who own or control multiple resources may elect to have any or all of their resources be Tacoma Power EIM Participating Resources, in which case any resources that are not elected by the Transmission Customer to be Tacoma Power EIM Participating Resources shall be treated as Non-Participating Resources for purposes of this Attachment O.

3. Eligibility to be a Tacoma Power EIM Participating Resource

3.1 Internal Resources - Transmission Rights

Resources owned or controlled by Transmission Customers and located within the metered boundaries of Tacoma Power's BAA are eligible to become Tacoma Power EIM Participating Resources. The Transmission Customer that owns or controls the resource must have associated transmission rights based on one of the following:

- (1) The resource is a designated Network Resource of a Network Customer and the Network Customer elects to participate in the EIM through its Network Integration Transmission Service Agreement; or
- (2) The resource is associated with either (i) a Service Agreement for Firm Point-To-Point Transmission Service or (ii) a Service Agreement for Non-Firm Point-To-Point Transmission Service, and such Transmission Customer elects to participate in the EIM.

3.2 Resources External to Tacoma Power's BAA

3.3 3.2.1 Use of Pseudo-Ties

A resource owned or controlled by a Transmission Customer that is not physically located inside the metered boundaries of Tacoma Power's BAA may participate in the EIM as a Tacoma Power EIM Participating Resource if the Transmission Customer (1) implements a Pseudo-Tie into Tacoma Power's BAA, consistent with Tacoma Power's business practice posted on Tacoma Power's OASIS, (2) has arranged firm transmission over any third-party transmission systems to a Tacoma Power BAA intertie boundary equal to the amount of energy that will be Dynamically Transferred through a Pseudo-Tie into Tacoma Power's BAA, consistent with Tacoma Power's business practice posted on Tacoma Power's OASIS, and (3) has secured transmission service consistent with Section 3.1 of this Attachment O.

3.2.2 Pseudo-Tie Costs

Pseudo-Tie implementation costs shall be allocated in a manner consistent with the treatment of Network Upgrades and Direct Assignment Facilities to facilitate a Pseudo-Tie into Tacoma Power's BAA.

3.3 Application and Certification of Tacoma Power EIM Participating Resources

3.3.1 Application

To register a resource to become a Tacoma Power EIM Participating Resource, an applicant must submit a completed application, as set forth in the Tacoma Power EIM BP, and shall provide a deposit of \$1,500 for the Tacoma Power EIM Entity to process the application. Upon completion of processing the completed application, the Tacoma Power EIM Entity shall charge and the applicant shall pay the actual costs of the application processing. Any difference between the deposit and the actual costs of the application processing shall be paid by or refunded to the Tacoma Power EIM Participating Resource applicant, as appropriate. At the time of application, any Tacoma Power EIM Participating Resource applicant must elect to perform the duties of either a CAISO Metered Entity or Scheduling Coordinator Metered Entity, consistent with the MO's requirements and additional technical requirements set forth in the Tacoma Power EIM BP, as applicable.

3.3.2 Processing the Application

The Tacoma Power EIM Entity shall make a determination as to whether to accept or reject the application within 45 days of receipt of the application. At minimum, the Tacoma Power EIM Entity shall validate through the application that the Tacoma Power EIM Participating Resource applicant has satisfied Sections 3.1 and 3.2 of this Attachment O, as applicable, and met minimum telemetry and metering requirements, as set forth in the MO's requirements and the Tacoma Power EIM BP. Within 45 days of receipt of the application and in accordance with the process outlined in the Tacoma Power EIM BP, the Tacoma Power EIM Entity may request additional information and will attempt to resolve any minor deficiencies in the application with the Transmission Customer. The Tacoma Power EIM Entity may extend the 45-day period to accommodate the resolution of minor deficiencies in the application in order to make a determination on an application. If the Tacoma Power EIM Entity approves the application, it shall send notification of approval to both the Tacoma Power EIM Participating Resource applicant and the MO. The process by which the Tacoma Power EIM Entity sends notification of approval shall be set forth in the Tacoma Power EIM BP. If the Tacoma Power EIM Entity rejects the application, the Tacoma Power EIM Entity shall send notification stating the grounds for rejection to the Tacoma Power EIM Participating Resource applicant. Upon request, the Tacoma Power EIM Entity may provide guidance to the applicant as to how the Tacoma Power EIM Participating Resource applicant may cure the grounds for the rejection. In the event that the Tacoma

Power EIM Entity has granted an extension of the 45-day period but the applicant has neither provided the additional requested information nor otherwise resolved identified deficiencies within six (6) months of the Tacoma Power EIM Entity's initial receipt of the application, the application shall be deemed rejected by the Tacoma Power EIM Entity. If an application is rejected, the Tacoma Power EIM Participating Resource applicant may resubmit its application at any time (including submission of a new processing fee deposit).

3.3.3 Certification Notice

Upon approval of an application and in accordance with the process specified in the Tacoma Power EIM BP, certification by the Tacoma Power EIM Entity of the Tacoma Power EIM Participating Resource to participate in the EIM shall occur once the Transmission Customer has demonstrated and the MO has confirmed that the Transmission Customer has:

- (1) Met the MO's criteria to become an EIM Participating Resource and executed the MO's pro forma EIM Participating Resource Agreement;
- (2) Qualified to become or retained the services of a MO-certified EIM Participating Resource Scheduling Coordinator;
- (3) Met the necessary metering requirements of this Tariff and Section 29.10 of the MO Tariff and the EIM Participating Resource Scheduling Coordinator has

executed the MO's pro forma Meter Service Agreement for Scheduling Coordinators; and

- (4) Met communication and data requirements of this Tariff and Section 29.6 of the MO Tariff; and has the ability to receive and implement Dispatch Instructions every five minutes from the MO.

Upon receiving notice from the MO of the completion of the enumerated requirements by the Transmission Customer, the Tacoma Power EIM Entity shall provide notice to both the Transmission Customer with a Tacoma Power EIM Participating Resource and the MO that the Tacoma Power EIM Participating Resource is certified and therefore eligible to participate in the EIM. The process by which the Tacoma Power EIM Entity certifies Transmission Customers with a Tacoma Power EIM Participating Resource shall be set forth in the Tacoma Power EIM BP.

3.3.4 Status of Resource Pending Certification

If the Transmission Customer (i) has submitted an application for a resource to be a Tacoma Power EIM Participating Resource but the application has not been approved, or (ii) has not yet been certified by the Tacoma Power EIM Entity consistent with Section 3.3.3 of this Attachment O, the resource shall be deemed to be a Non-Participating Resource.

3.3.5 Notice and Obligation to Report a Change in Information

Each Transmission Customer with a Tacoma Power EIM Participating Resource has an ongoing obligation to inform the Tacoma Power EIM Entity of any changes to any of the information submitted as part of the application process under this Attachment O. The Tacoma Power EIM BP shall set forth the process and timing requirements for notifying the Tacoma Power EIM Entity of such changes.

This information includes, but is not limited to:

- (1) Any change in the Tacoma Power EIM Participating Resource Scheduling Coordinator representing the resource;
- (2) Any change in the ownership or control of the resource;
- (3) Any change to the physical characteristics of the resource required to be reported to the MO in accordance with Section 29.4(c)(4)(C) of the MO Tariff;
or
- (4) If either the MO terminates the participation of the Tacoma Power EIM Participating Resource in the EIM or the Transmission Customer has terminated the Tacoma Power EIM Participating Resource's participation in the EIM; in either case, that resource shall be considered to be a Non-Participating Resource for purposes of this Tariff, including Attachment O.

4. Roles and Responsibilities

4.1 Tacoma Power as the Tacoma Power EIM Entity and the Tacoma Power EIM Entity Scheduling Coordinator

4.1.1 Responsibilities

4.1.1.1 Identification of EIM Entity Scheduling Coordinator

The Tacoma Power EIM Entity can serve as the Tacoma Power EIM Entity Scheduling Coordinator or retain a third party to perform such role. If the Tacoma Power EIM Entity is not the Tacoma Power EIM Entity Scheduling Coordinator, the Tacoma Power EIM Entity shall communicate to the Tacoma Power EIM Entity Scheduling Coordinator the information required by the Tacoma Power EIM Entity Scheduling Coordinator to fulfill its responsibilities in the EIM.

The Tacoma Power EIM Entity Scheduling Coordinator shall coordinate and facilitate the EIM in accordance with the requirements of the MO Tariff. The Tacoma Power EIM Entity Scheduling Coordinator must meet the certification requirements of the MO and enter into any necessary MO agreements.

4.1.1.2 Processing Tacoma Power EIM Participating Resource Applications

The Tacoma Power EIM Entity shall be responsible for processing applications of Transmission Customers seeking authorization to participate in the EIM with resources

as Tacoma Power EIM Participating Resources in accordance with Section 3.3 of this Attachment O.

4.1.1.3 Determination of EIM Implementation Decisions for Tacoma Power's BAA

The Tacoma Power EIM Entity is solely responsible for making any decisions with respect to EIM participation that the MO requires of EIM Entities. The Tacoma Power EIM Entity has made the following determinations:

- (1) Eligibility requirements: Eligibility requirements are set forth in Section 3 of Attachment O.
- (2) Load Aggregation Points (LAP): There shall be one LAP for Tacoma Power's BAA.
- (3) MO load forecast: The Tacoma Power EIM Entity shall utilize the MO load forecast but shall retain the right to provide the load forecast to the MO in accordance with the MO Tariff.
- (4) MO metering agreements: The Tacoma Power EIM Entity and all Transmission Customers with Tacoma Power EIM Participating Resources shall have the option to elect to be Scheduling Coordinator Metered Entities or CAISO Metered Entities in accordance with Section 29.10 of the MO Tariff. The Tacoma Power EIM Entity shall be a Scheduling Coordinator Metered

Entity on behalf of all Transmission Customers with Non-Participating Resources in accordance with Section 29.10 of the MO Tariff.

4.1.1.4 Tacoma Power EIM Business Practice

The Tacoma Power EIM Entity shall establish and revise, as necessary, procedures to facilitate implementation and operation of the EIM through the Tacoma Power EIM BP that shall be posted on Tacoma Power's OASIS.

4.1.1.5 Determination to Take Corrective Actions or Permanently Terminate Participation in the EIM

The Tacoma Power EIM Entity may take corrective actions in Tacoma Power's BAA in accordance with the requirements of Section 10.3 of Attachment O.

In addition, the Tacoma Power EIM Entity, in its sole and absolute discretion, may permanently terminate its participation in the EIM by providing notice of termination to the MO pursuant to applicable agreements, in accordance with the requirements of Section 10.2 of Attachment O.

4.1.2 Responsibilities of the Tacoma Power EIM Entity to Provide Required Information

4.1.2.1 Provide Modeling Data to the MO

The Tacoma Power EIM Entity shall provide the MO information associated with transmission facilities within Tacoma Power's BAA, including, but not limited to,

network constraints and associated limits that must be observed in Tacoma Power's BAA network and interties with other BAAs.

4.1.2.2 Registration

The Tacoma Power EIM Entity shall register all Non-Participating Resources with the MO. The Tacoma Power EIM Entity may choose to obtain default energy bids from the MO for Non-Participating Resources that are Balancing Authority Area Resources. The Tacoma Power EIM Entity shall update this information in accordance with the MO's requirements as revised information is received from Transmission Customers with Non-Participating Resources in accordance with Section 4.2.1.2 of this Attachment O.

4.1.3 Day-to-Day EIM Operations

4.1.3.1 Submission of Transmission Customer Base Schedule, Forecast Data for Non-Participating Resources that are Variable Energy Resources, and Resource Plans

The Tacoma Power EIM Entity is responsible for providing the data required by the MO in accordance with Section 29.34 of the MO Tariff, including but not limited to: (1) hourly Transmission Customer Base Schedules; (2) Forecast Data for Non-Participating Resources that are Variable Energy Resources; and (3) Resource Plans.

4.1.3.2 Communication of Manual Dispatch Information

The Tacoma Power EIM Entity shall inform the MO of a Manual Dispatch by providing

adjustment information for the affected resources in accordance with Section 29.34 of the MO Tariff.

4.1.3.3 Confirmation

The MO shall calculate, and the Tacoma Power EIM Entity shall confirm, actual values for Dynamic Schedules reflecting EIM Transfers to the MO within 60 minutes after completion of the Operating Hour to ensure the e-Tag author will be able to update these values in accordance with WECC business practices through an update to the e-Tag.

4.1.3.4 Dispatch of EIM Available Balancing Capacity of a Non-Participating Resource

Upon notification by the MO, the Tacoma Power EIM Entity shall notify the Non-Participating Resource of the Dispatch Operating Point for any EIM Available Balancing Capacity from the Non-Participating Resource, except in circumstances in which the Tacoma Power EIM Entity determines the additional capacity is not needed for the BAA or has taken other actions to meet the capacity need.

4.1.4 Provision of Meter Data

The Tacoma Power EIM Entity shall submit load, resource, and Interchange meter data to the MO in accordance with the format and timeframes required in the MO Tariff on behalf of Transmission Customers with Non-Participating Resources, loads, and Interchange.

4.1.5 Settlement of MO Charges and Payments

The Tacoma Power EIM Entity shall be responsible for financial settlement of all charges and payments allocated by the MO to the Tacoma Power EIM Entity. The Tacoma Power EIM Entity shall sub-allocate EIM charges and payments in accordance with Schedules 1, 4, and 9 of this Tariff or Section 8 of Attachment O, as applicable.

4.1.6 Dispute Resolution with the MO

The Tacoma Power EIM Entity shall manage dispute resolution with the MO for the Tacoma Power EIM Entity settlement statements consistent with Section 29.13 of the MO Tariff, Section 12 of this Tariff, and the Tacoma Power EIM BP. Transmission Customers with Tacoma Power EIM Participating Resources shall manage dispute resolution with the MO for any settlement statements they receive directly from the MO.

4.2 Transmission Customer Responsibilities

The following must comply with the information requirements of this section: (1) Transmission Customers with a Tacoma Power EIM Participating Resource; (2) Transmission Customers with a Non-Participating Resource; (3) Transmission Customers with load within Tacoma Power's BAA; and (4) subject to the limitations identified in Section 4.2.4.5.1 of this Attachment O, Transmission Customers wheeling through Tacoma Power's BAA.

4.2.1 Initial Registration Data

4.2.1.1 Transmission Customers with a Tacoma Power EIM Participating Resource

A Transmission Customer with a Tacoma Power EIM Participating Resource shall provide the MO and the Tacoma Power EIM Entity with data necessary to meet the requirements established by the MO to register all resources with the MO as required by Section 29.4(e)(4)(D) of the MO Tariff.

4.2.1.2 Transmission Customers with Non-Participating Resources

A Transmission Customer with Non-Participating Resources shall provide the Tacoma Power EIM Entity with data necessary to meet the requirements established by the MO as required by Section 29.4(c)(4)(C) of the MO Tariff.

4.2.2 Responsibility to Update Required Data

4.2.2.1 Transmission Customers with a Tacoma Power EIM Participating Resource

Each Transmission Customer with a Tacoma Power EIM Participating Resource has an ongoing obligation to inform the MO and Tacoma Power EIM Entity of any changes to any of the information submitted by the Transmission Customer provided under Section 4.2.1 of this Attachment O that reflects changes in operating characteristics as required by Section 29.4(e)(4)(D) of the MO Tariff. The Tacoma Power EIM BP shall set forth the process and timing requirements of notifying the Tacoma Power EIM Entity of such changes.

4.2.2.2 Transmission Customers with Non-Participating Resources

Each Transmission Customer with a Non-Participating Resource has an ongoing obligation to inform the Tacoma Power EIM Entity of any changes to any of the information submitted by the Transmission Customer with a Non-Participating Resource provided under Section 4.2.1 of this Attachment O. The Tacoma Power EIM BP shall set forth the process and timing requirements of notifying the Tacoma Power EIM Entity of such changes.

4.2.3 Outages

Transmission Customers with Tacoma Power EIM Participating Resources and Transmission Customers with Non-Participating Resources shall be required to provide planned and unplanned outage information for their resources in accordance with Section 7 of this Attachment O. The Tacoma Power EIM BP shall set forth the outage information requirements for Tacoma Power EIM Participating Resources and Non-Participating Resources.

4.2.4 Submission of Transmission Customer Base Schedule

A Transmission Customer shall submit the Transmission Customer Base Schedule to the Tacoma Power EIM Entity. This submission must include Forecast Data on all resources, Interchange, and Intrachange which balance to the Transmission Customer's anticipated load, as applicable. If the Transmission Customer does not serve load within Tacoma

Power's BAA, submission of the Transmission Customer Base Schedule shall include Forecast Data on all resources, Interchange, and Intrachange which shall balance to the Transmission Customer's anticipated actual generation within Tacoma Power's BAA. The submissions shall be in the format and within the timing requirements established by the MO and the Tacoma Power EIM Entity as required in Section 4.2.4.5 of this Attachment O and the Tacoma Power EIM BP.

4.2.4.1 Transmission Customers with a Tacoma Power EIM Participating Resource or Non-Participating Resource in the Tacoma Power BAA

A Transmission Customer with a Tacoma Power EIM Participating Resource or a Non-Participating Resource is not required to submit Forecast Data for:

- (1) resources located in Tacoma Power's BAA that are less than three MW; or
- (2) behind-the-meter generation which is not contained in the MO's network model.

Each Tacoma Power EIM Participating Resource Scheduling Coordinator shall provide to the Tacoma Power EIM Entity the energy bid range data (without price information) of the respective resources it represents that are participating in the EIM.

Each Tacoma Power EIM Participating Resource Scheduling Coordinator shall also provide the Tacoma Power EIM Entity with Dispatch Operating Point data of the respective resources it represents that are participating in the EIM.

4.2.4.2 Transmission Customers with Non-Participating Resources that are Variable Energy Resources

A Transmission Customer with a Non-Participating Resource that is a Variable Energy Resource shall submit (i) resource Forecast Data with hourly granularity and (ii) resource Forecast Data with 5-minute or 15-minute granularity. A Transmission Customer with a Non-Participating Resource that is a Variable Energy Resource shall provide, at minimum, a three-hour rolling forecast with 15-minute granularity, updated every 15 minutes, and may provide, in the alternative, a three-hour rolling forecast with 5-minute granularity, updated every 5 minutes, and in accordance with any additional procedures set forth in the Tacoma Power EIM BP.

A Transmission Customer with a Non-Participating Resource that is a Variable Energy Resource shall submit resource Forecast Data consistent with this Section 4.2.4.2 using any one of the following methods:

- (1) The Transmission Customer may elect to use the Tacoma Power EIM Entity's Variable Energy Resource reliability forecast prepared for Variable Energy Resources within Tacoma Power's BAA, which shall be considered to be the basis for physical changes in the output of the resource communicated to the MO, for purposes of settlement pursuant to Schedule 9 of this Tariff;
- (2) The Transmission Customer may elect to self-supply the Forecast Data and provide such data to the Tacoma Power EIM Entity, which shall be considered

- to be the basis for physical changes in the output of the resource communicated to the MO, for purposes of settlement pursuant to Schedule 9 of this Tariff. The Tacoma Power EIM BP will specify the manner in which Transmission Customers may self-supply Forecast Data; or
- (3) The Transmission Customer may elect that the MO produce Forecast Data for the Variable Energy Resource, made available to the Transmission Customer in a manner consistent with Section 29.11(j)(1) of the MO Tariff, which shall be considered to be the basis for physical changes in the output of the resource communicated to the MO, for purposes of settlement pursuant to Schedule 9 of this Tariff.

A Transmission Customer with a Non-Participating Resource that is a Variable Energy Resource must elect one of the above methods prior to commencement of the EIM or prior to such other date in accordance with the procedures set forth in the Tacoma Power EIM BP. A Transmission Customer with a Non-Participating Resource that is a Variable Energy Resource may change its election by providing advance notice to the Tacoma Power EIM Entity, in accordance with the procedures set forth in the Tacoma Power EIM BP.

To the extent a Transmission Customer with a Non-Participating Resource that is a Variable Energy Resource elects method (2) above, and such Transmission Customer fails to submit resource Forecast Data for any time interval as required by this Section

4.2.4.2 of this Attachment O, the Tacoma Power EIM Entity shall apply method (1) for purposes of settlement pursuant to Schedule 9 of this Tariff.

4.2.4.3 Transmission Customers with Load

As set forth in Sections 4.2.4 of this Attachment O, a Transmission Customer is required to submit Forecast Data on all resources, Interchange, and Intrachange which balance to the Transmission Customer's anticipated load, as applicable. For purposes of settling Energy Imbalance Service pursuant to Schedule 4 of this Tariff, the Tacoma Power EIM Entity shall calculate the load component of the Transmission Customer Base Schedule as the resource Forecast Data net of its Interchange Forecast Data and net of its Intrachange Forecast Data, as applicable.

4.2.4.4 Transmission Customers Without Resources or Load in Tacoma Power's BAA

A Transmission Customer which does not have any resources or load within Tacoma Power's BAA shall submit a Transmission Customer Base Schedule that includes Interchange and Intrachange Forecast Data to the Tacoma Power EIM Entity.

4.2.4.5 Timing of Transmission Customer Base Schedules Submission

4.2.4.5.1 Preliminary Submission of Transmission Customer Base Schedules by Transmission Customers with Resources Or Load in the Tacoma Power BAA.

Transmission Customers with resources or load in the Tacoma Power BAA shall submit their initial Transmission Customer Base Schedules 7 days prior to each Operating Day (“T-7 days”). Transmission Customers may modify the proposed Transmission Customer Base Schedule at any time but shall submit at least one update by 10 a.m. of the day before the Operating Day.

4.2.4.5.2 Final Submissions of Transmission Customer Base Schedules

Transmission Customers shall submit proposed final Transmission Customer Base Schedules, at any time but no later than 77 minutes prior to each Operating Hour (“T-77”). Transmission Customers may modify Transmission Customer Base Schedules up to and until 57 minutes prior to the Operating Hour (“T-57”). As of 55 minutes prior to each Operating Hour (“T-55”), the Transmission Customer Base Schedule data for the Operating Hour will be considered financially binding and Transmission Customers may not submit further changes. If the Transmission Customer fails to enter a Forecast Data value, the default will be 0 MW for that Operating Hour.

4.2.5 Metering for Transmission Customers with Non-Participating Resources

To assess imbalance, the MO shall disaggregate meter data into 5-minute intervals if the meter intervals are not already programmed to 5-minute intervals pursuant to a Transmission Customer’s applicable interconnection requirements associated with any agreement pursuant to Part IV of this Tariff. To the extent that a Transmission Customer

owns the meter or communication to the meter, the Transmission Customer shall be responsible to maintain accurate and timely data accessible for the Tacoma Power EIM Entity to comply with Section 4.1.4 of this Attachment O.

5. Transmission Operations

5.1 Provision of Information Regarding Real-Time Status of Tacoma Power's Transmission System

The Tacoma Power EIM Entity shall provide the MO information on:

- (1) real time data for the Transmission System and interties; and
- (2) any changes to transmission capacity and the Transmission System due to operational circumstances.

5.2 Provision of EIM Transfer Capacity by a Tacoma Power Interchange Rights Holder

The Tacoma Power EIM Entity shall facilitate the provision of transmission capacity for EIM Transfers offered by a Tacoma Power Interchange Rights Holder by providing the MO with information about the amounts made available by the Tacoma Power Interchange Rights Holder for EIM Transfers. The provision of EIM Transfer capacity shall be implemented through the Tacoma Power Interchange Rights Holder's submission of an e-Tag by 75 minutes prior to the Operating Hour ("T-75").

The Tacoma Power Interchange Rights Holder shall include on the e-Tag the OASIS

identification reservation number(s) associated with the transmission rights made available for EIM Transfers and shall also include the Market Operator, all transmission providers, and path operators associated with the OASIS identification reservation number(s) identified on the e-Tag. The Tacoma Power Interchange Rights Holder's rights associated with the submitted e-Tag shall be available for the EIM, subject to approval of the e-Tag by all required e-Tag approval entities. The amount made available for EIM Transfers shall never exceed the Tacoma Power Interchange Rights Holder's transmission rights.

5.3 Provision of EIM Transfer Capability by the Tacoma Power EIM Entity

The Tacoma Power EIM Entity shall facilitate the provision of transmission capacity for EIM Transfers by providing the MO with information about the amounts available for EIM Transfers utilizing Available Transfer Capability ("ATC"). Such amounts shall be in addition to any amounts made available by Tacoma Power Interchange Rights Holders pursuant to Section 5.2 of this Attachment O. The provision of EIM Transfer capacity corresponding to ATC shall be implemented by 40 minutes prior to the Operating Hour ("T-40") by the Tacoma Power EIM Entity. The Tacoma Power EIM Entity shall include an e-Tag, with an OASIS identification reservation number(s) created for EIM Transfers utilizing ATC, and shall also include the MO, all transmission providers, and path operators associated with the OASIS identification reservation number(s) identified in the e-Tag. The amount of ATC indicated on the e-Tag will be based upon the lower of the

amount of ATC calculated by each EIM Entity at that interface by T-40. The ATC associated with the submitted e-Tag shall be available for the EIM, subject to approval of the e-Tag by all required e-Tag approval entities.

6. System Operations Under Normal and Emergency Conditions

6.1 Compliance with Reliability Standards

Participation in the EIM shall not modify, change, or otherwise alter the manner in which Tacoma Power operates its Transmission System consistent with applicable reliability standards, including adjustments.

Participation in the EIM shall not modify, change, or otherwise alter the obligations of the Tacoma Power EIM Entity, Transmission Customers with Tacoma Power EIM Participating Resources, or Transmission Customers with Non-Participating Resources to comply with applicable reliability standards.

The Tacoma Power EIM Entity shall remain responsible for:

- (1) maintaining appropriate operating reserves and for its obligations pursuant to any reserve sharing group agreements;
- (2) NERC and WECC responsibilities including, but not limited to, informing the Reliability Coordinator of issues within Tacoma Power's BAA;
- (3) processing e-Tags and managing schedule curtailments at the interties; and

- (4) monitoring and managing real-time flows within system operating limits on all transmission facilities within Tacoma Power's BAA, including facilities of Tacoma Power BAA Transmission Owners. If requested by a Transmission Customer that is also a Tacoma Power BAA Transmission Owner, the Tacoma Power EIM Entity will provide additional information or data related to EIM operation as it may relate to facilities of a Tacoma Power BAA Transmission Owner.

6.2 Good Utility Practice

The Tacoma Power EIM Entity, Transmission Customers with Non-Participating Resources, and Transmission Customers with Tacoma Power EIM Participating Resources shall comply with Good Utility Practice with respect to this Attachment O.

6.3 Management of Contingencies and Emergencies

6.3.1 EIM Disruption

If the MO declares an EIM disruption in accordance with Section 29.7(j) of the MO Tariff, the Tacoma Power EIM Entity shall, in accordance with Section 29.7(j)(4) of the MO Tariff, promptly inform the MO of actions taken in response to the EIM disruption by providing adjustment information, updates to e-Tags, transmission limit adjustments, or outage and de-rate information, as applicable.

6.3.2 Manual Dispatch

The Tacoma Power EIM Entity may issue a Manual Dispatch order to a Transmission Customer with a Tacoma Power EIM Participating Resource or a Non-Participating Resource in Tacoma Power's BAA, to address reliability or operational issues in Tacoma Power's BAA that the EIM is not able to address through normal economic dispatch and congestion management.

The Tacoma Power EIM Entity shall inform the MO of a Manual Dispatch as soon as possible.

7. Outages

7.1 Tacoma Power EIM Entity Transmission Outages

7.1.1 Planned Transmission Outages and Known Derates

The Tacoma Power EIM Entity shall submit information regarding planned transmission outages and known derates to the MO's outage management system in accordance with Section 29.9(b) of the MO Tariff. The Tacoma Power EIM Entity shall update the submittal if there are changes to the transmission outage plan.

7.1.2 Unplanned Transmission Outages

The Tacoma Power EIM Entity shall submit information as soon as possible regarding unplanned transmission outages or derates to the MO's outage management system in

accordance with Section 29.9(e) of the MO Tariff.

7.2 Tacoma Power BAA Transmission Owner Outages

Transmission Customers that are also Tacoma Power BAA Transmission Owners shall provide the Tacoma Power EIM Entity with planned and unplanned transmission outage data. Planned outages shall be reported to the Tacoma Power EIM Entity 7 or more days in advance and preferably at least 30 days in advance of the outage. Unplanned outages shall be reported to the Tacoma Power EIM Entity as soon as possible but no later than 30 minutes after the outage commences.

The Tacoma Power EIM Entity shall communicate information regarding planned and unplanned outages of Tacoma Power BAA Transmission Owner facilities to the MO as soon as practicable upon receipt of the information from the Tacoma Power BAA Transmission Owner.

7.3 Tacoma Power EIM Participating Resource Outages

7.3.1 Planned Tacoma Power EIM Participating Resource Outages and Known Derates

Tacoma Power EIM Participating Resource Scheduling Coordinators shall submit information regarding planned resource outages and known derates to the Tacoma Power EIM Entity. Planned outages and known derates shall be reported to the Tacoma Power EIM Entity 7 or more days in advance and preferably at least 30 days in advance of the outage or known derate. The Tacoma Power EIM Entity shall then submit this outage

information to the MO's outage management system in accordance with Section 29.9(c) of the MO Tariff. Tacoma Power EIM Participating Resource Scheduling Coordinators shall update the submittal if there are changes to the resource outage plan.

7.3.2 Unplanned Tacoma Power EIM Participating Resource Outages

In the event of an unplanned outage required to be reported under Section 29.9(e) of the MO Tariff, the Tacoma Power EIM Participating Resource Scheduling Coordinator is responsible for notifying the Tacoma Power EIM Entity of required changes. Unplanned outages shall be reported to the Tacoma Power EIM Entity as soon as possible but no later than 30 minutes after the outage commences. The Tacoma Power EIM Entity shall then submit this information to the MO's outage management system.

7.3.2 Unplanned Derates

Changes in availability of 10 MW or 5% of Pmax (whichever is greater) lasting 15 minutes or longer must be reported to the Tacoma Power EIM Entity. These reports are due within 30 minutes of discovery, and are required only to include effective time and MW availability. The Tacoma Power EIM Entity shall then submit this information to the MO's outage management system.

7.4 Outages of Transmission Customers with Non-Participating Resources

7.4.1 Planned Outages and Known Derates of Transmission Customers with Non-Participating Resources

Transmission Customers with Non-Participating Resources shall report information regarding planned outages and known derates of resources to the Tacoma Power EIM Entity 7 or more days in advance and preferably at least 30 days in advance of the outage. The Transmission Customer with a Non-Participating Resource shall update the submittal if there are changes to the resource's outage plan.

The Tacoma Power EIM Entity shall submit planned resource outages and known derates of Non- Participating Resources to the MO's outage management system in accordance Section 29.9(c) of the MO Tariff.

7.4.2 Unplanned Outages of Resources of Transmission Customers with Non-Participating Resources

Unplanned outages of resources of a Transmission Customer with Non-Participating Resources shall be reported to the Tacoma Power EIM Entity as soon as possible but no later than 30 minutes after the outage commences.

In the event of a forced outage required to be reported under Section 29.9(e) of the MO Tariff, the Tacoma Power EIM Entity is responsible for notifying the MO of required changes through the MO's outage management system.

7.4.3 Unplanned Derates

Changes in availability of 10 MW or 5% of Pmax (whichever is greater) lasting 15 minutes or longer must be reported to the Tacoma Power EIM Entity. These reports are due within 30 minutes of discovery, and are required only to include effective time and MW availability. The Tacoma Power EIM Entity shall then submit this information to the MO's outage management system.

8. EIM Settlements and Billing

The Tacoma Power EIM BP shall include information on the specific charge codes applicable to EIM settlement.

8.1 Instructed Imbalance Energy (IIE)

The Tacoma Power EIM Entity shall settle as IIE imbalances that result from (1) operational adjustments of a Transmission Customer's affected Interchange or Intrachange, which includes changes by a Transmission Customer after T-57, (2) resource imbalances created by Manual Dispatch or an EIM Available Balancing Capacity dispatch, or (3) an adjustment to resource imbalances created by adjustments to resource forecasts pursuant to Section 11.5 of the MO Tariff and using the RTD or FMM price at the applicable PNode. Any allocations to the Tacoma Power EIM Entity pursuant to Section 29.11(b)(1) and (2) of the MO Tariff for IIE that is not otherwise recovered under Schedule 9 of this Tariff shall be settled directly with each Transmission Customer

according to this Section 8.1.

8.2 Uninstructed Imbalance Energy (UIE)

The TPWR EIM Entity will sub-allocate UIE directly to Transmission Customers in accordance with TPWR's OATT Schedules 4 and 9. Any charges or payments to the Tacoma Power EIM Entity pursuant to Section 29.11(b)(3)(B) and (C) of the MO Tariff for UIE not otherwise recovered under Schedule 4 or Schedule 9 shall not be sub-allocated to Transmission Customers.

8.3 Unaccounted for Energy (UFE)

Any charges or payments to the TPWR EIM Entity for Unaccounted for Energy will not be sub-allocated to Transmission Customers.

8.4 Charges for Under-Scheduling or Over-Scheduling Load

8.4.1 Under-Scheduling and Over-Scheduling Load

Any charges to the Tacoma Power EIM Entity pursuant to Section 29.11(d)(1) of the MO Tariff for under-scheduling and over-scheduling load shall be directly sub-allocated to Transmission Customers subject to Schedule 4.

8.4.2 Distribution of Under-Scheduling or Over-Scheduling Proceeds

Any payment to the Tacoma Power EIM Entity pursuant to Section 29.11(d)(3) of the MO Tariff shall be distributed to Transmission Customers that were not subject to under-

scheduling or overscheduling charges during the Trading Day on the basis of Metered Demand and in accordance with the procedures outlined in the Tacoma Power EIM BP.

8.5 EIM Uplifts

8.5.1 EIM BAA Real-Time Market Neutrality (Real-Time Imbalance Energy Offset - BAA)

Any charges to the Tacoma Power EIM Entity pursuant to Section 29.11(e)(3) of the MO Tariff for EIM BAA real-time market neutrality shall be sub-allocated to Transmission Customers on the basis of Measured Demand.

8.5.2 EIM Entity BAA Real-Time Congestion Offset

Any charges to the Tacoma Power EIM Entity pursuant to Section 29.11(e)(2) of the MO Tariff for the EIM real-time congestion offset shall be sub-allocated to Transmission Customers on the basis of Measured Demand.

8.5.3 EIM Entity Real-Time Marginal Cost of Losses Offset

Any charges to the Tacoma Power EIM Entity pursuant to Section 29.11(e)(4) of the MO Tariff for real-time marginal cost of losses offset shall be sub-allocated to Transmission Customers on the basis of Measured Demand.

8.5.4 EIM Neutrality Settlement

Any charges to the Tacoma Power EIM Entity pursuant to Section 29.11(e)(5) of the MO Tariff for EIM neutrality settlement shall be sub-allocated to Transmission Customers on

the basis of Measured Demand.

8.5.5 Real-Time Bid Cost Recovery

Any charges to the Tacoma Power EIM Entity pursuant to Section 29.11(f) of the MO Tariff for EIM real-time bid cost recovery shall be sub-allocated to Transmission Customers on the basis of Measured Demand.

8.5.6 Flexible Ramping Product

Any charges or payment to the Tacoma Power EIM Entity pursuant to Section 29.11(p) of the MO Tariff for the Flexible Ramping Product shall be sub-allocated to Transmission Customers on the basis of Measured Demand.

8.5.7 Inaccurate or Late Actual Settlement Quality Meter Data Penalty

To the extent the Tacoma Power EIM Entity incurs a penalty for inaccurate or late actual settlement quality meter data, pursuant to Section 37.11.1 of the MO Tariff, the Tacoma Power EIM Entity shall sub-allocate the penalty to the offending Transmission Customer on the basis of Measured Demand

8.5.8 Administrative Fees

Any charges or payments for Administrative Fees shall be sub-allocated to Transmission Customers on the basis of Measured Demand in accordance with TPWP OATT Schedule 1A.

8.5.9 Other EIM Settlement Provisions

Any charges to the Tacoma Power EIM Entity pursuant to the MO Tariff for the EIM settlement provisions shown in the following table shall be sub-allocated as follows:

Charge Code	Description	Allocation
1591	EP Penalty Charge due CAISO Trustee	Tacoma Power EIM Entity
2999	Default Invoice Interest Payment	Tacoma Power EIM Entity
3999	Default Invoice Interest Charge	Tacoma Power EIM Entity
5024	Invoice Late Payment Penalty	Tacoma Power EIM Entity
5025	Collateral Late Payment Penalty	Tacoma Power EIM Entity
5900	Shortfall Receipt Distribution	Tacoma Power EIM Entity
5901	Shortfall Allocation Reversal	Tacoma Power EIM Entity
5910	Shortfall Allocation	Tacoma Power EIM Entity
5912	Default Loss Allocation	Tacoma Power EIM Entity
7989	Invoice Deviation Interest Distribution	Tacoma Power EIM Entity
7999	Invoice Deviation Interest Allocation	Tacoma Power EIM Entity
8526	Generator Interconnection Process GIP Forfeited Deposit Allocation	Tacoma Power EIM Entity

8.6 MO Tax Liabilities

Any charges to the Tacoma Power EIM Entity pursuant to Section 29.22(a) of the MO Tariff for MO tax liability as a result of the EIM shall be sub-allocated to those Transmission Customers triggering the tax liability.

8.7 EIM Transmission Service Charges

There shall be no incremental transmission charge assessed for transmission use related to the EIM. Participating Resources and Balancing Authority Area Resources will not incur unreserved use charges solely as a result of EIM Dispatch Instruction.

8.8 Variable Energy Resource Forecast Charge

Any costs incurred by the Tacoma Power EIM Entity related to the preparation and submission of resource Forecast Data for a Transmission Customer with a Non-Participating Resource electing either method (1) or (2), as set forth in Section 4.2.4.2 of this Attachment O, shall be allocated to the Transmission Customer with a Non-Participating Resource electing to use either such method.

For a Transmission Customer with a Non-Participating Resource electing method (3), as set forth in Section 4.2.4.2 of this Attachment O, any charges to the Tacoma Power EIM Entity pursuant to Section 29.11(j)(1) of the MO Tariff for Variable Energy Resource forecast charges shall be directly sub-allocated to the Transmission Customer with a Non-Participating Resource requesting such forecast.

8.9 Allocation of Operating Reserves

8.9.1 Payments

Any payments to the Tacoma Power EIM Entity pursuant to Section 29.11(n)(1) of the MO Tariff for operating reserve obligations shall be sub-allocated, based on Measured Demand, to Transmission Customers with Tacoma Power EIM Participating Resources in the Tacoma Power BAA for Operating Hours during which EIM Transfers from the Tacoma Power BAA to another BAA occurred..

8.9.2 Charges

Any charges to the Tacoma Power EIM Entity pursuant to Section 29.11(n)(2) of the MO Tariff for operating reserve obligations shall be sub-allocated to Transmission Customers based on Measured Demand

8.10 EIM Payment Calendar

Pursuant to Section 29.11(l) of the MO Tariff, the Tacoma Power EIM Entity shall be subject to the MO's payment calendar for issuing settlement statements, exchanging invoice funds, submitting meter data, and submitting settlement disputes to the MO. The Tacoma Power EIM Entity shall follow Section 7 of this Tariff for issuing invoices regarding the EIM.

8.11 Market Validation and Price Correction

If the MO modifies the Tacoma Power EIM Entity settlement statement in accordance with the MO's market validation and price correction procedures in the MO Tariff, the Tacoma Power EIM Entity reserves the right to make corresponding or similar changes to the charges and payments suballocated under this Attachment O.

9. Compliance

9.1 Provision of Data

Transmission Customers with Tacoma Power EIM Participating Resources and Tacoma

Power EIM Participating Resource Scheduling Coordinators are responsible for complying with information requests they receive directly from the EIM market monitor or regulatory authorities concerning EIM activities.

A Transmission Customer with Tacoma Power EIM Participating Resources or a Transmission Customer with Non-Participating Resources must provide the Tacoma Power EIM Entity with all data necessary to respond to information requests received by the Tacoma Power EIM Entity from the MO, the EIM market monitor, or regulatory authorities concerning EIM activities.

If the Tacoma Power EIM Entity is required by applicable laws or regulations, or in the course of administrative or judicial proceedings, to disclose information that is otherwise required to be maintained in confidence, the Tacoma Power EIM Entity may disclose such information; provided, however, that upon the Tacoma Power EIM Entity learning of the disclosure requirement and, if possible, prior to making such disclosure, the Tacoma Power EIM Entity shall notify any affected party of the requirement and the terms thereof. The party can, at its sole discretion and own cost, direct any challenge to or defense against the disclosure requirement. The Tacoma Power EIM Entity shall cooperate with the affected party to obtain proprietary or confidential treatment of confidential information by the person to whom such information is disclosed prior to any such disclosure.

The Tacoma Power EIM Entity shall treat all Transmission Customer and Interconnection Customer data and information provided to it as market-sensitive and confidential, unless the Tacoma Power EIM Entity is otherwise allowed or required to disclose. The Tacoma Power EIM Entity shall continue to abide by the Commission's Standards of Conduct and handle customer information accordingly.

9.2 Rules of Conduct

These rules of conduct are intended to provide fair notice of the conduct expected and to provide an environment in which all parties may participate in the EIM on a fair and equal basis.

Transmission Customers must:

- (1) Comply with Dispatch Instructions and Tacoma Power EIM Entity operating orders in accordance with Good Utility Practice. If some limitation prevents the Transmission Customer from fulfilling the action requested by the MO or the Tacoma Power EIM Entity, the Transmission Customer must immediately and directly communicate the nature of any such limitation to the Tacoma Power EIM Entity;
- (2) Submit bids for resources that are reasonably expected to both be and remain available and capable of performing at the levels specified in the bid, based on

- all information that is known or should have been known at the time of submission;
- (3) Notify the MO and/or the Tacoma Power EIM Entity, as applicable, of outages in accordance with Section 7 of this Attachment O;
- (4) Provide complete, accurate, and timely meter data to the Tacoma Power EIM Entity in accordance with the metering and communication requirements of this Tariff, and maintain responsibility to ensure the accuracy of such data communicated by any customer-owned metering or communications systems. To the extent such information is not accurate or timely when provided to the Tacoma Power EIM Entity, the Transmission Customer shall be responsible for any consequence on settlement and billing;
- (5) Provide information to the Tacoma Power EIM Entity, including the information requested in Sections 4.2.1, 4.2.2, 4.2.3, 4.2.4 and 9.1 of this Attachment O, by the applicable deadlines; and
- (6) Utilize commercially-reasonable efforts to ensure that forecasts are accurate and based on all information that is known or should have been known at the time of submission to the Tacoma Power EIM Entity.

9.3 Enforcement

The Tacoma Power EIM Entity may refer a violation of Section 9.2 of this Attachment O

to the MO or FERC. Violations of these rules of conduct may be enforced by FERC in accordance with FERC's rules and procedures. Nothing in this Section 9 is meant to limit any other remedy before FERC or any applicable judicial, governmental, or administrative body.

10. Market Contingencies

10.1 Temporary Suspension by the MO

In the event that the MO implements a temporary suspension in accordance with Section 29.1(d)(1) of the MO Tariff, including the actions identified in Section 29.1(d)(5), the Tacoma Power EIM Entity shall utilize Temporary Schedules 4, 9, and 10 in accordance with Sections 10.4.1, 10.4.2, 10.4.3, and 10.4.4 of this Attachment O until the temporary suspension is no longer in effect or, if the MO determines to extend the suspension, for a period of time sufficient to process termination of the Tacoma Power EIM Entity's participation in the EIM in accordance with Section 29.1(d)(2) of the MO Tariff.

10.2 Termination of Participation in EIM by the Tacoma Power EIM Entity

If the Tacoma Power EIM Entity submits a notice of termination of its participation in the EIM to the MO in accordance with the applicable agreements and Section 4.1.1.5 of this Attachment O, in order to mitigate price exposure during the 180-day period between submission of the notice and the termination effective date, the Tacoma Power EIM Entity may invoke the following corrective actions by requesting that the MO:

- (1) prevent EIM Transfers and separate the Tacoma Power EIM Entity's BAA from operation of the EIM in the EIM Area; and
- (2) suspend settlement of EIM charges with respect to the Tacoma Power EIM Entity.

Once such corrective actions are implemented by the MO, the Tacoma Power EIM Entity shall utilize Temporary Schedules 4, 9, and 10 in accordance with Sections 10.4.1, 10.4.2, 10.4.3, and 10.4.4 of this Attachment O.

If the Tacoma Power EIM Entity takes action under this Section 10.2, the Tacoma Power EIM Entity shall notify the MO and Transmission Customers.

10.3 Corrective Actions Taken by the Tacoma Power EIM Entity for Temporary Contingencies

The Tacoma Power EIM Entity may declare a temporary contingency and invoke corrective actions for the EIM when in its judgment -

- (1) operational circumstances (including a failure of the EIM to produce feasible results in Tacoma Power's BAA) have caused or are in danger of causing an abnormal system condition in Tacoma Power's BAA that requires immediate action to prevent loss of load, equipment damage, or tripping system elements that might result in cascading outages, or to restore system operation to meet the applicable Reliability Standards and reliability criteria established by NERC and WECC; or

- (2) communications between the MO and the Tacoma Power EIM Entity are disrupted and prevent the Tacoma Power EIM Entity, the Tacoma Power EIM Entity Scheduling Coordinator, or a Tacoma Power EIM Participating Resource Scheduling Coordinator from accessing MO systems to submit or receive information.

10.3.1 Corrective Actions for Temporary Contingencies

If either of the above temporary contingencies occurs, the Tacoma Power EIM Entity may invoke the following corrective actions by requesting that the MO:

- (1) prevent EIM Transfers and separate the Tacoma Power EIM Entity's BAA from operation of the EIM in the EIM Area; and/or
- (2) suspend settlement of EIM charges with respect to the Tacoma Power EIM Entity.

When corrective action under 10.3.1 (2) is implemented or if the MO Tariff requires the use of these temporary schedules to set an administrative price, the Tacoma Power EIM Entity shall utilize Temporary Schedules 4, 9, and 10 in accordance with Sections 10.4.1, 10.4.2, 10.4.3, and 10.4.4 of this Attachment O.

If the Tacoma Power EIM Entity takes action under this Section 10.3, the Tacoma Power EIM Entity shall notify the MO and Transmission Customers. The Tacoma Power EIM Entity and the MO shall cooperate to resolve the temporary contingency event and

restore full EIM operations as soon as is practicable.

10.4 Temporary Schedules 4, 9 10

10.4.1 Temporary 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 Balancing Authority Area over a single hour. Tacoma Power must offer this service when the transmission service is used to serve load within its Balancing Authority Area. The Transmission Customer must either purchase this service from Tacoma Power 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. Tacoma Power 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.

Energy Imbalance deviations will be settled financially as provided and set forth below:

A. Imbalances within Deviation Band 1

Deviation Band 1 applies to the portion of hourly imbalance deviations that are less than or equal to (i) +/- 1.5% of the scheduled amount of energy, or (ii) +/- 2 MW, whichever is larger in absolute value. Tacoma Power will retain a deviation account showing the net Energy Imbalance for Deviation Band 1 (the sum of

positive and negative deviations from the scheduled energy quantity within Deviation Band 1 for each hour) to be settled financially at the end of each month as follows:

- (a) When the energy taken by the Transmission Customer during an hour is greater than the energy scheduled (negative deviation), the charge is 100% of Tacoma Power's Hourly Pricing Proxy of providing service.
- (b) When the energy taken by the Transmission Customer during an hour is less than the energy scheduled (positive deviation), the Transmission Customer will be credited at 100% of Tacoma Power's Hourly Pricing Proxy of providing service.

B. Imbalances within Deviation Band 2:

Deviation Band 2 applies to the portion of hourly imbalance deviations greater than +/- 1.5% of the scheduled amount of energy or +/- 2 MW, whichever is larger in absolute value, up to and including +/- 7.5% of the scheduled amount of energy or +/- 5 MW, whichever is larger in absolute value.

- (a) When the energy taken by the Transmission Customer during an hour is greater than the energy scheduled (negative deviation), the charge is 110% of Tacoma Power's Hourly Pricing Proxy of providing service.
- (b) When the energy taken by the Transmission Customer during an hour is less than the energy scheduled (positive deviation), the Transmission Customer will be credited at 90% of Tacoma Power's Hourly Pricing Proxy

of providing service.

C. Imbalances within Deviation Band 3:

Deviation Band 3 applies to the portion of hourly imbalance deviations greater than +/- 7.5% of the scheduled amount of energy or +/- 5 MW, whichever is larger in absolute value.

- (a) When the energy taken by the Transmission Customer during an hour is greater than the energy scheduled (negative deviation), the charge is 125% of Tacoma Power's Hourly Pricing Proxy of providing service.
- (b) When the energy taken by the Transmission Customer during an hour is less than the energy scheduled (positive deviation), the Transmission Customer will be credited at 75% of Tacoma Power's Hourly Pricing Proxy of providing service.

1. Forced Spill Conditions:

- (b) No credit for positive deviations (actual energy taken is less than energy scheduled) shall be given for any hour that falls within a day during which, at any time during such day, Tacoma Power is subject to Forced Spill Conditions.
- (c) For purposes of this Schedule 4, the term "Forced Spill Conditions" means circumstances during which Tacoma Power must spill water at one or more of its hydroelectric facilities:
 - (i) to comply with environmental laws or regulations applicable to Tacoma

Power or the affected hydroelectric facilities, irrespective of whether, absent the applicable environmental laws or regulations, the spilled water could have been used to generate power at the affected hydroelectric facilities,

- (ii) because stream flows at the affected hydroelectric facilities exceed the combined generating capacity and storage capability at such facilities, or
- (iii) because the electrical output that would result from failing to spill water at the affected hydroelectric facilities would exceed the amount that can be delivered to Tacoma Power's load and feasibly be disposed of through available power markets.

2. Negative Index

If the energy index is negative in any hour, no credit will be given for negative deviations (energy taken is more than energy scheduled) within Deviation Band 1, 2, or 3 during such hour.

3. Dynamically Scheduled Transfer

If a Transmission Customer with load physically interconnected to the Tacoma Power System elects to transfer such load to another Balancing Authority Area through dynamic scheduling, the Transmission Customer will not incur energy imbalance charges because responsibility for managing energy imbalances has accordingly been transferred to the other Balancing Authority Area. If, however, dynamic scheduling

fails so that responsibility for managing energy imbalances falls back to Tacoma Power, then such Transmission Customer shall pay for such service at rates specified for Energy Imbalance Service.

10.4.2 Temporary Schedule 9 Generator Imbalance Service

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in Tacoma Power's Balancing Authority Area and a delivery schedule from that generator to (1) another Balancing Authority Area or (2) a load within Tacoma Power's Balancing Authority Area over a single hour. Tacoma Power 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 Balancing Authority Area. The Transmission Customer must either purchase this service from Tacoma Power 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. Tacoma Power 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.

Tacoma Power 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 Tacoma Power, another 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 Tacoma Power's actual average hourly cost of the last 10 MW dispatched for any purpose, e.g., to supply Tacoma Power'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.

10.4.3 Temporary Schedule 10 – Real Power Losses

A transmission customer taking Network Integration Transmission Service, Firm or Non-Firm Point-To-Point Transmission Service shall be responsible for Real Power Losses as provided for in Sections 15.6 and 28.5 of the Tariff. For each hour where Tacoma Power provides loss service, the Transmission Customer shall compensate Tacoma Power through return of losses or by purchasing losses at a rate equal to the Hourly Pricing Proxy for energy for such hour based on the product of the actual transmission service provided (scheduled service less any curtailments, corrections or adjustments mutually agreed on by Tacoma Power and the Transmission Customer) during each hour in MWhs and the applicable loss factor provided in Sections 15.6 and 28.5 of the Tariff.