

EL PASO ELECTRIC COMPANY
OPEN ACCESS TRANSMISSION TARIFF
FERC ELECTRIC TARIFF
VOLUME NO. 1

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I. COMMON SERVICE PROVISIONS

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1 Definitions

1.1 Affiliate:

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

1.2 Ancillary Services:

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

1.3 Annual Transmission Costs:

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

1.4 Application:

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

1.5 Balancing Authority (BA):

The responsible entity that integrates resource plans ahead of time, maintains load Interchange-generation balance within a BAA, 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 EPE, or voluntarily contracted for by EPE to provide EIM Available Balancing Capacity, that can provide regulation and load following services to enable the EPE EIM Entity to meet reliability criteria. NO resource unaffiliated with the EPE 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 EPE 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:

This term is used interchangeably with “Balancing Authority Area.”

An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

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

1.14 Curtailment:

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

1.15 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 the Transmission Provider, 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 the Transmission Provider for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.

1.18 Dispatch Instruction (Dispatch Operating Target):

An instruction by the MO for an action with respect to a specific EPE 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 an EPE EIM Participating Resource that has received a Dispatch Instruction from the MO or a Balancing Authority Area Resource to which the EPE EIM Entity has relayed a Dispatch Instruction received from the MO. For purposes of Attachment P of this Tariff, the Dispatch Operating Point means the MW output, of (i) an EPE EIM Participating Resource due to an EIM bid being accepted and the EPE 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.

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 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).

1.22 Energy Imbalance Market (EIM):

The Energy Imbalance Market. 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 through economic bids submitted by EIM Participating Resource Scheduling Coordinators in the fifteen-minute and five-minute markets.

1.23 EIM Area:

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

1.24 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 EPE EIM Entity's Resource Plan.

1.25 EIM Entity:

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

1.26 EIM Transfer:

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

1.27 Eligible Customer:

- (i) Any electric utility (including the Transmission Provider and any power marketer), Federal power marketing agency, or any person generating electric energy for sale for resale is an Eligible Customer under the Tariff. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico.

However, with respect to transmission service that the Commission is prohibited from ordering by Section 212(h) of the Federal Power Act, such entity is eligible only if the service is provided pursuant to a state requirement that the

Transmission Provider offer the unbundled transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider.

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

1.28 EPE:

El Paso Electric Company.

1.29 EPE BAA:

Refers to the BAA operated by EPE Transmission Provider.

1.30 EPE BAA Transmission Owner:

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

1.31 EPE EIM Business Practice (EPE EIM BP):

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

1.32 EPE EIM Entity:

The Transmission Provider in performance of its role as an EIM Entity under the MO Tariff and this Tariff, including, but not limited to, Attachment P.

1.33 EPE EIM Entity Scheduling Coordinator:

The Transmission Provider or the entity selected by the Transmission Provider who is certified by the MO and who enters into the MO's pro forma EIM Entity Scheduling

Coordinator Agreement.

1.34 EPE EIM Participating Resource:

A resource or a portion of a resource: (1) that has been certified in accordance with Attachment P by the EPE 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.

1.35 EPE EIM Participating Resource Coordinator:

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

1.36 EPE EIM Participating Resource Scheduling Coordinator:

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

1.37 Facilities Study:

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

1.38 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.

1.39 Flexible Ramping Forecast Movement:

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

1.40 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.

1.41 Flexible Ramping Uncertainty Award:

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

1.42 Flexible Ramping Uncertainty Requirement:

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

1.43 Forecast Data:

Information provided by Transmission Customers regarding expected load (as determined pursuant to Section 4.2.4.3 of Attachment P of this Tariff), generation, Intrachange, and Interchange, as specified in Section 4.2.4 of Attachment P and the EPE

EIM BP. The Transmission Customer Base Schedule includes Forecast Data that is used by the EPE EIM Entity as the baseline by which to measure Imbalance Energy for purposes of EIM settlement.

1.44 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).

1.45 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 real-time Interchange or Intrachange schedules.

1.46 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.

1.47 Interchange:

E-Tagged energy transfers from, to, or through the EPE BAA or other BAAs, not including EIM Transfers.

1.48 Interruption:

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

1.49 Intrachange:

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

1.50 Load Aggregation Point:

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

1.51 Load Ratio Share:

Ratio of a Transmission Customer's Network Load to the Transmission Provider's total load computed in accordance with Sections 34.2 and 34.3 of the Network Integration Transmission Service under Part III of the Tariff and calculated on a rolling twelve month basis.

1.52 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.

1.53 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.

1.54 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.

1.55 Manual Dispatch:

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

1.56 Market Operator (MO):

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

1.57 Measured Demand:

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

1.58 Metered Demand:

Metered load volumes in EPE's BAA.

1.59 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.

1.60 Native Load Customers:

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

1.61 Network Customer:

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

1.62 Network Integration Transmission Service:

The transmission service provided under Part III of the Tariff.

1.63 Network Load:

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

1.64 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.

1.65 Network Operating Committee:

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

1.66 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 or output associated with an EIM Dispatch Instruction.

1.67 Network Upgrades:

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

1.68 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.

1.69 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.

1.70 Non-Participating Resource:

A resource in EPE's BAA that is not an EPE EIM Participating Resource.

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

The information system and standards of conduct contained in Parts 37 and 358 of the Commission's regulations and all additional requirements implemented by subsequent Commission orders dealing with OASIS.

1.72 Operating Hour:

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

1.73 Palo Verde Facilities:

The Palo Verde Facilities consist of three 500 kv lines, and related facilities, that extend 165 miles in total from the Palo Verde Nuclear Generating Station near Phoenix, Arizona, with two of the lines extending to the Westwing substation and one extending to the Kyrene substation, all facilities entirely in Arizona.

1.74 Part I:

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1.75 Part II:

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1.76 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.

1.77 Parties:

The Transmission Provider and the Transmission Customer receiving service under the Tariff.

1.78 Point(s) of Delivery:

Point(s) on the Transmission Provider's Transmission System where capacity and energy transmitted by the Transmission Provider will be made available to the Receiving Party under Part II of the Tariff. The Point(s) of Delivery shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.79 Point(s) of Receipt:

Point(s) of interconnection on the Transmission Provider's Transmission System where capacity and energy will be made available to the Transmission Provider by the Delivering Party under Part II of the Tariff. The Point(s) of Receipt shall be specified in the Service Agreement for Long-Term Firm Point-To-Point Transmission Service.

1.80 Point-To-Point Transmission Service:

The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

1.81 Power Purchaser:

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

1.82 Pre-Confirmed Application:

An Application that commits the Eligible Customer to execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

1.83 Pricing Node (PNode):

A single network 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 EPE EIM Entity.

1.84 Real Power Losses:

Electrical losses associated with the use of the Transmission Provider's Transmission System. Such losses are provided for in Sections 15.7 and 28.5 of the Tariff and settled financially under Schedule 10.

1.85 Resource Plan:

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

1.86 Receiving Party:

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

1.87 Regional Transmission Group (RTG):

A voluntary organization of transmission owners, transmission users and other entities approved by the Commission to efficiently coordinate transmission planning (and expansion), operation and use on a regional (and interregional) basis.

1.88 Reserved Capacity:

The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

1.89 Service Agreement:

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

1.90 Service Commencement Date:

The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.

1.91 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.

1.92 System Condition

A specified condition on the Transmission Provider's system or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm Point-to-Point Transmission Service using the curtailment priority pursuant to Section 13.6. Such conditions must be identified in the Transmission Customer's Service Agreement.

1.93 System Impact Study:

An assessment by the Transmission Provider of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service and (ii) whether any additional costs may be incurred in order to provide transmission service.

1.94 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.

1.95 Transmission Customer:

Any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider file with the Commission, a proposed unexecuted Service Agreement to receive transmission service under Part II of the Tariff. This term is used in the Part I Common Service Provisions to include customers receiving transmission service under Part II and Part III of this Tariff.

1.96 Transmission Customer Base Schedule:

An energy schedule that provides Transmission Customer hourly-level Forecast Data and other information that is used by the EPE 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 P) or any individual components of such schedule.

1.97 Transmission Provider:

The public utility (or its Designated Agent) that owns, controls, or operates facilities used for the transmission of electric energy in interstate commerce and provides

transmission service under the Tariff.

1.98 Transmission Provider's Monthly Transmission System Peak:

The maximum firm usage of the Transmission Provider's Transmission System in a calendar month.

1.99 Transmission Service:

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

1.100 Transmission System:

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

1.101 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 EPE EIM Entity's BAA, the EPE EIM Entity shall calculate UIE as the algebraic difference between the Transmission Customer's actual hourly load and the Transmission Customer Base Schedule.

1.102 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.

I. COMMON SERVICE PROVISIONS

2 Initial Allocation and Renewal Procedures

2.1 Initial Allocation of Available Transfer Capability:

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

2.2 Reservation Priority For Existing Firm Service Customers:

Existing firm service customers (wholesale requirements and transmission-only, with a contract term of five-years or more), have the right to continue to take transmission service from the Transmission Provider when the contract expires, rolls over or is renewed. This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the Transmission Provider or elects to purchase capacity and energy from

another supplier. If at the end of the contract term, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service, the existing firm service customer must agree to accept a contract term at least equal to a competing request by any new Eligible Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service; provided that, the firm service customer shall have a right of first refusal at the end of such service only if the new contract is for five years or more. The existing firm service customer must provide notice to the Transmission Provider whether it will exercise its right of first refusal no less than one year prior to the expiration date of its transmission service agreement. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of five-years or longer. Service agreements subject to a right of first refusal entered into prior to August 12, 2008 or associated with a transmission service request received prior to July 13, 2007, unless terminated, will become subject to the five year/one year requirement on the first rollover date after August 12, 2008; provided that, the one-year notice requirement shall apply to such service agreement with five years or more left in their terms as of August 12, 2008.

I. COMMON SERVICE PROVISIONS

3 Ancillary Services

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

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

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

Transmission Service to deliver energy from a generator located within the Transmission Provider's Control Area is required to acquire Generator Imbalance Service, whether from the Transmission Provider, from a third party, or by self-supply.

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

If the Transmission Provider is a public utility providing transmission service but is not a Control Area operator, it may be unable to provide some or all of the Ancillary Services. In this case, the Transmission Provider can fulfill its obligation to provide Ancillary Services by acting as the Transmission Customer's agent to secure these Ancillary Services from the Control Area operator. The Transmission Customer may elect to (i) have the Transmission Provider act as its

agent, (ii) secure the Ancillary Services directly from the Control Area operator, or (iii) secure the Ancillary Services (discussed in Schedules 3, 4, 5, 6, and 9) from a third party or by self-supply when technically feasible.

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

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

3.1 Scheduling, System Control and Dispatch Service:

The rates and/or methodology are described in Schedule 1.

3.2 Reactive Supply and Voltage Control from Generation or Other Sources Service:

The rates and/or methodology are described in Schedule 2.

3.3 Regulation and Frequency Response Service:

Where applicable the rates and/or methodology are described in Schedule 3.

3.4 Energy Imbalance Service:

Where applicable the rates and/or methodology are described in Schedule 4.

3.5 Operating Reserve - Spinning Reserve Service:

Where applicable the rates and/or methodology are described in Schedule 5.

3.6 Operating Reserve - Supplemental Reserve Service:

Where applicable the rates and/or methodology are described in Schedule 6.

3.7 Generator Imbalance Service:

Where applicable the rates and/or methodology are described in Schedule 9.

I. COMMON SERVICE PROVISIONS

4 Open Access Same-Time Information System (OASIS)

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

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

Customers of any such additions, deletions or modifications, the associated effective date, and any additional implementation procedures that the Transmission Provider deems appropriate.

I. COMMON SERVICE PROVISIONS

5 Local Furnishing Bonds

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

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

5.2 Alternative Procedures for Requesting Transmission Service:

- (i) If the Transmission Provider determines that the provision of transmission service requested by an Eligible Customer would jeopardize the tax-exempt status of any local furnishing bond(s) used to finance its facilities that would be used in providing such transmission service, it shall advise the Eligible Customer within thirty (30) days of receipt of the Completed Application.

(ii) If the Eligible Customer thereafter renews its request for the same transmission service referred to in (i) by tendering an application under Section 211 of the Federal Power Act, the Transmission Provider, within ten (10) days of receiving a copy of the Section 211 application, will waive its rights to a request for service under Section 213(a) of the Federal Power Act and to the issuance of a proposed order under Section 212(c) of the Federal Power Act. The Commission, upon receipt of the Transmission Provider's waiver of its rights to a request for service under Section 213(a) of the Federal Power Act and to the issuance of a proposed order under Section 212(c) of the Federal Power Act, shall issue an order under Section 211 of the Federal Power Act. Upon issuance of the order under Section 211 of the Federal Power Act, the Transmission Provider shall be required to provide the requested transmission service in accordance with the terms and conditions of this Tariff.

I. COMMON SERVICE PROVISIONS

6 Reciprocity

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

This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff, including

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

I. COMMON SERVICE PROVISIONS

7 Billing and Payment

7.1 Billing Procedures:

Within a reasonable time afterservice is provided, the Transmission Provider shall submit an invoice to the Transmission Customer for the charges for all services furnished under the Tariff. The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to the Transmission Provider, or by wire transfer to a bank named by the Transmission Provider.

7.2 Interest on Unpaid Balances:

Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 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 the Transmission Provider.

7.3 Customer Default:

In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the Transmission Provider on or before the due date as described above, and such failure of

payment is not corrected within thirty (30) calendar days after the Transmission Provider notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, the Transmission Provider may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission so approves any such request. In the event of a billing dispute between the Transmission Provider and the Transmission Customer, the Transmission Provider will continue to provide service under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then the Transmission Provider may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

7.4 Penalty Revenue Assessment and Distribution:

The Transmission Provider will credit each Transmission Customer taking service under Part II or Part III of this Tariff for its share of penalty revenues as follows:

7.4.1 Imbalance Penalties:

Charges assessed by the Transmission Provider pursuant to

Schedules 4 and 9 that are in excess of its incremental costs are referred to as “Imbalance Penalties”, and therefore subject to distribution to all “non-offending” (or non-penalized) Transmission Customers. On each monthly invoice, each non-offending Transmission Customer shall receive a credit for its share of the Imbalance Penalties that were assessed in connection with service rendered by the Transmission Provider during the month to which the invoice applies. The Transmission Customer’s share of the Imbalance Penalties (if any) will be determined as follows:

7.4.1.1 For each hour, the Transmission Provider will determine: (1) the sum of all Imbalance Penalties assessed during such hour, measured in dollars (IPR_h), and (2) the sum of all transmission revenue from non-offending Transmission Customers during that hour, measured in dollars (TR_h)

Where:

IPR_h = Imbalance Penalty Revenue

TR_h = Transmission Revenue from non-offending
Customers

7.4.1.2 For each hour, each Transmission Customer that was not assessed an Imbalance Penalty during that hour will receive a credit equal to the product of (i)

IPR_h multiplied by (ii) a fraction, derived from dividing the amount of transmission revenue from that Transmission Customer (TC₁) during that hour (measured in dollars), where TC₁ is equal to one non-offending Transmission Customer, and a denominator equal to TR_h.

7.4.1.3 The Transmission Customer's total monthly credit for Imbalance Penalties will equal the sum of the credits received by that Transmission Customer during the hours in which it did not incur an Imbalance Penalty, as determined pursuant to Section 7.4.1.2.

7.4.1.4 The Transmission Provider is entitled to credits pursuant to this Section for Imbalance Penalties related to service it takes, including service for its native load.

7.4.2 Late Study Fees:

In any calendar year in which the Transmission Provider incurs a late study fee under Section 19.9 and/or 32.5 of this Tariff ("Late Study Fees"), the Transmission Provider shall credit the Transmission Customers that took service under Part II or Part III during the year and are not affiliated with the Transmission Provider

in an amount proportional to each such Transmission Customer's usage, such that the total credits invoiced equal the total Late Study Fees due. Credits will be applied to invoices issues in February for the prior calendar year.

I. COMMON SERVICE PROVISIONS

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

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

8.1 Transmission Revenues:

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

8.2 Study Costs and Revenues:

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

I. COMMON SERVICE PROVISIONS

9 Regulatory Filings

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

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

I. COMMON SERVICE PROVISIONS

10 Force Majeure and Indemnification

10.1 Force Majeure:

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

Neither the Transmission Provider nor the Transmission Customer will be considered in default as to any obligation under this Tariff if prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Tariff is hindered by an event of Force Majeure shall make all reasonable efforts to perform its obligations under this Tariff.

10.2 Indemnification:

The Transmission Customer shall at all times indemnify, defend, and save the Transmission Provider harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Transmission Provider's performance of its obligations under this Tariff on behalf of the Transmission Customer, except in cases of

negligence or intentional wrongdoing by the Transmission Provider.

Provided, however, that the standard of liability for the actions of the EPE
EIM Entity performed consistent with Attachment P of this Tariff shall be
gross negligence or intentional wrongdoing.

I. COMMON SERVICE PROVISIONS

11 Creditworthiness

The Transmission Provider will specify its Creditworthiness procedures in Attachment L.

I. COMMON SERVICE PROVISIONS

12 Dispute Resolution Procedures

12.1 Internal Dispute Resolution Procedures:

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

12.2 External Arbitration Procedures:

Any arbitration initiated under the Tariff shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters,

including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations or Regional Transmission Group rules.

12.3 Arbitration Decisions:

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

rates, terms and conditions of service or facilities.

12.4 Costs:

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

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

12.5 EIM Disputes

12.5.1 Disputes between the EPE 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 EPE EIM Entity and a Transmission Customer or

Interconnection Customer regarding the EPE EIM Entity's

implementation of this Tariff's provisions regarding the manner in which

the EPE 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.

12.5.2 Disputes between the MO and EPE EIM Participating

Resource Scheduling Coordinators Related to EIM Charges and

Payments Directly With the MO: Disputes involving settlement

statements between the MO and EPE EIM Participating Resource

Scheduling Coordinators shall be resolved directly with the MO in accordance with the dispute resolution process outlined in the MO Tariff. A Transmission Customer with a EPE EIM Participating Resource shall provide notice to the EPE 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 EPE EIM BP.

12.5.3 Disputes between the MO and the EPE EIM Entity: The EPE 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 EPE EIM Entity submits a dispute it shall provide notice to any affected Transmission Customer in accordance with the EPE EIM BP.

12.5.4 Disputes Regarding MO Charges or Payments to the EPE 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 EPE EIM Entity that is subsequently charged or paid by the EPE 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 EPE 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.

12.6 Rights Under The Federal Power Act:

Nothing in this section shall restrict the rights of any party to file a Complaint with the Commission under relevant provisions of the Federal Power Act.

II. POINT-TO-POINT TRANSMISSION SERVICE

Preamble

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

II. POINT-TO-POINT TRANSMISSION SERVICE

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 hour 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. However, Pre-Confirmed Applications for Short-Term Point-to-Point Transmission Service will receive priority over earlier-submitted requests that are not Pre-Confirmed and that have equal or shorter duration. Among requests or reservations with the same duration and, as relevant, pre-confirmation status (pre-confirmation, confirmed or not confirmed), priority will be given to an Eligible Customer's request or reservation that offers the highest price, followed by the date and time of the request or reservation.

(iii) If the Transmission System becomes oversubscribed, requests for service may preempt competing reservations up to the following conditional reservation deadlines: one hour before the commencement of hourly service, one day before the commencement of daily service, one week before the commencement of weekly service, and one month before the commencement of monthly service. Before the conditional reservation deadline, if available transfer capability is insufficient to satisfy all requests and reservations, an Eligible Customer with a reservation for shorter term service or equal duration service and lower price has the right of first refusal to match any longer term request or equal duration service with a higher price before losing its reservation priority. A longer term competing request for Short-Term Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 13.8) from being notified by the Transmission Provider of a longer-term competing request for Short-Term Firm Point-To-Point Transmission Service. When a longer duration request preempts multiple shorter duration reservations, the shorter duration reservations shall have simultaneous opportunities to exercise the right of first refusal. Duration, price

and time of response will be used to determine the order by which the multiple shorter duration reservations will be able to exercise the right of first refusal. After the conditional reservation deadline, service will commence pursuant to the terms of Part II of the Tariff.

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

13.3 Use of Firm Transmission Service by the Transmission Provider:

The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after July 9, 1996 or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

13.4 Service Agreements:

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

Transmission Customer with the reassessment study and a narrative description of the study, including the reasons for changes to the number of hours per year or System Conditions under which conditional curtailment may occur.

13.5 Transmission Customer Obligations for Facility Additions or Redispatch Costs:

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

by the Transmission Provider of redispatch requirements as described in Section 15.4. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service.

13.6 Curtailment of Firm Transmission Service:

In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is required to maintain reliable operation of such system, Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, the Transmission Provider will curtail service to Network Customers and Transmission Customers taking Firm Point-To-Point Transmission Service on a basis comparable to the curtailment of service to the Transmission Provider's Native Load Customers. All Curtailments will be made on a non-discriminatory basis, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. Long-Term Firm Point-to-Point Service subject to conditions described in Section 15.4 shall be curtailed with secondary service in cases where the conditions apply, but otherwise will be curtailed on a pro rata basis with other Firm Transmission Service. When the Transmission Provider determines that

an electrical emergency exists on its Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the Transmission Provider. However, the Transmission Provider reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in the Transmission Provider's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of its Transmission System. The Transmission Provider will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments. Transmission Provider shall take necessary measures to ensure reliability in EPE's BAA in accordance with Section 6 of Attachment P.

13.7 Classification of Firm Transmission Service:

- (a) The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Section 22.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Section 22.2.
- (b) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the Transmission Provider's Transmission System. For

such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of Receipt.

- (c) The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm 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 Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transfer capability is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the

sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or uses Transmission Service at a point of Receipt or Point of Delivery that it has not reserved.

13.8 Scheduling of Firm Point-To-Point Transmission Service:

Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 10:00 a.m. of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. will be accommodated, if practicable. Hour-to-hour 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 the Transmission

Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common point of receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next scheduling interval provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour 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 the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

II. POINT-TO-POINT TRANSMISSION SERVICE

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

14.1 Term:

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

14.2 Reservation Priority:

Non-Firm Point-To-Point Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned first to requests or reservations with a longer duration of service and second to Pre-Confirmed Applications. In the event the Transmission System is constrained, competing requests of the same Pre-Confirmed status and equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term request before being preempted.

A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the Transmission Provider; and, (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 14.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by the Transmission Provider. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

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

The Transmission Provider will be subject to the rates, terms and conditions of Part II of the Tariff when making Third-Party Sales under (i) agreements executed on or after July 9, 1996 or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Provider will maintain separate accounting, pursuant to Section 8, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

14.4 Service Agreements:

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

14.5 Classification of Non-Firm Point-To-Point Transmission Service:

Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Part II of the Tariff. The Transmission Provider undertakes no obligation under the Tariff to plan its Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Transmission Customer (including Third-Party Sales by the Transmission Provider) exceeds its non-firm capacity reservation. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on

an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule 8.

14.6 Scheduling of Non-Firm Point-To-Point Transmission Service:

Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 2:00 p.m. 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 the Transmission Provider's service area with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next scheduling interval provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour 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 the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

14.7 Curtailment or Interruption of Service:

The Transmission Provider reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when an emergency or other unforeseen condition threatens to impair or degrade the reliability of its Transmission System. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non- Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, (4) transmission service for Network Customers from non-designated resources, or (5) transmission service for Firm Point-to-Point Transmission Service during conditional curtailment periods as described in Section 15.4. The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required,

Curtailments or Interruptions will be made on a nondiscriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions).

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

Transmission Provider shall take necessary measures to ensure reliability in EPE's BAA in accordance with Section 6 of Attachment P.

II. POINT-TO-POINT TRANSMISSION SERVICE

15 Service Availability

15.1 General Conditions:

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across its Transmission System to any Transmission Customer that has met the requirements of Section 16.

15.2 Determination of Available Transfer Capability:

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

15.3 Initiating Service in the Absence of an Executed Service Agreement:

If the Transmission Provider and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the Point-To-Point Service Agreement, the Transmission Provider shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing the Transmission Provider to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by the Transmission Provider for such requested Transmission Service. The

Transmission Provider shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate the Transmission Provider at whatever rate the Commission ultimately determines to be just and reasonable, and (ii) comply with the terms and conditions of the Tariff including posting appropriate security deposits in accordance with the terms of Section 17.3.

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

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

Transmission Provider has the right to expand or modify.

- (b) If the Transmission Provider determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to provide redispatch from its own resources until (i) Network Upgrades are completed for the Transmission Customer, (ii) the Transmission Provider determines through a biennial reassessment that it can no longer reliably provide the redispatch, or (iii) the Transmission Customer terminates the service because of redispatch changes resulting from the reassessment. A Transmission Provider shall not unreasonably deny self-provided redispatch or redispatch arranged by the Transmission Customer from a third party resource.
- (c) If the Transmission Provider determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will offer the Firm Transmission Service with the condition that the Transmission Provider may curtail the service prior to the curtailment of other Firm Transmission Service for a specified

number of hours per year or during System Condition(s). If the Transmission Customer accepts the service, the Transmission Provider will use due diligence to provide the service until (i) Network Upgrades are completed for the Transmission Customer, (ii) the Transmission Provider determines through a biennial reassessment that it can no longer reliably provide such service, or (iii) the Transmission Customer terminates the service because the reassessment increased the number of hours per year of conditional curtailment or changed the System Conditions.

15.5 Deferral of Service:

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

15.6 Other Transmission Service Schedules:

Eligible Customers receiving transmission service under other agreements on file with the Commission may continue to receive transmission service under those agreements until such time as those agreements may be modified by the Commission.

15.7 Real Power Losses:

Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer shall compensate Transmission Provider for losses associated with all transmission service as provided in Schedule 10. The applicable Real Power Loss factors and rates for Real Power Loss service are set forth in Schedule 10.

II. POINT-TO-POINT TRANSMISSION SERVICE

16 Transmission Customer Responsibilities

16.1 Conditions Required of Transmission Customers:

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

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

Service Agreement or has agreed to receive service pursuant to Section 15.3.

- (g) The Transmission Customer must comply with the requirements of Attachment P 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 the Transmission Provider, notification to the Transmission Provider identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by the Transmission Provider pursuant to Part II of the Tariff on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

II. POINT-TO-POINT TRANSMISSION SERVICE

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:

El Paso Electric Company at the point of contact posted in the Documents area on the El Paso Electric OASIS opening page under the “Transmission Contact Information” folder

at least sixty (60) days in advance of the calendar month in which service is to commence. The Transmission Provider will consider requests for such firm service on shorter notice when feasible. Requests for firm service for periods of less than one year shall be subject to expedited procedures that shall be negotiated between the Parties within the time constraints provided in Section 17.5. All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the priority of the Application.

17.2 Completed Application:

A Completed Application shall provide all of the information included in 18

CFR § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 358 of the Commission's regulations;
- (v) A description of the supply characteristics of the capacity and energy to be delivered;
- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;

- (vii) The Service Commencement Date and the term of the requested Transmission Service;
- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the Transmission Provider's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement;
- (ix) A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service; and
- (x) Any additional information required by the Transmission Provider's planning process established in Attachment K.

The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 358 of the Commission's regulations.

17.3 Deposit:

A Completed Application for Firm Point-To-Point Transmission Service also shall include a deposit of either one month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month. If the Application is rejected by the Transmission Provider because it

does not meet the conditions for service as set forth herein, or in the case of requests for service arising in connection with losing bidders in a Request For Proposals (RFP), said deposit shall be returned with interest less any reasonable costs incurred by the Transmission Provider in connection with the review of the losing bidder's Application. The deposit also will be returned with interest less any reasonable costs incurred by the Transmission Provider if the Transmission Provider is unable to complete new facilities needed to provide the service. If an Application is withdrawn or the Eligible Customer decides not to enter into a Service Agreement for Firm Point-To-Point Transmission Service, the deposit shall be refunded in full, with interest, less reasonable costs incurred by the Transmission Provider to the extent such costs have not already been recovered by the Transmission Provider from the Eligible Customer. The Transmission Provider will provide to the Eligible Customer a complete accounting of all costs deducted from the refunded deposit, which the Eligible Customer may contest if there is a dispute concerning the deducted costs. Deposits associated with construction of new facilities are subject to the provisions of Section 19. If a Service Agreement for Firm Point-To-Point Transmission Service is executed, the deposit and any accrued interest will be credited against the Transmission Customer's monthly transmission service bill(s) upon commencement of service until the deposit and interest are returned in full provided the Transmission Customer is considered creditworthy pursuant to the criteria set forth in Attachment L.

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 amount is credited to the Transmission Provider's account. Each Transmission Customer deposit held by the Transmission Provider pursuant to this Section 17.3 as of the effective date of this tariff sheet shall be returned with interest to each respective Transmission Customer provided the Transmission Customer is considered creditworthy pursuant to the criteria set forth in Attachment L, by crediting the deposit and interest against each respective Transmission Customer's monthly transmission service bill(s) in the month(s) following the issuance of the final and non-appealable Commission decision accepting this tariff sheet. In the event the entire deposit and interest are not fully credited before the expiration or termination of the Service Agreement for Firm Point-To-Point Transmission Service and provided the Transmission Customer has no outstanding payment balance due, the Transmission Provider will return any remaining deposit, with interest, to the Transmission Customer within thirty (30) days of the expiration or termination of the Service Agreement.

17.3.1 Transmission Provider may waive the collection of a deposit under Section 17.3 where the Transmission Customer is an existing customer of Transmission Provider, with a minimum two-year timely payment history and no default under its existing Service

Agreement(s). A two-year timely payment history is considered a consecutive two-year period in which the Transmission Customer's payment practices conformed to Section 7.1.

17.3.2 An Application is considered a Completed Application when the Transmission Provider receives the Eligible Customer's deposit in accordance with Section 17.3 above. To allow an Eligible Customer to seek waiver of the deposit under Section 17.3.1, without jeopardizing its reservation priority, Transmission Provider will assign reservation priority based upon when the Transmission Provider receives the Eligible Customer's Application (without the deposit), with respect to those services that are subject to a reservation priority based upon the date/time of the request, as set forth in Section 13.2. The Eligible Customer will not lose its place in the reservation queue if the Transmission Provider grants waiver of the deposit under Section 17.3.1 or if the Transmission Provider, absent a waiver, receives the Eligible Customer's deposit no later than 10 days following receipt of the Eligible Customer's Application.

17.4 Notice of Deficient Application:

If an Application fails to meet the requirements of the Tariff, other than the requirement to include a deposit with an Application pursuant to Section 17.3,

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

The Transmission Provider will deem withdrawn an Application submitted without a deposit unless (a) the deposit is waived by the Transmission Provider under Section 17.3.1, or (b) the Transmission Provider receives the deposit no later than 10 days following receipt of the Application.

17.5 Response to a Completed Application:

Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider shall make a determination of available transfer capability as required in Section 15.2. The Transmission Provider shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing a System Impact Study or (ii) if such a study is needed to evaluate the impact of the

Application pursuant to Section 19.1. Responses by the Transmission Provider must be made as soon as practicable to all completed applications (including applications by its own merchant function) and the timing of such responses must be made on a non-discriminatory basis.

17.6 Execution of Service Agreement:

Whenever the Transmission Provider determines that a System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where a System Impact Study is required, the provisions of Section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement or request the filing of an unexecuted service agreement pursuant to Section 15.3, within fifteen (15) days after it is tendered by the Transmission Provider will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

17.7 Extensions for Commencement of Service:

The Transmission Customer can obtain, subject to availability, up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual

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

II. POINT-TO-POINT TRANSMISSION SERVICE

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

18.1 Application:

Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the Transmission Provider.

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

18.2 Completed Application:

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

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

Receipt and Point of Delivery; and

- (v) The proposed dates and hours for initiating and terminating transmission service hereunder.

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

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

The Transmission Provider will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to RTG transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 358 of the Commission's regulations.

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

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

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

18.4 Determination of Available Transfer Capability:

Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transfer capability pursuant to Section 15.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service (i) thirty (30) minutes for hourly service, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly service, and (iv) two (2) days for monthly service or such reasonable times that are generally accepted in the region and are consistently adhered to by the Transmission Provider.

II. POINT-TO-POINT TRANSMISSION SERVICE

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

19.1 Notice of Need for System Impact Study:

After receiving a request for service, the Transmission Provider shall determine on a nondiscriminatory basis whether a System Impact Study is needed. A description of the Transmission Provider's methodology for completing a System Impact Study is provided in Attachment D. If the Transmission Provider determines that a System Impact Study is necessary to accommodate the requested service, it shall so inform the Eligible Customer, as soon as practicable. Once informed, the Eligible Customer shall timely notify the Transmission Provider if it elects to have the Transmission Provider study redispatch or conditional curtailment as part of the System Impact Study. If notification is provided prior to tender of the System Impact Study Agreement, the Eligible Customer can avoid the costs associated with the study of these options. The Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender a System Impact Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required System Impact Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the System Impact Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer

elects not to execute the System Impact Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest.

19.2 System Impact Study Agreement and Cost Reimbursement:

- (i) The System Impact Study Agreement will clearly specify the Transmission Provider's estimate of the actual cost, and time for completion of the System Impact Study. The charge shall not exceed the actual cost of the study. In performing the System Impact Study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing transmission planning studies. The Eligible Customer will not be assessed a charge for such existing studies; however, the Eligible Customer will be responsible for charges associated with any modifications to existing planning studies that are reasonably necessary to evaluate the impact of the Eligible Customer's request for service on the Transmission System.
- (ii) If in response to multiple Eligible Customers requesting service in relation to the same competitive solicitation, a single System Impact Study is sufficient for the Transmission Provider to accommodate the requests for service, the costs of that study shall be pro-rated among the Eligible Customers.

- (iii) For System Impact Studies that the Transmission Provider conducts on its own behalf, the Transmission Provider shall record the cost of the System Impact Studies pursuant to Section 8.

19.3 System Impact Study Procedures:

Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints, identified with specificity by transmission element or flowgate, (2) redispatch options (when requested by an Eligible Customer) including an estimate of the cost of redispatch, (3) conditional curtailment options (when requested by an Eligible Customer) including the number of hours per year and the System Conditions during which conditional curtailment may occur, and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within the Transmission Provider's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If the Transmission Provider possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such

resource in the System Impact Study. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System Impact Study is complete. The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement pursuant to Section 15.3, or the Application shall be deemed terminated and withdrawn.

19.4 Facilities Study Procedures:

If a System Impact Study indicates that additions or upgrades to the Transmission System are needed to supply the Eligible Customer's service

request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to execute the Facilities Study Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Section 17.3, shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Transmission Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Transmission Customer, (ii) the Transmission Customer's appropriate share of the cost of any required Network Upgrades as determined pursuant to the provisions of Part II of the Tariff, and (iii) the time required to complete such construction and initiate the requested service. The Transmission Customer

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

19.5 Facilities Study Modifications:

Any change in design arising from inability to site or construct facilities as proposed will require development of a revised good faith estimate. New good faith estimates also will be required in the event of new statutory or regulatory requirements that are effective before the completion of construction or other circumstances beyond the control of the Transmission Provider that significantly affect the final cost of new facilities or upgrades to be charged to the Transmission Customer pursuant to the provisions of Part II of the Tariff.

19.6 Due Diligence in Completing New Facilities:

The Transmission Provider shall use due diligence to add necessary facilities or upgrade its Transmission System within a reasonable time. The

Transmission Provider will not upgrade its existing or planned Transmission System in order to provide the requested Firm Point-To-Point Transmission Service if doing so would impair system reliability or otherwise impair or degrade existing firm service.

19.7 Partial Interim Service:

If the Transmission Provider determines that it will not have adequate transfer capability to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated without addition of any facilities and through redispatch. However, the Transmission Provider shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.

19.8 Expedited Procedures for New Facilities:

In lieu of the procedures set forth above, the Eligible Customer shall have the option to expedite the process by requesting the Transmission Provider to tender at one time, together with the results of required studies, an "Expedited Service Agreement" pursuant to which the Eligible Customer would agree to compensate the Transmission Provider for all costs incurred pursuant to the

terms of the Tariff. In order to exercise this option, the Eligible Customer shall request in writing an expedited Service Agreement covering all of the above-specified items within thirty (30) days of receiving the results of the System Impact Study identifying needed facility additions or upgrades or costs incurred in providing the requested service. While the Transmission Provider agrees to provide the Eligible Customer with its best estimate of the new facility costs and other charges that may be incurred, such estimate shall not be binding and the Eligible Customer must agree in writing to compensate the Transmission Provider for all costs incurred pursuant to the provisions of the Tariff. The Eligible Customer shall execute and return such an Expedited Service Agreement within fifteen (15) days of its receipt or the Eligible Customer's request for service will cease to be a Completed Application and will be deemed terminated and withdrawn.

19.9 Penalties for Failure to Meet Study Deadlines:

Sections 19.3 and 19.4 require a Transmission Provider to use due diligence to meet 60-day study completion deadlines for System Impact Studies and Facilities Studies.

- (i) The Transmission Provider is required to file a notice with the Commission in the event that more than twenty (20) percent of non-Affiliates' System Impact Studies and Facilities Studies completed by the Transmission Provider in any two consecutive

calendar quarters are not completed within the 60-day study completion deadlines. Such notice must be filed within thirty (30) days of the end of the calendar quarter triggering the notice requirement.

- (ii) For the purposes of calculating the percent of non-Affiliates' System Impact Studies and Facilities Studies processed outside of the 60-day study completion deadlines, the Transmission Provider shall consider all System Impact Studies and Facilities Studies that it completes for non-Affiliates during the calendar quarter. The percentage should be calculated by dividing the number of those studies which are completed on time by the total number of completed studies. The Transmission Provider may provide an explanation in its notification filing to the Commission if it believes there are extenuating circumstances that prevented it from meeting the 60-day study completion deadlines.
- (iii) The Transmission Provider is subject to an operational penalty if it completes ten (10) percent or more of non-Affiliates' System Impact Studies and Facilities Studies outside of the 60-day study completion deadlines for each of the two calendar quarters immediately following the quarter that triggered its notification filing to the Commission. The operational penalty will be assessed for each calendar quarter for which an operational

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

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

II. POINT-TO-POINT TRANSMISSION SERVICE

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

20.1 Delays in Construction of New Facilities:

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

20.2 Alternatives to the Original Facility Additions:

When the review process of Section 20.1 determines that one or more alternatives exist to the originally planned construction project, the Transmission Provider shall present such alternatives for consideration by the Transmission Customer. If, upon review of any alternatives, the Transmission Customer desires to maintain its Completed Application subject to construction of the alternative facilities, it may request the Transmission

Provider to submit a revised Service Agreement for Firm Point-To-Point Transmission Service. If the alternative approach solely involves Non-Firm Point-To-Point Transmission Service, the Transmission Provider shall promptly tender a Service Agreement for Non-Firm Point-To-Point Transmission Service providing for the service. In the event the Transmission Provider concludes that no reasonable alternative exists and the Transmission Customer disagrees, the Transmission Customer may seek relief under the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

20.3 Refund Obligation for Unfinished Facility Additions:

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

II. POINT-TO-POINT TRANSMISSION SERVICE

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

21.1 Responsibility for Third-Party System Additions:

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

21.2 Coordination of Third-Party System Additions:

In circumstances where the need for transmission facilities or upgrades is identified pursuant to the provisions of Part II of the Tariff, and if such upgrades further require the addition of transmission facilities on other systems, the Transmission Provider shall have the right to coordinate construction on its own system with the construction required by others. The Transmission Provider, after consultation with the Transmission Customer and representatives of such other systems, may defer construction of its new transmission facilities, if the new transmission facilities on another system cannot be completed in a timely manner. The Transmission Provider shall notify the Transmission Customer in writing of the basis for any decision to

defer construction and the specific problems which must be resolved before it will initiate or resume construction of new facilities. Within sixty (60) days of receiving written notification by the Transmission Provider of its intent to defer construction pursuant to this section, the Transmission Customer may challenge the decision in accordance with the dispute resolution procedures pursuant to Section 12 or it may refer the dispute to the Commission for resolution.

II. POINT-TO-POINT TRANSMISSION SERVICE

22 Changes in Service Specifications

22.1 Modifications On a Non-Firm Basis:

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

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

Points specified in the relevant Service Agreement in the amount of its original capacity reservation.

- (d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

22.2 Modification On a Firm Basis:

Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement, or if the Transmission Provider waives the collection of an additional deposit based upon the Transmission Customer's past practices as set forth in Section 17.3.1. In the event the Transmission Customer is required to pay an additional deposit for such modification (*i.e.*, the capacity reservation exceeds the amount reserved under the existing Service Agreement), the Transmission Provider will return the additional deposit to the Transmission Customer in accordance with the applicable provisions of Section 17.3 as applied to the

new service request. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement.

II. POINT-TO-POINT TRANSMISSION SERVICE

23 Sale or Assignment of Transmission Service

23.1 Procedures for Assignment or Transfer of Service:

Subject to Commission approval of any necessary filings, 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 not exceed higher of (i) the original rate paid by the Reseller, (ii) the Transmission Provider's maximum rate on file at the time of the assignment, or (iii) the Reseller's opportunity cost capped at the Transmission Provider's cost of expansion; provided that, for service prior to October 1, 2010, compensation to Resellers shall be at rates established by agreement between the Reseller and the Assignee.

The Assignee must execute a service agreement with the Transmission Provider governing reassignments of transmission service prior to the date on which the reassigned service commences. The Transmission Provider shall charge the Reseller, as appropriate, at the rate stated in the Reseller's Service Agreement with the Transmission Provider or the associated OASIS schedule and credit the Reseller with the price reflected in the Assignee's Service Agreement with the Transmission Provider or the associated OASIS schedule; provided that, such credit shall be reversed in the

event of non-payment by the Assignee. If the Assignee does not request any change in the Point(s) of Receipt or the Point(s) of Delivery, or a change in any other term or condition set forth in the original Service Agreement, the Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. The Assignee will be subject to all terms and conditions of this Tariff. If the Assignee requests a change in service, the reservation priority of service will be determined by the Transmission Provider pursuant to Section 13.2.

23.2 Limitations on Assignment or Transfer of Service:

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

23.3 Information on Assignment or Transfer of Service:

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

II. POINT-TO-POINT TRANSMISSION SERVICE

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 the Transmission Provider. Such equipment shall remain the property of the Transmission Customer.

24.2 Transmission Provider Access to Metering Data:

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

24.3 Power Factor:

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

II. POINT-TO-POINT TRANSMISSION SERVICE

25 Compensation for Transmission Service

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

II. POINT-TO-POINT TRANSMISSION SERVICE

26 Stranded Cost Recovery

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

II. POINT-TO-POINT TRANSMISSION SERVICE

27 Compensation for New Facilities and Redispatch Costs

Whenever a System Impact Study performed by the Transmission Provider in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for such costs to the extent consistent with Commission policy.

Whenever a System Impact Study performed by the Transmission Provider identifies capacity constraints that may be relieved by redispatching the Transmission Provider's resources to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs to the extent consistent with Commission policy.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

Preamble

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

III. NETWORK INTEGRATION TRANSMISSION SERVICE

28 Nature of Network Integration Transmission Service

28.1 Scope of Service:

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

28.2 Transmission Provider Responsibilities:

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

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

28.3 Network Integration Transmission Service:

The Transmission Provider will provide firm transmission service over its Transmission System to the Network Customer for the delivery of capacity and energy from its designated Network Resources to service its Network Loads on a basis that is comparable to the Transmission Provider's use of the Transmission System to reliably serve its Native Load Customers.

28.4 Secondary Service:

The Network Customer may use the Transmission Provider's Transmission System to deliver energy to its Network Loads from resources that have not been designated as Network Resources. Such energy shall be transmitted, on an as-available basis, at no additional charge. Secondary service shall not require the filing of an Application for Network Integration Transmission Service under the Tariff. However, all other requirements of Part III of the Tariff (except for transmission rates) shall apply to secondary service. Deliveries from resources other than Network Resources will have a higher

priority than any Non-Firm Point-To-Point Transmission Service under Part II of the Tariff.

28.5 Real Power Losses:

Real Power Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Network Customer shall compensate Transmission Provider for losses associated with all transmission service as provided in Schedule 10. The applicable Real Power Loss factors and rates for Real Power Loss service are set forth in Schedule 10.

28.6 Restrictions on Use of Service:

The Network Customer shall not use Network Integration Transmission Service for (i) sales of capacity and energy to non-designated loads, or (ii) direct or indirect provision of transmission service by the Network Customer to third parties. All Network Customers taking Network Integration Transmission Service shall use Point-To-Point Transmission Service under Part II of the Tariff for any Third-Party Sale which requires use of the Transmission Provider's Transmission System. The Transmission Provider shall specify any appropriate charges and penalties and all related terms and conditions applicable in the event that a Network Customer uses Network Integration Transmission Service or secondary service pursuant to Section 28.4 to facilitate a wholesale sale that does not serve a Network Load.

28.7 Participation in the EIM:

Notwithstanding the limitations in Section 28.6, Network Customers utilizing a Network Integration Transmission Service Agreement and Native Load Customer may participate in the EIM without a requirement to terminate the designation of any Network Resource that is an EPE 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 transaction.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

29 Initiating Service

29.1 Condition Precedent for Receiving Service:

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

29.2 Application Procedures:

An Eligible Customer requesting service under Part III of the Tariff must submit an Application, with a deposit approximating the charge for one month of service, to the Transmission Provider as far as possible in advance of the month in which service is to commence. Unless subject to the procedures in Section 2, Completed Applications for Network Integration Transmission Service will be assigned a priority according to the date and time the Application is received, with the earliest Application receiving the highest

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

- (i) The identity, address, telephone number and facsimile number of the party requesting service;
- (ii) A statement that the party requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total loads to be served at each transmission voltage level, and the loads to be served from each Transmission Provider substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter load and resource requirements beginning with the first year after the service is scheduled to commence;

- (iv) The amount and location of any interruptible loads included in the Network Load. This shall include the summer and winter capacity requirements for each interruptible load (had such load not been interruptible), that portion of the load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer load (if any) included in the 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 (unless part of an on-system system sale), such description shall include:
- Unit size and amount of capacity from that unit to be designated as Network Resource
 - VAR capability (both leading and lagging) of all generators
 - Operating restrictions
 - Any periods of restricted operations throughout the year
 - Maintenance schedules
 - Minimum loading level of unit
 - Normal operating level of unit
 - Any must-run unit designations required for system reliability or contract reasons
 - Approximate variable generating cost (\$/MWH) for redispatch computations
 - Arrangements governing sale and delivery of power to third parties from generating facilities located in the Transmission Provider Control Area, where only a portion of unit output is designated as a Network Resource

For each off-system Network Resource, such description shall

include:

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

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

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

(vii) Service Commencement Date and the term of the requested

Network Integration Transmission Service. The minimum term

- for Network Integration Transmission Service is one year;
- (viii) A statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources listed pursuant to Section 29.2(v) satisfy the following conditions:
- (1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) the Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a 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: (1) in the Transmission Provider's planning process established in Attachment K; and (2) Attachment P.

Unless the Parties agree to a different time frame, the Transmission Provider must acknowledge the request within ten (10) days of receipt. The acknowledgement must include a date by which a response, including a Service Agreement, will be sent to the Eligible Customer. If an Application

fails to meet the requirements of this section, the Transmission Provider shall notify the Eligible Customer requesting service within fifteen (15) days of receipt and specify the reasons for such failure. Wherever possible, the Transmission Provider will attempt to remedy deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application without prejudice to the Eligible Customer filing a new or revised Application that fully complies with the requirements of this section. The Eligible Customer will be assigned a new priority consistent with the date of the new or revised Application. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 358 of the Commission's regulations. If a Service Agreement for Network Integration Transmission Service is executed, the deposit and any accrued interest will be credited against the Transmission Customer's monthly transmission service bill(s) upon commencement of service until the deposit and interest are returned, provided the Transmission Customer is considered creditworthy pursuant to the criteria set forth in Attachment L. 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 amount is credited to the Transmission Provider's account. Each Transmission Customer deposit held by the Transmission Provider pursuant to this Section 29.2 as of the effective date of this tariff sheet shall be returned with interest to

each respective Transmission Customer provided the Transmission Customer is considered creditworthy pursuant to the criteria as set forth in Attachment L, by crediting the deposit and interest to each respective Transmission Customer's monthly transmission service bill(s) in the month(s) following the issuance of the final and non-appealable Commission decision accepting this tariff sheet. In the event the entire deposit and interest are not fully credited before the expiration or termination of the Service Agreement for Network Integration Transmission Service and the Transmission Customer has no outstanding payment balance due, the Transmission Provider will return any remaining deposit, with interest, to the Transmission Customer within thirty (30) days of the expiration or termination of the Service Agreement.

29.2.1 Transmission Provider may waive the collection of a deposit under Section 29.2 where the Transmission Customer is an existing customer of Transmission Provider, with a minimum two-year timely payment history and no default under its existing Service Agreement(s). A two-year timely payment history is considered a consecutive two-year period in which the Transmission Customer's payment practices conformed to Section 7.1.

29.2.2 An Application is considered a Completed Application when the Transmission Provider receives the Eligible Customer's deposit in accordance with Section 29.2 above. To allow an Eligible Customer to seek waiver of the deposit under Section 29.2.1, without

jeopardizing its reservation priority, Transmission Provider will assign a reservation priority based upon when the Transmission Provider receives the Eligible Customer's Application (without the deposit). The Eligible Customer will not lose its place in the reservation queue if the Transmission Provider grants waiver of the deposit under Section 29.2.1 or if the Transmission Provider, absent a waiver, receives the Eligible Customer's deposit no later than ten days following receipt of the Eligible Customer's Application.

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

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

29.4 Network Customer Facilities:

The provision of Network Integration Transmission Service shall be conditioned upon the Network Customer's constructing, maintaining and

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

29.5 Filing of Service Agreement:

The Transmission Provider will file Service Agreements with the Commission in compliance with applicable Commission regulations.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

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 P. Any owned or purchased resources that were serving the Network Customer's loads under firm agreements entered into on or before the Service Commencement Date shall initially be designated as Network Resources until the Network Customer terminates the designation of such resources.

30.2 Designation of New Network Resources:

The Network Customer may designate a new Network Resource by providing the Transmission Provider with as much advance notice as practicable. A designation of a new Network Resource must be made through the Transmission Provider's OASIS by a request for modification of service pursuant to an Application under Section 29. This request must include a statement that the new Network Resource satisfies the following conditions:

(1) the Network Customer owns the resource, has committed to purchase generation pursuant to an executed contract, or has committed to purchase generation where execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff; and (2) The Network Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Network Customer's Network Load on a non-interruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. The Network Customer's request will be deemed deficient if it does not include this statement and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

30.3 Termination of Network Resources:

The Network Customer may terminate the designation of all or part of a generating resource as a Network Resource by providing notification to the Transmission Provider through OASIS as soon as reasonably practicable, but not later than the firm scheduling deadline for the period of termination. Any request for termination of Network Resource status must be submitted on OASIS, and should indicate whether the request is for indefinite or temporary termination. A request for indefinite termination of Network Resource status must indicate the date and time that the termination is to be effective, and the

identification and capacity of the resource(s) or portions thereof to be indefinitely terminated. A request for temporary termination of Network Resource status must include the following:

- (i) Effective date and time of temporary termination;
- (ii) Effective date and time of redesignation, following period of temporary termination;
- (iii) Identification and capacity of resource(s) or portions thereof to be temporarily terminated;
- (iv) Resource description and attestation for redesignating the network resource following the temporary termination, in accordance with Section 30.2; and
- (v) Identification of any related transmission service requests to be evaluated concomitantly with the request for temporary termination, such that the requests for undesignation and the request for these related transmission service requests must be approved or denied as a single request. The evaluation of these related transmission service requests must take into account the termination of the network resources identified in (iii) above, as well as all competing transmission service requests of higher priority.

As part of a temporary termination, a Network Customer may only redesignate the same resource that was originally designated, or a portion thereof.

Requests to redesignate a different resource and/or a resource with increased capacity will be deemed deficient and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

30.4 Operation of Network Resources:

The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission Provider's Control Area such that the output of those facilities exceeds its designated Network Load, plus Non-Firm Sales delivered pursuant to Part II of the Tariff, plus losses, plus power sales under a reserve sharing program, plus sales that permit curtailment without penalty to serve its designated Network Load. This limitation shall not apply to EPE EIM Participating Resources responding to Dispatch Instruction or to changes in the operation of a Transmission Customer's Network Resources at the request of the Transmission Provider to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System. For all Network Resources not physically connected with the Transmission Provider's Transmission System, the Network Customer may not schedule delivery of energy in excess of the Network Resource's capacity, as specified in the Network Customer's Application pursuant to Section 29, unless the Network Customer supports such delivery within the Transmission Provider's

Transmission System by either obtaining Point-to-Point Transmission Service or utilizing secondary service pursuant to Section 28.4. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that a Network Customer's schedule at the delivery point for a Network Resource not physically interconnected with the Transmission Provider's Transmission System exceeds the Network Resource's designated capacity, excluding energy delivered using secondary service or Point-to-Point Transmission Service.

30.5 Network Customer Redispatch Obligation:

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

30.6 Transmission Arrangements for Network Resources Not Physically Interconnected With The Transmission Provider:

The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with the Transmission Provider's Transmission System. The Transmission Provider will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation,

providing any information or data required by such other entity pursuant to Good Utility Practice.

30.7 Limitation on Designation of Network Resources:

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

30.8 Use of Interface Capacity by the Network Customer:

There is no limitation upon a Network Customer's use of the Transmission Provider's Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of the Transmission Provider's total interface capacity with other transmission systems may not exceed the Network Customer's Load.

30.9 Network Customer Owned Transmission Facilities:

The Network Customer that owns existing transmission facilities that are integrated with the Transmission Provider's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated into the plans or

operations of the Transmission Provider to serve its power and transmission customers. For facilities added by the Network Customer subsequent to July 13, 2007, the Network Customer shall receive credit for such transmission facilities added if such facilities are integrated into the operations of the Transmission Provider's facilities; provided however, the Network Customer's transmission facilities shall be presumed to be integrated if such transmission facilities, if owned by the Transmission Provider, would be eligible for inclusion in the Transmission Provider's annual transmission revenue requirement as specified in Attachment H. Calculation of any credit under this subsection shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

31 Designation of Network Load

31.1 Network Load:

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

31.2 New Network Loads Connected With the Transmission Provider:

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

31.3 Network Load Not Physically Interconnected with the Transmission Provider:

This section applies to both initial designation pursuant to Section 31.1 and the subsequent addition of new Network Load not physically interconnected

with the Transmission Provider. To the extent that the Network Customer desires to obtain transmission service for a load outside the Transmission Provider's Transmission System, the Network Customer shall have the option of (1) electing to include the entire load as Network Load for all purposes under Part III of the Tariff and designating Network Resources in connection with such additional Network Load, or (2) excluding that entire load from its Network Load and purchasing Point-To-Point Transmission Service under Part II of the Tariff. To the extent that the Network Customer gives notice of its intent to add a new Network Load as part of its Network Load pursuant to this section the request must be made through a modification of service pursuant to a new Application.

31.4 New Interconnection Points:

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

31.5 Changes in Service Requests:

Under no circumstances shall the Network Customer's decision to cancel or delay a requested change in Network Integration Transmission Service (e.g. the addition of a new Network Resource or designation of a new Network Load) in any way relieve the Network Customer of its obligation to pay the

costs of transmission facilities constructed by the Transmission Provider and charged to the Network Customer as reflected in the Service Agreement.

However, the Transmission Provider must treat any requested change in Network Integration Transmission Service in a non-discriminatory manner.

31.6 Annual Load and Resource Information Updates:

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

III. NETWORK INTEGRATION TRANSMISSION SERVICE

32 Additional Study Procedures For Network Integration Transmission Service Requests

32.1 Notice of Need for System Impact Study:

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

32.2 System Impact Study Agreement and Cost Reimbursement:

- (i) The System Impact Study Agreement will clearly specify the

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

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

32.3 System Impact Study Procedures:

Upon receipt of an executed System Impact Study Agreement, the Transmission Provider will use due diligence to complete the required System Impact Study within a sixty (60) day period. The System Impact Study shall identify (1) any system constraints, identified with specificity by transmission element or flowgate, (2) redispatch options (when requested by an Eligible Customer) including, to the extent possible, an estimate of the cost of redispatch, (3) available options for installation of automatic devices to curtail service (when requested by an Eligible Customer), and (4) additional Direct Assignment Facilities or Network Upgrades required to provide the requested service. For customers requesting the study of redispatch options, the System Impact Study shall (1) identify all resources located within the Transmission Provider's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If the Transmission Provider possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study. In the event that the Transmission Provider is unable to complete the required System Impact Study within such time period, it shall so notify the Eligible Customer and provide an estimated completion date along with an explanation of the reasons why additional time is required to complete the required studies. A copy of the completed System Impact Study and related work papers shall be made available to the Eligible Customer as soon as the System

Impact Study is complete. The Transmission Provider will use the same due diligence in completing the System Impact Study for an Eligible Customer as it uses when completing studies for itself. The Transmission Provider shall notify the Eligible Customer immediately upon completion of the System Impact Study if the Transmission System will be adequate to accommodate all or part of a request for service or that no costs are likely to be incurred for new transmission facilities or upgrades. In order for a request to remain a Completed Application, within fifteen (15) days of completion of the System Impact Study the Eligible Customer must execute a Service Agreement or request the filing of an unexecuted Service Agreement, or the Application shall be deemed terminated and withdrawn.

32.4 Facilities Study Procedures:

If a System Impact Study indicates that additions or upgrades to the Transmission are needed to supply the Eligible Customer's service request, the Transmission Provider, within thirty (30) days of the completion of the System Impact Study, shall tender to the Eligible Customer a Facilities Study Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for performing the required Facilities Study. For a service request to remain a Completed Application, the Eligible Customer shall execute the Facilities Study Agreement and return it to the Transmission Provider within fifteen (15) days. If the Eligible Customer elects not to

execute the Facilities Study Agreement, its Application shall be deemed withdrawn and its deposit shall be returned with interest. Upon receipt of an executed Facilities Study Agreement, the Transmission Provider will use due diligence to complete the required Facilities Study within a sixty (60) day period. If the Transmission Provider is unable to complete the Facilities Study in the allotted time period, the Transmission Provider shall notify the Eligible Customer and provide an estimate of the time needed to reach a final determination along with an explanation of the reasons that additional time is required to complete the study. When completed, the Facilities Study will include a good faith estimate of (i) the cost of Direct Assignment Facilities to be charged to the Eligible Customer, (ii) the Eligible Customer's appropriate share of the cost of any required Network Upgrades, and (iii) the time required to complete such construction and initiate the requested service. The Eligible Customer shall provide the Transmission Provider with a letter of credit or other reasonable form of security acceptable to the Transmission Provider equivalent to the costs of new facilities or upgrades consistent with commercial practices as established by the Uniform Commercial Code. The Eligible Customer shall have thirty (30) days to execute a Service Agreement or request the filing of an unexecuted Service Agreement and provide the required letter of credit or other form of security or the request no longer will be a Completed Application and shall be deemed terminated and withdrawn.

32.5 Penalties for Failure to Meet Study Deadlines:

Section 19.9 defines penalties that apply for failure to meet the 60-day study completion due diligence deadlines for System Impact Studies and Facilities Studies under Part II of the Tariff. These same requirements and penalties apply to service under Part III of the Tariff.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

33 Load Shedding and Curtailments

33.1 Procedures:

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

33.2 Transmission Constraints:

During any period when the Transmission Provider determines that a transmission constraint exists on the Transmission System, and such constraint may impair the reliability of the Transmission Provider's system, the Transmission Provider will take whatever actions, consistent with Good Utility Practice, that are reasonably necessary to maintain the reliability of the Transmission Provider's system. To the extent the Transmission Provider determines that the reliability of the Transmission System can be maintained by redispatching resources, the Transmission Provider will initiate procedures

pursuant to the Network Operating Agreement to redispatch all Network Resources and the Transmission Provider's own resources on a least-cost basis without regard to the ownership of such resources. Any redispatch under this section may not unduly discriminate between the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers and any Network Customer's use of the Transmission System to serve its designated Network Load.

33.3 Cost Responsibility for Relieving Transmission Constraints:

Whenever the Transmission Provider implements least-cost redispatch procedures in response to a transmission constraint, the Transmission Provider and Network Customers will each bear a proportionate share of the total redispatch cost based on their respective Load Ratio Shares.

33.4 Curtailments of Scheduled Deliveries:

If a transmission constraint on the Transmission Provider's Transmission System cannot be relieved through the implementation of least-cost redispatch procedures and the Transmission Provider determines that it is necessary to Curtail scheduled deliveries, the Parties shall Curtail such schedules in accordance with the Network Operating Agreement.

33.5 Allocation of Curtailments:

The Transmission Provider shall, on a nondiscriminatory basis, Curtail the transaction(s) that effectively relieve the constraint. However, to the extent

practicable and consistent with Good Utility Practice, any Curtailment will be shared by the Transmission Provider and Network Customer in proportion to their respective Load Ratio Shares. The Transmission Provider shall not direct the Network Customer to Curtail schedules to an extent greater than the Transmission Provider would Curtail the Transmission Provider's schedules under similar circumstances.

33.6 Load Shedding:

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

33.7 System Reliability:

Notwithstanding any other provisions of this Tariff, the Transmission Provider reserves the right, consistent with Good Utility Practice and on a not unduly discriminatory basis, to Curtail Network Integration Transmission Service without liability on the Transmission Provider's part for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations and facilities, and in cases where the continuance of Network Integration Transmission Service would endanger persons or property. In the event of any adverse condition(s) or disturbance(s) on the Transmission Provider's

Transmission System or on any other system(s) directly or indirectly interconnected with the Transmission Provider's Transmission System, the Transmission Provider, consistent with Good Utility Practice, also may Curtail Network Integration Transmission Service in order to (i) limit the extent or damage of the adverse condition(s) or disturbance(s), (ii) prevent damage to generating or transmission facilities, or (iii) expedite restoration of service. The Transmission Provider will give the Network Customer as much advance notice as is practicable in the event of such Curtailment. Any Curtailment of Network Integration Transmission Service will be not unduly discriminatory relative to the Transmission Provider's use of the Transmission System on behalf of its Native Load Customers. The Transmission Provider shall specify the rate treatment and all related terms and conditions applicable in the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures.

III. NETWORK INTEGRATION TRANSMISSION SERVICE

34 Rates and Charges

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

34.1 Monthly Demand Charge:

The Network Customer shall pay a monthly Demand Charge specified in Attachment H-1, tab "Projected Attachment H," line 12 multiplied by the Network Customer's Monthly Network Load.

34.2 Determination of Network Customer's Monthly Network Load:

The Network Customer's monthly Network Load is its hourly load (including its designated Network Load not physically interconnected with the Transmission Provider under Section 31.3) coincident with the Transmission Provider's Monthly Transmission System Peak.

34.3 Determination of Transmission Provider's Monthly Transmission System Load:

The Transmission Provider's monthly Transmission System load is the Transmission Provider's Monthly Transmission System Peak minus the coincident peak usage of all Firm Point-To-Point Transmission Service customers pursuant to Part II of this Tariff plus the Reserved Capacity of all Firm Point-To-Point Transmission Service customers.

34.4 Redispatch Charge:

The Network Customer shall pay a Load Ratio Share of any redispatch costs allocated between the Network Customer and the Transmission Provider pursuant to Section 33. To the extent that the Transmission Provider incurs an obligation to the Network Customer for redispatch costs in accordance with Section 33, such amounts shall be credited against the Network Customer's bill for the applicable month.

34.5 Stranded Cost Recovery:

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

III. NETWORK INTEGRATION TRANSMISSION SERVICE

35 Operating Arrangements

35.1 Operation under The Network Operating Agreement:

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

35.2 Network Operating Agreement:

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

for long-term planning, and (v) address any other technical and operational considerations required for implementation of Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the Electric Reliability Organization (ERO) as described in 18 C.F.R. § 39.1, (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with the Transmission Provider, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies the applicable reliability guidelines of the ERO. The Transmission Provider shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment G.

35.3 Network Operating Committee:

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

SCHEDULE 1

Scheduling, System Control and Dispatch Service And EIM Administrative Service

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

The Transmission Customer will be allowed to use dynamic scheduling when it is feasible and reliable. Dynamic scheduling involves the arrangement for moving load or generation served within one Control Area such that the load or generation is recognized in the real-time control and dispatch of another Control Area. If a Transmission Customer requests that the Transmission Provider perform dynamic scheduling, the Transmission Provider will provide this service at negotiated rates, terms and conditions.

Such negotiated rates, terms and conditions will be subject to Commission approval.

The Transmission Customer must secure adequate transmission arrangements to support this service.

The below language shall apply during such hours when the Transmission Provider is participating in the EIM.

This service recovers the administrative costs assessed by the CAISO as the MO of the EIM to the EPE 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 Long Term 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 the Transmission Provider shall be required to acquire EIM Administrative Service from the Transmission Provider. EIM Administrative Costs assigned to the EPE EIM Entity shall be sub-allocated to Transmission Customers on the basis of Measured Demand for the time period in which the EIM Administrative Costs were incurred.

Transmission Customers Obligated to Acquire Scheduling, System Control and Dispatch Service:

All Transmission Customers purchasing Long-Term 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 the Transmission Provider shall be required to acquire Scheduling, System Control and Dispatch Service from the Transmission Provider.

Charge for Scheduling, System Control and Dispatch Service:

All Transmission Customers required to acquire Scheduling, System Control and Dispatch Service shall pay a charge invoiced monthly for Scheduling, System Control and Dispatch Service equal to the amount set forth below. The rates on which such charges are determined shall be calculated on an annual basis using an annual Schedule 1 revenue requirement identified in Attachment H-1, tab "Schedule 1," line 22. Annual updates to the Schedule 1 rates shall follow the procedures set forth in Attachment H-2.

- 1) For Yearly Service, the demand charge identified in Attachment H-1, tab "Schedule 1," line 28 multiplied by either: (a) the amount of Reserved Capacity per year for Point-to-Point Transmission Service or (b) the Monthly Network Load calculated pursuant to Section 34.2 of the Tariff for Network Integration Transmission Service.
- 2) For Monthly Service, the demand charge identified in Attachment H-1, tab "Schedule 1," line 29 multiplied by the amount of Reserved Capacity per month.
- 3) For Weekly Service, the demand charge identified in Attachment H-1, tab "Projected Schedule 1," line 30 multiplied by the amount of Reserved Capacity per week.
- 4) For Daily On-Peak Service, the demand charge identified in Attachment H-1, tab "Schedule 1," line 31 multiplied by the amount of Reserved Capacity per day during on-peak periods.
- 5) For Daily Off-Peak Service, the demand charge identified in Attachment H-1, tab "Schedule 1," line 32 multiplied by the amount of Reserved Capacity per day during off-peak periods.

- 6) For Hourly On-Peak Service, the demand charge identified in Attachment H-1, tab “Schedule 1,” line 33 multiplied by the amount of Reserved Capacity per hour during on-peak periods.
- 7) For Hourly Off-Peak Service, the demand charge identified in Attachment H-1, tab “Schedule 1,” line 34 multiplied by the amount of Reserved Capacity per hour during off-peak periods.

The total charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the Daily Rate pursuant to this Schedule 1 times the highest amount in megawatts of Reserved Capacity in any hour during such day. In addition, the total charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the Weekly Rate pursuant to this Schedule 1 times the highest amount in megawatts of Reserved Capacity in any hour during such week.

SCHEDULE 2

Reactive Supply and Voltage Control from Generation or Other Sources Service

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

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

reflect only a pass-through of the costs charged to the Transmission Provider by the Control Area operator.

Rate per \$/KW-Year:\$0.528

Rate per \$/KW-Month:\$0.0440

Rate per \$/KW-Week:\$0.0102

Rate per \$/KW-Day:\$0.00145

Rate per \$/KW-Hour:\$0.00006

SCHEDULE 3

Regulation and Frequency Response Service

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the Control Area operator that performs this function for the Transmission Provider). The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation. The Transmission Provider will take into account the speed and accuracy of regulation resources in its determination of Regulation and Frequency Response reserve requirements, including as it reviews whether a self-supplying Transmission Customer has made alternative comparable arrangements. Upon request by the self-supplying Transmission Customer, the Transmission Provider will share with the Transmission Customer its reasoning and any related data used to make the

determination of whether the Transmission Customer has made alternative comparable arrangements. The amount of and charges for Regulation and Frequency Response Service are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

Rate per \$/KW-Year:\$37.20

Rate per \$/KW-Month:\$3.10

Rate per \$/KW-Week:\$0.72

Rate per \$/KW-Day:\$0.102

Rate per \$/KW-Hour:\$0.0042

A Transmission Customer purchasing Regulation and Frequency Response Service will be required to purchase an amount of reserved capacity equal to 0.87 percent of the Transmission Customer's reserved capacity for point-to-point transmission service or 0.87 percent of the Transmission Customer's network load responsibility for Network Integration Transmission Service. The billing determinants for this service shall be reduced by any portion of the 0.87 percent purchase obligation that a Transmission Customer obtains from third parties or supplies itself.

SCHEDULE 4

Energy Imbalance Service

This schedule 4 shall apply during such hours when the Transmission Provider is participating in the EIM and when the EIM has not been suspended. In accordance with Section 10 of Attachment P of this Tariff, Schedule 4A shall apply during such hours when the Transmission Provider is not participating in the EIM and when the EIM has been suspended.

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. An Interconnection Customer, as defined in Attachment M or N of the Tariff, as applicable, must pay imbalance charges in accordance with this schedule. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

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 P 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 4A

Energy Imbalance Service when EIM Suspended

In accordance with Section 10 of Attachment P of this Tariff, this Schedule 4A shall apply during such hours when the Transmission Provider is not participating in the EIM and when the EIM has been suspended, Schedule 4 shall apply during such hours when the Transmission Provider is participating in the EIM and when the EIM has not been suspended.

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly energy imbalances under this Schedule or a penalty for hourly generator imbalances under Schedule 9 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other. The Transmission Provider shall establish charges for energy imbalance based on the deviation bands as follows: (i) deviations within +/- 1.5 percent (with a

minimum of 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, at 100 percent of incremental or decremental cost; (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of incremental cost or 90 percent of decremental cost, and (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of incremental cost or 75 percent of decremental cost.

For purposes of this Schedule, incremental cost shall be the product of (i) the amount of power by which the Transmission Customer's load exceeds the scheduled energy and (ii) the average settled index price reported by the Intercontinental Exchange ("ICE") in the ICE Day Ahead Power Price Report for Palo Verde Peak ("PV Peak Index") and Palo Verde Off-Peak ("PV Off-Peak Index"), as applicable, for the hour in which Energy Imbalance Service is provided; and decremental cost shall be the product of (i) the amount of power by which the scheduled energy exceeds the Transmission Customer's load and (ii) the PV Peak Index or the PV Off-Peak Index, as applicable, for the hour in which Energy Imbalance Service is provided. In the event that Energy

Imbalance Service is provided during a time where no volumes are reported on the PV Peak Index and/or PV Off-Peak Index, the most recent firm on-peak and/or off-peak prices will be carried forward. If ICE permanently ceases to report the PV Peak and/or PV Off-Peak Index, or if the methodology used to determine the PV Peak and/or PV Off-Peak Index is materially modified, Transmission Provider shall select a permanent replacement index, reported by a reputable third party.

SCHEDULE 5

Operating Reserve - Spinning Reserve Service

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

Rate per \$/KW-Year:\$37.20

Rate per \$/KW-Month:\$3.10

Rate per \$/KW-Week:\$0.72

Rate per \$/KW-Day:\$0.102

Rate per \$/KW-Hour:\$0.0042

A Transmission Customer purchasing Operating Reserve - Spinning Reserve Service will be required to purchase an amount of reserved capacity equal to 1.5 percent of the Transmission Customer's reserved capacity for point-to-point transmission service used

to serve load in the Transmission Provider's Control Area or, for Transmission Customers whose load within the Transmission Provider's Control Area is identified as Network Load, 1.5 percent of the Transmission Customer's network load responsibility for Network Integration Transmission Service. Transmission Customers with generating resources located within the Transmission Provider's Control Area, or generation which the Transmission Provider has agreed to provide Contingency Reserve responsibility through dynamic signal, will also be required to purchase an amount equal to 1.5 percent of the capacity of the specified generating resource identified as the source in the Transmission Customer's transmission schedule, unless another Control Area operator has agreed to carry the Contingency Reserve responsibility, through dynamic signal, for the generation resource. The billing determinants for this service shall be reduced by any portion of the obligation that a Transmission Customer obtains from third parties or supplies itself.

SCHEDULE 6

Operating Reserve - Supplemental Reserve Service

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

Rate per \$/KW-Year:\$37.20

Rate per \$/KW-Month:\$3.10

Rate per \$/KW-Week:\$0.72

Rate per \$/KW-Day:\$0.102

Rate per \$/KW-Hour:\$0.0042

A Transmission Customer purchasing Supplemental Reserve Service will be required to purchase an amount of reserved capacity equal to 1.5 percent of the Transmission Customer's reserved capacity for point-to-point transmission service used to serve load in the Transmission Provider's Control Area or, for Transmission Customers whose load within the Transmission Provider's Control Area is identified as Network Load, 1.5 percent of the Transmission Customer's network load responsibility for Network Integration Transmission Service. Transmission Customers with generating resources located within the Transmission Provider's Control Area, or generation which the Transmission Provider has agreed to provide Contingency Reserve responsibility through dynamic signal, will also be required to purchase an amount equal to 1.5 percent of the capacity of the specified generating resource identified as the source in the Transmission Customer's transmission schedule, unless another Control Area operator has agreed to carry the Contingency Reserve responsibility, through dynamic signal, for the generation resource. The billing determinants for this service shall be reduced by any portion of the purchase obligation that a Transmission Customer obtains from third parties or supplies itself.

SCHEDULE 7

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

A.

The following rates apply to Firm Point-To-Point Transmission Service between any Point of Receipt and any Point of Delivery on the Transmission System. In addition, the terms and conditions set forth in Section B of this Schedule 7 apply to services in this Section A.

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

- 1) Yearly delivery: the Annual Demand Charge multiplied by the amount of Reserved Capacity per year. The Annual Demand Charge for a calendar year is identified in Attachment H-1, tab “Projected Attachment H,” line 11.
- 2) Monthly delivery: the demand charge identified in Attachment H-1, tab “Projected Attachment H,” line 12 multiplied by the amount of Reserved Capacity per month.
- 3) Weekly delivery: the demand charge identified in Attachment H-1, tab “Projected Attachment H,” line 13 multiplied by the amount of Reserved Capacity per week.
- 4) Daily delivery: On-peak, the demand charge identified in Attachment H-1, tab “Projected Attachment H,” line 14 multiplied by the amount of Reserved Capacity per day during on-peak periods. Off-peak, the demand charge identified in Attachment H-1, tab “Projected Attachment H,” line 15 multiplied by the amount

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

- 5) Hourly delivery: On-peak, the demand charge identified in Attachment H-1, tab “Projected Attachment H,” line 16 multiplied by the Reserved Capacity per hour during on-peak periods. Off-peak, the demand charge in Attachment H-1, tab “Projected Attachment H,” line 17 multiplied by the Reserved Capacity per hour during off-peak periods. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section A(4) times the highest amount in kilowatts of Reserved Capacity in any hour during such day.

B. Terms and Conditions Applicable to Section A of this Schedule 7

- 1) Ancillary Services: If applicable, provided pursuant to Schedules 1 through 6 and 9 of this Tariff.
- 2) Direct Assignment Facilities Charges: If applicable.
- 3) Real Power Losses: Provided pursuant to Schedule 10 of this Tariff.
- 4) Peak/Off-Peak Periods: For hourly service, the on-peak period extends from hour ending (HE) 0700 through HE 2200, Daylight Saving Time, at the location where service is provided, at such times when Daylight Saving Time is the prevailing time, and extends from HE 0800 through HE 2300, Standard Time, at the location where service is provided, at such times when Standard Time is the prevailing

time, in each case Monday through Saturday, exclusive of NERC holidays. All other hours are off-peak periods for the purpose of determining hourly service rates. For daily service, on-peak periods are Monday through Saturday, exclusive of NERC holidays. Off-peak daily rates apply on Sundays and NERC holidays.

- 5) Discounts: Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.
- 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 8

Non-Firm Point-To-Point Transmission Service

The following rates apply to Non-Firm Point-To-Point Transmission Service between any Point of Receipt and any Point of Delivery on the Transmission System.

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service at the sum of the applicable charges set forth below:

- 1) Monthly delivery: the demand charge identified in Attachment H-1, tab “Projected Attachment H,” line 12 multiplied by the amount of Reserved Capacity per month.
- 2) Weekly delivery: the demand charge identified in Attachment H-1, tab “Projected Attachment H,” line 13 multiplied by the amount of Reserved Capacity per week.
- 3) Daily delivery: On-peak, the demand charge identified in Attachment H-1, tab “Projected Attachment H,” line 14 multiplied by the amount of Reserved Capacity per day during on-peak periods. Off-peak, the demand charge identified in Attachment H-1, tab “Projected Attachment H,” line 15 multiplied by the amount of Reserved Capacity per day during off-peak periods. The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section A(2) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.
- 4) Hourly delivery: On-peak, the demand charge identified in Attachment H-1, tab “Projected Attachment H,” line 16 multiplied by the amount of Reserved Capacity per hour during on-peak periods. Off-peak, the demand charge identified in

Attachment H-1, tab “Projected Attachment H,” line 17 multiplied by the amount of Reserved Capacity per hour during off-peak periods. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section A(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 A(2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

A. Terms and Conditions Applicable to Section A of this Schedule 8

- 1) Ancillary Services: If applicable, provided pursuant to Schedules 1 through 6 and 9 of this Tariff.
- 2) Direct Assignment Facilities Charges: If applicable.
- 3) Real Power Losses: Provided pursuant to Schedule 10 of this Tariff.
- 4) Peak/Off-Peak Periods: For hourly service, the on-peak period extends from hour ending (HE) 0700 through HE 2200, Daylight Saving Time, at the location where service is provided, at such times when Daylight Saving Time is the prevailing time, and extends from HE 0800 through HE 2300, Standard Time, at the location where service is provided, at such times when Standard Time is the prevailing time, in each case Monday through Saturday, exclusive of NERC holidays. All other hours are off-peak periods for the purpose of determining hourly service rates. For daily service, on-peak periods are Monday through Saturday, exclusive of NERC holidays. Off-peak daily rates apply on Sundays and NERC holidays.

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

This Schedule 9 shall apply during such hours when the Transmission Provider is participating in the EIM and when the EIM has not been suspended. In accordance with Section 9 of Attachment P of this Tariff, Schedule 9A shall apply during such hours when the Transmission Provider is not participating in the EIM and when the EIM has been suspended.

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider's Control Area that is not an EPE EIM Participating Resource and the resource component of the Transmission Customer Base Schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour. The Transmission Provider must offer this service, to the extent it is physically feasible to do so from its resources or from resources available to it, when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Generator Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area Operator.

The Transmission Provider 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):

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 by the MO 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 or for other reasons imbalance energy is calculated by 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 or for other instructions by the MO, as UIE calculated by the MO 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 or for other instructions by the MO, as UIE calculated by the MO 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; and

(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 or for other instructions by the MO, compared to the resource component of the Transmission Customer Base Schedule, as IIE calculated by the MO 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 or for other instructions by the MO, compared to the FMM

schedule, as IIE calculated by the MO 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 the Transmission Provider'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 9A

Generator Imbalance Service when EIM Suspended

In accordance with Section 10 of Attachment P of this Tariff, this Schedule 9A shall apply during such hours when the Transmission Provider is not participating in the EIM and when the EIM has been suspended. Schedule 9 shall apply during such hours when the Transmission Provider is participating in the EIM and when the EIM has not been suspended.

Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider's Control Area and a delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour. The Transmission Provider must offer this service, to the extent it is physically feasible to do so from its resources or from resources available to it, when Transmission Service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Generator Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area Operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly generator imbalances under this Schedule or a penalty for hourly energy imbalances under Schedule 4 for imbalances

occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

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

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

For purposes of this Schedule, incremental cost shall be the product of (i) the amount by which the delivery schedule from the generator exceeds the output of that generator and (ii) the average settled index price reported by the Intercontinental Exchange (“ICE”) in the ICE Day Ahead Power Price Report for Palo Verde Peak (“PV Peak Index”) and Palo Verde Off-Peak (“PV Off-Peak Index”), as applicable, for the hour in which Generator Imbalance Service is provided; and decremental cost shall be the product of (i) the amount of power by which the output of the generator exceeds the delivery schedule from the generator and (ii) the PV Peak Index or the PV Off-Peak Index, as applicable, for the hour in which Generator Imbalance Service is provided. In the event that Generator Imbalance Service is provided during a time where no volumes are reported on the PV Peak and/or PV Off-Peak Index, the most recent firm on-peak and/or off-peak prices will be carried forward. If ICE permanently ceases to report the PV Peak and/or PV Off-Peak Index, or if the methodology used to determine the index at the PV Peak and/or PV Off-Peak Index is materially modified, Transmission Provider shall select a permanent replacement index, reported by a reputable third party.

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 the Transmission Provider for Real Power Losses as provided in this Tariff. The Transmission Customer must financially settle for Real Power Losses by reimbursement as specified herein.

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 amount of Real Power Losses assessed to a Transmission Customer in a given hour shall be the product of such Transmission Customer Base Schedule during the hour in MWhs and the applicable loss factor provided in this Schedule 10. The Transmission Customer shall compensate the Transmission Provider 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 EPE BAA in that hour as established by the MO under section 29.11 (b)(3)(C) of the MO Tariff, except that with respect to transmission services provided on paths external to the EPE BAA, the Transmission Customer shall compensate the Transmission Provider at a rate equal to the rate assessed by the operator pursuant to the ANPP Valley Transmission System Agreement. Transmission Provider

shall post the compensation methodology for losses on the ANPP Valley Transmission System on its OASIS system.

Real Power Loss Factors:

- 1) **Point-to-Point Transmission Service on External Transmission Paths:** For the following transmission paths, the Real Power Loss factors will be the same as the hourly loss factors Transmission Provider is charged by the applicable transmission owner or operator pursuant to the ANPP Valley Transmission System Agreement. The Points of Receipt and Points of Delivery served by the Transmission Provider on the ANPP Valley Transmission System are as follows: PALOVERDE500, WESTWING500, KYRENE500, and JOJOBA500.
- 2) **Point-to-Point Transmission Service on Internal Transmission Paths:** For both non-recallable (firm) and recallable (non-firm) Point to Point Transmission Service on transmission paths internal to the Transmission Provider's BAA, the Real Power Loss factor will be based on the Transmission Provider's average system losses of 4.23 percent.
- 3) **Network Integration Transmission Service:** For Network Integration Transmission Service, the Real Power Loss factors shall be 4.23 percent for Demand and 2.69 percent for Energy.

SCHEDULE 11

Incorporation by Reference

Pursuant to FERC Order No. 676-H, the following standards of the North American Energy Standards Board ("NAESB") Wholesale Electric Quadrant ("WEQ") shall apply to transmission service rendered pursuant to this FERC Electric Tariff:

- The current versions of the NAESB WEQ Business Practice Standards incorporated by reference into the Commission's regulations as specified in Part 38 of the Commission's regulations (18 CFR Part 38) are incorporated by reference into this tariff.

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

Transmission Provider:

Transmission Customer:

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

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

Transmission Provider:

By: _____
Name Title Date

Transmission Customer:

By: _____
Name Title Date

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

1.0 Term of Transaction: _____

Start Date: _____

Termination Date: _____

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

3.0 Point(s) of Receipt: _____

Delivering Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

5.0 Maximum amount of capacity and energy to be transmitted (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 in accordance with the terms and conditions of the Tariff.)

8.1 Transmission Charge: _____

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

8.3 Direct Assignment Facilities Charge: _____

8.4 Ancillary Services Charges: _____

ATTACHMENT A-1

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

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

Transmission Provider:

Assignee:

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

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

Transmission Provider:

By: _____

Name Title Date

Assignee:

By: _____

Name Title Date

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

1.0 Term of Transaction: _____

Start Date: _____

Termination Date: _____

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

3.0 Point(s) of Receipt: _____

Delivering Party: _____

4.0 Point(s) of Delivery: _____

Receiving Party: _____

5.0 Maximum amount of reassigned capacity: _____

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

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

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

8.1 Transmission Charge: _____

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

8.3 Direct Assignment Facilities Charge: _____

8.4 Ancillary Services Charges: _____

9.0 Name of Reseller of the reassigned transmission capacity:

ATTACHMENT B

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

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

Transmission Provider:

Transmission Customer:

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

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

Transmission Provider:

By: _____
Name Title Date

Transmission Customer:

By: _____
Name Title Date

ATTACHMENT C

Methodology To Assess Available Transfer Capability

Introduction

The following sets forth the general principles pursuant to which the Transmission Provider determines Total Transfer Capability (“TTC”) and Available Transfer Capability (“ATC”) on its system. A more detailed description can be found in the document entitled “Principles, Practices and Methods for the Determination of Available Transfer Capability for El Paso Electric Company” which is available on the Transmission Provider’s website at www.epelectric.com, “Transmission,” “Document,” which also can be accessed through the Transmission Provider’s OASIS in the folder “ATC Information.”

Transmission System

The Transmission Provider’s transmission system consists of facilities located in the States of Texas and New Mexico, that are within the balancing authority of the Transmission Provider, and facilities located in the State of Arizona that are not connected to the remainder of the system and are within the balancing authority of Salt River Project (“SRP”).

The facilities in the Texas/New Mexico region include an HVDC interconnection to Southwestern Public Service Company (“SPS”) and ownership in certain lines that are part of a Western Electricity Coordinating Council (“WECC”) defined, rated path, Path 47. (Portions of Path 47 are owned by Public Service Company of New Mexico (“PNM”) and Tri-State Generation and Transmission Association, Inc. The Transmission Provider’s rights in Path 47 are defined by contract.) In addition, the Transmission Provider maintains an interconnection with Comisión Federal de Electricidad (“CFE”) pursuant to a Presidential Permit. The Transmission Provider operates within WECC, which is not synchronized with the transmission systems of SPS and CFE.

In Arizona, the Transmission Provider is an owner in the 500 kV transmission system from the Palo Verde Nuclear Generating Station (“PVNGS”) to the Westwing and Jojoba/Kyrene Switchyards, known as the Palo Verde East system. The Palo Verde East transmission system is also owned by SRP, Arizona Public Service Company and PNM and is operated by SRP.

Definition of TTC and ATC

The Transmission Provider uses the contract path methodology that is common to the Western Interconnection in the determination of TTC and ATC in its system for both the operating and planning horizons. Due to the large number of possible transmission paths on the Transmission Provider’s system, the Transmission Provider determines the

TTC and ATC for various transmission segments. These segments, when combined, form transmission paths into, through, and out of the Transmission Provider's transmission system.

TTC is defined by the North American Electric Reliability Corporation ("NERC") and FERC's Order No. 890 as "the amount of electric power that can be moved or transferred reliably from one area to another area of the interconnected transmission systems by way of all transmission lines (or paths) between those areas under specified system conditions." WECC further defines this as "the amount of electric power that can be transferred over the interconnected transmission network in a reliable manner while meeting all of a specific set of defined pre- and post-contingency system conditions."

ATC, as further described below, is defined by NERC as:

A measure of the transfer capability remaining in the physical transmission network for further commercial activity over and above already committed uses. It is defined as Total Transfer Capability less existing transmission commitments (including retail customer service), less a Capacity Benefit Margin, less a Transmission Reliability Margin.

Thus, in order to determine the ATC for each path, TTC must first be calculated.

Methodology for the Determination of TTC and ATC

The TTC for the Transmission Provider's facilities located in Arizona is determined by SRP, with the review and approval of the other owners. The Transmission Provider is responsible for establishing TTC for the southern New Mexico/Texas facilities. On transfer paths connecting to neighboring entities, the Transmission Provider will coordinate the determination of TTC with those entities through shared and/or joint studies.

The technical methodology for determining the TTC and ATC for the Transmission Provider's transmission path first involves determining the TTC and ATC of the transmission segments which make up the path. Each transmission segment will have a TTC and ATC associated with it. To determine the TTC and ATC of the entire path, those values must be reviewed for each segment and the minimum value of the segments that make up a path will be the TTC and ATC for that path.

Calculation of and Assumptions for TTC

In order to determine TTC, the Transmission Provider uses GE PSLF powerflow and stability programs using system modeling databases obtained through WECC. These databases are filed with the WECC's FERC Form No. 715 or use databases that are derived from those filed with the Form No. 715. As necessary (depending on the path to

be analyzed), the Transmission Provider will utilize WECC models that have been modified to provide a more detailed representation of the southern New Mexico/Texas transmission system than the WECC power flow models. The path TTC that is based on reliability is determined by the most limiting element or segment in that path. Other paths have TTC that is limited by contractual agreements.

For TTC that is determined by technical studies, the TTC is based upon system conditions where all lines are initially in-service, including all voltage controlling equipment. System conditions affecting TTC, including load levels and generation resource configurations typical for the posting period, e.g., heavy summer period, are used to define study conditions. Generation resources internal to the Transmission Provider's balancing area authority may be re-dispatched to provide maximum TTC. Single contingency outages (N-1) are then applied iteratively while varying load and generation levels to determine the maximum amount of power that may be transferred across a particular path while complying with NERC and WECC reliability standards. TTC adjustments are made for forced and planned maintenance outages. The maximum amount of power that can be transferred across the segment under specified contingencies is considered as that segment's TTC. The various path TTCs are then determined by the TTCs of the segments composing that path.

In the determination of TTC for the transmission paths in the southern New Mexico/Texas area, the Transmission Provider utilizes the WECC and NERC standards and criteria for transmission element loading, reactive capability margins and stability margins. The Transmission Provider utilizes the same WECC power flow and stability models and WECC and NERC standards and criteria to determine the TTC for the southern New Mexico/Texas transmission system in the planning horizon, the scheduling horizon and the operating horizon. In addition, the Transmission Provider will adapt its methods for modeling load, generation dispatch and transmission reservations to those required by NERC MOD-001. Further explanation of the TTC for each transmission segment, including specification of the contractual limitation for each path, if any, is given in the document entitled "Principles, Practices and Methods for the Determination of Available Transfer Capability for El Paso Electric Company" which is available on the Transmission Provider's website at www.epelectric.com, "Transmission," "Document," which also can be accessed through the Transmission Provider's OASIS in the folder "ATC Information."

Definition and Calculation Methodology of Existing Transmission Commitments

Existing Transmission Commitments ("ETC") are the committed uses of the transmission system, defined by FERC as "including (1) native load commitments (including network service), (2) grandfathered transmission rights, (3) appropriate point-to-point reservations, (4) rollover rights associated with long-term firm service, and (5) other uses identified through the NERC process." When determining firm ATC, the Transmission Provider considers only those ETCs that are firm commitments. For non-firm ATC, firm and non-firm ETCs, postbacks of redirected services, unscheduled

service and counterflows are considered.

The Transmission Provider accounts for transmission capacity set aside for native load based upon the Network Resources allocated to serve the native load which uses those paths. In the Transmission Provider's Network Resource mix, the resources outside the Transmission Providers balancing authority area are the most economical. Therefore, for the Transmission Provider's transmission paths in the Palo Verde East system, the set aside is determined by the Transmission Provider's ownership in the PVNGS. The set aside for Path 47 is determined by the Transmission Provider's ownership in both PVNGS and the Four Corners Power Plant. The set aside for transmission internal to the Transmission Provider's balancing authority area is determined through power flow studies outlined above using various realistic local generation dispatch configurations.

As necessary, the Transmission Provider will respond to a Point-To-Point Transmission Service request by performing studies to determine if sufficient transmission capability over the requested path is available to accommodate the request. The Transmission Provider will perform base case and contingency power flow studies using the models described above that will be used to determine the maximum amount of power that may be transferred (incremental to the transfer modeled in the base case) on the requested path that is within the Transmission Provider's balancing authority area. These studies will evaluate the Transmission Provider's ATC over the requested path based on voltage, thermal, and stability constraints with all lines in service and during contingency conditions, taking into consideration ETC, Transmission Reliability Margin (also known as Transmission Reserve Margin, and together "TRM") and Capacity Benefit Margin ("CBM") to the extent explained below. Existing confirmed Point-To-Point Transmission Service Requests ("TSR") made under the Transmission Provider's OATT, are incorporated in the calculation of ETC using the specified megawatt quantity, point of receipt and point of delivery of each TSR. Additionally, the Transmission Provider must assume that a Transmission Customer having the ability to do so, will rollover its existing long term TSR. To account for this, firm transmission capacity in the amount of the confirmed TSR is set aside until the Transmission Customer executes its rollover option.

The Transmission Provider sets aside transmission capacity for non-OATT customers with grandfathered contracts using the megawatt quantity, point of receipt and point of delivery specified in the contract (or as designated by the customer from time to time to the extent the contract provides the customer with discretion) for the duration of the contract.

The Transmission Provider will respond to a request for Network Integration Transmission Service in a similar manner. The Transmission Provider will perform these studies using the models described above in the same manner in which the Transmission Provider performs studies for its native load commitments.

In the scheduling and operating horizons, capacity from transmission reservations that have not been implemented and capacity reserved for native load that has not been scheduled are made available and posted on the OASIS as non-firm ATC. This process is automatically performed on the OASIS and ensures that non-firm ATC is released properly.

Further explanation of the ETC capacity reserved for each transmission segment is given in the document entitled “Principles, Practices and Methods for the Determination of Available Transfer Capability for El Paso Electric Company” which is available on the Transmission Provider’s website at www.epelectric.com, “Transmission,” “Document,” which also can be accessed through the Transmission Provider’s OASIS in the folder “ATC Information.”

Definition and Calculation Methodology of TRM

TRM is defined by NERC as the following:

The amount of transmission transfer capability necessary to provide reasonable assurance that the interconnected transmission network will be secure. TRM accounts for the inherent uncertainty in system conditions and the need for operating flexibility to ensure reliable system operation as system conditions change.

TRM is further defined by FERC as capacity set aside for “(1) load forecast and load distribution error, (2) variations in facility loadings, (3) uncertainty in transmission system topology, (4) loop flow impact, (5) variations in generation dispatch, (6) automatic sharing of reserves, and (7) other uncertainties as identified through the NERC reliability standards development process.” The Transmission Provider is not required to make TRM available for sale on a non-firm basis. However, the Transmission Provider reserves TRM as a means of making non-firm capacity available on transmission segments/paths whose ATC varies depending on system conditions and contingencies. For example, if under certain system conditions, a segment capacity is limited by a thermal overload for a certain contingency to one value, then under other system conditions, that limitation and overload is not present, the Transmission Provider uses TRM to make the “extra” capacity available on a non-firm basis.

TRM is reserved by the Transmission Provider based upon power flow studies using the GE PSLF powerflow and stability programs using system modeling databases obtained through WECC. These databases are filed with the WECC’s FERC Form No. 715 or use databases that are derived from those filed with the Form No. 715. TRM amounts are path-specific and are to be determined by the Transmission Provider on an annual basis. TRM is reserved based on the conditions under which a specified transmission segment will sustain a NERC/WECC criteria violation under a single (N-1) contingency for certain very limited system conditions. For example, one condition under which TRM may be used involves overloading of certain transmission facilities

during an outage due to certain power flow schedules. System conditions affecting TRM, including load levels, generation resource configurations and controllable device schedules, are the assumptions used to define TRM study conditions. Because the conditions under which TRM is reserved and used varies by path and may change from time to time as new system facilities are constructed, the line-by-line detail is provided in the document entitled “Principles, Practices and Methods for the Determination of Available Transfer Capability for El Paso Electric Company” which is available on the Transmission Provider’s website at www.epelectric.com, “Transmission,” “Document,” which also can be accessed through the Transmission Provider’s OASIS in the folder “TTC-ATC Documents.”

Definition and Calculation of CBM

CBM is defined by NERC as the following:

The amount of firm transmission transfer capability preserved by the transmission provider for Load-Serving Entities (LSEs), whose loads are located on that Transmission Service Provider’s system, to enable access by the LSEs to generation from interconnected systems to meet generation reliability requirements. Preservation of CBM for an LSE allows that entity to reduce its installed generating capacity below that which may otherwise have been necessary without interconnections to meet its generation reliability requirements. The transmission transfer capability preserved as CBM is intended to be used by the LSE only in times of emergency generation deficiencies.

The Transmission Provider does not presently reserve any CBM on its lines and thus, its ATC formulas do not include such a deduction. If at some future date, the Transmission Provider sets aside CBM for use by the Transmission Provider or another LSE, then CBM will be made available as non-firm ATC. The Transmission Provider treats CBM and TRM in the same manner for the scheduling, operating and planning horizons.

Studies Performed by the Transmission Provider

The Transmission Provider will perform all studies, whether for Point-to-Point Transmission Service or Network Integration Transmission Service, as it performs transmission studies for its own use of the system. The Transmission Provider will adhere to Good Utility Practice, NERC and WECC planning and reliability standards when conducting these studies. In addition, the Transmission Provider will adhere to local area criteria, which will be designed to minimize customer outages and prevent equipment damage during contingency conditions.

The Transmission Provider will perform power flow simulations that model the peak system conditions for each of ten years in the future. The Transmission Provider may also perform simulations for off-peak conditions if a study is required to determine

limitations. The Transmission Provider will select the power flow model(s) that most closely align with the commencement date and the period of the requested Transmission Service to analyze the impact of the transmission request. The Transmission Provider will perform base case and contingency power flow studies that will be used to determine the impact on the Transmission Provider's system that a requested transaction may have compared to a case not including this transaction. Additional stability studies will be performed if needed. However, as a practical matter, it must be noted that planning studies must gauge the performance of the system based on a limited number of simulations. In the actual daily operations of the system, the limits as determined in the transmission capability study may vary due to system conditions.

If the studies determine that a simultaneous limit or a constraint occurs in another balancing authority area not participating in the transaction, the Eligible Customer requesting service will need to work with the appropriate entities to determine if the limitation is valid and what facility additions may be required to support the transfer. The Eligible Customer requesting service has the option to reduce the request to a level that alleviates the limit or constraint. The Transmission Provider will coordinate its determination of TTC and ATC on paths that interconnect with neighboring Transmission Providers.

The Transmission Provider will handle the study of requested transactions on paths external to the Transmission Provider's balancing authority area, but owned by the Transmission Provider, differently from the study of requested transactions on paths internal to the Transmission Provider's balancing authority area. In the first instance, the studies involving additional facilities required for the requested transaction will be performed by the operating agent of the requested path. In the second instance, the Transmission Provider will perform the studies for any required additional facilities. Because the transfer capability into the Transmission Provider's balancing authority area from external sources is affected by and affects systems outside the Transmission Provider's balancing authority area, simultaneous limits for transfers into the

Transmission Provider's balancing authority area are defined by nomograms. Therefore, for these studies, the Transmission Provider will determine the TTC into the Transmission Provider's balancing authority area over the requested path and determine if the requested transfer can be accommodated above the Transmission Provider's firm requirements under nomogram transmission limits. This capability will be used to determine the maximum amount of power that may be transferred over the requested path.

The methodology used to determine the impact of the transaction will depend on the service requested. The methodology utilized is:

A. Purchase from a specified unit(s)

For this case, the impact of a transaction will be determined by increasing the

power from the specific unit designated by the Eligible Customer requesting service as its power supply and either: (1) increasing the receiving area load; or (2) decreasing the receiving area generation. The selection of option 1 or 2 above will depend on the transaction being evaluated.

B. Purchase from a Remote Balancing Authority Area

In this case, the impact of the transaction will be determined by increasing generation in the remote balancing authority area based on the projected operation of that system when considering the transfer and either: (1) increasing receiving area load; or (2) decreasing receiving area generation. The selection of option 1 or 2 above will depend on the transaction being evaluated.

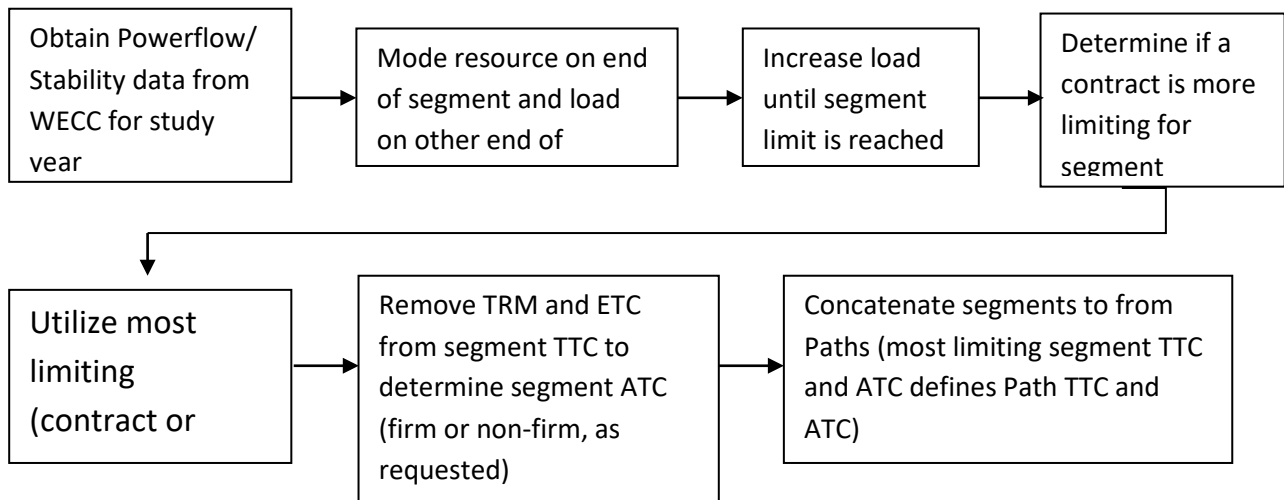
C. Sales

Impact to the transmission for power sales will be calculated similarly to the purchases above.

For transmission studies, if operating procedures (other than those reserved for emergency use) exist on the Transmission Provider’s system that increase the transmission capability over the requested path and maintain system reliability, these operating procedures will be considered in the studies.

ATC Calculation Flow Chart and Description of Mathematical Algorithms used to Calculate ATC

The steps the Transmission Provider utilizes to determine TTC and ATC on the Transmission Provider’s transmission system are provided in the following flow chart:



As a means to post and sell ATC on the Transmission Provider’s transmission system, the Transmission Provider utilizes the Open Access Technology International,

Inc. (“OATI”) was TTran OASIS. As part of this OASIS, the Transmission Provider, along with all other participants, has allowed OATI to regulate the methodology by which ATC is determined. The Transmission Provider is responsible for inputting the component values used in the ATC formula, but the structure of the formula can only be changed by OATI. In its simplest form, the calculation for ATC is given in the following formula:

$$ATC = TTC - TRM - CBM - \square ETC$$

As explained above, the Transmission Provider does not currently reserve CBM on its system. The Transmission Provider's actual mathematical ATC algorithms and detailed descriptions thereof are provided in the document entitled “Principles, Practices and Methods for the Determination of Available Transfer Capability for El Paso Electric Company” which is available on the Transmission Provider’s website at www.epelectric.com, “Transmission,” “Document,” which also can be accessed through the Transmission Provider’s OASIS in the folder “ATC Information.”

The detailed description of the mathematical algorithms used to calculate firm and non-firm ATC for the Transmission Provider’s scheduling horizon (same day and real-time), operating horizon (day ahead and pre-schedule) and planning horizon (beyond the operating horizon) are provided below. The same algorithm is used to determine the firm ATC for all horizons. In these equations, firm ATC is calculated by subtracting TRM, CBM, ETC and confirmed firm TSRs from TTC. For the scheduling and operating horizons, the same algorithm is used to determine the non-firm ATC. In these equations, non-firm ATC is calculated by subtracting implemented firm and non-firm tags and ETC from TTC. There is no way to account for tags for the planning horizon non-firm ATC, since tags are entered only during the scheduling and operating horizons. Therefore, non-firm ATC for the planning horizon is determined by subtracting the committed firm and non-firm TSRs and ETC from TTC.

Scheduling Horizon ATC Formula:

$$\text{Firm ATC} = \text{TTC} - \text{TRM} - \text{CBM} - \text{ETC} - \text{Confirmed Firm TSRs}$$

$$\text{Non-Firm ATC} = \text{TTC} - \text{ETC} - \text{Implemented Firm Tags} - \text{Implemented Non-Firm Tags}$$

Operating Horizon ATC Formula:

$$\text{Firm ATC} = \text{TTC} - \text{TRM} - \text{CBM} - \text{ETC} - \text{Confirmed Firm TSRs}$$

$$\text{Non-Firm ATC} = \text{TTC} - \text{ETC} - \text{Implemented Firm Tags} - \text{Implemented Non-Firm Tags}$$

Planning Horizon ATC Formula:

$$\text{Firm ATC} = \text{TTC} - \text{TRM} - \text{CBM} - \text{ETC} - \text{Confirmed Firm TSRs}$$

Non-Firm ATC = TTC - ETC – Confirmed Firm TSRs – Confirmed Non-Firm TSRs

Cancelled Sheet

Cancelled Sheet

ATTACHMENT D

Methodology for Completing a System Impact Study

The procedure used for a System Impact Study that is performed upon receipt of a completed System Impact Study Agreement is as follows. The impact of the requested Transmission Service on system performance will be evaluated by the Transmission Provider utilizing the Western Electricity Coordinating Council (“WECC”) power flow models. These models are developed by WECC member systems. These models normally include, in the base case, all transfers that WECC member systems reported as firm transfers at the time the base case was created. The Transmission Provider will select the base case power flow model(s) that most closely aligns with the commencement date for the requested Transmission Service and the period of the requested Transmission Service. The Transmission Provider will update, as needed, the selected base case to include all transfers then known to the Transmission Provider that would have a priority higher than the requested transfer. Additionally, the Transmission Provider will modify the selected model to represent the most up-to-date configuration of the Transmission Provider's system and, if the data are available and necessary, the transmission systems of others. The Transmission Provider will make these modified base cases available to the Eligible Customer requesting Transmission Service upon request in accordance with any confidentiality obligations and Critical Energy Infrastructure Information (CEII) requirements.

The Transmission Provider may perform simulations for several load levels for each year studied, i.e., peak and off-peak conditions, to determine any limitations and Direct Assignment Facilities or Network Upgrades that may be required at such time.

The Transmission Provider will include in the System Impact Study, at the request of the Eligible Customer, re-dispatch options including estimated re-dispatch costs, and conditional curtailment options, including the number of hours per year and the System Conditions during which conditional curtailment may occur. These study options will be evaluated using the WECC power flow cases mentioned above and production modeling programs, such as Promod IV.

For requests involving Firm Point-to-Point Transmission Service, operating procedures used in the Transmission Provider's Transmission System or other systems (that are known to the Transmission Provider) that increase the transmission capability and maintain system reliability will be considered. These operating procedures must be available or it must be possible to implement them within the time necessary to meet WECC reliability criteria. Additionally, to be considered in order to increase transmission capability, the operating procedure(s) must be in effect continuously for the time necessary to support the transfer. If these conditions can be met, the transmission capability will be computed assuming that the operating procedure is in effect. However, if the operating procedure requires actions by, or permission to impact, another transmission provider or another Control Area, the Eligible Customer and the

Transmission Provider will need to contact the other transmission provider or Control Area to determine the general availability of the operating procedures. Some operating procedures (e.g., those which adversely affect the reliability of customers other than those of the Eligible Customer requesting Transmission Service) which are only available when there exists infrequent requirement to shed firm load, are not available for non-emergency use.

If the studies predict that a constraint will occur in the system of another transmission provider or another Control Area, the Transmission Provider will so inform the Eligible Customer requesting service. The Transmission Provider and Eligible Customer will need to work with the appropriate parties to determine if the limitation is valid and to determine the Direct Assignment Facilities or Network Upgrades that may be required to be built by others to support the transfer. The Eligible Customer requesting service shall have the option to reduce the request to a level that can be sustained without experiencing the constraint.

The Transmission Provider's ability to import planned levels of emergency generation assistance from other systems will be studied to ensure that the reliability of service to Native Load Customers and existing Network Integration Transmission Service customers is not impaired by the requested transaction. The import capability values calculated from these cases shall be based on modeling outages of various generating resources. In such study cases, different combination of generators will be reduced to zero MW and zero MVAR. The outaged generation will be replaced by modeling imports from surrounding areas based on their expected ability to supply the power.

The Transmission Provider will perform the same types of studies related to Transmission Service requests as it performs for its own use of the system. However, as a practical matter, it must be noted that in planning studies the Transmission Provider must gauge the performance of the system based on a limited number of simulations. Moreover, in actual daily operation of the system, the limits as determined in the transmission capability study may vary due to system conditions. Hence, system study results may not be relied upon to assure that the requested Transmission Service will not be subject to curtailment or interruption. Transmission Capability determined in the manner described above will be a good faith estimate based on the information available to the Transmission Provider but will be subject to considerable uncertainty due to uncertainties of load projections, ability to realize previously planned reinforcements by the Transmission Provider or others (e.g. licensing, environmental or regulatory obstacles), and the transactions of other entities without the prior knowledge of the Transmission Provider or cancellations of transactions included in the base case model(s) upon which the study was founded.

NOTICE

The Transmission Provider reserves the right to utilize third-party contractors to perform System Impact Studies or portions thereof subject to its direction and control

(and utilizing the methodology described above). The report(s) prepared by the Transmission Provider, or under its direction pursuant to a contract between the Transmission Provider and the Eligible Customer are subject to the terms and conditions contained in the System Impact Study Agreement. The report is solely to be used by the Eligible Customer for the purposes set out in the agreement. The results reported therein are dependent upon the information supplied to the Transmission Provider by the Eligible Customer and by other entities. The report, the information provided therein and all supporting work papers are proprietary to the Transmission Provider and shall not be published or disclosed for any purpose without prior written consent of the Transmission Provider.

The Transmission Provider makes no expressed or implied warranties with respect to the results or the information contained in the report(s) and does not assume any liability resulting from or relating to the use of the report or the information contained in the report.

Clustering of Studies

On either the request of an Eligible Customer and the concurrence of all other Eligible Customers proposed to be included in the System Impact Study cluster, or at the Transmission Provider's option, Transmission Service requests may be studied in a cluster for the purpose of the System Impact Study.

Transmission Provider Proposed Clusters

In the event that the Transmission Provider proposes to cluster certain studies, it shall provide notice to each Eligible Customer that it proposes to include in the study. Each Eligible Customer shall be provided the opportunity to opt out of the cluster within ten (10) calendar days of notice from the Transmission Provider. If the Transmission Provider elects to cluster studies, the Eligible Customers in the study group that have not opted out shall execute a single System Impact Study Agreement. Sections 19.1 and 32.1 of the Transmission Provider's tariff require the Transmission Provider to tender a System Impact Study Agreement within thirty (30) calendar days of receipt of a Completed Application. Accordingly, the Transmission Provider shall tender the System Impact Study Agreement to each of the Eligible Customers that have not elected to opt out of the cluster within thirty (30) calendar days of the earliest date of receipt of a Completed Application from an Eligible Customer in the cluster. The cluster study's OASIS queue date will be based upon the first queued participating Eligible Customer's Transmission Service request.

Customer Proposed Clusters

If an Eligible Customer wishes to propose a cluster study, prior to submitting a cluster request to the Transmission Provider, the requesting Eligible Customer must contact all of the Eligible Customers whose requests it proposes to cluster and obtain their written consent that they are willing to have their request clustered with other identified requests. The Transmission Provider will reasonably determine whether the Transmission Service

requests that the Eligible Customer proposes to cluster and for which the other affected Eligible Customers have provided consent, are sufficiently similar, from an electrical perspective, to be feasibly and meaningfully studied together. The Transmission Provider reserves the right to reject a customer-proposed cluster on any reasonable grounds, including, without limitation, upon its determination that the proposed cluster cannot be feasibly studied as a group, is not likely to provide a result significantly different than separate studies, is structured as to allow one or more Eligible Customer(s) to avoid responsibility for one or more needed transmission system upgrades or if the proposed clustering impairs administration or timely processing of the Transmission Provider's Transmission Service queue. The Transmission Provider will make the determination whether to reject a proposed cluster, and provide notice of any decision to reject, within twenty (20) calendar days of receipt of all of the written consents of the Eligible Customers that propose to be clustered.

The Eligible Customers that have agreed to participate in the cluster will execute a single System Impact Study Agreement. Sections 19.1 and 32.1 of the Transmission Provider's tariff require the Transmission Provider to tender a System Impact Study Agreement within thirty (30) calendar days of receipt of a Completed Application. For purposes of a cluster study where the cluster has been formed by the customers, the thirty (30) calendar day period shall be deemed to commence on the later of (i) the date on which all Eligible Customers seeking to participate in the clustered study have submitted Completed Applications and (ii) the date on which the Transmission Provider receives consents from all of the Eligible Customers proposing to participate in the cluster. An Eligible Customer that would have been entitled to receive a System Impact Study as of an earlier date shall be deemed to have waived that right by providing written notice of its agreement to participate in the cluster. The cluster study's OASIS queue date will be based upon the participating Eligible Customer's Transmission Service request that was first queued.

Additional Provisions Applicable to All Clustered Studies

Clustered studies will not evaluate Redispatch and Conditional Firm Service solutions (and accordingly, each participating Eligible Customer will be deemed to have elected not have such options studied by consenting to be part of a cluster).

Once a System Impact Study Agreement is signed by the Eligible Customers agreeing to participate in the cluster study, in order to limit the potential for delay in completing the System Impact Study, no Eligible Customer shall be allowed to opt out of the cluster prior to completion of the System Impact Study nor another Eligible Customer allowed to opt into the cluster. After the results of the System Impact Study have been provided, an Eligible Customer may opt out of the cluster prior to signing a Facilities Study Agreement by providing notice to the Transmission Provider no later than expiration of the fifteen (15) calendar days allotted by Sections 19.4 or 32.4 and its Application will be deemed terminated and withdrawn. The Eligible Customer opting out (or failing to return the Facilities Study Agreement) must pay for any revised System Impact Study work caused by its decision to opt out. The Transmission Provider is not liable for delays

in completion of the System Impact Study or Facilities Study that result from withdrawal of an Eligible Customer from a cluster study group after such time as the System Impact Study has commenced.

The Transmission Provider will assign the cost of producing the clustered System Impact Study and the clustered Facilities Study, including any third-party study work required by the Transmission Provider, on an equal basis to each Eligible Customer participating in that Study.

ATTACHMENT E

Index Of Point-To-Point Transmission Service Customers

The index of Point-to-Point Transmission Service Customers is posted publicly in the Transmission Provider's Electric Quarterly Report.

ATTACHMENT F

Service Agreement For Network Integration Transmission Service

This Service Agreement ("Agreement") is entered into this ___ day of _____, _____, by and between _____ ("Transmission Customer") and El Paso Electric Company ("Transmission Provider"). Transmission Customer and Transmission Provider are referred to herein as Parties.

WHEREAS, Transmission Provider has determined that Transmission Customer has made a valid request for Network Integration Transmission Service in accordance with the Transmission Provider's Open Access Transmission Tariff ("Tariff") filed with the Federal Energy Regulatory Commission ("Commission");

WHEREAS, Transmission Customer has represented that it is an Electric Utility eligible for service under the Tariff; and

WHEREAS, the Parties intend that capitalized terms used herein shall have the same meaning as in the Tariff;

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

1. Network Service

- 1.1 Transmission Provider agrees during the term of this Agreement, as it may be amended from time to time, to provide Network Integration Transmission Service in accordance with the Tariff to allow for the delivery of power and energy from Transmission Customer's Network Resources that Transmission Customer has committed to meet its Network Load.
- 1.2 The terms and conditions of such Network Integration Transmission Service shall be governed by the Tariff, as in effect at the time this Agreement is executed by Transmission Customer, or as the Tariff is thereafter amended. The Tariff as it currently exists, or as it is hereafter amended, is incorporated in this Agreement by reference. In the case of any conflict between this Agreement and the Tariff, the Tariff shall control.
- 1.3 Customer is located in (check one):
 - The Transmission Provider's Control Area.
 - Transmission Customer's Control Area.
 - Control Area of [Third-Party].
- 1.4 Transmission Service shall not begin until Transmission Provider and

Transmission Customer have entered into a Network Operating Agreement as required by the Tariff.

- 1.5 New interconnection points shall be established pursuant to the Tariff and set forth in a separate interconnection agreement to be negotiated by the Parties. Any charges for incremental facilities associated with such new interconnection points will be set forth in an exhibit to this Agreement.

2. Effective Date and Term of Agreement

- 2.1 This Agreement shall become effective and shall become a binding obligation of the Parties on the date on which the last of the following events shall have occurred (effective date):
 - (a) Transmission Provider and Transmission Customer shall have caused this Agreement and a Network Operating Agreement to be executed by their respective duly authorized representatives and each shall have furnished to the other satisfactory evidence thereof; or
 - (b) This Agreement and a Network Operating Agreement, either executed or unexecuted, shall have been accepted for filing and made effective without change by order of the Commission under the Federal Power Act, in which case the effective date of this Agreement and the Network Operating Agreement shall be as specified in the Commission's order. However, if the Commission, in such order, suspends this Service Agreement or any part thereof, or institutes an investigation or proceedings under the provisions of the Federal Power Act or imposes any conditions, limitations or qualifications under any of the provisions of the Federal Power Act which are determined by the Transmission Provider or the Transmission Customer to be adverse to it, then Transmission Provider and Transmission Customer shall promptly renegotiate the terms of this Agreement and the Network Operating Agreement in light of such Commission action. Each Party will use its best efforts to take or cause to be taken all action requisite to the end that this Agreement and the Network Operating Agreement shall become effective at the earliest practicable date.
- 2.2 Transmission Provider shall file this Agreement [and notice of termination (or modification), as necessary], with the Commission. The Parties agree to request that the Commission establish an effective date of _____.

- 2.3 This Agreement shall have a primary term which shall end on _____ if the Transmission Customer provided a two year written notice of termination to the Transmission Provider. If such two year notice of termination is not provided, this Agreement shall be extended from year to year unless terminated by the Transmission Customer by giving a two year written notice of termination, such termination to take place on an anniversary date of the primary term.

3. Network Load

- 3.1 A description of the Transmission Customer's Network Load is provided in Exhibit A to this Agreement
- 3.2 Transmission Customer-owned facilities to be credited to Transmission Customer's charges pursuant to the Tariff and this Agreement, if any, are listed on Exhibit B to this Agreement.
- 3.3 Transmission Customer shall have use of Transmission Provider's distribution facilities listed in Exhibit C to this Agreement.
- 3.4 Transmission Customer shall have use of Direct Assignment Facilities listed in Exhibit D to this Agreement.
- 3.5 Information required to schedule energy from alternate Network Resources on a non-firm basis is provided in Exhibit E to this Agreement.

4. Technical and Engineering Arrangements

The technical and engineering arrangements required for service pursuant to the Tariff shall be specified in the Network Operating Agreement between the Parties.

5. Rates and Charges

- 5.1 Transmission Customer shall pay the Transmission Provider the sum of the following rates and charges applicable to Transmission Customer receiving Network Integration Transmission Service from Transmission Provider, as specified and determined pursuant to the Tariff and this Agreement.
- 5.2 Demand Charge shall be determined pursuant to Section _____ of the Tariff.
- 5.3 Incremental Cost/Redispatch Charge, if applicable, shall be determined pursuant to Sections _____ and _____ of the Tariff.

- 5.4 The charge for losses, if applicable, shall be determined in accordance with Section _____ of the Tariff.
- 5.5 The credit for Transmission Customer-owned facilities, if applicable, shall be determined pursuant to Section _____ of the Tariff.
- 5.6 The charge for Ancillary Services, if applicable, shall be determined pursuant to Section _____ and Schedules 1 through 6 and 9 of the Tariff.
- 5.7 Distribution facilities charges are as follows:
- 5.8 Direct Assignment Facilities charges shall be as follows:

6. Notice

- 6.1 Any notice given pursuant to this Agreement shall be in writing delivered by mail postage prepaid, prepaid overnight courier or facsimile transmission to the following:

To Transmission Provider:

(overnight) See the contact information posted in the Documents area on the El Paso Electric OASIS opening page the “Transmission Contact Information” folder

(mail) See the contact information posted in the Documents area on the El Paso Electric OASIS opening page under the “Transmission Contact Information” folder

To Transmission Customer:

(overnight) _____

(mail) _____

() _____ - _____ (phone)
 () _____ - _____ (phone)

- 6.2 The above names, address and facsimile numbers for Transmission Provider or Transmission Customer may be changed at any time by written notice to the other Party.

IN WITNESS WHEREOF, each of the Parties has caused this Network Integration Transmission Service Agreement to be duly executed by the authorized person in the places provided below.

TRANSMISSION PROVIDER

TRANSMISSION CUSTOMER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A
To Service Agreement For
Network Integration Transmission Service
NETWORK LOAD DESCRIPTION

EXHIBIT B
To Service Agreement For
Network Integration Transmission Service
TRANSMISSION CUSTOMER OWNED FACILITIES

EXHIBIT C
To Service Agreement For
Network Integration Transmission Service

TRANSMISSION PROVIDER DISTRIBUTION FACILITIES
SUBJECT TO USE OF TRANSMISSION CUSTOMER

EXHIBIT D
To Service Agreement For
Network Integration Transmission Service
DIRECT ASSIGNMENT FACILITIES

EXHIBIT E
To Service Agreement For
Network Integration Transmission Service

INFORMATION REQUIRED TO SCHEDULE ENERGY
FROM ALTERNATE NETWORK RESOURCES ON NON-FIRM BASIS

- A) Date of Schedule _____
- B) Term of Schedule Transmission _____
- C) Secondary Point of Receipt _____
- D) Secondary Point of Delivery _____
- E) Delivering Party _____
- F) Receiving Party _____
- G) Ultimate Consumer _____
- H) Schedule of deliveries
(in whole megawatts) for
each hour of requested
non-firm service (to be
provided on a separate sheet) _____

ATTACHMENT G

Network Operating Agreement

A Network Operating Agreement shall be negotiated between the Transmission Provider and the Network Integration customer.

Issues To Be Addressed During Negotiations

When negotiating the terms of the Network Operating Agreement, the Transmission Provider and customers will address, among other things, the following issues:

1. Curtailment policies;
2. Customer usage, amounts, and locations;
3. Impact study;
4. Facilities study;
5. Metering;
6. Communications;
7. Liability;
8. Assignments and resales;
9. Billing; and
10. Defined Terms.

Summary Of Operating Principles

The Network Operating Agreement will be based on the following summary of operating principles.

Generation Resources

The Transmission Provider owns three "sets" of generation resources, which are defined by their locations and the type of fuel used.

First, Transmission Provider owns three gas or oil-fired, local generation plants totalling approximately 800 MW. The plants include the Newman Power Plant, Rio Grande Power Plant and Copper Plant. These plants produce the most expensive power.

Second, Transmission Provider has a 104 MW ownership interest in the Four Corners Power Plant, a mine-mouth coal plant located in northwest New Mexico. This plant, which is external to the Transmission Provider's local system, produces power which is less expensive than the local generation.

Third, Transmission Provider owns approximately 600 MW of generation capacity in the Palo Verde nuclear generation plant, located just west of Phoenix, AZ. This plant produces the least expensive power.

Relationship between Generation and Transmission System

In light of the above, the Transmission Provider will maximize the use of the nuclear and coal fired generation and minimize the use of local gas-fired generation as much as possible. However, in order to maintain system stability and voltage, the Transmission Provider must run a certain amount of local gas-fired generation at all times.

To import the remote nuclear and coal fired generation, Transmission Provider uses the bulk 345 kV transmission system owned and operated by the Transmission Provider which is connected to the greater WSCC interconnected grid. Transmission Provider is connected to the greater WSCC bulk transmission system through three 345 kV transmission lines, the West Mesa-Arroyo (connected to PNM), Springerville-Luna-Diablo and Greenlee Hidalgo-Luna-Newman 345 kV (both connected to TEP) lines. The transfer capability of these transmission lines is dependent upon each other and primarily upon the voltage "strength" of the system, that is, how well the system is able to maintain voltage during disturbances. Transmission Provider, along with other southern New Mexico system users, have developed "nomograms" which determine the transfer capability of this 345 kV system on a minute-by-minute basis based on the conditions of the system. The transfer capability determined by these nomograms is dependent upon the voltage "regulating" devices and voltage parameters of the 345 kV transmission system as well as Transmission Provider's internal system. These parameters include the following:

1. Number and amount of local generation running (local generation gives voltage support to the southern New Mexico system);
2. Number and location of southern New Mexico reactors (on the 345 kV system) switched in the system or out of the system (reactors are

transmission line devices that when connected to the system are designed to reduce the voltage on the transmission line to which it is connected);

3. local system power factor (this is a measure of the voltage "strength" of the local underlying system which is reflected back to the 345 kV transmission system).

As mentioned above, Transmission Provider utilizes its lowest cost generation as much as possible, therefore, the power imports into the Transmission Provider's area over the three 345 kV lines interconnecting WSCC is held as high as possible for as long as possible. However, Transmission Provider must run a certain amount to local generation, which is incorporated in the nomogram transfer capability determinations, to maintain local system voltage. Therefore, Transmission Provider's operating practice is to import and load up as much as possible and for as long as possible the 345 kV WSCC interconnections to bring in the low-cost (nuclear and coal) generation, then run local gas/oil fired generation to make up the remaining load serving needs, down to a specified minimum (a minimum of three local generators on line at all times).

Curtailed of Transfer Capability on Transmission Provider's 345 kV WSCC Interconnection

For purposes of this discussion, curtailment means the forced reduction of transfer capability on the three 345 kV lines interconnecting Transmission Provider to the WSCC. As stated above, the transfer capability of this interconnection system is voltage dependent. Therefore, a curtailment can occur when the voltage parameters of the system change to a lower level. This curtailment can occur under two different scenarios.

The first is when the voltage regulating devices and parameters of the system serve to reduce the system voltage levels. This occurs when Transmission Provider's power factor (the measure of local system voltage) decreases, when a reactor is switched into the system and when a local generator is switched off. Under these conditions, the nomograms measure the system and determine a new lower transfer capability. Also, under these conditions, Transmission Provider is the only entity in southern New Mexico required to curtail its use of the transmission system, since these variables, power factor, generation and reactors, are either owned by and/or under the control the Transmission Provider.

The second scenario which will result in a curtailment of the use of the 345 kV transmission system is when one (or more) of the 345 kv lines interconnecting southern New Mexico and WSCC is lost. When this occurs, the entire system is "weakened", that is, voltage decreased, and thus the transfer capability is reduced. Under this scenario, all of nonfirm users are curtailed and all firm users in the transmission system are curtailed on a pro-rata basis.

Transmission Provider's HVDC Interconnection

The Transmission Provider has one remaining source of transfer capability -- power from a non-local source, in its HVDC interconnection to Southwestern Public Service Company (SPS). The capability of this source is not dependent upon the operation or capability of the 345 kV WSCC interconnections and is not dependent upon the parameters which affect those interconnections, power factor, local generation and reactors. Also, the capability of the 345 kV interconnections to WSCC is not dependent upon the operation of the HVDC interconnection. In other words, these two interconnections are independent of each other. The only way in which the HVDC transfers are curtailed to zero is if there is a loss of either the HVDC terminal or the Amrad to Artesia 345 kV line. Therefore, for a contingency on the Transmission Provider's side of the HVDC interconnection, this interconnection is binary, it is either on with the ability to transfer maximum capability or off with zero capability. There is, however, one scenario in which a curtailment reducing the transfers over this interconnection not to zero can occur. This is with either a contingency of a transmission line connecting to the SPS side of the Artesia HVDC terminal, i.e., on the SPS Artesia 230 kV bus, or with the loss of an SPS Tolk generating unit. Under the first condition, SPS has asked the Transmission Provider to reduce the schedules over the HVDC interconnection and under the second SPS has reduced the schedules to firm schedules, that is, curtailed any non-firm schedules.

Transmission Provider's Transfer Capability on its Interconnections

The transfer capability of Transmission Provider's interconnections is separated between the 345 kV interconnections to WSCC and the HVDC interconnection to SPS. In the first, the Transmission Provider has 645 MW of firm transfer capability with All Lines in Service. This transfer capability is decreased with the loss of any 345 kV line in that transfer path. This transfer capability is not decreased with the loss of the HVDC interconnection. In that interconnection, the HVDC, the Transmission Provider has 133 MW of rights. At this time, the Transmission Provider is maintaining the full transmission transfer capability of this path as Capacity Benefit Margin (CBM) under its ATC/TTC determinations and thus only able to use and sell this path's transfer capability as non firm transmission. The transfer capability of this path does not change with the loss of any 345 kV interconnection with the WSCC.

Capability Needed on External Entities for These Paths

The 345 kV transmission paths connecting the Transmission Provider to the WSCC grid are connected to two external entities. The West Mesa-Arroyo path is connected to PNM in Albuquerque and the Springerville-Luna-Diablo and the Greenlee-Hidalgo-Luna-Newman paths are connected to Tucson Electric Power Company (TEP).

Therefore, in order for an entity, other than PNM or TEP, to have rights to deliver power to any of these interconnections, they must obtain rights through or on the transmission systems of PNM and/or TEP. The Transmission Provider's HVDC interconnection is connected to SPS at Artesia, so likewise, any entity using this interconnection, except SPS, must obtain rights from SPS.

How These Interconnections Work in a Network Operation

When a party takes network service from the 345 kV interconnections to WSCC, it is using the Transmission Provider's entire southern New Mexico system. Under the Transmission Provider's operating agreements, the transfer capability into southern New Mexico over these lines is regarded as "system" rights rather than "line" rights. In other words, if a party has transfer rights in only one line, when that line is lost those transfer rights are pro-rate curtailed rather than becoming zero (since that path is lost). On the other hand, if the party can obtain rights from the outside entities (PNM or TEP, depending upon the path) to deliver their power to the alternate delivery point, that party can still transfer a reduced portion of their power over the interconnection lines.

It is different for the HVDC interconnection. That interconnection is treated as "line" rights, that is, when the HVDC terminal or Artesia-Amrad line is lost, all of the rights, and therefore transfer capability is lost. The reason for this is that the power flowing on the WSCC interconnection lines share and are dependent upon all three lines. The power on the HVDC interconnection, however, only flows on that interconnection and the capability of that interconnection is not dependent upon any other line.

Therefore, when a party has network service over the WSCC interconnection lines, when one of these lines is lost, that network service is pro-rata curtailed along with all of the other users of those lines. Therefore, some part of the network service will remain. When a party has network service over the HVDC interconnection, however, with the loss of that interconnection, that network service is curtailed in its entirety. This is important in the purchase of reserves for transmission outages. In the first case, with service over the WSCC interconnections, the party does not have to purchase the full load requirement reserves to maintain network firm service for the loss of a transmission line. However, in the second case, with service over the HVDC interconnection, the party must purchase the full load requirement reserves to maintain network firm service.

Transmission Provider's Internal Transmission System

Transmission Provider's internal transmission system consists primarily 115 kV or 69 kV transmission lines, with a few 345 kV lines to transfer the power between major points in the system, i.e., Newman, Caliente and Arroyo. This transmission system is very heavily networked with most substations having multiple sources. Under this scenario, the loss of any one internal transmission line would not require a curtailment of a

network customer. Some loads, however, are served by radial lines. With the loss of those lines, the entire service is lost since that load is then isolated from the network.

ATTACHMENT H

Annual Transmission Revenue Requirement and Formula Rate Template and Protocols

1. This Attachment H contains the Formula Rate Template and Protocols pursuant to which rates for Network Integration Transmission Service and Point-to-Point Transmission Services are developed and identified. The Template is found in Attachment H-1. The Annual Transmission Revenue Requirement is identified in Attachment H-1, tab “Projected Attachment H,” page 1.
2. The formula rates are subject to true-up and adjusted prospectively in the manner set forth in the Formula Rate Implementation Protocols. The Protocols are found in Attachment H-2.

Attachment H-1
El Paso Electric Company ("EPE")
Transmission Formula Rate Template

Table of Contents

Overview

The formula is calculated in two steps. The first step is to fill out the A tabs, and the Actual Attachment H tab with data from the previous year's Form 1 information. This information is used to update the formulas in the Actual Net Rev Req tab to calculate the Actual Revenue Requirement (Actual ATRR) for the previous year.

The TU (True-up) tab uses the revenue requirement from the Actual Attachment H tab and compares it to the revenue requirement from the Projected Attachment H tab that customers were billed for the same period. Interest is added to the difference and the amount is added to the Projected Attachment H tab via the True Up Adjustment line.

The projected O&M and plant balances are calculated on the P Tabs. These sheets feed into the Projected Attachment H tab for determining the Projected Annual Transmission Revenue Requirement. The EPE tariff rates are calculated based on the EPE Revenue Requirements and the specific point-to-point charges are shown on the same tab.

Cells highlighted in yellow are data input cells, however, some cells may reference the results from other worksheets in the formula. Such cell references may change from year to year requiring manual adjustment of the reference or the direct entry of the proper value.

Cells highlighted in green signify that the data is sourced from other worksheets in the formula and that the reference is static.

| Tab | Schedule/Worksheet Designation | Description |
|-----------------------|---------------------------------------|---|
| Act Att-H | Actual Attachment H | Actual Annual Transmission Revenue Requirements for most recent calendar year |
| A1-RevCred | Worksheet A1 | Actual Revenue Credits |
| A2-O&M | Worksheet A2 | Actual O&M Expense supporting data |
| A3-1-ADIT | Worksheet A3-1 | Actual Accumulated Deferred Income Tax Calculation |
| A3-2-ADIT-ITC Details | Worksheet A3-2 | Actual Accumulated Deferred Income Tax & Investment Tax Credits data |

| | | |
|-----------------------|------------------------|---|
| A4-Rate Base | Worksheet A4 | Actual Rate Base data |
| A5-Depr | Worksheet A5 | Depreciation Rates |
| A6-Divisor | Worksheet A6 | Actual Transmission Load Data for Calculating Rate Divisors |
| A7-IncentPlant | Worksheet A7 | Actual Incentive Plant |
| A8-1 EDIT | Worksheet A8-1 | Actual Excess / Deficient Deferred Income Tax calculation |
| A8-2 EDIT Details | Worksheet A8-2 | Actual Excess / Deficient Deferred Income Tax data |
| A9- Cost of Capital | Worksheet A9 | Actual Cost of Capital Calculations |
| TU-TrueUp | Worksheet TU | True-up Adjustment and Interest Calculation |
| Proj Att-H | Projected Attachment H | Projected Annual Transmission Revenue Requirements for next calendar year |
| P1-Trans Plant | Worksheet P1 | Projected transmission plant for next calendar year |
| P2-O&M | Worksheet P2 | Projected O&M expenses for next calendar year |
| P3-Divisor | Worksheet P3 | Projected transmission load for next calendar year |
| P4-IncentPlant | Worksheet P4 | Projected Incentive Plant |
| P5-1 ADIT | Worksheet P5-1 | Projected Accumulated Deferred Income Tax Calculation |
| P5-2 ADIT ITC Details | Worksheet P5-2 | Projected Accumulated Deferred Income Tax & Investment Tax Credits data |
| P6-1 EDIT | Worksheet P6-1 | Projected Excess / Deficient Deferred Income Tax calculation |
| P6-2 EDIT Details | Worksheet P6-2 | Projected Excess / Deficient Deferred Income Tax data |
| P7-Adj to Rate Base | Worksheet P7 | Projected Adjustments to Rate Base |
| Schedule 1 | Schedule 1 | Ancillary Services, Schedule No. 1 - Scheduling System Control and Dispatch Service |

El Paso Electric Company
Rate Formula Template

Actuals - For
the 12 months
ended
12/31/yyyy

Formula Rate - Non-Levelized Utilizing FERC Form 1 Data

| Line No. | | | Total | Allocator | Allocated Amount |
|----------|---|---|-------|------------|------------------|
| | | | | | \$ |
| 1 | GROSS REVENUE REQUIREMENT (page 3, line 29) | | | | - |
| | REVENUE CREDITS | (Note S) | | | |
| | | (Worksheet A1, Page 1, Line 17, Col. (f)) | | | |
| 2 | Account No. 454 | (Worksheet A1, Page 2, Line 15, Col. (h)) | - | TP 0.00000 | - |
| 3 | Account No. 456.1 | | - | TP 0.00000 | - |
| 4 | Held for Future Use | | - | TP 0.00000 | - |
| 5 | Held for Future Use | | - | TP 0.00000 | - |
| 6 | TOTAL REVENUE CREDITS (sum lines 2-5) | | | | - |
| 7 | NET REVENUE REQUIREMENT DIVISOR | (Line 1 minus Line 6) | | | \$ |
| | | | | | - |
| 8 | Divisor (kW) | (Worksheet A6, Line 14) x 1000 | | | - |
| 9 | | | | | |
| 10 | RATES | | | | |
| | | | \$ | | |
| 11 | Annual | | - | /kW-year | |
| | | | \$ | | |
| 12 | Monthly | 12 months/year | - | /kW-month | |
| | | | \$ | | |
| 13 | Weekly | 52 weeks/year | - | /kW-week | |
| | | | \$ | | |
| 14 | Daily On-Peak | 6 days/week | - | /kW-day | |

| | | | | |
|----|-----------------|--------------|---------|----------|
| 15 | Daily Off-Peak | 7 days/week | \$ - | /kW-day |
| 16 | Hourly On-Peak | 16 hours/day | \$ - | /MW-hour |
| 17 | Hourly Off-Peak | 24 hours/day | \$ - | /MW-hour |

El Paso Electric Company
Rate Formula Template

Actual Attachment H
Page 2 of 5

Actuals - For
the 12 months
ended
12/31/yyyy

Formula Rate - Non-Levelized Utilizing FERC Form 1 Data

| Line No. | (1) RATE BASE: (Note A, V) GROSS PLANT IN SERVICE (Note A) | (2) Form No. 1 Page, Line, Col. | (3) Company Total | (4) Allocator | (5) Transmission (Col 3 times Col 4) |
|-----------------------------------|---|---|----------------------|------------------|--|
| 1 | Production | Worksheet A4, Page 1, (Line 14 - 28), Col. (b) | - | NA | - |
| 2 | Transmission | Worksheet A4, Page 1, (Line 14 - 28), Col. (c) | - | TP 0.00000 | - |
| 3 | Distribution | Worksheet A4, Page 1, (Line 14 - 28), Col. (d) | - | NA | - |
| 4 | General & Intangible | Worksheet A4, Page 1, (Line 14 - 28), Cols. (e) + (f) | - | W/S 0.00000 | - |
| 5 | Common | Worksheet A4, Page 1, (Line 14 - 28), Col. (h) | - | CE 0.00000 | - |
| 6 | TOTAL GROSS PLANT | (Sum of Lines 1 through 5) | - | GP= 0.00000 | - |
| ACCUMULATED DEPRECIATION (Note A) | | | | | |
| 7 | Production | Worksheet A4, Page 2, (Line 14 + 28 - 42), Col. (b) | - | NA | - |
| 8 | Transmission | Worksheet A4, Page 2, (Line 14 + 28 - 42), Col. (c) | - | TP 0.00000 | - |
| 9 | Distribution | Worksheet A4, Page 2, (Line | - | NA | - |

| | | | | | | |
|--------------------------|---|--|---|-----|---------|---|
| | | 14 + 28 - 42), Col. (d) | - | | | - |
| 10 | General & Intangible | Worksheet A4, Page 2, (Line 14 + 28 - 42), Col.s (e) + (f) | - | W/S | 0.00000 | - |
| 11 | Common | Worksheet A4, Page 2, (Line 14 + 28 - 42), Col. (h) | - | CE | 0.00000 | - |
| 12 | TOTAL ACCUM. DEPRECIATION | (Sum of Lines 7 through 11) | - | | | - |
| NET PLANT IN SERVICE | | | | | | |
| 13 | Production | (Line 1 - Line 7) | - | | | - |
| 14 | Transmission | (Line 2 - Line 8) | - | | | - |
| 15 | Distribution | (Line 3 - Line 9) | - | | | - |
| 16 | General & Intangible | (Line 4 - Line 10) | - | | | - |
| 17 | Common | (Line 5 - Line 11) | - | | | - |
| 18 | TOTAL NET PLANT | (Sum of Lines 13 through 17) | - | NP= | 0.00000 | - |
| 19 | CWIP Approved by FERC Order | Worksheet A4, Page 3, Line 14, Col. (d) (Note Q) | - | DA | 1.00000 | - |
| ADJUSTMENTS TO RATE BASE | | | | | | |
| 20 | Accumulated Deferred Income Taxes (Accounts 190, 281-283) | Worksheet A3-1, Page 3, Line 82, Col. (n) (Note F) | - | DA | 1.00000 | - |
| 21 | Accumulated Deferred Investment Tax Credit (Account 255) | Worksheet A3-2, Page 4, Line 138, Col. (g) | - | DA | 1.00000 | - |
| 22 | Excess / Deficient Deferred Income Taxes | Worksheet A8-1, Line 27, Col. (n) | - | DA | 1.00000 | - |
| 23 | Unamortized Regulatory Asset | Worksheet A4, Page 3, Line 14, Col. (b) (Notes P & U) | - | DA | 1.00000 | - |
| 24 | Unamortized Abandoned Plant | Worksheet A4, Page 3, Line 14, Col. (c) (Notes T, N & U) | - | DA | 1.00000 | - |
| 25 | Unfunded Reserves | Worksheet A4, Page 4, Line 10, Col. (d) (Note R) | - | DA | 1.00000 | - |
| 25a | Hold Harmless Adjustment | Company Records (Note V) | - | DA | 1.00000 | - |

| | | | | | | |
|----|---------------------------|--|---|----|---------|---|
| 26 | TOTAL ADJUSTMENTS | (Sum of Lines 20 through 25a) | - | | | - |
| 27 | LAND HELD FOR FUTURE USE | Worksheet A4, Page 3, Line 14, Col. (e) (Note G) | - | TP | 0.00000 | - |
| | WORKING CAPITAL | (Note H) | | | | |
| 28 | Cash Working Capital | 1/8*(Page 3, Line 7) | - | | | - |
| 29 | Materials & Supplies | Worksheet A4, Page 3, Line 28, Col. (e) | - | TP | 0.00000 | - |
| 30 | Prepayments (Account 165) | Worksheet A4, Page 3, Line 28, Col. (f) | - | GP | 0.00000 | - |
| 31 | TOTAL WORKING CAPITAL | (Sum of Lines 28 through 30) | - | | | - |
| 32 | RATE BASE | (Sum Lines 18, 19, 26, 27, & 31) | - | | | - |

El Paso Electric Company

Rate Formula
 Template
 Utilizing FERC Form 1
 Data

| Formula Rate - Non-Levelized | | (1) | (2) | (3) | (4) | (5) |
|---------------------------------------|--|------------------------------|---------------|-----------|---------|---------------------|
| | | | Form No. 1 | | | Transmission |
| Line No. | O&M | Page, Line, Col. | Company Total | Allocator | | (Col 3 times Col 4) |
| 1 | Transmission | 321.112.b | - | TE | 0.00000 | - |
| 2 | Less Account 561.1-561.8 | Worksheet A2, Line 23 | - | TE | 0.00000 | - |
| 2a | Less Account 565 | 321.96.b | - | TE | 0.00000 | - |
| 3 | A&G | 323.197.b | - | W/S | 0.00000 | - |
| 4 | Less EPRI/Reg. Comm. Exp./Non-safety Ad. (Note I) | Worksheet A2, Line 6 | - | W/S | 0.00000 | - |
| 4a | 924 Less Property Insurance Acct | 323.185.b | - | W/S | 0.00000 | - |
| 4b | 924 Plus Property Insurance Acct | 323.185.b | - | GP | 0.00000 | - |
| 4c | Plus Transmission Related Reg. Comm. Exp. (Note G) | Worksheet A2, Line 12 | - | TE | 0.00000 | - |
| 4d | Plus: Fixed PBOP expense | Company Records (Note J & B) | - | W/S | 0.00000 | - |
| 4e | Less: Actual PBOP expense | Company Records (Note J & B) | - | W/S | 0.00000 | - |
| 5 | Common Hold Harmless Expense | 356.1 | - | CE | 0.00000 | - |
| 6 | Adjustment | Company Records (Note V) | - | DA | 1.00000 | - |
| 7 | TOTAL O&M (sum lines 1, 3, 4b, 4c, 4d, 5, 6 less lines 2, 2a, 4, 4a, 4e) | | - | | | - |
| DEPRECIATION AND AMORTIZATION EXPENSE | | | | | | |

| (Note A) | | | | | | |
|----------|---|---|---|-----|---------|---|
| 8 | Transmission | 336.7.f - 336.7.c | - | TP | 0.00000 | - |
| 9 | General & Intangible | 336.10.f & 336.1.f - 336.10.c & 336.1.c | - | W/S | 0.00000 | - |
| 10 | Common | 336.11.f - 336.11.c | - | CE | 0.00000 | - |
| 11a | Amortization of Regulatory Asset | Company Records (Note P) | - | DA | 1.0000 | - |
| 11b | Amortization of Abandoned Plant | Company Records (Note N) | - | DA | 1.0000 | - |
| 12 | TOTAL DEPRECIATION & AMORTIZATION | (Sum of Lines 8 through 11) | - | | | - |
| | TAXES OTHER THAN INCOME TAXES (Note D) | | | | | |
| | LABOR RELATED | | | | | |
| 13 | Payroll | 263.i | - | W/S | 0.00000 | - |
| 14 | Highway and vehicle | 263.i | - | W/S | 0.00000 | - |
| 15 | PLANT RELATED | | | | | |
| 16 | Property | 263.i | - | NP | 0.00000 | - |
| 17 | Gross Receipts | 263.i | - | NA | 0.00000 | - |
| 18 | Other | 263.i | - | GP | 0.00000 | - |
| 19 | reserved | | - | | | - |
| 20 | TOTAL OTHER TAXES | (Sum of Lines 13 through 19) | - | | | - |
| | INCOME TAXES | (Note K) | | | | |
| 21 | $T=1 - \frac{\{(1 - \text{SIT}) * (1 - \text{FIT})\}}{(1 - \text{SIT} * \text{FIT} * p)}$ = | | | | 0.000% | |
| 22 | $\text{CIT}=(T/1-T) *$ $(1-(\text{WCLTD}/\text{R})) =$ | | | | 0.000% | |
| | and FIT, SIT & p are as given in Note K. | | | | | |
| | Income Tax Gross Up Rate: | | | | | |
| 23 | $1 / (1 - T) =$ (from line 21) | | - | | | |
| 24 | Excess / Deficient Deferred Income Taxes Amortization | Worksheet A8.2, Line 62, Col. (c) (Note W) | - | | | |
| 24a | Excess / Deficient Deferred | (Line 23 times Line 24) | | DA | | |

| | | | | | |
|-----|--|---|---|---------|---|
| | Income Tax Adjustment | | - | 1.00000 | - |
| 25 | Permanent Differences | Company Records (Note X) | - | | |
| 25a | Permanent Differences Tax Adjustment | (Line 21 times 23 times Line 25) | - | NP | - |
| 26 | Income Tax on Equity and Incentive Return | (Line 22 times Line 28) | - | | - |
| 27 | Total Income Taxes RETURN | (Sum of Lines 24a, 25a, 25c, 26) | - | | - |
| 28 | Rate Base * Rate of Return plus Incentive Return | (Page 2, Line 32, Col. (3) x Page 4, Line 31, Col. (5)) + Page 4, Line 32 | - | | - |
| 29 | REV. REQUIREMENT | (Sum of Lines 7, 12, 20, 27, 28) | - | | - |

El Paso Electric Company
Rate Formula Template
Utilizing FERC Form 1 Data

Actual Attachment H
Page 4 of 5
Actuals - For the 12 months ended 12/31/yyyy

Formula Rate - Non-Levelized

(1)

(2)

(3)

(4)

(5)

**SUPPORTING
CALCULATIONS AND
NOTES**

Line
No. TRANSMISSION PLANT
INCLUDED IN RATES

| | | | | | |
|------------------------------|--|----------------------------|--|-----|---------|
| 1 | Total transmission plant | (Page 2, Line 2, Col. 3) | | | - |
| 2 | Less transmission plant excluded from Wholesale Rates | Company Records (Note L) | | | - |
| 3 | Less transmission plant included in OATT Ancillary Services | Company Records (Note M) | | | - |
| 4 | Transmission plant included in Wholesale Rates | (Line 1 less Lines 2 & 3) | | | - |
| 5 | Percentage of transmission plant included in Wholesale Rates | (Line 4 divided by Line 1) | | TP= | 0.00000 |
| TRANSMISSION EXPENSES | | | | | |
| 6 | Total transmission expenses | (Page 3, Line 1, Col. 3) | | | - |
| 7 | Less transmission expenses included in OATT Ancillary Services | Company Records (Note E) | | | - |

| | | | | | | | |
|---|--|--------------------------------------|-----------|-----------|---------------------------------------|------------------------------------|-------------------|
| 8 | Included transmission expenses | (Line 6 less Line 7) | | | | - | |
| 9 | % of transmission expenses after adjustment | (Line 8 divided by Line 6) | | | | | 0.00000 |
| 10 | % of transmission plant included in wholesale Rates | (Line 5) | | | TP | | 0.00000 |
| 11 | % of transmission expenses included in wholesale Rates | (Line 9 times Line 10) | | | TE= | | 0.00000 |
| WAGES & SALARY ALLOCATOR (W&S) | | | | | | | |
| | | <u>Form 1 Reference</u> | <u>\$</u> | <u>TP</u> | <u>Allocation</u> | | |
| 12 | Production | 354.20.b | - | 0.00 | 0 | | |
| 13 | Transmission | 354.21.b | - | 0.00 | 0 | | |
| 14 | Distribution | 354.23.b | - | 0.00 | 0 | W&S Allocator | |
| 15 | Other | 354.24, 25, 26.b | - | 0.00 | 0 | (\$ / Allocation) | |
| 16 | Total | (Sum of Lies 12-15) | - | | 0 | = | 0.00000 = WS |
| COMMON PLANT ALLOCATOR (CE) | | | | | | | |
| | | | <u>\$</u> | | <u>% Electric (line 17 / line 20)</u> | <u>W&S Allocator (line 16)</u> | <u>CE</u> |
| 17 | Electric | 200.3.c | - | | | | |
| 18 | Gas | 201.3.d | - | | 0.00000 | * | 0.00000 = 0.00000 |
| 19 | Other | 201.3.e | - | | | | |
| 20 | Total | (Sum of Lines 17-19) | - | | | | |
| RETURN (R) | | | | | | | |
| | | | | | | <u>\$</u> | |
| 21 | Long Term Interest | 117, Col. c, Lines 62+63+64-65-66+67 | | | | - | |
| 22 | Preferred Dividends | 118.29.c (positive number) | | | | - | |
| <u>Development of Common Stock:</u> | | | | | | | |
| 23 | Proprietary Capital | Worksheet A9 Line 14, Col. (e) | | | | - | |

El Paso Electric Company
Rate Formula Template

Actuals - For the
12 months ended
12/31/yyyy

Formula Rate - Non-Levelized Utilizing FERC Form 1 Data

General Note: References to pages in this formulary rate are indicated as:
(page#, line#, col.#)

 References to data from FERC Form 1 are indicated as:
#.y.x (page, line, column)

Note
Letter

- A Plant in Service, Accumulated Depreciation, and Depreciation Expense amounts exclude Asset Retirement Obligation amounts unless authorized by FERC.
- B Workpapers for this calculation will be included in supporting documentation.
- C Debt cost rate = long-term interest (line 21) / long term debt (line 28). Preferred cost rate = preferred dividends (line 22) / preferred outstanding (line 29).
- D Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year. Taxes related to income are excluded.
- E Removes dollar amount of transmission expenses included in the OATT ancillary services rates. FERC 561 accounts are not included in this line as they are separately removed from O&M.
- F The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts associated with tax-related regulatory assets and liabilities other than excess / deficient deferred income taxes ("EDIT"). EDIT is calculated in schedules A8-1 and A8-2 and presented in Att-H separately from ADIT.
- G Identified in Form 1 as being only transmission related.
- H Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at Page 3, Line 7, Column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported on Page 111 Line 57 in the Form 1.
- I EPRI expenses listed in Form 1 at 352.f, all Regulatory Commission Expenses itemized at 350.d, and non-safety-related advertising included in Account 930.1.
- J Depreciation rates and Post-Employment Benefits Other than Pensions (PBOP) are fixed amounts that can be changed only through a Section 205 filing. The fixed PBOP expense will be used in lieu of the actual PBOP expense incurred in the year absent an appropriate filing with FERC. The Company reviews internal records and identifies the PBOP expenses to be removed from A&G.
- K The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". Since the utility is taxed in more than one state it shall attach a work paper showing the name of each state and how the blended or composite SIT was developed.

| | | | |
|------------------|-------|--------|---|
| Inputs Required: | FIT = | 0.000% | (Federal Income Tax Rate) |
| | SIT= | 0.000% | (Composite State Income Tax Rate) |
| | p = | 0.000% | (Percent of federal income tax deductible for state purposes) |

- L Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until Form 1 balances are adjusted to reflect application of seven-factor test).

- M Removes dollar amount of generation step-up facilities, which are deemed to be included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
- N Unamortized Abandoned Plant and Amortization of Abandoned Plant will be zero until the Commission accepts or approves recovery of the cost of abandoned plant. Utility must submit a Section 205 filing to recover the cost of abandoned plant.
- O No change in ROE may be made absent a filing with FERC.
- P Recovery of any regulatory assets requires authorization from the Commission.
- Q AFUDC ceases when CWIP is included in rate base. No CWIP will be included in rate base on line 19 absent FERC authorization.
- R The Formula Rate shall include a credit to rate base for all unfunded reserves within accounts 228.2, 242, and 253 (funds collected from customers that (1) have not been set aside in a trust, escrow or restricted account; (2) whose balance are collected from customers through cost accruals to accounts that are recovered under the Formula Rate; and (3) exclude the portion of any balance offset by a balance sheet account). Reserves can be created by capital contributions from customers, by debiting the reserve and crediting a liability, or a combination of customer capital contribution and offsetting liability. Only the portion of a reserve that was created by customer contributions should be a reduction to rate base. Amounts will be calculated on 13-month average balances. See Worksheet A4, Note G.
- S The revenues credited shall include only the amounts received directly for service under this tariff reflecting EPE's integrated transmission facilities provided that revenue credits shall not include revenues associated with transmission service for which loads are included in the rate divisor on Actual Attachment H, page 1, line 8. They do not include revenues associated with FERC annual charges, gross receipts taxes, ancillary services, facilities not included in this template (e.g., direct assignment facilities and GSUs) that are not recovered under this Rate Formula Template.
- T Page 2 Line 24 includes any unamortized balances related to the recovery of abandoned plant costs approved by FERC under a separate docket. Page 3, Line 11b includes the Amortization expense of abandonment costs. These are shown in the workpapers required pursuant to the Annual Rate Calculation and True-up Procedures.
- U Calculate using 13 month average balance, reconciling to FERC Form No. 1 by Page, Line, and Column as shown in Worksheet A4 for inputs on page 2 of 5 above.
- V If applicable, a separate workpaper will be provided and posted with other supporting documentation.
- W Includes the amortization of any excess/deficient deferred income taxes resulting from changes to income tax laws, income tax rates (including changes in apportionment) and other actions taken by a taxing authority. Excess and deficient deferred income taxes will reduce or increase tax expense by the amount of the excess or deficiency multiplied by $(1/1-T)$.
- X Includes the annual income tax cost or benefits due to permanent differences between expenses or revenues recognized for ratemaking purposes and for income tax purposes and depreciation of amounts capitalized to plant for book purposes related to the accrual of the Allowance for Other Funds Used During Construction. T multiplied by the amount of permanent differences and depreciation expense associated with Allowance for Other Funds Used During Construction will increase or decrease tax expense by the amount of the expense or benefit included on line 25 multiplied by $(1/1-T)$.

El Paso Electric Company
Worksheet A1
Revenue Credits
Actuals - For the 12 months ended 12/31/yyyy

**ACCOUNT 454 (RENT FROM
 ELECTRIC PROPERTY)**

| Line # | Description | Total | Explanation (Note A) | Allocation | Allocation Factor | Total Revenue Credit |
|--------|-------------|------------|----------------------|------------|-------------------|----------------------|
| | (a) | (b) | (c) | (d) | (e) | (f) |
| 1 | | | | | 0.000% | \$0 |
| 2 | Reserved | | | | 0.000% | \$0 |
| 3 | Reserved | | | | 0.000% | \$0 |
| 4 | Reserved | | | | 0.000% | \$0 |
| 5 | Reserved | | | | 0.000% | \$0 |
| 6 | Reserved | | | | 0.000% | \$0 |
| 7 | Reserved | | | | 0.000% | \$0 |
| 8 | Reserved | | | | 0.000% | \$0 |
| 9 | Reserved | | | | 0.000% | \$0 |
| 10 | Reserved | | | | 0.000% | \$0 |
| 11 | Reserved | | | | 0.000% | \$0 |
| 12 | Reserved | | | | 0.000% | \$0 |
| 13 | Reserved | | | | 0.000% | \$0 |
| 14 | Reserved | | | | 0.000% | \$0 |
| 15 | Reserved | | | | 0.000% | \$0 |
| 16 | Reserved | | | | 0.000% | \$0 |
| 17 | Total | \$ | | | | \$ |
| | 454 | 300.19.b - | | | | - |

**ACCOUNT 456.1
(OTHER ELECTRIC
REVENUES) (Note B)**

| Line # | Type | Description | Service Type | PTP Trans Sched 7 & 8 | Network Transm Sched 9 | Ancillary Services | Other | Total |
|--------|----------------------------|---|--------------|-----------------------|------------------------|--------------------|-------|------------|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
| 1 | | | | | | | | |
| 2 | | | | | | | | |
| 3 | | | | | | | | |
| 4 | | | | | | | | |
| 5 | | | | | | | | |
| 6 | | | | | | | | |
| 7 | | | | | | | | |
| 8 | | | | | | | | |
| 9 | | | | | | | | |
| 10 | | | | | | | | |
| 11 | | | | | | | | |
| 12 | | | | | | | | |
| 13 | | Total | | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | 300.22.b |
| 14 | Summarized by Type: | | | | | | | |
| 15 | Credit | | | 0 | 0 | 0 | 0 | 0 |
| 16 | Divisor | | | 0 | 0 | 0 | 0 | 0 |
| 17 | Ancillary | | | 0 | 0 | 0 | 0 | 0 |
| 18 | Other | | | 0 | 0 | 0 | 0 | 0 |
| 19 | Total | | | 0 | 0 | 0 | 0 | 0 300.22.B |
| 20 | | | | | | | | |
| 21 | <u>Revenue Types:</u> | | | | | | | |
| 22 | Ancillary | Ancillary services includes regulation & frequency, control & dispatch, voltage control, reactive, spinning reserve, and scheduling; no revenue credit. | | | | | | |
| 23 | Divisor | Load associated with these revenues are included in the formula divisor; no revenue credit. | | | | | | |
| 24 | Credit | Revenue credit because the load is not included in divisor. | | | | | | |

Notes

- A Each FERC 0454 item is categorized into 1 of 5 categories. The selected category will determine the Allocator applied to the FERC 0454 balance.
- 1) Prod: The FERC 0454 balance is 100% related to production of electricity and the NA Allocator is applied.
 - 2) Retail: The FERC 0454 balance is 100% related to retail operations and the NA Allocator is applied.
 - 3) ONT: Other 100% Non-Transmission (Items other than Prod & Retail) related FERC 0454 for which the NA Allocator is applied.
 - 4) Trans: The FERC 0454 balance is 100% related to transmission operations and the DA Allocator is applied.
 - 5) Labor: The FERC 0454 balance is labor or general and intangible plant related, and the W/S Allocator is applied.
- B PTP Revenue credits from Line 15, Column (h) populate Actual Attachment H, page 1, line 3.

El Paso Electric Company
Worksheet A2
Actual Operation and Maintenance Expenses
Actuals - For the 12 months ended 12/31/yyyy

| Line No. | (a) Item | (b) Form No. 1 Page, Line, Col. | (c) Company Total |
|----------|---|---------------------------------------|----------------------|
| 1 | EPRI Annual Membership Dues | 353.x.f (Note C) | \$ - |
| 2 | Regulatory Commission Expenses | 350.46.d | \$ - |
| 3 | Account No. 930.1 | 323.191.b | \$ - |
| 4 | Less: Safety Related Advertising | Company Records (Note A) | \$ - |
| 5 | Account No. 930.1 less Safety Related Advertising | Line 3 - Line 4 | \$ - |
| 6 | EPRI & Reg. Comm. Exp. & Non-safety Ad. | Sum of Lines 1, 2, & 5 | \$ - |
| 7 | | | |
| 8 | Transmission Related Regulatory Expense | (Note B) | |
| 9 | | | |
| 10 | Reserved for use in the event of transmission rate filings | Company Records | \$ - |
| 11 | Transmission Related Reg. Comm. Exp. | 350.x.d | \$ - |
| 12 | Transmission Related Regulatory Expense | Sum of Lines 10-11 | \$ - |
| 13 | | | |
| 14 | Actual Ancillary Expenses | | |
| 15 | 561.1 Load Dispatch-Reliability | 321.85.b | \$ - |
| 16 | 561.2 Load Dispatch-Monitor and Operate Transmission System | 321.86.b | \$ - |
| 17 | 561.3 Load Dispatch-Transmission Service and Scheduling | 321.87.b | \$ - |
| 18 | 561.4 Scheduling, System Control and Dispatch Services | 321.88.b | \$ - |

| | | | |
|----|---|--------------------|----|
| 19 | 561.5 Reliability, Planning and Standards Development | 321.89.b | \$ |
| | | | - |
| 20 | 561.6 Transmission Service Studies | 321.90.b | \$ |
| | | | - |
| 21 | 561.7 Generation Interconnection Studies | 321.91.b | \$ |
| | | | - |
| 22 | 561.8 Reliability, Planning and Standards Development | 321.92.b | \$ |
| | | | - |
| 23 | Total Ancillary Expenses | Sum of Lines 15-22 | \$ |
| | | | - |

Notes

- A For FERC account no. 930.1, the Company reviews all entries and identifies those that are safety related advertising.
- B Limited to Transmission-related regulatory expenses itemized from total amounts on FERC Form No. 1 page 350-351.
- C Limited to amounts in O&M accounts that are included in the formula rate.

El Paso Electric Company
Worksheet A3-1
Accumulated Deferred Income Taxes
Actuals - For the 12 months ended 12/31/yyyy

Proration Used for Projected Revenue Requirement Calculation

Proration Used for True-up Revenue Requirement Calculation

| Account 190 | | | | | Projection - Proration of Deferred Tax Activity | | |
|----------------|--------------------------------|---|---|---|---|---|--|
| Days in Period | | | | | | | |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
| Month | Days in the Mon th | Number of Days Remain ing in Year After Month's Accrual of Deferred Taxes | Total Days in Future Portion of Test Period (Line 18, Col B) | Prorat ion Amou nt (Line s 6 to 17, Col c / Col d) | Projected Monthly Activity (Line 24 Col h - Line 21 Col h)/12) (See Note 7.) | Prorated Projected Monthly Activity (Lines 6 to 17, Col e x Col f) | Prorated Projected Balance (Line 5, Col h plus Cumulati ve Sum of Col g) |

| True-up Adjustment - Proration of Projected Deferred Tax Activity and Averaging of Other Deferred Tax Activity | | | | | |
|--|---|--|--|--|---|
| (i) | (j) | (k) | (l) | (m) | (n) |
| Actual Monthl y Activit y (Line 24 Col n - Line 21 Col n)/12) (See Note 7.) | Differen ce between projecte d monthly and actual monthly activity (See Note 1.) | Preserve proration when actual monthly and projected monthly activity are either both increases or decreases. (See Note 2.) | Difference between projected and actual activity when actual and projected activity are either both increases or decreases. (See Note 3.) | Actual activity (Col I) when projected activity is an increase while actual activity is a decrease OR projected activity is a decrease while actual activity is an increase. (See Note 4.) | Balan ce reflec ting prorat ion or avera ging (See Note 5.) |

4
5
December 31st balance Prorated Items (Worksheet P5-1.5.h)
January 91.78

-

December 31st balance Prorated Items (Worksheet A3-2.61.f)
-

| | | | | | | | | | | | | | | |
|----|-----------|----|-----|-----|--------|---|---|---|---|---|---|---|---|---|
| 6 | | 31 | 335 | 365 | % | - | - | - | - | - | - | - | - | - |
| 7 | February | 28 | 307 | 365 | 84.11% | - | - | - | - | - | - | - | - | - |
| 8 | March | 31 | 276 | 365 | 75.62% | - | - | - | - | - | - | - | - | - |
| 9 | April | 30 | 246 | 365 | 67.40% | - | - | - | - | - | - | - | - | - |
| 10 | May | 31 | 215 | 365 | 58.90% | - | - | - | - | - | - | - | - | - |
| 11 | June | 30 | 185 | 365 | 50.68% | - | - | - | - | - | - | - | - | - |
| 12 | July | 31 | 154 | 365 | 42.19% | - | - | - | - | - | - | - | - | - |
| 13 | August | 31 | 123 | 365 | 33.70% | - | - | - | - | - | - | - | - | - |
| 14 | September | 30 | 93 | 365 | 25.48% | - | - | - | - | - | - | - | - | - |
| 15 | October | 31 | 62 | 365 | 16.99% | - | - | - | - | - | - | - | - | - |
| 16 | November | 30 | 32 | 365 | 8.77% | - | - | - | - | - | - | - | - | - |
| 17 | December | 31 | 1 | 365 | 0.27% | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | | | | | | |
|----|----------------------------|-----|--|--|--|---|---|---|---|---|---|---|---|---|
| 18 | Total (sum of Lines 6 -17) | 365 | | | | - | - | - | - | - | - | - | - | - |
|----|----------------------------|-----|--|--|--|---|---|---|---|---|---|---|---|---|

| | | | | | | | | | | | | | | | |
|----|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| 19 | Beginning Balance-Total | | | | | | | | | | | | | | |
| 20 | Beginning Balance-Not Subject to Proration | | | | | | | | | | | | | | |
| 21 | Beginning Balance-Subject to Proration | | | | | | | | | | | | | | |
| 22 | Ending Balance-Total | | | | | | | | | | | | | | |
| 23 | Ending Balance-Not Subject to Proration | | | | | | | | | | | | | | |
| 24 | Ending Balance-Subject to Proration | | | | | | | | | | | | | | |

Worksheet P5-1.19.h

Worksheet P5-1.20.h

(Line 5, Col H)

Worksheet p5-1.22h

Worksheet P5-1.23.h

Worksheet P5-1.24.h

Beginning Balance-Total

Beginning Balance-Not Subject to Proration

Beginning Balance-Subject to Proration

Ending Balance-Total

Ending Balance-Not Subject to Proration

Ending Balance-Subject to Proration

Worksheet A3-2.58.f

Worksheet A3-2.64.f

(Line 5, Col N)

Worksheet A3-2.58.g

Worksheet A3-2.64.g

Worksheet A3-2.61.g

-

-

-

-

-

-

-

| | | | | | | |
|----|-------------------------------|---|---|----------------------------------|--|---|
| 25 | Average Balance (See Note 6.) | Line 17 Col N + (Lines 20 + 23 Col N)/2 | - | Average Balance (See Note 6.) | Line 17 Col N + (Lines 20 + 23 Col N)/2 | - |
| 26 | Reserved | | | Reserved | | |
| 27 | Amount for Attachment H | (Line 25 less line 26) | - | Amount for Attachment H | (Line 25 less line 26) | - |

28 **Account 282**

Account 282

| Days in Period | | | | | Projection - Proration of Deferred Tax Activity | | | True-up Adjustment - Proration of Projected Deferred Tax Activity and Averaging of Other Deferred Tax Activity | | | | | |
|----------------|-------------------------|---|--|---|---|---|---|--|---|---|---|--|---|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) | (m) | (n) |
| Month | Days in the Month | Number of Days Remainin g in Year After Month's Accrual of Deferred Taxes | Total Days in Future Portion of Test Period (Line 18, Col B) | Prorat ion Amoun t (Line s 6 to 17, Col c / Col d) | Project ed Monthl y Activit y (Line 24 Col h - Line 21 Col h)/12) (See Note 7.) | Prorated Projected Monthly Activity (Lines 6 to 17, Col e x Col f) | Prorat ed Proje cted Balanc e (Line 5, Col h plus Cumula tive Sum of Col g) | Actual Monthl y Activit y (Line 24 Col n - Line 21 Col n)/12) (See Note 7.) | Differen ce between projecte d monthly and actual monthly activity (See Note 1.) | Preserve proration when actual and projected monthly activity are either both increases or decreases. (See Note 2.) | Difference between projected and actual activity when actual and projected activity are either both increases or decreases. (See Note 3.) | Actual activity (Col I) when projected activity is an increase while actual activity is a decrease OR projected activity is a decrease while actual activity is an increase. (See Note 4.) | Balan ce reflec ting prorat ion or avera ging (See Note 5.) |
| 30 | | | | | | | | | | | | | |

| | | | | | | | | | | | | | |
|----|--------------------------------------|----|-----|-----|-------|--|--|--------------------------------|--|--|--|--|--|
| 31 | December 31st balance Prorated Items | | | | | | | December 31st balance Prorated | | | | | |
| 32 | (Worksheet P5-1.32.h) | | | | - | | | Items (Worksheet A3-2.79.f) | | | | | |
| 33 | January | 31 | 335 | 365 | 91.78 | | | | | | | | |
| 34 | February | 28 | 307 | 365 | 84.11 | | | | | | | | |
| 35 | March | 31 | 276 | 365 | 75.62 | | | | | | | | |

| | | | | | | | | | | | | | | |
|----|-----------|----|-----|-----|--------|---|---|---|---|---|---|---|---|---|
| 36 | April | 30 | 246 | 365 | 67.40% | - | - | - | - | - | - | - | - | - |
| 37 | May | 31 | 215 | 365 | 58.90% | - | - | - | - | - | - | - | - | - |
| 38 | June | 30 | 185 | 365 | 50.68% | - | - | - | - | - | - | - | - | - |
| 39 | July | 31 | 154 | 365 | 42.19% | - | - | - | - | - | - | - | - | - |
| 40 | August | 31 | 123 | 365 | 33.70% | - | - | - | - | - | - | - | - | - |
| 41 | September | 30 | 93 | 365 | 25.48% | - | - | - | - | - | - | - | - | - |
| 42 | October | 31 | 62 | 365 | 16.99% | - | - | - | - | - | - | - | - | - |
| 43 | November | 30 | 32 | 365 | 8.77% | - | - | - | - | - | - | - | - | - |
| 44 | December | 31 | 1 | 365 | 0.27% | - | - | - | - | - | - | - | - | - |

45 Total (sum of lines 33-44) - - - - -

| | | | | | | |
|----|--|---|---|--|--|---|
| 46 | Beginning Balance-Total | Worksheet P5-1.46.h | - | Beginning Balance-Total | Worksheet A3-2.76.f | - |
| 47 | Beginning Balance-Not Subject to Proration | Worksheet P5-1.47.h | - | Beginning Balance-Not Subject to Proration | Worksheet A3-2.82.f | - |
| 48 | Beginning Balance-Subject to Proration | (Line 32, Col H) | - | Beginning Balance-Subject to Proration | (Line 32, Col N) | - |
| 49 | Ending Balance-Total | Worksheet P5-1.49.h | - | Ending Balance-Total | Worksheet A3-2.76.g | - |
| 50 | Ending Balance-Not Subject to Proration | Worksheet P5-1.50.h | - | Ending Balance-Not Subject to Proration | Worksheet A3-2.82.g | - |
| 51 | Ending Balance-Subject to Proration | Worksheet P5-1.51.h | - | Ending Balance-Subject to Proration | Worksheet A3-2.79.g | - |
| 52 | Average Balance (See Note 6.) | Line 44 Col H + (Lines 47 + 50 Col H)/2 | - | Average Balance (See Note 6.) | Lines 44 Col N + (Lines 47 + 50 Col N)/2 | - |

| | | | | | |
|----|-------------------------|------------------------|------------|-------------------------|------------------------|
| 53 | Reserved | [Redacted] | [Redacted] | Reserved | [Redacted] |
| 54 | Amount for Attachment H | (Line 52 less line 53) | - | Amount for Attachment H | (Line 52 less line 53) |

55 **Account 283**

**Account
283**

56

| Days in Period | | | | |
|----------------|-------------------|--|--|---|
| (a) | (b) | (c) | (d) | (e) |
| Month | Days in the Month | Number of Days Remaining in Year After Month's Accrual of Deferred Taxes | Total Days in Future Portion of Test Period (Line 18, Col B) | Proration Amount (Lines 6 to 17, Col c / Col d) |

| Projection - Proration of Deferred Tax Activity | | |
|---|--|---|
| (f) | (g) | (h) |
| Projected Monthly Activity ((Line 24 Col h - Line 21 Col h)/12) (See Note 7.) | Prorated Projected Monthly Activity (Lines 6 to 17, Col e x Col f) | Prorated Projected Balance (Line 5, Col h plus Cumulative Sum of Col g) |

| True-up Adjustment - Proration of Projected Deferred Tax Activity and Averaging of Other Deferred Tax Activity | | | | | |
|--|--|--|---|--|---|
| (i) | (j) | (k) | (l) | (m) | (n) |
| Actual Monthly Activity ((Line 24 Col n - Line 21 Col n)/12) (See Note 7.) | Difference between projected and actual monthly activity (See Note 1.) | Preserve proration when actual monthly and projected monthly activity are either both increases or decreases (See Note 2.) | Difference between projected and actual activity when actual and projected activity are either both increases or decreases. (See Note 3.) | Actual activity (Col I) when projected activity is an increase while actual activity is a decrease OR projected activity is a decrease while actual activity is an increase. (See Note 4.) | Balance reflecting proration or averaging (See Note 5.) |

57

58

59

60

61

62

December 31st balance Prorated Items (Worksheet P5-1.59.h)

-

December 31st balance Prorated Items (Worksheet A3-2.126.f)

-

| | | | | |
|----------|----|-----|-----|---------|
| January | 31 | 335 | 365 | 91.78 % |
| February | 28 | 307 | 365 | 84.11 % |
| March | 31 | 276 | 365 | 75.62 % |
| April | | | | 67.40 % |

| | | | | | |
|---|---|---|---|---|---|
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |

| | | | | | | | | | | | | | | |
|----|--|----|-----|-----|---|---|---|---|--|---|---|---|---|---|
| 63 | | 30 | 246 | 365 | % | - | - | - | - | - | - | - | - | - |
| 64 | May | 31 | 215 | 365 | 58.90% | - | - | - | - | - | - | - | - | - |
| 65 | June | 30 | 185 | 365 | 50.68% | - | - | - | - | - | - | - | - | - |
| 66 | July | 31 | 154 | 365 | 42.19% | - | - | - | - | - | - | - | - | - |
| 67 | August | 31 | 123 | 365 | 33.70% | - | - | - | - | - | - | - | - | - |
| 68 | September | 30 | 93 | 365 | 25.48% | - | - | - | - | - | - | - | - | - |
| 69 | October | 31 | 62 | 365 | 16.99% | - | - | - | - | - | - | - | - | - |
| 70 | November | 30 | 32 | 365 | 8.77% | - | - | - | - | - | - | - | - | - |
| 71 | December | 31 | 1 | 365 | 0.27% | - | - | - | - | - | - | - | - | - |
| 72 | Total (sum of Lines 60 - 71) | | 365 | | | - | - | | | - | - | | | |
| 73 | Beginning Balance-Total | | | | Worksheet P5-1.73.h | - | | | Beginning Balance-Total | Worksheet A3-2.123.f | | | | - |
| 74 | Beginning Balance-Not Subject to Proration | | | | Worksheet P5-1.74.h | - | | | Beginning Balance-Not Subject to Proration | Worksheet A3-2.129.f | | | | - |
| 75 | Beginning Balance-Subject to Proration | | | | (Line 59, Col H) | - | | | Beginning Balance-Subject to Proration | (Line 59, Col N) | | | | - |
| 76 | Ending Balance-Total | | | | Worksheet P5-1.76.h | - | | | Ending Balance-Total | Worksheet A3-2.123.g | | | | - |
| 77 | Ending Balance-Not Subject to Proration | | | | Worksheet P5-1.77.h | - | | | Ending Balance-Not Subject to Proration | Worksheet A3-2.129.g | | | | - |
| 78 | Ending Balance-Subject to Proration | | | | Worksheet P5-1.78.h | - | | | Ending Balance-Subject to Proration | Worksheet A3-2.126.g | | | | - |
| 79 | Average Balance (See Note 6.) | | | | Line 71 Col H + (Lines 74 + 77 Col H)/2 | - | | | Average Balance (See Note 6.) | Line 71 Col N + (Lines 74 + 77 Col N)/2 | | | | - |
| 80 | Reserve | | | | | | | | Reserved | | | | | |
| 81 | Amount for Attachment H | | | | (Line 79 less line 80) | - | | | Amount for Attachment H | (Line 79 less line 80) | | | | - |

| | | |
|--|---------------------|---|
| Total Amount for Attachment H | (Lines 27+54+81) | - |
|--|---------------------|---|

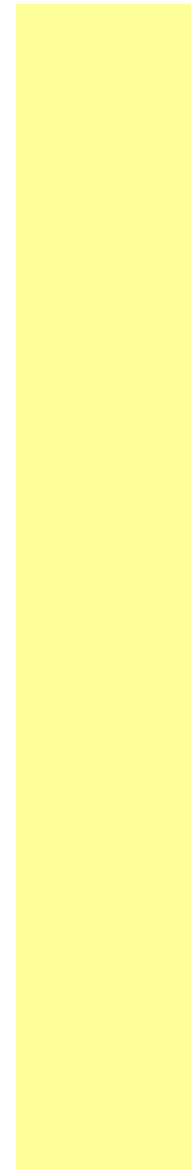
NOTES

- 1) Column J is the difference between projected monthly and actual monthly activity (Column I minus Column F). Specifically, if projected and actual activity are both positive, a negative in Column J represents over-projection (amount of projected activity that did not occur) and a positive in Column J represents under-projection (excess of actual activity over projected activity). If projected and actual activity are both negative, a negative in Column J represents under-projection (excess of actual activity over projected activity) and a positive in Column J represents over-projection (amount of projected activity that did not occur).
- 2) Column K preserves proration when actual monthly and projected monthly activity are either both increases or decreases. Specifically, if Column J is over-projected, enter Column G x [Column I/Column F]. If Column J is under-projected, enter the amount from Column G and complete Column L). In other situations, enter zero.
- 3) Column L applies when (1) Column J is under-projected AND (2) actual monthly and projected monthly activity are either both increases or decreases. Enter the amount from Column J. In other situations, enter zero.
- 4) Column M applies when (1) projected monthly activity is an increase while actual monthly activity is a decrease OR (2) projected monthly activity is a decrease while actual monthly activity is an increase. Enter actual monthly activity (Col I). In other situations, enter zero.
- 5) Column N is computed by adding the prorated monthly activity, if any, from Column K to 50 percent of the portion of monthly activity, if any, from Column L or M to the balance at the end of the prior month. The activity in columns L and M is multiplied by 50 percent to reflect averaging of rate base to the extent that the proration requirement has not been applied to a portion of the monthly activity.
- 6) For the non-property-related component of the balance, the Average Balance is computed using the average of beginning of year and end of year balance. For the property-related component of the balance, the Average Balance is computed as described in Note 5.
- 7) Projected and Actual monthly activity is computed based on the annual activity for the period, divided by 12 months.

El Paso Electric Company
Worksheet A3-2
Accumulated Deferred Income Taxes/Accumulated Deferred Investment Tax Credits - Details
Actuals - For the 12 months ended 12/31/yyyy

| No. | (a) | (b) | (c) | (e) | (f) | (g) | (h) | (i) |
|--|----------|----------------------|----------------------|-----------|----------------------|----------------------|----------------------------|----------------------|
| | | mmm-yyyyy | mmm-yyyy | | mmm-yyyyy | mmm-yyyy | | |
| Line No. | Item | BOY Balance (Note A) | EOY Balance (Note B) | Allocator | BOY Allocated Amount | EOY Allocated Amount | Prorated (Yes/No) (Note E) | Explanation (Note D) |
| ACCOUNT 190 ACCUMULATED DEFERRED INCOME TAXES | | | | | | | | |
| 1 | Reserved | | | 0.000% | - | - | | |
| 2 | Reserved | | | 0.000% | - | - | | |
| 3 | Reserved | | | 0.000% | - | - | | |
| 4 | Reserved | | | 0.000% | - | - | | |
| 5 | Reserved | | | 0.000% | - | - | | |
| 6 | Reserved | | | 0.000% | - | - | | |
| 7 | Reserved | | | 0.000% | - | - | | |
| 8 | Reserved | | | 0.000% | - | - | | |
| 9 | Reserved | | | 0.000% | - | - | | |
| 10 | Reserved | | | 0.000% | - | - | | |
| 11 | Reserved | | | 0.000% | - | - | | |
| 12 | Reserved | | | 0.000% | - | - | | |
| 13 | Reserved | | | 0.000% | - | - | | |

| | | | | |
|----|----------|--------|---|---|
| 14 | Reserved | 0.000% | - | - |
| 15 | Reserved | 0.000% | - | - |
| 16 | Reserved | 0.000% | - | - |
| 17 | Reserved | 0.000% | - | - |
| 18 | Reserved | 0.000% | - | - |
| 19 | Reserved | 0.000% | - | - |
| 20 | Reserved | 0.000% | - | - |
| 21 | Reserved | 0.000% | - | - |
| 22 | Reserved | 0.000% | - | - |
| 23 | Reserved | 0.000% | - | - |
| 24 | Reserved | 0.000% | - | - |
| 25 | Reserved | 0.000% | - | - |
| 26 | Reserved | 0.000% | - | - |
| 27 | Reserved | 0.000% | - | - |
| 28 | Reserved | 0.000% | - | - |
| 29 | Reserved | 0.000% | - | - |
| 30 | Reserved | 0.000% | - | - |
| 31 | Reserved | 0.000% | - | - |
| 32 | Reserved | 0.000% | - | - |



El Paso Electric Company
Worksheet A3-2
Accumulated Deferred Income Taxes/Accumulated Deferred Investment Tax Credits - Details
Actuals - For the 12 months ended 12/31/yyyy

| No. | (a) | (b) | (c) | (e) | (f) | (g) | (h) | (i) |
|----------|----------|-------------------------|-------------------------|-----------|----------------------------|----------------------------|----------------------------------|-------------------------|
| Line No. | Item | BOY Balance (Note A) | EOY Balance (Note B) | Allocator | BOY Allocated Amount | EOY Allocated Amount | Prorated (Yes/No) (Note E) | Explanation (Note D) |
| 33 | Reserved | | | 0.000% | - | - | | |
| 34 | Reserved | | | 0.000% | - | - | | |
| 35 | Reserved | | | 0.000% | - | - | | |
| 36 | Reserved | | | 0.000% | - | - | | |
| 37 | Reserved | | | 0.000% | - | - | | |
| 38 | Reserved | | | 0.000% | - | - | | |
| 39 | Reserved | | | 0.000% | - | - | | |
| 40 | Reserved | | | 0.000% | - | - | | |
| 41 | Reserved | | | 0.000% | - | - | | |
| 42 | Reserved | | | 0.000% | - | - | | |
| 43 | Reserved | | | 0.000% | - | - | | |
| 44 | Reserved | | | 0.000% | - | - | | |
| 45 | Reserved | | | 0.000% | - | - | | |
| 46 | Reserved | | | 0.000% | | | | |

| | | | | | | |
|----|--|---|--------|----------|---|----|
| | | | - | - | | |
| 47 | Reserved | | 0.000% | - | - | |
| 48 | Reserved | | 0.000% | - | - | |
| 49 | Reserved | | 0.000% | - | - | |
| 50 | Reserved | | 0.000% | - | - | |
| 51 | Reserved | | 0.000% | - | - | |
| 52 | Reserved | | 0.000% | - | - | |
| 53 | Reserved | | 0.000% | - | - | |
| 54 | Reserved | | 0.000% | - | - | |
| 55 | Total Account 190 (234.8.b&c) | - | | - | - | |
| | Tax Reg Asset / Liab Adjustments (Note C) | | | | | |
| 56 | Reserved | | 0.000% | - | - | No |
| 57 | Reserved | | 0.000% | - | - | No |
| 58 | Total Account 190 After Adjustments | | | 0 | - | - |
| 59 | Prorated Balances | | | - | - | |
| 60 | Tax Reg Asset / Liab Adjustments | | | - | - | |
| 61 | Prorated Account 190 Balances After Adjustments | | | - | - | |
| 62 | Non-Prorated Balances | | | - | - | |
| 63 | Tax Reg Asset / Liab Adjustments | | | - | - | |
| 64 | Non-Prorated Account 190 Balances After Adjustments | | | - | - | |

El Paso Electric Company
Worksheet A3-2
Accumulated Deferred Income Taxes/Accumulated Deferred Investment Tax Credits - Details
Actuals - For the 12 months ended 12/31/yyyy

| No. | (a) | (b) | (c) | (e) | (f) | (g) | (h) | (i) |
|-----|--|-----|-----|--------|-----|-----|-----|-----|
| | ACCOUNT 282 ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Enter Negative) | | | | | | | |
| 65 | Reserved | | | 0.000% | - | - | | |
| 66 | Reserved | | | 0.000% | - | - | | |
| 67 | Reserved | | | 0.000% | - | - | | |
| 68 | Reserved | | | 0.000% | - | - | | |
| 69 | Reserved | | | 0.000% | - | - | | |
| 70 | Reserved | | | 0.000% | - | - | | |
| 71 | Reserved | | | 0.000% | - | - | | |
| 72 | Reserved | | | 0.000% | - | - | | |
| 73 | Total Account 282 (274.2.b & 275.2.k) | - | - | | - | - | | |
| | Tax Reg Asset / Liab Adjustments (Note C) | | | | | | | |
| 74 | Reserved | | | 0.000% | - | - | | |
| 75 | Reserved | - | - | 0.000% | - | - | | |
| 76 | Total Account 282 After Adjustments Items | | | | - | - | | |
| 77 | Prorated Balances | | | | - | - | | |
| 78 | Tax Reg Asset / Liab Adjustments | | | | - | - | | |

| | | | |
|----|--|---|---|
| 79 | Prorated Account 282 Balances After Adjustments | - | - |
| 80 | Non-Prorated Balances | - | - |
| 81 | Tax Reg Asset / Liab Adjustments | - | - |
| 82 | Non-Prorated Account 282 Balances After Adjustments | - | - |

| ACCOUNT 283 ACCUMULATED DEFERRED INCOME TAXES - OTHER (Enter Negative) | | | |
|--|--|--|--|
|--|--|--|--|

| | | | | |
|----|----------|--------|---|---|
| 83 | Reserved | 0.000% | - | - |
| 84 | Reserved | 0.000% | - | - |
| 85 | Reserved | 0.000% | - | - |
| 86 | Reserved | 0.000% | - | - |
| 87 | Reserved | 0.000% | - | - |
| 88 | Reserved | 0.000% | - | - |
| 89 | Reserved | 0.000% | - | - |
| 90 | Reserved | 0.000% | - | - |
| 91 | Reserved | 0.000% | - | - |
| 92 | Reserved | 0.000% | - | - |
| 93 | Reserved | 0.000% | - | - |
| 94 | Reserved | 0.000% | - | - |
| 95 | Reserved | 0.000% | - | - |
| 96 | Reserved | 0.000% | - | - |
| 97 | Reserved | 0.000% | - | - |
| 98 | Reserved | 0.000% | - | - |

| | | | | | |
|-----|----------|--------|---|---|--|
| 99 | Reserved | 0.000% | - | - | |
| 100 | Reserved | 0.000% | - | - | |

Worksheet A3-2
Accumulated Deferred Income Taxes/Accumulated Deferred Investment Tax Credits - Details
Actuals - For the 12 months ended 12/31/yyyy

| No. | (a) | mm-yyyy | | (e) | mm-yyyy | | (h) | (i) |
|-----|----------|---------|--------------|--------|---------|--------------|-----|-----|
| | | (b) | Dec-2020 (c) | | (f) | Dec-2020 (g) | | |
| 101 | Reserved | | | 0.000% | - | - | | |
| 102 | Reserved | | | 0.000% | - | - | | |
| 103 | Reserved | | | 0.000% | - | - | | |
| 104 | Reserved | | | 0.000% | - | - | | |
| 105 | Reserved | | | 0.000% | - | - | | |
| 106 | Reserved | - | - | 0.000% | - | - | | |
| 107 | Reserved | - | - | 0.000% | - | - | | |
| 108 | Reserved | - | - | 0.000% | - | - | | |
| 109 | Reserved | - | - | 0.000% | - | - | | |
| 110 | Reserved | - | - | 0.000% | - | - | | |
| 111 | Reserved | - | - | 0.000% | - | - | | |
| 112 | Reserved | - | - | 0.000% | - | - | | |
| 113 | Reserved | - | - | 0.000% | - | - | | |
| 114 | Reserved | - | - | 0.000% | - | - | | |
| 115 | Reserved | - | - | 0.000% | - | - | | |
| 116 | Reserved | - | - | 0.000% | - | - | | |
| 117 | Reserved | - | - | 0.000% | - | - | | |
| 118 | Reserved | | | 0.000% | | | | |

| | | | | | | | |
|-----|---|---|---|--------|----------|---|---|
| | | - | - | | - | - | |
| 119 | Reserved | - | - | 0.000% | - | - | |
| 120 | Total Account 283 (276.9.b & 277.9.k) | - | - | | - | - | |
| | Tax Reg Asset / Liab Adjustments (Note C) | | | | | | |
| 121 | Reserved | | | 0.000% | - | - | |
| 122 | Reserved | | | 0.000% | - | - | |
| 123 | Total Account 283 After Adjustments | | | | - | - | |
| 124 | Prorated Balances | | | | - | - | |
| 125 | Tax Reg Asset / Liab Adjustments | | | | - | - | |
| 126 | Prorated Account 283 Balances After Adjustments | | | | - | - | |
| 127 | Non-Prorated Balances | | | | - | - | |
| 128 | Tax Reg Asset / Liab Adjustments | | | | - | - | |
| 129 | Non-Prorated Account 283 Balances After Adjustments | | | | - | - | |
| | ACCOUNT 255: ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Enter Negative) (Note F) | | | | | | |
| 130 | Intangible | | | W/S | 0.000% | - | - |
| 131 | Production | | | NA | 0.000% | - | - |
| 132 | Transmission | | | DA | 100.000% | - | - |
| 133 | Distribution | | | NA | 0.000% | - | - |
| 134 | General Plant | | | W/S | 0.000% | - | - |
| 135 | Total Account 255 (266.8.b & 267.8.h) | - | - | | | - | - |
| 136 | Unrealized ITC Adjustment | | | | | | |
| 137 | Account 255 balance after | | | | | | |

| | | |
|---|---|-------|
| Unrealized Adjustment | - | - |
| Average ITC Balance for Attachment H | | <hr/> |
| 138 | | - |

El Paso Electric Company
Worksheet A3-2
Accumulated Deferred Income Taxes/Accumulated Deferred Investment Tax Credits - Details
Actuals - For the 12 months ended 12/31/yyyy

Notes:

- A Beginning of Year ("BOY") balance is end of previous year balance per FERC Form No. 1.
- B End of Year ("EOY") balance is end of current year balance per FERC Form No. 1.
- C The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts associated with tax-related regulatory assets and liabilities other than excess / deficient deferred income taxes ("EDIT"). EDIT is calculated in schedules A8-1 and A8-2 and presented in Att-H separately from ADIT.
- D Each ADIT item is categorized into 1 of 7 categories. The selected category will determine the Allocator applied to the ADIT balance.
 - 1) Prod: The ADIT balance is 100% related to production of electricity and the NA Allocator is applied.
 - 2) Retail: The ADIT balance is 100% related to retail operations and the NA Allocator is applied.
 - 3) ONT: Other 100% Non-Transmission (Items other than Prod & Retail) related ADIT for which the NA Allocator is applied. Such items shall include:
 - ADIT related to the Income Tax Regulatory Assets and Liabilities
 - Any other ADIT if not separately removed in other categories that relates to regulatory assets and liabilities that are not included in rate base.
 - 4) Trans: The ADIT balance is 100% related to transmission operations and the DA Allocator is applied.
 - 5) Plant: The ADIT balance is related to Property, Plant, & Equipment "PP&E" and the NP Allocator is applied.
 - 6) NPO: ADIT balances other than PP&E where the NP Allocator is applied.
 - 7) Labor: The ADIT balance is labor related and the W/S Allocator is applied.
- E Each ADIT Item must be categorized into balances that require proration and those that do not. ADIT items with a "Plant" Explanation code will be designated "Yes" for proration treatment and all other Items will be designated "No".
- F The Company has elected and applied the second option for accounting for investment tax credits ("ITC") under Internal Revenue Code 46(f) and the regulations thereunder to apply a cost of service adjustment to reduce tax expense no more rapidly than ratably. Under option 2, there is no rate base reduction for the unamortized balance of the ITC.

El Paso Electric Company

Worksheet A4

Rate Base Worksheet

Actuals - For the 12 months ended 12/31/yyyy

Gross Plant In Service

| Line No | Month (a) | Production (b) | Transmission (c) | Distribution (d) | General (e) | Intangible (f) | Total Plant (g) | Common (h) |
|---------|-----------------------|----------------|------------------|------------------|-------------|----------------|-----------------|------------|
| | FN1 Reference for Dec | 205.46.g | 207.58.g | 207.75.g | 207.99.g | 205.5.g | 207.100.g | 356.1 |
| 1 | December Prior Year | | | | | | | |
| 2 | January | | | | | | | |
| 3 | February | | | | | | | |
| 4 | March | | | | | | | |
| 5 | April | | | | | | | |
| 6 | May | | | | | | | |
| 7 | June | | | | | | | |
| 8 | July | | | | | | | |
| 9 | August | | | | | | | |
| 10 | September | | | | | | | |
| 11 | October | | | | | | | |
| 12 | November | | | | | | | |
| 13 | December | | | | | | | |
| | Average of the 13 | | | | | | | |
| 14 | Monthly Balances | - | - | - | - | - | - | - |

Gross Plant In Service - Asset Retirement Costs

| Month (a) | Production (b) | Transmission (c) | Distribution (d) | General (e) | Reserved (f) | Total Plant (g) | Common (h) |
|-----------------------|---------------------|------------------|------------------|-------------|--------------|-----------------|------------|
| FN1 Reference for Dec | 205.15.g+205.44.g | 207.57.g | 207.74.g | 207.98.g | | | |
| 15 | December Prior Year | | | | | | |
| 16 | January | | | | | | |
| 17 | February | | | | | | |
| 18 | March | | | | | | |

| | | | | | | | | | |
|----|-------------------|---|---|---|---|---|---|---|---|
| 19 | April | | | | | | | | |
| 20 | May | | | | | | | | |
| 21 | June | | | | | | | | |
| 22 | July | | | | | | | | |
| 23 | August | | | | | | | | |
| 24 | September | | | | | | | | |
| 25 | October | | | | | | | | |
| 26 | November | | | | | | | | |
| 27 | December | | | | | | | | |
| | Average of the 13 | | | | | | | | |
| 28 | Monthly Balances | - | - | - | - | - | - | - | - |

El Paso Electric Company
Worksheet A4
Rate Base Worksheet
Actuals - For the 12 months ended 12/31/yyyy

| Accumulated Depreciation Account 108 | | | | | | | | |
|---|------------------------------------|----------------|------------------|------------------|-------------|--------------|-----------------|------------|
| Line No | Month (a) | Production (b) | Transmission (c) | Distribution (d) | General (e) | Reserved (f) | Total Plant (g) | Common (h) |
| | FN1 Reference for Dec | 219.20-24.c | 219.25.c | 219.26.c | 219.28.c | | 219.29.c | 356.1 |
| 1 | December Prior Year | | | | | | | |
| 2 | January | | | | | | | |
| 3 | February | | | | | | | |
| 4 | March | | | | | | | |
| 5 | April | | | | | | | |
| 6 | May | | | | | | | |
| 7 | June | | | | | | | |
| 8 | July | | | | | | | |
| 9 | August | | | | | | | |
| 10 | September | | | | | | | |
| 11 | October | | | | | | | |
| 12 | November | | | | | | | |
| 13 | December | | | | | | | |
| 14 | Average of the 13 Monthly Balances | - | - | - | - | - | - | - |

| Accumulated Depreciation Account 111 | | | | | | | | |
|---|-----------------------|----------------|------------------|------------------|-------------|----------------|-----------------|------------|
| Line No | Month (a) | Production (b) | Transmission (c) | Distribution (d) | General (e) | Intangible (f) | Total Plant (g) | Common (h) |
| | FN1 Reference for Dec | 200.21.c.fn | 200.21.c.fn | 200.21.c.fn | 200.21.c.fn | 200.21.c.fn | | 356.1 |
| 15 | December Prior Year | | | | | | | |
| 16 | January | | | | | | | |

| | | | | | | | | |
|----|-------------------|---|---|---|---|---|---|---|
| 17 | February | | | | | | | |
| 18 | March | | | | | | | |
| 19 | April | | | | | | | |
| 20 | May | | | | | | | |
| 21 | June | | | | | | | |
| 22 | July | | | | | | | |
| 23 | August | | | | | | | |
| 24 | September | | | | | | | |
| 25 | October | | | | | | | |
| 26 | November | | | | | | | |
| 27 | December | | | | | | | |
| | Average of the 13 | | | | | | | |
| 28 | Monthly Balances | - | - | - | - | - | - | - |

Accumulated Depreciation Account 108/111 - Asset Retirement Cost Accumulated Depreciation

| | Month | Production | Transmission | Distribution | General | Intangible | Total Plant | Comm |
|----|-------------------|-------------------|---------------------|---------------------|----------------|-------------------|--------------------|-------------|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | on |
| | | | | | | | | (h) |
| | FN1 Reference for | | | | | | | |
| | Dec | | | | | | | |
| | December Prior | | | | | | | |
| 29 | Year | | | | | | | |
| 30 | January | | | | | | | |
| 31 | February | | | | | | | |
| 32 | March | | | | | | | |
| 33 | April | | | | | | | |
| 34 | May | | | | | | | |
| 35 | June | | | | | | | |
| 36 | July | | | | | | | |
| 37 | August | | | | | | | |
| 38 | September | | | | | | | |
| 39 | October | | | | | | | |
| 40 | November | | | | | | | |
| 41 | December | | | | | | | |
| | Average of the 13 | | | | | | | |
| 42 | Monthly Balances | - | - | - | - | - | - | - |

Page 3 of 4
El Paso Electric Company
Worksheet A4
Rate Base Worksheet
Actuals - For the 12 months ended 12/31/yyyy

| Line No | Month (a) | Adjustments to Rate Base | | CWIP | LHFFU |
|---------|--|--|--|---------------------------------|---|
| | | Unamortized Regulatory Asset (b) (Note A) | Unamortized Abandoned Plant (c) (Notes B & F) | CWIP (Note C) (d) 216.x.b | Land Held for Future Use (Note D) (e) 214.x.d |
| 1 | FN1 Reference for Dec December Prior Year | - | - | - | - |
| 2 | January | - | - | - | - |
| 3 | February | - | - | - | - |
| 4 | March | - | - | - | - |
| 5 | April | - | - | - | - |
| 6 | May | - | - | - | - |
| 7 | June | - | - | - | - |
| 8 | July | - | - | - | - |
| 9 | August | - | - | - | - |
| 10 | September | - | - | - | - |
| 11 | October | - | - | - | - |
| 12 | November | - | - | - | - |
| 13 | December | - | - | - | - |
| 14 | Average of the 13 Monthly Balances - | - | - | - | - |

Working Capital

| Line No | Month (a) | Materials & Supplies: Transmission Plant (b) | Materials & Supplies: Stores Expense Undistributed (c) | Materials & Supplies: Construction (d) | Materials & Supplies (e) | Prepayments (f) |
|---------|--------------------------------------|--|--|--|--------------------------|-----------------|
| | FN1 Reference for Dec | 227.8.c | 227.16.c | 227.5.c | Total (Note E) | 111.57.c |
| | Allocator | 1.00000 | - | - | | |
| 15 | December Prior Year | | | - | - | |
| 16 | January | | | | - | |
| 17 | February | | | | - | |
| 18 | March | | | | - | |
| 19 | April | | | | - | |
| 20 | May | | | | - | |
| 21 | June | | | | - | |
| 22 | July | | | | - | |
| 23 | August | | | | - | |
| 24 | September | | | | - | |
| 25 | October | | | | - | |
| 26 | November | | | | - | |
| 27 | December | | | | - | |
| 28 | Average of the 13 Monthly Balances - | - | - | - | - | - |

**El Paso Electric Company
Worksheet A4
Rate Base Worksheet
Actuals - For the 12 months ended 12/31/yyyy**

| Unfunded Reserves (Note F) | | | |
|-----------------------------------|--------|---|---|
| (a) | (b) | (c) | (d) |
| List of all reserves: | Amount | Allocation (Plant or Labor Allocator) | Amount Allocated, col. (b) x col.(c) |
| 1 | | | |
| 2 | - | 0.000% | - |
| 3 | - | 0.000% | - |
| 4 | - | 0.000% | - |
| 5 | - | 0.000% | - |
| 6 | - | 0.000% | - |
| 7 | - | 0.000% | - |
| 8 | - | 0.000% | - |
| 9 | - | 0.000% | - |
| 10 | - | | - |

Notes:

- A Recovery of any regulatory asset is limited to such regulatory assets authorized by FERC.
- B Recovery of abandoned plant is limited to any abandoned plant recovery authorized by FERC and will be zero until the Commission accepts or approves recovery of the cost of abandoned plant.
- C Includes only CWIP authorized by the Commission for inclusion in rate base. The annual report filed pursuant to the Protocols will include for each project under construction (i) the CWIP balance eligible for inclusion in rate base; (ii) the CWIP balance ineligible for inclusion in rate base; and (iii) a demonstration that AFUDC is only applied to the CWIP balance that is not included in rate base. The annual report will reconcile the project-specific CWIP balances to the total Account 107 CWIP balance reported on p. 216.b of the FERC Form 1. The demonstration in (iii) above will show that

monthly debts and credits do not contain entries for AFUDC for each CWIP project in rate base.

- D Transmission related only.
- E M&S allocation: Direct Assign 227.8.c at 100%, plus 227.1.c and 227.5.c allocated on Labor (W/S) from Actual Attachment H page 4 line 16.
- F The Formula Rate shall include a credit to rate base for unfunded reserves within accounts 228.2, 242, and 253 (funds collected from customers that (1) have not been set aside in a trust, escrow or restricted account; (2) whose balance are collected from customers through cost accruals to accounts that are recovered under the Formula Rate; and (3) exclude the portion of any balance offset by a balance sheet account). Each unfunded reserve will be included on lines 1-9 above. The allocator in Col. (c) will be the same allocator used in the formula for the cost accruals to the account that is recovered under the Formula Rate. Reserves can be created by capital contributions from customers, by debiting the reserve and crediting a liability, or a combination of customer capital contribution and offsetting liability. Only the portion of a reserve that was created by customer contributions should be a reduction to rate base. Amounts will be calculated on 13-month average balances.

**El Paso Electric Company
Worksheet A5
Depreciation Rates**

| Line No. | Plant Type | Rates |
|-------------|--|--------|
| 1 | Transmission Plant | |
| 2 | 350.00 Land Rights | 0.99% |
| 3 | 352.00 Structures and Improvements | 1.33% |
| 4 | 353.00 Station Equipment | 1.00% |
| 5 | 354.00 Towers and Fixtures | 1.29% |
| 6 | 355.00 Poles and Fixtures | 1.76% |
| 7 | 356.00 Overhead Conductors & Devices | 1.36% |
| 8 | 359.00 Roads and Trails | 1.05% |
| | General Plant | |
| 9 | 390.00 Structures and Improvements-Other | 1.06% |
| 10 | 390.00 Stanton Tower | 1.80% |
| 11 | 390.00 System Operations Building | 2.29% |
| 12 | 390.00 Eastside Operations Center | 1.74% |
| 13 | 391.00 Office Furniture and Equipment | 1.71% |
| 14 | 391.20 Network Equipment | 20.00% |
| 15 | 392-C0 Transportation Equipment - Remotes | 10.37% |
| 16 | 392.C1 Transportation Equipment - C1 0 - 8,500 LBS | 10.37% |
| 17 | 392.C2 Transportation Equipment - C2 8,500 - 10,000 LBS | 10.37% |
| 18 | 392.C3 Transportation Equipment - C3 10,001 - 14,000 LBS | 10.37% |
| 19 | 392.C4 Transportation Equipment -C4 14,001 - 16,000 LBS | 10.37% |
| 20 | 392.C5 Transportation Equipment - C5 16,001 - 19,500 LBS | 10.37% |
| 21 | 392.C6 Transportation Equipment - C6 19,501 - 26,000 LBS | 10.37% |
| 22 | 392.C7 Transportation Equipment - C7 26,001 - 33,000 LBS | 10.37% |
| 23 | 392.C8 Transportation Equipment - C8 over 33,000 | 10.37% |
| 24 | 392.C9 Transportation Equipment - C9 Trailers | 10.37% |
| 25 | 393.00 Stores Equipment | 3.96% |
| 26 | 394.00 Tools, Shop and Garage Equipment | 3.83% |
| 27 | 395.00 Laboratory Equipment | 6.47% |
| 28 | 396.00 Power Operated Equipment | 4.58% |
| 29 | 397.20 Telecommunication Equipment | 6.48% |
| 30 | 398.00 Miscellaneous Equipment | 6.65% |

NOTES

A 12-CP average includes all but Short Term Firm
Point to Point

| | | | | | | | | | | | |
|----|----|----|----|----|----|----|----|----|----|----|----|
| 15 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 16 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 17 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 18 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 19 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 20 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 21 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 22 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 23 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 24 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 25 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 26 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 27 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 28 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 29 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 30 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 31 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 32 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |

Notes

- A Special depreciation rates may be utilized for specific incentive transmission projects if approved by the FERC.
- B Incentive ROE requires authorization by the Commission

El Paso Electric Company
Worksheet A8-1
Excess / Deficient Deferred Income Taxes ("EDIT")
Actuals - For the 12 months ended 12/31/yyyy

Proration Used for Projected Revenue Requirement Calculation

Proration Used for True-up Revenue Requirement Calculation

**EDIT included within
Accounts 182.3 & 254**

**EDIT included within Accounts
182.3 & 254**

| Days in Period | | | | |
|----------------|-------------------|--|--|---|
| (a) | (b) | (c) | (d) | (e) |
| Month | Days in the Month | Number of Days Remaining in Year After Month's Accrual of Deferred Taxes | Total Days in Future Portion of Test Period (Line 18, Col b) | Proration Amount (Lines 6 to 17, Col c / Col d) |

| Projection - Proration of Deferred Tax Activity | | |
|---|--|---|
| (f) | (g) | (h) |
| Projected Monthly Activity ((Line 24 Col h - Line 21 Col h)/12) (See Note 7.) | Prorated Projected Monthly Activity (Lines 6 to 17, Col e x Col f) | Prorated Projected Balance (Line 5, Col h plus Cumulative Sum of Col g) |

| True-up Adjustment - Proration of Projected Deferred Tax Activity and Averaging of Other Deferred Tax Activity | | | | | |
|--|--|---|---|--|---|
| (i) | (j) | (k) | (l) | (m) | (n) |
| Actual Monthly Activity ((Line 24 Col n - Line 21 Col n)/12) (See Note 7.) | Difference between projected monthly and actual monthly activity (See Note 1.) | Preserve proration when actual monthly and projected monthly activity are either both increases or decreases. (See Note 2.) | Difference between projected and actual activity when actual and projected activity are either both increases or decreases. (See Note 3.) | Actual activity (Col l) when projected activity is an increase while actual activity is a decrease OR projected activity is a decrease while actual activity is an increase. (See Note 4.) | Balance reflecting proration or averaging (See Note 5.) |

December 31st balance Prorated Items (Worksheet P6-1.5h)

December 31st balance Prorated Items (Worksheet A8-2.61.g)

| | | | | |
|----------|----|-----|-----|-------|
| 91.78 | | | | |
| January | 31 | 335 | 365 | % |
| February | | | | 84.11 |

-

-

-

-

-

-

-

-

-

-

-

| | | | | | | | | | | | | | | |
|----|---------------------------|-----|-----|-----|--------|---|---|---|---|---|---|---|---|---|
| 7 | y | 28 | 307 | 365 | % | - | - | - | - | - | - | - | - | - |
| 8 | March | 31 | 276 | 365 | 75.62% | - | - | - | - | - | - | - | - | - |
| 9 | April | 30 | 246 | 365 | 67.40% | - | - | - | - | - | - | - | - | - |
| 10 | May | 31 | 215 | 365 | 58.90% | - | - | - | - | - | - | - | - | - |
| 11 | June | 30 | 185 | 365 | 50.68% | - | - | - | - | - | - | - | - | - |
| 12 | July | 31 | 154 | 365 | 42.19% | - | - | - | - | - | - | - | - | - |
| 13 | August | 31 | 123 | 365 | 33.70% | - | - | - | - | - | - | - | - | - |
| 14 | September | 30 | 93 | 365 | 25.48% | - | - | - | - | - | - | - | - | - |
| 15 | October | 31 | 62 | 365 | 16.99% | - | - | - | - | - | - | - | - | - |
| 16 | November | 30 | 32 | 365 | 8.77% | - | - | - | - | - | - | - | - | - |
| 17 | December | 31 | 1 | 365 | 0.27% | - | - | - | - | - | - | - | - | - |
| 18 | Total (sum of Lines 6-17) | 365 | | | | - | - | | - | - | - | - | - | |

| | | | | | | | | | | | | | |
|----|--|--|--|--|--|--|--|--|---|---------------------|--|---------------------|---|
| 19 | Beginning Balance-Total | | | | | | | | - | Worksheet P6-1.19.h | Beginning Balance-Total | Worksheet A8-2.62.g | - |
| 20 | Beginning Balance-Not Subject to Proration | | | | | | | | - | Worksheet P6-1.20.h | Beginning Balance-Not Subject to Proration | Worksheet A8-2.55.g | - |
| 22 | Beginning Balance-Subject to Proration | | | | | | | | - | (Line 5, Col H) | Beginning Balance-Subject to Proration | (Line 5, Col H) | - |

| | | | | | | |
|---|----------------------------|--------------------------------|---|---|--------------------|---|
| 1 | | | | Proration | | |
| 2 | Ending | | - | | Worksheet | |
| 2 | Balance-Total | Worksheet P6-1.22.h | | Ending Balance-Total | A8-2.62 | - |
| 2 | Ending Balance-Not Subject | | - | | Worksheet | |
| 3 | to Proration | Worksheet P6-1.23.h | | Ending Balance-Not Subject to Proration | A8-2.55 | - |
| 2 | Ending Balance-Subject to | | - | | Worksheet | |
| 4 | Proration | Worksheet P6-1.24.h | | Ending Balance-Subject to Proration | A8-2.61 | - |
| 2 | Average | | | | Line 17 Col N + | |
| 2 | Balance (See | Line 17 Col N + (Lines 20 + 23 | - | Average Balance (See | (Lines 20 + 23 Col | - |
| 5 | Note 6.) | Col N)/2 | | Note 6.) | N)/2 | |
| 2 | Reserve | Reser | | | Reserve | |
| 6 | d | ved | | Reserved | d | |
| 2 | Amount for | | | | (Line 25 | |
| 7 | Attachment H | (Line 25 less line 26) | - | Amount for Attachment H | less line 26) | - |

NOTES

1 Column J is the difference between projected monthly and actual monthly activity (Column I minus Column F). Specifically, if projected and actual activity are both positive, a negative in Column J represents over-projection (amount of projected activity that did not occur) and a positive in Column J represents under-projection (excess of actual activity over projected activity). If projected and actual activity are both negative, a negative in Column J represents under-projection (excess of actual activity over projected activity) and a positive in Column J represents over-projection (amount of projected activity that did not occur).

2 Column K preserves proration when actual monthly and projected monthly activity are either both increases or decreases. Specifically, if Column J is over-projected, enter Column G x [Column I/Column F]. If Column J is under-projected, enter the amount from Column G and complete Column L). In other situations, enter zero.

3 Column L applies when (1) Column J is under-projected AND (2) actual monthly and projected monthly activity are either both increases or decreases. Enter the amount from Column J. In other situations, enter zero.

4 Column M applies when (1) projected monthly activity is an increase while actual monthly activity is a decrease OR (2) projected monthly activity is a decrease while actual monthly activity is an increase. Enter actual monthly activity (Col I). In other situations, enter zero.

5 Column N is computed by adding the prorated monthly activity, if any, from Column K to 50 percent of the portion of monthly activity, if any, from Column L or M to the balance at the end of the prior month. The activity in columns L and M is multiplied by 50 percent to reflect averaging of rate base to the extent that the proration requirement has not been applied to a portion of the monthly activity.

6 For the non-property-related component of the balance, the Average Balance is computed using the average of beginning of year and end of year balance.

6 For the property-related component of the balance, the Average Balance is computed as described in Note 5.

Projected and Actual monthly activity is computed based on the annual activity for the period, divided by 12 months.

El Paso Electric Company
Worksheet A8-2
Accumulated Excess / Deficient Deferred Income Taxes ("EDIT")
Actuals - For the 12 months ended 12/31/yyyy

| No. | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) |
|-----|-----|----------|------|------|----------|-----|----------|------|----------|-----|-----|-----|
| | | Dec-2019 | 2020 | 2020 | Dec-2020 | | Dec-2019 | 2020 | Dec-2020 | | | |

| Line No. | Item | BOY Balance (Note D) | Current Period Amortization | Current Period Other Activity (Note C) | EOY Balance (Note D) | Allocator | BOY Allocated Amount | Amortization Allocated | EOY Allocated Amount | Prorated (Yes/No) (Note B) | Amort Period or Method | Explanation (Note A) |
|----------|------|----------------------|-----------------------------|--|----------------------|-----------|----------------------|------------------------|----------------------|----------------------------|------------------------|----------------------|
|----------|------|----------------------|-----------------------------|--|----------------------|-----------|----------------------|------------------------|----------------------|----------------------------|------------------------|----------------------|

NON-PLANT UNPROTECTED EDIT INCLUDED WITHIN ACCOUNTS 182.3 & 254

| | | | | | | | | | | | | |
|----|----------|--|--|--|--|-------|---|---|---|---|--|--|
| 1 | Reserved | | | | | 0.000 | % | - | - | - | | |
| 2 | Reserved | | | | | 0.000 | % | - | - | - | | |
| 3 | Reserved | | | | | 0.000 | % | - | - | - | | |
| 4 | Reserved | | | | | 0.000 | % | - | - | - | | |
| 5 | Reserved | | | | | 0.000 | % | - | - | - | | |
| 6 | Reserved | | | | | 0.000 | % | - | - | - | | |
| 7 | Reserved | | | | | 0.000 | % | - | - | - | | |
| 8 | Reserved | | | | | 0.000 | % | - | - | - | | |
| 9 | Reserved | | | | | 0.000 | % | - | - | - | | |
| 10 | Reserved | | | | | 0.000 | % | - | - | - | | |
| 11 | Reserved | | | | | 0.000 | % | - | - | - | | |

| | | | | | |
|----|----------|-------|---|---|---|
| 12 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 13 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 14 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 15 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 16 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 17 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 18 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 19 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 20 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 21 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 22 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 23 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 24 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 25 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 26 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 27 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 28 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 29 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 30 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 31 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 32 | Reserved | 0.000 | | | |
| | | % | - | - | - |
| 33 | Reserved | 0.000 | | | |
| | | % | - | - | - |

| | | | | | | |
|----|----------|-------|---|---|---|--|
| 34 | Reserved | 0.000 | | | | |
| | | % | - | - | - | |
| 35 | Reserved | 0.000 | | | | |
| | | % | - | - | - | |
| 36 | Reserved | 0.000 | | | | |
| | | % | - | - | - | |
| 37 | Reserved | 0.000 | | | | |
| | | % | - | - | - | |
| 38 | Reserved | 0.000 | | | | |
| | | % | - | - | - | |
| 39 | Reserved | 0.000 | | | | |
| | | % | - | - | - | |
| 40 | Reserved | 0.000 | | | | |
| | | % | - | - | - | |

El Paso Electric Company
Worksheet A8-2
Accumulated Excess / Deficient Deferred Income Taxes ("EDIT")
Actuals - For the 12 months ended 12/31/yyyy

| No. | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) |
|----------|---|----------------------------|-----------------------------------|--|-------------------------------|-----------|----------------------------|-----------------------------------|--------------------------------|---|------------------------------|--------------------------------|
| Line No. | Item | BOY Balance (Note D) | Current Period Amortization | Current Period Other Activity (Note C) | EOY Balance (Note D) | Allocator | BOY Allocated Amount | Amorti zation Allocat ed | EOY Allocat ed Amount | Prorat ed (Yes/N o) (Note B) | Amort Period or Method | Expla nation (Note A) |
| 41 | Reserved | | | | | 0.000% | - | - | - | | | |
| 42 | Reserved | | | | | 0.000% | - | - | - | | | |
| 43 | Reserved | | | | | 0.000% | - | - | - | | | |
| 44 | Reserved | | | | | 0.000% | - | - | - | | | |
| 45 | Reserved | | | | | 0.000% | - | - | - | | | |
| 46 | Reserved | | | | | 0.000% | - | - | - | | | |
| 47 | Reserved | | | | | 0.000% | - | - | - | | | |
| 48 | Reserved | | | | | 0.000% | - | - | - | | | |
| 53 | Reserved | | | | | 0.000% | - | - | - | | | |
| 54 | Reserved | | | | | 0.000% | - | - | - | | | |
| 55 | Total Non Plant Unprotect ed | - | - | - | - | | - | - | - | | | |

PLANT EDIT INCLUDED WITHIN ACCOUNTS 182.3 & 254

| | | | | | | | | | |
|----|---|---|---|---|---|--------|---|---|---|
| 56 | Reserved | | | | | 0.000% | - | - | - |
| 57 | Reserved | | | | | 0.000% | - | - | - |
| 58 | Reserved | | | | | 0.000% | - | - | - |
| 59 | Reserved | | | | | 0.000% | - | - | - |
| 60 | Reserved | | | | | 0.000% | - | - | - |
| 61 | Total Plant | - | - | - | - | | - | - | - |
| | Total Excess/Deficient Deferred Income Taxes | | | | | | | | |
| 62 | | - | - | - | - | | - | - | - |

Notes:

- A Each EDIT item is categorized into 1 of 7 categories. The selected category will will determine the Allocator applied to the EDIT balance.
- 1) Prod: The EDIT balance is 100% related to production of electricity and the NA Allocator is applied.
 - 2) Retail: The EDIT balance is 100% related to retail operations and the NA Allocator is applied.
 - 3) ONT: Other 100% Non-Transmission (Items other than Prod & Retail) related EDIT for which the NA Allocator is applied. Such items shall include:
 - EDIT related to Pension and PBOP
 - Any other EDIT if not separately removed in other categories that relates to regulatory assets and liabilities that are not included in rate base.
 - 4) Trans: The EDIT balance is 100% related to transmission operations and the DA Allocator is applied.
 - 5) Plant: The EDIT balance is related to Property, Plant, & Equipment "PP&E" and the NP Allocator is applied.
 - 6) NPO: EDIT balances other than PP&E where the NP Allocator is applied.
 - 7) Labor: The EDIT balance is labor related and the W/S Allocator is applied.
- B Each EDIT Item must be categorized into balances that require proration and those that do not. EDIT items with a "Plant" Explanation code will be designated "Yes" for proration treatment and all other Items will be designated "No".
- C Includes the impact of tax rate changes enacted during the period.
- D EDIT balances exclude income tax gross-ups recorded to accounts 182.3 and 254

El Paso Electric Company
Worksheet A9
Cost of Capital Worksheet
Actuals - For the 12 months ended 12/31/yyyy

PROPRIETARY CAPITAL

Page 1 of 1

| Line No | Month (a) | Preferred Stock Issued (204) (b) | Unappropriated Undistributed Subsidiary Earnings (216.1) (c) | Accumulated Other Comprehensive Income (219) (d) | Total Proprietary Capital (e) |
|---------|------------------------------------|----------------------------------|--|--|-------------------------------|
| | FN1 Reference for Dec | 112.3.c | 112.12.c | 112.15.c | 112.16.c |
| 1 | December Prior Year | - | - | | |
| 2 | January | | | | |
| 3 | February | | | | |
| 4 | March | | | | |
| 5 | April | | | | |
| 6 | May | | | | |
| 7 | June | | | | |
| 8 | July | | | | |
| 9 | August | | | | |
| 10 | September | | | | |
| 11 | October | | | | |
| 12 | November | | | | |
| 13 | December | | | | |
| 14 | Average of the 13 Monthly Balances | - | - | - | - |

LONG TERM DEBT

| Line No | Month (f) | Total Long Term Debt (221 - 222 + 223 + 224 + 225 - 226) (g) | Unamortized Debt Expenses (181) (h) | Unamortized Loss on Reacquired Debt (189) (i) | Unamortized Gain on Reacquired Debt (257) (j) | Total (g - h - i + j) (k) |
|---------|-----------------------|--|-------------------------------------|---|---|---------------------------|
| | FN1 Reference for Dec | 112.24.c | 111.69.c | 111.81c | 113.61.c | |
| 15 | December Prior Year | | | | | |

| | | | | | | |
|----|------------------------------------|---|---|---|---|---|
| 16 | January | - | - | - | - | - |
| 17 | February | - | - | - | - | - |
| 18 | March | - | - | - | - | - |
| 19 | April | - | - | - | - | - |
| 20 | May | - | - | - | - | - |
| 21 | June | - | - | - | - | - |
| 22 | July | - | - | - | - | - |
| 23 | August | - | - | - | - | - |
| 24 | September | - | - | - | - | - |
| 25 | October | - | - | - | - | - |
| 26 | November | - | - | - | - | - |
| 27 | December | - | - | - | - | - |
| 28 | Average of the 13 Monthly Balances | - | - | - | - | - |

El Paso Electric Company
Worksheet TU
True-Up Adjustment
Actuals - For the 12 months ended 12/31/yyyy

| Line # | Timeline | <u>Step</u> | <u>Year</u> | <u>Action</u> | <u>Total Amount</u> |
|--------|---|-------------|-------------|---|---------------------|
| 1 | | | | | |
| 2 | | 1 | Year 0 | EPE populates the formula rate using projected costs for Year 1 | |
| 3 | | 2 | Year 0 | Post results of Step 1 | |
| 4 | | 3 | Year 1 | Results of Step 2 go into effect. | |
| 5 | | 4 | Year 1 | EPE populates the formula rate using projected costs for Year 2 | |
| 6 | | 5 | Year 1 | Post results of Step 4 | |
| 7 | | 6 | Year 2 | Results of Step 5 go into effect. | |
| 8 | | 7 | Year 2 | EPE populates the formula rate using actual costs for Year 1 | |
| 9 | | 8 | Year 2 | EPE compiles actual formula rate revenues booked for Year 1 | |
| 10 | | 9 | Year 2 | Calculate the difference between the formula rate calculated in Step 7 and Step 8 | |
| 11 | | 10 | Year 2 | Post results from Step 8 and Step 9 | |
| 12 | | 11 | Year 2 | EPE populates the formula rate using projected costs for Year 3, including True-Up Adj for Year 1 | |
| 13 | | 12 | Year 2 | Post results of Step 11 | |
| 14 | | | | | |
| 15 | Revenue Amount Comparison | | | | |
| 16 | | | | | |
| 17 | Actual Revenue Requirements from Step 7 | | | Notes A and E | \$ - |
| 18 | Actual Revenues booked from Step 8 | | | Notes B and E | \$ - |
| 19 | Prior Period Adjustment | | | Notes C and | \$ - |

| | | | |
|----|----------------------------------|--------------------|----|
| | | E | - |
| | | Line 17 - Line18 + | \$ |
| 20 | True-up Amount (before Interest) | Line 19 | - |
| 21 | | | |
| 22 | True Up Adjustment | | |
| 23 | | | |
| | | | \$ |
| 24 | True-Up Amount before Interest | Line 20 | - |
| 25 | Interest on True-up Amount | Line 70 | - |
| | | Line 20 + | \$ |
| 26 | True-Up Adjustment | Line 70 | - |

El Paso Electric Company
Worksheet TU
True-Up Adjustment
Actuals - For the 12 months ended 12/31/yyyy

Line

#

27 **Interest Calculation**

28

29

30

31

32

33

34

35

36

37

38

**FERC
Qtr Int.
Rate**

Note D

Rate

Qtr (3 Prior to Most
Recent)

Annual Rate

0.00%

Qtr (2 Prior to Most
Recent)

Annual Rate

0.00%

Qtr (Prior to Most
Recent)

Annual Rate

0.00%

Qtr (Most
Recent)

Annual Rate

0.00%

Average of the last 4
quarters

(Sum Lines
30-33 / 4)

0.00%

Average Monthly Rate

Line 34 / 12

0.0000%

An over or under collection will be recovered pro-rata over year collected, held for one year, and returned prorata over next year:

39

40

41

42

43

44

Year

Month

**Levelized
True Up
before
Interest
(Note E)**

**Interest
Rate**

**Number
of
Months**

Interest

**True Up
plus Interest**

\$

\$

\$

\$

\$

\$

-

-

-

-

-

-

-

-

-

-

-

-

0.00%

0.00%

0.00%

0.00%

0.00%

0.00%

12

11

10

9

8

8

January

February

March

April

May

yyyy

yyyy

yyyy

yyyy

yyyy

yyyy

| | | | | | | | |
|----|------|-----------|----|-------|----|----|----|
| 45 | yyyy | June | - | 0.00% | 7 | \$ | |
| 46 | yyyy | July | - | 0.00% | 6 | \$ | |
| 47 | yyyy | August | - | 0.00% | 5 | \$ | |
| 48 | yyyy | September | - | 0.00% | 4 | \$ | |
| 49 | yyyy | October | - | 0.00% | 3 | \$ | |
| 50 | yyyy | November | - | 0.00% | 2 | \$ | |
| 51 | yyyy | December | - | 0.00% | 1 | \$ | |
| 52 | | | - | | | \$ | \$ |
| 53 | | | | | | | |
| 54 | yyyy | Jan-Dec | \$ | 0.00% | 12 | \$ | \$ |

El Paso Electric Company
Worksheet TU
True-Up Adjustment
Actuals - For the 12 months ended 12/31/yyyy

Line

#

| Line # | | | True Up plus Interest | Interest Rate | Total Interest | Amoritzation | Balance Due/Owed |
|--------|----------------|-----------|-----------------------------|--------------------------------|-------------------|--------------|---------------------|
| 55 | | | \$ | | \$ | \$ | \$ |
| 56 | yyyy | January | - | 0.00% | - | - | - |
| 57 | yyyy | February | \$ | | \$ | \$ | \$ |
| 58 | yyyy | March | - | 0.00% | - | - | - |
| 59 | yyyy | April | \$ | | \$ | \$ | \$ |
| 60 | yyyy | May | - | 0.00% | - | - | - |
| 61 | yyyy | June | \$ | | \$ | \$ | \$ |
| 62 | yyyy | July | - | 0.00% | - | - | - |
| 63 | yyyy | August | \$ | | \$ | \$ | \$ |
| 64 | yyyy | September | - | 0.00% | - | - | - |
| 65 | yyyy | October | \$ | | \$ | \$ | \$ |
| 66 | yyyy | November | - | 0.00% | - | - | - |
| 67 | yyyy | December | \$ | | \$ | \$ | \$ |
| 68 | | | - | | - | - | - |
| 69 | | | | | | | |
| 70 | Total Interest | | | Line 52 + Line 54 + Line 68 | \$ | | |

Notes

A Actual Net Revenue Requirement for rate year subject to True Up from Actual Attachment H, line 7.

- B Actual Revenues for transmission service as booked, including amounts noted on FERC Form No. 1, pages 328-330, and other amounts included in supporting documentation.
- C Prior Period Adjustment, if any, is calculated to the same timing basis as balance of true up (i.e. before interest applied on line for the Prior Period Adjustment calculation will be included in supporting documentation.
- D Interest rates posted by FERC; this section to be completed each year for most recent four quarters
- E If Rate Year 1 is a partial rate year, the Actual Revenue Requirement, Actual Revenues, Prior Period Adjustment (if any), and Levelized True Up before Interest will reflect only those months for which the rate was in effect. Otherwise, these amounts will all reflect a full 12 month period.

**El Paso Electric
Company**

Formula Rate -
Non-Levelized

Rate Formula
Template

Estimated - For
the 12 months
ended 12/31/yyyy

| Line No. | | | | | | Allocated Amount |
|----------|---|------------------------------------|--------------|------------------|---------|---------------------|
| 1 | GROSS REVENUE REQUIREMENT (page 3, line 29) | | | | | \$ - |
| | REVENUE CREDITS | | <u>Total</u> | <u>Allocator</u> | | |
| 2 | Account No. 454 | Act Att-H, page 1 Line 2 | - | TP | 0.00000 | - |
| 3 | Account No. 456.1 | Act Att-H, page 1 Line 3 | - | TP | 0.00000 | - |
| 4 | Held for Future Use | | - | TP | 0.00000 | - |
| 5 | Held for Future Use | | - | TP | 0.00000 | - |
| 6 | TOTAL REVENUE CREDITS (sum lines 2-5) | | | | | - |
| 6a | Total True Up Adjustment | Worksheet TU, page 1, Line 26 | | | | - |
| 7 | NET REVENUE REQUIREMENT | (Line 1 minus Line 6 plus Line 6a) | | | | \$ - |

| | | | | | |
|----|--|------------------------|--|--|----|
| 7a | Net Revenue Requirement without True Up Adjustment | (Line 7 minus Line 6a) | | | \$ |
| | | | | | - |

DIVISOR

| | | | | | |
|---|--------------|------------------------------|--|--|---|
| 8 | Divisor (kW) | Worksheet P3, Line 15 x 1000 | | | - |
| 9 | | | | | |

10 RATES

| | | | | | |
|----|----------------|----------------|----|--|-----------|
| 11 | Annual | | \$ | | /kW-year |
| | | | - | | |
| 12 | Monthly | 12 months/year | \$ | | /kW-month |
| | | | - | | |
| 13 | Weekly | 52 weeks/year | \$ | | /kW-week |
| | | | - | | |
| 14 | Daily On-Peak | 6 days/week | \$ | | /kW-day |
| | | | - | | |
| 15 | Daily Off-Peak | 7 days/week | \$ | | /kW-day |
| | Hourly | | - | | |
| 16 | On-Peak | 16 hours/day | \$ | | /MW-hour |
| | Hourly | | - | | |
| 17 | Off-Peak | 24 hours/day | \$ | | /MW-hour |
| | | | - | | |

Estimated - For
the 12 months
ended 12/31/yyyy

**El Paso Electric
Company**

| | Formula Rate - Non-Levelized | Rate Formula Template | | | | |
|-------------|--------------------------------------|---|------------------|-----------|---------------------|---|
| | (1) | (2) | (3) | (4) | (5) | |
| | | Reference | Company Total | Allocator | Transmission | |
| Line No. | | Page, Line, Col. | | | (Col 3 times Col 4) | |
| | RATE BASE: | | | | | |
| | GROSS PLANT IN SERVICE | | | | | |
| 1 | Transmission | Worksheet P1, Line 30, Col. (c) | - | TP | 0.00000 | - |
| 2 | General & Intangible | Act Att-H, Page 2, Line 4, Col. (3) | - | W/S | 0.00000 | - |
| 3 | TOTAL GROSS PLANT | (Sum Lines 1 and 2) | - | | | - |
| | ACCUMULATED DEPRECIATION | | | | | |
| 4 | Transmission | Worksheet P1, Line 30, Col. (f) | - | TP | 0.00000 | - |
| 5 | General & Intangible | Act Att-H, Page 2, Line 10, Col. (3) | - | W/S | 0.00000 | - |
| 6 | TOTAL ACCUM. DEPRECIATION | (Sum Lines 4 and 5) | - | | | - |
| | NET PLANT IN SERVICE | | | | | |
| 7 | Transmission | (Line 1 - Line 4) | - | | | - |
| 8 | General & Intangible | (Line 2 - Line 5) | - | | | - |
| 9 | TOTAL NET PLANT | (Sum Lines 7 and 8) | - | | | - |

| | | | | | | |
|-----------------------------|--|---|---|----|---------|---|
| 10 | CWIP Approved by FERC Order | Worksheet P7, Page 1, Line 14, Col. (d) | - | DA | 1.00000 | - |
| ADJUSTMENTS TO RATE BASE | | | | | | |
| 11 | Accumulated Deferred Income Taxes (Accounts 190, 281-283) | Worksheet P5-1, Page 3, Line 82, Col. (h) | - | DA | 1.00000 | - |
| 12 | Accumulated Deferred Investment Tax Credit (Account 255) | Worksheet P5-2, Line 138, Col. (g) | - | DA | 1.00000 | - |
| 13 | Excess / Deficient Deferred Income Taxes | Worksheet P6-1, Line 27, Col. (h) | - | DA | 1.00000 | - |
| 14 | Unamortized Regulatory Asset | Worksheet P7, Page 1, Line 14, Col. (b) | - | DA | 1.00000 | - |
| 15 | Unamortized Abandoned Plant Unfunded | Worksheet P7, Page 1, Line 14, Col. (c) | - | DA | 1.00000 | - |
| 16 | Reserves (enter negative) | Act Att-H, Page 2, Line 25, Col. (3) | - | DA | 1.00000 | - |
| 17 | Hold Harmless Adjustment | Act Att-H, Page 2, Line 25a, Col. (3) | - | DA | 1.00000 | - |
| 18 | TOTAL ADJUSTMENTS | (Sum of Lines 11-17) | - | | | - |
| 19 | LAND HELD FOR FUTURE USE | Worksheet A4, Page 3, Line 14, Col. (e) | - | TP | 0.00000 | - |
| WORKING CAPITAL | | | | | | |
| 20 | CWC | 1/8*(Page 3, Line 7) | - | | | - |
| 21 | Materials & Supplies | Act Att-H, Page 2, Line 29, Col. (3) | - | TP | 0.00000 | - |
| 22 | Prepayments (Account 165) | Act Att-H, Page 2, Line 30, Col. (3) | - | GP | 0.00000 | - |

| | | | |
|----|-----------------------|---------------------------------|---|
| 23 | TOTAL WORKING CAPITAL | (Sum of Lines 20-22) | - |
| 24 | RATE BASE | (Sum Lines 9, 10, 18, 19, & 23) | - |

Estimated - For
the 12 months
ended 12/31/yyyy

**El Paso Electric
Company**

Formula Rate -
Non-Levelized

Rate Formula
Template

| Line No. | (1) | (2) Reference Page, Line, Col. | (3) Company Total | (4) Allocator | (5) Transmission (Col 3 times Col 4) |
|----------|---|--|-------------------------|------------------|--|
| | O&M | | | | |
| 1 | Transmission | Worksheet P2, Page 1, Line 3, Col. (e) | - | TE | 0.00000 - |
| 2 | Less Account 561.1 - 561.8 | Worksheet P2, Page 1, Line 4, Col. (e) | - | TE | 0.00000 - |
| 2a | Less Account 565 | Worksheet P2, Page 1, Line 5, Col. (e) | - | TE | 0.00000 - |
| 3 | A&G Less | Worksheet P2, Page 1, Line 6, Col. (e) | - | W/S | 0.00000 - |
| 4 | EPRI/Reg. Comm. Exp./Non-safety Ad. | Worksheet P2, Page 1, Line 7, Col. (e) | - | W/S | 0.00000 - |
| 4a | Less Property Insurance Acct 924 | Worksheet P2, Page 1, Line 8, Col. (e) | - | W/S | 0.00000 - |

| | | | | | | |
|---------------------------------------|--|--|---|-----|---------|---|
| 4b | Plus Property Insurance Acct 924 | Worksheet P2, Page 1, Line 9, Col. (e) | - | GP | 0.00000 | - |
| 4c | Plus Transmission Related Reg. Comm. Exp. | Worksheet P2, Page 1, Lines 10 + 10a, Col. (e) | - | TE | 0.00000 | - |
| 4d | Plus: Fixed PBOP expense | Worksheet P2, Page 1, Line 11, Col. (e) | - | W/S | 0.00000 | - |
| 4e | Less: Actual PBOP expense | Worksheet P2, Page 1, Line 12, Col. (e) | - | W/S | 0.00000 | - |
| 5 | Common Hold Harmless Expense | Worksheet P2, Page 1, Line 13, Col. (e) | - | CE | 0.00000 | - |
| 6 | Adjustment | Worksheet P2, Page 1, Line 14, Col. (e) | - | DA | 1.00000 | - |
| 7 | TOTAL O&M (sum lines 1, 3, 4b, 4c, 4d, 5, 6 less lines 2, 2a, 4, 4a, 4e) | | - | | | - |
| DEPRECIATION AND AMORTIZATION EXPENSE | | | | | | |
| 8 | Transmission General & Intangible | Worksheet P1, Page 1, Line 30, Col. (d) | - | TP | 0.00000 | - |
| 9 | Common Amortization of Regulatory Asset | Actual Attachment H, Page 3, Line 9 | - | W/S | 0.00000 | - |
| 10 | Amortization of Abandoned Plant | Actual Attachment H, Page 3, Line 10 | - | CE | 0.00000 | - |
| 11a | Company Records | | - | DA | 1.00000 | - |
| 11b | Company Records | | - | DA | 1.00000 | - |
| 12 | TOTAL DEPRECIATION & AMORTIZATION | (Sum of Lines 8 through 11) | - | | | - |

TAXES OTHER
THAN INCOME
TAXES
LABOR
RELATED

| | | | | | | |
|----|------------------------------|---|---|-----|---------|---|
| 13 | Payroll | Worksheet P2, Page 1, Line 15, Col. (e) | - | W/S | 0.00000 | - |
| 14 | Highway and vehicle | Worksheet P2, Page 1, Line 16, Col. (e) | - | W/S | 0.00000 | - |
| 15 | PLANT RELATED | | | | | |
| 16 | Property | Worksheet P2, Page 2, Line 3, Col. (e) | - | NP | 0.00000 | - |
| 17 | Gross Receipts | Worksheet P2, Page 1, Line 18, Col. (e) | - | DA | 1.00000 | - |
| 18 | Other | Worksheet P2, Page 1, Line 19, Col. (e) | - | GP | 0.00000 | - |
| 19 | Payments in lieu of taxes | Worksheet P2, Page 1, Line 20, Col. (e) | - | GP | 0.00000 | - |
| 20 | TOTAL OTHER TAXES | (Sum of Lines 13 through 19) | - | | | - |

INCOME TAXES (Note A)

$$T=1 - \left\{ \frac{(1 - SIT) * (1 - FIT)}{(1 - SIT * FIT * p)} \right\} = 0.000\%$$

$$CIT=(T/1-T) * (1-(WCLTD/R)) = 0.000\%$$

where
WCLTD=(page 4,
line 28) and R=
(page 4, line 31)
and FIT,
SIT & p are as
given in Note A.

$$1 / (1 - T) =$$

| | | | | | | |
|-----|-------------------|---------------------|---|----|---------|---|
| | (from line 21) | | - | | | |
| | Deficient / | | | | | |
| | (Excess) Deferred | Worksheet P6-2, | | | | |
| | Income Taxes | Line 62, Col. (h) | | | | |
| 24 | Amortization | (enter as negative) | - | | | |
| | Deficient / | | | | | |
| | (Excess) Deferred | | | | | |
| | Income Tax | (Line 23 times Line | | | | |
| 24a | Adjustment | 24) | - | DA | 1.00000 | - |
| | Permanent | Actual Attachment | | | | |
| 25 | Differences | H, Page 3, Line 25 | - | | | |
| | Tax Effect of | | | | | |
| | Permanent | (Line 21 times 23 | | | | |
| 25a | Differences | times Line 25) | - | NP | - | - |
| | Income Tax on | | | | | |
| | Equity and | (Line 22 times Line | | | | |
| 26 | Incentive Return | 28) | - | | | - |
| | Total Income | (Sum of Lines 24a, | | | | |
| 27 | Taxes | 25a, 26) | - | | | - |
| | RETURN | | | | | |
| | Rate Base * Rate | (Page 2, Line 24 x | | | | |
| | of Return + | Page 4, Line 31, | | | | |
| 28 | Incentive Return | Col. (5)) + Page 4, | - | | | - |
| | | Line 32 | | | | |
| | REV. | (Sum of Lines 7, | | | | |
| 29 | REQUIREMENT | 12, 20, 27, 28) | - | | | - |

Formula Rate -
Non-Levelized

**El Paso Electric
Company**
Rate Formula
Template

Estimated - For the 12 months ended 12/31/yyyy

| | (1) | (2) | (3) | (4) | (5) |
|------|--|-------------------------------------|-----|-----|---------|
| Line | SUPPORTING CALCULATIONS AND NOTES | | | | |
| No. | TRANSMISSION PLANT INCLUDED IN RATES | | | | |
| 1 | Total transmission plant | Actual Attachment H, Page 4, Line 1 | | | - |
| 2 | Less transmission plant excluded from Wholesale Rates | Actual Attachment H, Page 4, Line 2 | | | - |
| 3 | Less transmission plant included in OATT Ancillary Services | Actual Attachment H, Page 4, Line 3 | | | - |
| 4 | Transmission plant included in Wholesale Rates | (Line 1 less Lines 2 & 3) | | | 0 |
| 5 | Percentage of transmission plant included in Wholesale Rates | (Line 4 divided by Line 1) | | TP= | 0.00000 |
| No. | TRANSMISSION EXPENSES | | | | |
| 6 | Total transmission expenses | (Page 3, Line 1, Col. 3) | | | - |
| 7 | Less transmission | Actual Attachment | | | - |

expenses included in OATT Ancillary Services

H, Page 4, Line 7



| | | | | | |
|----|---|----------------------------|-----|--|---------|
| | Included transmission expenses | (Line 6 less Line 7) | | | 0 |
| 8 | | | | | |
| | Percentage of transmission expenses after adjustment | (Line 8 divided by Line 6) | | | 0.00000 |
| 9 | | | | | |
| | Percentage of transmission plant included in wholesale Rates | (Line 5) | TP | | 0.00000 |
| 10 | | | | | |
| | Percentage of transmission expenses included in wholesale Rates | (Line 9 times Line 10) | TE= | | 0.00000 |
| 11 | | | | | |

WAGES & SALARY ALLOCATOR (W&S)

| | Reference | \$ | TP | Allocation | |
|----|--------------|--------------------------------------|----|------------|--------------|
| 12 | Production | Actual Attachment H, Page 4, Line 12 | - | 0.00 | 0 |
| 13 | Transmission | Actual Attachment H, Page 4, Line 13 | - | 0.00 | 0 |
| 14 | Distribution | Actual Attachment H, Page 4, Line 14 | - | 0.00 | 0 |
| 15 | Other | Actual Attachment H, Page 4, Line 15 | - | 0.00 | 0 |
| | | (Sum of Lines 12-15) | | | |
| 16 | Total | | 0 | 0 | 0.00000 = WS |

COMMON PLANT ALLOCATOR (CE)

| | | \$ | % Electric (line 17 / line 20) | W&S Allocator (line 16) | CE |
|----|----------|--------------------------------------|--------------------------------|-------------------------|-------------------|
| 17 | Electric | Actual Attachment H, Page 4, Line 17 | - | | |
| 18 | Gas | Actual Attachment H, Page 4, Line 18 | - | 0.00000 * | 0.00000 = 0.00000 |

| | | | | | | | |
|----|---|---|----|----|--------|----------|--------|
| 19 | Water | Actual Attachment H, Page 4, Line 19 | - | | | | |
| 20 | Total | (Sum of Lines 17-19) | - | | | | |
| | RETURN (R) | | | | | \$ | |
| 21 | Long Term Interest | Actual Attachment H, Page 4, Line 21 | | | | | - |
| 22 | Preferred Dividends | Actual Attachment H, Page 4, Line 22 | | | | | - |
| | <u>Development of Common Stock:</u> | | | | | | |
| 23 | Proprietary Capital | Actual Attachment H, Page 4, Line 23 | | | | | - |
| 24 | Less Preferred Stock | Actual Attachment H, Page 4, Line 24 | | | | | - |
| 25 | Less Other Comprehensive Income | Actual Attachment H, Page 4, Line 25 | | | | | - |
| 26 | Less Account 216.1 | Actual Attachment H, Page 4, Line 26 | | | | | - |
| 27 | Common Stock | (Sum of Lines 23-26) | | | | | 0 |
| | | | \$ | % | Cost | Weighted | |
| 28 | Long Term Debt | Actual Attachment H, Page 4, Line 28 | - | 0% | - | - | =WCLTD |
| 29 | Preferred Stock | Actual Attachment H, Page 4, Line 29 | - | 0% | - | - | |
| 30 | Common Stock | Actual Attachment H, Page 4, Line 30 | - | 0% | 0.1038 | - | |
| 31 | Total | (Sum of Lines 28-30) | - | | | - | =R |
| 32 | Incentive Return | Worksheet P4, Line 35, Col. (e) | | | | | - |

**El Paso Electric
 Company**

Estimated
 - For the
 12 months
 ended
 12/31/yyyy

| Line No. | (1) Formula Rate - Non-Levelized | (2) Rate Formula Template | (3) Company Total | (4) Allocator | (5) Transmission (Col 3 times Col 4) |
|----------|--|---|-------------------------|------------------|--|
| | GROSS PLANT ALLOCATOR (GP) | | \$ | | |
| 1 | Production | Company Records Worksheet P1, Line 30, Col. (c) | - | NA | |
| 2 | Transmission | | - | TP | 0.00000 |
| 3 | Distribution General & Intangible | Company Records Actual Attachment H, Page 2, Line 4 | - | NA | |
| 4 | | Actual Attachment H, Page 2, Line 5 | - | W/S | 0.00000 |
| 5 | Common | | - | CE | 0.00000 |
| 6 | Total | (Sum of Lines 1-5) | 0 | GP= | 0.00000 |
| | NET PLANT ALLOCATOR (NP) | | \$ | | |
| 7 | Production | Company Records | - | NA | |

| | | | | | | |
|----|----------------------|--------------------------------------|---|-----|---------|---|
| 8 | Transmission | Worksheet P1, Line 30, Col. (g) | - | TP | 0.00000 | - |
| 9 | Distribution | Company Records | - | NA | | |
| 10 | General & Intangible | Actual Attachment H, Page 2, Line 16 | - | W/S | 0.00000 | - |
| 11 | Common | Actual Attachment H, Page 2, Line 17 | - | CE | 0.00000 | - |
| 12 | Total | (Sum of Lines 7-11) | 0 | NP= | 0.00000 | - |

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)

Note Letter

A The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed.

| | | | |
|-----------|-------|--------|---|
| Inputs | | 0.000% | |
| Required: | FIT = | 0.000% | (Federal Income Tax Rate) |
| | SIT= | 0.000% | (State Income Tax Rate or Composite SIT) |
| | p = | 0.000% | (percent of federal income tax deductible for state purposes) |

El Paso Electric Company
Worksheet P1
Projected Transmission Plant
Estimated - For the 12 months ended 12/31/yyyy

| Line | Month & Year (a) | Projected Plant Additions (b) | Plant | | Plant | | Net Projected Plant (g) |
|------|------------------------|-------------------------------------|--|---|------------------------------|---|----------------------------------|
| | | | Plant in Service (c) Wkst A4, Page 1, Lines 13 minus 27 | Depreciation Accrual (Note B) (d) | Depr Rate (Note A) (e) | Accumulated Depreciation (f) Wkst A4, Page 2, Lines 13 + 27 - 41 | |
| 1 | | | - | | | - | - |
| 2 | | | \$ | \$ | | | \$ |
| 3 | | | \$ | \$ | | | \$ |
| 4 | | | \$ | \$ | | | \$ |
| 5 | | | \$ | \$ | | | \$ |
| 6 | | | \$ | \$ | | | \$ |
| 7 | | | \$ | \$ | | | \$ |
| 8 | | | \$ | \$ | | | \$ |
| 9 | | | \$ | \$ | | | \$ |
| 10 | | | \$ | \$ | | | \$ |
| 11 | | | \$ | \$ | | | \$ |
| 12 | | | \$ | \$ | | | \$ |
| 13 | | | \$ | \$ | | | \$ |
| 14 | | | \$ | \$ | | | \$ |

| | | | | | |
|-------|-------------------------------|----|----|----|----|
| 15 | | - | - | - | - |
| | | \$ | \$ | \$ | \$ |
| 16 | | - | - | - | - |
| | | \$ | \$ | \$ | \$ |
| 17 | | - | - | - | - |
| | | \$ | \$ | \$ | \$ |
| 18 | | - | - | - | - |
| | | \$ | \$ | \$ | \$ |
| 19 | | - | - | - | - |
| | | \$ | \$ | \$ | \$ |
| 20 | | - | - | - | - |
| | | \$ | \$ | \$ | \$ |
| 21 | | - | - | - | - |
| | | \$ | \$ | \$ | \$ |
| 22 | | - | - | - | - |
| | | \$ | \$ | \$ | \$ |
| 23 | | - | - | - | - |
| | | \$ | \$ | \$ | \$ |
| 24 | | - | - | - | - |
| | | \$ | \$ | \$ | \$ |
| 25 | | - | - | - | - |
| | | \$ | \$ | \$ | \$ |
| <hr/> | | | | | |
| 26 | 12 Mon | | \$ | | |
| | Total year 1 | | - | | |
| 27 | 12 Mon | | \$ | | |
| | Total year 2 | | - | | |
| 28 | 13 Mon Avg | \$ | | \$ | \$ |
| | year 1 | - | | - | - |
| 29 | 13 Mon Avg | \$ | | \$ | \$ |
| | year 2 | - | | - | - |
| 30 | Amount to Proj Att-H (Note C) | - | - | - | - |

Notes:

A In periods where the company will use the actual depreciation rate, enter "A". The actual depreciation rate is calculated as follows:
 -Actual Attachment H, page 3, line 8) divided by actual transmission plant in service (Actual Attachment H, page 2, line 2) divided by 12 months.

In periods where the company has submitted new depreciation rates for FERC approval, enter "N". The new depreciation rate is calculated as follows:
 -The annual composite transmission depreciation rate developed within a new depreciation study, divided by 12 months.

Current Depreciation Rate (A) 0.0000%

New Depreciation Rate (N) 0.0000%

B The depreciation accrual is based on the average of the current and prior month Plant in Service, times the actual "A" or new "N" depreciation rate.

C In the initial year rates are set, use Lines 26 and 28, thereafter use Lines 27 and 29, calculated on line 30.

Yes If initial year rates are effective enter Yes, otherwise enter No

El Paso Electric Company
Worksheet P2
Projected Expenses
Estimated - For the 12 months ended 12/31/yyyy

| (a) | (b) | (c) | (d) | (e) |
|---|-----|-----|-----|-----|
| O&M / OTHER TAXES (Excluding Property Taxes) | | | | |

| Line | Item | Reference | Actual Costs | Charge Factor (Note A) | Projected Costs (Note B) |
|----------------|--|--|--------------|------------------------|--------------------------|
| 1 | Net Plant in Service | Actual Attachment H, Page 2 Line 18 | - | | |
| 2 | Projected Net Plant in Service | Projected Attachment H, Page 2, Line 9 | | | - |
| O&M | | | | | |
| 3 | Transmission | Actual Attachment H, Page 3, Line 1 | - | - | - |
| 4 | Less Account 561.1-561.8 | Actual Attachment H, Page 3, Line 2 | - | - | - |
| 5 | Less Account 565 | Actual Attachment H, Page 3, Line 2a | - | - | - |
| 6 | A&G | Actual Attachment H, Page 3, Line 3 | - | - | - |
| 7 | Ad. Less EPRI & Reg. Comm. Exp. & Non-safety | Actual Attachment H, Page 3, Line 4 | - | - | - |
| 8 | Less Property Insurance Acct 924 | Actual Attachment H, Page 3, Line 4a | - | - | - |
| 9 | Plus Property Insurance Acct 924 | Actual Attachment H, Page 3, Line 4b | - | - | - |
| 10 | Plus Transmission Related Reg. Comm. Exp. | Actual Attachment H, Page 3, Line 4c | - | - | - |
| | Plus Transmission Related Rate Case Cost | | | | |
| 10a | Amort Bal | Note D | | | - |
| 11 | Plus: Fixed PBOP expense | Actual Attachment H, Page 3, Line 4d | - | | - |

| | | | | |
|----|----------------------------------|--------------------------------------|---|---|
| 12 | Less: Actual PBOP expense | Actual Attachment H, Page 3, Line 4e | - | - |
| 13 | Common | Actual Attachment H, Page 3, Line 5 | - | - |
| 14 | Hold Harmless Expense Adjustment | Actual Attachment H, Page 3, Line 6 | - | - |

OTHER TAXES (Excluding Property Taxes)

LABOR RELATED

| | | | | |
|----|---------------------|--------------------------------------|---|---|
| 15 | Payroll | Actual Attachment H, Page 3, Line 13 | - | - |
| 16 | Highway and vehicle | Actual Attachment H, Page 3, Line 14 | - | - |

PLANT RELATED

| | | | | |
|----|--------------------------|--------------------------------------|---|---|
| 18 | Gross Receipts | Actual Attachment H, Page 3, Line 17 | - | - |
| 19 | Other | Actual Attachment H, Page 3, Line 18 | - | - |
| 20 | Payment in Lieu of Taxes | Actual Attachment H, Page 3, Line 19 | - | - |

El Paso Electric Company
Worksheet P2
Projected Expenses
Estimated - For the 12 months ended 12/31/yyyy

| (a) | (b) | (c) | (d) | (e) |
|-----------------------|-----|-----|-----|-----|
| PROPERTY TAXES | | | | |

| Item | Reference | Actual | Charge Factor | Projected |
|-----------------------|---|----------|---------------|-----------|
| PROPERTY TAXES | | | | |
| 1 | Net Plant in Service for Actual (Note C) | 200.15.b | | |
| 2 | Net Plant in Service for Projected (Note C) | 200.15.b | | |
| | Actual Attachment H, Page 3, Line | | | |
| 3 | Property Taxes | 16 | - | - |

NOTES:

- A Charge Factor: Actual O&M expenses & Other Taxes divided by total actual net plant from Actuals Attachment H. This is used as one of the basis to calculate projected O&M costs and projected Other Taxes.
- B -When the Net Plant Change % falls within a minimum or maximum threshold, Projected Costs = Row 2, Col. (f) times Col. (d)
 -When the Net Plant Change % is greater than the maximum threshold, Projected Costs = Col. (c) times Maximum Percentage
 -When the Net Plant Change % is less than the minimum threshold, Projected Costs = Col. (c) times Minimum Percentage

| | | |
|-----------------------------------|------|------------------------------------|
| Net Plant Change % | 0.0% | Use Calculated Factors in column 4 |
| Maximum percentage change applied | 0.0% | Use Maximum Percentage Change |
| | | Use Minimum Percentage Change |
| Minimum percentage change applied | 0.0% | |

Result: Use Maximum Percentage Change

- C Property tax expenses relate to plant balances as of December 31, 2 Years prior to the expense period.

| | |
|--|------|
| FERC Form 1 Reporting Period for Actual | yyyy |
| FERC Form 1 Reporting Period for Projected | yyyy |

D Transmission rate case cost amortization balance is the remaining balance of total projected rate case costs amortized over a 3 year period.

**El Paso Electric Company
Worksheet P3
Projected Divisor - Network Transmission Load**

Line No.

1 Peak Network Load (MW) During: = -

| | a | b | c | d |
|----|--------------|---|--|---|
| | Month | Actual Transmission Network Load (Worksheet A-6) | Percentage of Maximum Transmission Network Load | Projected Transmission Network Load (Col c x Line 1) |
| 2 | January | - | 0.00% | - |
| 3 | February | - | 0.00% | - |
| 4 | March | - | 0.00% | - |
| 5 | April | - | 0.00% | - |
| 6 | May | - | 0.00% | - |
| 7 | June | - | 0.00% | - |
| 8 | July | - | 0.00% | - |
| 9 | August | - | 0.00% | - |
| 10 | September | - | 0.00% | - |
| 11 | October | - | 0.00% | - |
| 12 | November | - | 0.00% | - |
| 13 | December | - | 0.00% | - |
| 14 | Total | - | | - |

15

12-CP

-

-

Note: Maximum Transmission Network Load is the maximum hourly load measured on the system for the listed year at the time of the Projection.

| | | | | | | | | | | | | | | |
|----|------------------------|----|----|----|--|--------|----|--------|----|----|----|----|----|--------|
| | | - | - | - | | - | - | - | - | - | - | - | - | - |
| | | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 16 | Jan-00 | - | - | - | | - | - | - | - | - | - | - | - | - |
| | | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 17 | Jan-00 | - | - | - | | - | - | - | - | - | - | - | - | - |
| | | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 18 | Jan-00 | - | - | - | | - | - | - | - | - | - | - | - | - |
| | | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 19 | Jan-00 | - | - | - | | - | - | - | - | - | - | - | - | - |
| | | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 20 | Jan-00 | - | - | - | | - | - | - | - | - | - | - | - | - |
| | | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 21 | Jan-00 | - | - | - | | - | - | - | - | - | - | - | - | - |
| | | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 22 | Jan-00 | - | - | - | | - | - | - | - | - | - | - | - | - |
| | | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 23 | Jan-00 | - | - | - | | - | - | - | - | - | - | - | - | - |
| | | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 24 | Jan-00 | - | - | - | | - | - | - | - | - | - | - | - | - |
| | | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 25 | Jan-00 | - | - | - | | - | - | - | - | - | - | - | - | - |
| | | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 26 | Jan-00 | - | - | - | | - | - | - | - | - | - | - | - | - |
| | | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 27 | Jan-00 | - | - | - | | - | - | - | - | - | - | - | - | - |
| | | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 28 | Jan-00 | - | - | - | | - | - | - | - | - | - | - | - | - |
| | | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 29 | Jan-00 | - | - | - | | - | - | - | - | - | - | - | - | - |
| | | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 30 | Jan-00 | - | - | - | | - | - | - | - | - | - | - | - | - |
| | | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 31 | Jan-00 | - | - | - | | - | - | - | - | - | - | - | - | - |
| | | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 32 | Jan-00 | - | - | - | | - | - | - | - | - | - | - | - | - |
| | | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 33 | 12 Mon Tot | | \$ | | | | \$ | | | | \$ | | | |
| 34 | 13 Mon Avg | \$ | | \$ | | \$ | | \$ | \$ | \$ | | \$ | \$ | \$ |
| | | - | | - | | - | | - | - | - | | - | - | - |
| 35 | Total Incentive Return | | | | | \$0.00 | | \$0.00 | | | | | | \$0.00 |

| | | | | | | | | |
|----|-----------|-----|----|-----|--------|---|---|---|
| 14 | September | 30 | 93 | 365 | 25.48% | - | - | - |
| 15 | October | 31 | 62 | 365 | 16.99% | - | - | - |
| 16 | November | 30 | 32 | 365 | 8.77% | - | - | - |
| 17 | December | 31 | 1 | 365 | 0.27% | - | - | - |
| 18 | Total | 365 | | | | - | - | - |

| | | | | | | | | |
|----|--|--|--|---|--|--|--|---|
| 19 | Beginning Balance-Total | | | Worksheet P5-2.58.f | | | | - |
| 20 | Beginning Balance-Not Subject to Proration | | | Worksheet P5-2.64.f | | | | - |
| 21 | Beginning Balance-Subject to Proration | | | (Line 5, Col H) | | | | - |
| 22 | Ending Balance-Total | | | Worksheet P5-2.58.g | | | | - |
| 23 | Ending Balance-Not Subject to Proration | | | Worksheet P5-2.64.g | | | | - |
| 24 | Ending Balance-Subject to Proration | | | Worksheet P5-2.61.g | | | | - |
| 25 | Average Balance | | | Line 17 Col N + (Lines 20 + 23 Col N)/2 | | | | - |
| 26 | Reserved | | | | | | | - |
| 27 | Amount for Attachment H | | | (Line 25 less line 26) | | | | - |

El Paso Electric Company
Worksheet P5-1
Projected Accumulated Deferred Income Taxes
Estimated - For the 12 months ended 12/31/yyyy

28 **Account 282**

| Days in Period | | | | |
|----------------|-------------------|-------------------------|---|-------------------------|
| (a) | (b) | (c) | (d) | (e) |
| Month | Days in the Month | Number of Days Prorated | Total Days in Future Portion of Test Period | Proration Amount (c /d) |
| 30 | | | | |
| 31 | | | | |

| Averaging with Proration - Projected | | |
|--------------------------------------|---|--|
| (f) | (g) | (h) |
| Projected Monthly Activity | Prorated Projected Monthly Activity (e x f) | Prorated Projected Balance (Cumulative Sum of g) |
| | | |
| | | |

32 December 31st balance Prorated Items (P5-2.79.f)

| | | | | | | | | |
|----|--------------|------------|-----|-----|-------|----------|----------|---|
| 32 | | | | | | | | - |
| 33 | January | 31 | 335 | 365 | 0.918 | - | - | - |
| 34 | February | 28 | 307 | 365 | 0.841 | - | - | - |
| 35 | March | 31 | 276 | 365 | 0.756 | - | - | - |
| 36 | April | 30 | 246 | 365 | 0.674 | - | - | - |
| 37 | May | 31 | 215 | 365 | 0.589 | - | - | - |
| 38 | June | 30 | 185 | 365 | 0.507 | - | - | - |
| 39 | July | 31 | 154 | 365 | 0.422 | - | - | - |
| 40 | August | 31 | 123 | 365 | 0.337 | - | - | - |
| 41 | September | 30 | 93 | 365 | 0.255 | - | - | - |
| 42 | October | 31 | 62 | 365 | 0.170 | - | - | - |
| 43 | November | 30 | 32 | 365 | 0.088 | - | - | - |
| 44 | December | 31 | 1 | 365 | 0.003 | - | - | - |
| 45 | Total | 365 | | | | - | - | |

| | | | |
|----|--|---|---|
| 46 | Beginning Balance-Total | Worksheet P5-2.76.f | - |
| 47 | Beginning Balance-Not Subject to Proration | Worksheet P5-2.82.f | - |
| 48 | Beginning Balance-Subject to Proration | (Line 32, Col H) | - |
| 49 | Ending Balance-Total | Worksheet P5-2.76.g | - |
| 50 | Ending Balance-Not Subject to Proration | Worksheet P5-2.82.g | - |
| 51 | Ending Balance-Subject to Proration | Worksheet P5-2.79.g | - |
| 52 | Average Balance | Line 44 Col H + (Lines 47 + 50 Col H)/2 | - |
| 53 | Reserved | | |
| 54 | Amount for Attachment H | (Line 52 less line 53) | - |

El Paso Electric Company
Worksheet P5-1
Projected Accumulated Deferred Income Taxes
Estimated - For the 12 months ended 12/31/yyyy

55 **Account 283**

| Days in Period | | | | |
|----------------|-------------------|-------------------------|---|-------------------------|
| (a) | (b) | (c) | (d) | (e) |
| Month | Days in the Month | Number of Days Prorated | Total Days in Future Portion of Test Period | Proration Amount (c /d) |

| Averaging with Proration - Projected | | |
|--------------------------------------|---|--|
| (f) | (g) | (h) |
| Projected Monthly Activity | Prorated Projected Monthly Activity (e x f) | Prorated Projected Balance (Cumulative Sum of g) |

| | | | | | | | |
|----|---|------------|-----|-----|-------|----------|----------|
| 58 | | | | | | | |
| 59 | December 31st balance Prorated Items (P5-2.126.f) | | | | | | - |
| 60 | January | 31 | 334 | 365 | 0.915 | - | - |
| 61 | February | 28 | 306 | 365 | 0.838 | - | - |
| 62 | March | 31 | 275 | 365 | 0.753 | - | - |
| 63 | April | 30 | 245 | 365 | 0.671 | - | - |
| 64 | May | 31 | 214 | 365 | 0.586 | - | - |
| 65 | June | 30 | 184 | 365 | 0.504 | - | - |
| 66 | July | 31 | 153 | 365 | 0.419 | - | - |
| 67 | August | 31 | 122 | 365 | 0.334 | - | - |
| 68 | September | 30 | 92 | 365 | 0.252 | - | - |
| 69 | October | 31 | 61 | 365 | 0.167 | - | - |
| 70 | November | 30 | 31 | 365 | 0.085 | - | - |
| 71 | December | 31 | 1 | 365 | 0.003 | - | - |
| 72 | Total | 365 | | | | - | - |

| | | | |
|----|--|---|----------|
| 73 | Beginning Balance-Total | Worksheet P5-2.123.f | - |
| 74 | Beginning Balance-Not Subject to Proration | Worksheet P5-2.129.f | - |
| 75 | Beginning Balance-Subject to Proration | (Line 59, Col H) | - |
| 76 | Ending Balance-Total | Worksheet P5-2.123.g | - |
| 77 | Ending Balance-Not Subject to Proration | Worksheet P5-2.129.g | - |
| 78 | Ending Balance-Subject to Proration | Worksheet P5-2.126.g | - |
| 79 | Average Balance | Line 71 Col H + (Lines 74 + 77 Col H)/2 | - |
| 80 | Reserved | | - |
| 81 | Amount for Attachment H | (Line 79 less line 80) | - |
| 82 | Total Amount for Projected Attachment H | (Lines 27+54+81) | - |

El Paso Electric Company
Worksheet P5-2
Projected Accumulated Deferred Income Taxes/Accumulated Deferred Investment Tax Credits - Details
Estimated - For the 12 months ended 12/31/yyyy

| No. | (a) | (b) | (c) | (e) | (f) | (g) | (h) | (i) | (j) |
|----------|------|-------------|-------------|-----------|----------------------|----------------------|----------------------------|----------------------|------------------------------------|
| Line No. | Item | BOY Balance | EOY Balance | Allocator | BOY Allocated Amount | EOY Allocated Amount | Prorated (Yes/No) (Note C) | Explanation (Note B) | Projection Classification (Note D) |

ACCOUNT 190 ACCUMULATED DEFERRED INCOME TAXES

| | | | | | | | | | |
|----|----------|---|---|--------|---|---|--|--|--|
| 1 | Reserved | - | - | 0.000% | - | - | | | |
| 2 | Reserved | - | - | 0.000% | - | - | | | |
| 3 | Reserved | - | - | 0.000% | - | - | | | |
| 4 | Reserved | - | - | 0.000% | - | - | | | |
| 5 | Reserved | - | - | 0.000% | - | - | | | |
| 6 | Reserved | - | - | 0.000% | - | - | | | |
| 7 | Reserved | - | - | 0.000% | - | - | | | |
| 8 | Reserved | - | - | 0.000% | - | - | | | |
| 9 | Reserved | - | - | 0.000% | - | - | | | |
| 10 | Reserved | - | - | 0.000% | - | - | | | |
| 11 | Reserved | - | - | 0.000% | - | - | | | |
| 12 | Reserved | - | - | 0.000% | - | - | | | |
| 13 | Reserved | - | - | 0.000% | - | - | | | |
| 14 | Reserved | - | - | 0.000% | - | - | | | |

| | | | | | | | |
|----|----------|---|---|--------|---|---|--|
| 15 | Reserved | - | - | 0.000% | - | - | |
| 16 | Reserved | - | - | 0.000% | - | - | |
| 17 | Reserved | - | - | 0.000% | - | - | |
| 18 | Reserved | - | - | 0.000% | - | - | |
| 19 | Reserved | - | - | 0.000% | - | - | |
| 20 | Reserved | - | - | 0.000% | - | - | |
| 21 | Reserved | - | - | 0.000% | - | - | |
| 22 | Reserved | - | - | 0.000% | - | - | |
| 23 | Reserved | - | - | 0.000% | - | - | |
| 24 | Reserved | - | - | 0.000% | - | - | |
| 25 | Reserved | - | - | 0.000% | - | - | |
| 26 | Reserved | - | - | 0.000% | - | - | |
| 27 | Reserved | - | - | 0.000% | - | - | |
| 28 | Reserved | - | - | 0.000% | - | - | |
| 29 | Reserved | - | - | 0.000% | - | - | |
| 30 | Reserved | - | - | 0.000% | - | - | |
| 31 | Reserved | - | - | 0.000% | - | - | |
| 32 | Reserved | - | - | 0.000% | - | - | |
| 33 | Reserved | - | - | 0.000% | - | - | |
| 34 | Reserved | - | - | 0.000% | - | - | |
| 35 | Reserved | - | - | 0.000% | - | - | |
| 36 | Reserved | - | - | 0.000% | - | - | |

| | | | | | | |
|----|----------|---|---|--------|---|---|
| 37 | Reserved | - | - | 0.000% | - | - |
| 38 | Reserved | - | - | 0.000% | - | - |
| 39 | Reserved | - | - | 0.000% | - | - |
| 40 | Reserved | - | - | 0.000% | - | - |
| 41 | Reserved | - | - | 0.000% | - | - |
| 42 | Reserved | - | - | 0.000% | - | - |
| 43 | Reserved | - | - | 0.000% | - | - |
| 44 | Reserved | - | - | 0.000% | - | - |
| 45 | Reserved | - | - | 0.000% | - | - |

| | | | | | |
|----|--------------------------------------|--|---|---|--|
| | Adjustments | | - | - | |
| | Prorated Account 190 Balances | | | | |
| 61 | After Adjustments | | - | - | |

| | | | | | |
|----|-----------------------------------|--|---|---|--|
| 62 | Non-Prorated Balances | | - | - | |
| | Tax Reg Asset / Liab | | | | |
| 63 | Adjustments | | - | - | |
| | Non-Prorated Account 190 | | | | |
| 64 | Balances After Adjustments | | - | - | |

| | | | | | |
|--|--|--|--|--|--|
| ACCOUNT 282 ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Enter Negative) | | | | | |
|--|--|--|--|--|--|

| | | | | | | |
|----|----------|---|--------|---|---|--|
| 65 | Reserved | | 0.000% | - | - | |
| 66 | Reserved | | 0.000% | - | - | |
| 67 | Reserved | | 0.000% | - | - | |
| 68 | Reserved | | 0.000% | - | - | |
| 69 | Reserved | | 0.000% | - | - | |
| 70 | Reserved | - | 0.000% | - | - | |
| 71 | Reserved | - | 0.000% | - | - | |
| 72 | Reserved | - | 0.000% | - | - | |

| | | | | | | |
|----|-----------------------------|---|---|---|---|--|
| 73 | Total Account 282 | - | - | - | - | |
| | Tax Reg Asset / Liab | | | | | |
| | Adjustments (Note A) | | | | | |

| | | | | | | |
|----|----------|---|--------|---|---|--|
| 74 | Reserved | | 0.000% | - | - | |
| 75 | Reserved | - | 0.000% | - | - | |

| | | | | | | |
|----|--------------------------------|--|--|---|---|--|
| 76 | Total Account 282 After | | | | | |
| | Adjustments | | | - | - | |

| | | | | | | |
|----|----------------------|--|--|---|---|--|
| 77 | Prorated Balances | | | - | - | |
| | Tax Reg Asset / Liab | | | | | |
| 78 | Adjustments | | | - | - | |

| | | | | | | |
|----|--------------------------------------|--|--|---|---|--|
| | Prorated Account 282 Balances | | | | | |
| 79 | After Adjustments | | | - | - | |

| | | | |
|----|-----------------------------------|---|---|
| 80 | Non-Prorated Balances | - | - |
| | Tax Reg Asset / Liab | | |
| 81 | Adjustments | - | - |
| | Non-Prorated Account 282 | | |
| 82 | Balances After Adjustments | - | - |

El Paso Electric Company
Worksheet P5-2
Projected Accumulated Deferred Income Taxes/Accumulated Deferred Investment Tax Credits - Details
Estimated - For the 12 months ended 12/31/yyyy

| No. | (a) | mmm-yyyy | mmm-yyyy | (e) | mmm-yyyy | mmm-yyyy | (h) | (i) | (j) |
|----------|------|-------------|-------------|-----------|----------------------|----------------------|----------------------------|----------------------|------------------------------------|
| Line No. | Item | BOY Balance | EOY Balance | Allocator | BOY Allocated Amount | EOY Allocated Amount | Prorated (Yes/No) (Note C) | Explanation (Note B) | Projection Classification (Note D) |

| |
|---|
| ACCOUNT 283 ACCUMULATED DEFERRED INCOME TAXES - OTHER (Enter Negative) |
|---|

| | | | | | | | | | |
|----|----------|---|---|--------|---|---|--|--|--|
| 83 | Reserved | - | - | 0.000% | - | - | | | |
| 84 | Reserved | - | - | 0.000% | - | - | | | |
| 85 | Reserved | - | - | 0.000% | - | - | | | |
| 86 | Reserved | - | - | 0.000% | - | - | | | |
| 87 | Reserved | - | - | 0.000% | - | - | | | |
| 88 | Reserved | - | - | 0.000% | - | - | | | |
| 89 | Reserved | - | - | 0.000% | - | - | | | |
| 90 | Reserved | - | - | 0.000% | - | - | | | |
| 91 | Reserved | - | - | 0.000% | - | - | | | |
| 92 | Reserved | - | - | 0.000% | - | - | | | |
| 93 | Reserved | - | - | 0.000% | - | - | | | |
| 94 | Reserved | - | - | 0.000% | - | - | | | |

| | | | | | | |
|-----|----------|---|---|--------|---|---|
| | | - | - | | - | - |
| 95 | Reserved | - | - | 0.000% | - | - |
| 96 | Reserved | - | - | 0.000% | - | - |
| 97 | Reserved | - | - | 0.000% | - | - |
| 98 | Reserved | - | - | 0.000% | - | - |
| 99 | Reserved | - | - | 0.000% | - | - |
| 100 | Reserved | - | - | 0.000% | - | - |
| 101 | Reserved | - | - | 0.000% | - | - |
| 102 | Reserved | - | - | 0.000% | - | - |
| 103 | Reserved | - | - | 0.000% | - | - |
| 104 | Reserved | - | - | 0.000% | - | - |
| 105 | Reserved | - | - | 0.000% | - | - |
| 106 | Reserved | - | - | 0.000% | - | - |
| 107 | Reserved | - | - | 0.000% | - | - |
| 108 | Reserved | - | - | 0.000% | - | - |
| 109 | Reserved | - | - | 0.000% | - | - |
| 110 | Reserved | - | - | 0.000% | - | - |
| 111 | Reserved | - | - | 0.000% | - | - |
| 112 | Reserved | - | - | 0.000% | - | - |
| 113 | Reserved | - | - | 0.000% | - | - |
| 114 | Reserved | - | - | 0.000% | - | - |
| 115 | Reserved | - | - | 0.000% | - | - |
| 116 | Reserved | - | - | 0.000% | - | - |



| | | | | | | | | |
|-----|--------------------------|---|---|--------|---|---|--|--|
| | | - | - | | - | - | | |
| 117 | Reserved | - | - | 0.000% | - | - | | |
| 118 | Reserved | - | - | 0.000% | - | - | | |
| 119 | Reserved | - | - | 0.000% | - | - | | |
| 120 | Total Account 283 | - | - | | - | - | | |

El Paso Electric Company
Worksheet P5-2
Projected Accumulated Deferred Income Taxes/Accumulated Deferred Investment Tax Credits - Details
Estimated - For the 12 months ended 12/31/yyyy

| No. | (a) | mmm-yyyy | mmm-yyyy | (e) | mmm-yyyy | mmm-yyyy | (h) | (i) | (j) |
|----------|--|-------------|-------------|-----------|----------------------|----------------------|----------------------------|----------------------|------------------------------------|
| Line No. | Item | BOY Balance | EOY Balance | Allocator | BOY Allocated Amount | EOY Allocated Amount | Prorated (Yes/No) (Note C) | Explanation (Note B) | Projection Classification (Note D) |
| | Tax Reg Asset / Liab Adjustments (Note A) | | | | | | | | |
| 121 | Reserved | | | 0.000% | - | - | | | |
| 122 | Reserved | - | - | 0.000% | - | - | | | |
| 123 | Total Account 283 After Adjustments | | | | - | - | | | |
| 124 | Prorated Balances | | | | - | - | | | |
| 125 | Tax Reg Asset / Liab Adjustments | | | | - | - | | | |
| 126 | Prorated Account 283 Balances After Adjustments | | | | - | - | | | |
| 127 | Non-Prorated Balances | | | | - | - | | | |
| 128 | Tax Reg Asset / | | | | - | - | | | |

| | | | | |
|-----|-----------------------|---|---|--|
| | Liab Adjustments | - | - | |
| | Non-Prorated | | | |
| | Account 283 | | | |
| | Balances After | | | |
| 129 | Adjustments | - | - | |

| ACCOUNT 255: ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Enter Negative) (Note E) | | | | |
|--|--|--|--|--|
|--|--|--|--|--|

| | | | | | | | |
|-----|---|----|----------|---|---|--|--|
| 130 | Intangible | NP | 0.000% | - | - | | |
| 131 | Production | NA | 0.000% | - | - | | |
| 132 | Transmission | DA | 100.000% | - | - | | |
| 133 | Distribution | NA | 0.000% | - | - | | |
| 134 | General Plant | NP | 0.000% | - | - | | |
| | Total Account 255 | | | | | | |
| 135 | (266.8.b & 267.8.h) | | | - | - | | |
| 136 | Unrealized ITC Adjustment | | | | | | |
| | Account 255 balance after Unrealized Adjustment | | | - | - | | |
| 137 | Average ITC Balance for Attachment H | | | | | | |
| 138 | | | | | | | |

Notes:

- A The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts associated with tax-related regulatory assets and liabilities other than excess / deficient deferred income taxes ("EDIT"). EDIT is calculated in schedules P6-1 and P6-2 and presented in Att-H separately from ADIT.
- B Each ADIT item is categorized into 1 of 7 categories. The selected category will determine the Allocator applied to the ADIT balance.
- 1) Prod: The ADIT balance is 100% related to production of electricity and the NA Allocator is applied.
 - 2) Retail: The ADIT balance is 100% related to retail operations and the NA Allocator is applied.
 - 3) ONT: Other 100% Non-Transmission (Items other than Prod & Retail) related ADIT for which the NA Allocator is applied. Such items shall include:
 - ADIT related to the Income Tax Regaultory Assets and Liabilities
 - ADIT related to Pension and PBOP
 - Any other ADIT if not separately removed in other categories that relates to regulatory assets and liabilities that are not included in rate base.
 - 4) Trans: The ADIT balance is 100% related to transmission operations and the DA Allocator is applied.
 - 5) Plant: The ADIT balance is related to Property, Plant, & Equipment "PP&E" and the NP Allocator is applied.
 - 6) NPO: ADIT balances other than PP&E where the NP Allocator is applied.

7) Labor: The ADIT balance is labor related and the W/S Allocator is applied.

C Each ADIT Item must be categorized into balances that require proration and those that do not. ADIT items with a "Plant" Explanation code will be designated "Yes" for proration treatment and all other Items will be designated "No".

D A=Actuals from most recent FERC Form 1 are used. P=A projection of the ADIT balance is calculated.

E The balance in Account 255 is directly allocated among types of depreciable plant based the amount of investment tax credit (ITC) allowed for each type of property. In accordance with the normalization requirements applicable to utilities, the Company has elected to reduce rate base by unamortized ITC rather than to reduce income tax expense by ITC amortization. Rate base is not reduced by unamortized ITC until the ITC has been utilized by the Company on its tax return.

El Paso Electric Company
Worksheet P6-1
Excess / Deficient Deferred Income Taxes ("EDIT")

Proration Used for Projected Revenue Requirement Calculation

EDIT included within Accounts 182.3 & 254

| Days in Period | | | | | Projection - Proration of Deferred Tax Activity | | |
|----------------|-------------------|--|--|---|---|--|---|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
| Month | Days in the Month | Number of Days Remaining in Year After Month's Accrual of Deferred Taxes | Total Days in Future Portion of Test Period (Line 18, Col b) | Proration Amount (Lines 6 to 17, Col c / Col d) | Projected Monthly Activity ((Line 24 Col h - Line 21 Col h)/12) (See Note 7.) | Prorated Projected Monthly Activity (Lines 6 to 17, Col e x Col f) | Prorated Projected Balance (Line 5, Col h plus Cumulative Sum of Col g) |

December 31st balance Prorated Items (Worksheet P6-2.61.g)

-

| | | | | | | | |
|-----------|----|-----|-----|--------|---|---|---|
| January | 31 | 335 | 365 | 91.78% | - | - | - |
| February | 28 | 307 | 365 | 84.11% | - | - | - |
| March | 31 | 276 | 365 | 75.62% | - | - | - |
| April | 30 | 246 | 365 | 67.40% | - | - | - |
| May | 31 | 215 | 365 | 58.90% | - | - | - |
| June | 30 | 185 | 365 | 50.68% | - | - | - |
| July | 31 | 154 | 365 | 42.19% | - | - | - |
| August | 31 | 123 | 365 | 33.70% | - | - | - |
| September | 30 | 93 | 365 | 25.48% | - | - | - |
| October | | | | 16.99% | | | |

| | | | | | | | | |
|----|--|-----|----|-----|---|---|---|---|
| 15 | | 31 | 62 | 365 | | - | - | - |
| 16 | November | 30 | 32 | 365 | 8.77% | - | - | - |
| 17 | December | 31 | 1 | 365 | 0.27% | - | - | - |
| 18 | Total (sum of Lines 6 -17) | 365 | | | | - | - | - |
| 19 | Beginning Balance-Total | | | | Worksheet P6-2.62.g | | | - |
| 20 | Beginning Balance-Not Subject to Proration | | | | Worksheet P6-2.55.g | | | - |
| 21 | Beginning Balance-Subject to Proration | | | | (Line 5, Col H) | | | - |
| 22 | Ending Balance-Total | | | | Worksheet P6-2.62.i | | | - |
| 23 | Ending Balance-Not Subject to Proration | | | | Worksheet P6-2.55.i | | | - |
| 24 | Ending Balance-Subject to Proration | | | | Worksheet P6-2.61.i | | | - |
| 25 | Average Balance | | | | Line 17 Col N + (Lines 20 + 23 Col N)/2 | | | - |
| 26 | Reserved | | | | Reserved | | | - |
| 27 | Amount for Attachment H | | | | (Line 25 less line 26) | | | - |

El Paso Electric Company
Worksheet P6-2
Accumulated Excess / Deficient Deferred Income Taxes ("EDIT")
Estimated - For the 12 months ended 12/31/yyyy

| No. | (a) | mmm-yyy | | mmm-y | | (f) | mmm-yy | | mmm-y | | (j) | (k) | (l) |
|-----|-----|---------|------|-------|-----|-----|--------|------|-------|--|-----|-----|-----|
| | | y | yyyy | yyyy | yyy | | yy | yyyy | yyy | | | | |

| Line No. | Item | BOY Balance (Note D) | Current Period Amortization | Current Period Other Activity (Note C) | EOY Balance (Note D) | Allocator | BOY Allocated Amount | Amortization Allocated | EOY Allocated Amount | Prorated (Yes/No) (Note B) | Amort Period or Method | Explanation (Note A) |
|----------|------|----------------------|-----------------------------|--|----------------------|-----------|----------------------|------------------------|----------------------|----------------------------|------------------------|----------------------|
|----------|------|----------------------|-----------------------------|--|----------------------|-----------|----------------------|------------------------|----------------------|----------------------------|------------------------|----------------------|

NON-PLANT UNPROTECTED EDIT INCLUDED WITHIN ACCOUNTS 182.3 & 254

| | | | | | | | | | | | | |
|----|----------|---|---|---|---|-----------|---|---|---|----|---|---|
| 1 | Reserved | - | - | - | - | NA 0.000% | - | - | - | No | - | - |
| 2 | Reserved | - | - | - | - | NA 0.000% | - | - | - | No | - | - |
| 3 | Reserved | - | - | - | - | NA 0.000% | - | - | - | No | - | - |
| 4 | Reserved | - | - | - | - | NA 0.000% | - | - | - | No | - | - |
| 5 | Reserved | - | - | - | - | NA 0.000% | - | - | - | No | - | - |
| 6 | Reserved | - | - | - | - | NA 0.000% | - | - | - | No | - | - |
| 7 | Reserved | - | - | - | - | NA 0.000% | - | - | - | No | - | - |
| 8 | Reserved | - | - | - | - | NA 0.000% | - | - | - | No | - | - |
| 9 | Reserved | - | - | - | - | NA 0.000% | - | - | - | No | - | - |
| 10 | Reserved | - | - | - | - | NA 0.000% | - | - | - | No | - | - |
| 11 | Reserved | - | - | - | - | NA 0.000% | - | - | - | No | - | - |
| 12 | Reserved | - | - | - | - | NA 0.000% | - | - | - | No | - | - |

| | | | | | | | | | | | | |
|----|----------|---|---|---|----|--------|---|---|---|----|---|---|
| 13 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 14 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 15 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 16 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 17 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 18 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 19 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 20 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 21 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 22 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 23 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 24 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 25 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 26 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 27 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 28 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 29 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 30 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 31 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 32 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 33 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 34 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |

| | | | | | | | | | | | | |
|----|----------|---|---|---|----|--------|---|---|---|----|---|---|
| 35 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 36 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 37 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 38 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 39 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 40 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 41 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |
| 42 | Reserved | - | - | - | NA | 0.000% | - | - | - | No | - | - |

**El Paso Electric Company
Worksheet P6-2**

**Accumulated Excess Deferred Income Taxes/Accumulated Deferred Investment Tax Credits - Details
Estimated - For the 12 months ended 12/31/yyyy**

| No. | (a) | mmm-y | | (d) | (e) | (f) | mmm-yy | | mmm-yy | | (j) | (k) | (l) |
|--|------------------------------------|----------------------|-----------------------------|--|----------------------|-----------|----------------------|------------------------|----------------------|----------------------------|------------------------|----------------------|-----|
| | | yyy | yyyy | | | | yy | yyyy | yy | | | | |
| Line No. | Item | BOY Balance (Note D) | Current Period Amortization | Current Period Other Activity (Note C) | EOY Balance (Note D) | Allocator | BOY Allocated Amount | Amortization Allocated | EOY Allocated Amount | Prorated (Yes/No) (Note B) | Amort Period or Method | Explanation (Note A) | |
| 43 | Reserved | - | - | - | - | NA 0.000% | - | - | - | No | - | - | |
| 44 | Reserved | - | - | - | - | NA 0.000% | - | - | - | No | - | - | |
| 45 | Reserved | - | - | - | - | NA 0.000% | - | - | - | No | - | - | |
| 46 | Reserved | - | - | - | - | NA 0.000% | - | - | - | No | - | - | |
| 47 | Reserved | - | - | - | - | NA 0.000% | - | - | - | No | - | - | |
| 48 | Reserved | - | - | - | - | NA 0.000% | - | - | - | No | - | - | |
| 53 | Reserved | - | - | - | - | NA 0.000% | - | - | - | No | - | - | |
| 54 | Reserved | - | - | - | - | NA 0.000% | - | - | - | No | - | - | |
| 55 | Total Non Plant Unprotected | - | - | - | - | | - | - | - | | | | |
| PLANT EDIT INCLUDED WITHIN ACCOUNTS 182.3 & 254 | | | | | | | | | | | | | |
| 56 | Reserved | - | - | - | - | 0.000% | - | - | - | | | | |
| 57 | Reserved | - | - | - | - | 0.000% | - | - | - | | | | |
| 58 | Reserved | - | - | - | - | 0.000% | - | - | - | | | | |

| | | | | | | | | | | |
|----|---|---|---|---|---|--------|---|---|---|--|
| 59 | Reserved | | | | | 0.000% | - | - | - | |
| 60 | Reserved | | | | | 0.000% | - | - | - | |
| 61 | Total Plant | - | - | - | - | | - | - | - | |
| | Total Excess/Deficient Deferred Income Taxes | | | | | | | | | |
| 62 | Total Excess/Deficient Deferred Income Taxes | - | - | - | - | | - | - | - | |

Notes:

- A Each EDIT item is categorized into 1 of 7 categories. The selected category will determine the Allocator applied to the EDIT balance.
- 1) Prod: The EDIT balance is 100% related to production of electricity and the NA Allocator is applied.
 - 2) Retail: The EDIT balance is 100% related to retail operations and the NA Allocator is applied.
 - 3) ONT: Other 100% Non-Transmission (Items other than Prod & Retail) related EDIT for which the NA Allocator is applied. Such items shall include:
 - EDIT related to Pension and PBOP
 - Any other EDIT if not separately removed in other categories that relates to regulatory assets and liabilities that are not included in rate base.
 - 4) Trans: The EDIT balance is 100% related to transmission operations and the DA Allocator is applied.
 - 5) Plant: The EDIT balance is related to Property, Plant, & Equipment "PP&E" and the NP Allocator is applied.
 - 6) NPO: EDIT balances other than PP&E where the NP Allocator is applied.
 - 7) Labor: The EDIT balance is labor related and the W/S Allocator is applied.
- B Each EDIT Item must be categorized into balances that require proration and those that do not. EDIT items with a "Plant" Explanation code will be designated "Yes" for proration treatment and all other Items will be designated "No".
- C Includes the impact of tax rate changes enacted during the period.
- D EDIT balances exclude income tax gross-ups recorded to accounts 182.3 and 254

El Paso Electric Company
Worksheet P7
Projected Adjustments to Rate Base
Estimated - For the 12 months ended 12/31/yyyy

| Line No | Month (a) | Unamortized Regulatory Asset (b) | Unamortized Abandoned Plant (c) | CWIP (d) |
|---------|------------------------------------|--|---------------------------------------|-------------|
| 1 | December Prior Year | - | - | - |
| 2 | January | - | - | - |
| 3 | February | - | - | - |
| 4 | March | - | - | - |
| 5 | April | - | - | - |
| 6 | May | - | - | - |
| 7 | June | - | - | - |
| 8 | July | - | - | - |
| 9 | August | - | - | - |
| 10 | September | - | - | - |
| 11 | October | - | - | - |
| 12 | November | - | - | - |
| 13 | December | - | - | - |
| 14 | Average of the 13 Monthly Balances | - | - | - |

El Paso Electric Company
Schedule 1
Ancillary Services, Schedule No. 1 - Scheduling System Control and Dispatch Service
Estimated - For the 12 months ended 12/31/yyyy

| <u>Line No.</u> | <u>Description</u> | <u>Reference</u> | <u>Amount</u> |
|-----------------|--|--------------------------|---------------|
| 1 | Revenue Requirement | | |
| 2 | Total Load Dispatch and Scheduling (Account 561) | 321.85-92.b | \$ - |
| 3 | Less: Scheduling, System Control & Dispatch Services (Account 561.4) | 321.88.b | \$ - |
| 4 | Less: Reliability, Planning and Standards Development (Account 561.5) | 321.89.b | \$ - |
| 5 | Less: Transmission Service Studies (Account 561.6) | 321.90.b | \$ - |
| 6 | Less: Generation Interconnection Studies (Account 561.7) | 321.91.b | \$ - |
| 7 | Less: Reliability, Planning & Standards Development Services (Account 561.8) | 321.92.b | \$ - |
| 8 | Total 561 Costs for Schedule 1 Annual Rev Req | Sum Lines 2 through 7 | \$ - |
| 9 | | | |
| 10 | Less: Schedule 1 Point to Point Revenues | Company records | \$ - |
| 11 | | | |
| 12 | Actual Schedule 1 Annual Rev Req (before True Up) | Line 8 - Line 10 | \$ - |
| 13 | | | |
| 14 | True Up Adjustment | | |
| 15 | Actual Revenue Requirement | Line 8 | \$ - |
| 16 | Originally Projected Revenue Requirement without True Up Adjustment | Previous Filing (Note B) | \$ - |
| 17 | True-up Amount (before interest) | Line 15 - Line 16 | \$ - |
| 18 | Interest Rate on True-up Amount | (Worksheet TU, Line 33) | 0.0000% |
| 19 | Interest on True-up Amount | Line 17 * Line 18 * 24 / | |

| | | | | |
|----|--------------------------------------|----------------------------|----|-----------|
| | | 12 | - | |
| | | | \$ | |
| 20 | True-up Adjustment | Line 17 + Line 19 | - | |
| 21 | | | | |
| | | Line 12 + Line 20 (Note A) | \$ | |
| 22 | Net Schedule 1 Annual Rev Req | | - | |
| 23 | | | | |
| 24 | Divisor | | | |
| 25 | Divisor (kW) | (Worksheet P3, Line 15) | - | |
| 26 | | | | |
| 27 | Rates | | | |
| | | | \$ | |
| 28 | Annual | | - | /kW-year |
| | | | \$ | |
| 29 | Monthly | 12 months/year | - | /kW-month |
| | | | \$ | |
| 30 | Weekly | 52 weeks/year | - | /kW-week |
| | | | \$ | |
| 31 | Daily On-Peak | 6 days/week | - | /kW-day |
| | | | \$ | |
| 32 | Daily Off-Peak | 7 days/week | - | /kW-day |
| | | | \$ | |
| 33 | Hourly On-Peak | 16 hours/day | - | /MW-hour |
| | | | \$ | |
| 34 | Hourly Off-Peak | 24 hours/day | - | /MW-hour |

Notes

A Net Schedule 1 Annual Revenue Requirement projection is set to Actual amount from previous year plus Sch 1 True Up Adjustment

B Explanatory comment(s) for Originally Projected Sch 1 Rev Req without True Up Adjustment from Previous Filing:



ATTACHMENT H-2
El Paso Electric Company Formula Rate Implementation Protocols
Projections are for Rate Years – January-December
True-Ups are for Calendar Years – January-December

I. Applicability

The following procedures (the “Protocols”) shall apply to El Paso Electric Company’s (“EPE”) calculations under its Formula Rate Template set forth in Tariff Attachment H-1 (“Formula Rate Template”).

For purposes of these Protocols, the term “Interested Party” means a transmission customer of EPE, a state commission in a state where EPE serves retail customers, any entity having standing in a Federal Energy Regulatory Commission (“Commission” or “FERC”) proceeding investigating the Formula Rate (as defined in Section II.1, below), and staff of FERC.

II. Annual Updates

1. The Formula Rate Template, which includes Schedule 1 – Scheduling System Control and Dispatch Service as Appendix B to Attachment H-1, and these Protocols together comprise the Transmission Provider’s filed rate (collectively, the “Formula Rate”) for Transmission Service under the Tariff or transmission agreements incorporating Tariff rates. The Transmission Provider will follow the instructions specified in the Formula Rate to annually calculate (project and subsequently true up as applicable) its Annual Transmission Revenue Requirement (“ATRR”) and long-term firm loads to develop rates for Network Integration Transmission Service and Point-to-Point Transmission Service for posting by the Transmission Provider (hereinafter the projection and true-up process is referred to as the “Annual Update”).

2. The Formula Rate shall be applicable to service on and after January 1 of a given calendar year through December 31 of the same calendar year (“Rate Year”), subject to review, challenge, and refunds or surcharges with interest, as provided herein. The Formula Rate shall initially be the effective date established by the Commission.
3. Each calendar year, the Transmission Provider shall:
 - (a) By June 15 of the current year, calculate the projected ATRR, and transmission rates for the next Rate Year (“Projection”) and Schedule 1 rates for the next Rate Year in accordance with the Formula Rate. The Formula Rate specifies in detail the manner in which the immediately preceding calendar year FERC Form No. 1 data and actual data from the Transmission Provider’s books and records shall be used as inputs to the Formula Rate.
 - (b) By June 15 of the current year, calculate the true-up of the Projection for the preceding calendar year in accordance with the Formula Rate (“True-Up Adjustment”). The True-Up Adjustment shall use the actual data for such preceding calendar year to calculate the actual charges for that calendar year. As part of the True-Up Adjustment, the Transmission Provider shall calculate the under- or over-collection of the revenue requirement for all customers taking service pursuant to the Formula Rate, as follows:
 - i. At the time of the Annual Update, the Transmission Provider shall calculate the amount of under- or over-collection of its actual net

revenue requirement during the preceding Rate Year after the FERC Form No. 1 data for that Rate Year has been filed with the Commission.

- ii. The True-Up Adjustment shall be calculated in the following manner. The projected net revenue requirement on the Projected Attachment H for the Rate Year will be compared to the actual net revenue requirement for the same Rate Year as determined by the population of the Formula Rate Template with actual data.
- iii. Interest on any over-recovery of the actual net revenue requirement shall be determined based on the Commission's regulation at 18 C.F.R. § 35.19a. Interest on any under-recovery of the actual net revenue requirement shall be determined using the interest rate determined based on the Commission's regulation at 18 C.F.R § 35.19a. An average interest rate shall be used to calculate the interest payable for the twenty-four (24) months during which the over or under recovery in the revenue requirement exists. The interest rate determined based on the Commission's regulation at 18 C.F.R § 35.19a will be determined using the average of the posted quarterly rates for the last four available quarters available at the time of posting.
- iv. The True-Up Adjustment, as calculated on Worksheet TU of the Template, shall be included in the Transmission Provider's subsequent projected net revenue requirement determination.

- (c) Include with the Annual Update an identification and explanation of each material change (“Material Change”). A Material Change is: (i) any change in the Transmission Provider’s accounting policies, practices or procedures (including changes resulting from revisions to FERC’s Uniform System of Accounts and/or FERC Form No. 1 reporting requirements and inter-company cost allocation methodologies) from those in effect during the calendar year upon which the most recent actual ATRR was based and that, in the Transmission Provider’s reasonable judgment, could impact the Formula Rate, including impact to the ATRR or load divisor; and (ii) any change in the classification of any transmission facility that has been directly assigned and the dollar value of the change that the Transmission Provider has made in the applicable Projection or True-Up Adjustment; and
- (d) Post such Annual Update on its OASIS by June 15, or if June 15 is a Saturday, Sunday or Federal holiday, the first business day thereafter, as well as a populated Formula Rate Template in fully functional spreadsheets showing the calculation of such Annual Update with documentation supporting such calculation and information supporting the Projection as described in Section II.3(a), above, which information shall include a narrative, and worksheets where appropriate, explaining the source and derivation of any data input to the Formula that is not drawn directly from the Transmission Provider’s FERC Form No. 1, as well as the following information for all transmission facilities included in the

expected transmission plant additions: (i) expected date of completion; (ii) percent completion status as of the date of the Annual Update; (iii) a one-line diagram of facilities exceeding \$5 million in cost; (iv) the estimated total installed cost of the facility; and (v) the reason for the facility addition;

- (e) File such Annual Update with the Commission as an informational filing (“Informational Filing”) on the Publication Date; and
- (f) On the Publication Date, notify Interested Parties by email (using the last known email addresses provided to the Transmission Provider) of the website address where the Annual Update posting is located. The Transmission Provider shall use the email list developed from the most recent Annual Update and any other email addresses of individuals who have requested to be included in the Annual Update distribution list.

4. A change to the Formula Rate inputs related to unamortized abandoned plant, construction work in progress (which is currently set to zero), return on equity incentives, extraordinary property losses, return on equity, depreciation rates for each regulatory jurisdiction that are used to calculate the composite rates applied in the Formula Rate, or Post Employment Benefits Other than Pensions may not be made absent a filing with the Commission pursuant to Federal Power Act (“FPA”) Sections 205 or 206.

III. Annual Review Procedures

Each Annual Update shall be subject to the following review procedures (“Annual Review Procedures”). If any of the dates provided for herein fall on a Saturday, Sunday or Federal holiday, then the due date shall be the first business day thereafter:

1. Each year, with at least fifteen (15) calendar days written notice, the Transmission Provider shall convene at least one meeting, which shall include at the Transmission Provider's option either video conferencing or webinar/internet conferencing, among Interested Parties ("Customer Meeting") during which the Transmission Provider shall present details about its Annual Update. The Customer Meeting shall provide Interested Parties the chance to seek information and clarifications from the Transmission Provider about the Annual Update. The first Customer Meeting of a Rate Year shall take place between within forty-five (45) calendar days from the Publication Date at a date and time convenient for a majority of the parties and posted on the Transmission Provider's internet website. The Transmission Provider shall also schedule subsequent Customer Meetings as appropriate ("Subsequent Meetings"). The date and time of such Subsequent Meetings shall be posted on the Transmission Provider's internet website and shall include at the Transmission Provider's option either video conferencing or webinar/internet conferencing.
2. Immediately following the Publication Date, Interested Parties may submit requests for information supporting the Annual Update. Interested Parties will have one-hundred and twenty (120) calendar days after the Publication Date to serve reasonable information requests to the Transmission Provider ("Information Request Period"). Such information requests shall be limited to that which is necessary to determine: (1) if the Transmission Provider has properly calculated the Formula Rate for the Annual Update under review; (2) whether the inputs to the True-Up Adjustment are correct and otherwise appropriate costs and revenue

credits and have been accounted for and recorded appropriately; and (3) whether there have been any Material Changes that affect the Formula Rate calculations.

3. The Transmission Provider shall make reasonable efforts to respond to information requests pertaining to the Annual Update within ten (10) business days of receipt of such requests. Such data responses shall be served on all Interested Parties identifying themselves to the Transmission Provider (as set forth in Section II.3(f)). Information requests received after 4 p.m. Mountain Prevailing Time shall be considered received the next business day. In the event the Transmission Provider believes it cannot respond within the ten (10) business day timeframe, it shall notify the requesting party and shall provide an estimate of when the Transmission Provider will provide the requested information.
4. The Transmission Provider shall make available in a central electronic location all information requests received and all responses to such requests. Each information request received by the Transmission Provider shall become available in the central electronic location within one business day of receipt of such request. Each response by the Transmission Provider shall become available in the central electronic location within one business day of distribution of such response to the party that submitted the information request.
5. To the extent the Transmission Provider and any Interested Party(ies) are unable to resolve disputes related to information requests submitted during the Information Request Period in accordance with these Protocols, the Transmission Provider or any Interested Party may petition FERC to appoint an Administrative Law Judge as a discovery master after reasonable attempts to resolve the disputes

have been made by the Transmission Provider and any Interested Parties. The discovery master shall have the authority to issue binding orders to resolve discovery disputes and compel the production of discovery, as appropriate, in accordance with the Protocols and consistent with FERC's discovery rules.

6. At any time throughout the Information Request Period and up to thirty (30) calendar days after the later of: (i) the close of the Information Request Period, or (ii) receipt of all responses to information requests submitted during the Information Request Period, any Interested Party may review the calculations ("Review Period") and notify the Transmission Provider in writing of any specific challenges to the application of the Formula Rate ("Preliminary Challenge"). Notice of such Preliminary Challenges shall be promptly posted (at the same location as the Annual Update) by the Transmission Provider.
7. Challenges to the Formula Rate itself shall not be considered within the scope of these Annual Review Procedures. Modifications to the Formula Rate itself can only be made pursuant to Sections 205 and 206 of the Federal Power Act, as set out in Article VI below.

IV. Resolution of Annual Update Challenges

1. If the Transmission Provider and any Interested Party have not resolved a Preliminary Challenge to an Annual Update within sixty (60) calendar days after written notification of a Preliminary Challenge, senior management of the Interested Parties and the Transmission Provider may attempt to resolve any outstanding issues ("Senior Management Review"). If the Transmission Provider and any Interested Party's (or Parties') senior management are unable to

resolve all issues raised in such Preliminary Challenge within thirty (30) calendar days after the Senior Management Review process begins, the Interested Party or Parties may, at any time thereafter, file a formal challenge with the Commission for a period up to three-hundred sixty five (365) calendar days after the Customer Meeting for a particular Annual Update (“Formal Challenge”). An Interested Party may not file a Formal Challenge thereafter. However, any Party may at any time within the period specified above, with or without prior Senior Management Review or submission of a Preliminary Challenge, file a Formal Challenge with the Commission regarding the Annual Update. For avoidance of doubt and as provided in Article IV hereof, nothing in this section is intended to limit the rights of any Interested Party to file a complaint under the FPA outside the Formal Challenge procedures provided by these Protocols.

2. The Transmission Provider shall promptly post notice of resolution of a Preliminary Challenge (at the same location as the notice of Preliminary Challenges) and shall notify all Interested Parties of such resolution, consistent with the procedures set forth in Section III.4, above.
3. Any and all information produced pursuant to these Protocols may be included in any proceeding concerning the El Paso Electric Company Formula Rate initiated at FERC pursuant to the FPA, including, but not limited to, a Formal Challenge. Information produced pursuant to these Protocols designated as confidential information and not otherwise publicly available shall be treated as confidential in any such proceeding referenced herein; provided that confidential treatment shall

be subject to a later determination by the presiding authority that the material is, in whole or in part, not entitled to confidential treatment.

4. Any Formal Challenge shall be served on the Transmission Provider by electronic service on the date of such filing.
5. There shall be no need for an Interested Party to make a separate Formal Challenge with respect to any action initiated by the Commission *sua sponte* regarding an Annual Update, to participate in any resulting Commission proceeding.
6. Failure to make a Preliminary Challenge or Formal Challenge as to any Annual Update shall not act as a bar to a Preliminary Challenge or Formal Challenge related to any subsequent Annual Update. However, no Preliminary Challenge to an Annual Update shall be permitted after the deadline for written notification of Preliminary Challenges, described in Section III.6.
7. Failure to make a Preliminary Challenge or Formal Challenge with respect to a Material Change as to any Annual Update shall not act as a bar to a Preliminary Challenge or Formal Challenge related to that Material Change in any subsequent Annual Update.
8. Any changes or adjustments to the True-Up Adjustment or projected ATRR resulting from the Information Exchange and Informal Challenge processes that are agreed to by El Paso Electric Company will be reported in the Informational Filing required pursuant to Section II of these Protocols. Any such changes or adjustments agreed to by El Paso Electric Company on or before December 1 will be reflected in the projected ATRR for the upcoming Rate Year. Any changes or

adjustments agreed to by El Paso Electric Company after December 1 will be reflected in the following year's True-Up Adjustment, as discussed in Section V.

V. Changes to True-Up Adjustment or Projection

1. Except as provided in Section IV.8 of these Protocols, any changes to the data inputs, including but not limited to revisions to El Paso Electric Company's FERC Form 1, or as the result of any FERC proceeding to consider the Annual True-Up Adjustment or projected net ATRR, or as a result of the procedures set forth herein, shall be incorporated into the formula rate and the charges produced by the formula rate in the projected net ATRR for the next Rate Year. This reconciliation mechanism shall apply in lieu of mid-Rate Year adjustments. Except as otherwise specified pursuant to a Commission order, all refunds or surcharges shall be determined with interest calculated in accordance with 18 C.F.R. § 35.19a.

VI. Party's Rights and Burden of Proof

1. Nothing in these Protocols affects any rights the Transmission Provider, FERC, or any Interested Party may have under the FPA, including the right of the Transmission Provider to file a change in rates under Section 205 of the FPA or the right of an Interested Party to file a complaint that is not a Formal Challenge at any time under Section 206 of the FPA or other Commission regulation, or for an Interested Party to participate in any Commission proceeding relating to the Formula Rate. Nothing in these Protocols affects or modifies in any manner the procedural and substantive requirements, including requirements relating to the burden of proof, that are otherwise applicable under Commission precedent,

regulations, and statute, in such a proceeding. The provisions of these Protocols addressing review and challenge of the Annual Update shall not be construed as limiting the Transmission Provider's, FERC's, or any Interested Party's rights under any applicable provision of the FPA.

2. Failure to have made a Preliminary Challenge or Formal Challenge pursuant to these Protocols shall neither, in any manner, be asserted against a complainant in a proceeding instituted under Section 206 of the FPA nor prejudice or otherwise limit the complainant's right to relief that may be granted pursuant to Section 206 of the Federal Power Act.
3. Nothing herein is intended to alter the established burden(s) of going forward or burden(s) of proof as applied by the FERC at the time of any proceeding. Notwithstanding and without limiting the foregoing, in any proceeding ordered by FERC in response to a Formal Challenge raised under these Protocols or a proceeding initiated *sua sponte* by the Commission, the Transmission Provider shall have the ultimate burden of proof to establish that: (i) it reasonably applied the Formula Rate; (ii) it reasonably calculated the challenged Annual Update pursuant to the Formula Rate; and (iii) it reasonably adopted and applied any Material Change.

ATTACHMENT I

Index Of Network Integration Transmission Service Customers

The index of Network Integration Transmission Service Customers is publicly available in the Transmission Provider's Electric Quarterly Report.

ATTACHMENT J

Procedures for Addressing Parallel Flows

The Transmission Provider is a member of the Western Electricity Coordinating Council (“WECC”).

The Transmission Provider adopts and incorporates by reference the WECC Unscheduled Flow Mitigation Policy (which includes the WECC Unscheduled Flow Reduction Guideline) and the WECC Standard IRO-006-WECC-1 (Qualified Transfer Path Unscheduled Flow Relief) or successor regional standard, each as amended and approved by the Commission.

ATTACHMENT K

Transmission Planning Process

I. El Paso Electric Company Local Transmission Planning

A. El Paso Electric Company Planning Process

Participation in El Paso Electric Company's ("EPE") planning process is open to all affected and interested parties, including, without limitation, potential and current Transmission Customers, interconnection customers, regulatory and state authorities, sponsors of transmission solutions, generation solutions and solutions utilizing demand resources, and other stakeholders (jointly, "Stakeholders").

1. Overview

The EPE transmission planning process will consist of an assessment of the following needs:

- a. Providing adequate transmission to access sufficient resources (supply or demand resources) in order to reliably and economically serve retail, wholesale and network loads in the EPE service area;
- b. Where feasible, identifying non-transmission alternatives such as demand response resources that could meet or mitigate the need for new transmission;
- c. Supporting EPE's local transmission and sub-transmission systems; and
- d. Coordinating new interconnections with other transmission systems.

2. Transmission Planning Cycle, 10-Year System Expansion Plan and EPE Transmission System

- a. The EPE 10-Year System Expansion Plan ("Plan") will be developed and published no less frequently than on a biennial calendar year basis. The Plan will be reviewed annually to verify that the modeling, assumptions and planned facilities remain appropriate. If the modeling, assumptions and planned facilities require modification, one or more special studies will be performed to evaluate the impact of the modifications. Any modifications

resulting from a special study will be incorporated in the next planning cycle as necessary. To the extent required by system changes, a Plan may be issued in the years between the planned issuances. EPE may opt to develop and publish its Plan annually on a regular basis in conjunction with regional biennial transmission planning in compliance with FERC Order No. 1000.

- b. The purpose of the Plan will be to identify and evaluate, on a regular basis, any future electric transmission system modifications and additions or alternatives that may be required to serve the anticipated area load growth or other customers' transmission needs in the EPE service territory for a ten year planning horizon. The transmission facilities in EPE's local transmission plan are not subject to approval at the regional level unless EPE seeks to have such transmission facilities selected in the regional plan for purposes of regional cost allocation.
- c. Stakeholders may participate in each stage of EPE's development of the Plan and any annual update for EPE's local transmission system. Participation opportunities include two meetings within the twelve month period in which the Plan is developed and other EPE meetings and opportunities to review data, submit data and request studies (each as further described below). EPE has attached hereto as Exhibit 1 a flowchart of the EPE transmission planning process.
- d. EPE will post on its Open Access Same-Time Information System ("OASIS") the executive summaries of its Plan. Additional information, including a complete copy of the Plan will be available upon request, subject to appropriate confidentiality measures if needed.
- e. EPE's transmission system includes (i) jointly owned transmission facilities in Arizona that are part of the Arizona Nuclear Power Project Valley Transmission System ("ANPP VTS") Participation Agreement and within the balancing authority area of Salt River Project ("SRP") and (ii) transmission facilities in New Mexico and Texas that are within EPE's balancing authority area, some of which are jointly owned or operated with other regional utilities. For purposes of Stakeholder participation in planning activities for any EPE transmission facilities other than the ANPP VTS, Stakeholders may contact EPE pursuant to information provided on the EPE website at www.EPElectric.com. Stakeholders should contact SRP pursuant to information on the SRP website at www.SRPnet.com to

participate in the planning activities for projects related to the ANPP VTS. EPE will work with the Stakeholder and SRP as necessary to ensure the Stakeholder is put in contact with the appropriate SRP planning representatives.

3. Stakeholder's Responsibility for Providing Data

- a. As outlined in the planning flow chart (Exhibit 1), the EPE planning cycle typically will commence with the issuance by EPE of a notice to Stakeholders that wish to have their needs considered, including sponsors of transmission solutions, generation solutions and solutions utilizing demand response resources, or other non-transmission alternatives, in EPE's Plan to submit information and data regarding their needs (as specified in Section I.A.3.d below).
- b. EPE will use the information and data provided by such Stakeholders to, among other things, assess network load and generation and demand resource projections, transmission needs, operating dates and retirements for generation resources in EPE's system and to update regional models used to conduct planning studies.
- c. EPE will post date-specific schedules on its OASIS at least one month in advance of the due dates that identify when Stakeholder data and information are due in order to be included within EPE's next Plan. If customer data is not submitted in a timely manner pursuant to scheduled due dates, then the data submitted may not be able to be incorporated into the then-current planning cycle, although it will be included in the next annual review and/or planning cycle, if applicable.
- d. Information Submitted by Stakeholders
 - (i) Point-to-point Transmission Customers, Network Customers, interconnected generators, prospective providers of demand-side management and sponsors of transmission solutions, generation solutions and solutions utilizing demand response resources or other non-transmission alternatives, and other customers must provide information to EPE over a ten year planning horizon regarding their needs, proposed expansion plans and updates to previously provided forecasts to the extent they wish to have such information included in

developing the EPE Plan. The obligation to make such submittals, however, will not replace or supersede any requirements related to service or interconnection requests of point-to-point Transmission Customers and Network Customers or interconnected generators under other relevant sections and appendices of EPE's Open Access Transmission Tariff ("OATT").

- (ii) Information for projected loads and resources, including demand response resources, provided by Stakeholders must be submitted in a form that matches the load and resource information developed by System Planning at EPE. The specific power flow and stability program used by EPE and the related data format for both load and generator data will be posted on EPE's OASIS.
- (iii) For loads and demand response resources, the submitted data must include both MW and MVAR (both peak and off-peak values) and for generators, it must include D-Curves, terminal voltage, MW maximum and minimum capabilities and step-up transformer data. Stability data will depend on the type of generator. The format for this information will be supplied to the generator as needed.
- (iv) The data must be submitted electronically to EPE System Planning at EPESystemPlanning@epelectric.com or on a readable CD or DVD in a readily readable format compatible with EPE's designated power flow and stability program. EPE will treat all similarly-situated Stakeholders and their data on a comparable basis to one another and will consider on a basis comparable to its own data all data submitted by Network Customers, point-to-point Transmission Customers, sponsors of transmission solutions, generation solutions and solutions utilizing demand response resources or other non-transmission alternatives, demand-side management providers and generators ("customer data"). EPE will work with the entity submitting the customer data to format the information for inclusion in the planning process.
- (v) In order to preserve the effectiveness of the EPE planning cycle, Stakeholders must provide relevant data for their ten year needs as described above for the following, consistent with protection requirements for Critical Energy Infrastructure

Information (“CEII”) and proprietary and confidential information:

- (a) Generators – planned additions or upgrades (including status and expected in-service date), planned retirements, and environmental restrictions. Such data submittals, however, will not replace or supersede any requirements for interconnected generators under other relevant sections and appendices of EPE’s OATT.
 - (b) Demand response resources – existing and planned demand resources and their impacts on demand and peak demand.
 - (c) Network Customers – forecast information for load and resource requirements and identification of demand response reductions.
 - (d) Point-to-point Transmission Customers – projections of need for service, including transmission capacity, duration and receipt and delivery points. Such data submittals, however, will not replace or supersede any requirements for transmission service requests under other relevant sections and appendices of EPE’s OATT.
 - (e) Transmission sponsors – planned additions or upgrades (including status and expected in-service date) and planned retirements.
- e. Each Stakeholder will be responsible for submitting in a timely fashion a written notice of material changes in information and data previously provided by that Stakeholder pursuant to this Attachment K pertaining to load, resources, including demand response resources and generation, transmission service, or other aspects of their facilities and operations, to ensure EPE’s Plan reflects current information to the extent reasonably possible.

4. Types of Planning Studies

- a. Reliability Studies. EPE will conduct reliability studies to ensure that all of the North American Electric Reliability Corporation or its successor (“NERC”), Western Electricity Coordinating Council or its successor (“WECC”) and local reliability standards are met for its planning horizon for service to all EPE and Stakeholder planned

loads and resources (based on available information). These reliability studies will be coordinated with the other regional transmission planning organizations through studies conducted by EPE's subregional planning organization (*i.e.*, the Southwest Area Transmission Planning Group or its successor ("SWAT") within WestConnect¹ or its successor ("WestConnect")). Reliability studies will be paid for by EPE and EPE will recover the costs of such studies through its transmission rates. [1. WestConnect was originally formed under a memorandum of understanding ("MOU") voluntarily entered into by transmission –providing electric utilities in the Western interconnection. EPE is a party of the WestConnect MOU. Following the effective date of EPE's Attachment K tariff provisions under which compliance with FERC Order No. 1000 is implemented, as well as the effective dates of the Order No. 1000 compliance filings of other FERC-jurisdictional transmission providers in WestConnect, the members of WestConnect will establish a regional planning management committee which will be responsible for regional transmission planning.]

- b. Economic Studies. Economic planning studies may be performed to identify significant and recurring congestion and/or address the integration of new resources and loads on the EPE transmission system. Subject to the provisions of Sections I.A.5, I.A.6 and I.A.7, such studies will be conducted upon request by a Stakeholder (which may include EPE) to analyze (i) the location and magnitude of the congestion, (ii) possible remedies for the elimination of the congestion, in whole or in part, including transmission solutions, generation solutions and solutions utilizing demand response resources, (iii) the associated costs of congestion, (iv) the cost associated with relieving congestion through system enhancements (or other means), and, as appropriate, (v) the economic impacts of integrating new resources and load.
- c. Consideration of Public Policy Requirements. For purposes of this Attachment K, "Public Policy Requirements" means those requirements enacted by state or federal laws or regulations, including those enacted by local governmental entities, such as a municipality or county. Public Policy Requirements, as applicable, are incorporated into the load forecasts and/or modeled in the local planning studies. For example, EPE incorporates existing and planned energy efficiency, demand response and distributed generation programs that are required as a result of state-mandated renewable energy standards and energy efficiency rules in its

transmission planning analysis. Proposed public policy (public policy proposed before a governmental authority but not yet enacted) may be studied if time and resources permit.

5. Economic Planning Study Requests

- a. Any EPE Stakeholder (“Requester”) may submit a study request for an economic planning study directly to EPE or WECC’s Transmission Expansion Planning Policy Committee or its successor (“TEPPC”). All requests submitted to EPE should be addressed and sent to the Director, System Planning at EPESystemPlanning@epelectric.com. To the extent the Requester does not receive from EPE a confirmation of receipt of the study request within seven calendar days after its submittal, the Requester should contact the EPE Director, System Planning directly pursuant to the contact information provided on EPE’s OASIS.
- b. All economic planning study requests, whether or not the study work is performed by EPE, will be forwarded to TEPPC for inclusion in the TEPPC master list of economic studies for the Western Interconnection (“TEPPC Master List”) (see “EPE URL Master List” at <http://www.epelectric.com/site/transmission.nsf/transmission?openform>) and/or forwarded directly to WestConnect.
- c. Requester’s request for economic planning studies and responses to such requests will be posted on the EPE OASIS and the WestConnect website, (see “EPE URL Master List”), subject to CEII and confidentiality requirements.
- d. If a Requester submits its economic planning study request directly to EPE, EPE will review the request with input from its Stakeholders in a public meeting called for that purpose and noticed on EPE’s OASIS. EPE will determine whether the study should be considered a local request (i.e., if the study request does not appear to affect the interconnected transmission systems outside of EPE’s balancing authority area, any new facilities would be confined to EPE’s balancing authority area, and the study requested could be performed by EPE). If the study request appears to involve a subregional or regional area, EPE will transfer the request to TEPPC or WestConnect.
- e. If EPE determines, with input from Stakeholders, that the economic

planning study request is a local study and the request should be designated as a priority local study for the applicable year (“Local Priority Study”), then EPE or its third party contractor will conduct the study and coordinate assumptions and results with its Stakeholders, subject to the below limit on the number of Local Priority Studies conducted by EPE or its contractor per calendar year. The factors, in addition to those listed above in Section I.A.5.d above, considered in a determination of whether the study request is a Local Priority Study are: (i) the number of pending local study requests, (ii) the expected effect on reliability, (iii) whether the modification proposed to be studied would affect multiple system users and (iv) whether the request raises fundamental design issues of interest to multiple parties. EPE will have no obligation to conduct and pay for more than three Local Priority Studies per calendar year. Each study request will be evaluated in the order in which it is received to determine if it meets the criteria for a Local Priority Study. All economic planning studies performed by EPE, its contractor or TEPPC, will utilize the TEPPC public data base.

- f. In the event that more than three economic planning studies are designated as Local Priority Studies in one calendar year (each such Local Priority Study beyond the limit to be conducted by EPE or its contractor, a “Non-conducted Local Priority Study”), the Requester of each Non-conducted Local Priority Study may perform, or request that EPE assist the Requester in having a third party perform, its economic planning study at the Requester’s expense. The Requester of a Non-conducted Local Priority Study will have use of the TEPPC economic study data base, subject to any disclosure policy of WECC. EPE will support such Requester in ensuring that the study is coordinated through local, subregional or regional planning groups, if necessary.

- g. In the event the study is transferred to TEPPC, TEPPC will review economic planning study requests received from Transmission Providers, subregional transmission planning groups, and Requesters during its open stakeholder meeting (see TEPPC website for meeting schedules) and, together with its stakeholders, will prioritize requests for economic planning studies. Both EPE and Requester will have an opportunity to participate in the TEPPC prioritization process and provide input as to why the study should be included in the TEPPC study plan. For more detail regarding TEPPC’s economic planning study process study request window and criteria utilized to prioritize requests for regional economic studies, the URL to the TEPPC

economic planning process is listed in the “EPE URL Master List.”

- h. If either EPE or TEPPC determines, after reviewing through an open stakeholder process, that the request for an economic planning study is not a Local Priority Study or TEPPC priority, respectively, the Requester may perform, or request that EPE assist the Requester in having a third party perform, the economic planning study at the Requester’s expense. The Requester will have use of the TEPPC economic study data base, subject to any disclosure policy of WECC, and EPE will support the Requester in ensuring that the study is coordinated through local, subregional or regional planning groups, if necessary.
- i. EPE may determine that any number of Requesters’ economic planning study requests should be studied together or a Requester may ask that EPE study its request together with other requests. EPE will combine such studies as it deems appropriate in accordance with the following criteria:

1. *EPE Proposed Clusters*

In the event that EPE proposes to cluster certain Local Priority Studies on any reasonable grounds, including without limitation, upon its determination that the proposed cluster of studies are sufficiently similar, from an electrical perspective, to be feasibly and meaningfully studied as a group, it shall provide notice to each Requester that EPE proposes to include in the study. Each Requester shall be provided the opportunity to opt out of the cluster within ten (10) days of the notice from EPE. If a Requester desires to opt out, it must provide notice to that effect in writing to EPE’s Director of System Planning pursuant to the contact information provided on EPE’s OASIS.

2. *Requester Proposed Clusters*

If a Requester wishes to propose a cluster study, such request must be given in writing to EPE’s Director of System Planning pursuant to the contact information provided on EPE’s OASIS. Prior to submitting an economic planning study cluster request to EPE, the Requester must contact all of the other Requesters whose requests it proposes to cluster, and obtain their written consent to have their request clustered. EPE will reasonably determine whether the economic planning study requests that the Requester proposes to cluster, and for which the other affected Requesters have provided consent, are sufficiently similar, from

an electrical perspective, to be feasibly and meaningfully studied together. EPE reserves the right to reject a Requester-proposed cluster on any reasonable grounds, including, without limitation, upon its determination that the proposed cluster cannot be feasibly studied as a group or if the proposed clustering impairs administration or timely processing of the economic study process. EPE will make the determination whether to reject a proposed cluster, and provide notice of any decision to reject, within twenty (20) days of receipt of all of the written consents of the Requesters that propose to be clustered.

6. Economic Planning Study Cycle. EPE will coordinate the timing of its economic planning study cycle process with the TEPPC process. EPE will post on its OASIS the submission date by which a Requester must submit its study request, which will be at least one month prior to the beginning of the study request window required for the TEPPC study process (see “EPE URL Master List”). If the Requester misses this deadline, the Requester may submit its request directly to TEPPC or the request will be processed with the next EPE economic planning study cycle, which will be scheduled in coordination with the next TEPPC study process.
7. Cost Responsibility for Economic Studies
 - a. Local Priority Studies conducted pursuant to Section I.A.5.e, whether individual or clustered, will be performed by EPE or a third party chosen by EPE and paid for by EPE. EPE will recover the costs of such studies through its transmission rates.
 - b. Non-conducted Local Priority Studies will be paid for by the Requester pursuant to Section I.A.5.f above.
 - c. The costs of economic planning studies performed by WECC (through TEPPC) will be recovered through WECC’s membership dues.
 - d. Studies not characterized as a Local Priority Study or TEPPC priority will be performed at the Requester’s expense. EPE will have the option to perform such study or work with the Requester and its third party contractor, which in turn would perform the study.
8. Exchange of Data Unique to Economic Planning Studies
 - a. EPE will obtain all data used for its economic planning studies from

the TEPPC data base.

- b. Requester's request for detailed base case data must be submitted to WECC in accordance with the WECC procedures, as described on WECC's website.

9. EPE Planning Methodology and Protocols

- a. Data, Assumptions and Criteria. EPE's power flow base cases for the Plan will be structured using data from WECC base cases. EPE will review and modify as needed transformer and transmission line data, substation load data as per the most recent native system load forecast and resource data, including Stakeholder data received in a timely manner. The Stakeholder data will include data from sponsors of transmission solutions, generation solutions and solutions utilizing demand resources. EPE planning case assumptions will be chosen to model the maximum stress on the EPE system. EPE will use reliability criteria established by WECC and NERC, such as Reliability Standards TPL-001 through TPL-004, and internal EPE criteria as published in EPE's annual Federal Energy Regulatory Commission ("FERC") Form No. 715, to determine if system plan cases meet acceptable criteria and, if not, what facilities are needed to meet that requirement. Data compiled by EPE in connection with the development of its Plan will be provided to regional and subregional planners, through EPE's data submittal to the WECC database as outlined in Exhibit 1, to update their models, which in turn will be used in subsequent system Plans by EPE and potentially by others. This data will then be used in the economic planning studies performed by WestConnect, TEPPC, EPE or a Requester.
- b. EPE and Stakeholder Alternative Solutions Evaluation Basis. EPE's planning process is an objective process that evaluates use of the transmission system on a comparable basis for all customers. All solution alternatives that have been presented on a timely basis (per Section I.A.3 of this Attachment K), including transmission solutions, generation solutions and solutions utilizing demand response resources or other non-transmission alternatives, whether presented by EPE or another Stakeholder, will be evaluated on a comparable basis. The same criteria and evaluation process will be applied to competing solutions and/or projects, regardless of type or class of Stakeholder. Solution alternatives will be evaluated against one another on the basis of the following criteria to select the

preferred solution or combination of solutions: (1) ability to practically fulfill the identified need; (2) ability to meet applicable reliability criteria or NERC Planning Standards issues; (3) technical, operational and financial feasibility; (4) operational benefits/constraints or issues; (5) cost-effectiveness over the time frame of the study or the life of the facilities, as appropriate (including adjustments, as necessary, for operational benefits/constraints or issues, including dependability); and (6) where applicable, consistency with State or local integrated resource planning requirements, or regulatory requirements, including cost recovery through regulated rates.

c. Planning for Public Policy Requirements in the Local Planning Process.

1. Procedures for Identifying Transmission Needs Driven by Public Policy Requirements

Stakeholders may participate in identifying local transmission needs driven by Public Policy Requirements by contacting EPE's point of contact at EPESystemPlanning@epelectric.com. In addition, stakeholders have the opportunity to offer input or make proposals at EPE's open meetings held pursuant to this Attachment K.

The process by which EPE is to identify those local transmission needs driven by Public Policy Requirements for which a local transmission solution(s) will be evaluated, out of what may be a larger set of local transmission needs, is to utilize the two communication channels it has in place with stakeholders, identified above, through which local transmission needs driven by Public Policy Requirements are to be part of the open dialogue: (a) direct electronic communication to the EPE dedicated email address, through which a stakeholder desiring to communicate directly with EPE transmission planners may offer its views on which local transmission needs are ripe for evaluation for solutions, and (b) through participation in EPE's open meetings held pursuant to this Attachment K.

In selecting those local transmission needs driven by Public Policy Requirements that will be evaluated for solutions in the current planning cycle, EPE is to consider, on a non-discriminatory basis, factors, including but not limited to, the following:

- (i) Whether the Public Policy Requirement is driving a local transmission need that can be reasonably identified in the current planning cycle;
- (ii) the feasibility of addressing the local transmission need driven by the Public Policy Requirement in the current planning cycle;
- (iii) the factual basis supporting the local transmission need driven by the Public Policy Requirement; and
- (iv) whether a Public Policy Requirement has been identified for which a local transmission need has not yet materialized, or for which there may exist a local transmission need but the development of a solution to that need is premature. One example is a renewables portfolio increase that is enacted for implementation in a future year, and for which the process by which the renewable resource is to be identified, selected, and sited under the governing state-regulated resource adequacy process has not yet begun (making it premature to identify the location and scope of the local transmission need and/or the appropriate solution for the need).

No single factor shall necessarily be determinative in selecting among the potential transmission needs driven by Public Policy Requirements.

EPE is not required to identify any particular set of local transmission needs driven by Public Policy Requirements, but if EPE chooses not to identify any stakeholder-suggested local transmission need driven by a Public Policy Requirement as a transmission need for which solutions will be evaluated in the local transmission planning process, EPE will post on its OASIS an explanation of why the suggested transmission need will not be evaluated. EPE's OASIS posting will include both an explanation of those local transmission needs driven by Public Policy Requirements that have been identified for evaluation for potential solutions in the local transmission planning process, and an explanation why other stakeholder-suggested transmission needs driven by Public Policy Requirements were not identified for further evaluation. After considering the input of stakeholders, EPE is to determine whether to move forward with the identification of a local solution to a particular local need driven by Public Policy Requirements.

2. Procedures for Evaluating Solutions to Identified Transmission Needs

Stakeholders may use the two communication avenues identified above (direct electronic communication via email and/or participation in EPE's open meetings) to participate in the evaluation of solutions to identified local transmission needs driven by Public Policy Requirements that are selected by EPE for further evaluation. Stakeholder may provide comments on proposed solutions or may submit other proposed solutions to such local transmission needs.

After seeking the input of stakeholders, EPE is to determine whether to select a particular local solution in its local transmission plan. EPE will post its local transmission plan, which will include any such solutions selected.

The procedures for evaluating potential solutions to the identified local transmission needs driven by Public Policy Requirements are the same as those procedures used to evaluate any other project proposed in the local planning process.

3. Posting of Public Policy Needs

EPE will maintain on its OASIS (i) a list of all local transmission needs identified that are driven by Public Policy Requirements and that are included in the studies for the current local planning cycle; and (ii) an explanation of why other suggested transmission needs driven by Public Policy Requirements will not be evaluated.

- d. Disclosure of Data, Assumptions and Criteria. Stakeholders may obtain the WECC base cases (including power flow base cases and associated files for stability cases) through WECC. The EPE data and assumptions and internal criteria (including EPE's FERC Form No. 715) will be made available to Stakeholders (i) through EPE's OASIS or web postings, to the extent possible, (ii) at the EPE planning meeting(s) held within the period in which the Plan is developed and other EPE planning meetings and (iii) upon request, in each case subject to applicable confidentiality, CEII and standards of conduct requirements. The WECC and NERC reliability criteria may be obtained from the WECC and NERC websites, respectively.
- e. Subject to any confidentiality requirements, EPE will post copies of

planning studies on EPE's OASIS when completed or make them available upon request, and will make copies of the Plan available upon request. Stakeholders may contact EPE's Director of System Planning to discuss specific planning issues. Contact information is provided on EPE's OASIS.

B. Confidentiality and CEII

Although the EPE transmission planning process is open to all Stakeholders, Stakeholders will be required to comply at all times with certain applicable confidentiality measures necessary to protect confidential information, proprietary information or CEII.

1. EPE's transmission planning studies may include base case data that are WECC proprietary or classified as CEII by FERC. Access to this information will require membership in WECC or execution of a WECC confidentiality agreement and a review by WECC (as well as compliance with any additional CEII protection measures required by law or regulation). Any person submitting planning data to EPE will be deemed to have consented to allow such information to be used in the development of regional and subregional models and to be made available to others through the WECC base cases, including WECC power flow and stability databases.
2. Certain models and information may be proprietary to third parties. EPE's release or use of proprietary information made available to it by a third party will be governed by the applicable licensing or use agreements. Stakeholders that seek access to or use of models or information subject to such agreements that are inconsistent with EPE's rights to provide such access will be required to secure the rights they require from the third party holder of the rights.
3. Standards of Conduct. EPE is subject to the standards of conduct set forth at 18 C.F.R. Part 358 of FERC's regulations. Stakeholders that obtain non-public transmission information through access to EPE's planning process must protect against disclosure of that information to wholesale market participants to the extent required under 18 C.F.R. Part 358.
4. To the extent confidentiality issues arise that are not otherwise covered above, input from Stakeholders will be solicited, accepted and reviewed to determine the appropriate level of information sharing, the timeline for disclosure of the information as well as the procedures for gaining access to such data and the liability for breach. Such standards and procedures will

be posted on EPE's OASIS as developed. However, in all cases, (i) rules regarding information sharing will permit the disclosure of data as required to comply with law, governmental regulations or the order of a judicial or governmental authority with jurisdiction to require its disclosure (provided the party required to make the disclosure seeks to utilize available procedures to limit further disclosure, such as filing under seal) and (ii) any person that releases confidential or proprietary information in contravention of the standards and procedures adopted, willfully or through gross negligence, will be denied continued or future access to all such information. EPE will reserve the right to avail itself of legal and equitable rights and remedies it may have under federal and state laws and regulations to enforce the confidentiality provisions and the right to require reasonable, nondiscriminatory limits on access to information that, if released to the general public, could reasonably be expected to cause commercial harm. EPE will not use the confidentiality measures for discriminatory purposes.

5. To the extent a confidentiality agreement will need to be executed by Stakeholders, EPE will provide notice of such requirement on EPE's OASIS.

C. EPE Open Public Meetings

EPE will conduct open public planning meetings during its local planning cycle.

1. Stakeholder Input. Opportunity for Stakeholder comment and input to the EPE planning process will be provided through the regular periodic transmission planning meetings during the planning cycle. In addition, Stakeholders may submit written comments to EPE regarding any issues that may arise during the development of the EPE Plan, such comments to be addressed and sent to Director, System Planning at EPESystemPlanning@epelectric.com.
2. Regular Periodic Meetings. EPE will hold at least two open public transmission planning meetings a year, in coordination with the SWAT open public transmission planning meetings, to allow for EPE planning activities to be coordinated with all Stakeholders on a transparent, non-discriminatory and comparable basis. All transmission planning meetings will be open to any Stakeholders, including sponsors of transmission solutions, generation solutions and solutions utilizing demand resources or other non-transmission alternatives. In the event this number of meetings is found inadequate, EPE will increase the frequency of the meetings.

3. Purpose. Each public transmission planning meeting will be arranged to (i) allow EPE to maximize its understanding of its customers' forecast needs for the EPE transmission system, (ii) foster discussion and create a transparent planning process and (iii) provide an opportunity for Stakeholders to be informed about and offer input and advice on the Plan during the planning process and before Plan finalization. It is anticipated that the 1st meeting of the local planning cycle will be used to discuss existing and planned facilities and Plan development and the 2nd meeting of the local planning cycle will be used to discuss the results of the Plan studies and any required facilities arising from those study results.

4. Process
 - a. Meeting Notice and Contact Information. Notice of the specific date, time, location and agenda for EPE transmission planning meetings will be posted on EPE's OASIS at least fourteen calendar days in advance of the particular meeting. In addition to posting meeting announcements on OASIS, EPE procedures and contact information, including names and e-mail addresses of EPE contacts, will be supplied on EPE's OASIS. A Stakeholder may send an e-mail to any of the contacts listed requesting its name be added to a distribution list ("E-mail List"). EPE will send via e-mail all meeting notices or announcements regarding transmission planning issues to the E-mail List. In the event that significant projects develop or other significant events occur pursuant to development of the Plan, EPE will post the nature of those events on its OASIS, along with any related planning meetings scheduled to address them, so Stakeholders may elect to participate. EPE will also communicate these events via e-mail to the E-mail List. Any such OASIS posting or e-mail communication may be limited by confidentiality and CEII requirements. To the extent possible and subject to confidentiality and CEII requirements, study results or other information to be discussed at an EPE planning meeting will be posted with the meeting notice to facilitate Stakeholder preparation and constructive comments from the meeting participants.

 - b. Meeting Reports. Reports resulting from planning meetings will be posted on EPE's OASIS; however only public information will be posted. In order to permit all Stakeholders access to the information, E-mail List recipients will also receive either copies of the non-public information or information on how to access it, to the

greatest extent possible consistent with any applicable confidentiality and CEII requirements.

- c. Meeting Format. The planning meetings will be informal and will be facilitated by a representative from EPE System Planning to encourage an open and transparent process and exchange of information. Accommodations will be made for phone bridges.

II. Subregional Coordination – SWAT

A. Overview

EPE will coordinate its transmission planning efforts over the WestConnect footprint, a region encompassing a large number of interconnected transmission owners in the Western and Southwestern United States, with SWAT. EPE will continue to participate in the subregional SWAT transmission planning process to ensure that EPE’s planning data and assumptions are coordinated with the SWAT subregional transmission plan, which in turn is coordinated with the other subregional groups, such as Colorado Coordinated Planning Group (“CCPG”) and the Sierra Coordinated Planning Group (“Sierra”), to produce the ten year WestConnect transmission plan covering the WestConnect footprint.

B. SWAT’s Role in the Subregional Transmission Planning Process

1. SWAT’s Role. SWAT is tasked with bringing transmission planning information together and sharing updates on active projects. SWAT is comprised of both footprint-wide and smaller geographically-based work groups, which are overseen by the SWAT Oversight Committee. SWAT neither conducts nor has a role in conducting economic studies. The geographically-based work groups address transmission planning issues within their geographic areas.
2. SWAT Participation. Participation within SWAT and related work groups is open to all interested Stakeholders on a voluntary basis. EPE will participate in SWAT and relevant SWAT work groups (such as the NM work group, AZ/NM work group and the Southern Arizona Transmission System work group) and will submit its Plan to the relevant work group. EPE’s Plan, including the Stakeholder data and projects originating from EPE’s local planning process and included in its Plan, will ultimately be incorporated within the regional transmission plan of WestConnect in accordance with the regional transmission planning provisions of this Attachment K. EPE will incorporate any applicable information, data or study results from SWAT into the EPE planning process. EPE

Stakeholders are encouraged to participate in SWAT and related work groups. These groups provide an open forum where (i) any party interested in the planning of the transmission system in the SWAT footprint, which includes Arizona, New Mexico, and parts of California, Nevada, and Texas, can go to obtain information regarding base cases, plans, and projects and provide input regarding their needs as they relate to the transmission system, (ii) project sponsors can introduce their specific projects, including projects of sponsors of transmission solutions, generation solutions and solutions utilizing demand resources or other non-transmission alternatives, to interested stakeholders and potential partners and (iii) initiation of joint studies of these projects, coordination with other projects, and project participation, including ownership from other interested parties, may occur.

3. EPE Assistance. Upon request by a Stakeholder, EPE will assist the Stakeholder to contact the appropriate SWAT work group representatives for transmission planning purposes.
4. SWAT Meetings. The SWAT work groups meet or have conference calls on a regular basis. These meetings and conference calls are open to all Stakeholders and are posted on the WestConnect website (www.westconnect.com). The SWAT Oversight Committee conducts four open meetings per calendar year, generally one each quarter.

III. Coordination at the Regional Level with WECC/TEPPC and the Development of a Regional Transmission Plan by WestConnect

A. Role of WECC

1. As a member of WECC, EPE will participate in the WECC/TEPPC planning process, as appropriate and pursuant to its agreement with WECC and WECC's procedures, to ensure data and assumptions are coordinated within the Western Interconnection-wide economic studies. These economic studies are conducted by WECC/TEPPC in an open stakeholder process through regular region-wide stakeholder meetings. Stakeholders may review the WECC/TEPPC planning process and protocols on the WECC website (see "EPE URL Master List").
2. WECC develops and maintains the Western Interconnection-wide data bases that EPE and other parties utilize for power flow and stability studies. EPE submits its planning data, including Stakeholder data and projects originating from EPE's local planning process and included in its Plan, to the WECC data base.

3. WECC develops, through the NERC and WECC processes, all regional reliability criteria that are used by EPE in its planning studies. These criteria are posted on the WECC website (see “EPE URL Master List”).

B. Role of TEPPC. EPE will coordinate economic studies through WECC’s TEPPC, as further described in Section I.A.5 above (Economic Planning Study Requests). In relation to the EPE transmission planning process, EPE will work with TEPPC, which (i) develops and maintains the west-wide economic study database that may be used to run economic congestion studies and is compiled from publicly available data, (ii) performs economic planning studies through a regular study cycle described in the TEPPC protocols (see “EPE URL Master List”) in which TEPPC updates databases and develops and approves a study plan that includes customer high priority economic study requests determined by the open TEPPC stakeholder process, and (iii) documents the study results in a report.

1. Stakeholders must be a member of WECC or execute a WECC confidentiality agreement to obtain the actual system models that enable the running of congestion studies.
2. Stakeholders may find more detail on TEPPC and its Transmission Planning Protocol on the WECC website (see “EPE URL Master List”).

C. The Development of a Regional Transmission Plan in Accordance with FERC Order No. 1000 Principles in the WestConnect Planning Region

1. Overview

EPE participates in the regional planning process mandated in FERC Order No. 1000 through its participation in the WestConnect planning region (“WestConnect Planning Region”). The WestConnect Planning Region is defined by the transmission owner and transmission provider members (sometimes referred to generally in this Section III.C and in Section VI) as “transmission owners”) participating in the WestConnect regional transmission planning process and for whom WestConnect is conducting regional transmission planning (“Regional Planning Process”). The service areas of the transmission owners consist of all or portions of nine states: Arizona, California, Colorado, New Mexico, Nebraska, Nevada, South Dakota, Texas and Wyoming. Non-public utilities are invited to participate in the Regional Planning Process.

The purpose of the WestConnect Regional Planning Process is to produce a

regional transmission plan (the “Regional Plan”) and provide a process for evaluating projects submitted for cost allocation in accordance with the provisions of this Attachment K and those business practices adopted by WestConnect in the WestConnect Regional Planning Process Business Practice Manual, as may be amended from time to time, posted on the WestConnect website www.westconnect.com (the “Business Practice Manual”).

2. WestConnect Planning Participation Agreement

Following the effective date of EPE’s September 20, 2013 Order No. 1000 compliance filing (“Effective Date”), as well as the effective dates of the compliance filings of other FERC-jurisdictional transmission providers in the WestConnect Planning Region, the WestConnect Order No. 1000 regional transmission planning management committee (the “Planning Management Committee” or “PMC”) will be responsible for administering the Regional Planning Process. In order to align its regional process with the western interregional coordination process, it is WestConnect’s intent to begin its biennial process in even-numbered years. Should FERC acceptance of WestConnect’s compliance filing result in an effective date in an odd-numbered year, WestConnect will conduct an abbreviated planning process in its first year and begin its biennial process the next year. To effectuate such an abbreviated process, the PMC will develop a study scope for the first year, including project submission deadlines, and post it to the WestConnect website within the first thirty (30) days of the year.

In connection with creating the new PMC, the WestConnect members, in consultation with interested stakeholders, will establish a separate project agreement (the “Planning Participation Agreement”) to permit interested stakeholders to participate in the Regional Planning Process. Although the Regional Planning Process is open to the public, stakeholders interested in having a voting right in decisions related to the Regional Planning Process will be required to execute the Planning Participation Agreement and any necessary confidentiality agreements.[1] The Planning Management Committee will implement the Regional Planning Process, which will result in a Regional Plan for the ten-year transmission planning cycle.[2]

[1] If the Planning Participation Agreement is terminated, the requirement of becoming a signatory to the Planning Participation Agreement also terminates. In that situation, it would no longer be necessary for an entity to execute the Planning Participation Agreement before engaging in the WestConnect regional planning process, because the PMC will cease

performing its functions under this Attachment K upon termination of the Planning Participation Agreement.

[2] Because the rights and responsibilities of the PMC terminate when the Planning Participation Agreement terminates, EPE, as a Transmission Provider subject to Order No. 1000 compliance, will have to satisfy its regulatory compliance through other means. At that time, EPE will make an appropriate filing with the Commission to demonstrate its continued compliance with Order No. 1000.

Each WestConnect member will be a signatory to the Planning Participation Agreement, which will formalize the members' relationships and establish obligations among them.

EPE has been a party to the WestConnect Project Agreement for Subregional Transmission Planning ("WestConnect STP Project Agreement") for purposes of coordinating the local transmission plan of EPE with those developed through subregional and regional transmission planning processes. The committees formed under the WestConnect STP Project Agreement and the WestConnect Steering Committee have no authority over the PMC and the PMC's decisionmaking in implementing the Regional Planning Process.

3. Enrollment

WestConnect has two types of members: (a) transmission owners that enroll in WestConnect in order to comply with the Commission's Order No. 1000 planning and cost allocation requirements, as well as transmission owners that elect to participate in the WestConnect Regional Planning Process without enrolling for Order No. 1000 cost allocation purposes, and (b) stakeholders who wish to have voting input on the methodologies, studies, and decisions made in the execution of those Order No. 1000 requirements.

a. Joining the WestConnect Planning Region

A transmission owner that wishes to join the WestConnect Planning Region may do so by executing the Planning Participation Agreement and paying its share of costs as provided for in the Planning Participation Agreement.

A stakeholder that wishes to have voting input may join the WestConnect Planning Region by executing the Planning Participation Agreement, paying annual dues, and complying with applicable provisions as outlined

in such agreement. For further information regarding membership dues, please see the WestConnect Planning Participation Agreement, located on the WestConnect website (www.westconnect.com/planning_agreement) and on file with FERC.

b. Exiting the WestConnect Planning Region

Should a transmission owner wish to exit the WestConnect Planning Region, it must submit notice in accordance with the Planning Participation Agreement and pay its share of any WestConnect Planning Region expenditures approved prior to the effective date of the formal notice of withdrawal from the WestConnect Planning Region.

Should a stakeholder wish to exit the WestConnect Planning Region, it may do so by providing notice in accordance with the Planning Participation Agreement. Withdrawing stakeholders forfeit any monies or dues paid to the Planning Management Committee and agree to remit to the Planning Management Committee any outstanding monies owed to WestConnect prior to the effective date of such withdrawal.

c. List of Enrolled Entities

Transmission owners enrolled in the WestConnect Planning Region for purposes of Order No. 1000:

- Arizona Public Service Company
- Black Hills Colorado Electric Utility Company, LP
- Black Hills Power, Inc.
- Cheyenne Light, Fuel, & Power Company
- El Paso Electric Company
- NV Energy, Inc. Operating Companies
- Public Service Company of Colorado
- Public Service Company of New Mexico
- Tucson Electric Power Company
- UNS Electric, Inc.

4. WestConnect Objectives and Procedures for Regional Transmission Planning

The Regional Planning Process will produce a Regional Plan that complies with existing FERC Order No. 890 principles carried forward in Order No. 1000:

- Coordination
- Openness
- Transparency
- Information exchange
- Comparability
- Dispute Resolution

EPE, along with the other Planning Participation Agreement signatories, will work through the regional planning group processes, as applicable, to integrate transmission plans into a single, ten-year Regional Plan for the WestConnect Planning Region by:

- a. Actively coordinating development of the Regional Plan, including incorporating information, as appropriate, from all stakeholders;
- b. Coordinating, developing and updating common base cases to be used for all study efforts within the Regional Planning Process and ensuring that each plan adheres to the methodology and format developed for the Regional Plan;
- c. Providing funding for the Planning Participation Agreement planning management functions pursuant to the Planning Participation Agreement;
- d. Maintaining a regional planning section on the WestConnect website (www.westconnect.com) where all WestConnect planning information, including meeting notices, meeting minutes, reports, presentations, and other pertinent information is posted;
- e. Posting on the WestConnect website detailed notices of all regional planning meeting agendas; and
- f. Establishing a cost allocation process for regional transmission projects selected in the Regional Planning Process for cost allocation.

5. Roles in the Regional Transmission Planning Process

a. WestConnect PMC Role

The PMC is responsible for bringing transmission planning information together and sharing updates on active projects. The PMC provides an open forum where any stakeholder interested in the planning of the regional

transmission system in the WestConnect footprint can participate and obtain information regarding base cases, plans, and projects and provide input or express its needs as they relate to the transmission system. On a biennial basis and in coordination with its members and other interested stakeholders, the PMC will develop the Regional Plan. The PMC, after considering the data and comments supplied by customers and other stakeholders, is to develop a Regional Plan that treats similarly-situated customers (e.g., network, and native load) comparably in transmission system planning.

The Planning Management Committee is charged with development and approval of the Regional Plan. The Planning Management Committee will be comprised of representatives from each stakeholder sector. The Planning Management Committee will be empowered to create and dissolve subcommittees as necessary to facilitate fulfillment of its responsibilities in developing the Regional Plan.

b. Stakeholder Participation and Assistance

Stakeholders may participate in the Regional Planning Process by any one or more of the following ways: (a) by joining one of five WestConnect regional transmission planning membership sectors described below; (b) by attending publicly-posted WestConnect regional transmission planning stakeholder meetings; and/or (c) by submitting project proposals for consideration and evaluation in the Regional Planning Process.

Attendance at meetings is open to all interested stakeholders. These meetings will include discussion of models, study criteria and assumptions, and progress updates. Formal participation, including voting as allowed by the process, can be achieved through payment of applicable fees and annual dues in accordance with the Planning Participation Agreement. Transmission Owners with a Load Serving Obligation will not be responsible for annual dues because they will be the default source of funding to support WestConnect activities beyond dues paid by other organizations.

WestConnect Planning Region members will assist stakeholders interested in becoming involved in the Regional Planning Process by directing them to appropriate contact persons and websites. All stakeholders are encouraged to bring their plans for future generators, loads or transmission services to the WestConnect regional planning meetings. Each transmission planning cycle will contain a period during which project ideas are accepted for potential inclusion in that cycle's Regional Plan.

c. Forum for Evaluation

The WestConnect Regional Planning Process provides a forum for transmission project sponsors to introduce their specific projects to interested stakeholders and potential partners and allows for joint study of these projects by interested parties, coordination with other projects, and project participation, including ownership from other interested parties. This may include evaluation of transmission alternatives or non-transmission alternatives in coordination with the Regional Planning Process.

d. Stakeholder Meetings

WestConnect will hold open stakeholder meetings on at least a semi-annual basis, or as needed and noticed by the Planning Management Committee with thirty (30) days advanced notice to update stakeholders about its progress in developing the Regional Plan and to solicit input regarding material matters of process related to the Regional Plan. Notice for such meetings will be posted on the WestConnect website and sent via e-mail to the Regional Planning Process e-mail distribution list.

The meeting agendas for all WestConnect transmission planning meetings will be sufficiently detailed, posted on the WestConnect website, and circulated in advance of the meetings in order to allow stakeholders the ability to choose their meeting attendance most efficiently.

6. WestConnect Planning Governance Process

a. Membership Sectors

The Regional Planning Process will be governed by the Planning Management Committee, which will be tasked with executing the Regional Planning Process and will have authority for approving the Regional Plan. For those entities desiring to be a part of the management of the Regional Planning Process, one of five Planning Management Committee stakeholder sectors is available:

- Transmission Owners with Load Serving Obligations
- Transmission Customers
- Independent Transmission Developers and Owners
- State Regulatory Commissions
- Key Interest Groups

Only transmission owners that have load serving obligations individually or through their members may join the Transmission Owners with Load Serving Obligations membership sector. The Transmission Owners with Load Serving Obligations sector will be comprised of (a) those transmission owners that enroll in the WestConnect Planning Region for purposes of compliance with Order No. 1000; and (b) those transmission owners that elect to participate in the WestConnect Regional Planning Process as Coordinating Transmission Owners.

Except for Public Utilities that are required to comply with Order No. 1000, any entity may join any membership sector for which it qualifies, but may only participate in one membership sector at a time. If a non-public utility is qualified to join the Transmission Owners with Load Serving Obligations sector as well as one or more other sectors, and the non-public utility elects to join a sector other than the Transmission Owners with Load Serving Obligations sector, the PMC will not perform the function of regional transmission planning for that entity. Additionally, if a member of the Transmission Owners with Load Serving Obligations sector owns transmission facilities located in another planning region, the PMC will not perform the function of regional planning for such facilities located in another planning region.

b. Planning Management Committee

The Planning Management Committee will be empowered to create and dissolve subcommittees as necessary to ensure timely fulfillment of its responsibilities; to assess fees for membership status on the Planning Management Committee; and to assess fees for projects submitted for evaluation as part of the Regional Planning Process. The Planning Management Committee is to manage the Regional Planning Process, including approval of the Regional Plan that includes application of regional cost allocation methods.

The PMC is to coordinate and have the decision-making authority over whether to accept recommendations from the Planning Subcommittee (“PS”) and Cost Allocation Subcommittee (“CAS”). The PMC, among other things, is to develop and approve the Regional Plan based on recommendations from the PS and CAS; and develop and approve a scope of work, work plan, and periodic reporting for WestConnect planning functions, including holding a minimum of two stakeholder informational meetings per year. The PMC is to appoint the chair of the PS and CAS.

The chair for each subcommittee must be a representative of the Transmission Owners with Load Serving Obligations member sector.

The PS responsibilities include, but are not limited to, reviewing and making recommendations to the PMC for development of study plans, establishing base cases, evaluating potential solutions to regional transmission needs, producing and recommending the Regional Plan for PMC approval and coordinating with the CAS. The PS is to provide public notice of committee meetings and provide opportunities for stakeholders to provide comments on the process and proposed plan.

The CAS responsibilities include, but are not limited to, performing and/or overseeing the performance of the cost allocation methodology. The CAS also is to review and make recommendations to the PMC for modifying definitions of benefits and cost allocation methodology as necessary to meet WestConnect planning principles on identification of beneficiaries and cost allocation. The CAS is to review and recommend projects to the PMC for purposes of cost allocation identified in the Regional Planning Process. The CAS is to provide public notice of committee meetings and provide opportunities for stakeholders to provide comments on the process and proposed cost allocation.

All actions of the Planning Management Committee (including approval of the Regional Plan) will be made possible by satisfying either of the following requirements:

- 75% of the members voting within at least three sectors approve a motion, where one of the three sectors approving is the Transmission Owners with Load Serving Obligations sector; or
- 75% of the members voting within the four member sectors other than the Transmission Owners with Load Serving Obligations sector approve a motion, and where two-thirds (2/3) of the members voting within the Transmission Owners with Load Serving Obligations sector also approve the same motion.

Each entity within a membership sector is entitled to one vote on items presented for decision.

Any closed executive sessions of the PMC will be to address matters outside of the development of the Regional Planning Process, including

matters involving contracts, personnel, financial matters, or legal matters such as, but not limited to, litigation (whether actual or threatened).

7. Submission of Data by Customers, Transmission Developers, and Transmission Owners

When stakeholder feedback on modeling assumptions is requested, the data submittal period for such feedback will be established by the PMC. In all cases, requests for submittal of data from WestConnect members and stakeholders will be followed by a data submittal window lasting no less than thirty (30) days from the date of such requests. In addition, consistent with the Regional Planning Process, any interested stakeholder may submit project ideas for consideration in the Regional Plan without a need for that stakeholder's project to qualify for a project submittal for purposes of cost allocation. Specific project submittals are treated differently than generalized project ideas. For any project submittal seeking study by the PMC in the Regional Planning Process to address a regional need identified by the PMC (without regard to whether the project seeks cost allocation), a project submittal deposit will be collected and made subject to later true-up based upon the actual cost of the study(ies) performed. Project submittals are to be accepted through the fifth (5th) quarter of the planning cycle (or first (1st) quarter of the second (2nd) year), and are addressed in Section III.C.8 of this Attachment K. A timeline detailing the timing and notice for submission of information and input can be found in Exhibit 3 of this Attachment K.

a. Transmission Customers

Transmission customers shall generally submit their load forecast and other relevant data through the WestConnect Planning Region member's (for example, EPE's) local transmission planning process. However, from time to time, there may be a need for transmission customers participating in the Regional Planning Process to submit data directly to WestConnect. This data may include, but is not limited to, load forecasts, generation resource plans, demand side management resources, proposed transmission upgrade recommendations, and feedback regarding certain assumptions in the planning process.

No less than thirty (30) days notice will be given for customers to submit any required data and data submissions will generally be able to be made via e-mail or by posting information to a designated website.

b. Independent Transmission Developers and Owners

Transmission developers are entities with project ideas they wish to submit into the Regional Planning Process. These may include project submittals that the developer wishes to be considered to address an identified regional need (whether or not the project is eligible for regional cost allocation).

Each regional transmission planning cycle will include a submission period for project ideas, as described below. Notice of the submission period will be posted on the WestConnect website and will also be made via e-mail to WestConnect stakeholders. The submission period will last for no less than thirty (30) days and during this time, any entity that wishes to submit a transmission project for consideration in the Regional Planning Process to address an identified regional need may do so.

Projects proposed by Independent Transmission Developers and Owners are subject to the same reliability standards as projects submitted by Transmission Owners with Load Serving Obligations. The project developer shall register with NERC and WECC in accordance with the applicable registration rules in the NERC Rules of Procedure. In addition, project developers shall observe and comply with regional requirements as established by the applicable regional reliability organizations, and all local, state, regional, and federal requirements.

c. Merchant Transmission Developers

Merchant transmission developers are entities pursuing completion of projects that do not wish to have their projects considered for regional cost allocation. Nonetheless, coordination between merchant projects and the Regional Planning Process is necessary to effect a coordinated Regional Plan that considers all system needs.

Each regional transmission planning cycle will include a submission period for project submittals to address an identified regional need, as described below. Notice of the submission period will be posted on the WestConnect website and will also be made via e-mail to WestConnect stakeholders. In addition, it is necessary for merchant transmission developers to provide adequate information and data to allow the PMC to assess the potential reliability and operational impacts of the merchant transmission developer's proposed transmission facilities on other systems in the region. The submission period will last for no less than thirty (30) days and during this time sponsors of merchant transmission projects that are believed to impact the WestConnect Planning Region will be asked to provide certain project information.

Projects proposed by Merchant Transmission Developers are subject to the same reliability standards as projects submitted by Transmission Owners with Load Serving Obligations. The project developer is responsible for properly registering with NERC and WECC in accordance with the applicable registration rules in the NERC Rules of Procedure. In addition, project developers shall observe and comply with regional requirements as established by the applicable regional reliability organization and all local, state, regional, and federal requirements.

d. Transmission Owners with Load Serving Obligations

Transmission owners that are members of the WestConnect Planning Region are responsible for providing all necessary system information through the Regional Planning Process.

At the beginning of each regional transmission planning cycle, transmission owners that are participating in the WestConnect Regional Planning Process will be responsible for verifying the accuracy of any data (including, but not limited to, system topology and project proposal information) they have previously submitted. Transmission owners will also be required to submit all relevant data for any new projects being proposed for inclusion in the Regional Plan to address an identified regional need in accordance with the section below. Transmission owners will also be responsible for submitting any project plans developed through their local transmission planning processes for inclusion in the Regional Plan models.

8. Transmission Project Submittals

All submittals of transmission projects to address an identified regional need, without regard to whether or not the project seeks regional cost allocation, are to contain the information set forth below, together with the identified deposit for study costs, and be submitted timely within the posted submittal period in order for the project submittal to be eligible for evaluation in the Regional Planning Process. A single project submittal may not seek multiple study requests. To the extent a project proponent seeks to have its project studied under a variety of alternative project assumptions, the individual alternatives must be submitted as individual project submittals. To be eligible to propose a project for selection in the Regional Plan a project proponent must also be an active member in good standing within one of the five PMC membership sectors described above in Section III.C.3.

- Submitting entity contact information
- Explanation of how the project is a more efficient or cost effective solution to regional transmission needs*
- A detailed project description including, but not limited to, the following:
 - Scope
 - Points of interconnection to existing (or planned) system
 - Operating Voltage and Alternating Current or Direct Current status
 - Circuit Configuration (Single, Double, Double-Circuit capable, etc.)
 - Impedance Information
 - Approximate circuit mileage
- Description of any special facilities (series capacitors, phase shifting transformers, etc.) required for the project
- Diagram showing geographical location and preferred route; general description of permitting challenges
- Estimated Project Cost and description of basis for that cost*
- Any independent study work of or relevant to the project
- Any WECC study work of or relevant to the project
- Status within the WECC path rating process
- The project in-service date
- Change files to add the project to a standard system power flow model
- Description of plan for post-construction maintenance and operation of the proposed line
- A \$25,000 deposit to support the cost of relevant study work, subject to true-up (up or down) based upon the actual cost of the study(ies).* The true-up will include interest on the difference between the deposit and the actual cost, with such interest calculated in accordance with section 35.19a(a)(2) of FERC's regulations. A description of the costs to which the deposit was applied, how the costs were calculated, and an accounting of the costs will be provided to each project sponsor within 30 calendar days of the completion of the study. Dispute resolution is addressed pursuant to Section V.B.
- Comparison Risk Score from WECC Environmental Data Task Force, if available

- Impacts to other regions. The applicant must provide transmission system impacts studies showing system reliability impacts to neighboring transmission systems or another transmission planning region. The information should identify all costs associated with any required upgrades to mitigate adverse impacts on other transmission systems. *

If impact studies and costs are not available at the time of submittal, the project proponent may request that impact studies be performed, at the project proponent's expense, as part of the analysis to determine whether the project is the more efficient or cost effective solution. Requests for transmission system impact studies are approved through the PMC depending on whether the project proponent provides funding for the analysis. The PMC is to provide, subject to appropriate confidentiality and CEII restrictions, the information in the possession of the PMC that the applicant needs to perform the transmission system impact study and to identify the costs associated with any upgrades required to mitigate adverse impacts.

- * Merchant transmission developers are exempt from these requirements marked by asterisk.

There is to be an open submission period for project proposals to address identified regional needs. Notice of the submission period will be posted on the WestConnect website and will also be made via e-mail to WestConnect stakeholders. The submission period will last for no less than thirty (30) days and will end by the fifth (5th) quarter of the WestConnect planning cycle (or first (1st) quarter of the second (2nd) year of the planning cycle). Proposals submitted outside that window will not be considered. The Planning Management Committee will have the authority to determine the completeness of a project submittal. Project submittals determined incomplete will be granted a reasonable opportunity to cure any deficiencies identified in writing by the Planning Management Committee.

Any stakeholder wishing to present a project submittal to address an identified regional need shall be required to submit the data listed above to be considered in the Regional Planning Process. Should the submitting stakeholder believe certain information is not necessary, it will identify the information it believes is not necessary and provide a justification for its omission. The Planning Management Committee retains the sole authority

for determining completeness of the information submittal. After the completion of the project submittal period, the PMC will post a document on the WestConnect website detailing why any projects were rejected as incomplete. Upon posting of the document, any project submittal rejected as incomplete will be given a reasonable opportunity to cure the reason(s) it was rejected to the satisfaction of the Planning Management Committee in its sole discretion.

9. Submission of Non-Transmission Alternative Projects

Any stakeholder may submit projects proposing non-transmission alternatives to address an identified regional need for evaluation under the Regional Planning Process. The submission period will last for no less than thirty (30) days. The submission window will end by the fifth (5th) quarter of the WestConnect planning cycle (or first (1st) quarter of the second (2nd) year of the planning cycle). The following criteria must be satisfied in order for a non-transmission alternative project submittal to be evaluated under the Regional Planning Process:

- Basic description of the project (fuel, size, location, point of contact)
- Operational benefits
- Load offset, if applicable
- Description of the issue sought to be resolved by the generating facility or other non-transmission alternative, including reference to any results of prior technical studies
- Network model of the project flow study
- Short-circuit data
- Protection data
- Other technical data that might be needed for resources
- Project construction and operating costs
- Additional miscellaneous data (e.g., change files, if available)

As with entities submitting a transmission project under Section III.C.8, those who submit under Section III.C.9 a non-transmission alternative under the Regional Planning Process must adhere to and provide the same or equivalent information (and deposit for study costs) as transmission alternatives. Should the submitting stakeholder believe certain information is not necessary, it shall identify the information it believes is not necessary and shall provide a justification for its conclusion that the information is not necessary. Although non-transmission alternative projects will be considered in the Regional Planning Process, they are not eligible for regional cost allocation.

10. The WestConnect Regional Planning Cycle

The WestConnect regional transmission planning cycle is biennial. The WestConnect Planning Management Committee will develop and publish a Regional Plan every other year.

11. Overview of the Regional Planning Methodology and Evaluation Process

The Regional Planning Process is intended to identify regional needs and more efficient or cost-effective solutions to satisfy those needs. Consistent with Order No. 890, qualified projects timely submitted through the Regional Planning Process will be evaluated and selected from competing solutions and resources such that all types of resources, as described below, are considered on a comparable basis. The same criteria and evaluation process will be applied to competing solutions and/or projects, regardless of type or class of stakeholder proposing them. Where a regional transmission need is identified, the PMC is to perform studies that seek to meet that need through regional projects, even in the absence of project proposals advanced by stakeholders or projects identified through the WECC process. When the PMC performs a study to meet an identified regional need in circumstances where no stakeholder has submitted a project proposal to meet that regional need, the PMC is to pursue such studies in a not unduly discriminatory fashion. The study methods employed for PMC-initiated studies will be the same types of study methods employed for stakeholder-initiated studies (see, e.g., Section III.C.12 addressing the use of NERC Transmission Planning (TPL) Reliability Standards for regional reliability projects, Section III.C.13 addressing the use of production cost modeling for regional economic projects, and Section III.C.14 addressing the identification of Public Policy Requirements for regional public policy driven projects).

The solution alternatives will be evaluated against one another on the basis of the following criteria to select the preferred solution or combination of solutions: (1) ability to practically fulfill the identified need; (2) ability to meet applicable reliability criteria or NERC Transmission Planning Standards issues; (3) technical, operational and financial feasibility; (4) operational benefits/constraints or issues; (5) cost-effectiveness over the time frame of the study or the life of the facilities, as appropriate (including adjustments, as necessary, for operational benefits/constraints or issues, including dependability); (6) where applicable, consistency with Public Policy Requirements, or regulatory requirements, including cost recovery through regulated rates; and (7) a project must be determined by the Planning Management Committee to be a more efficient or cost-effective

solution to one or more regional transmission needs to be eligible for regional cost allocation, as more particularly described below.

The Regional Planning Process provides for an assessment of regional solutions falling in one or more of the following categories:

- a. Regional reliability solutions.
- b. Regional economic solutions
- c. Regional transmission needs driven by Public Policy Requirements.
- d. Non-transmission alternatives

EPE encourages all interested stakeholders to consult the Business Practice Manual for additional details regarding the planning process, timing, and implementation mechanics. A flow chart depicting the Regional Planning Process is attached as Exhibit 2.

All WestConnect Transmission Owners with Load Serving Obligations shall be responsible for submitting their local transmission plans for inclusion in the Regional Plan in accordance with the timeline stated in the Business Practice Manual. Those individual plans will be included in the Regional Plan base case system models.

12. WestConnect Reliability Planning Process

Once the base case is established and verified, the PMC is to perform a regional reliability assessment in which the base case system models will then be checked for adherence to the relevant NERC Transmission Planning Standards through appropriate studies, including, but not limited to, steady-state power flow, voltage, stability, short circuit, and transient studies, as more specifically outlined in the Business Practice Manual. If a reliability violation is identified in the power flow process, the violation will be referred back to the appropriate transmission owner.

The PMC will identify projects to resolve any regional violations of relevant NERC or WECC Transmission Planning Reliability Standards or WECC criteria that impact more than one transmission owner. In addition, as part of the Regional Planning Process, an opportunity will be afforded to any interested party to propose regional reliability projects that are more efficient or cost effective than other proposed solutions. The PMC will then identify the more efficient or cost effective regional transmission project that meets the identified regional transmission need, taking into account factors such as how long the project will take to complete, and the

timing of the need. Because local transmission owners are ultimately responsible for compliance with NERC Reliability Standards and for meeting local needs, the local transmission plans will not be modified; however, the PMC may identify more efficient or cost effective regional transmission projects. As seen in Exhibit 3 of this Attachment K, the PMC will perform the regional reliability assessment and, if necessary, identify a regional need for transmission projects to resolve any violations that impact more than one transmission owner in the fourth (4th) quarter of the planning cycle.

13. WestConnect Economic Planning Process

As part of the Regional Planning Process, the PMC is to analyze whether there are projects that have the potential to reduce the total delivered cost of energy by alleviating congestion or providing other economic benefits to the WestConnect Planning Region through production cost modeling. This analysis also is to utilize WECC Board-approved recommendations to further investigate congestion within the WestConnect Planning Region for congestion relief or economic benefits that have subsequently been validated by WestConnect. Additional projects may also be proposed by WestConnect stakeholders or developed through the stakeholder process for evaluation of economic benefits. Under the Regional Planning Process, the PMC is to identify more efficient or cost effective regional transmission projects, but will not modify local transmission plans.

The WestConnect economic planning process will analyze benefits via detailed production cost simulations. The models employed in the production cost simulations will appropriately consider the impact of transmission projects on production cost and system congestion. The WestConnect economic planning process will also consider the value of decreased reserve sharing requirements in the development of a Regional Plan that is more efficient or cost effective. As seen in Exhibit 3 of this Attachment K, the PMC will develop the production cost modeling analysis in the second (2nd) and third (3rd) quarters of the planning cycle and identify economic transmission projects in the sixth (6th) quarter and parts of the fifth (5th) and seventh (7th) quarters of the planning cycle.

14. WestConnect Public Policy Planning Process

a. Procedures for Identifying Regional Transmission Needs Driven by Public Policy Requirements

It is anticipated that any regional transmission need that is driven by Public

Policy Requirements will be addressed initially within the local planning cycles of the individual transmission owners in the WestConnect Planning Region (through the consideration of local transmission needs driven by a Public Policy Requirement, since a Public Policy Requirement is a requirement that is imposed upon individual transmission owners (as opposed to a requirement that is imposed on a geographic region). For those Public Policy Requirements that affect more than one transmission owner in the WestConnect Planning Region, a solution identified at the local level to satisfy the local needs of the affected transmission owner(s), may also satisfy a regional transmission need identified by the PMC for the WestConnect Planning Region.

WestConnect transmission owner members that are planning consistent with Order No. 890 will continue to conduct local transmission planning processes (Section I of this Attachment K), which provide a forum for discussions on local transmission needs driven by Public Policy Requirements. These local processes provide the basis for the individual transmission owners' local transmission plans, which are then incorporated into the regional base case at the start of the Regional Planning Process under Order No. 1000.

The PMC is to provide notice on the WestConnect website of both regional transmission planning meetings convened by the PMC for the WestConnect region, and local transmission planning meetings of the individual transmission owners in the WestConnect region.

The PMC will begin the evaluation of regional transmission needs driven by Public Policy Requirements by identifying any Public Policy Requirements that are driving local transmission needs of the transmission owners in the WestConnect Planning Region, and including them in the transmission system models (the regional base case) underlying the development of the Regional Plan. Then, the PMC will seek the input of stakeholders in the WestConnect region on those Public Policy Requirements in an effort to engage stakeholders in the process of identifying regional transmission needs driven by Public Policy Requirements. The PMC will communicate with stakeholders through public postings on the WestConnect website of meeting announcements and discussion forums. In addition, the PMC is to establish an email distribution list for those stakeholders who indicate a desire to receive information via electronic list serves.

After allowing for stakeholder input on regional transmission needs driven by Public Policy Requirements and regional solutions to those needs, as part of the Regional Planning Process, the PMC is to identify in the Regional Plan those regional transmission needs driven by Public Policy

Requirements that were selected by the PMC for evaluation of regional solutions.

In selecting those regional transmission needs driven by Public Policy Requirements that will be evaluated for regional solutions in the current planning cycle, the PMC is to consider, on a non-discriminatory basis, factors, including but not limited to, the following:

- (i) whether the Public Policy Requirement is driving a regional transmission need that can be reasonably identified in the current planning cycle; [Linda, spacing issue here]
- (ii) the feasibility of addressing the regional transmission need driven by the Public Policy Requirement in the current planning cycle;
- (iii) the factual basis supporting the regional transmission need driven by the Public Policy Requirement; and
- (iv) whether a Public Policy Requirement has been identified for which a regional transmission need has not yet materialized, or for which there may exist a regional transmission need but the development of a solution to that need is premature.

No single factor shall necessarily be determinative in selecting among the potential regional transmission needs driven by Public Policy Requirements.

The process by which PMC is to identify those regional transmission needs for which a regional transmission solution(s) will be evaluated, out of what may be a larger set of regional transmission needs, is to utilize the communication channels it has in place with stakeholders, identified above (open meetings and discussion forums convened by the PMC), through which regional transmission needs driven by Public Policy Requirements are to be part of the open dialogue.

b. Procedures for Identifying Solutions to Identified Regional Transmission Needs Driven by Public Policy Requirements

Stakeholders are to have opportunities to participate in discussions during the Regional Planning Process with respect to the development of solutions to regional transmission needs driven by Public Policy Requirements. Such participation may take the form of attending planning meetings, offering comments for consideration by the PMC on solutions to regional needs driven by Public Policy Requirements, and offering comments on

proposals made by other stakeholders or by the PMC. Stakeholders that are members of the WestConnect PMC are performing the function of regional transmission planning, and, developing regional solutions to identified regional transmission needs driven by Public Policy Requirements through membership on subcommittees of the PMC.

After allowing for stakeholder input on solutions to regional transmission needs driven by Public Policy Requirements, as part of the Regional Planning Process, the PMC is to identify in the Regional Plan those regional transmission solutions driven by Public Policy Requirements that were selected by the PMC and any regional transmission project(s) that more efficiently or cost-effectively meet those needs.

The procedures for identifying and evaluating potential solutions to the identified regional transmission needs driven by Public Policy Requirements are the same as those procedures used to evaluate any other project proposed in the local planning process and/or Regional Planning Process, whether or not submitted for purposes of cost allocation.

The PMC will perform a Public Policy Requirements analysis to help identify if a transmission solution is necessary to meet an enacted public policy. For a transmission need driven by Public Policy Requirements, the PMC will identify if a more efficient or cost effective regional transmission solution exists based upon several different considerations, including consideration of whether the project is necessary and capable of meeting transmission needs driven by Public Policy Requirements, while also:

- i. Efficiently resolving any criteria violations identified by studies pursuant to any relevant NERC Transmission Planning (TPL) Reliability Standards for regional reliability projects or WECC Transmission Planning Reliability Standards or WECC criteria, as applicable, that could impact more than one Transmission Owner as a result of a Public Policy Requirement,

or

- ii. Producing economic benefits shown through detailed production cost simulations. The models employed in the production cost simulations will appropriately consider the impact of transmission projects on production cost, system congestion and the value of decreased reserve sharing requirements.

The PMC will develop the public policy analysis in the sixth (6th) quarter and parts of the fifth (5th) and seventh (7th) quarters of the planning cycle.

c. Proposed Public Policy

A public policy that is proposed, but not required (because it is not yet enacted or promulgated by the applicable governmental authority) may be considered through Section III.C.13 (WestConnect Economic Planning Process) of this Attachment K, if time and resources permit.

d. Posting of Regional Transmission Needs Driven by Public Policy Requirements

WestConnect will maintain on its website (i) a list of all regional transmission needs identified that are driven by Public Policy Requirements and that are included in the studies for the current regional transmission planning cycle; and (ii) an explanation of why other suggested regional transmission needs driven by Public Policy Requirements will not be evaluated.

15. Consideration of Non-Transmission Alternatives in the Regional Planning Process

Non-transmission alternatives submitted for evaluation in the Regional Planning Process will be evaluated to determine if they will provide a more efficient or cost-effective solution to an identified regional transmission need. Non-transmission alternatives include, without limitation, technologies that defer or possibly eliminate the need for new and/or upgraded transmission lines, such as distributed generation resources, demand side management (load management, such as energy efficiency and demand response programs), energy storage facilities and smart grid equipment that can help eliminate or mitigate a grid reliability problem, reduce uneconomic grid congestion, and/or help to meet regional grid needs driven by Public Policy Requirements. Non-transmission alternatives are not eligible for regional cost allocation.

16. Approval of the WestConnect Regional Transmission Plan

The Cost Allocation Subcommittee is to submit, for review and comment, the results of its project benefit/cost analysis and beneficiary determination to the PMC Chair and to the identified beneficiaries of the transmission projects proposed for cost allocation. The PMC shall make available to its

Members sufficient information to allow for a reasonable opportunity to comment on the proposed selection. The PMC shall not make a determination on the project benefit/cost analysis and beneficiary determination until it has reviewed all comments. Upon approval of the PMC, the project benefit/cost analysis and beneficiary identifications shall be posted by the PMC on the WestConnect website.

a) CTO Acceptance of Cost Allocation

Each CTO beneficiary will indicate whether it accepts the cost allocation for the project as follows:

1. A CTO Member, in its sole discretion, may elect to accept a cost allocation for each separate transmission facility for which it is identified as a beneficiary, but only if it notifies the Chair of the PMC in writing of its decision to accept any such cost allocation within sixty (60) calendar days after the benefit/cost analysis is posted by the PMC under this Section III.C.16; provided, however, that the PMC has the discretion to extend the 60-day period when additional time is necessary for an identified beneficiary to complete its internal review and deliberation process before deciding to accept the cost allocation.
2. A CTO Member giving notice that it elects to accept a cost allocation for a transmission facility may rescind that notice at any time prior to the end of the sixty (60) day period or such extended period established in this Section III.C.16.a.
3. A CTO Member that does not accept a cost allocation for a transmission facility will not be subject to cost allocation for that transmission facility.

The information made available under this Section III.C.16 will be electronically masked and made available pursuant to a process that the PMC reasonably determines is necessary to prevent the disclosure of confidential information or CEII contained in the information.

b) Recalculation of Benefits and Costs for Reliability Projects

The Cost Allocation Subcommittee will adjust, as necessary, its project benefit/cost analysis and beneficiary identification for any transmission project that continues to meet the region's criteria for regional cost allocation. For any CTO beneficiary that does not accept cost allocation for a project under this Section III.C.16, such CTO's transmission need(s) which was included within the identification of the region's transmission

needs under Sections III.C.11-14 (for which the regional project would have avoided an alternative reliability project in such CTO's local transmission plan) will be removed as a regional transmission need for purposes of justifying a project's approval as a project eligible for inclusion in the Regional Plan for purposes of cost allocation.

c) Recalculation of Benefits and Costs for Public Policy Requirements Projects

The Cost Allocation Subcommittee will adjust, as necessary, its project benefit/cost analysis and beneficiary identification for any transmission project that continues to meet the region's criteria for regional cost allocation. For any CTO beneficiary that does not accept cost allocation for a project under this Section III.C.16, such CTO's transmission need(s) which was included within the identification of the region's transmission needs under Sections III.C.11-14 (for which the regional project would have avoided an alternative Public Policy Requirements project in such CTO's local transmission plan) will be removed as a regional transmission need for purposes of justifying a project's approval as a project eligible for inclusion in the Regional Plan for purposes of cost allocation. This shall include any such CTO's resource needs necessary to comply with Public Policy Requirements. ■

d) Recalculation of Benefits and Costs for Economic Projects

The Cost Allocation Subcommittee will adjust, as necessary, its project benefit/cost analysis and beneficiary identification for any transmission project that continues to meet the region's criteria for regional cost allocation. For any CTO beneficiary that does not accept cost allocation for a project under this Section III.C.16, such CTO's transmission benefits which were included within the identification of the regional project's economic benefits under Sections III.C.16 will be removed as a regional transmission benefit for purposes of justifying a project's approval as a project eligible for inclusion in the Regional Plan for purposes of cost allocation. This shall include the value of any economic benefits determined through the Regional Plan to accrue to such CTO. ■

e) Resultant Increase in Beneficiary Cost Allocation

Any regional transmission project that continues to meet the region's benefit/cost and other criteria for regional cost allocation will remain eligible for selection in the Regional Plan for purposes of cost allocation.

f) Approval of the WestConnect Regional Transmission Plan

Upon completion of the process outlined above, the Planning Management Committee will vote on whether to accept the proposed plan. The Regional Plan will document why projects were either included or not

included in the Regional Plan. In addition, the Regional Plan is to describe the manner in which the applicable regional cost allocation methodology was applied to each project selected in the Regional Plan for purposes of cost allocation. Participant funded projects and other types of projects may be included in the Regional Plan; however, those projects are not eligible for regional cost allocation.

17. Project Reevaluation

The Planning Management Committee is the governing body responsible for deciding whether to reevaluate the Regional Plan to determine if the conditions, facts and/or circumstances relied upon in initially selecting a transmission project for inclusion in the Regional Plan for purposes of cost allocation have changed and, as a result, require reevaluation.

Reevaluation will begin within the second planning cycle following the Effective Date. The Regional Plan and any project selected for cost allocation in the Regional Plan, including any local or single-system transmission projects or planned transmission system upgrades to existing facilities selected for purposes of cost allocation, shall be subject to reevaluation in each subsequent planning cycle according to the criteria below. Upon reevaluation, the Regional Plan and any projects selected for purposes of cost allocation in connection therewith may be subject to modification, including the status as a project selected for cost allocation, with any costs reallocated under Section VI as if it were a new project. Only the PMC has the authority to modify the status of a transmission project selected for cost allocation. Conditions that trigger reevaluation are:

- The underlying project characteristics and/or regional or interregional needs change in the Regional Plan. Examples include, but are not limited to: (a) a project's failure to secure a developer, or a developer's failure to maintain the qualifications necessary to utilize regional cost allocation, or (b) a change (increase or decrease) in the identified beneficiaries of a project (which changes may occur through company acquisitions, dissolutions or otherwise), (c) a change in the status of a large load that contributes to the need for a project, or (d) projects affected by a change in law or regulation;
- Projects that are delayed and fail to meet their submitted in-service date by more than two (2) years. This includes projects delayed by funding, regulatory approval, contractual

administration, legal proceedings (including arbitration), construction delays, or other delays;

- Projects with significant project changes, including, but not limited to kilovolt (kV), megavolt ampere (MVA), or path rating, number of circuits, number of transmission elements, or interconnection locations; and
- Projects with a change in the calculation of benefits or benefit/cost (“B/C”) ratio that may affect whether the project selected for inclusion in the Regional Plan for purposes of cost allocation is a more efficient or cost effective regional solution.

- Example 1: Where an increase in the selected project’s costs, including but not limited to, material, labor, environmental mitigation, land acquisition, operations and maintenance, and mitigation for identified transmission system and region, causes the total project costs to increase above the level upon which the project was initially selected for inclusion in the Regional Plan for purposes of cost allocation, the inclusion of the regional project in the Regional Plan will be reevaluated to determine if the regional project continues to satisfy the region’s B/C ratio and can be found to be a more efficient or cost effective solution under current cost information.
- Example 2: A selected project’s benefits may include identification of a reliability benefit in the form of remedying a violation of a Reliability Standard. If the identified beneficiary implements improvements, such as a Remedial Action Scheme, to achieve reliability in compliance with the Reliability Standard at issue, inclusion of the regional project in the regional plan will be reevaluated to determine if the regional project continues to satisfy the region’s B/C ratio and can be found to be a more efficient or cost effective solution under current benefit information.
- Example 3: Where a project’s estimated benefits include benefits in the form of avoided costs (e.g., a regional project’s ability to avoid a local project), and the project is not avoided, the inclusion of the regional project in the Regional Plan will be reevaluated to determine if the regional project continues to satisfy the region’s B/C ratio

and can be found to be a more efficient or cost effective solution under current facts and circumstances.

Projects selected for purposes of cost allocation will continue to be reevaluated until all the following conditions have been met.

- State and federal approval processes completed and approved (including cost recovery approval under section 205 of the Federal Power Act as applicable);
- All local, state and federal siting permits have been approved; and
- Major construction contracts have been issued.

When the Regional Plan is reevaluated as a result of any of the conditions triggering reevaluation addressed above, the PMC is to determine if an evaluation of alternative transmission solutions is needed in order to meet an identified regional need. In doing so, the PMC is to use the same processes and procedures it used in the identification of the original transmission solution to the regional need. If an alternative transmission solution is needed, the incumbent transmission owner may propose one or more solutions that it would implement within its retail distribution service territory or footprint, and if such proposed solution is a transmission facility, the transmission owner may submit the project for possible selection in the Regional Plan for purposes of cost allocation.

Projects not subject to reevaluation include, but are not limited to, the following:

- Local or single system transmission projects that have been identified in individual transmission provider's transmission planning (TPL) standards compliance assessments to mitigate reliability issues and that have not been proposed for (and selected by the PMC for) regional cost allocation; and
- Planned transmission system upgrades to existing facilities that have not been proposed for (and selected by the PMC for) regional cost allocation.

Projects meeting any of the following criteria as of the Effective Date of the WestConnect FERC-jurisdictional transmission owners' Order No. 1000 compliance filings also will not be subject to reevaluation under the Regional Planning Process:

- Projects of transmission owners who have signed the Planning Participation Agreement and that have received approval through local or state regulatory authorities or board approval;
- Local or single system transmission projects that have been planned and submitted for inclusion in the Regional Plan or exist in the 10-year corporate capital project budgets; and
- Projects that are undergoing review through the WECC Project Coordination and Rating Review Process as of the Effective Date.

18. Confidential or Proprietary Information

Although the Regional Planning Process is open to all stakeholders, stakeholders will be required to comply at all times with certain applicable confidentiality measures necessary to protect confidential information, proprietary information or CEII. From time to time, the regional transmission planning studies and/or open stakeholder meetings may include access to base case data that are WECC proprietary data, information classified as CEII, or other similar confidential or proprietary information. In such cases, access to such confidential or proprietary information shall be limited to only those stakeholders that (i) hold membership in and/or execute a non-disclosure agreement with WECC; (ii) execute a non-disclosure agreement with the applicable WestConnect Planning Region members; and/or (iii) are parties to the Planning Participation Agreement, as may be applicable.

Any entity wishing to access confidential information, subject to applicable standards of conduct requirements, discussed in the Regional Planning Process must execute an NDA, and submit it to NDA@westconnect.com. The NDA can be accessed on the WestConnect website.

IV. Recovery of Planning Costs

Unless EPE allocates planning-related costs to an individual Stakeholder as permitted under the Tariff, all costs incurred by EPE related to EPE's Transmission Planning process or the sub-regional or regional planning process (including the interregional activities set forth in Section VII) shall be included in the EPE transmission rate base or recorded as O&M expenses, as applicable.

V. Dispute Resolution

A. In the event of a dispute concerning either a procedural or substantive matter within the jurisdiction of FERC, the following dispute resolution processes will

apply:

1. WECC. If the dispute is one that is within the scope of the WECC dispute resolution procedures, then such procedures will apply.
 2. Non-WECC disputes. For disputes not within the scope of the WECC dispute resolution procedures, and for disputes not between or among the members of the WestConnect Planning Management Committee (which disputes will be subject to separate dispute resolution provisions set forth in the Planning Participation Agreement), the dispute resolution procedures set forth in Section 12 of EPE's OATT will apply, with the added provision that upon agreement of the parties, any dispute that is not resolved by direct negotiation between or among the affected parties within a reasonable period of time, may be referred to mediation (before or during arbitration), and all applicable timelines will be suspended until such time as the mediation process terminates (unless otherwise agreed by the parties). Notwithstanding that the dispute resolution procedures under Section 12 of EPE's OATT apply only to EPE and Transmission Customers, Section 12 of EPE's OATT will be deemed to be applicable to Stakeholders for purposes of this Attachment K, except as otherwise provided herein.
 3. Notwithstanding anything to the contrary in this Section V, any affected party may refer the matter to FERC for resolution at any time, for example, by filing with FERC a complaint, a request for declaratory order or a change in rate.
- B. For disputes between members of the PMC, the following dispute resolution procedures are to apply:
1. The disputing PMC member(s) initiates its dispute by providing written notification to the PMC (or a designated sub-committee of the PMC) in accordance with the provisions of the Planning Participation Agreement, in which event the PMC will seek to resolve the dispute through discussion, negotiation and the development of a recommended course of action. The PMC may act to adopt a resolution recommended by its own committee members or sub-committees, or alternatively the disputing parties may act to refer the dispute to arbitration for resolution.
 2. A dispute may be referred to arbitration under the governing provisions of the Planning Participation Agreement.
 3. The availability of the dispute resolution avenues identified above does not eliminate a disputing PMC member's(s') right under the Federal Power Act

to refer either a procedural or substantive matter within the jurisdiction of FERC to FERC for resolution, for example by filing with FERC a complaint, a request for declaratory order or a change in rate.

VI. Cost Allocation for New Projects

A. EPE will utilize a case-by-case approach to allocate costs for new projects. This approach will be based on the following principles:

1. Open Season Solicitation of Interest. For any project identified in an EPE planning study (for reliability and/or economic projects) in which EPE is the project sponsor, EPE may elect to provide an “open season” solicitation of interest to secure additional project participants. Upon a determination by EPE to hold an open season solicitation of interest for a project, EPE will:
 - a. Announce and solicit interest in the project through informational meetings, its website and/or other means of dissemination as appropriate.
 - b. Hold meetings with interested parties and meetings with public utility staffs from potentially affected states.
 - c. Post information *via* WECC’s planning project review reports.
 - d. Develop the initial project specifications, the initial cost estimates and potential transmission line routes; guide negotiations and assist interested parties to determine cost responsibility for initial studies; guide the project through the applicable line siting processes; develop final project specifications and costs; obtain commitments from participants for final project cost shares; and secure execution of construction and operating agreements.
2. EPE Coordination within a Solicitation of Interest Process. EPE, whether as a project sponsor or a participant, will coordinate as necessary with any other participant or sponsor, as the case may be.
3. EPE Projects without a Solicitation of Interest. EPE may elect to proceed with small and/or reliability projects without an open season solicitation of interest, in which case EPE will proceed with the project pursuant to its rights and obligations as a Transmission Provider.
4. Allocation of Costs

- a. Proportional Allocation. For any project entered into where an open season solicitation process has been used, project costs and associated transmission rights would generally be allocated proportionally to project participants subject to approval of the participation agreement by FERC. In the event the open season process results in a single participant, the full cost and transmission rights will be allocated to that participant.
- b. Economic Benefits or Congestion Relief. For a project wholly on the EPE system that is undertaken for economic reasons or congestion relief at the request of a Requester, the project costs will be allocated to the Requester.
- c. EPE Rate Recovery. Notwithstanding the foregoing provisions, EPE will not assume cost responsibility for any project if the cost of the project is not reasonably expected to be recoverable in its retail and/or wholesale rates.
- d. Exclusions. The cost for projects undertaken in connection with requests for interconnection or transmission service on the EPE system, each of which are governed by existing cost allocation methods within EPE's OATT, will continue to be so governed and will not be covered by the principles above.

B. Local Transmission Projects

Local Transmission Projects are projects located within a transmission owner's retail distribution service territory or footprint unless such projects are submitted and selected in the Regional Plan for purposes of cost allocation.[2] A transmission owner is not precluded from proposing Local Transmission Projects for inclusion in the Regional Plan for purposes of cost allocation in the Regional Planning Process. A Local Transmission Project that is not submitted or not selected for inclusion in the Regional Plan is not eligible for cost allocation in the Regional Plan and not subject to the provisions governing regional cost allocation set forth below. [2. The reference to a transmission owner's "footprint" refers to the electrical footprint of the transmission owner (i.e., the location of that transmission owner's electrical assets) and not necessarily to the physical/spatial footprint. Where a transmission owner within the WestConnect Planning Region is a transmission-only company with no retail distribution service territory, the term, footprint, would refer to the location of the transmission facilities of such transmission-only company.]

For any transmission project where EPE is the sole owner or such project is to be

built within or for the benefit of the existing EPE system such as local, small and/or reliability transmission projects, EPE will proceed with the project pursuant to its rights and obligations as a Transmission Provider for the local area. Any projects necessary to ensure the reliability or that provide economic benefits to the EPE system and which fall outside the requirements for inclusion in the Regional Plan for purposes of cost allocation are eligible to be considered Local Transmission Projects.

EPE may share ownership, and associated costs, of any new transmission project, based upon mutual agreement between the parties. Such a joint ownership arrangement may arise because of existing joint ownership of facilities in the area of the new facilities, overlapping service territories, or other relevant considerations.

C. Regional Transmission Projects

For any project determined by the Planning Management Committee to be eligible for regional cost allocation, project costs and associated transmission rights will be allocated proportionally to those entities determined by the Planning Management Committee, as shown in the Regional Plan, to be beneficiaries of the project (s) in the WestConnect Planning Region, as identified in this Attachment K, subject to the processes set forth in Sections III through VI.

The Planning Management Committee, with input from the CAS, is to determine whether a project is eligible for regional cost allocation, and assesses the project's costs against its benefits in accordance with the following factors:

- Benefits and beneficiaries will be identified before cost allocation methods are applied.
- Cost assignments shall be commensurate with estimated benefits.
- Those that receive no benefits shall not be involuntarily assigned costs.
- A benefit-to-cost threshold of not more than 1.25 shall be used, as applicable, so that projects with significant benefits are not excluded.
- Costs shall be allocated solely within the WestConnect Planning Region, unless other entities or regions voluntarily assume costs.
- Costs for upgrades on neighboring transmission systems or other planning regions that are (i) required to be mitigated by the WECC Path Rating process, FERC tariff requirements, or NERC Reliability Standards, or (ii) negotiated among interconnected parties will be included in the total project costs and used in the calculation of B/C ratios.

- Cost allocation method and data shall be transparent and with adequate documentation.
- Different cost allocation methods may be used for different types of projects.

Specifically, the Planning Management Committee will consider the following projects eligible for cost allocation consideration as further described below based on specified criteria:

- Reliability projects;
- Economic or congestion relief projects; or
- Public policy projects.

Only projects that fall within one or more of these three categories and satisfy the cost-to-benefit analyses and other requirements, as specified herein, are eligible for cost allocation in the WestConnect Planning Region. EPE encourages all interested stakeholders to consult the Business Practice Manual for additional details regarding the assessment for eligibility for regional cost allocation. Summary provisions are provided below:[3]

[3] References to “transmission owners” in the cost allocation provisions are to transmission owners for whom the Planning Management Committee is performing the function of regional transmission planning. At present, those transmission owners are TOLSO members.

1. Allocation of Costs for Reliability Projects

In order to allocate costs to transmission owners for system reliability improvements that are necessary for their system to meet the NERC TPL Standards, the WestConnect cost allocation procedure will allocate costs for system reliability improvements only when a system improvement is required to comply with the NERC TPL Reliability Standards during the planning horizon.

All components of a transmission owner’s local transmission plan will be included in the Regional Plan and will be considered Local Transmission Projects that are not eligible for regional cost allocation. A system performance analysis will be performed on the collective plans to ensure the combined plans adhere to all relevant NERC TPL Reliability Standards, and stakeholders will be afforded an opportunity to propose projects that are more efficient or cost effective than components of multiple transmission owner local plans as outlined in Section III.C.12 above.

Should a reliability issue be identified in the review of the included local transmission plan, the project necessary to address that reliability issue will be included in the Regional Plan and the cost will be shared by the utilities whose load contributed to the need for the project.

Should multiple utilities have separate reliability issues that are addressed more efficiently or cost effectively by a single regional project, that regional project will be approved for selection in the Regional Plan and the cost shared by those transmission owners in proportion to the cost of alternatives that could be pursued by the individual transmission owners to resolve the reliability issue. The ultimate responsibility for maintaining system reliability and compliance with NERC Transmission Planning Standards rests with each transmission owner.

The costs for regional reliability projects will be allocated according to the following equation:

$$(1 \text{ divided by } 2) \text{ times } 3 \text{ equals } 4$$

Where:

- 1 is the cost of local reliability upgrades necessary to avoid construction of the regional reliability project in the relevant transmission owner's retail distribution service territory or footprint
- 2 is the total cost of local reliability upgrades in the combination of transmission owners' retail distribution service territories or footprints necessary to avoid construction of the regional reliability project
- 3 is the total cost of the regional reliability project
- 4 is the total cost allocated to the relevant transmission owner's retail distribution service territory or footprint

The manner in which the PMC applied this methodology to allocate the costs of each regional reliability project shall be described in the Regional Plan.

2. Allocation of Costs for Economic Projects

Cost allocation for economic projects associated with congestion relief

that provide for more economic operation of the system will be based on the calculation of economic benefits that each transmission owner system will receive. Cost allocation for economic projects shall include scenario analyses to ensure that benefits will actually be received by beneficiaries with relative certainty. Projects for which benefits and beneficiaries are highly uncertain and vary beyond reasonable parameters based on assumptions about future conditions will not be selected for cost allocation.

In order for a project to be considered economically justified and receive cost allocation associated with economic projects, the project must have a B/C ratio that is greater than 1.0 under each reasonable scenario evaluated and have an average ratio of at least 1.25 under all reasonable scenarios evaluated. The B/C ratio shall be calculated by the PMC. This B/C ratio will be determined by calculating the aggregate load-weighted benefit-to-cost ratio for each transmission system in the WestConnect Planning Region. The benefits methodology laid out below ensures that the entities that benefit the most from the completion of an economic project are allocated costs commensurate with those project benefits.

The cost of any project that has an aggregate 1.25 B/C ratio or greater will be divided among the transmission owners that show a benefit based on the amount of benefits calculated to each respective transmission owner. For example, if a \$100 million dollar project is shown to have \$150 million in economic benefit, the entities for which the economic benefit is incurred will be determined. The cost of the project will then be allocated to those entities, based on the extent of each entity's economic benefits relative to the total project benefits. This will ensure that each entity that is allocated cost has a B/C ratio equal to the total project B/C ratio. For example:

- Project with \$150 million in economic benefit and \$100 million in cost
 - Company 1 has \$90 million in benefits; Company 2 has \$60 million in benefits
 - Company 1 allocation: $90/150 (100) = \$60$ million
 - Company 1 B/C ratio: $90/60 = 1.5$
 - Company 2 allocation: $60/150 (100) = \$40$ million
 - Company 2 B/C ratio: $60/40 = 1.5$

Other than through the reevaluation process described in Section III.C.17 of this Attachment K, the benefits and costs used in the evaluation shall only be calculated during the planning period and shall be compared on a net present value basis.

The WestConnect economic planning process will consider production cost savings and reduction in reserve sharing requirements as economic benefits capable of contributing to the determination that a project is economically justified for cost allocation. Production cost savings are to be determined by the PMC performing a product cost simulation to model the impact of the transmission project on production costs and congestion. Production cost savings will be calculated as the reduction in production costs between a production cost simulation with the project included compared to a simulation without the project. Reductions in reserve sharing requirements are to be determined by the PMC identifying a transmission project's impact on the reserve requirements of individual transmission systems, and not on the basis of the project's collective impact on a reserve sharing group, as a whole. The production cost models are to appropriately consider the hurdle rates between transmission systems. The following production cost principles may be applied:

- The production cost savings from a project must be present in each year from the project in-service date and extending out at least ten (10) years.
- Cost savings must be expressed in present-value dollars and should consider the impact of various fuel cost forecasts.
- The production cost study must account for contracts and agreements related to the use of the transmission system (this refers to paths in systems that might be contractually limited but not reliability limited).
- The production cost study must account for contracts and agreements related to the access and use of generation (this refers to generators that might only use spot purchases for fuel rather than firm purchases, or generation that has been designated as network resources for some entities and thus cannot be accessed at will by non-owners).

Access by stakeholders to the PMC's application of its regional cost allocation method for a specific economic transmission project is available in several ways: First, stakeholders that are members of the PMC will have firsthand knowledge of the way in which the regional method was applied to a particular project because the PMC is responsible for performing the application of the regional cost allocation method. Second, stakeholders that choose not to become members of the PMC may access such information through the WestConnect regional stakeholder process. See Section III.C of this Attachment K. Third, the manner in which the PMC applied this methodology to allocate the costs of each economic

project shall be described in the Regional Plan.

In determining which entities will be allocated costs for economic projects, WestConnect will compare the economic value of benefits received by an entity with the cost of the project to ensure that each entity allocated cost receives a benefit/cost ratio equal to the aggregate load-weighted benefit-to-cost ratio. These costs allocated to each company will be calculated based on the following equation:

$$(1 \text{ divided by } 2) \text{ times } 3 \text{ equals } 4$$

Where:

- 1 is the total projected present value of economic benefits for the relevant transmission owner
- 2 is the total projected present value of economic benefits for the entire project
- 3 is the total cost of the economic project
- 4 is the total cost allocated to the relevant transmission owner

Any transmission owner with benefits less than or equal to one percent of total project benefits will be excluded from cost allocation. Where a project satisfies the B/C ratio, and is determined to provide benefits less than or equal to one percent of total project benefits to an identified transmission owner, such benefits will be re-allocated to all other identified beneficiaries on a pro rata basis, in relation to each entity's share of total project benefits.

3. Allocation of Costs for Public Policy Projects

Any transmission system additions that arise from Public Policy requirements, as defined by the Regional Planning Process, will be included in the system models used for the WestConnect transmission system studies. Further, any additional system needs that arise from proposed public policy will be reported by each entity for its own service territory. Decisions on the inclusion of those needs will be made during the consideration and approval of the system models. Regional transmission needs driven by Public Policy Requirements will be included in the evaluation of reliability and economic projects.

Except for projects proposed through a transmission owner’s local planning process, arising out of a local need for transmission infrastructure to satisfy Public Policy Requirements that are not submitted as projects proposed for cost allocation (which are addressed elsewhere in this Attachment K), any projects arising out of a regional need for transmission infrastructure to satisfy Public Policy Requirements will be considered public policy projects eligible for evaluation in the Regional Planning Process.

Stakeholders may participate in identifying regional transmission needs driven by Public Policy Requirements. After seeking the input of stakeholders pursuant to the stakeholder participation provisions of Section III, the PMC is to determine whether to move forward with the identification of a regional solution to a particular regional need driven by Public Policy Requirements. Stakeholders may participate in identifying a regional solution to a regional need driven by Public Policy Requirements pursuant to the stakeholder participation provisions of Section III, or through membership on the PMC itself. After seeking the input of stakeholders, the PMC is to determine whether to select a particular regional solution in the Regional Plan for purposes of cost allocation. The identification of beneficiaries of these projects will be the entities that will access the resources enabled by the project in order to meet their Public Policy Requirements.

If an entity accesses resources that were enabled by a prior public policy project, that entity will need to either share in its relative share of the costs of that public policy project or acquire sufficient transmission service rights to move the resources to its load with the determination left up to the entity or entities that were originally allocated the cost for the public policy project.

The costs for public policy projects will be allocated according to the following equation:

$$(1 \text{ divided by } 2) \text{ times } 3 \text{ equals } 4$$

Where:

- 1 is the number of megawatts of public policy resources enabled by the public policy project for the entity in question
- 2 is the total number of megawatts of public policy resources enabled by the public policy project

- 3 is the total project cost
- 4 is the cost for the public policy project allocated to the entity in question

The process to interconnect individual generation resources is provided for under the generator interconnection section of each utility's OATT and not under this process.

Requests for transmission service that originate in a member's system and terminate at the border shall be handled through that member's OATT. Regional transmission needs necessary to meet Public Policy Requirements will be addressed through the Public Policy Requirements section of the Regional Planning Process.

The manner in which the PMC applied this methodology to each public policy project will be described in the Regional Plan.

4. Combination of Benefits

In developing a more efficient or cost effective plan, it is possible for the plan to jointly consider multiple types of benefits when approving projects for inclusion in the Regional Plan. The determination to consider multiple types of benefits for a particular project will be made through the WestConnect stakeholder process, in which interested stakeholders are given an opportunity to provide input as set forth in Section III of this Attachment K. In determining whether a project would provide multiple benefits, the PMC is to categorize the benefits as (a) necessary to meet NERC Transmission Planning Reliability Standards (reliability); (b) achieving production cost savings or a reduction in reserve sharing requirements (economic); or (c) necessary to meet transmission needs driven by Public Policy Requirements, as applicable, using the methods set forth in this Attachment K. The PMC will identify all three categories of benefits in its regional cost allocation process. If a project cannot pass the cost allocation threshold for any one of the three benefit categories, alone (reliability, economic or public policy), the sum of benefits from each benefit category may be considered, as follows:

- With respect to a reliability-driven regional transmission project, the quantified benefits of the project to each identified beneficiary must be greater, by a margin of 1.25 or more to 1, than the result of the equation identified in Section VI.C.1 above (where the result is shown as item 4 in the formula).

- With respect to an economic-driven regional transmission project, the quantified benefits of the project to each identified beneficiary must be greater than the project's cost to each beneficiary under each reasonable scenario evaluated, and must yield an average ratio of at least 1.25 to 1 under all reasonable scenarios evaluated, as described in Section VI.C.2 above.
- With respect to a Public Policy Requirements-driven regional transmission project, the quantified benefits of the project to each identified beneficiary must be greater, by a margin of 1.25 or more to 1, than the result of the equation identified in Section VI.C.3 above (where the result is shown as item 4 in the formula).

If a single regional transmission project is determined to provide benefits in more than one category, but does not meet the cost threshold for any single category, the PMC may consider the sum of benefits from each benefit category to determine if the regional transmission project provides, in total, benefits per beneficiary that meet or exceed the region's 1.25 to 1 benefit to cost ratio. To illustrate, consider the following example where a regional project developed to provide public policy requirement benefits might also provide for economic benefits to the same beneficiaries:

A regional project submittal has undergone analysis for its quantifiable benefits and costs and is determined to cost \$100 million and produce benefits to identified beneficiaries in two categories: economic benefits of \$101 million (on average, under all economic scenarios quantified), and public policy requirement benefits of \$70 million. The project is found to fail the cost threshold for each category, individually, but when the total benefits are combined and the project's total regional benefits per beneficiary are weighed against the project's total costs per beneficiary, the project can be found to meet or surpass the region's 1.25 to 1 benefit to cost ratio per beneficiary:

- The benefits to Beneficiary A of pursuing the regional solution (60% of the regional project's total \$171 million in benefits) = \$102.6 million. When \$102.6 million in project benefits is compared against \$60 million in project costs (60% of project costs), it yields a B/C ratio of 1.71 to 1 for Beneficiary A.
- The benefits to Beneficiary B of pursuing the regional solution (40% of the regional project's total \$171 million in benefits) = \$68.4 million. When \$68.4 million in project benefits is compared

against \$40 million in project costs (40% of project costs), it yields a B/C ratio of 1.71 to 1 for Beneficiary B.

Even though the regional project does not pass the cost allocation threshold in any individual benefit category, the PMC may consider the sum of the project's benefits in all categories.

For those regional projects that satisfy the region's cost allocation threshold, the PMC then will continue its evaluation process by considering whether the regional project meets the region's identified reliability, economic and Public Policy Requirements-driven needs more efficiently or cost-effectively than solutions identified by individual transmission providers in their local transmission planning processes.

The costs for projects that rely upon multiple types of benefits to secure inclusion in the Regional Plan for purposes of cost allocation will be shared according to the amount of cost that is justified by each type of benefit.

5. Transmission Developer Qualification Criteria

1. In General

A transmission developer that seeks to be eligible to use the regional cost allocation methodology for a transmission project selected in the Regional Plan for purposes of cost allocation must identify its technical and financial capabilities to develop, construct, own, and operate a proposed transmission project. To be clear, satisfaction of the criteria set forth below does not confer upon the transmission developer any right to:

- (i) construct, own, and/or operate a transmission project,
- (ii) collect the costs associated with the construction, ownership and/or operation of a transmission project,
- (iii) provide transmission services on the transmission facilities constructed, owned and/or operated.

The applicable governing governmental authorities are the only entities empowered to confer any such rights to a transmission developer. The PMC is not a governmental authority.

2. Information Submittal

A transmission developer seeking eligibility for potential designation as the entity eligible to use the regional cost allocation for a transmission project selected in the Regional Plan for purposes of cost allocation must submit to the PMC the following information during the first quarter of the WestConnect planning cycle, except that during the first WestConnect planning cycle the PMC shall have the discretion to extend the period for the submission of this information:

- a) **Overview**
A brief history and overview of the applicant demonstrating that the applicant has the capabilities to finance, own, construct, operate and maintain a regional transmission project consistent with Good Utility Practice within the state(s) within the WestConnect Planning Region. The applicant should identify all transmission projects it has constructed, owned, operated and/or maintained, and the states in which such projects are located.
- b) **Business Practices**
A description of the applicant's experience in processes, procedures, and any historical performance related to engineering, constructing, operating and maintaining electric transmission facilities, and managing teams performing such activities. A discussion of the types of resources, including relevant capability and experience (in-house labor, contractors, other transmission providers, etc.) contemplated for the licensing, design, engineering, material and equipment procurement, siting and routing, Right-of-Way (ROW) and land acquisition, construction and project management related to the construction of transmission projects. The applicant should provide information related to any current or previous experience financing, owning, constructing, operating and maintaining and scheduling access to regional transmission facilities.
- c) **Compliance History**
The applicant should provide an explanation of any violation(s) of NERC and/or Regional Entity Reliability Standards and/or other regulatory requirements pertaining to the development, construction, ownership, operation, and/or maintenance of electric transmission facilities by the

applicant or any parent, owner, affiliate, or member of the applicant that is an Alternate Qualifying Entity(ies) under Section VI.C.5. Notwithstanding the foregoing, if at the time the applicant submits the information required by this Section VI.C.5, the applicant has not developed, constructed, owned, operated or maintained electric transmission facilities, the applicant shall instead submit such information for any electric distribution or generating facilities it develops, constructs owns, operates and/or maintains, as applicable, to demonstrate its compliance history.

- d) **Participation in the Regional Planning Process**
A discussion of the applicant's participation within the Regional Planning Process or any other planning forums for the identification, analysis, and communication of transmission projects.
- e) **Project Execution**
A discussion of the capability and experience that would enable the applicant to comply with all on-going scheduling, operating, and maintenance activities associated with project development and execution.
- f) **Right-of-Way Acquisition Ability**
The applicant's preexisting procedures and historical practices for siting, permitting, landowner relations, and routing transmission projects including, acquiring ROW and land, and managing ROW and land acquisition for transmission facilities. Any process or procedures that address siting or routing transmission facilities through environmentally sensitive areas and mitigation thereof. If the entity does not have such preexisting procedures, it shall provide a detailed description of its plan for acquiring ROW and land and managing ROW and land acquisition.
- g) **Financial Health**
The applicant must demonstrate creditworthiness and adequate capital resources to finance transmission projects. The applicant shall either have an investment grade credit rating from both S&P and Moody's or provide corporate financial statements for the most recent five years for which they are available. Entities that do not have a credit rating, or entities less than five years old, shall provide corporate

financial statements for each year that is available. Alternatively, the applicant may provide a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the PMC.

The following ratios must be provided with any explanations regarding the ratios:

- Funds from operations-to-interest coverage.
- Funds from operation-to-total debt.
- Total debt-to-total capital.
- The applicant must indicate the levels of the above ratios the company will maintain during and following construction of the transmission element.

The PMC may request additional information or clarification as necessary.

h) Safety Program

The applicant must demonstrate that they have an adequate internal safety program, contractor safety program, safety performance record and has executed its safety program.

i) Transmission Operations

The applicant must: demonstrate that it has the ability to undertake control center operations capabilities, including reservations, scheduling, and outage coordination; demonstrate that it has the ability to obtain required path ratings; provide evidence of its NERC compliance process and compliance history, as applicable; demonstration of any existing required NERC certifications or the ability to obtain any applicable NERC certifications; establish required Total Transfer Capability; provide evidence of storm/outage response and restoration plans; provide evidence of its record of past reliability performance, as applicable; and provide a statement of which entity will be operating completed transmission facilities and will be responsible for staffing, equipment, and crew training. A potential transmission developer will not be required to have an operations entity under contract at the time it seeks to be eligible to use the regional cost allocation method for a transmission project selected in the Regional Plan for purposes of cost allocation.

- j) **Transmission Maintenance**
The applicant must demonstrate that they have, or have plans to develop, an adequate transmission maintenance program, including staffing and crew training, transmission facility and equipment maintenance, record of past maintenance performance, NERC compliance process and any past history of NERC compliance or plans to develop a NERC compliance program, statement of which entity will be performing maintenance on completed transmission facilities. A potential transmission developer will not be required to have a maintenance entity under contract at the time it seeks to be eligible to use the regional cost allocation method for a transmission project selected in the Regional Plan for purposes of cost allocation.
- k) **Regulatory Compliance**
The applicant must demonstrate the ability, or plans to develop the ability, to comply with Good Utility Practice, WECC criteria and regional reliability standards, NERC Reliability Standards, construction standards, industry standards, and environmental standards.
- l) **Affiliation Agreements**
A transmission developer can demonstrate that it meets these criteria either on its own or by relying on an entity or entities with whom it has a corporate affiliation or other third-parties with relevant experience (Alternate Qualifying Entity(ies)). In lieu of a contractual or affiliate relationship with one or more Alternate Qualifying Entity(ies) and to the extent a transmission developer intends to rely upon third-parties for meeting these criteria, the transmission developer must provide, in attestation form, an identification of its preferred third-party contractor(s) and indicate when it plans to enter into a definitive agreement with its third-party contractor(s). Such affidavits shall not be viewed as binding statements of intent by third-parties. If the transmission developer seeks to satisfy the criteria in whole or in part by relying on one or more Alternate Qualifying Entity(ies), the transmission developer must submit: (1) materials demonstrating to the PMC's satisfaction that the Alternate Qualifying Entity(ies) meet(s) the criteria for which the transmission developer is relying upon the Alternate Qualifying Entity(ies) to satisfy; and (2) a commitment to provide in any project cost

allocation application an executed agreement that contractually obligates the Alternate Qualifying Entity(ies) to perform the function(s) for which the transmission developer is relying upon the Alternate Qualifying Entity(ies) to satisfy.

m) WestConnect Membership

A transmission developer must be a member of either the WestConnect Transmission Owners with Load Serving Obligations or Independent Transmission Developers and Owners sector, or must agree to join the WestConnect Transmission Owners with Load Serving Obligations or Independent Transmission Developers and Owners sector and agree to sign the Planning Participation Agreement if the transmission developer seeks to be an entity eligible to use the regional cost allocation method for a transmission project selected in the Regional Plan for purposes of cost allocation.

n) Other

Any other relevant project development experience that the transmission developer believes may demonstrate its expertise in the above areas.

3. Identification of Transmission Developers Satisfying the Criteria

a) Notification to Transmission Developer

No later than September 30 each year, the PMC is to notify each transmission developer whether it has satisfied the stated criteria. A transmission developer failing to satisfy one or more of the qualification criteria is to be informed of the failure(s) and accorded an additional opportunity to cure any deficiency(ies) within thirty (30) calendar days of notice from the PMC by providing any additional information.

The PMC is to inform the transmission developer whether the additional information satisfies the qualification criteria within forty-five (45) calendar days of receipt of the additional information.

The PMC is to identify the transmission developers that have satisfied the qualification criteria (the “Eligible Transmission Developers”) by posting on the WestConnect website, on or before December 31 of each year.

b) Annual Recertification Process and Reporting Requirements

By June 30 of each year, each Eligible Transmission Developer must submit to WestConnect a notarized letter signed by an authorized officer of the Eligible Transmission Developer certifying that the Eligible Transmission Developer continues to meet the current qualification criteria.

The Eligible Transmission Developer shall submit to the PMC an annual certification fee equal to the amount of the WestConnect annual membership fee. If the Eligible Transmission Developer is a member of WestConnect and is current in payment of its annual membership fee, then no certification fee will be required.

If at any time there is a change to the information provided in its application, an Eligible Transmission Developer shall be required to inform the PMC chair within thirty (30) calendar days of such change so that the PMC may determine whether the Eligible Transmission Developer continues to satisfy the qualification criteria. Upon notification of any such change, the PMC shall have the option to: (1) determine that the change does not affect the status of the transmission developer as an Eligible Transmission Developer; (2) suspend the transmission developer's eligibility status until any deficiency in the transmission developer's qualifications is cured; (3) allow the transmission developer to maintain its eligibility status for a limited time period, as specified by the PMC, while the transmission developer cures the deficiency; or (4) terminate the transmission developer's eligibility status.

c) Termination of Eligibility Status

The PMC may terminate an Eligible Transmission Developer's status if the Eligible Transmission Developer: (1) fails to submit its annual certification letter; (2) fails to pay the applicable WestConnect membership fees; (3) experiences a change in its qualifications and the PMC determines that it may no longer qualify as an Eligible Transmission Developer; (4) informs the PMC that it no longer desires to be an Eligible Transmission Developer; (5) fails to notify the PMC of a change to the information provided in its application within thirty (30) days of such change; or (6) fails to execute the Planning Participation Agreement as agreed to in the qualification criteria within a reasonable time defined by the PMC, after seeking to be an entity eligible to use the regional cost

allocation method for a transmission project selected in the Regional Plan for purposes of cost allocation.

d) Selection of a Transmission Developer for Sponsored and Un-sponsored Projects

For any project (sponsored or unsponsored) determined by the PMC to be eligible for regional cost allocation and selected in the Regional Plan for purposes of cost allocation, the PMC shall select a transmission project developer according to the processes set forth in this section, provided that selection according to those processes does not violate applicable law where the transmission facility is to be built that otherwise prescribes the entity that shall develop and build the project. Any entity that, pursuant to applicable law for the location where the facilities are to be built, chooses to develop and build the project must submit a project development schedule as required by Section VI.C.7 of this Attachment K within the timeframe directed by the Business Practice Manual, not to exceed the time period for request for proposal responses.

For any project determined by the PMC to be eligible for regional cost allocation and selected in the Regional Plan for purposes of cost allocation, that is not subject to the foregoing paragraph, the PMC shall, upon posting the selected projects, issue a request for information to all Eligible Transmission Developers under Section VI.C.5 of this Attachment K soliciting their interest in developing the project(s). Each transmission developer shall respond to the request for information indicating its interest in developing the project. The PMC shall post on the WestConnect website the list of all transmission developers who responded with an expression of interest in developing the project(s). The PMC shall provide to each developer indicating interest in developing a project a request for proposals for the identified project(s) with a specified date of return for all proposals.

Each transmission developer, or partnership or joint ventures of transmission developers, shall submit information demonstrating its ability to finance, own and construct the project consistent with the guidelines for doing so set forth in the WestConnect Business Practices Manual. The PMC shall assess the submissions according to the following process and criteria:

The evaluation of the request for proposals will be at the direction of the PMC, and will involve representatives of the beneficiaries of the proposed project(s). The evaluation will include, but not be limited

to, an assessment of the following evidence and criteria.

- General qualifications of the bidding entity
- Evidence of financing/financial creditworthiness, including:
 - Financing plan (sources debt and equity), including construction financing and long-term financing
 - Ability to finance restoration/forced outages
 - Credit ratings
 - Financial statements
- Safety program and experience
- Project description, including:
 - Detailed proposed project description and route
 - Design parameters
 - Design life of equipment and facilities
 - Description of alternative project variations
- Development of project, including:
 - Experience with and current capabilities and plan for obtaining state and local licenses, permits, and approvals
 - Experience with and current capabilities and plan for obtaining any federal licenses and permits
 - Experience with and expertise and plan for obtaining rights of way
 - Development schedule
 - Development budget
- Construction, including:
 - Experience with and current capabilities and plan for project construction
 - Third party contractors
 - Procurement plan
 - Project management (cost and schedule control)
 - Construction schedule
 - Construction budget (including all construction and period costs)
- Operations, including:
 - Experience with and current capabilities and plan for project operation
 - Experience with and current capabilities and plan for NERC compliance
 - Security program and plan
 - Storm/outage response plan
 - Reliability of facilities already in operation

- Maintenance capabilities and plans for project maintenance (including staffing, equipment, crew training, and facilities)
- Project cost to beneficiaries, including:
 - Total project cost (development, construction, financing, and other non-O&M costs)
 - Operation and maintenance costs, including evaluation of electrical losses
 - Revenue requirement, including proposed cost of equity, FERC incentives, proposed cost of debt and total revenue requirement calculation
 - Present value cost of project to beneficiaries.

The PMC shall notify the developers of its determination as to which developer(s) it selected to develop the project(s) responsive to the request for proposal. The selected developer(s) must submit a project development schedule as required by Section VI.C.7 of this Attachment K.

If the PMC determines that a sponsored or unsponsored project fails to secure a developer through the process outlined in this section, the PMC shall remove the project from the Regional Plan.

After the PMC makes a determination, it will post a document on the WestConnect website within 60 days explaining the PMC's determination in selecting a particular transmission developer for a specific transmission project. The information will explain (1) the reasons why a particular transmission developer was selected or not selected, and, if applicable, (2) the reasons why a transmission project failed to secure a transmission developer.

6. Allocation of Ownership and Capacity Rights

An Eligible Transmission Developer that is subject to the Commission's jurisdiction under section 205 of the Federal Power Act may not recover project costs from identified beneficiaries in the WestConnect Planning Region without securing approval for project cost recovery from FERC through a separate proceeding brought by the Eligible Transmission Developer under section 205 of the Federal Power Act. In no event will identified beneficiaries in the WestConnect Planning Region from whom project costs are sought to be recovered under section 205 be denied either transmission transfer capability or ownership rights proportionate to their allocated costs, as determined by FERC in such proceeding. An Eligible Transmission Developer that is not subject to the Commission's jurisdiction under section 205 of the Federal Power Act would have to seek cost recovery from identified beneficiaries in the WestConnect Planning Region

either: (a) through bilateral agreements that are voluntarily entered into between such Eligible Transmission Developer and the applicable identified beneficiaries; or (b) by obtaining approval from FERC for project cost recovery pursuant to any other applicable section of the Federal Power Act.

If a project beneficiary receives transmission transfer capability on the project in exchange for transmission service payments, such project beneficiary may resell the transfer capability. Alternatively, a project beneficiary could seek to make a direct capital contribution to the project construction cost (in lieu of making transmission service payments) in which case, the project beneficiary would instead receive an ownership percentage in proportion to its capital contribution (“Ownership Proposal”). This Ownership Proposal does not create a right of first refusal for transmission beneficiaries.

An ownership alternative will only be pursued if the Eligible Transmission Developer agrees. The Eligible Transmission Developer and the beneficiaries will enter into contract negotiations to address the many details regarding the capital funding mechanics and timing, as well as other details, such as defining (as between the Eligible Transmission Developer, whether a nonincumbent or incumbent transmission developer, and those receiving ownership interests) responsibility for operations and maintenance, administrative tasks, compliance with governing laws and regulations, etc. These negotiations will take place at arm’s length, without any one party having undue leverage over the other.

A transmission project beneficiary should not be expected to pay for its benefits from the project twice: once through a capital contribution, and again through transmission service payments. The Ownership Proposal permits an ownership share in a project that is in the same proportion to a beneficiary’s allocable costs, which costs will have been allocated roughly commensurate with the benefits to be gained from the project. This will allow the beneficiary to earn a return on its investment. In addition, it allows those beneficiaries that may not necessarily benefit from additional transfer capability on a new transmission project, whether due to lack of contiguity to the new facilities or otherwise, to realize the benefits through an ownership option.

Any transmission project participant that is identified as a beneficiary of the project might be permitted by the Eligible Transmission Developer to contribute capital (in lieu of transmission service payments) and receive a proportionate share of ownership rights in the transmission project. The Ownership Proposal affords an identified beneficiary who contributes

toward the project costs the opportunity to obtain an ownership interest in lieu of an allocated share of the project costs through transmission service payments for transfer capability on the project; it does not, however, confer a right to invest capital in a project. The Ownership Proposal merely identifies that, to the extent it is agreed among the parties that capital may be contributed toward a transmission project's construction, a proportionate share of ownership rights will follow.

Nothing in this Attachment K with respect to Order No. 1000 cost allocation imposes any new service on beneficiaries. Similarly, nothing in this Attachment K with respect to Order No. 1000 cost allocation imposes on an Eligible Transmission Developer an obligation to become a provider of transmission services to identified beneficiaries simply as a result of a project's having been selected in the Regional Plan for purposes of cost allocation; provided, however, if that Eligible Transmission Developer seeks authorization to provide transmission services to beneficiaries or others, and to charge rates or otherwise recover costs from beneficiaries or others associated with any transmission services it were to propose, it must do so by contract and/or under separate proceedings under the Federal Power Act. The purpose of this Section VI.C.6 is to (a) provide an option to a project developer to negotiate ownership rights in the project with identified beneficiaries, if both the developer and the identified beneficiaries mutually desire to do so, and (b) specify that, although Order No. 1000 cost allocation does not impose any new service on beneficiaries, identified beneficiaries have the opportunity to discuss with the project developer the potential for entering into transmission service agreements for transmission capacity rights in the project, and (c) ensure that Order No. 1000 cost allocation does not mean that a project developer may recover project costs from identified beneficiaries without providing transmission transfer capability or ownership rights, and without securing approval for project cost recovery by contract and/or under a separate proceeding under the Federal Power Act.

If an Eligible Transmission Developer is not subject to FERC's jurisdiction under section 205 of the Federal Power Act, the Eligible Transmission Developer would have to seek to recover project costs from identified beneficiaries in the WestConnect Planning Region either: (a) through bilateral agreements that are voluntarily entered into between such Eligible Transmission Developer and the applicable identified beneficiaries; or (b) by obtaining approval from FERC for project cost recovery pursuant to any other applicable section of the Federal Power Act.

7. Project Development Schedule

The WestConnect Planning Management Committee will not be responsible for managing the development of, any project selected for inclusion in the Regional Plan. However, after having selected a project in the Regional Plan, the Planning Management Committee will monitor the status of the project's development. If a transmission facility is selected for inclusion in the Regional Plan for purposes of cost allocation, the transmission developer of that transmission facility must submit a development schedule that indicates the required steps, such as the granting of state approvals, necessary to develop and construct the transmission facility such that it meets the regional transmission needs of the WestConnect Planning Region. As part of the ongoing monitoring of the status of the transmission project once it is selected, the transmission owners and providers in the WestConnect Planning Region shall establish the dates by which the required steps to construct must be achieved that are tied to when construction must begin to timely meet the need that the project is selected to address. If such required steps have not been achieved by those dates, then the transmission owners and providers in the WestConnect Planning Region may remove the transmission project from the selected category and proceed with reevaluating the Regional Plan to seek an alternative solution.

8. Economic Benefits or Congestion Relief

For a transmission project wholly within the Transmission Provider's local transmission system that is undertaken for economic reasons or congestion relief at the request of a Requester, the project costs will be allocated to the Requester.

9. EPE Rate Recovery

Notwithstanding the foregoing provisions, EPE will not assume cost responsibility for any project if the cost of the project is not reasonably expected to be recoverable in its retail and/or wholesale transmission rates.

10. No Obligation to Construct

The Regional Planning Process is intended to determine and recommend more efficient or cost-effective transmission solutions for the WestConnect Planning Region. After the Regional Plan is approved, due to the uncertainty in the Regional Planning Process and the need to address cost recovery issues, the Regional Planning Process shall not obligate any entity

to construct, nor obligate any entity to commit to construct any facilities, including any transmission facilities, regardless of whether such facilities are included in any plan. Nothing in this Attachment K, the Business Practice Manual or the Planning Participation Agreement, or any cost allocation under this Attachment K or the Business Practice Manual shall (1) determine any transmission service to be received by, or any transmission usage by, any entity; (2) obligate any entity to purchase or pay for, or obligate any entity to commit to purchase or pay for, any transmission service or usage; or (3) entitle any entity to recover for any transmission service or usage or to recover from any entity any cost of any transmission facilities, regardless of whether such transmission facilities are included in any plan. Without limiting the generality of the foregoing, nothing in this Attachment K, the Business Practice Manual or the Planning Participation Agreement with respect to regional cost allocation shall preclude WestConnect or any other entity from carrying out any of its statutory authorities or complying with any of its statutory obligations.

11. Binding Order No. 1000 Cost Allocation Methods

Order No. 1000 cost allocation methods as set forth in Section VI of this Attachment K are binding on identified beneficiaries in the WestConnect Planning Region, without prejudice to the following rights and obligations: (1) the right of a CTO, in its sole discretion, to decide whether to accept a regional cost allocation in accordance with Section III.C.16; (2) the right and obligation of the PMC to reevaluate a transmission facility previously selected for inclusion in the regional plan for purposes of Order No. 1000 cost allocation under Section VI.C of this Attachment K; (3) the right and obligation of an Eligible Transmission Developer to make a filing under section 205 or other applicable provision of the Federal Power Act in order to seek approval from the Commission to recover the costs of any transmission facility selected for inclusion in the regional plan for purposes of Order No. 1000 cost allocation; (4) the right and obligation of any interested person to intervene and be heard before the Commission in any section 205 or other applicable provision of proceeding initiated by an Eligible Transmission Developer, including the right of any identified beneficiaries of the transmission facility to support or protest the filing and to present evidence on whether the proposed cost recovery is or is not just and reasonable; and (5) the right and obligation of the Commission to act under section 205 or other applicable provision of the Federal Power Act to approve or deny any cost recovery sought by an Eligible Transmission Developer for a transmission facility selected in the regional plan for

purposes of Order No. 1000 cost allocation.[4]

[4] An Eligible Transmission Developer may not be subject to the Commission's section 205 jurisdiction. See Section VI.C.6. If an Eligible Transmission Developer is not subject to the Commission's jurisdiction under section 205 of the Federal Power Act, the Eligible Transmission Developer would have to seek to recover project costs from identified beneficiaries in the WestConnect Planning Region either: (a) through bilateral agreements that are voluntarily entered into between such Eligible Transmission Developer and the applicable identified beneficiaries; or (b) by obtaining approval from the Commission for project cost recovery pursuant to any other applicable section of the Federal Power Act.

12. Impacts of a Regional Project on Neighboring Planning Regions

The PMC is to study the impact(s) of a regional transmission project on neighboring planning regions, including the resulting need, if any, for mitigation measures in such neighboring planning regions. If the PMC finds that a regional transmission project in the WestConnect Planning Region causes impacts on a neighboring planning region that requires mitigation (a) by the WECC Path Rating Process, (b) under FERC OATT requirements, (c) under NERC Reliability Standards requirements, and/or (d) under any negotiated arrangement between the interconnected entities, the PMC is to include the costs of any such mitigation measures into the regional transmission project's total project costs for purposes of determining the project's eligibility for regional cost allocation under the procedures identified in Section VI.C of this Attachment K, including application of the region's benefits-to-costs analysis.

The WestConnect Planning Region will not be responsible for compensating a neighboring planning region, transmission provider, transmission owner, Balancing Area Authority, or any other entity, for the costs of any required mitigation measures, or other consequences, on their systems associated with a regional transmission project in the WestConnect Planning Region, whether identified by the PMC or the neighboring system(s). The PMC does not direct the construction of transmission facilities, does not operate transmission facilities or provide transmission services, and does not charge or collect revenues for the performance of any transmission or other services. Therefore, in agreeing to study the impacts of a regional transmission facility on neighboring planning regions, the PMC is not agreeing to bear the costs of any mitigation measures it

identifies. However, the PMC will request of any developer of a regional transmission project selected in the Regional Plan for purposes of cost allocation that the developer design and build its project to mitigate the project's identified impacts on neighboring planning regions. If the project is identified as impacting a neighboring planning region that accords less favorable mitigation treatment to the WestConnect Planning Region than the WestConnect Planning Region accords to it, the PMC will request that the project developer reciprocate by using the lesser of (i) the neighboring region's mitigation treatment applicable to the mitigation of impacts of its own regional projects on the WestConnect Planning Region, or (ii) the PMC's mitigation treatment set forth above in sub-sections (a) through (d).

13. Exclusions

The cost for projects undertaken in connection with requests for generation interconnection or transmission service on the EPE system, each of which are governed by existing cost allocation methods within EPE's OATT, will continue to be so governed and will not be covered by the principles of this Section VI.C above.

VII. Interregional Coordination, Evaluation and Cost Allocation

This Section VII of this Attachment K sets forth common provisions, which are to be adopted by or for each Planning Region and which facilitate the implementation of Order 1000 interregional provisions. WestConnect is to conduct the activities and processes set forth in this Section VII in accordance with the provisions of this Section VII and the other provisions of this Attachment K.

Nothing in this section will preclude any transmission owner or transmission provider from taking any action it deems necessary or appropriate with respect to any transmission facilities it needs to comply with any local, state, or federal requirements.

Any Interregional Cost Allocation regarding any ITP is solely for the purpose of developing information to be used in the regional planning process of each Relevant Planning Region, including the regional cost allocation process and methodologies of each such Relevant Planning Region.

References in this section to any transmission planning processes, including cost allocations, are references to transmission planning processes pursuant to Order 1000.

A. Definitions

The following capitalized terms where used in this Section VII of Attachment K, are

defined as follows:

Annual Interregional Coordination Meeting: shall have the meaning set forth in Section VII.C below.

Annual Interregional Information: shall have the meaning set forth in Section VII.B below.

Interregional Cost Allocation: means the assignment of ITP costs between or among Planning Regions as described in Section VII.E.2 below.

Interregional Transmission Project (“ITP”): means a proposed new transmission project that would directly interconnect electrically to existing or planned transmission facilities in two or more Planning Regions and that is submitted into the regional transmission planning processes of all such Planning Regions in accordance with Section VII.D.1.

Order 1000 Common Interregional Coordination and Cost Allocation Tariff Language: means this Section VII, which relates to Order 1000 interregional provisions.

Planning Region: means each of the following Order 1000 transmission planning regions insofar as they are within the Western Interconnection: California Independent System Operator Corporation, ColumbiaGrid, Northern Tier Transmission Group, and WestConnect.

Relevant Planning Regions: means, with respect to an ITP, the Planning Regions that would directly interconnect electrically with such ITP, unless and until such time as a Relevant Planning Region determines that such ITP will not meet any of its regional transmission needs in accordance with Section VII.D.2, at which time it shall no longer be considered a Relevant Planning Region.

B. Annual Interregional Information Exchange

Annually, prior to the Annual Interregional Coordination Meeting, WestConnect is to make available by posting on its website or otherwise provide to each of the other Planning Regions the following information, to the extent such information is available in its regional transmission planning process, relating to regional transmission needs in WestConnect’s transmission planning region and potential solutions thereto:

- (i) study plan or underlying information that would typically be included in a study plan, such as:

- (a) identification of base cases;
 - (b) planning study assumptions; and
 - (c) study methodologies;
- (ii) initial study reports (or system assessments); and
 - (iii) regional transmission plan

(collectively referred to as “Annual Interregional Information”).

WestConnect is to post its Annual Interregional Information on its website according to its regional transmission planning process. Each other Planning Region may use in its regional transmission planning process WestConnect’s Annual Interregional Information. WestConnect may use in its regional transmission planning process Annual Interregional Information provided by other Planning Regions.

WestConnect is not required to make available or otherwise provide to any other Planning Region (i) any information not developed by WestConnect in the ordinary course of its regional transmission planning process, (ii) any Annual Interregional Information to be provided by any other Planning Region with respect to such other Planning Region, or (iii) any information if WestConnect reasonably determines that making such information available or otherwise providing such information would constitute a violation of the Commission’s Standards of Conduct or any other legal requirement. Annual Interregional Information made available or otherwise provided by WestConnect shall be subject to applicable confidentiality and CEII restrictions and other applicable laws, under WestConnect’s regional transmission planning process. Any Annual Interregional Information made available or otherwise provided by WestConnect shall be “AS IS” and any reliance by the receiving Planning Region on such Annual Interregional Information is at its own risk, without warranty and without any liability of WestConnect or any of the members of WestConnect, including any liability for (a) any errors or omissions in such Annual Interregional Information, or (b) any delay or failure to provide such Annual Interregional Information.

C. Annual Interregional Coordination Meeting

WestConnect is to participate in an Annual Interregional Coordination Meeting with the other Planning Regions. WestConnect is to host the Annual Interregional Coordination Meeting in turn with the other Planning Regions, and is to seek to convene such meeting in February, but not later than March 31st. The Annual Interregional Coordination Meeting is to be open to stakeholders. WestConnect is to provide notice of the meeting to its stakeholders in accordance with its regional transmission planning process.

At the Annual Interregional Coordination Meeting, topics discussed may include the following:

- (i) each Planning Region's most recent Annual Interregional Information (to the extent it is not confidential or protected by CEII or other legal restrictions);
- (ii) identification and preliminary discussion of interregional solutions, including conceptual solutions, that may meet regional transmission needs in each of two or more Planning Regions more cost effectively or efficiently; and
- (iii) updates of the status of ITPs being evaluated or previously included in WestConnect's regional transmission plan.

D. ITP Joint Evaluation Process

1. Submission Requirements

A proponent of an ITP may seek to have its ITP jointly evaluated by the Relevant Planning Regions pursuant to Section VII.D.2 by submitting the ITP into the regional transmission planning process of each Relevant Planning Region in accordance with such Relevant Planning Region's regional transmission planning process and no later than March 31st of any even-numbered calendar year. Such proponent of an ITP seeking to connect to a transmission facility owned by multiple transmission owners in more than one Planning Region must submit the ITP to each such Planning Region in accordance with such Planning Region's regional transmission planning process. In addition to satisfying each Relevant Planning Region's information requirements, the proponent of an ITP must include with its submittal to each Relevant Planning Region a list of all Planning Regions to which the ITP is being submitted.

2. Joint Evaluation of an ITP

For each ITP that meets the requirements of Section VII.D.1, WestConnect (if it is a Relevant Planning Region) is to participate in a joint evaluation by the Relevant Planning Regions that is to commence in the calendar year of the ITP's submittal in accordance with Section VII.D.1 or the immediately following calendar year. With respect to any such ITP, WestConnect (if it is a Relevant Planning Region) is to confer with the other Relevant Planning Region(s) regarding the following:

- (i) ITP data and projected ITP costs; and
- (ii) the study assumptions and methodologies it is to use in evaluating the ITP pursuant to its regional transmission planning process.

For each ITP that meets the requirements of Section VII.D.1, WestConnect (if it is a Relevant Planning Region):

- (a) is to seek to resolve any differences it has with the other Relevant Planning Regions relating to the ITP or to information specific to other Relevant Planning Regions insofar as such differences may affect WestConnect's evaluation of the ITP;
- (b) is to provide stakeholders an opportunity to participate in WestConnect's activities under this Section VII.D.2 in accordance with its regional transmission planning process;
- (c) is to notify the other Relevant Planning Regions if WestConnect determines that the ITP will not meet any of its regional transmission needs; thereafter WestConnect has no obligation under this Section VII.D.2 to participate in the joint evaluation of the ITP; and
- (d) is to determine under its regional transmission planning process if such ITP is a more cost effective or efficient solution to one or more of WestConnect's regional transmission needs.

E. Interregional Cost Allocation Process

1. Submission Requirements

For any ITP that has been properly submitted in each Relevant Planning Region's regional transmission planning process in accordance with Section VII.D.1, a proponent of such ITP may also request Interregional Cost Allocation by requesting such cost allocation from WestConnect and each other Relevant Planning Region in accordance with its regional transmission planning process. The proponent of an ITP must include with its submittal to each Relevant Planning Region a list of all Planning Regions in which Interregional Cost Allocation is being requested.

2. Interregional Cost Allocation Process

For each ITP that meets the requirements of Section VII.E.1, WestConnect (if it is a Relevant Planning Region) is to confer with or notify, as appropriate, any other Relevant Planning Region(s) regarding the following:

- (i) assumptions and inputs to be used by each Relevant Planning Region for purposes of determining benefits in accordance with its regional cost allocation methodology, as applied to ITPs;
- (ii) WestConnect's regional benefits stated in dollars resulting from the ITP, if any; and
- (iii) assignment of projected costs of the ITP (subject to potential reassignment of projected costs pursuant to Section VII.F.2 below) to each Relevant Planning Region using the methodology described in this Section VII.E.2.

For each ITP that meets the requirements of Section VII.E.1, WestConnect (if it is a Relevant Planning Region):

- (a) is to seek to resolve with the other Relevant Planning Regions any differences relating to ITP data or to information specific to other Relevant Planning Regions insofar as such differences may affect WestConnect's analysis;
- (b) is to provide stakeholders an opportunity to participate in WestConnect's activities under this Section VII.E.2 in accordance with its regional transmission planning process;
- (c) is to determine its regional benefits, stated in dollars, resulting from an ITP; in making such determination of its regional benefits in WestConnect, WestConnect is to use its regional cost allocation methodology, as applied to ITPs;
- (d) is to calculate its assigned *pro rata* share of the projected costs of the ITP, stated in a specific dollar amount, equal to its share of the total benefits identified by the Relevant Planning Regions multiplied by the projected costs of the ITP;
- (e) is to share with the other Relevant Planning Regions information regarding what its regional cost allocation would be if it were to select the ITP in its regional transmission plan for purposes of Interregional Cost Allocation; WestConnect may use such information to identify its total share of the projected costs of the ITP to be assigned to WestConnect in order to determine whether the ITP is a more cost effective or efficient solution to a transmission need in WestConnect;
- (f) is to determine whether to select the ITP in its regional transmission plan

for purposes of Interregional Cost Allocation, based on its regional transmission planning process; and

- (g) is to endeavor to perform its Interregional Cost Allocation activities pursuant to this Section VII.E.2 in the same general time frame as its joint evaluation activities pursuant to Section VII.D.2.

F. Application of Regional Cost Allocation Methodology to Selected ITP

1. Selection by All Relevant Planning Regions

If WestConnect (if it is a Relevant Planning Region) and all of the other Relevant Planning Regions select an ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, WestConnect is to apply its regional cost allocation methodology to the projected costs of the ITP assigned to it under Section VII.E.2(d) or VII.E.2(e) above in accordance with its regional cost allocation methodology, as applied to ITPs.

2. Selection by at Least Two but Fewer than All Relevant Regions

If WestConnect (if it is a Relevant Planning Region) and at least one, but fewer than all, of the other Relevant Planning Regions select the ITP in their respective regional transmission plans for purposes of Interregional Cost Allocation, WestConnect is to evaluate (or reevaluate, as the case may be) pursuant to Sections VII.E.2(d), VII.E.2(e), and VII.E.2(f) above whether, without the participation of the non-selecting Relevant Planning Region(s), the ITP is selected (or remains selected, as the case may be) in its regional transmission plan for purposes for Interregional Cost Allocation. Such reevaluation(s) are to be repeated as many times as necessary until the number of selecting Relevant Planning Regions does not change with such reevaluation.

If following such evaluation (or reevaluation), the number of selecting Relevant Planning Regions does not change and the ITP remains selected for purposes of Interregional Cost Allocation in the respective regional transmission plans of WestConnect and at least one other Relevant Planning Region, WestConnect is to apply its regional cost allocation methodology to the projected costs of the ITP assigned to it under Sections VII.E.2(d) or VII.E.2(e) above in accordance with its regional cost allocation methodology, as applied to ITPs.

VIII. Role of the Transmission Provider

EPE is the Transmission Provider under this Tariff and the entity conducting local transmission planning under this Attachment K. In addition, EPE is a participating utility in the regional entity, WestConnect, which entity is comprised of other utilities, as

well as state representatives, customers, and other stakeholders. WestConnect is to perform the functions of regional transmission planning in the WestConnect region and is to coordinate and jointly evaluate ITPs with other planning regions as set forth in this Attachment K. Attachment K speaks in terms of what WestConnect and the other Relevant Planning Regions are to do, when they are to do it, and how. However, it is to be understood that EPE does not control WestConnect or any other planning region. Any failure of any planning region to perform the regional and interregional activities set forth herein is not to be deemed to be a failure of EPE. EPE's duty is to cooperate with and support WestConnect in its implementation of responsibilities under this Attachment K.

Exhibit 1 EPE Planning Process

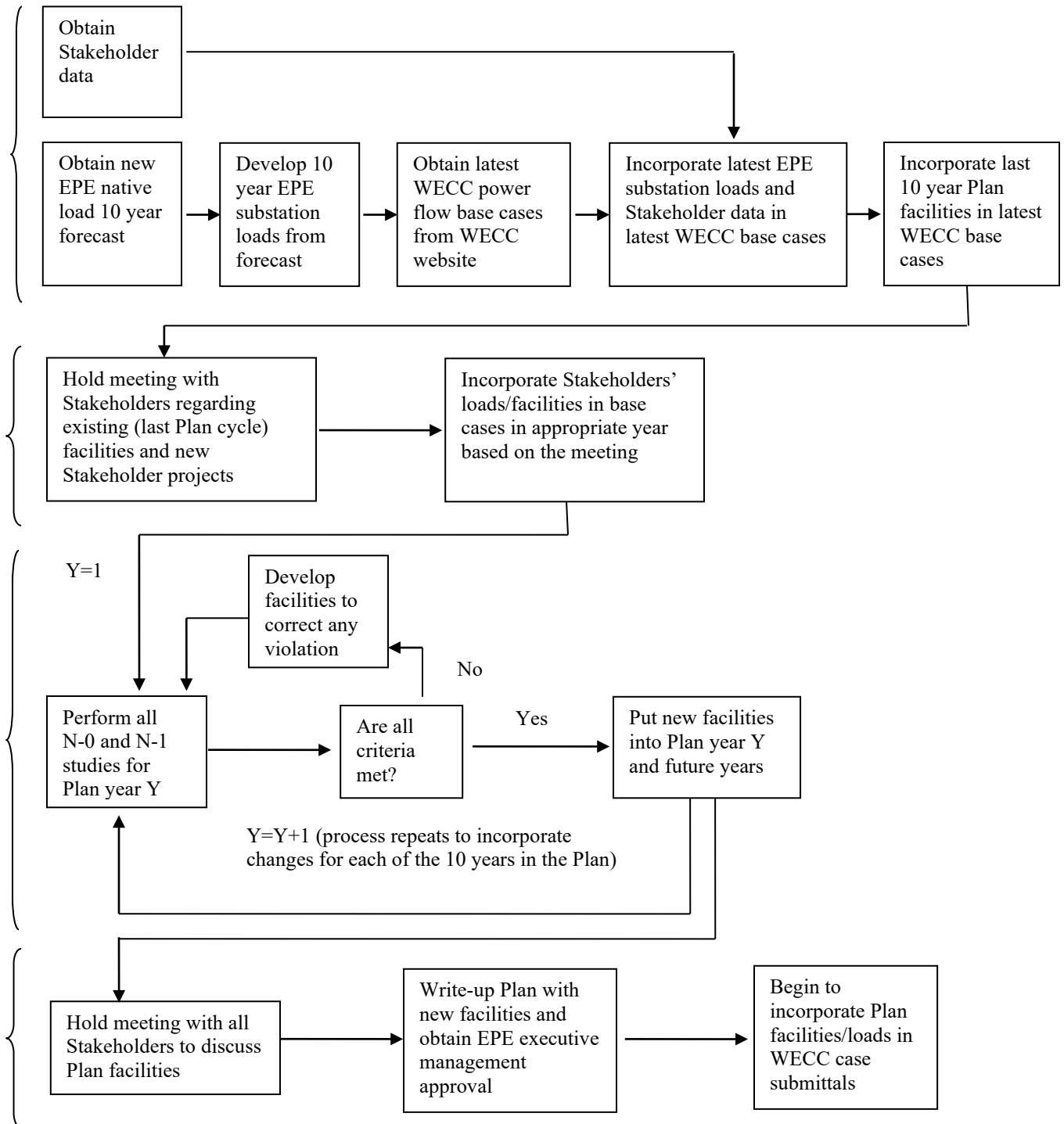
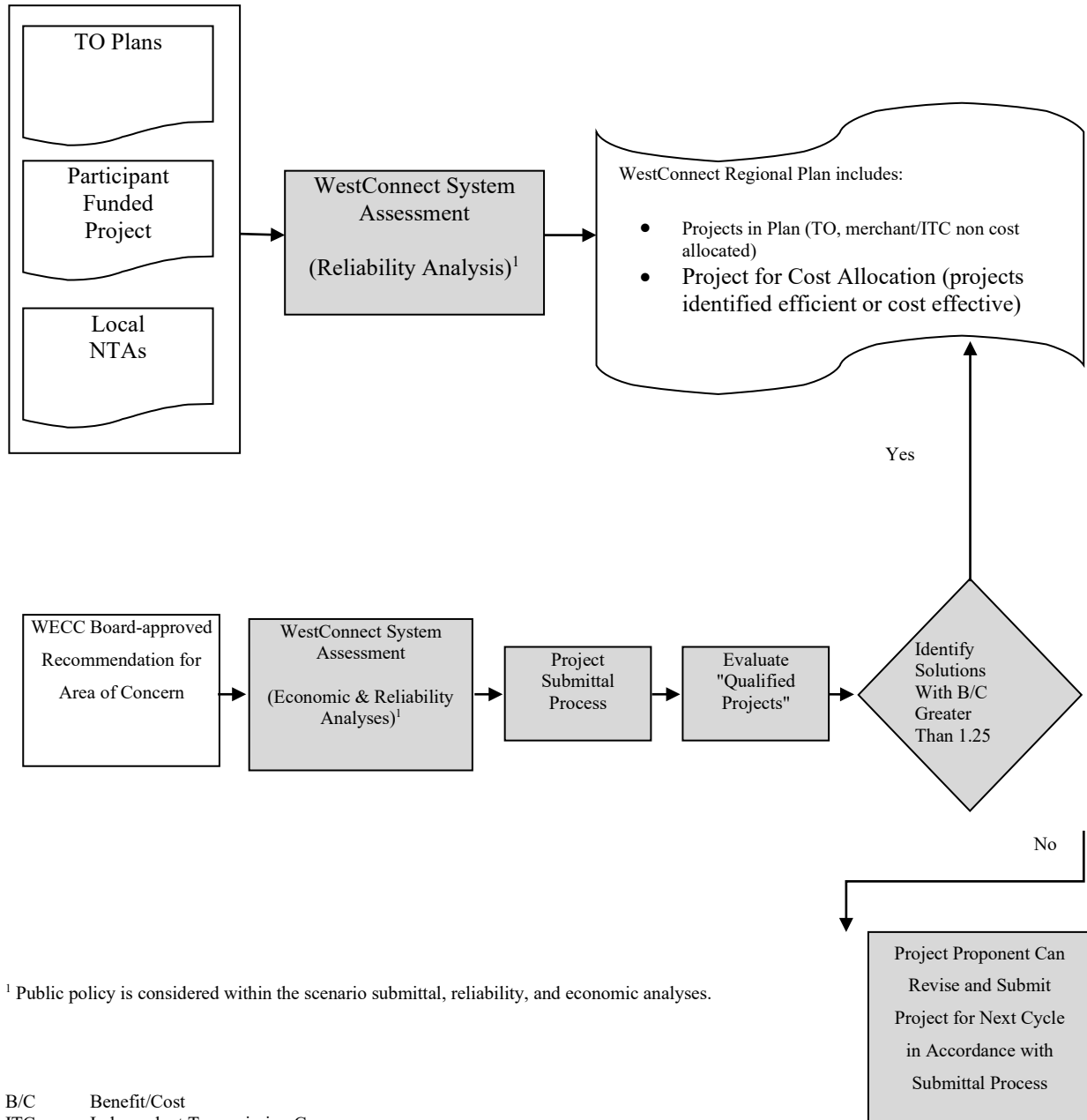


Exhibit 2

WestConnect Regional Transmission Planning Process Chart



¹ Public policy is considered within the scenario submittal, reliability, and economic analyses.

B/C Benefit/Cost
 ITC Independent Transmission Company
 NTA Non-Transmission Alternative
 TO Transmission Owner
 WECC Western Electricity Coordinating Council

Exhibit 3

WestConnect Regional Transmission Planning Process Activity



| Regional Planning Process Activity | Activity Timeframe |
|---|--|
| Stakeholder meetings | WestConnect will hold open stakeholder meetings on at least a semi-annual basis, or as needed and noticed by the PMC with 30 days advance notice, to update stakeholders about its progress in developing the Regional Plan and to solicit input regarding material matters of process related to the regional transmission plan. |
| Base transmission plan data collection window | The PS will initiate development of the base transmission plan no later than Quarter 8 of the previous biennial planning cycle and in conjunction with initiating the development of the Regional Study Plan. The submittal window for projects to be considered as part of the base transmission plan will be noticed a minimum of 15 days before the window opens, and the submittal window will stay open for a minimum of 30 days. |
| Scenario submittal window | A scenario submittal window will open when the development of the Regional Study Plan commences and no later than Quarter 8 of the previous biennial planning cycle. The scenario submittal window will be noticed a minimum of 15 days before the window opens, and the submittal window will stay open for a minimum of 30 days. |
| Identification of regional needs | Identified regional needs will be posted to the WestConnect website no later than close of Quarter 4 of the first year of the biennial cycle. |
| Submission period for regional projects to address identified regional needs | For consideration in the current planning cycle, projects must be submitted following the posting of identified regional needs to the WestConnect website, and must occur before the end of Quarter 5 of the biennial planning cycle. Any project submitted after this date will be considered in the next subsequent planning cycle. |

ATTACHMENT L

Creditworthiness Procedures

1. Creditworthiness

For the purpose of determining the ability of the Transmission Customer to meet its obligations related to service hereunder, the Transmission Provider may require reasonable credit review procedures. This review shall be made in accordance with standard commercial practices. A Transmission Customer at the time it enters into a transmission service agreement pursuant to this Tariff (“Service Agreement”) and throughout the term thereof and so long as any obligations are outstanding thereunder, will be considered creditworthy upon satisfying and maintaining satisfaction of one or more of the following conditions necessary to provide in the aggregate adequate assurance of performance (also referred to below as “security of performance”):

- (a) The Transmission Customer provides the Transmission Provider evidence that the Transmission Customer has a Standard and Poor’s Long-Term Issuer Credit Rating of BBB- or better or a Moody’s Investors Service Long-Term Issuer Credit Rating of Baa3 or better.
- (b) The Transmission Customer provides and maintains an unconditional and irrevocable letter of credit in form and substance, of a term, and issued by a bank acceptable to the Transmission Provider and consistent with commercial practices established by the Uniform Commercial Code. For Service Agreements hereunder, the letter of credit shall be in an amount not less than three (3) times

the estimated monthly charges for Transmission Service and Ancillary Services, if applicable, under the Service Agreement. For customers with more than one agreement hereunder, a letter of credit may be required for each such agreement, to the extent the Transmission Customer is using letters of credit to satisfy these creditworthiness requirements. An acceptable form of letter of credit shall be posted on OASIS on or before the date that is fifteen (15) days after the date on which the Commission issues an order accepting this Section 1(b). The Transmission Provider may update and post revised forms from time-to-time.

(c) The Transmission Customer's parent company satisfies the creditworthiness criteria described in (a) above and such parent company submits to the Transmission Provider and maintains in effect a guaranty agreement in form and substance, of a term, and in an amount acceptable to the Transmission Provider. An acceptable form of parent guaranty shall be posted on OASIS on or before the date that is fifteen (15) days after the date on which the Commission issues an order accepting this Section 1(c). The Transmission Provider may update and post revised forms from time-to-time.

(d) For services with a term of thirty (30) days or shorter duration only, the Transmission Customer makes advance payment in full at least five (5) business days in advance of the commencement of service for all services under each such short-term transmission agreement for its entire term. For services with a term in excess of thirty (30) days, the Transmission Customer makes advance payments of all sums due during the following calendar month at least five (5) business days

before the start of the following calendar month. To the extent all charges are not known exactly in advance, the requirements in this Section 1(d) shall be based on the Transmission Provider's estimates of charges which will be due. Any and all advance payments hereunder shall not relieve the Transmission Customer of obligations to pay additional charges due pursuant to this Tariff.

- (e) If the Transmission Customer is not rated by Standard & Poor's or Moody's and has been in business for longer than 12 months, the customer may provide the following Dun and Bradstreet (D&B) scores to the Transmission Provider:

D&B Commercial Credit Score Class of 1, 2, or 3, and

D&B Financial Stress Score Class of 1 or 2.

The Transmission Customer must satisfy both of the above criteria to be creditworthy pursuant to this Section 1(e).

- (f) The Transmission Customer provides an alternative form of security acceptable to the Transmission Provider as determined by the Transmission Provider in its sole discretion and consistent with the commercial practices established by the Uniform Commercial Code that protects the Transmission Provider against the risk of nonpayment.

The Transmission Customer must provide sufficient assurances of performance to satisfy the above obligations associated with all services hereunder. For example, a Transmission Customer's satisfaction of Section 1(d) with respect to a short-term Service Agreement shall not relieve that customer of the obligation to satisfy independently the creditworthiness requirements associated with the same Transmission Customer's

long-term Service Agreement.

2. Credit Evaluation and Modification

- 2.1 Prior to executing any agreement with a Transmission Customer or Interconnection Customer, and thereafter at any time at which the service requirements of such customer change or the Transmission Provider has reasonable grounds for insecurity with respect to the customer's performance, the Transmission Provider may reasonably demand and the Transmission Customer or Interconnection Customer, within three (3) business days of said demand, shall provide sufficient documentation and support to enable the Transmission Provider to determine whether the Transmission Customer or Interconnection Customer, as applicable, satisfies the creditworthiness criteria. If a Transmission Customer becomes aware that it no longer satisfies the creditworthiness requirements of Section 1, it shall promptly notify the Transmission Provider of said failure and shall take prompt action to cure such failure.
- 2.2 A Transmission Customer may request to change the method it uses to satisfy the above creditworthiness requirements by providing the Transmission Provider no less than twenty (20) business days' advance written notice of its request and sufficient documentation and support to enable the Transmission Provider to determine whether the Transmission Customer satisfies the creditworthiness requirements.
- 2.3 The Transmission Provider shall provide written notice of whether the request is

accepted within fifteen (15) business days after receipt of the request and supporting information.

- 2.4 In determining the adequacy of the Transmission Customer's assurance of performance pursuant to Section 1, above, the Transmission Provider periodically may recalculate or develop new estimates of the charges due from the Transmission Customer. Transmission Customers may request in writing that the Transmission Provider reevaluate the level of security of performance provided pursuant to Section 1, above. The Transmission Provider shall provide written notification of any changes in the level of security resulting from such reevaluations. Upon the Transmission Provider's written notification that the Transmission Customer may decrease the level of security of performance, the Transmission Customer may decrease the level of security of performance to the revised level established by the Transmission Provider. Alternatively, upon the Transmission Provider's written notification that a Transmission Customer's assurance(s) of performance is not adequate, the customer shall have three (3) business days to provide adequate assurance(s) of performance. The Transmission Customer may request in writing a written explanation of the Transmission Provider's determination. The Transmission Provider shall, in response to such request, provide an explanation of the Transmission Provider's determination.

3. Right to Draw on Financial Assurances

- 3.1 In addition to and without limiting any and all other remedies hereunder, at law or

in equity available to the Transmission Provider, the Transmission Provider has the right to and may liquidate or draw upon all or a portion of a Transmission Customer's financial assurances if the customer fails to timely pay any amounts due to the Transmission Provider pursuant to the Service Agreement.

3.2 The Transmission Customer shall replace any such liquidated or drawn upon amounts within three (3) business days.

4. Suspension of Service

In addition to and without limiting any and all other remedies hereunder, at law or in equity available to the Transmission Provider, the Transmission Provider may suspend transmission service pursuant to this Section 4 if a Transmission Customer fails to satisfy assurances of performance required pursuant to this Attachment L within thirty-five (35) calendar days after the Transmission Provider provides notification to the Transmission Customer. The Transmission Provider shall provide at least thirty (30) days' (or such shorter period authorized by the Commission) written notice to the Commission before suspending transmission service.

4.1 During any such suspension, the Transmission Provider shall have the right to offer the Transmission Customer's transmission capacity to third parties on the Transmission Provider's OASIS. The Transmission Customer is not obligated to pay for transmission service that is not provided as a result of a suspension.

4.2 In order for a Transmission Customer to end a suspension under this Section 4, if the Service Agreement is still in force and effect, the Transmission Customer shall have the right to satisfy the creditworthiness requirements of this Attachment L

consistent with the notice provisions of Sections 2.2 and 2.3, above. If the Transmission Provider notifies the Transmission Customer that it has satisfied the creditworthiness requirements, the suspension shall end at the end of the applicable notice period or earlier by mutual agreement of the Transmission Provider and the Transmission Customer.

ATTACHMENT M

Large Generator Interconnection Procedures and Agreement

**Standard Large Generator
Interconnection Procedures (LGIP)**

(Applicable to Generating Facilities that exceed 20 MW)

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Section 1. Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Contingent Facilities shall mean those unbuilt Interconnection Facilities and Network Upgrades upon which the Interconnection Request's costs, timing, and study findings are dependent, and if delayed or not built, could cause a need for Re-Studies of the Interconnection Request or a reassessment of the Interconnection Facilities and/or Network Upgrades and/or costs and timing.

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

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

Deposit in Lieu of Site Control shall mean a deposit of \$160,000 for an Interconnection Request of up to 75 MW, or \$250,000 for an Interconnection Request of 75 MW or greater, that Interconnection Customer submits to Transmission Provider in place of demonstrating Site Control.

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

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

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

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

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

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

Engineering & Procurement (E&P) Agreement shall mean an agreement that

authorizes the Transmission Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection in order to advance the implementation of the Interconnection Request.

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

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

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

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

Generating Facility shall mean Interconnection Customer's device for the production and/or storage for later injection of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

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

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

Governmental Authority shall mean any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any

administrative, executive, police, or taxing authority or power; provided, however, that such term does not include Interconnection Customer, Transmission Provider, or any Affiliate thereof.

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

Initial Deposit shall mean a deposit of \$160,000 for an Interconnection Request of up to 75 MW, or \$250,000 for an Interconnection Request of 75 MW or greater, that Interconnection Customer submits to Transmission Provider upon initiating an Interconnection Request.

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

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

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

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

Interconnection Facilities shall mean the Transmission Provider's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the

Generating Facility to the Transmission Provider's Transmission System. Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

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

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

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

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

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

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

Interconnection System Impact Study shall mean a technical and engineering study that evaluates the impact of the proposed interconnection on the safety and reliability of Transmission Provider's Transmission System and, if applicable, an Affected System. The study shall identify a list of facilities (including Transmission Provider's Interconnection Facilities and Network Upgrades) to interconnect the

Generating Facility, a good faith estimate of the cost of those facilities, and a good faith estimate of the time required to interconnect the Generating Facility with the Transmission Provider's Transmission System.

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

IRS shall mean the Internal Revenue Service.

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

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

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

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

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

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

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

Network Resource Interconnection Service shall mean an Interconnection

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

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

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

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

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

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

Permissible Technological Advancement shall mean a modification to a specific technology type submitted in an Interconnection Customer's Interconnection Request that: (1) is not a Material Modification; (2) is not a change in generation technology or fuel type, but may include advancements to other technology such as, e.g., advancements to turbines, inverters, plant supervisory controls, or other technological advancements that may affect a generating facility's ability to produce ancillary services; (3) results in electrical performance that is equal to or better than the electrical performance expected prior to the technology change; (4) does not degrade the electrical characteristics of the generating equipment (e.g., the ratings, impedances, efficiencies, capabilities, and performance of the equipment under steady state and dynamic conditions); (5) does not increase the Interconnection Customer's requested Interconnection Service and (6) does not cause any reliability concerns (i.e., materially impact the transmission system with regard to short circuit capability

limits, steady-state thermal or voltage limits or dynamic system stability and response).

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

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

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

Provisional Large Generator Interconnection Agreement shall mean the interconnection agreement for Provisional Interconnection Service established between Transmission Provider and/or the Transmission Owner and the Interconnection Customer. This agreement shall take the form of the Large Generator Interconnection Agreement, modified for provisional purposes.

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

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

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

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

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

Stand Alone Network Upgrades shall mean Network Upgrades that are not part of an Affected System that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Transmission Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement. If the Transmission Provider and Interconnection Customer disagree about whether a particular Network Upgrade is a Stand Alone Network Upgrade, the Transmission Provider must provide the Interconnection Customer a written technical explanation outlining why the Transmission Provider does not consider the Network Upgrade to be a Stand Alone Network Upgrade within 15 days of its determination.

Standard Engineering and Procurement Agreement shall mean the form of engineering and procurement agreement applicable to an Interconnection Request pertaining to a Large Generating Facility that is included in the Transmission Provider's Tariff.

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

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

Start Date shall mean that actual date of the start of the System Impact Study as evidenced by the initiation of the development of the required Base Case(s), or the initiation of the technical study work, i.e., start of the powerflow/stability computer runs, whichever is applicable.

Surplus Interconnection Service shall mean any unneeded portion of Interconnection Service established in a Large Generator Interconnection Agreement, such that if Surplus Interconnection Service is utilized, the total

amount of Interconnection Service at the Point of Interconnection would remain the same.

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

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

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

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

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

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

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

Section 2. Scope and Application

2.1 Application of Standard Large Generator Interconnection Procedures

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

2.2 Comparability

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

2.3 Base Case Data

Transmission Provider shall maintain, consistent with Applicable Laws and Regulations and Applicable Reliability Standards, base power flow, short circuit and stability databases, including all underlying assumptions, and contingency list on either its OASIS site or a password-protected website, subject to confidentiality provisions in LGIP Section 13.1. In addition, Transmission Provider shall maintain network models and underlying assumptions on either its OASIS site or a password-protected website. Such network models and underlying assumptions should reasonably represent those used during the most recent interconnection study and be representative of current system conditions. If Transmission Provider posts this information on a password-protected website, a link to the information must be provided on Transmission Provider's OASIS site. Transmission Provider is permitted to require that Interconnection Customers, OASIS site users and password-protected website users sign a confidentiality agreement before the release of commercially sensitive information or Critical Energy Infrastructure Information in the Base Case data. Such databases and lists, hereinafter referred to as Base Cases, shall include all (1) generation projects and (2) transmission projects, including merchant transmission projects that are proposed for the Transmission System for which a transmission expansion plan has been submitted and approved by the applicable authority.

2.4 No Applicability to Transmission Service

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

Section 3. Interconnection Requests

3.1 General

An Interconnection Customer shall submit to Transmission Provider an Interconnection Request in the form of Appendix 1 to this LGIP and the Initial Deposit of \$160,000 for an Interconnection Request of up to 75 MW or \$250,000 for an Interconnection Request of 75 MW or greater. Transmission Provider shall apply the Initial Deposit toward the cost of the required Interconnection Studies. Interconnection Customer shall submit a separate Interconnection Request for each site and may submit multiple Interconnection Requests for a single site. Interconnection Customer must submit an Initial Deposit with each Interconnection Request even when more than one request is submitted for a single site. An Interconnection Request to evaluate one site at two different voltage levels shall be treated as two Interconnection Requests. Similarly, an Interconnection Request to evaluate one interconnection at two or more different sites (two or more Points of Interconnection) shall be treated as separate Interconnection Requests.

At Interconnection Customer's option, Transmission Provider and Interconnection Customer will identify alternative Point(s) of Interconnection and configurations at the Scoping Meeting to evaluate in this process and attempt to eliminate alternatives in a reasonable fashion given resources and information available. Interconnection Customer will select the definitive Point(s) of Interconnection to be studied no later than the execution of the Interconnection System Impact Study Agreement.

Where an Interconnection Customer has submitted multiple alternative Interconnection Requests (seeking the study of either multiple alternative projects, or the study of a single project at multiple alternative Points of Interconnection), and the Scoping Meeting fails to result in a single definitive project at a single definitive Point of Interconnection, the Transmission Provider will seek to accommodate such multiple alternative requests, as follows:

- The System Impact Study will be performed in serial fashion to produce a separate version of the study for each of the Interconnection Customer's alternative requests.
- The cost of the first version of the study will be allocated equally among the participants of the System Impact Study Cluster. The full cost of producing each subsequent alternative version of the study will be paid by the Interconnection Customer pursuing the alternative request(s).

- No more than three alternative Interconnection Requests will be permitted in any single study cluster.
- After receiving the results of the System Impact Study (in its multiple serial versions), the Interconnection Customer must designate a single Interconnection Request in order to be eligible to proceed to the Facility Study phase. Alternative Interconnection Requests will not be accommodated in the Facility Study cluster.

Transmission Provider shall use the process below to consider requests for Interconnection Service below the Generating Facility Capacity. These requests for Interconnection Service shall be studied at the level of Interconnection Service requested for purposes of Interconnection Facilities, Network Upgrades, and associated costs but may be subject to other studies at the full Generating Facility Capacity to ensure safety and reliability of the system, with the study costs borne by the Interconnection Customer. If after the additional studies are complete, Transmission Provider determines that additional Network Upgrades are necessary, then Transmission Provider must: (1) specify which additional Network Upgrade costs are based on which studies; and (2) provide a detailed explanation of why the additional Network Upgrades are necessary. Any Interconnection Facility and/or Network Upgrade costs required for safety and reliability also will be borne by the Interconnection Customer. Interconnection Customers may be subject to additional control technologies as well as testing and validation of those technologies consistent with Article 6 of the LGIA. The necessary control technologies and protection systems shall be established in Appendix C of the executed, or requested to be filed unexecuted, LGIA.

3.2 Identification of Types of Interconnection Services

At the time the Interconnection Request is submitted, Interconnection Customer must request either Energy Resource Interconnection Service or Network Resource Interconnection Service, as described; provided, however, any Interconnection Customer requesting Network Resource Interconnection Service may also request that it be concurrently studied for Energy Resource Interconnection Service, up to the point when an Interconnection Facility Study Agreement is executed. Interconnection Customer may then elect to proceed with Network Resource Interconnection Service or to proceed under a lower level of interconnection service to the extent that only certain upgrades will be completed.

3.2.1 Energy Resource Interconnection Service

3.2.1.1

The Product.

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

3.2.1.2

The Study.

The study consists of short circuit/fault duty, steady state (thermal and voltage) and stability analyses. The short circuit/fault duty analysis would identify direct Interconnection Facilities required and the Network Upgrades necessary to address short circuit issues associated with the Interconnection Facilities. The stability and steady state studies would identify necessary upgrades to allow full output of the proposed Large Generating Facility and would also identify the maximum allowed output, at the time the study is performed, of the interconnecting Large Generating Facility without requiring additional Network Upgrades.

3.2.2 Network Resource Interconnection Service

3.2.2.1

The Product.

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

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

3.2.2.2 The Study.

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

3.3 Utilization of Surplus Interconnection Service.

Transmission Provider will use the process below to allow an Interconnection Customer to utilize or transfer Surplus Interconnection Service at an existing Point of Interconnection. The original Interconnection Customer or one of its affiliates shall have priority to utilize Surplus Interconnection Service. If the existing Interconnection Customer or one of its affiliates does not exercise its priority, then that service may be made available to other potential Interconnection Customers.

3.3.1 Surplus Interconnection Service Requests.

Surplus Interconnection Service requests may be made by the existing Interconnection Customer whose Generating Facility is already interconnected or one of its affiliates. Surplus Interconnection Service requests also may be made by another Interconnection Customer. Transmission Provider shall use the process in Section 3.3.2 in evaluating Interconnection Requests for Surplus Interconnection Service. Studies for Surplus Interconnection Service shall consist of reactive power, short circuit/fault duty, stability analyses, and any other appropriate studies. Steady-state (thermal/voltage) analyses may be performed as necessary to ensure that all required reliability conditions are studied. If the Surplus Interconnection Service was not studied under off-peak conditions, off-peak steady state analyses shall be performed to the required level necessary to demonstrate reliable operation of the Surplus Interconnection Service. If the original System Impact Study is not available for the Surplus Interconnection Service, both off-peak and peak analysis may need to be performed for the existing Generating Facility associated with the request for Surplus Interconnection Service. The reactive power, short circuit/fault duty, stability, and steady-state analyses for Surplus Interconnection Service will identify any additional Interconnection Facilities and/or Network Upgrades necessary.

3.3.2 Process for Securing Surplus Interconnection Service.

An existing (original) Interconnection Customer whose Large Generating Facility is already interconnected, may make available its Surplus Interconnection Service at the existing Point of Interconnection for the Large Generating Facility using the process outlined in this Section 3.3.2. The original Interconnection Customer may retain any surplus for itself, or may transfer it to an entity of its own choosing, whether an affiliate or a non-affiliate. The amount of Surplus Interconnection Service made available cannot exceed the total amount of Interconnection Service at the Point of Interconnection established in the original Interconnection Customer's Large Generator Interconnection Agreement.

- A. Either the original Interconnection Customer, its affiliate or a third-party Interconnection Customer (transferee) shall notify the Transmission Provider in writing of a request to utilize or transfer any Surplus Interconnection Service made available by the original Interconnection Customer at the existing Point of Interconnection. The written Surplus Interconnection Service request should include, at a minimum, the following information; (1) the amount of Surplus Interconnection Service (in MW) proposed to be made available; (2) the start date and end date that the Surplus Interconnection Service is to be made available; (3) the type of service (Energy Resource

Interconnection Service or Network Resource Interconnection Service) to be made available as Surplus Interconnection Service, provided however, that if the original Interconnection Customer's Large Generator Interconnection Agreement provides for Energy Resource Interconnection Service, any Surplus Interconnection Service must also be Energy Resource Interconnection Service; (4) a one-line diagram illustrating how the Generating Facility that is to use the Surplus Interconnection Service will connect to the original Interconnection Customer's Interconnection Facilities; (5) details on the Generating Facility that is to use the Surplus Interconnection Service (type of resource, characteristics, modeling information); (6) the signature of the original Interconnection Customer if the original Interconnection Customer is not the entity submitting the Surplus Interconnection Service request; and (7) any other relevant conditions of the original Interconnection Customer on its proposed utilization or transfer. To aid the original Interconnection Customer in initiating this process, Transmission Provider may post on OASIS a blank request form for Surplus Interconnection Service, identifying the required fields of data set forth above.

- B. Transmission Provider shall process such surplus interconnection service requests separately from other requests pending in its non-surplus interconnection queue. All requests for Surplus Interconnection Service will be subject to technical studies, as necessary, to ensure the reliable use of Surplus Interconnection Service. The Transmission Provider shall evaluate if the original System Impact Studies are still applicable and sufficient to accommodate the new request, and may require new or additional studies to evaluate system impacts. Examples of circumstances in which the Transmission Provider would require new studies include, but are not limited to, circumstances in which the original System Impact Study(ies) are more than 3 years old and/or circumstances in which new generation facilities have been added to the Transmission Provider's system since the original Interconnection Customer's Large Generating Facility was studied. Examples of studies that may be necessary and appropriate to examine the potential for system impacts include, but are not limited to:
- i. Powerflow studies (steady-state, thermal/voltage),
 - ii. Stability studies (voltage/angular),
 - iii. Short circuit/fault duty studies,
 - iv. Reactive power studies
 - v. Transient, harmonic and/or sub-transient studies, particularly if the generation technology of the generation facility using

the Surplus Interconnection Service is different from the generation technology in the original Interconnection Customer's Large Generation Interconnection Agreement.

- C. Should Transmission Provider determine that studies are necessary to evaluate a request for Surplus Interconnection Service, Transmission Provider will collect from the requestor a study deposit of \$25,000, subject to true-up to reflect the actual cost of the studies.
- D. If the technical studies show that the addition of Network Upgrades will be required for the use of Surplus Interconnection Service due to different technology or short circuit requirements, or for other reasons, Surplus Interconnection Service shall be available up to the amount that can be accommodated without Network Upgrades. The Generating Facility receiving Surplus Interconnection Service is to interconnect to the original Interconnection Customer's Interconnection Facilities. Changes or additions to the original Interconnection Customer's Interconnection Facilities may be necessary and permissible. The need for changes to other facilities identified in the original Interconnection Customer's Interconnection Agreement, including Network Upgrades, would make Surplus Interconnection Service unavailable.
- E. An agreement for Surplus Interconnection Service shall be developed between the Transmission Provider, the original Interconnection Customer and the Surplus Interconnection Service Customer. The Transmission Provider will file the agreement for Surplus Interconnection Service with the Commission. The agreement will contain the parameters of the Surplus Interconnection Service, its level of service, term of service, and any conditions arising from the results of the Transmission Provider's evaluation of system impacts. Upon Commission approval of the Surplus Interconnection Agreement and concurrent with the effective date of the Surplus Interconnection Service, the original Interconnection Customer's Interconnection Agreement shall be deemed to be adjusted to lower the level of Interconnection Service by an amount equal to the Surplus Interconnection Service, without the need for any filings or approvals.
- F. The use of Surplus Interconnection Service does not convey any promise or grant of transmission service.
- G. Surplus Interconnection Service cannot be offered until all facilities

required for the original Interconnection Customer's interconnection service (including all Contingent Facilities) are constructed and In Service.

- H. Surplus Interconnection Service cannot be offered if the original Interconnection Customer's Generating Facility is scheduled to retire and permanently cease Commercial Operation before the Surplus Interconnection Service Customer's Generating Facility begins Commercial Operation.

3.4 Valid Interconnection Request

3.4.1 Initiating an Interconnection Request

To initiate an Interconnection Request, Interconnection Customer must submit all of the following: (i) Initial Deposit of \$160,000 for an Interconnection Request of up to 75 MW or \$250,000 for an Interconnection Request of 75 MW or greater, (ii) a completed application in the form of Appendix 1, and (iii) demonstration of Site Control or a Deposit in Lieu of Site Control in the amount of \$160,000 for an Interconnection Request of up to 75 MW or \$250,000 for an Interconnection Request of 75 MW or greater. Such Deposits shall be applied toward any Interconnection Studies pursuant to the Interconnection Request.

In the event the Interconnection Request is withdrawn or deemed withdrawn before the Start Date, \$25,000 of the Initial Deposit will be non-refundable. If the Interconnection Customer has not demonstrated Site Control as of the Start Date, \$25,000 of the Deposit in Lieu of Site Control shall be non-refundable.

In the event the Interconnection Request is withdrawn or deemed withdrawn after the execution of the Facilities Study Agreement, in accordance with Section 8.1, \$50,000 of the Initial Deposit will be non-refundable. If the Interconnection Customer has not demonstrated Site Control at the time of this withdrawal, \$50,000 of the Deposit in Lieu of Site Control shall be non-refundable.

These non-refundable amounts shall not be cumulative and shall be in addition to the actual costs incurred by Transmission Provider up to the date of the withdrawal.

The expected In-Service Date of the new Large Generating Facility or increase in capacity of the existing Generating Facility shall be no

more than the process window for the regional expansion planning period (or in the absence of a regional planning process, the process window for Transmission Provider's expansion planning period) not to exceed seven years from the date the Interconnection Request is received by Transmission Provider, unless Interconnection Customer demonstrates that engineering, permitting and construction of the new Large Generating Facility or increase in capacity of the existing Generating Facility will take longer than the regional expansion planning period. The In-Service Date may succeed the date the Interconnection Request is received by Transmission Provider by a period up to ten years, or longer where Interconnection Customer and Transmission Provider agree, such agreement not to be unreasonably withheld.

3.4.2 Acknowledgment of Interconnection Request

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

3.4.3 Deficiencies in Interconnection Request

An Interconnection Request will not be considered to be a valid request until all items in Section 3.4.1 have been received by Transmission Provider. If an Interconnection Request fails to meet the requirements set forth in Section 3.4.1, Transmission Provider shall notify Interconnection Customer within five (5) Business Days of receipt of the initial Interconnection Request of the reasons for such failure and that the Interconnection Request does not constitute a valid request. Interconnection Customer shall provide Transmission Provider the additional requested information needed to constitute a valid request within ten (10) Business Days after receipt of such notice. Failure by Interconnection Customer to comply with this Section 3.4.3 shall be treated in accordance with Section 3.7.

3.4.4 Scoping Meeting

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

The purpose of the Scoping Meeting shall be to discuss alternative interconnection options, to exchange information including any transmission data that would reasonably be expected to impact such interconnection options, to analyze such information and to determine the potential feasible Points of Interconnection.

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

3.5 OASIS Posting

3.5.1 OASIS Posting

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

Transmission Provider shall also post any known deviations in the Large Generating Facility's In-Service Date.

3.5.2 Requirement to Post Interconnection Study Metrics

Transmission Provider will maintain on its OASIS or its website summary statistics related to processing Interconnection Studies pursuant to Interconnection Requests, updated quarterly. If Transmission Provider posts this information on its website, a link to the information must be provided on Transmission Provider's OASIS site. For each calendar quarter, Transmission Providers must calculate and post the information detailed in sections 3.5.2.1 through 3.5.2.3. Where an Interconnection Customer is a member of a Queue Cluster and such customer tenders to Transmission Provider an executed study agreement before the close of the Queue Cluster Window, Transmission Provider will deem its date of receipt of the study agreement to be the day immediately after the close of the Queue Cluster Window for purposes of calculating and posting processing time under Sections 3.5.2.1 and 3.5.2.2.

3.5.2.1 Interconnection System Impact Studies processing time.

(A) Number of Interconnection Requests that had Interconnection System Impact Studies completed within Transmission Provider's coordinated region during the reporting quarter,

(B) Number of Interconnection Requests that had Interconnection System Impact Studies completed within Transmission Provider's coordinated region during the reporting quarter that were completed more than ninety (90) Calendar Days after the close of the Queue Cluster Window, or more than ninety (90) Calendar Days after receipt by Transmission Provider of all Interconnection Customers' executed Interconnection Impact Study Agreements, whichever is later,

(C) At the end of the reporting quarter, the number of active valid Interconnection Requests with ongoing incomplete System Impact Studies where such Interconnection Requests had executed Interconnection System Impact Study Agreements received by Transmission Provider more than ninety (90) Calendar Days after the close of the Queue

Cluster Window, or more than ninety (90) Calendar Days after receipt by Transmission Provider of all Interconnection Customers' executed Interconnection Impact Study Agreements, whichever is later, before the reporting quarter end,

(D) Mean time (in days), Interconnection System Impact Studies completed within Transmission Provider's coordinated region during the reporting quarter, from the date when Transmission Provider received the executed Interconnection System Impact Study Agreement(s) to the date when Transmission Provider provided the completed Interconnection System Impact Study to the Interconnection Customer(s),

(E) Percentage of Interconnection System Impact Studies exceeding the timelines set forth above to complete this reporting quarter, calculated as the sum of 3.5.2.1(B) plus 3.5.2.1(C) divided by the sum of 3.5.2.1(A) plus 3.5.2.1(C)).

3.5.2.2 Interconnection Facilities Studies processing time.

(A) Number of Interconnection Requests that had Interconnection Facilities Studies that are completed within Transmission Provider's coordinated region during the reporting quarter and tendered to the Interconnection Customer in draft form,

(B) Number of Interconnection Requests that had Interconnection Facilities Studies that are completed within Transmission Provider's coordinated region during the reporting quarter that were completed and tendered to the Interconnection Customer in draft form more than ninety (90) Calendar Days after receipt by Transmission Provider of the Interconnection Customer's executed Interconnection Facilities Study Agreement,

(C) At the end of the reporting quarter, the number of active valid Interconnection Service requests with ongoing incomplete Interconnection Facilities Studies where such Interconnection Requests had executed Interconnection Facilities Studies Agreement received by Transmission

Provider more than ninety (90) Calendar Days before the reporting quarter end,

(D) Mean time (in days), for Interconnection Facilities Studies completed within Transmission Provider's coordinated region during the reporting quarter, calculated from the date when Transmission Provider received the executed Interconnection Facilities Study Agreement to the date when Transmission Provider provided the completed draft Interconnection Facilities Study to the Interconnection Customer,

(E) Percentage of delayed Interconnection Facilities Studies this reporting quarter, calculated as the sum of 3.5.2.2(B) plus 3.5.2.2(C) divided by the sum of 3.5.2.2(A) plus 3.5.2.2(C)).

3.5.2.3 Interconnection Service requests withdrawn from Interconnection queue.

(A) Number of Interconnection Requests withdrawn from Transmission Provider's interconnection queue during the reporting quarter,

(B) Number of Interconnection Requests withdrawn from Transmission Provider's interconnection queue during the reporting quarter before completion of any interconnection studies or execution of any interconnection study agreements,

(C) Number of Interconnection Requests withdrawn from Transmission Provider's interconnection queue during the reporting quarter before completion of an Interconnection System Impact Study,

(D) Number of Interconnection Requests withdrawn from Transmission Provider's interconnection queue during the reporting quarter before completion of an Interconnection Facilities Study,

(E) Number of Interconnection Requests withdrawn from Transmission Provider's interconnection queue after execution of a generator interconnection agreement or Interconnection Customer requests the filing of an unexecuted, new interconnection agreement,

(F) Mean time (in days), for all withdrawn Interconnection Requests, from the date when the request was determined to be valid to when Transmission Provider received the request to withdraw from the queue.

3.5.3

Transmission Provider is required to post on OASIS or its website the measures in paragraph 3.5.2.1(A) through paragraph 3.5.2.3(F) for each calendar quarter within 30 days of the end of the calendar quarter. Transmission Provider will keep the quarterly measures posted on OASIS or its website for three calendar years with the first required report to be in the first quarter of 2020. If Transmission Provider retains this information on its website, a link to the information must be provided on Transmission Provider's OASIS site.

3.5.4

In the event that any of the values calculated in paragraphs 3.5.2.1(E), or 3.5.2.2(E) exceeds 25 percent for two consecutive calendar quarters, Transmission Provider will have to comply with the measures below for the next four consecutive calendar quarters and must continue reporting this information until Transmission Provider reports four consecutive calendar quarters without the values calculated in 3.5.2.1(E), or 3.5.2.2(E) exceeding 25 percent for two consecutive calendar quarters:

(i) Transmission Provider must submit a report to the Commission describing the reason for each study or group of clustered studies pursuant to an Interconnection Request that exceeded its deadline (i.e., 45, 90 or 180 days) for completion (excluding any allowance for Reasonable Efforts).

Transmission Provider must describe the reasons for each study delay and any steps taken to remedy these specific issues and, if applicable, prevent such delays in the future. The report must be filed at the Commission within 45 days of the end of the calendar quarter.

(ii) Transmission Provider shall aggregate the total number of employee-hours and third party consultant hours expended towards interconnection studies within its coordinated region that quarter and post on OASIS or its website. If Transmission Provider posts this information on its website, a link to the information must be

provided on Transmission Provider's OASIS site. This information is to be posted within 30 days of the end of the calendar quarter.

3.6 Coordination with Affected Systems

Transmission Provider will coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System Operators and, if possible, include those results (if available) in its applicable Interconnection Study within the time frame specified in this LGIP. Transmission Provider will include such Affected System Operators in all meetings held with Interconnection Customer as required by this LGIP. Interconnection Customer will cooperate with Transmission Provider in all matters related to the conduct of studies and the determination of modifications to Affected Systems. A Transmission Provider which may be an Affected System shall cooperate with Transmission Provider with whom interconnection has been requested in all matters related to the conduct of studies and the determination of modifications to Affected Systems.

3.7 Withdrawal

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

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

Transmission Provider shall (i) update the OASIS Queue Position posting and (ii) refund to Interconnection Customer any portion of Interconnection Customer's deposit or study payments that exceeds the costs that Transmission Provider has incurred (less any non-refundable amounts described above in Section 3.3.1). Interest on a refund shall be calculated in accordance with section 35.19a(a)(2) of FERC's regulations. In the event of such withdrawal, Transmission Provider, subject to the confidentiality provisions of Section 13.1, shall provide, at Interconnection Customer's request, all information that Transmission Provider developed for any completed study conducted up to the date of withdrawal of the Interconnection Request.

3.8 Identification of Contingent Facilities.

The Transmission Provider shall identify Contingent Facilities in the System Impact Study Report (including any restudy reports) using the steps outlined below. The method permits the parties to determine why a specific Contingent Facility was identified and how it relates to the Interconnection Request.

3.8.1 Baseline assumptions.

Transmission Provider uses a technical screening process to identify Contingent Facilities that starts with the baseline assumption that the following are in service: (i) Generating Facilities that are directly interconnected to the Transmission System; (ii) Generating Facilities that are interconnected to Affected Systems where the Affected System(s) have communicated to Transmission Provider, or Transmission Provider otherwise has determined, that such facilities may have an impact on the Interconnection Request; (iii) Generating Facilities that have a pending higher-queued Interconnection Request to interconnect to the Transmission System and their associated Interconnection Facilities and Network Upgrade requirements, to the extent those higher-queued Interconnection Requests have been the subject of a System Impact Study and/or a Facilities Study; (iv) Generating Facilities that executed an interconnection agreement, or requested that an unexecuted interconnection agreement be filed with FERC, and their associated Interconnection Facilities and Network Upgrades; (v) higher-queued requests for transmission service and their associated facilities or upgrade requirements to the extent they have an impact on the Interconnection Request and to the extent that those higher-queued requests for transmission service have been the subject of a System Impact Study and/or a Facilities Study; (vi) Transmission Provider's

transmission expansion plan components; and (vii) the transmission expansion plan components of third-party transmission providers, to the extent that Transmission Provider has determined that they have an impact on the Interconnection Request.

With respect to the treatment of higher-queued requests for interconnection service and/or transmission service, in situations in which (a) the higher-queued requests have not yet proceeded through the System Impact Study process to reach the stage where facilities necessary to accommodate the requests have been identified, or (b) facilities associated with higher-queued requests for service change as a result of queue withdrawal or otherwise, Transmission Provider shall adjust its baseline assumptions with the most current information available and produce a re-study System Impact Study Report on Interconnection Customer's Interconnection Request. The re-study report will use the method described in this Section to permit the parties to determine why a specific Contingent Facility was identified and how it relates to the Interconnection Request.

3.8.2. Technical Screening Process.

The technical screening process for identifying Contingent Facilities is comprised of the following steps:

Step 1: Identify Potential Contingent Facilities.

Transmission Provider will review all applicable Interconnection and Transmission Service study results for higher-queued Interconnection or Transmission Service Requests to identify any unbuilt Interconnection Facilities and/or Network Upgrades as potential Contingent Facilities to be evaluated pursuant to Steps 2-5 below.

Step 2: Remove a Potential Contingent Facility and Perform Applicable Contingency Analyses. The Transmission Provider will take a potential Contingent Facility (and its associated unbuilt Generating Facility) out of service in its study model and: (a) perform steady state, short circuit, voltage stability, and/or transient stability analyses to determine if the Transmission System demonstrates acceptable pre- and post-contingency system performance, in accordance with current Transmission Provider, WECC, NERC, or Reliability Coordinator criteria or standards; and (b) document the resulting Transmission System performance deficiencies following the analysis in Step 2(a). In implementing this step in situations in which higher-queued clustered requests

involve a potential Contingent Facility, Transmission Provider will remove all unbuilt Interconnection Facilities and/or Network Upgrades in the cluster, as well as their associated Generating Facilities in the cluster.

Step 3: Add the proposed Generating Facility into Model and Rerun Contingency Analyses. Transmission Provider will add the proposed Generating Facility into the model after taking the potential Contingent Facility and its associated Generating Facility out of service as provided in Step 2 above, and: (a) perform the same analysis for the added proposed Generating Facility as the analysis outlined in Step 2(a) for the removed potential Contingent Facility; and (b) document the resulting Transmission System performance deficiencies following the analysis in Step 3(a).

Step 4: Apply Threshold and Categorize. If the Transmission System performance deficiencies observed in Step 3(b) are: (a) exacerbated by one percent (1%) or greater than the Transmission System performance deficiencies initially observed in Step 2(b), then the potential Contingent Facility that is individually evaluated in Step 2 will be deemed a Contingent Facility; or (b) exacerbated by less than one percent (1%) than the Transmission System performance deficiencies initially observed in Step 2(b), then the potential Contingent Facility that is individually evaluated in Step 2 will not be deemed a Contingent Facility. The only variation from this analysis will apply to short circuit criteria. For the performance of the short circuit analysis of the Transmission Provider's Transmission System in its Balancing Authority Area, all generation directly connected to the Transmission Provider's Transmission System is assumed to be connected and synchronized to the grid. The fault current at any substation that contains one or more circuit breakers exceeding 95% of the interruption rating of any circuit breaker in the substation where the fault is taken will be considered a Contingent Facility.

Step 5: Repeat for Each Identified Potential Contingent Facility. Transmission Provider will repeat Steps 2-4 for each potential Contingent Facility identified in Step 1.

Step 6: Per Se Contingent Facilities. Notwithstanding Steps 1-5, an Interconnection Facility or Network Upgrade of a higher-queued request for service shall automatically be deemed a Contingent Facility if such Interconnection Facility or Network Upgrade would

be necessary for the proper functioning of the proposed Generating Facility's System Protection Facilities (as defined in Appendix 6 to Attachment M of Transmission Provider's OATT).

3.8.3. The Interconnection System Impact Study report will list Contingent Facilities in an appendix, which will include: (a) a description of each Contingent Facility; and (b) the Interconnection Request, transmission service request or planned project for which the Contingent Facility was initially required. This list of Contingent Facilities is subject to updates if a System Impact Study is re-studied pursuant to the Tariff under the LGIP or the provisions governing transmission service requests. In addition, where the Transmission Provider has identified an Affected System pursuant to Section 3.6 and facilities have been identified to mitigate adverse impacts on an Affected System, such facilities shall be included on the list of Contingent Facilities to the extent they have an impact on the Interconnection Request.

3.8.4. If requested by the Interconnection Customer, and if readily available and not commercially sensitive, Transmission Provider will also provide an estimate of the costs of and the in-service date for each Contingent Facility, which may be subject to later updates if a Contingent Facility's estimated costs and in-service dates change.

Section 4. Queue Position

4.1 General

Transmission Provider shall assign a Queue Position based upon the date and time of receipt of the valid Interconnection Request; provided that, if the sole reason an Interconnection Request is not valid is the lack of required information on the application form, and Interconnection Customer provides such information in accordance with Section 3.4.3, then Transmission Provider shall assign Interconnection Customer a Queue Position based on the date the application form was originally filed. Moving a Point of Interconnection shall result in a lowering of Queue Position if it is deemed a Material Modification under Section 4.4.3.

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

in relation to another Interconnection Request that is lower queued.

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

4.2 Clustering

Interconnection Requests are to be studied in clusters for the purpose of the Interconnection System Impact Study and the Interconnection Facilities Study.

Clustering shall be implemented on the basis of Queue Position and geographic location of the proposed Interconnection Point on the Transmission Provider's Transmission System and/or the interconnecting voltage level. All Interconnection Requests received during the second and third quarters of a given year (i.e., beginning April 1 and closing September 30) will be grouped into one "Queue Cluster Window," and all Interconnection Requests received during the fourth quarter of a year and the first quarter of the following year (i.e., beginning October 1 and closing March 31 of the following year) will be placed into a separate "Queue Cluster Window." Interconnection Requests shall be grouped in their respective Queue Cluster Window and by geographical areas and/or the interconnecting voltage level, and shall be studied together for Network Resource Interconnection Service without regard to the nature of the requested Interconnection Service, whether Energy Resource Interconnection Service or Network Resource Interconnection Service. The deadline for completing all Interconnection System Impact Studies for which an Interconnection System Impact Study Agreement has been executed during a Queue Cluster Window shall be in accordance with Section 7.4, for all Interconnection Requests assigned to the same Queue Cluster Window. Transmission Provider may study an Interconnection Request separately to the extent warranted by Good Utility Practice based upon the electrical remoteness of the proposed Large Generating Facility.

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

4.2.1 Cluster Window Transition Period

The first Queue Cluster Window will commence upon the first Window deadline following Commission approval of the Queue

Cluster Windows.

4.3 Transferability of Queue Position

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

4.4 Modifications

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

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

4.4.1 Prior to the return of the executed Interconnection System Impact Study Agreement to Transmission Provider, modifications permitted under this Section shall include specifically: (a) a decrease of up to 60 percent of electrical output (MW) of the proposed project, through either (1) a decrease in plant size or (2) a decrease in Interconnection Service level (consistent with the process described in Section 3.1) accomplished by applying Transmission Provider-approved injection-limiting equipment; (b) modifying the technical parameters associated with the Large Generating Facility technology or the Large Generating Facility step-up transformer impedance characteristics; and (c) modifying the interconnection configuration. For plant increases, the incremental increase in plant output will go to the end of the queue for the purposes of cost allocation and study analysis.

4.4.2 Prior to the return of the executed Interconnection Facility Study

Agreement to Transmission Provider, the modifications permitted under this Section shall include specifically: (a) additional 15 percent decrease of electrical output of the proposed project through either (1) a decrease in plant size (MW) or (2) a decrease in Interconnection Service level (consistent with the process described in Section 3.1) accomplished by applying Transmission Provider-approved injection-limiting equipment; (b) Large Generating Facility technical parameters associated with modifications to Large Generating Facility technology and transformer impedances; provided, however, the incremental costs associated with those modifications are the responsibility of the requesting Interconnection Customer; and (c) a Permissible Technological Advancement for the Large Generating Facility after the submission of the Interconnection Request. Section 4.4.6 specifies a separate technological change procedure including the requisite information and process that will be followed to assess whether the Interconnection Customer's proposed technological advancement under Section 4.4.2(c) is a Material Modification. Section 1 contains a definition of Permissible Technological Advancement.

4.4.3 Prior to making any modification other than those specifically permitted by Sections 4.4.1, 4.4.2, and 4.4.6, Interconnection Customer may first request that Transmission Provider evaluate whether such modification is a Material Modification. In response to Interconnection Customer's request, Transmission Provider shall evaluate the proposed modifications prior to making them and inform Interconnection Customer in writing of whether the modifications would constitute a Material Modification. Any change to the Point of Interconnection, except those deemed acceptable under Sections 4.4.1, 7.2 or so allowed elsewhere, shall constitute a Material Modification. Interconnection Customer may then withdraw the proposed modification or proceed with a new Interconnection Request for such modification.

4.4.4 Upon receipt of Interconnection Customer's request for modification permitted under this Section 4.4, Transmission Provider shall commence and perform any necessary additional studies as soon as practicable, but in no event shall Transmission Provider commence such studies later than thirty (30) Calendar Days after receiving notice of Interconnection Customer's request. Any additional studies resulting from such modification shall be done at

Interconnection Customer's cost.

4.4.5 Extensions of less than three (3) cumulative years in the Commercial Operation Date of the Large Generating Facility to which the Interconnection Request relates are not material and should be handled through construction sequencing; provided, however, that extensions may necessitate a determination of whether additional studies are required pursuant to Applicable Laws and Regulations and Applicable Reliability Standards.

4.4.6 Technological Change Procedure.

4.4.6.1 Interconnection Customer Technological Advancement Request.

(a) At any time after the submission of an Interconnection Request, but before the execution of an Interconnection Facility Study Agreement by Interconnection Customer, an Interconnection Customer may submit a written request pursuant to this Section to include additional or substituted technological components for its Large Generating Facility that differ from the description of the Large Generating Facility in its Interconnection Request.

(b) To timely perfect its Technological Advancement Request, Interconnection Customer shall submit the following to Transmission Provider: (i) completed Technological Advancement Request form submitted on the request template provided by Transmission Provider on its OASIS site; (ii) a \$25,000 deposit; (iii) an updated version of the Interconnection Request for a Large Generating Facility, found at Appendix 1 of this LGIP, that reflects the data associated with the change in technology that Interconnection Customer seeks to incorporate; (iv) to the extent applicable, updated modeling data.

Updated modeling data is applicable if the technology change results in a change in the time of use of the facility, i.e., from peak to off peak, or capacity factor of the facility; a change in the steady-state thermal and/or voltage limits of the facility; a change in harmonics; a possible increase in the short circuit capability of the facility; or a possible change in the transient or dynamic response of the facility.

Where a technology change does not fall into one of the categories above, but is a technology change that may reduce the Network Upgrades previously identified in the interconnection study process associated with the Interconnection Customer's Large Generating Facility, the Transmission Provider may require a Technological Advancement Study using updated modeling data for purposes of implementing the identification of Network Upgrades necessary to accommodate the Interconnection Request under this LGIP and for the implementation of the crediting provisions set forth in Section 11.4 of the LGIA. Among the changes that Transmission Provider may evaluate under this Section 4.4.6 include, but are not limited to, advancements that improve, rather than degrade the electrical characteristics of the generating equipment (e.g., the ratings, impedances, efficiencies, capabilities, and performance of the equipment under steady state and dynamic conditions) without changing the real power (MW) output or reactive power (MVAR) output of the Large Generating Facility.

(c) Interconnection Customer's Technological Advancement Request must demonstrate how the proposed technological advancement (i) results in equal to or better electrical performance, (ii) does not increase the Interconnection Customer's requested interconnection service, and (iii) does not cause any reliability concerns (i.e., material impacts to the transmission system, including impacts to short circuit capability limits, steady-state thermal and voltage limits, or dynamic system stability and response).

(d) An Interconnection Customer may have no more than one Technological Advancement Request pending at any one time. If the Technological Advancement Request is submitted during the time allocated under the LGIP for Interconnection Customer to execute and return a System Impact or Facilities Study Agreement to Transmission Provider, the deadline for execution and return of the System Impact or Facilities Study Agreement will be suspended while Transmission Provider analyzes the Technological Advancement Request in accordance with Section 4.4.6.

(e) If Transmission Provider is performing an Interconnection System Impact Study, or other study for the Interconnection

Request at the time that Interconnection Customer submits a Technological Advancement Request, Transmission Provider shall suspend work on any such pending studies until it has completed its analysis of the Technological Advancement Request and any Technological Advancement Study.

(f) Interconnection Customer shall fill in, sign and submit, together with its Technological Advancement Request, a Technological Advancement Study Agreement. A form of Technological Advancement Study Agreement is posted on Transmission Provider's OASIS.

4.4.6.2 Initial Analysis of Technological Advancement Request.

(a) After the Interconnection Customer's Technological Advancement Request is received pursuant to Section 4.4.6.1, the Transmission Provider will perform an initial analysis to determine whether the proposed technological advancement is a Permissible Technological Advancement without the need of additional study.

(b) If the Transmission Provider determines on the basis of its initial analysis that Interconnection Customer has demonstrated that the proposed technological advancement is a Permissible Technological Advancement without the need for additional study, the Transmission Provider will incorporate the technological advancement into Interconnection Customer's Interconnection Request.

(c) If the Transmission Provider determines on the basis of its initial analysis that Interconnection Customer has not demonstrated that the proposed technological advancement is a Permissible Technological Advancement, then the Technological Advancement Request will be treated as a request for modification of the Interconnection Request under Section 4.4.3.

(d) If the Transmission Provider determines on the basis of its initial analysis that further study is required to conclude whether the Technological Advancement Request is a Permissible Technological Advancement, Transmission Provider will require that a Technological Advancement Study be performed at the sole expense of the Interconnection Customer consistent with Sections 4.4.6.3, 4.4.6.4, 4.4.6.5.

(e) Any difference between the deposit provided under Section 4.4.6.1(b) and the actual cost of providing the initial analysis of the request shall be paid to Transmission Provider or refunded to Interconnection Customer, as appropriate, along with an invoice describing any charges.

4.4.6.3 Technological Advancement Study Notification:

If after its initial analysis of a Technological Advancement Request, Transmission Provider determines that a Technological Advancement Study is necessary to determine whether the requested technological advancement constitutes a Permissible Technological Advancement, Transmission Provider shall notify Interconnection Customer in writing that such a study is necessary, and shall perform such study pursuant to Section 4.4.6.4.

4.4.6.4 Technological Advancement Study Procedures:

(a) The Technological Advancement Study shall seek to determine (i) whether the proposed technological advancement is a Permissible Technological Advancement, by focusing on whether the proposed technological advancement will result in equal or better electrical performance than the Large Generating Facility described in the Interconnection Request, and whether the proposed technological advancement will cause any reliability concerns (i.e., material impacts to the transmission system, including impacts to short circuit capability limits, steady-state thermal and voltage limits, or dynamic system stability and response); and (ii) if the proposed technological advancement is determined not to be a Permissible Technological Advancement, whether the proposed technological advancement is a Material Modification. The Technological Advancement Study may include steady-state, reactive power, short circuit/fault duty, stability analyses, and any other appropriate studies that Transmission Provider deems necessary to determine whether the technological advancement results in electrical performance that is equal to or better than the electrical performance expected prior to the technology change, and whether such technological advancement causes any reliability concerns.

(b) Interconnection Customer shall cooperate with Transmission Provider to provide any additional information that Transmission Provider may require to complete the Technological Advancement Study. If the Transmission Provider determines that it requires additional technical information to complete the Technological Advancement Study, Transmission Provider shall notify the Interconnection Customer of the additional technical information required, and Interconnection Customer shall work in good faith with Transmission Provider to promptly provide such information.

(c) Upon completion of the Technological Advancement Study, Transmission Provider shall provide Interconnection Customer notice of its study conclusions. Upon request, Transmission Provider shall also provide Interconnection Customer supporting documentation, subject to confidentiality arrangements consistent with Section 13.1.

(d) If the Technological Advancement Study determines that the proposed technological advancement is either (i) a Permissible Technological Advancement, or (ii) is not a Permissible Technological Advancement but does not constitute a Material Modification, then the Interconnection Request shall be amended to reflect the technological advancement.

(e) If the Technological Advancement Study determines that the proposed technological advancement is not a Permissible Technological Advancement and also constitutes a Material Modification, Transmission Provider shall provide an explanation for this conclusion. Interconnection Customer may then withdraw the proposed modification or proceed with a new Interconnection Request for such modification.

(f) Any difference between the deposit provided under Section 4.4.6.1(b) and the actual cost of the study shall be paid to Transmission Provider or refunded to Interconnection Customer, as appropriate, along with an invoice describing any charges.

4.4.6.5 Time for Completing Initial Analysis and Technological Advancement Study.

Within thirty (30) Calendar Days of receipt of the Interconnection Customer's Technological Advancement Request submitted pursuant to Section 4.4.6.1, Transmission Provider shall complete all analysis and study obligations under this Section 4.4.6 and determine whether the Technological Advancement Request is a Permissible Technological Advancement or Material Modification, subject to Interconnection Customer's performance of its obligations under Section 4.4.6.1(f) and Section 4.4.6.4(b).

4.4.6.6 Treatment of Other Interconnection Studies During and After Technological Advancement Study.

Upon completion of the Transmission Provider's initial analysis of a Technological Advancement Request and any Technological Advancement Study, Transmission Provider and Interconnection Customer shall amend any existing Interconnection System Impact Study Agreement, or other Interconnection Study Agreements as necessary to incorporate elements of the requested technological advancement or the results of the Technological Advancement Study. Transmission Provider may require additional time or information to complete or re-run studies that were suspended during the pendency of the Technological Advancement Request. A single study may be suspended no more than once as a result of a Technological Advancement Request. If a subsequent Technological Advancement Request is received by Transmission Provider in such circumstances, Transmission Provider will process the subsequent Technological Advancement Request as soon as it completes the study that had been previously suspended.

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

5.1 Queue Position for Pending Requests

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

5.1.1.1 If an Interconnection Study Agreement has not been

executed as of the effective date of this LGIP, then such Interconnection Study, and any subsequent Interconnection Studies, shall be processed in accordance with this LGIP.

5.1.1.2 If an agreement termed an Interconnection Feasibility Study Agreement has been executed as of the effective date of this LGIP, and the study has been initiated, then such study shall be completed under the terms of the Agreement.

5.1.1.3 If an agreement termed an Interconnection Feasibility Study Agreement has been executed as of the effective date of this LGIP, but the study has not been initiated, then any study shall be performed under the terms of this LGIP.

5.1.1.4 If an Interconnection Study Agreement has been executed prior to the effective date of this LGIP, such Interconnection Study shall be completed in accordance with the terms of such agreement. With respect to any remaining studies for which an Interconnection Customer has not signed an Interconnection Study Agreement prior to the effective date of the LGIP, Transmission Provider must go forward with the completion of the necessary Interconnection Studies (for which it does not have a signed Interconnection Studies Agreement) in accordance with this LGIP.

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

5.2 New Transmission Provider

If Transmission Provider transfers control of its Transmission System to a successor Transmission Provider during the period when an Interconnection Request is pending, the original Transmission Provider shall transfer to the successor Transmission Provider any amount of the deposit or payment with interest thereon that exceeds the cost that it incurred to evaluate the request for interconnection (less any non-refundable amounts). Any difference between such net amount and the deposit or payment required by this LGIP shall be paid by or refunded to the Interconnection Customer, as

appropriate. The original Transmission Provider shall coordinate with the successor Transmission Provider to complete any Interconnection Study, as appropriate, that the original Transmission Provider has begun but has not completed. If Transmission Provider has tendered a draft LGIA to Interconnection Customer but Interconnection Customer has not either executed the LGIA or requested the filing of an unexecuted LGIA with FERC, unless otherwise provided, Interconnection Customer must complete negotiations with the successor Transmission Provider.

Section 6. [Reserved for Future Use]

Section 7. Interconnection System Impact Study

7.1 Interconnection System Impact Study Agreement

Simultaneously with the acknowledgement of a valid Interconnection Request, Transmission Provider shall provide to Interconnection Customer an Interconnection System Impact Study Agreement in the form of Appendix 2 of this LGIP. The Interconnection System Impact Study Agreement shall specify that Interconnection Customer is responsible for the actual cost of the Interconnection System Impact Study. Within five (5) Business Days following the Scoping Meeting, Interconnection Customer shall specify for inclusion in the attachment to the Interconnection System Impact Study Agreement the Point(s) of Interconnection. Within five (5) Business Days following Transmission Provider's receipt of such designation, Transmission Provider shall tender to Interconnection Customer the Interconnection System Impact Study Agreement signed by Transmission Provider, which includes a good faith estimate of the cost and estimated timeframe for completing the Interconnection System Impact Study.

7.2 Execution of Interconnection System Impact Study Agreement

Interconnection Customer shall execute the Interconnection System Impact Study Agreement and deliver the executed Interconnection System Impact Study Agreement to Transmission Provider no later than thirty (30) Calendar Days after its receipt.

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

If Interconnection Customer does not provide all such technical data called for in Appendix 1, Attachment A when it delivers the Interconnection System Impact Study Agreement, Transmission Provider shall notify

Interconnection Customer of the deficiency within five (5) Business Days of the receipt of the executed Interconnection System Impact Study Agreement and Interconnection Customer shall cure the deficiency within ten (10) Business Days of receipt of the notice, provided, however, such deficiency does not include failure to deliver the executed Interconnection System Impact Study Agreement.

If the Interconnection System Impact Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting, a substitute Point of Interconnection identified by either Interconnection Customer or Transmission Provider, and acceptable to the other, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and restudies shall be completed pursuant to Section 7.6 as applicable. For the purpose of this Section 7.2, if Transmission Provider and Interconnection Customer cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as specified pursuant to Section 3.4.4, shall be the substitute.

7.3 Scope of Interconnection System Impact Study

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

The Interconnection System Impact Study will consist of a short circuit analysis, a stability analysis, and a power flow analysis. The Interconnection System Impact Study will state the assumptions upon which it is based; state the results of the analyses; and provide the requirements or potential impediments to providing the requested interconnection service, including a preliminary indication of the cost and length of time that would be necessary to correct any problems identified in those analyses and implement the interconnection. For purposes of determining necessary Interconnection Facilities and Network Upgrades, the System Impact Study shall consider the level of Interconnection Service

requested by the Interconnection Customer, unless otherwise required to study the full Generating Facility Capacity due to safety or reliability concerns. The Interconnection System Impact Study will provide a list of facilities that are required as a result of the Interconnection Request and a non-binding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

7.4 Interconnection System Impact Study Procedures

Transmission Provider shall coordinate the Interconnection System Impact Study with any Affected System that is affected by the Interconnection Request pursuant to Section 3.6 above. Transmission Provider shall utilize existing studies to the extent practicable when it performs the study. Transmission Provider shall use Reasonable Efforts to complete the Interconnection System Impact Study within ninety (90) Calendar Days after the receipt of the Interconnection System Impact Study Agreement or notification to proceed, study payment, and technical data. If Transmission Provider uses Clustering, Transmission Provider shall use Reasonable Efforts to deliver a completed Interconnection System Impact Study within ninety (90) Calendar Days after the close of the Queue Cluster Window.

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

7.5 Meeting with Transmission Provider

Within ten (10) Business Days of providing an Interconnection System Impact Study report to Interconnection Customer, Transmission Provider and Interconnection Customer shall meet to discuss the results of the Interconnection System Impact Study, unless otherwise mutually agreed upon by the Parties.

7.6 Re-Study

If Re-Study of the Interconnection System Impact Study is required due to a higher queued project dropping out of the queue, or a modification of a higher queued project subject to 4.4, or re-designation of the Point of Interconnection pursuant to Section 7.2 Transmission Provider shall notify Interconnection Customer(s) in writing. The Transmission Provider shall use Reasonable Efforts to complete the Re-Study in no longer than sixty (60) Calendar Days from the date of notice. Any cost of Re-Study shall first utilize the funds remaining of the non-refundable portion of the withdrawing applicant's Initial Deposit as per Section 3.3.1, then the funds remaining of the Initial Deposit(s) of all Interconnection Customer(s) being re-studied, and, if these funds are insufficient, the Interconnection Customer is responsible for the remaining actual cost incurred for the re-study.

Section 8. Interconnection Facilities Study

8.1 Interconnection Facilities Study Agreement

Simultaneously with the delivery of the Interconnection System Impact Study to Interconnection Customer, Transmission Provider shall provide to Interconnection Customer an Interconnection Facilities Study Agreement in the form of Appendix 3 to this LGIP. The Interconnection Facilities Study Agreement shall provide that Interconnection Customer shall compensate Transmission Provider for the actual cost of the Interconnection Facilities Study. Within three (3) Business Days following the Interconnection System Impact Study results meeting, Transmission Provider shall provide to Interconnection Customer a non-binding good faith estimate of the cost and timeframe for completing the Interconnection Facilities Study. Interconnection Customer shall execute the Interconnection Facilities Study Agreement and deliver the executed Interconnection Facilities Study Agreement to Transmission Provider within thirty (30) Calendar Days after its receipt, together with the required technical data.

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

8.2 Scope of Interconnection Facilities Study

The Interconnection Facilities Study shall specify and estimate the cost of the equipment, engineering, procurement and construction work needed to

implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Interconnection Facility to the Transmission System. The Interconnection Facilities Study shall also identify the electrical switching configuration of the connection equipment, including, without limitation: the transformer, switchgear, meters, and other station equipment; the nature and estimated cost of any Transmission Provider's Interconnection Facilities and Network Upgrades necessary to accomplish the interconnection; and an estimate of the time required to complete the construction and installation of such facilities. The Facilities Study will also identify any potential control equipment for requests for Interconnection Service that are lower than the Generating Facility Capacity.

8.3 Interconnection Facilities Study Procedures

Transmission Provider shall coordinate the Interconnection Facilities Study with any Affected System pursuant to Section 3.6 above.

Transmission Provider shall utilize existing studies to the extent practicable in performing the Interconnection Facilities Study. Transmission Provider shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to Interconnection Customer within ninety (90) Calendar Days after receipt of an executed Interconnection Facilities Study Agreement.

At the request of Interconnection Customer or at any time Transmission Provider determines that it will not meet the required time frame for completing the Interconnection Facilities Study, Transmission Provider shall notify Interconnection Customer as to the schedule status of the Interconnection Facilities Study. If Transmission Provider is unable to complete the Interconnection Facilities Study and issue a draft Interconnection Facilities Study report within the time required, it shall notify Interconnection Customer and provide an estimated completion date and an explanation of the reasons why additional time is required.

Interconnection Customer may, within thirty (30) Calendar Days after receipt of the draft report, provide written comments to Transmission Provider, which Transmission Provider shall include in the final report. Transmission Provider shall issue the final Interconnection Facilities Study report within fifteen (15) Business Days of receiving Interconnection Customer's comments or promptly upon receiving Interconnection Customer's statement that it will not provide comments. Transmission Provider may reasonably extend such fifteen-day period upon notice to Interconnection Customer if Interconnection Customer's comments require

Transmission Provider to perform additional analyses or make other significant modifications prior to the issuance of the final Interconnection Facilities Report. Upon request, Transmission Provider shall provide Interconnection Customer supporting documentation, workpapers, and databases or data developed in the preparation of the Interconnection Facilities Study, subject to confidentiality arrangements consistent with Section 13.1.

8.4 Meeting with Transmission Provider

Within ten (10) Business Days of providing a draft Interconnection Facilities Study report to Interconnection Customer, Transmission Provider and Interconnection Customer shall meet to discuss the results of the Interconnection Facilities Study, unless otherwise mutually agreed upon by the Parties.

8.5 Re-Study

If Re-Study of the Interconnection Facilities Study is required due to a higher queued project dropping out of the queue or a modification of a higher queued project pursuant to Section 4.4, Transmission Provider shall so notify Interconnection Customer(s) in writing. The Transmission Provider shall use Reasonable Efforts to complete the Re-Study in no longer than sixty (60) Calendar Days from the date of notice. Any cost of Re-Study shall first utilize the funds remaining of the withdrawing applicant's Initial Deposit as per Section 3.3.1, then the funds remaining of the Initial Deposit(s) of all Interconnection Customer(s) being re-studied, and, if these funds are insufficient, the remaining cost is borne by the Interconnection Customer(s) being re-studied.

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

Prior to executing an LGIA, an Interconnection Customer may, in order to advance the implementation of its interconnection, request and Transmission Provider shall offer the Interconnection Customer, an E&P Agreement that authorizes Transmission Provider to begin engineering and procurement of long lead-time items necessary for the establishment of the interconnection. However, Transmission Provider shall not be obligated to offer an E&P Agreement if Interconnection Customer is in Dispute Resolution as a result of an allegation that Interconnection Customer has failed to meet any milestones or comply with any prerequisites specified in other parts of the LGIP. The E&P Agreement is an optional procedure and it will not alter the Interconnection Customer's Queue Position or In-Service Date. The E&P Agreement shall provide for Interconnection Customer to pay the cost of all activities authorized by Interconnection Customer and to make advance payments or provide other satisfactory

security for such costs.

Interconnection Customer shall pay the cost of such authorized activities and any cancellation costs for equipment that is already ordered for its interconnection, which cannot be mitigated as hereafter described, whether or not such items or equipment later become unnecessary. If Interconnection Customer withdraws its application for interconnection or either Party terminates the E&P Agreement, to the extent the equipment ordered can be canceled under reasonable terms, Interconnection Customer shall be obligated to pay the associated cancellation costs. To the extent that the equipment cannot be reasonably canceled, Transmission Provider may elect: (i) to take title to the equipment, in which event Transmission Provider shall refund Interconnection Customer any amounts paid by Interconnection Customer for such equipment and shall pay the cost of delivery of such equipment, or (ii) to transfer title to and deliver such equipment to Interconnection Customer, in which event Interconnection Customer shall pay any unpaid balance and cost of delivery of such equipment.

Section 10. Optional Interconnection Study

10.1 Optional Interconnection Study Agreement

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

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

Interconnection Study. Notwithstanding the above, Transmission Provider shall not be required as a result of an Optional Interconnection Study request to conduct any additional Interconnection Studies with respect to any other Interconnection Request.

Interconnection Customer shall execute the Optional Interconnection Study Agreement within ten (10) Business Days of receipt and deliver the Optional Interconnection Study Agreement, the technical data and a \$25,000 deposit to Transmission Provider.

10.2 Scope of Optional Interconnection Study

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

10.3 Optional Interconnection Study Procedures

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

Section 11. Standard Large Generator Interconnection Agreement (LGIA)

11.1 Tender

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

11.2 Negotiation

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

11.3 Execution and Filing

Within fifteen (15) Business Days after receipt of the final LGIA, Interconnection Customer shall provide Transmission Provider (A) reasonable evidence that continued Site Control or (B) posting of \$250,000, non-refundable additional security, which shall be applied toward future

construction costs. At the same time, Interconnection Customer also shall provide reasonable evidence that one or more of the following milestones in the development of the Large Generating Facility, at Interconnection Customer election, has been achieved: (i) the execution of a contract for the supply or transportation of fuel to the Large Generating Facility; (ii) the execution of a contract for the supply of cooling water to the Large Generating Facility; (iii) execution of a contract for the engineering for, procurement of major equipment for, or construction of, the Large Generating Facility; (iv) execution of a contract for the sale of electric energy or capacity from the Large Generating Facility; or (v) application for an air, water, or land use permit.

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

11.4 Commencement of Interconnection Activities

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

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

12.1 Schedule

Transmission Provider and Interconnection Customer shall negotiate in good faith concerning a schedule for the construction of Transmission

Provider's Interconnection Facilities and the Network Upgrades.

12.2 Construction Sequencing

12.2.1 General

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

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

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

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

refund to that entity the amount that it paid for the Network Upgrades, in accordance with Article 11.4 of the LGIA.

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

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

12.2.4 Amended Interconnection System Impact Study

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

Section 13. Miscellaneous

13.1 Confidentiality

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

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

If requested by either Party, the other Party shall provide in writing, the

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

The release of Confidential Information shall be subject to Applicable Laws and Regulations and Applicable Reliability Standards.

13.1.1 Scope

Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of the LGIA; or (6) is required, in accordance with Section 13.1.6, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under the LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.

13.1.2 Release of Confidential Information

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

Section 13.1 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Section 13.1.

13.1.3 Rights

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

13.1.4 No Warranties

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

13.1.5 Standard of Care

Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under these procedures or its regulatory requirements.

13.1.6 Order of Disclosure

If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires either Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of the LGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such

Confidential Information which, in the opinion of its counsel, the Party is legally compelled to disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

13.1.7

Remedies

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

13.1.8

Disclosure to FERC, its Staff, or a State

Notwithstanding anything in this Section 13.1 to the contrary, and pursuant to 18 CFR section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to the LGIP, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 CFR section 388.112, request that the information be treated as confidential and non public by FERC and its staff and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party prior to the release of the Confidential Information to FERC or its staff. The Party shall notify the other Party to the LGIA when its is notified by FERC or its staff that a request to release Confidential

Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR section 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner, consistent with applicable state rules and regulations.

- 13.1.9** Subject to the exception in Section 13.1.8, any information that a Party claims is competitively sensitive, commercial or financial information ("Confidential Information") shall not be disclosed by the other Party to any person not employed or retained by the other Party, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIP or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a subregional, regional or national reliability organization or planning group. The Party asserting confidentiality shall notify the other Party in writing of the information it claims is confidential. Prior to any disclosures of the other Party's Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.
- 13.1.10** This provision shall not apply to any information that was or is hereafter in the public domain (except as a result of a Breach of this provision).
- 13.1.11** Transmission Provider shall, at Interconnection Customer's election, destroy, in a confidential manner, or return the Confidential Information provided at the time of Confidential Information is no longer needed.

13.2 Delegation of Responsibility

Transmission Provider may use the services of subcontractors as it deems appropriate to perform its obligations under this LGIP.

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

13.3 Obligation for Study Costs

Transmission Provider shall charge and Interconnection Customer shall pay the actual costs of the Interconnection Studies. Any difference between the Initial Deposit submitted as per Section 3.3.1, less any part of that Deposit deemed non-refundable as per Section 3.3.1, and the actual cost of the Interconnection Study shall be paid by or refunded, except as otherwise provided herein, to Interconnection Customer. Any invoices for Interconnection Studies shall include a detailed and itemized accounting of the cost of each Interconnection Study. Interconnection Customer shall pay any such undisputed costs within thirty (30) Calendar Days of receipt of an invoice therefor. Transmission Provider shall not be obligated to perform or continue to perform any studies unless Interconnection Customer has paid all undisputed amounts in compliance herewith.

13.4 Third Parties Conducting Studies

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

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

13.5 Disputes

13.5.1 Submission

In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with the LGIA, the LGIP, or their performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute or claim ("Notice of Dispute"). Such dispute or claim shall be referred to a designated senior representative of each Party for resolution on an informal basis as promptly as practicable after receipt of the Notice of Dispute by the other Party. In the

event the designated representatives are unable to resolve the claim or dispute through unassisted or assisted negotiations within thirty (30) Calendar Days of the other Party's receipt of the Notice of Dispute, such claim or dispute may, upon mutual agreement of the Parties, be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this LGIA.

13.5.2 External Arbitration Procedures

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

13.5.3 Arbitration Decisions

Unless otherwise agreed by the Parties, the arbitrator(s) shall render a decision within ninety (90) Calendar Days of appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of the LGIA and LGIP and shall have no power to modify or change any provision of the LGIA and LGIP in any manner. The decision of the arbitrator(s) shall be final and binding upon

the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service, Interconnection Facilities, or Network Upgrades.

13.5.4 Costs

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

13.5.5 Non-binding dispute resolution procedures.

If a Party has submitted a Notice of Dispute pursuant to section 13.5.1, and the Parties are unable to resolve the claim or dispute through unassisted or assisted negotiations within the thirty (30) Calendar Days provided in that section, and the Parties cannot reach mutual agreement to pursue the section 13.5 arbitration process, a Party may request that Transmission Provider engage in Non-binding Dispute Resolution pursuant to this section by providing written notice to Transmission Provider (“Request for Non-binding Dispute Resolution”). Conversely, either Party may file a Request for Non-binding Dispute Resolution pursuant to this section without first seeking mutual agreement to pursue the section 13.5 arbitration process. The process in section 13.5.5 shall serve as an alternative to, and not a replacement of, the section 13.5 arbitration process. Pursuant to this process, a Transmission Provider must within 30 days of receipt of the Request for Non-binding Dispute Resolution appoint a neutral decision-maker that is an independent subcontractor that shall not have any current or past substantial business or financial relationships with either Party. Unless otherwise agreed by the Parties, the decision-maker shall render a decision within sixty

(60) Calendar Days of appointment and shall notify the Parties in writing of such decision and reasons therefore. This decision-maker shall be authorized only to interpret and apply the provisions of the LGIP and LGIA and shall have no power to modify or change any provision of the LGIP and LGIA in any manner. The result reached in this process is not binding, but, unless otherwise agreed, the Parties may cite the record and decision in the non-binding dispute resolution process in future dispute resolution processes, including in a section 13.5 arbitration, or in a Federal Power Act section 206 complaint. Each Party shall be responsible for its own costs incurred during the process and the cost of the decision-maker shall be divided equally among each Party to the dispute.

13.6 Local Furnishing Bonds

13.6.1 Transmission Providers That Own Facilities Financed by Local Furnishing Bonds

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

13.6.2 Alternative Procedures for Requesting Interconnection Service

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

Days of receipt of the Interconnection Request.

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

Appendices

Appendix 1. INTERCONNECTION REQUEST FOR A LARGE GENERATING FACILITY

APPENDIX 1 to LGIP INTERCONNECTION REQUEST FOR A LARGE GENERATING FACILITY

1. The undersigned Interconnection Customer submits this request to interconnect its Large Generating Facility with Transmission Provider's Transmission System pursuant to a Tariff.
2. This Interconnection Request is for (check one):
 A proposed new Large Generating Facility.
 An increase in the generating capacity or a Material Modification of an existing Generating Facility.
3. The type of interconnection service requested (check one):
 Energy Resource Interconnection Service
 Network Resource Interconnection Service
4. Check here only if Interconnection Customer requesting Network Resource Interconnection Service also seeks to have its Generating Facility studied for Energy Resource Interconnection Service.
5. Interconnection Customer provides the following information:
 - a. Address or location of the proposed new Large Generating Facility site (to the extent known) or, in the case of an existing Generating Facility, the name and specific location of the existing Generating Facility;
 - b. Maximum summer at _____ degrees C and winter at _____ degrees C megawatt electrical output of the proposed new Large Generating Facility or the amount of megawatt increase in the generating capacity of an existing Generating Facility;
 - c. General description of the equipment configuration;
 - d. Commercial Operation Date (Day, Month, and Year);

- e. Name, address, telephone number, and e-mail address of Interconnection Customer's contact person;
- f. Approximate location of the proposed Point of Interconnection (optional); and
- g. Interconnection Customer Data (set forth in Attachment A).
- h. Primary frequency response operating range for electric storage resources.
- i. Requested capacity (in MW) of Interconnection Service (if lower than the Generating Facility Capacity).

6. Applicable Initial Deposit amount as specified in the LGIP.

7. Evidence of Site Control as specified in the LGIP (check one)

Is attached to this Interconnection Request

Is NOT attached to this Interconnection Request, but a Deposit in Lieu of Site Control is provided

8. This Interconnection Request shall be submitted to the representative indicated below:

[To be completed by Transmission Provider]

9. Representative of Interconnection Customer to contact:

[To be completed by Interconnection Customer]

10. This Interconnection Request is submitted by:

Name of Interconnection Customer: _____

By (signature): _____

Name (type or print): _____

Title: _____

Date: _____

Attachment A. LARGE GENERATING FACILITY DATA

**Attachment A to Appendix 1
Interconnection Request**

**LARGE GENERATING FACILITY DATA
UNIT RATINGS**

kVA _____ °F _____ Voltage _____
 Power Factor _____
 Speed (RPM) _____
 Connection (e.g. Wye) _____
 Short Circuit Ratio _____ Frequency, Hertz _____
 Stator Amperes at Rated kVA _____ Field Volts _____
 Max Turbine MW _____ °F _____
 Primary frequency response operating range for electric storage resources:
 Minimum State of Charge: _____
 Maximum State of Charge: _____

COMBINED TURBINE-GENERATOR-EXCITER INERTIA DATA

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

REACTANCE DATA (PER UNIT-RATED KVA)

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

FIELD TIME CONSTANT DATA (SEC)

| | | |
|---|-------------|-------------|
| Open Circuit T'do | T'do _____ | T'qo _____ |
| Three-Phase Short Circuit Transient | T'd3 _____ | T'q _____ |
| Line to Line Short Circuit Transient | T'd2 _____ | |
| Line to Neutral Short Circuit Transient | T'd1 _____ | |
| Short Circuit Subtransient | T''d _____ | T''q _____ |
| Open Circuit Subtransient | T''do _____ | T''qo _____ |

ARMATURE TIME CONSTANT DATA (SEC)

| | |
|-------------------------------|-----------------------------------|
| Three Phase Short Circuit | T _a ³ _____ |
| Line to Line Short Circuit | T _a ² _____ |
| Line to Neutral Short Circuit | T _a ¹ _____ |

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

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

ARMATURE WINDING RESISTANCE DATA (PER UNIT)

| | |
|----------|----------------------|
| Positive | R ¹ _____ |
| Negative | R ₂ _____ |
| Zero | R ₀ _____ |

Rotor Short Time Thermal Capacity I₂ t = _____²

Field Current at Rated kVA, Armature Voltage and PF = _____ amps

Field Current at Rated kVA and Armature Voltage, 0 PF = _____ amps

Three Phase Armature Winding Capacitance = _____ microfarad

Field Winding Resistance = _____ ohms _____ °C

Armature Winding Resistance (Per Phase) = _____ ohms _____ °C

CURVES

Provide Saturation, Vee, Reactive Capability, Capacity Temperature Correction curves.
Designate normal and emergency Hydrogen Pressure operating range for multiple curves.

GENERATOR STEP-UP TRANSFORMER DATA RATINGS

Capacity Self-cooled/
 Maximum Nameplate
_____ / _____ kVA

Voltage Ratio(Generator Side/System side/Tertiary)
_____ / _____ / _____ kV

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

Fixed Taps Available

Present Tap Setting

IMPEDANCE

Positive Z_1 (on self-cooled kVA rating) _____ % _____ X/R

Zero Z_0 (on self-cooled kVA rating) _____ % _____ X/R

EXCITATION SYSTEM DATA

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

GOVERNOR SYSTEM DATA

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

WIND GENERATORS

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

Elevation: _____ _____ Single Phase _____ Three Phase

Inverter manufacturer, model name, number, and version:

List of adjustable setpoints for the protective equipment or software:

Note: A completed General Electric Company Power Systems Load Flow (PSLF) data sheet or other compatible formats, such as IEEE and PTI power flow models, must be supplied with the Interconnection Request. If other data sheets are more appropriate to the proposed device, then they shall be provided and discussed at Scoping Meeting.

INDUCTION GENERATORS

- (*) Field Volts: _____
- (*) Field Amperes: _____
- (*) Motoring Power (kW): _____
- (*) Neutral Grounding Resistor (If Applicable): _____
- (*) 122t or K (Heating Time Constant): _____
- (*) Rotor Resistance: _____
- (*) Stator Resistance: _____
- (*) Stator Reactance: _____
- (*) Rotor Reactance: _____
- (*) Magnetizing Reactance: _____
- (*) Short Circuit Reactance: _____
- (*) Exciting Current: _____
- (*) Temperature Rise: _____
- (*) Frame Size: _____
- (*) Design Letter: _____
- (*) Reactive Power Required In Vars (No Load): _____
- (*) Reactive Power Required In Vars (Full Load): _____
- (*) Total Rotating Inertia, H: _____ Per Unit on KVA Base

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

Appendix 2. INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT

APPENDIX 2 to LGIP INTERCONNECTION SYSTEM IMPACT STUDY AGREEMENT

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

RECITALS

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

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

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

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

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

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

- 5.0 The Interconnection System Impact Study report shall provide the following information:
- identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection;
 - identification of any thermal overload or voltage limit violations resulting from the interconnection;
 - identification of any instability or inadequately damped response to system disturbances resulting from the interconnection and
 - description and non-binding, good faith estimated cost of facilities required to interconnect the Large Generating Facility to the Transmission System and to address the identified short circuit, instability, and power flow issues.
- 6.0 Transmission Provider's good faith estimate for the time of completion of the Interconnection System Impact Study is [insert date].

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

Any difference between the Initial Deposit and the actual cost of the study shall be paid by or refunded to Interconnection Customer, as appropriate, less any amounts deemed non-refundable as per Section 3.3.1 of this LGIP.

- 7.0 Miscellaneous. The Interconnection System Impact Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, that are consistent with regional

practices, Applicable Laws and Regulations and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.

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

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

By: _____ By: _____

Title: _____ Title: _____

Date: _____ Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

Attachment A. ASSUMPTIONS USED

**Attachment A To Appendix 2
Interconnection System Impact
Study Agreement**

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

The Interconnection System Impact Study will be based upon the following assumptions:

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

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

Appendix 3. INTERCONNECTION FACILITIES STUDY AGREEMENT

APPENDIX 3 to LGIP INTERCONNECTION FACILITIES STUDY AGREEMENT

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

RECITALS

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

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

WHEREAS, Transmission Provider has completed an Interconnection System Impact Study (the "System Impact Study") and provided the results of said study to Interconnection Customer; and

WHEREAS, Interconnection Customer has elected _____ [Interconnection Customer to fill in with its election between NRIS or ERIS pursuant to Section 3.2 of the LGIP] and requested Transmission Provider to perform an Interconnection Facilities Study to specify and estimate the cost of the equipment, engineering, procurement and construction work needed to implement the conclusions of the Interconnection System Impact Study in accordance with Good Utility Practice to physically and electrically connect the Large Generating Facility to the Transmission System.

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

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Transmission Provider's FERC-approved LGIP.
- 2.0 Interconnection Customer elects and Transmission Provider shall cause an Interconnection Facilities Study consistent with Section 8.0 of this LGIP to

be performed in accordance with the Tariff.

- 3.0 The scope of the Interconnection Facilities Study shall be subject to the assumptions set forth in Attachment A and the data provided in Attachment B to this Agreement.
- 4.0 The Interconnection Facilities Study report (i) shall provide a description, estimated cost of (consistent with Attachment A), schedule for required facilities to interconnect the Large Generating Facility to the Transmission System and (ii) shall address the short circuit, instability, and power flow issues identified in the Interconnection System Impact Study.
- 5.0 The time for completion of the Interconnection Facilities Study is specified in Attachment A.

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

- 6.0 Miscellaneous. The Interconnection Facility Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, and that are consistent with regional practices, Applicable Laws and Regulations, and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.

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

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

By: _____ By: _____

Title: _____ Title: _____

Date: _____ Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

**Attachment A. INTERCONNECTION CUSTOMER SCHEDULE ELECTION
FOR CONDUCTING THE INTERCONNECTION FACILITIES STUDY**

**Attachment A To Appendix 3
Interconnection Facilities
Study Agreement**

**INTERCONNECTION CUSTOMER SCHEDULE ELECTION FOR
CONDUCTING THE
INTERCONNECTION FACILITIES STUDY**

Transmission Provider shall use Reasonable Efforts to complete the study and issue a draft Interconnection Facilities Study report to Interconnection Customer within ninety (90) Calendar Days after a receipt of an executed copy of this Interconnection Facilities Study Agreement.

Attachment B. DATA FORM TO BE PROVIDED BY INTERCONNECTION CUSTOMER WITH THE INTERCONNECTION FACILITIES STUDY AGREEMENT

**Attachment B to Appendix 3
Interconnection Facilities
Study Agreement**

DATA FORM TO BE PROVIDED BY INTERCONNECTION CUSTOMER WITH THE INTERCONNECTION FACILITIES STUDY AGREEMENT

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

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

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

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

Will an alternate source of auxiliary power be available during CT/PT maintenance?

_____ Yes _____ No

Will a transfer bus on the generation side of the metering require that each meter set be designed for the total plant generation? _____ Yes

No (Please indicate on one line diagram).

What type of control system or PLC will be located at Interconnection Customer's Large Generating Facility?

What protocol does the control system or PLC use?

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

Appendix 4. [Reserved for Future Use]

Appendix 5. OPTIONAL INTERCONNECTION STUDY AGREEMENT

**APPENDIX 5 to LGIP
OPTIONAL INTERCONNECTION
STUDY AGREEMENT**

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

RECITALS

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

WHEREAS, Interconnection Customer is proposing to establish an interconnection with the Transmission System; and

WHEREAS, Interconnection Customer has submitted to Transmission Provider an Interconnection Request; and

WHEREAS, on or after the date when Interconnection Customer receives the Interconnection System Impact Study results, Interconnection Customer has further requested that Transmission Provider prepare an Optional Interconnection Study;

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

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated in Transmission Provider's FERC-approved LGIP.
- 2.0 Interconnection Customer elects and Transmission Provider shall cause an Optional Interconnection Study consistent with Section 10.0 of this LGIP to be performed in accordance with the Tariff.

- 3.0 The scope of the Optional Interconnection Study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The Optional Interconnection Study shall be performed solely for informational purposes.
- 5.0 The Optional Interconnection Study report shall provide a sensitivity analysis based on the assumptions specified by Interconnection Customer in Attachment A to this Agreement. The Optional Interconnection Study will identify Transmission Provider's Interconnection Facilities and the Network Upgrades, and the estimated cost thereof, that may be required to provide interconnection service based upon the assumptions specified by Interconnection Customer in Attachment A.
- 6.0 Interconnection Customer shall provide a deposit of \$25,000 for the performance of the Optional Interconnection Study. Transmission Provider's good faith estimate for the time of completion of the Optional Interconnection Study is (insert date).

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

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

- 7.0 Miscellaneous. The Optional Interconnection Study Agreement shall include standard miscellaneous terms including, but not limited to, indemnities, representations, disclaimers, warranties, governing law, amendment, execution, waiver, enforceability and assignment, that reflect best practices in the electric industry, and that are consistent with regional practices, Applicable Laws and Regulations, and the organizational nature of each Party. All of these provisions, to the extent practicable, shall be consistent with the provisions of the LGIP and the LGIA.

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

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

By: _____ By: _____

Title: _____ Title: _____

Date: _____ Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

**Appendix 6. STANDARD LARGE GENERATOR INTERCONNECTION
AGREEMENT (LGIA)**

**Appendix 6 to the Standard Large
Generator Interconnection Procedures**

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

(Applicable to Generating Facilities that exceed 20 MW)

Appendix 6. STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT (LGIA)

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Standard Large Generator Interconnection Agreement

STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT

THIS STANDARD LARGE GENERATOR INTERCONNECTION AGREEMENT (“Agreement”) is made and entered into this ____ day of _____ 20__, by and between _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ (“Interconnection Customer” with a Large Generating Facility), and _____, a _____ organized and existing under the laws of the State/Commonwealth of _____ (“Transmission Provider and/or Transmission Owner”). Interconnection Customer and Transmission Provider each may be referred to as a “Party” or collectively as the “Parties.”

Recitals

WHEREAS, Transmission Provider operates the Transmission System; and

WHEREAS, Interconnection Customer intends to own, lease and/or control and operate the Generating Facility identified as a Large Generating Facility in Appendix C to this Agreement; and,

WHEREAS, Interconnection Customer and Transmission Provider have agreed to enter into this Agreement for the purpose of interconnecting the Large Generating Facility with the Transmission System;

NOW, THEREFORE, in consideration of and subject to the mutual covenants contained herein, it is agreed:

When used in this Standard Large Generator Interconnection Agreement, terms with initial capitalization that are not defined in Article 1 shall have the meanings specified in the Article in which they are used or the Open Access Transmission Tariff (Tariff).

Article 1. Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

System Impact Study.

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

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

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

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

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

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

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

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

Effective Date shall mean the date on which the Standard Large Generator Interconnection Agreement becomes effective upon execution by the Parties subject to

acceptance by FERC, or if filed unexecuted, upon the date specified by FERC.

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

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

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

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

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

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

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

Generating Facility shall mean Interconnection Customer's device for the production and/or storage for later injection of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

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

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

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

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

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

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

Interconnection Customer shall mean any entity, including the Transmission Provider, Transmission Owner or any of the Affiliates or subsidiaries of either, that proposes to interconnect its Generating Facility with the Transmission Provider's Transmission System. Where the Interconnection Customer and the Transmission Provider are the same entity, application of the following provisions set forth herein is not required: provisions governing the posting of security (in Articles 5 and 11), provisions governing taxes and reimbursements for tax liability (in Article 5), provisions governing indemnity, consequential damages and insurance (in Article 18), and provisions governing billing and payment (in Articles 12 and 15) (invoices are not required, but may be generated and tendered for administrative use to aid in the identification and accounting of costs).

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

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

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

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

Interconnection Feasibility Study shall mean a preliminary evaluation of the

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

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

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

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

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

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

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

IRS shall mean the Internal Revenue Service.

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

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

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

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

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

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

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

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

Network Upgrades shall mean the additions, modifications, and upgrades to the Transmission Provider's Transmission System required at or beyond the point at which the Interconnection Facilities connect to the Transmission Provider's Transmission

System to accommodate the interconnection of the Large Generating Facility to the Transmission Provider's Transmission System.

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

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

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

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

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

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

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

Provisional Large Generator Interconnection Agreement shall mean the interconnection agreement for Provisional Interconnection Service established between Transmission Provider and/or the Transmission Owner and the Interconnection Customer. This agreement shall take the form of the Large Generator Interconnection Agreement, modified for provisional purposes.

Queue Position shall mean the order of a valid Interconnection Request, relative to all other pending valid Interconnection Requests, that is established based upon the

date and time of receipt of the valid Interconnection Request by the Transmission Provider.

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

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

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

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

Stand Alone Network Upgrades shall mean Network Upgrades that are not part of an Affected System that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Transmission Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement. If the Transmission Provider and Interconnection Customer disagree about whether a particular Network Upgrade is a Stand Alone Network Upgrade, the Transmission Provider must provide the Interconnection Customer a written technical explanation outlining why the Transmission Provider does not consider the Network Upgrade to be a Stand Alone Network Upgrade within 15 days of its determination.

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

Standard Large Generator Interconnection Procedures (LGIP) shall mean the interconnection procedures applicable to an Interconnection Request pertaining to a

Large Generating Facility that are included in the Transmission Provider's Tariff.

Surplus Interconnection Service shall mean any unneeded portion of Interconnection Service established in a Large Generator Interconnection Agreement, such that if Surplus Interconnection Service is utilized the total amount of Interconnection Service at the Point of Interconnection would remain the same.

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

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

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

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

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

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

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

Variable Energy Resource shall mean 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.

Article 2. Effective Date, Term, and Termination

2.1 Effective Date. This LGIA shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by FERC. Transmission Provider shall promptly file this LGIA with FERC upon execution in accordance with Article 3.1, if required.

2.2 Term of Agreement. Subject to the provisions of Article 2.3, this LGIA shall remain in effect for a period of ten (10) years from the Effective Date or such other longer period as Interconnection Customer may request (Term to be specified in individual agreements) and shall be automatically renewed for each successive one-year period thereafter.

2.3 Termination Procedures.

2.3.1 Written Notice. This LGIA may be terminated by Interconnection Customer after giving Transmission Provider ninety (90) Calendar Days advance written notice, or by Transmission Provider notifying FERC after the Generating Facility permanently ceases Commercial Operation.

2.3.2 Default. Either Party may terminate this LGIA in accordance with Article 17.

2.3.3. Notwithstanding Articles 2.3.1 and 2.3.2, no termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this LGIA, which notice has been accepted for filing by FERC.

2.4 Termination Costs. If a Party elects to terminate this Agreement pursuant to Article 2.3 above, each Party shall pay all costs incurred (including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment) or charges assessed by the other Party, as of the date of the other Party's receipt of such notice of termination, that are the responsibility of the

Terminating Party under this LGIA. In the event of termination by a Party, the Parties shall use commercially Reasonable Efforts to mitigate the costs, damages and charges arising as a consequence of termination. Upon termination of this LGIA, unless otherwise ordered or approved by FERC:

2.4.1 With respect to any portion of Transmission Provider's Interconnection Facilities that have not yet been constructed or installed, Transmission Provider shall to the extent possible and with Interconnection Customer's authorization cancel any pending orders of, or return, any materials or equipment for, or contracts for construction of, such facilities; provided that in the event Interconnection Customer elects not to authorize such cancellation, Interconnection Customer shall assume all payment obligations with respect to such materials, equipment, and contracts, and Transmission Provider shall deliver such material and equipment, and, if necessary, assign such contracts, to Interconnection Customer as soon as practicable, at Interconnection Customer's expense. To the extent that Interconnection Customer has already paid Transmission Provider for any or all such costs of materials or equipment not taken by Interconnection Customer, Transmission Provider shall promptly refund such amounts to Interconnection Customer, less any costs, including penalties incurred by Transmission Provider to cancel any pending orders of or return such materials, equipment, or contracts.

If an Interconnection Customer terminates this LGIA, it shall be responsible for all costs incurred in association with that Interconnection Customer's interconnection, including any cancellation costs relating to orders or contracts for Interconnection Facilities and equipment, and other expenses including any Network Upgrades for which Transmission Provider has incurred expenses and has not been reimbursed by Interconnection Customer.

2.4.2 Transmission Provider may, at its option, retain any portion of such materials, equipment, or facilities that Interconnection Customer chooses not to accept delivery of, in which case Transmission Provider shall be responsible for all costs associated with procuring such materials, equipment, or facilities.

2.4.3 With respect to any portion of the Interconnection Facilities, and any other facilities already installed or constructed pursuant to the terms of this LGIA, Interconnection Customer shall be responsible for all costs associated with the removal, relocation or other disposition or retirement of such materials, equipment, or facilities.

- 2.5 Disconnection.** Upon termination of this LGIA, the Parties will take all appropriate steps to disconnect the Large Generating Facility from the Transmission System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this LGIA or such non-terminating Party otherwise is responsible for these costs under this LGIA.
- 2.6 Survival.** This LGIA shall continue in effect after termination to the extent necessary to provide for final billings and payments and for costs incurred hereunder, including billings and payments pursuant to this LGIA; to permit the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this LGIA was in effect; and to permit each Party to have access to the lands of the other Party pursuant to this LGIA or other applicable agreements, to disconnect, remove or salvage its own facilities and equipment.

Article 3. Regulatory Filings

- 3.1 Filing.** Transmission Provider shall file this LGIA (and any amendment hereto) with the appropriate Governmental Authority, if required. Interconnection Customer may request that any information so provided be subject to the confidentiality provisions of Article 22. If Interconnection Customer has executed this LGIA, or any amendment thereto, Interconnection Customer shall reasonably cooperate with Transmission Provider with respect to such filing and to provide any information reasonably requested by Transmission Provider needed to comply with applicable regulatory requirements.

Article 4. Scope of Service

- 4.1 Interconnection Product Options.** Interconnection Customer has selected the following (checked) type of Interconnection Service:

4.1.1 Energy Resource Interconnection Service

- 4.1.1.1 The Product.** Energy Resource Interconnection Service allows Interconnection Customer to connect the Large Generating Facility to the Transmission System and be eligible to deliver the Large Generating Facility's output using the existing firm or non-firm capacity of the Transmission System on an "as available" basis. To the extent Interconnection Customer wants to receive Energy Resource Interconnection Service, Transmission Provider shall construct facilities identified in Attachment A.

4.1.1.2 Transmission Delivery Service Implications. Under Energy Resource Interconnection Service, Interconnection Customer will be eligible to inject power from the Large Generating Facility into and deliver power across the interconnecting Transmission Provider's Transmission System on an "as available" basis up to the amount of MWs identified in the applicable stability and steady state studies to the extent the upgrades initially required to qualify for Energy Resource Interconnection Service have been constructed. Where eligible to do so (e.g., PJM, ISONE, NYISO), Interconnection Customer may place a bid to sell into the market up to the maximum identified Large Generating Facility output, subject to any conditions specified in the interconnection service approval, and the Large Generating Facility will be dispatched to the extent Interconnection Customer's bid clears. In all other instances, no transmission delivery service from the Large Generating Facility is assured, but Interconnection Customer may obtain Point-to-Point Transmission Service, Network Integration Transmission Service, or be used for secondary network transmission service, pursuant to Transmission Provider's Tariff, up to the maximum output identified in the stability and steady state studies. In those instances, in order for Interconnection Customer to obtain the right to deliver or inject energy beyond the Large Generating Facility Point of Interconnection or to improve its ability to do so, transmission delivery service must be obtained pursuant to the provisions of Transmission Provider's Tariff. The Interconnection Customer's ability to inject its Large Generating Facility output beyond the Point of Interconnection, therefore, will depend on the existing capacity of Transmission Provider's Transmission System at such time as a transmission service request is made that would accommodate such delivery. The provision of firm Point-to-Point Transmission Service or Network Integration Transmission Service may require the construction of additional Network Upgrades.

4.1.2 Network Resource Interconnection Service.

4.1.2.1 The Product. Transmission Provider must conduct the necessary studies and construct the Network Upgrades needed

to integrate the Large Generating Facility (1) in a manner comparable to that in which Transmission Provider integrates its generating facilities to serve native load customers; or (2) in an ISO or RTO with market based congestion management, in the same manner as all Network Resources. To the extent Interconnection Customer wants to receive Network Resource Interconnection Service, Transmission Provider shall construct the facilities identified in Attachment A to this LGIA.

4.1.2.2 Transmission Delivery Service Implications. Network Resource Interconnection Service allows Interconnection Customer's Large Generating Facility to be designated by any Network Customer under the Tariff on Transmission Provider's Transmission System as a Network Resource, up to the Large Generating Facility's full output, on the same basis as existing Network Resources interconnected to Transmission Provider's Transmission System, and to be studied as a Network Resource on the assumption that such a designation will occur. Although Network Resource Interconnection Service does not convey a reservation of transmission service, any Network Customer under the Tariff can utilize its network service under the Tariff to obtain delivery of energy from the interconnected Interconnection Customer's Large Generating Facility in the same manner as it accesses Network Resources. A Large Generating Facility receiving Network Resource Interconnection Service may also be used to provide Ancillary Services after technical studies and/or periodic analyses are performed with respect to the Large Generating Facility's ability to provide any applicable Ancillary Services, provided that such studies and analyses have been or would be required in connection with the provision of such Ancillary Services by any existing Network Resource. However, if an Interconnection Customer's Large Generating Facility has not been designated as a Network Resource by any load, it cannot be required to provide Ancillary Services except to the extent such requirements extend to all generating facilities that are similarly situated. The provision of Network Integration Transmission Service or firm Point-to-Point Transmission Service may require additional studies and the construction of additional upgrades. Because such studies and upgrades would be associated with a request for delivery service under

the Tariff, cost responsibility for the studies and upgrades would be in accordance with FERC's policy for pricing transmission delivery services. Network Resource Interconnection Service does not necessarily provide Interconnection Customer with the capability to physically deliver the output of its Large Generating Facility to any particular load on Transmission Provider's Transmission System without incurring congestion costs. In the event of transmission constraints on Transmission Provider's Transmission System, Interconnection Customer's Large Generating Facility shall be subject to the applicable congestion management procedures in Transmission Provider's Transmission System in the same manner as Network Resources.

There is no requirement either at the time of study or interconnection, or at any point in the future, that Interconnection Customer's Large Generating Facility be designated as a Network Resource by a Network Service Customer under the Tariff or that Interconnection Customer identify a specific buyer (or sink). To the extent a Network Customer does designate the Large Generating Facility as a Network Resource, it must do so pursuant to Transmission Provider's Tariff.

Once an Interconnection Customer satisfies the requirements for obtaining Network Resource Interconnection Service, any future transmission service request for delivery from the Large Generating Facility within Transmission Provider's Transmission System of any amount of capacity and/or energy, up to the amount initially studied, will not require that any additional studies be performed or that any further upgrades associated with such Large Generating Facility be undertaken, regardless of whether or not such Large Generating Facility is ever designated by a Network Customer as a Network Resource and regardless of changes in ownership of the Large Generating Facility. However, the reduction or elimination of congestion or redispatch costs may require additional studies and the construction of additional upgrades.

To the extent Interconnection Customer enters into an arrangement for long term transmission service for deliveries

from the Large Generating Facility outside Transmission Provider's Transmission System, such request may require additional studies and upgrades in order for Transmission Provider to grant such request.

- 4.2 Provision of Service.** Transmission Provider shall provide Interconnection Service for the Large Generating Facility at the Point of Interconnection.
- 4.3 Performance Standards.** Each Party shall perform all of its obligations under this LGIA in accordance with Applicable Laws and Regulations, Applicable Reliability Standards, and Good Utility Practice, and to the extent a Party is required or prevented or limited in taking any action by such regulations and standards, such Party shall not be deemed to be in Breach of this LGIA for its compliance therewith. If such Party is a Transmission Provider or Transmission Owner, then that Party shall amend the LGIA and submit the amendment to FERC for approval.
- 4.4 No Transmission Delivery Service.** The execution of this LGIA does not constitute a request for, nor the provision of, any transmission delivery service under Transmission Provider's Tariff, and does not convey any right to deliver electricity to any specific customer or Point of Delivery.
- 4.5 Interconnection Customer Provided Services.** The services provided by Interconnection Customer under this LGIA are set forth in Article 9.6 and Article 13.5.1. Interconnection Customer shall be paid for such services in accordance with Article 11.6.

Article 5. Interconnection Facilities Engineering, Procurement, and Construction

- 5.1 Options.** Unless otherwise mutually agreed to between the Parties, Interconnection Customer shall select the In-Service Date, Initial Synchronization Date, and Commercial Operation Date; and either Standard Option or Alternate Option set forth below, and such dates and selected option shall be set forth in Appendix B, Milestones. At the same time, Interconnection Customer shall indicate whether it elects to exercise the Option to Build set forth in Article 5.1.3 below. If the dates designated by Interconnection Customer are not acceptable to Transmission Provider, Transmission Provider shall so notify Interconnection Customer within thirty (30) Calendar Days. Upon receipt of the notification that Interconnection Customer's designated dates are not acceptable to Transmission Provider, the Interconnection Customer shall notify Transmission Provider within thirty (30) Calendar Days whether it elects to exercise the Option to Build if it has not already elected to exercise the Option to Build.

- 5.1.1 Standard Option.** Transmission Provider shall design, procure, and construct Transmission Provider's Interconnection Facilities and Network Upgrades, using Reasonable Efforts to complete Transmission Provider's Interconnection Facilities and Network Upgrades by the dates set forth in Appendix B, Milestones. Transmission Provider shall not be required to undertake any action which is inconsistent with its standard safety practices, its material and equipment specifications, its design criteria and construction procedures, its labor agreements, and Applicable Laws and Regulations. In the event Transmission Provider reasonably expects that it will not be able to complete Transmission Provider's Interconnection Facilities and Network Upgrades by the specified dates, Transmission Provider shall promptly provide written notice to Interconnection Customer and shall undertake Reasonable Efforts to meet the earliest dates thereafter.
- 5.1.2 Alternate Option.** If the dates designated by Interconnection Customer are acceptable to Transmission Provider, Transmission Provider shall so notify Interconnection Customer within thirty (30) Calendar Days, and shall assume responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities by the designated dates.

If Transmission Provider subsequently fails to complete Transmission Provider's Interconnection Facilities by the In-Service Date, to the extent necessary to provide back feed power; or fails to complete Network Upgrades by the Initial Synchronization Date to the extent necessary to allow for Trial Operation at full power output, unless other arrangements are made by the Parties for such Trial Operation; or fails to complete the Network Upgrades by the Commercial Operation Date, as such dates are reflected in Appendix B, Milestones; Transmission Provider shall pay Interconnection Customer liquidated damages in accordance with Article 5.3, Liquidated Damages, provided, however, the dates designated by Interconnection Customer shall be extended day for day for each day that the applicable RTO or ISO refuses to grant clearances to install equipment.

- 5.1.3 Option to Build.** Interconnection Customer shall have the option to assume responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades on the dates specified in Article 5.1.2. Transmission Provider and Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify such Stand Alone Network Upgrades in Appendix A. Except for Stand Alone Network Upgrades, Interconnection Customer shall have no right to construct Network Upgrades under this option.

5.1.4 Negotiated Option. If the dates designated by Interconnection Customer are not acceptable to Transmission Provider, the Parties shall in good faith attempt to negotiate terms and conditions (including revision of the specified dates and liquidated damages, the provision of incentives, or the procurement and construction of all facilities other than Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades if the Interconnection Customer elects to exercise the Option to Build under Article 5.1.3). If the Parties are unable to reach agreement on such terms and conditions, then, pursuant to article 5.1.1 (Standard Option), Transmission Provider shall assume responsibility for the design, procurement and construction of all facilities other than Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades if the Interconnection Customer elects to exercise the Option to Build.

5.2 General Conditions Applicable to Option to Build. If Interconnection Customer assumes responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades,

(1) Interconnection Customer shall engineer, procure equipment, and construct Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades (or portions thereof) using Good Utility Practice and using standards and specifications provided in advance by Transmission Provider;

(2) Interconnection Customer's engineering, procurement and construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades shall comply with all requirements of law to which Transmission Provider would be subject in the engineering, procurement or construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades;

(3) Transmission Provider shall review and approve the engineering design, equipment acceptance tests, and the construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades;

(4) prior to commencement of construction, Interconnection Customer shall provide to Transmission Provider a schedule for construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades, and shall promptly respond to requests for information from Transmission Provider;

(5) at any time during construction, Transmission Provider shall have the

right to gain unrestricted access to Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades and to conduct inspections of the same;

(6) at any time during construction, should any phase of the engineering, equipment procurement, or construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades not meet the standards and specifications provided by Transmission Provider, Interconnection Customer shall be obligated to remedy deficiencies in that portion of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades;

(7) Interconnection Customer shall indemnify Transmission Provider for claims arising from Interconnection Customer's construction of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades under the terms and procedures applicable to Article 18.1 Indemnity;

(8) Interconnection Customer shall transfer control of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades to Transmission Provider;

(9) Unless Parties otherwise agree, Interconnection Customer shall transfer ownership of Transmission Provider's Interconnection Facilities and Stand-Alone Network Upgrades to Transmission Provider;

(10) Transmission Provider shall approve and accept for operation and maintenance Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades to the extent engineered, procured, and constructed in accordance with this Article 5.2; and

(11) Interconnection Customer shall deliver to Transmission Provider "as-built" drawings, information, and any other documents that are reasonably required by Transmission Provider to assure that the Interconnection Facilities and Stand Alone Network Upgrades are built to the standards and specifications required by Transmission Provider.

(12) If Interconnection Customer exercises the Option to Build pursuant to Article 5.1.3, Interconnection Customer shall pay Transmission Provider an agreed upon amount of [\$ PLACEHOLDER] for Transmission Provider to execute the responsibilities enumerated to Transmission Provider under Article 5.2. Transmission Provider shall invoice Interconnection Customer for this total amount to be divided on a monthly basis pursuant to Article

5.3 Liquidated Damages. The actual damages to Interconnection Customer, in the event Transmission Provider's Interconnection Facilities or Network Upgrades are not completed by the dates designated by Interconnection Customer and accepted by Transmission Provider pursuant to subparagraphs 5.1.2 or 5.1.4, above, may include Interconnection Customer's fixed operation and maintenance costs and lost opportunity costs. Such actual damages are uncertain and impossible to determine at this time. Because of such uncertainty, any liquidated damages paid by Transmission Provider to Interconnection Customer in the event that Transmission Provider does not complete any portion of Transmission Provider's Interconnection Facilities or Network Upgrades by the applicable dates, shall be an amount equal to $\frac{1}{2}$ of 1 percent per day of the actual cost of Transmission Provider's Interconnection Facilities and Network Upgrades, in the aggregate, for which Transmission Provider has assumed responsibility to design, procure and construct.

However, in no event shall the total liquidated damages exceed 20 percent of the actual cost of Transmission Provider's Interconnection Facilities and Network Upgrades for which Transmission Provider has assumed responsibility to design, procure, and construct. The foregoing payments will be made by Transmission Provider to Interconnection Customer as just compensation for the damages caused to Interconnection Customer, which actual damages are uncertain and impossible to determine at this time, and as reasonable liquidated damages, but not as a penalty or a method to secure performance of this LGIA. Liquidated damages, when the Parties agree to them, are the exclusive remedy for the Transmission Provider's failure to meet its schedule.

No liquidated damages shall be paid to Interconnection Customer if: (1) Interconnection Customer is not ready to commence use of Transmission Provider's Interconnection Facilities or Network Upgrades to take the delivery of power for the Large Generating Facility's Trial Operation or to export power from the Large Generating Facility on the specified dates, unless Interconnection Customer would have been able to commence use of Transmission Provider's Interconnection Facilities or Network Upgrades to take the delivery of power for Large Generating Facility's Trial Operation or to export power from the Large Generating Facility, but for Transmission Provider's delay; (2) Transmission Provider's failure to meet the specified dates is the result of the action or inaction of Interconnection Customer or any other Interconnection Customer who has entered into an LGIA with Transmission Provider or any cause beyond Transmission Provider's reasonable control or reasonable ability to cure; (3) the Interconnection Customer has assumed responsibility for the design, procurement and construction of Transmission Provider's Interconnection Facilities and Stand

Alone Network Upgrades; or (4) the Parties have otherwise agreed.

5.4 Power System Stabilizers. The Interconnection Customer shall procure, install, maintain and operate Power System Stabilizers in accordance with the guidelines and procedures established by the Applicable Reliability Council. Transmission Provider reserves the right to reasonably establish minimum acceptable settings for any installed Power System Stabilizers, subject to the design and operating limitations of the Large Generating Facility. If the Large Generating Facility's Power System Stabilizers are removed from service or not capable of automatic operation, Interconnection Customer shall immediately notify Transmission Provider's system operator, or its designated representative. The requirements of this paragraph shall not apply to wind generators.

5.5 Equipment Procurement. If responsibility for construction of Transmission Provider's Interconnection Facilities or Network Upgrades is to be borne by Transmission Provider, then Transmission Provider shall commence design of Transmission Provider's Interconnection Facilities or Network Upgrades and procure necessary equipment as soon as practicable after all of the following conditions are satisfied, unless the Parties otherwise agree in writing:

5.5.1 Transmission Provider has completed the Facilities Study pursuant to the Facilities Study Agreement;

5.5.2 Transmission Provider has received written authorization to proceed with design and procurement from Interconnection Customer by the date specified in Appendix B, Milestones; and

5.5.3 Interconnection Customer has provided security to Transmission Provider in accordance with Article 11.5 by the dates specified in Appendix B, Milestones.

5.6 Construction Commencement. Transmission Provider shall commence construction of Transmission Provider's Interconnection Facilities and Network Upgrades for which it is responsible as soon as practicable after the following additional conditions are satisfied:

5.6.1 Approval of the appropriate Governmental Authority has been obtained for any facilities requiring regulatory approval;

5.6.2 Necessary real property rights and rights-of-way have been obtained, to the extent required for the construction of a discrete aspect of Transmission Provider's Interconnection Facilities and Network Upgrades;

- 5.6.3** Transmission Provider has received written authorization to proceed with construction from Interconnection Customer by the date specified in Appendix B, Milestones; and
- 5.6.4** Interconnection Customer has provided security to Transmission Provider in accordance with Article 11.5 by the dates specified in Appendix B, Milestones.
- 5.7 Work Progress.** The Parties will keep each other advised periodically as to the progress of their respective design, procurement and construction efforts. Either Party may, at any time, request a progress report from the other Party. If, at any time, Interconnection Customer determines that the completion of Transmission Provider's Interconnection Facilities will not be required until after the specified In-Service Date, Interconnection Customer will provide written notice to Transmission Provider of such later date upon which the completion of Transmission Provider's Interconnection Facilities will be required.
- 5.8 Information Exchange.** As soon as reasonably practicable after the Effective Date, the Parties shall exchange information regarding the design and compatibility of the Parties' Interconnection Facilities and compatibility of the Interconnection Facilities with Transmission Provider's Transmission System, and shall work diligently and in good faith to make any necessary design changes.
- 5.9 Other Interconnection Options**
- 5.9.1. Limited Operation.** If any of Transmission Provider's Interconnection Facilities or Network Upgrades are not reasonably expected to be completed prior to the Commercial Operation Date of the Large Generating Facility, Transmission Provider shall, upon the request and at the expense of Interconnection Customer, perform operating studies on a timely basis to determine the extent to which the Large Generating Facility and Interconnection Customer's Interconnection Facilities may operate prior to the completion of Transmission Provider's Interconnection Facilities or Network Upgrades consistent with Applicable Laws and Regulations, Applicable Reliability Standards, Good Utility Practice, and this LGIA. Transmission Provider shall permit Interconnection Customer to operate the Large Generating Facility and Interconnection Customer's Interconnection Facilities in accordance with the results of such studies.
- 5.9.2 Provisional Interconnection Service.** Upon the request of Interconnection Customer, and prior to completion of requisite Interconnection Facilities, Network Upgrades, Distribution Upgrades, or System Protection Facilities Transmission Provider

may execute a Provisional Large Generator Interconnection Agreement or Interconnection Customer may request the filing of an unexecuted Provisional Large Generator Interconnection Agreement with the Interconnection Customer for limited Interconnection Service at the discretion of Transmission Provider based upon an evaluation that will consider the results of available studies. Transmission Provider shall determine, through available studies or additional studies as necessary, whether stability, short circuit, thermal, and/or voltage issues would arise if Interconnection Customer interconnects without modifications to the Generating Facility or Transmission System. Transmission Provider shall determine whether any Interconnection Facilities, Network Upgrades, Distribution Upgrades, or System Protection Facilities that are necessary to meet the requirements of NERC, or any applicable Regional Entity for the interconnection of a new, modified and/or expanded Generating Facility are in place prior to the commencement of Interconnection Service from the Generating Facility. Where available studies indicate that such, Interconnection Facilities, Network Upgrades, Distribution Upgrades, and/or System Protection Facilities that are required for the interconnection of a new, modified and/or expanded Generating Facility are not currently in place, Transmission Provider will perform a study, at the Interconnection Customer's expense, to confirm the facilities that are required for Provisional Interconnection Service. The maximum permissible output of the Generating Facility in the Provisional Large Generator Interconnection Agreement shall be studied and updated on an annual frequency at the Interconnection Customer's expense. Interconnection Customer assumes all risk and liabilities with respect to changes between the Provisional Large Generator Interconnection Agreement and the Large Generator Interconnection Agreement, including changes in output limits and Interconnection Facilities, Network Upgrades, Distribution Upgrades, and/or System Protection Facilities cost responsibilities.

5.10 Interconnection Customer's Interconnection Facilities ('ICIF').

Interconnection Customer shall, at its expense, design, procure, construct, own and install the ICIF, as set forth in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades.

5.10.1 Interconnection Customer's Interconnection Facility Specifications.

Interconnection Customer shall submit initial specifications for the ICIF, including System Protection Facilities, to Transmission Provider at least one hundred eighty (180) Calendar Days prior to the Initial Synchronization

Date; and final specifications for review and comment at least ninety (90) Calendar Days prior to the Initial Synchronization Date. Transmission Provider shall review such specifications to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of Transmission Provider and comment on such specifications within thirty (30) Calendar Days of Interconnection Customer's submission. All specifications provided hereunder shall be deemed confidential.

5.10.2 Transmission Provider's Review. Transmission Provider's review of Interconnection Customer's final specifications shall not be construed as confirming, endorsing, or providing a warranty as to the design, fitness, safety, durability or reliability of the Large Generating Facility, or the ICIF. Interconnection Customer shall make such changes to the ICIF as may reasonably be required by Transmission Provider, in accordance with Good Utility Practice, to ensure that the ICIF are compatible with the technical specifications, operational control, and safety requirements of Transmission Provider.

5.10.3 ICIF Construction. The ICIF shall be designed and constructed in accordance with Good Utility Practice. Within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another mutually acceptable deadline, Interconnection Customer shall deliver to Transmission Provider "as-built" drawings, information and documents for the ICIF, such as: a one-line diagram, a site plan showing the Large Generating Facility and the ICIF, plan and elevation drawings showing the layout of the ICIF, a relay functional diagram, relaying AC and DC schematic wiring diagrams and relay settings for all facilities associated with Interconnection Customer's step-up transformers, the facilities connecting the Large Generating Facility to the step-up transformers and the ICIF, and the impedances (determined by factory tests) for the associated step-up transformers and the Large Generating Facility. The Interconnection Customer shall provide Transmission Provider specifications for the excitation system, automatic voltage regulator, Large Generating Facility control and protection settings, transformer tap settings, and communications, if applicable.

5.11 Transmission Provider's Interconnection Facilities Construction.

Transmission Provider's Interconnection Facilities shall be designed and constructed in accordance with Good Utility Practice. Upon request, within one hundred twenty (120) Calendar Days after the Commercial Operation Date, unless the Parties agree on another mutually acceptable deadline, Transmission Provider shall deliver to Interconnection Customer the following "as-built" drawings,

information and documents for Transmission Provider's Interconnection Facilities (include appropriate drawings and relay diagrams).

Transmission Provider will obtain control of Transmission Provider's Interconnection Facilities and Stand Alone Network Upgrades upon completion of such facilities.

- 5.12 Access Rights.** Upon reasonable notice and supervision by a Party, and subject to any required or necessary regulatory approvals, a Party ("Granting Party") shall furnish at no cost to the other Party ("Access Party") any rights of use, licenses, rights of way and easements with respect to lands owned or controlled by the Granting Party, its agents (if allowed under the applicable agency agreement), or any Affiliate, that are necessary to enable the Access Party to obtain ingress and egress to construct, operate, maintain, repair, test (or witness testing), inspect, replace or remove facilities and equipment to: (i) interconnect the Large Generating Facility with the Transmission System; (ii) operate and maintain the Large Generating Facility, the Interconnection Facilities and the Transmission System; and (iii) disconnect or remove the Access Party's facilities and equipment upon termination of this LGIA. In exercising such licenses, rights of way and easements, the Access Party shall not unreasonably disrupt or interfere with normal operation of the Granting Party's business and shall adhere to the safety rules and procedures established in advance, as may be changed from time to time, by the Granting Party and provided to the Access Party.
- 5.13 Lands of Other Property Owners.** If any part of Transmission Provider or Transmission Owner's Interconnection Facilities and/or Network Upgrades is to be installed on property owned by persons other than Interconnection Customer or Transmission Provider or Transmission Owner, Transmission Provider or Transmission Owner shall at Interconnection Customer's expense use efforts, similar in nature and extent to those that it typically undertakes on its own behalf or on behalf of its Affiliates, including use of its eminent domain authority, and to the extent consistent with state law, to procure from such persons any rights of use, licenses, rights of way and easements that are necessary to construct, operate, maintain, test, inspect, replace or remove Transmission Provider or Transmission Owner's Interconnection Facilities and/or Network Upgrades upon such property.
- 5.14 Permits.** Transmission Provider or Transmission Owner and Interconnection Customer shall cooperate with each other in good faith in obtaining all permits, licenses and authorizations that are necessary to accomplish the interconnection in compliance with Applicable Laws and Regulations. With respect to this paragraph, Transmission Provider or Transmission Owner shall provide permitting assistance to Interconnection Customer comparable to that provided to Transmission Provider's own, or an Affiliate's generation.

5.15 Early Construction of Base Case Facilities. Interconnection Customer may request Transmission Provider to construct, and Transmission Provider shall construct, using Reasonable Efforts to accommodate Interconnection Customer's In-Service Date, all or any portion of any Network Upgrades required for Interconnection Customer to be interconnected to the Transmission System which are included in the Base Case of the Facilities Study for Interconnection Customer, and which also are required to be constructed for another Interconnection Customer, but where such construction is not scheduled to be completed in time to achieve Interconnection Customer's In-Service Date.

5.16 Suspension. Interconnection Customer reserves the right, upon written notice to Transmission Provider, to suspend at any time all work by Transmission Provider associated with the construction and installation of Transmission Provider's Interconnection Facilities and/or Network Upgrades required under this LGIA with the condition that Transmission System shall be left in a safe and reliable condition in accordance with Good Utility Practice and Transmission Provider's safety and reliability criteria. In such event, Interconnection Customer shall be responsible for all reasonable and necessary costs which Transmission Provider (i) has incurred pursuant to this LGIA prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the Transmission System during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which Transmission Provider cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, Transmission Provider shall obtain Interconnection Customer's authorization to do so.

Transmission Provider shall invoice Interconnection Customer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work by Transmission Provider required under this LGIA pursuant to this Article 5.16, and has not requested Transmission Provider to recommence the work required under this LGIA on or before the expiration of three (3) years following commencement of such suspension, this LGIA shall be deemed terminated. The three-year period shall begin on the date the suspension is requested, or the date of the written notice to Transmission Provider, if no effective date is specified.

5.17 Taxes.

5.17.1 Interconnection Customer Payments Not Taxable. The Parties intend that all payments or property transfers made by

Interconnection Customer to Transmission Provider for the installation of Transmission Provider's Interconnection Facilities and the Network Upgrades shall be non-taxable, either as contributions to capital, or as an advance, in accordance with the Internal Revenue Code and any applicable state income tax laws and shall not be taxable as contributions in aid of construction or otherwise under the Internal Revenue Code and any applicable state income tax laws.

5.17.2 Representations and Covenants. In accordance with IRS Notice 2001-82 and IRS Notice 88-129, Interconnection Customer represents and covenants that (i) ownership of the electricity generated at the Large Generating Facility will pass to another party prior to the transmission of the electricity on the Transmission System, (ii) for income tax purposes, the amount of any payments and the cost of any property transferred to Transmission Provider for Transmission Provider's Interconnection Facilities will be capitalized by Interconnection Customer as an intangible asset and recovered using the straight-line method over a useful life of twenty (20) years, and (iii) any portion of Transmission Provider's Interconnection Facilities that is a "dual-use intertie," within the meaning of IRS Notice 88-129, is reasonably expected to carry only a de minimis amount of electricity in the direction of the Large Generating Facility. For this purpose, "de minimis amount" means no more than 5 percent of the total power flows in both directions, calculated in accordance with the "5 percent test" set forth in IRS Notice 88-129. This is not intended to be an exclusive list of the relevant conditions that must be met to conform to IRS requirements for non-taxable treatment.

At Transmission Provider's request, Interconnection Customer shall provide Transmission Provider with a report from an independent engineer confirming its representation in clause (iii), above. Transmission Provider represents and covenants that the cost of Transmission Provider's Interconnection Facilities paid for by Interconnection Customer will have no net effect on the base upon which rates are determined.

5.17.3 Indemnification for the Cost Consequences of Current Tax Liability Imposed Upon the Transmission Provider. Notwithstanding Article 5.17.1, Interconnection Customer shall protect, indemnify and hold harmless Transmission Provider from the cost consequences of any current tax liability imposed against

Transmission Provider as the result of payments or property transfers made by Interconnection Customer to Transmission Provider under this LGIA for Interconnection Facilities, as well as any interest and penalties, other than interest and penalties attributable to any delay caused by Transmission Provider.

Transmission Provider shall not include a gross-up for the cost consequences of any current tax liability in the amounts it charges Interconnection Customer under this LGIA unless (i) Transmission Provider has determined, in good faith, that the payments or property transfers made by Interconnection Customer to Transmission Provider should be reported as income subject to taxation or (ii) any Governmental Authority directs Transmission Provider to report payments or property as income subject to taxation; provided, however, that Transmission Provider may require Interconnection Customer to provide security for Interconnection Facilities, in a form reasonably acceptable to Transmission Provider (such as a parental guarantee or a letter of credit), in an amount equal to the cost consequences of any current tax liability under this Article 5.17. Interconnection Customer shall reimburse Transmission Provider for such costs on a fully grossed-up basis, in accordance with Article 5.17.4, within thirty (30) Calendar Days of receiving written notification from Transmission Provider of the amount due, including detail about how the amount was calculated.

The indemnification obligation shall terminate at the earlier of (1) the expiration of the ten year testing period and the applicable statute of limitation, as it may be extended by Transmission Provider upon request of the IRS, to keep these years open for audit or adjustment, or (2) the occurrence of a subsequent taxable event and the payment of any related indemnification obligations as contemplated by this Article 5.17.

5.17.4 Tax Gross-Up Amount. Interconnection Customer's liability for the cost consequences of any current tax liability under this Article 5.17 shall be calculated on a fully grossed-up basis. Except as may otherwise be agreed to by the parties, this means that Interconnection Customer will pay Transmission Provider, in addition to the amount paid for the Interconnection Facilities and Network Upgrades, an amount equal to (1) the current taxes imposed on Transmission Provider ("Current Taxes") on the excess of (a) the gross income realized by Transmission Provider as a result of payments or property transfers made by Interconnection Customer to

Transmission Provider under this LGIA (without regard to any payments under this Article 5.17) (the “Gross Income Amount”) over (b) the present value of future tax deductions for depreciation that will be available as a result of such payments or property transfers (the “Present Value Depreciation Amount”), plus (2) an additional amount sufficient to permit Transmission Provider to receive and retain, after the payment of all Current Taxes, an amount equal to the net amount described in clause (1).

For this purpose, (i) Current Taxes shall be computed based on Transmission Provider’s composite federal and state tax rates at the time the payments or property transfers are received and Transmission Provider will be treated as being subject to tax at the highest marginal rates in effect at that time (the “Current Tax Rate”), and (ii) the Present Value Depreciation Amount shall be computed by discounting Transmission Provider’s anticipated tax depreciation deductions as a result of such payments or property transfers by Transmission Provider’s current weighted average cost of capital. Thus, the formula for calculating Interconnection Customer’s liability to Transmission Owner pursuant to this Article 5.17.4 can be expressed as follows: $(\text{Current Tax Rate} \times (\text{Gross Income Amount} - \text{Present Value of Tax Depreciation})) / (1 - \text{Current Tax Rate})$. Interconnection Customer’s estimated tax liability in the event taxes are imposed shall be stated in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades.

5.17.5 Private Letter Ruling or Change or Clarification of Law. At Interconnection Customer’s request and expense, Transmission Provider shall file with the IRS a request for a private letter ruling as to whether any property transferred or sums paid, or to be paid, by Interconnection Customer to Transmission Provider under this LGIA are subject to federal income taxation. Interconnection Customer will prepare the initial draft of the request for a private letter ruling, and will certify under penalties of perjury that all facts represented in such request are true and accurate to the best of Interconnection Customer’s knowledge. Transmission Provider and Interconnection Customer shall cooperate in good faith with respect to the submission of such request.

Transmission Provider shall keep Interconnection Customer fully informed of the status of such request for a private letter ruling and shall execute either a privacy act waiver or a limited power of attorney, in a form acceptable to the IRS, that authorizes

Interconnection Customer to participate in all discussions with the IRS regarding such request for a private letter ruling. Transmission Provider shall allow Interconnection Customer to attend all meetings with IRS officials about the request and shall permit Interconnection Customer to prepare the initial drafts of any follow-up letters in connection with the request.

5.17.6 Subsequent Taxable Events. If, within 10 years from the date on which the relevant Transmission Provider's Interconnection Facilities are placed in service, (i) Interconnection Customer Breaches the covenants contained in Article 5.17.2, (ii) a "disqualification event" occurs within the meaning of IRS Notice 88-129, or (iii) this LGIA terminates and Transmission Provider retains ownership of the Interconnection Facilities and Network Upgrades, Interconnection Customer shall pay a tax gross-up for the cost consequences of any current tax liability imposed on Transmission Provider, calculated using the methodology described in Article 5.17.4 and in accordance with IRS Notice 90-60.

5.17.7 Contests. In the event any Governmental Authority determines that Transmission Provider's receipt of payments or property constitutes income that is subject to taxation, Transmission Provider shall notify Interconnection Customer, in writing, within thirty (30) Calendar Days of receiving notification of such determination by a Governmental Authority. Upon the timely written request by Interconnection Customer and at Interconnection Customer's sole expense, Transmission Provider may appeal, protest, seek abatement of, or otherwise oppose such determination. Upon Interconnection Customer's written request and sole expense, Transmission Provider may file a claim for refund with respect to any taxes paid under this Article 5.17, whether or not it has received such a determination. Transmission Provider reserves the right to make all decisions with regard to the prosecution of such appeal, protest, abatement or other contest, including the selection of counsel and compromise or settlement of the claim, but Transmission Provider shall keep Interconnection Customer informed, shall consider in good faith suggestions from Interconnection Customer about the conduct of the contest, and shall reasonably permit Interconnection Customer or an Interconnection Customer representative to attend contest proceedings.

Interconnection Customer shall pay to Transmission Provider on a periodic basis, as invoiced by Transmission Provider, Transmission

Provider's documented reasonable costs of prosecuting such appeal, protest, abatement or other contest. At any time during the contest, Transmission Provider may agree to a settlement either with Interconnection Customer's consent or after obtaining written advice from nationally-recognized tax counsel, selected by Transmission Provider, but reasonably acceptable to Interconnection Customer, that the proposed settlement represents a reasonable settlement given the hazards of litigation.

Interconnection Customer's obligation shall be based on the amount of the settlement agreed to by Interconnection Customer, or if a higher amount, so much of the settlement that is supported by the written advice from nationally-recognized tax counsel selected under the terms of the preceding sentence. The settlement amount shall be calculated on a fully grossed-up bases to cover any related cost consequences of the current tax liability. Any settlement without Interconnection Customer's consent or such written advice will relieve Interconnection Customer from any obligation to indemnify Transmission Provider for the tax at issue in the contest.

5.17.8

Refund. In the event that (a) a private letter ruling is issued to Transmission Provider which holds that any amount paid or the value of any property transferred by Interconnection Customer to Transmission Provider under the terms of this LGIA is not subject to federal income taxation, (b) any legislative change or administrative announcement, notice, ruling or other determination makes it reasonably clear to Transmission Provider in good faith that any amount paid or the value of any property transferred by Interconnection Customer to Transmission Provider under the terms of this LGIA is not taxable to Transmission Provider, (c) any abatement, appeal, protest, or other contest results in a determination that any payments or transfers made by Interconnection Customer to Transmission Provider are not subject to federal income tax, or (d) if Transmission Provider receives a refund from any taxing authority for any overpayment of tax attributable to any payment or property transfer made by Interconnection Customer to Transmission Provider pursuant to this LGIA, Transmission Provider shall promptly refund to Interconnection Customer the following:

- (i) any payment made by Interconnection Customer under this Article 5.17 for taxes that is attributable to the amount determined to be non-taxable, together with interest thereon,

(ii) interest on any amounts paid by Interconnection Customer to Transmission Provider for such taxes which Transmission Provider did not submit to the taxing authority, calculated in accordance with the methodology set forth in FERC's regulations at 18 CFR §35.19a(a)(2)(iii) from the date payment was made by Interconnection Customer to the date Transmission Provider refunds such payment to Interconnection Customer, and

(iii) with respect to any such taxes paid by Transmission Provider, any refund or credit Transmission Provider receives or to which it may be entitled from any Governmental Authority, interest (or that portion thereof attributable to the payment described in clause (i), above) owed to Transmission Provider for such overpayment of taxes (including any reduction in interest otherwise payable by Transmission Provider to any Governmental Authority resulting from an offset or credit); provided, however, that Transmission Provider will remit such amount promptly to Interconnection Customer only after and to the extent that Transmission Provider has received a tax refund, credit or offset from any Governmental Authority for any applicable overpayment of income tax related to Transmission Provider's Interconnection Facilities.

The intent of this provision is to leave the Parties, to the extent practicable, in the event that no taxes are due with respect to any payment for Interconnection Facilities and Network Upgrades hereunder, in the same position they would have been in had no such tax payments been made.

5.17.9 Taxes Other Than Income Taxes. Upon the timely request by Interconnection Customer, and at Interconnection Customer's sole expense, Transmission Provider may appeal, protest, seek abatement of, or otherwise contest any tax (other than federal or state income tax) asserted or assessed against Transmission Provider for which Interconnection Customer may be required to reimburse Transmission Provider under the terms of this LGIA. Interconnection Customer shall pay to Transmission Provider on a periodic basis, as invoiced by Transmission Provider, Transmission Provider's documented reasonable costs of prosecuting such appeal, protest, abatement, or other contest. Interconnection Customer and Transmission Provider shall cooperate in good faith with respect to

any such contest. Unless the payment of such taxes is a prerequisite to an appeal or abatement or cannot be deferred, no amount shall be payable by Interconnection Customer to Transmission Provider for such taxes until they are assessed by a final, non-appealable order by any court or agency of competent jurisdiction. In the event that a tax payment is withheld and ultimately due and payable after appeal, Interconnection Customer will be responsible for all taxes, interest and penalties, other than penalties attributable to any delay caused by Transmission Provider.

5.17.10 Transmission Owners Who Are Not Transmission Providers. If Transmission Provider is not the same entity as the Transmission Owner, then (i) all references in this Article 5.17 to Transmission Provider shall be deemed also to refer to and to include the Transmission Owner, as appropriate, and (ii) this LGIA shall not become effective until such Transmission Owner shall have agreed in writing to assume all of the duties and obligations of Transmission Provider under this Article 5.17 of this LGIA.

5.18 Tax Status. Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this LGIA is intended to adversely affect any Transmission Provider's tax exempt status with respect to the issuance of bonds including, but not limited to, Local Furnishing Bonds.

5.19 Modification.

5.19.1 General. Either Party may undertake modifications to its facilities. If a Party plans to undertake a modification that reasonably may be expected to affect the other Party's facilities, that Party shall provide to the other Party sufficient information regarding such modification so that the other Party may evaluate the potential impact of such modification prior to commencement of the work. Such information shall be deemed to be confidential hereunder and shall include information concerning the timing of such modifications and whether such modifications are expected to interrupt the flow of electricity from the Large Generating Facility. The Party desiring to perform such work shall provide the relevant drawings, plans, and specifications to the other Party at least ninety (90) Calendar Days in advance of the commencement of the work or such shorter period upon which the Parties may agree, which agreement shall not unreasonably be withheld, conditioned or delayed.

In the case of Large Generating Facility modifications that do not

require Interconnection Customer to submit an Interconnection Request, Transmission Provider shall provide, within thirty (30) Calendar Days (or such other time as the Parties may agree), an estimate of any additional modifications to the Transmission System, Transmission Provider's Interconnection Facilities or Network Upgrades necessitated by such Interconnection Customer modification and a good faith estimate of the costs thereof.

5.19.2 Standards. Any additions, modifications, or replacements made to a Party's facilities shall be designed, constructed and operated in accordance with this LGIA and Good Utility Practice.

5.19.3 Modification Costs. Interconnection Customer shall not be directly assigned for the costs of any additions, modifications, or replacements that Transmission Provider makes to Transmission Provider's Interconnection Facilities or the Transmission System to facilitate the interconnection of a third party to Transmission Provider's Interconnection Facilities or the Transmission System, or to provide transmission service to a third party under Transmission Provider's Tariff. Interconnection Customer shall be responsible for the costs of any additions, modifications, or replacements to Interconnection Customer's Interconnection Facilities that may be necessary to maintain or upgrade such Interconnection Customer's Interconnection Facilities consistent with Applicable Laws and Regulations, Applicable Reliability Standards or Good Utility Practice.

Article 6. Testing and Inspection

6.1 Pre-Commercial Operation Date Testing and Modifications. Prior to the Commercial Operation Date, Transmission Provider shall test Transmission Provider's Interconnection Facilities and Network Upgrades and Interconnection Customer shall test the Large Generating Facility and Interconnection Customer's Interconnection Facilities to ensure their safe and reliable operation. Similar testing may be required after initial operation. Each Party shall make any modifications to its facilities that are found to be necessary as a result of such testing. Interconnection Customer shall bear the cost of all such testing and modifications. Interconnection Customer shall generate test energy at the Large Generating Facility only if it has arranged for the delivery of such test energy.

6.2 Post-Commercial Operation Date Testing and Modifications. Each Party shall at its own expense perform routine inspection and testing of its facilities and equipment in accordance with Good Utility Practice as may be necessary to ensure

the continued interconnection of the Large Generating Facility with the Transmission System in a safe and reliable manner. Each Party shall have the right, upon advance written notice, to require reasonable additional testing of the other Party's facilities, at the requesting Party's expense, as may be in accordance with Good Utility Practice.

- 6.3 Right to Observe Testing.** Each Party shall notify the other Party in advance of its performance of tests of its Interconnection Facilities. The other Party has the right, at its own expense, to observe such testing.
- 6.4 Right to Inspect.** Each Party shall have the right, but shall have no obligation to: (i) observe the other Party's tests and/or inspection of any of its System Protection Facilities and other protective equipment, including Power System Stabilizers; (ii) review the settings of the other Party's System Protection Facilities and other protective equipment; and (iii) review the other Party's maintenance records relative to the Interconnection Facilities, the System Protection Facilities and other protective equipment. A Party may exercise these rights from time to time as it deems necessary upon reasonable notice to the other Party. The exercise or non-exercise by a Party of any such rights shall not be construed as an endorsement or confirmation of any element or condition of the Interconnection Facilities or the System Protection Facilities or other protective equipment or the operation thereof, or as a warranty as to the fitness, safety, desirability, or reliability of same. Any information that a Party obtains through the exercise of any of its rights under this Article 6.4 shall be deemed to be Confidential Information and treated pursuant to Article 22 of this LGIA.

Article 7. Metering

- 7.1 General.** Each Party shall comply with the Applicable Reliability Council requirements. Unless otherwise agreed by the Parties, Transmission Provider shall install Metering Equipment at the Point of Interconnection prior to any operation of the Large Generating Facility and shall own, operate, test and maintain such Metering Equipment. Power flows to and from the Large Generating Facility shall be measured at or, at Transmission Provider's option, compensated to, the Point of Interconnection. Transmission Provider shall provide metering quantities, in analog and/or digital form, to Interconnection Customer upon request. Interconnection Customer shall bear all reasonable documented costs associated with the purchase, installation, operation, testing and maintenance of the Metering Equipment.
- 7.2 Check Meters.** Interconnection Customer, at its option and expense, may install and operate, on its premises and on its side of the Point of Interconnection, one or more check meters to check Transmission Provider's meters. Such check meters

shall be for check purposes only and shall not be used for the measurement of power flows for purposes of this LGIA, except as provided in Article 7.4 below. The check meters shall be subject at all reasonable times to inspection and examination by Transmission Provider or its designee. The installation, operation and maintenance thereof shall be performed entirely by Interconnection Customer in accordance with Good Utility Practice.

- 7.3 Standards.** Transmission Provider shall install, calibrate, and test revenue quality Metering Equipment in accordance with applicable ANSI standards.
- 7.4 Testing of Metering Equipment.** Transmission Provider shall inspect and test all Transmission Provider-owned Metering Equipment upon installation and at least once every two (2) years thereafter. If requested to do so by Interconnection Customer, Transmission Provider shall, at Interconnection Customer's expense, inspect or test Metering Equipment more frequently than every two (2) years. Transmission Provider shall give reasonable notice of the time when any inspection or test shall take place, and Interconnection Customer may have representatives present at the test or inspection. If at any time Metering Equipment is found to be inaccurate or defective, it shall be adjusted, repaired or replaced at Interconnection Customer's expense, in order to provide accurate metering, unless the inaccuracy or defect is due to Transmission Provider's failure to maintain, then Transmission Provider shall pay. If Metering Equipment fails to register, or if the measurement made by Metering Equipment during a test varies by more than two percent from the measurement made by the standard meter used in the test, Transmission Provider shall adjust the measurements by correcting all measurements for the period during which Metering Equipment was in error by using Interconnection Customer's check meters, if installed. If no such check meters are installed or if the period cannot be reasonably ascertained, the adjustment shall be for the period immediately preceding the test of the Metering Equipment equal to one-half the time from the date of the last previous test of the Metering Equipment.
- 7.5 Metering Data.** At Interconnection Customer's expense, the metered data shall be telemetered to one or more locations designated by Transmission Provider and one or more locations designated by Interconnection Customer. Such telemetered data shall be used, under normal operating conditions, as the official measurement of the amount of energy delivered from the Large Generating Facility to the Point of Interconnection.

Article 8. Communications

- 8.1 Interconnection Customer Obligations.** Interconnection Customer shall maintain satisfactory operating communications with Transmission Provider's

Transmission System dispatcher or representative designated by Transmission Provider. Interconnection Customer shall provide standard voice line, dedicated voice line and facsimile communications at its Large Generating Facility control room or central dispatch facility through use of either the public telephone system, or a voice communications system that does not rely on the public telephone system. Interconnection Customer shall also provide the dedicated data circuit(s) necessary to provide Interconnection Customer data to Transmission Provider as set forth in Appendix D, Security Arrangements Details. The data circuit(s) shall extend from the Large Generating Facility to the location(s) specified by Transmission Provider. Any required maintenance of such communications equipment shall be performed by Interconnection Customer. Operational communications shall be activated and maintained under, but not be limited to, the following events: system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, and hourly and daily load data.

- 8.2 Remote Terminal Unit.** Prior to the Initial Synchronization Date of the Large Generating Facility, a Remote Terminal Unit, or equivalent data collection and transfer equipment acceptable to the Parties, shall be installed by Interconnection Customer, or by Transmission Provider at Interconnection Customer's expense, to gather accumulated and instantaneous data to be telemetered to the location(s) designated by Transmission Provider through use of a dedicated point-to-point data circuit(s) as indicated in Article 8.1. The communication protocol for the data circuit(s) shall be specified by Transmission Provider. Instantaneous bi-directional analog real power and reactive power flow information must be telemetered directly to the location(s) specified by Transmission Provider.

Each Party will promptly advise the other Party if it detects or otherwise learns of any metering, telemetry or communications equipment errors or malfunctions that require the attention and/or correction by the other Party. The Party owning such equipment shall correct such error or malfunction as soon as reasonably feasible.

- 8.3 No Annexation.** Any and all equipment placed on the premises of a Party shall be and remain the property of the Party providing such equipment regardless of the mode and manner of annexation or attachment to real property, unless otherwise mutually agreed by the Parties.

- 8.4 Provision of Data from a Variable Energy Resource.** The Interconnection Customer whose Generating Facility is a Variable Energy Resource shall provide meteorological and forced outage data to the Transmission Provider to the extent necessary for the Transmission Provider's development and deployment of power production forecasts for that class of Variable Energy Resources. The Interconnection Customer with a Variable Energy Resource having wind as the energy source, at a minimum, will be required to provide the Transmission

Provider with site-specific meteorological data including: temperature, wind speed, wind direction, and atmospheric pressure. The Interconnection Customer with a Variable Energy Resource having solar as the energy source, at a minimum, will be required to provide the Transmission Provider with site-specific meteorological data including: temperature, atmospheric pressure, and irradiance. The Transmission Provider and Interconnection Customer whose Generating Facility is a Variable Energy Resource shall mutually agree to any additional meteorological data that are required for the development and deployment of a power production forecast. The Interconnection Customer whose Generating Facility is a Variable Energy Resource also shall submit data to the Transmission Provider regarding all forced outages to the extent necessary for the Transmission Provider's development and deployment of power production forecasts for that class of Variable Energy Resources. The exact specifications of the meteorological and forced outage data to be provided by the Interconnection Customer to the Transmission Provider, including the frequency and timing of data submittals, shall be made taking into account the size and configuration of the Variable Energy Resource, its characteristics, location, and its importance in maintaining generation resource adequacy and transmission system reliability in its area. All requirements for meteorological and forced outage data must be commensurate with the power production forecasting employed by the Transmission Provider. Such requirements for meteorological and forced outage data are set forth in Appendix C, Interconnection Details, of this LGIA, as they may change from time to time.

Article 9. Operations

- 9.1 General.** Each Party shall comply with the Applicable Reliability Council requirements. Each Party shall provide to the other Party all information that may reasonably be required by the other Party to comply with Applicable Laws and Regulations and Applicable Reliability Standards.
- 9.2 Control Area Notification.** At least three months before Initial Synchronization Date, Interconnection Customer shall notify Transmission Provider in writing of the Control Area in which the Large Generating Facility will be located. If Interconnection Customer elects to locate the Large Generating Facility in a Control Area other than the Control Area in which the Large Generating Facility is physically located, and if permitted to do so by the relevant transmission tariffs, all necessary arrangements, including but not limited to those set forth in Article 7 and Article 8 of this LGIA, and remote Control Area generator interchange agreements, if applicable, and the appropriate measures under such agreements, shall be executed and implemented prior to the placement of the Large Generating Facility in the other Control Area.

9.3 Transmission Provider Obligations. Transmission Provider shall cause the Transmission System and Transmission Provider's Interconnection Facilities to be operated, maintained and controlled in a safe and reliable manner and in accordance with this LGIA. Transmission Provider may provide operating instructions to Interconnection Customer consistent with this LGIA and Transmission Provider's operating protocols and procedures as they may change from time to time. Transmission Provider will consider changes to its operating protocols and procedures proposed by Interconnection Customer.

9.4 Interconnection Customer Obligations. Interconnection Customer shall at its own expense operate, maintain and control the Large Generating Facility and Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA. Interconnection Customer shall operate the Large Generating Facility and Interconnection Customer's Interconnection Facilities in accordance with all applicable requirements of the Control Area of which it is part, as such requirements are set forth in Appendix C, Interconnection Details, of this LGIA. Appendix C, Interconnection Details, will be modified to reflect changes to the requirements as they may change from time to time. Either Party may request that the other Party provide copies of the requirements set forth in Appendix C, Interconnection Details, of this LGIA.

9.5 Start-Up and Synchronization. Consistent with the Parties' mutually acceptable procedures, Interconnection Customer is responsible for the proper synchronization of the Large Generating Facility to Transmission Provider's Transmission System.

9.6 Reactive Power and Primary Frequency Response.

9.6.1 Power Factor Design Criteria.

9.6.1.1 Synchronous Generation. Interconnection Customer shall design the Large Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the Transmission Provider has established different requirements that apply to all generators in the Control Area on a comparable basis.

9.6.1.2 Non-Synchronous Generation. Interconnection Customer shall design the Large Generating Facility to maintain a composite power delivery at continuous rated power output at the high-side of the generator substation at a power factor within the range of 0.95 leading to 0.95 lagging, unless the Transmission Provider has established a different power

factor range that applies to all non-synchronous generators in the Control Area on a comparable basis. This power factor range standard shall be dynamic and can be met using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors, or a combination of the two. This requirement shall only apply to newly interconnecting non-synchronous generators that have not yet executed a Facilities Study Agreement as of the effective date of the Final Rule establishing this requirement (Order No. 827).

9.6.2 Voltage Schedules. Once Interconnection Customer has synchronized the Large Generating Facility with the Transmission System, Transmission Provider shall require Interconnection Customer to operate the Large Generating Facility to produce or absorb reactive power within the design limitations of the Large Generating Facility set forth in Article 9.6.1 (Power Factor Design Criteria). Transmission Provider's voltage schedules shall treat all sources of reactive power in the Control Area in an equitable and not unduly discriminatory manner. Transmission Provider shall exercise Reasonable Efforts to provide Interconnection Customer with such schedules at least one (1) day in advance, and may make changes to such schedules as necessary to maintain the reliability of the Transmission System. Interconnection Customer shall operate the Large Generating Facility to maintain the specified output voltage or power factor at the Point of Interconnection within the design limitations of the Large Generating Facility set forth in Article 9.6.1 (Power Factor Design Criteria). If Interconnection Customer is unable to maintain the specified voltage or power factor, it shall promptly notify the System Operator.

9.6.2.1 Voltage Regulators. Whenever the Large Generating Facility is operated in parallel with the Transmission System and voltage regulators are capable of operation, Interconnection Customer shall operate the Large Generating Facility with its voltage regulators in automatic operation. If the Large Generating Facility's voltage regulators are not capable of such automatic operation, Interconnection Customer shall immediately notify Transmission Provider's system operator, or its designated representative, and ensure that such Large Generating Facility's reactive power production or absorption (measured in MVARs) are within the design capability of the Large Generating Facility's generating unit(s) and steady

state stability limits. Interconnection Customer shall not cause its Large Generating Facility to disconnect automatically or instantaneously from the Transmission System or trip any generating unit comprising the Large Generating Facility for an under or over frequency condition unless the abnormal frequency condition persists for a time period beyond the limits set forth in ANSI/IEEE Standard C37.106, or such other standard as applied to other generators in the Control Area on a comparable basis.

9.6.3 Payment for Reactive Power. Transmission Provider is required to pay Interconnection Customer for reactive power that Interconnection Customer provides or absorbs from the Large Generating Facility when Transmission Provider requests Interconnection Customer to operate its Large Generating Facility outside the range specified in Article 9.6.1, provided that if Transmission Provider pays its own or affiliated generators for reactive power service within the specified range, it must also pay Interconnection Customer. Payments shall be pursuant to Article 11.6 or such other agreement to which the Parties have otherwise agreed.

9.6.4 Primary Frequency Response. Interconnection Customer shall ensure the primary frequency response capability of its Large Generating Facility by installing, maintaining, and operating a functioning governor or equivalent controls. The term “functioning governor or equivalent controls” as used herein shall mean the required hardware and/or software that provides frequency responsive real power control with the ability to sense changes in system frequency and autonomously adjust the Large Generating Facility’s real power output in accordance with the droop and deadband parameters and in the direction needed to correct frequency deviations. Interconnection Customer is required to install a governor or equivalent controls with the capability of operating: (1) with a maximum 5 percent droop and ± 0.036 Hz deadband; or (2) in accordance with the relevant droop, deadband, and timely and sustained response settings from an approved NERC Reliability Standard providing for equivalent or more stringent parameters. The droop characteristic shall be: (1) based on the nameplate capacity of the Large Generating Facility, and shall be linear in the range of frequencies between 59 to 61 Hz that are outside of the deadband parameter; or (2) based an approved NERC Reliability Standard providing for an equivalent or more stringent parameter. The deadband parameter shall be: the range of frequencies above and below nominal (60 Hz) in which the governor or equivalent controls is not expected to adjust the Large Generating Facility’s real power output in response to frequency deviations. The deadband shall be implemented: (1) without a step to the droop curve, that is, once the

frequency deviation exceeds the deadband parameter, the expected change in the Large Generating Facility's real power output in response to frequency deviations shall start from zero and then increase (for under-frequency deviations) or decrease (for over-frequency deviations) linearly in proportion to the magnitude of the frequency deviation; or (2) in accordance with an approved NERC Reliability Standard providing for an equivalent or more stringent parameter. Interconnection Customer shall notify Transmission Provider that the primary frequency response capability of the Large Generating Facility has been tested and confirmed during commissioning. Once Interconnection Customer has synchronized the Large Generating Facility with the Transmission System, Interconnection Customer shall operate the Large Generating Facility consistent with the provisions specified in Sections 9.6.4.1 and 9.6.4.2 of this Agreement. The primary frequency response requirements contained herein shall apply to both synchronous and non-synchronous Large Generating Facilities.

9.6.4.1 Governor or Equivalent Controls. Whenever the Large Generating Facility is operated in parallel with the Transmission System, Interconnection Customer shall operate the Large Generating Facility with its governor or equivalent controls in service and responsive to frequency. Interconnection Customer shall: (1) in coordination with Transmission Provider and/or the relevant balancing authority, set the deadband parameter to: (1) a maximum of ± 0.036 Hz and set the droop parameter to a maximum of 5 percent; or (2) implement the relevant droop and deadband settings from an approved NERC Reliability Standard that provides for equivalent or more stringent parameters. Interconnection Customer shall be required to provide the status and settings of the governor or equivalent controls to Transmission Provider and/or the relevant balancing authority upon request. If Interconnection Customer needs to operate the Large Generating Facility with its governor or equivalent controls not in service, Interconnection Customer shall immediately notify Transmission Provider and the relevant balancing authority, and provide both with the following information: (1) the operating status of the governor or equivalent controls (i.e., whether it is currently out of service or when it will be taken out of service); (2) the reasons for removing the governor or equivalent controls from service; and (3) a reasonable estimate of when the governor or equivalent controls will be returned to service.

Interconnection Customer shall make Reasonable Efforts to return its governor or equivalent controls into service as soon as practicable. Interconnection Customer shall make Reasonable Efforts to keep outages of the Large Generating Facility's governor or equivalent controls to a minimum whenever the Large Generating Facility is operated in parallel with the Transmission System.

9.6.4.2 Timely and Sustained Response. Interconnection Customer shall ensure that the Large Generating Facility's real power response to sustained frequency deviations outside of the deadband setting is automatically provided and shall begin immediately after frequency deviates outside of the deadband, and to the extent the Large Generating Facility has operating capability in the direction needed to correct the frequency deviation. Interconnection Customer shall not block or otherwise inhibit the ability of the governor or equivalent controls to respond and shall ensure that the response is not inhibited, except under certain operational constraints including, but not limited to, ambient temperature limitations, physical energy limitations, outages of mechanical equipment, or regulatory requirements. The Large Generating Facility shall sustain the real power response at least until system frequency returns to a value within the deadband setting of the governor or equivalent controls. A Commission-approved Reliability Standard with equivalent or more stringent requirements shall supersede the above requirements.

9.6.4.3 Exemptions. Large Generating Facilities that are regulated by the United States Nuclear Regulatory Commission shall be exempt from Sections 9.6.4, 9.6.4.1, and 9.6.4.2 of this Agreement. Large Generating Facilities that are behind the meter generation that is sized-to-load (i.e., the thermal load and the generation are near-balanced in real-time operation and the generation is primarily controlled to maintain the unique thermal, chemical, or mechanical output necessary for the operating requirements of its host facility) shall be required to install primary frequency response capability in accordance with the droop and deadband capability requirements specified in Section 9.6.4, but shall be otherwise exempt from the operating requirements in Sections 9.6.4, 9.6.4.1, 9.6.4.2, and 9.6.4.4 of this Agreement.

9.6.4.4 Electric Storage Resources. Interconnection Customer interconnecting an electric storage resource shall establish an operating range in Appendix C of its LGIA that specifies a minimum state of charge and a maximum state of charge between which the electric storage resource will be required to provide primary frequency response consistent with the conditions set forth in Sections 9.6.4, 9.6.4.1, 9.6.4.2, and 9.6.4.3 of this Agreement. Appendix C shall specify whether the operating range is static or dynamic, and shall consider (1) the expected magnitude of frequency deviations in the interconnection; (2) the expected duration that system frequency will remain outside of the deadband parameter in the interconnection; (3) the expected incidence of frequency deviations outside of the deadband parameter in the interconnection; (4) the physical capabilities of the electric storage resource; (5) operational limitations of the electric storage resource due to manufacturer specifications; and (6) any other relevant factors agreed to by Transmission Provider and Interconnection Customer, and in consultation with the relevant transmission owner or balancing authority as appropriate. If the operating range is dynamic, then Appendix C must establish how frequently the operating range will be reevaluated and the factors that may be considered during its reevaluation.

Interconnection Customer's electric storage resource is required to provide timely and sustained primary frequency response consistent with Section 9.6.4.2 of this Agreement when it is online and dispatched to inject electricity to the Transmission System and/or receive electricity from the Transmission System. This excludes circumstances when the electric storage resource is not dispatched to inject electricity to the Transmission System and/or dispatched to receive electricity from the Transmission System. If Interconnection Customer's electric storage resource is charging at the time of a frequency deviation outside of its deadband parameter, it is to increase (for over-frequency deviations) or decrease (for under-frequency deviations) the rate at which it is charging in accordance with its droop parameter. Interconnection Customer's electric storage resource is not required to change from charging to discharging, or vice versa, unless the response necessitated by the droop and deadband settings

requires it to do so and it is technically capable of making such a transition.

9.7 Outages and Interruptions.

9.7.1 Outages.

9.7.1.1 Outage Authority and Coordination. Each Party may in accordance with Good Utility Practice in coordination with the other Party remove from service any of its respective Interconnection Facilities or Network Upgrades that may impact the other Party's facilities as necessary to perform maintenance or testing or to install or replace equipment. Absent an Emergency Condition, the Party scheduling a removal of such facility(ies) from service will use Reasonable Efforts to schedule such removal on a date and time mutually acceptable to the Parties. In all circumstances, any Party planning to remove such facility(ies) from service shall use Reasonable Efforts to minimize the effect on the other Party of such removal.

9.7.1.2 Outage Schedules. Transmission Provider shall post scheduled outages of its transmission facilities on the OASIS. Interconnection Customer shall submit its planned maintenance schedules for the Large Generating Facility to Transmission Provider for a minimum of a rolling twenty-four month period. Interconnection Customer shall update its planned maintenance schedules as necessary. Transmission Provider may request Interconnection Customer to reschedule its maintenance as necessary to maintain the reliability of the Transmission System; provided, however, adequacy of generation supply shall not be a criterion in determining Transmission System reliability. Transmission Provider shall compensate Interconnection Customer for any additional direct costs that Interconnection Customer incurs as a result of having to reschedule maintenance, including any additional overtime, breaking of maintenance contracts or other costs above and beyond the cost Interconnection Customer would have incurred absent Transmission Provider's request to reschedule maintenance. Interconnection Customer will not be eligible to receive compensation, if during the twelve (12) months prior to the date of the scheduled maintenance, Interconnection Customer

had modified its schedule of maintenance activities.

9.7.1.3 Outage Restoration. If an outage on a Party's Interconnection Facilities or Network Upgrades adversely affects the other Party's operations or facilities, the Party that owns or controls the facility that is out of service shall use Reasonable Efforts to promptly restore such facility(ies) to a normal operating condition consistent with the nature of the outage. The Party that owns or controls the facility that is out of service shall provide the other Party, to the extent such information is known, information on the nature of the Emergency Condition, an estimated time of restoration, and any corrective actions required. Initial verbal notice shall be followed up as soon as practicable with written notice explaining the nature of the outage.

9.7.2 Interruption of Service. If required by Good Utility Practice to do so, Transmission Provider may require Interconnection Customer to interrupt or reduce deliveries of electricity if such delivery of electricity could adversely affect Transmission Provider's ability to perform such activities as are necessary to safely and reliably operate and maintain the Transmission System. The following provisions shall apply to any interruption or reduction permitted under this Article 9.7.2:

9.7.2.1 The interruption or reduction shall continue only for so long as reasonably necessary under Good Utility Practice;

9.7.2.2 Any such interruption or reduction shall be made on an equitable, non-discriminatory basis with respect to all generating facilities directly connected to the Transmission System;

9.7.2.3 When the interruption or reduction must be made under circumstances which do not allow for advance notice, Transmission Provider shall notify Interconnection Customer by telephone as soon as practicable of the reasons for the curtailment, interruption, or reduction, and, if known, its expected duration. Telephone notification shall be followed by written notification as soon as practicable;

9.7.2.4 Except during the existence of an Emergency Condition, when the interruption or reduction can be scheduled without advance notice, Transmission Provider shall notify

Interconnection Customer in advance regarding the timing of such scheduling and further notify Interconnection Customer of the expected duration. Transmission Provider shall coordinate with Interconnection Customer using Good Utility Practice to schedule the interruption or reduction during periods of least impact to Interconnection Customer and Transmission Provider;

9.7.2.5 The Parties shall cooperate and coordinate with each other to the extent necessary in order to restore the Large Generating Facility, Interconnection Facilities, and the Transmission System to their normal operating state, consistent with system conditions and Good Utility Practice.

9.7.3 Under-Frequency and Over Frequency Conditions. The Transmission System is designed to automatically activate a load-shed program as required by the Applicable Reliability Council in the event of an under-frequency system disturbance. Interconnection Customer shall implement under-frequency and over-frequency relay set points for the Large Generating Facility as required by the Applicable Reliability Council to ensure “ride through” capability of the Transmission System. Large Generating Facility response to frequency deviations of pre-determined magnitudes, both under-frequency and over-frequency deviations, shall be studied and coordinated with Transmission Provider in accordance with Good Utility Practice. The term “ride through” as used herein shall mean the ability of a Generating Facility to stay connected to and synchronized with the Transmission System during system disturbances within a range of under-frequency and over-frequency conditions, in accordance with Good Utility Practice.

9.7.4 System Protection and Other Control Requirements.

9.7.4.1 System Protection Facilities. Interconnection Customer shall, at its expense, install, operate and maintain System Protection Facilities as a part of the Large Generating Facility or Interconnection Customer’s Interconnection Facilities. Transmission Provider shall install at Interconnection Customer’s expense any System Protection Facilities that may be required on Transmission Provider’s Interconnection Facilities or the Transmission System as a result of the interconnection of the Large Generating Facility and Interconnection Customer’s Interconnection Facilities.

- 9.7.4.2** Each Party's protection facilities shall be designed and coordinated with other systems in accordance with Good Utility Practice.
- 9.7.4.3** Each Party shall be responsible for protection of its facilities consistent with Good Utility Practice.
- 9.7.4.4** Each Party's protective relay design shall incorporate the necessary test switches to perform the tests required in Article 6. The required test switches will be placed such that they allow operation of lockout relays while preventing breaker failure schemes from operating and causing unnecessary breaker operations and/or the tripping of Interconnection Customer's units.
- 9.7.4.5** Each Party will test, operate and maintain System Protection Facilities in accordance with Good Utility Practice.
- 9.7.4.6** Prior to the In-Service Date, and again prior to the Commercial Operation Date, each Party or its agent shall perform a complete calibration test and functional trip test of the System Protection Facilities. At intervals suggested by Good Utility Practice and following any apparent malfunction of the System Protection Facilities, each Party shall perform both calibration and functional trip tests of its System Protection Facilities. These tests do not require the tripping of any in-service generation unit. These tests do, however, require that all protective relays and lockout contacts be activated.

9.7.5 Requirements for Protection. In compliance with Good Utility Practice, Interconnection Customer shall provide, install, own, and maintain relays, circuit breakers and all other devices necessary to remove any fault contribution of the Large Generating Facility to any short circuit occurring on the Transmission System not otherwise isolated by Transmission Provider's equipment, such that the removal of the fault contribution shall be coordinated with the protective requirements of the Transmission System. Such protective equipment shall include, without limitation, a disconnecting device or switch with load-interrupting capability located between the Large Generating Facility and the Transmission System at a site selected upon mutual agreement (not to be unreasonably withheld, conditioned or delayed) of the Parties. Interconnection Customer shall be responsible for protection of the Large Generating Facility and

Interconnection Customer's other equipment from such conditions as negative sequence currents, over- or under-frequency, sudden load rejection, over- or under-voltage, and generator loss-of-field.

Interconnection Customer shall be solely responsible to disconnect the Large Generating Facility and Interconnection Customer's other equipment if conditions on the Transmission System could adversely affect the Large Generating Facility.

9.7.6 Power Quality. Neither Party's facilities shall cause excessive voltage flicker nor introduce excessive distortion to the sinusoidal voltage or current waves as defined by ANSI Standard C84.1-1989, in accordance with IEEE Standard 519, or any applicable superseding electric industry standard. In the event of a conflict between ANSI Standard C84.1-1989, or any applicable superseding electric industry standard, ANSI Standard C84.1-1989, or the applicable superseding electric industry standard, shall control.

9.8 Switching and Tagging Rules. Each Party shall provide the other Party a copy of its switching and tagging rules that are applicable to the other Party's activities. Such switching and tagging rules shall be developed on a non-discriminatory basis. The Parties shall comply with applicable switching and tagging rules, as amended from time to time, in obtaining clearances for work or for switching operations on equipment.

9.9 Use of Interconnection Facilities by Third Parties.

9.9.1 Purpose of Interconnection Facilities. Except as may be required by Applicable Laws and Regulations, or as otherwise agreed to among the Parties, the Interconnection Facilities shall be constructed for the sole purpose of interconnecting the Large Generating Facility to the Transmission System and shall be used for no other purpose.

9.9.2 Third Party Users. If required by Applicable Laws and Regulations or if the Parties mutually agree, such agreement not to be unreasonably withheld, to allow one or more third parties to use Transmission Provider's Interconnection Facilities, or any part thereof, Interconnection Customer will be entitled to compensation for the capital expenses it incurred in connection with the Interconnection Facilities based upon the pro rata use of the Interconnection Facilities by Transmission Provider, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually-agreed upon methodology. In addition, cost responsibility for ongoing costs, including operation and maintenance costs associated with the Interconnection Facilities, will be

allocated between Interconnection Customer and any third party users based upon the pro rata use of the Interconnection Facilities by Transmission Provider, all third party users, and Interconnection Customer, in accordance with Applicable Laws and Regulations or upon some other mutually agreed upon methodology. If the issue of such compensation or allocation cannot be resolved through such negotiations, it shall be submitted to FERC for resolution.

- 9.10 Disturbance Analysis Data Exchange.** The Parties will cooperate with one another in the analysis of disturbances to either the Large Generating Facility or Transmission Provider's Transmission System by gathering and providing access to any information relating to any disturbance, including information from oscillography, protective relay targets, breaker operations and sequence of events records, and any disturbance information required by Good Utility Practice.

Article 10. Maintenance

- 10.1 Transmission Provider Obligations.** Transmission Provider shall maintain the Transmission System and Transmission Provider's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA.
- 10.2 Interconnection Customer Obligations.** Interconnection Customer shall maintain the Large Generating Facility and Interconnection Customer's Interconnection Facilities in a safe and reliable manner and in accordance with this LGIA.
- 10.3 Coordination.** The Parties shall confer regularly to coordinate the planning, scheduling and performance of preventive and corrective maintenance on the Large Generating Facility and the Interconnection Facilities.
- 10.4 Secondary Systems.** Each Party shall cooperate with the other in the inspection, maintenance, and testing of control or power circuits that operate below 600 volts, AC or DC, including, but not limited to, any hardware, control or protective devices, cables, conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers that directly affect the operation of a Party's facilities and equipment which may reasonably be expected to impact the other Party. Each Party shall provide advance notice to the other Party before undertaking any work on such circuits, especially on electrical circuits involving circuit breaker trip and close contacts, current transformers, or potential transformers.
- 10.5 Operating and Maintenance Expenses.** Subject to the provisions herein addressing the use of facilities by others, and except for operations and

maintenance expenses associated with modifications made for providing interconnection or transmission service to a third party and such third party pays for such expenses, Interconnection Customer shall be responsible for all reasonable expenses including overheads, associated with: (1) owning, operating, maintaining, repairing, and replacing Interconnection Customer's Interconnection Facilities; and (2) operation, maintenance, repair and replacement of Transmission Provider's Interconnection Facilities.

Article 11. Performance Obligation

- 11.1 Interconnection Customer Interconnection Facilities.** Interconnection Customer shall design, procure, construct, install, own and/or control Interconnection Customer Interconnection Facilities described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades, at its sole expense.
- 11.2 Transmission Provider's Interconnection Facilities.** Transmission Provider or Transmission Owner shall design, procure, construct, install, own and/or control the Transmission Provider's Interconnection Facilities described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades, at the sole expense of the Interconnection Customer.
- 11.3 Network Upgrades and Distribution Upgrades.** Transmission Provider or Transmission Owner shall design, procure, construct, install, and own the Network Upgrades and Distribution Upgrades described in Appendix A, Interconnection Facilities, Network Upgrades and Distribution Upgrades. The Interconnection Customer shall be responsible for all costs related to Distribution Upgrades. Unless Transmission Provider or Transmission Owner elects to fund the capital for the Network Upgrades, they shall be solely funded by Interconnection Customer.
- 11.4 Transmission Credits.**
- 11.4.1 Repayment of Amounts Advanced for Network Upgrades.** Interconnection Customer shall be entitled to a cash repayment, equal to the total amount paid to Transmission Provider and Affected System Operator, if any, for the Network Upgrades, including any tax gross-up or other tax-related payments associated with Network Upgrades, and not refunded to Interconnection Customer pursuant to Article 5.17.8 or otherwise, to be paid to Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, as payments are made under Transmission Provider's Tariff and Affected System's Tariff for transmission services with respect to the Large Generating

Facility. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. Interconnection Customer may assign such repayment rights to any person.

Notwithstanding the foregoing, Interconnection Customer, Transmission Provider, and Affected System Operator may adopt any alternative payment schedule that is mutually agreeable so long as Transmission Provider and Affected System Operator take one of the following actions no later than five years from the Commercial Operation Date: (1) return to Interconnection Customer any amounts advanced for Network Upgrades not previously repaid, or (2) declare in writing that Transmission Provider or Affected System Operator will continue to provide payments to Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, or develop an alternative schedule that is mutually agreeable and provides for the return of all amounts advanced for Network Upgrades not previously repaid; however, full reimbursement shall not extend beyond twenty (20) years from the Commercial Operation Date.

If the Large Generating Facility fails to achieve commercial operation, but it or another Generating Facility is later constructed and makes use of the Network Upgrades, Transmission Provider and Affected System Operator shall at that time reimburse Interconnection Customer for the amounts advanced for the Network Upgrades. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the Generating Facility, if different, is responsible for identifying the entity to which reimbursement must be made.

11.4.2 Special Provisions for Affected Systems. Unless Transmission Provider provides, under the LGIA, for the repayment of amounts advanced to Affected System Operator for Network Upgrades, Interconnection Customer and Affected System Operator shall enter into an agreement that provides for such repayment. The agreement shall specify the terms governing payments to be made by Interconnection Customer to the Affected System Operator as well as the repayment by the Affected System Operator.

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

11.5 Provision of Security. At least thirty (30) Calendar Days prior to the commencement of the procurement, installation, or construction of a discrete portion of a Transmission Provider's Interconnection Facilities, Network Upgrades, or Distribution Upgrades, Interconnection Customer shall provide Transmission Provider, at Interconnection Customer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Transmission Provider and is consistent with the Uniform Commercial Code of the jurisdiction identified in Article 14.2.1. Such security for payment shall be in an amount sufficient to cover the costs for constructing, procuring and installing the applicable portion of Transmission Provider's Interconnection Facilities, Network Upgrades, or Distribution Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to Transmission Provider for these purposes.

In addition:

11.5.1 The guarantee must be made by an entity that meets the creditworthiness requirements of Transmission Provider, and contain terms and conditions that guarantee payment of any amount that may be due from Interconnection Customer, up to an agreed-to maximum amount.

11.5.2 The letter of credit must be issued by a financial institution reasonably acceptable to Transmission Provider and must specify a reasonable expiration date.

11.5.3 The surety bond must be issued by an insurer reasonably acceptable to Transmission Provider and must specify a reasonable expiration date.

11.6 Interconnection Customer Compensation. If Transmission Provider requests or directs Interconnection Customer to provide a service pursuant to Articles 9.6.3 (Payment for Reactive Power), or 13.5.1 of this LGIA, Transmission Provider

shall compensate Interconnection Customer in accordance with Interconnection Customer's applicable rate schedule then in effect unless the provision of such service(s) is subject to an RTO or ISO FERC-approved rate schedule.

Interconnection Customer shall serve Transmission Provider or RTO or ISO with any filing of a proposed rate schedule at the time of such filing with FERC. To the extent that no rate schedule is in effect at the time the Interconnection Customer is required to provide or absorb any Reactive Power under this LGIA, Transmission Provider agrees to compensate Interconnection Customer in such amount as would have been due Interconnection Customer had the rate schedule been in effect at the time service commenced; provided, however, that such rate schedule must be filed at FERC or other appropriate Governmental Authority within sixty (60) Calendar Days of the commencement of service.

11.6.1 Interconnection Customer Compensation for Actions During Emergency Condition. Transmission Provider or RTO or ISO shall compensate Interconnection Customer for its provision of real and reactive power and other Emergency Condition services that Interconnection Customer provides to support the Transmission System during an Emergency Condition in accordance with Article 11.6.

Article 12. Invoice

12.1 General. Each Party shall submit to the other Party, on a monthly basis, invoices of amounts due for the preceding month. Each invoice shall state the month to which the invoice applies and fully describe the services and equipment provided. The Parties may discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts a Party owes to the other Party under this LGIA, including interest payments or credits, shall be netted so that only the net amount remaining due shall be paid by the owing Party.

12.2 Final Invoice. Within six months after completion of the construction of Transmission Provider's Interconnection Facilities and the Network Upgrades, Transmission Provider shall provide an invoice of the final cost of the construction of Transmission Provider's Interconnection Facilities and the Network Upgrades and shall set forth such costs in sufficient detail to enable Interconnection Customer to compare the actual costs with the estimates and to ascertain deviations, if any, from the cost estimates. Transmission Provider shall refund to Interconnection Customer any amount by which the actual payment by Interconnection Customer for estimated costs exceeds the actual costs of construction within thirty (30) Calendar Days of the issuance of such final construction invoice.

- 12.3 Payment.** Invoices shall be rendered to the paying Party at the address specified in Appendix F. The Party receiving the invoice shall pay the invoice within thirty (30) Calendar Days of receipt. All payments shall be made in immediately available funds payable to the other Party, or by wire transfer to a bank named and account designated by the invoicing Party. Payment of invoices by either Party will not constitute a waiver of any rights or claims either Party may have under this LGIA.
- 12.4 Disputes.** In the event of a billing dispute between Transmission Provider and Interconnection Customer, Transmission Provider shall continue to provide Interconnection Service under this LGIA as long as Interconnection Customer: (i) continues to make all payments not in dispute; and (ii) pays to Transmission Provider or into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If Interconnection Customer fails to meet these two requirements for continuation of service, then Transmission Provider may provide notice to Interconnection Customer of a Default pursuant to Article 17. Within thirty (30) Calendar Days after the resolution of the dispute, the Party that owes money to the other Party shall pay the amount due with interest calculated in accord with the methodology set forth in FERC's regulations at 18 CFR § 35.19a(a)(2)(iii).

Article 13. Emergencies

- 13.1 Definition.** "Emergency Condition" shall mean a condition or situation: (i) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (ii) that, in the case of Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Transmission System, Transmission Provider's Interconnection Facilities or the Transmission Systems of others to which the Transmission System is directly connected; or (iii) that, in the case of Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Large Generating Facility or Interconnection Customer's Interconnection Facilities' System restoration and black start shall be considered Emergency Conditions; provided, that Interconnection Customer is not obligated by this LGIA to possess black start capability.
- 13.2 Obligations.** Each Party shall comply with the Emergency Condition procedures of the applicable ISO/RTO, NERC, the Applicable Reliability Council, Applicable Laws and Regulations, and any emergency procedures agreed to by the Joint Operating Committee.

13.3 Notice. Transmission Provider shall notify Interconnection Customer promptly when it becomes aware of an Emergency Condition that affects Transmission Provider's Interconnection Facilities or the Transmission System that may reasonably be expected to affect Interconnection Customer's operation of the Large Generating Facility or Interconnection Customer's Interconnection Facilities. Interconnection Customer shall notify Transmission Provider promptly when it becomes aware of an Emergency Condition that affects the Large Generating Facility or Interconnection Customer's Interconnection Facilities that may reasonably be expected to affect the Transmission System or Transmission Provider's Interconnection Facilities. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of Interconnection Customer's or Transmission Provider's facilities and operations, its anticipated duration and the corrective action taken and/or to be taken. The initial notice shall be followed as soon as practicable with written notice.

13.4 Immediate Action. Unless, in Interconnection Customer's reasonable judgment, immediate action is required, Interconnection Customer shall obtain the consent of Transmission Provider, such consent to not be unreasonably withheld, prior to performing any manual switching operations at the Large Generating Facility or Interconnection Customer's Interconnection Facilities in response to an Emergency Condition either declared by Transmission Provider or otherwise regarding the Transmission System.

13.5 Transmission Provider Authority.

13.5.1 General. Transmission Provider may take whatever actions or inactions with regard to the Transmission System or Transmission Provider's Interconnection Facilities it deems necessary during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Transmission System or Transmission Provider's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service.

Transmission Provider shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Large Generating Facility or Interconnection Customer's Interconnection Facilities.

Transmission Provider may, on the basis of technical considerations, require the Large Generating Facility to mitigate an Emergency Condition by taking actions necessary and limited in scope to remedy the Emergency Condition, including, but not limited to, directing Interconnection Customer to shut-down, startup, increase or decrease the real or reactive power output of the Large Generating

Facility; implementing a reduction or disconnection pursuant to Article 13.5.2; directing Interconnection Customer to assist with blackstart (if available) or restoration efforts; or altering the outage schedules of the Large Generating Facility and Interconnection Customer's Interconnection Facilities. Interconnection Customer shall comply with all of Transmission Provider's operating instructions concerning Large Generating Facility real power and reactive power output within the manufacturer's design limitations of the Large Generating Facility's equipment that is in service and physically available for operation at the time, in compliance with Applicable Laws and Regulations.

13.5.2 Reduction and Disconnection. Transmission Provider may reduce Interconnection Service or disconnect the Large Generating Facility or Interconnection Customer's Interconnection Facilities, when such, reduction or disconnection is necessary under Good Utility Practice due to Emergency Conditions. These rights are separate and distinct from any right of curtailment of Transmission Provider pursuant to Transmission Provider's Tariff. When Transmission Provider can schedule the reduction or disconnection in advance, Transmission Provider shall notify Interconnection Customer of the reasons, timing and expected duration of the reduction or disconnection. Transmission Provider shall coordinate with Interconnection Customer using Good Utility Practice to schedule the reduction or disconnection during periods of least impact to Interconnection Customer and Transmission Provider. Any reduction or disconnection shall continue only for so long as reasonably necessary under Good Utility Practice. The Parties shall cooperate with each other to restore the Large Generating Facility, the Interconnection Facilities, and the Transmission System to their normal operating state as soon as practicable consistent with Good Utility Practice.

13.6 Interconnection Customer Authority. Consistent with Good Utility Practice and the LGIA and the LGIP, Interconnection Customer may take actions or inactions with regard to the Large Generating Facility or Interconnection Customer's Interconnection Facilities during an Emergency Condition in order to (i) preserve public health and safety, (ii) preserve the reliability of the Large Generating Facility or Interconnection Customer's Interconnection Facilities, (iii) limit or prevent damage, and (iv) expedite restoration of service. Interconnection Customer shall use Reasonable Efforts to minimize the effect of such actions or inactions on the Transmission System and Transmission Provider's Interconnection Facilities. Transmission Provider shall use Reasonable Efforts to

assist Interconnection Customer in such actions.

- 13.7 Limited Liability.** Except as otherwise provided in Article 11.6.1 of this LGIA, neither Party shall be liable to the other for any action it takes in responding to an Emergency Condition so long as such action is made in good faith and is consistent with Good Utility Practice.

Article 14. Regulatory Requirements and Governing Law

- 14.1 Regulatory Requirements.** Each Party's obligations under this LGIA shall be subject to its receipt of any required approval or certificate from one or more Governmental Authorities in the form and substance satisfactory to the applying Party, or the Party making any required filings with, or providing notice to, such Governmental Authorities, and the expiration of any time period associated therewith. Each Party shall in good faith seek and use its Reasonable Efforts to obtain such other approvals. Nothing in this LGIA shall require Interconnection Customer to take any action that could result in its inability to obtain, or its loss of, status or exemption under the Federal Power Act, the Public Utility Holding Company Act of 1935, as amended, or the Public Utility Regulatory Policies Act of 1978.

14.2 Governing Law.

- 14.2.1** The validity, interpretation and performance of this LGIA and each of its provisions shall be governed by the laws of the state where the Point of Interconnection is located, without regard to its conflicts of law principles.
- 14.2.2** This LGIA is subject to all Applicable Laws and Regulations.
- 14.3.3** Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

Article 15. Notices.

- 15.1 General.** Unless otherwise provided in this LGIA, any notice, demand or request required or permitted to be given by either Party to the other and any instrument required or permitted to be tendered or delivered by either Party in writing to the other shall be effective when delivered and may be so given, tendered or delivered, by recognized national courier, or by depositing the same with the United States Postal Service with postage prepaid, for delivery by certified or registered mail, addressed to the Party, or personally delivered to the Party, at the

address set out in Appendix F, Addresses for Delivery of Notices and Billings.

Either Party may change the notice information in this LGIA by giving five (5) Business Days written notice prior to the effective date of the change.

15.2 Billings and Payments. Billings and payments shall be sent to the addresses set out in Appendix F.

15.3 Alternative Forms of Notice. Any notice or request required or permitted to be given by a Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile or email to the telephone numbers and email addresses set out in Appendix F.

15.4 Operations and Maintenance Notice. Each Party shall notify the other Party in writing of the identity of the person(s) that it designates as the point(s) of contact with respect to the implementation of Articles 9 and 10.

Article 16. Force Majeure

16.1 Force Majeure.

16.1.1 Economic hardship is not considered a Force Majeure event.

16.1.2 Neither Party shall be considered to be in Default with respect to any obligation hereunder, (including obligations under Article 4), other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

Article 17. Default

17.1 Default

- 17.1 General.** No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of Force Majeure as defined in this LGIA or the result of an act of omission of the other Party. Upon a Breach, the non-breaching Party shall give written notice of such Breach to the breaching Party. Except as provided in Article 17.1.2, the breaching Party shall have thirty (30) Calendar Days from receipt of the Default notice within which to cure such Breach; provided however, if such Breach is not capable of cure within thirty (30) Calendar Days, the breaching Party shall commence such cure within thirty (30) Calendar Days after notice and continuously and diligently complete such cure within ninety (90) Calendar Days from receipt of the Default notice; and, if cured within such time, the Breach specified in such notice shall cease to exist.
- 17.2 Right to Terminate.** If a Breach is not cured as provided in this article, or if a Breach is not capable of being cured within the period provided for herein, the non-breaching Party shall have the right to declare a Default and terminate this LGIA by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this LGIA, to recover from the breaching Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this LGIA.

Article 18. Indemnity, Consequential Damages and Insurance

- 18.1 Indemnity.** The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions of its obligations under this LGIA on behalf of the Indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.
- 18.1.1 Indemnified Person.** If an Indemnified Person is entitled to indemnification under this Article 18 as a result of a claim by a third party, and the Indemnifying Party fails, after notice and reasonable

opportunity to proceed under Article 18.1, to assume the defense of such claim, such Indemnified Person may at the expense of the Indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

18.1.2 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Person harmless under this Article 18, the amount owing to the Indemnified Person shall be the amount of such Indemnified Person's actual Loss, net of any insurance or other recovery.

18.1.3 Indemnity Procedures. Promptly after receipt by an Indemnified Person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in Article 18.1 may apply, the Indemnified Person shall notify the Indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the Indemnifying Party.

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

The Indemnified Person shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Person and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability on the

Indemnified Person, or there exists a conflict or adversity of interest between the Indemnified Person and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Person, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Person, which shall not be reasonably withheld, conditioned or delayed.

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

18.3 Insurance. Each party shall, at its own expense, maintain in force throughout the period of this LGIA, and until released by the other Party, the following minimum insurance coverages, with insurers authorized to do business in the state where the Point of Interconnection is located:

18.3.1 Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with the laws and regulations of the state in which the Point of Interconnection is located.

18.3.2 Commercial General Liability Insurance including premises and operations, personal injury, broad form property damage, broad form blanket contractual liability coverage (including coverage for the contractual indemnification) products and completed operations coverage, coverage for explosion, collapse and underground hazards, independent contractors coverage, coverage for pollution to the extent normally available and punitive damages to the extent normally available and a cross liability endorsement, with minimum limits of One Million Dollars (\$1,000,000) per occurrence/One Million Dollars (\$1,000,000) aggregate combined single limit for personal injury, bodily injury, including death and property damage.

18.3.3 Comprehensive Automobile Liability Insurance for coverage of owned and non-owned and hired vehicles, trailers or semi-trailers

designed for travel on public roads, with a minimum, combined single limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, including death, and property damage.

- 18.3.4** Excess Public Liability Insurance over and above the Employers' Liability Commercial General Liability and Comprehensive Automobile Liability Insurance coverage, with a minimum combined single limit of Twenty Million Dollars (\$20,000,000) per occurrence/Twenty Million Dollars (\$20,000,000) aggregate.
- 18.3.5** The Commercial General Liability Insurance, Comprehensive Automobile Insurance and Excess Public Liability Insurance policies shall name the other Party, its parent, associated and Affiliate companies and their respective directors, officers, agents, servants and employees ("Other Party Group") as additional insured. All policies shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this LGIA against the Other Party Group and provide thirty (30) Calendar Days advance written notice to the Other Party Group prior to anniversary date of cancellation or any material change in coverage or condition.
- 18.3.6** The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies shall contain provisions that specify that the policies are primary and shall apply to such extent without consideration for other policies separately carried and shall state that each insured is provided coverage as though a separate policy had been issued to each, except the insurer's liability shall not be increased beyond the amount for which the insurer would have been liable had only one insured been covered. Each Party shall be responsible for its respective deductibles or retentions.
- 18.3.7** The Commercial General Liability Insurance, Comprehensive Automobile Liability Insurance and Excess Public Liability Insurance policies, if written on a Claims First Made Basis, shall be maintained in full force and effect for two (2) years after termination of this LGIA, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.
- 18.3.8** The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner, limit or qualify the liabilities and obligations assumed by the Parties under this LGIA.

- 18.3.9** Within ten (10) days following execution of this LGIA, and as soon as practicable after the end of each fiscal year or at the renewal of the insurance policy and in any event within ninety (90) days thereafter, each Party shall provide certification of all insurance required in this LGIA, executed by each insurer or by an authorized representative of each insurer.
- 18.3.10** Notwithstanding the foregoing, each Party may self-insure to meet the minimum insurance requirements of Articles 18.3.2 through 18.3.8 to the extent it maintains a self-insurance program; provided that, such Party's senior secured debt is rated at investment grade or better by Standard & Poor's and that its self-insurance program meets the minimum insurance requirements of Articles 18.3.2 through 18.3.8. For any period of time that a Party's senior secured debt is unrated by Standard & Poor's or is rated at less than investment grade by Standard & Poor's, such Party shall comply with the insurance requirements applicable to it under Articles 18.3.2 through 18.3.9. In the event that a Party is permitted to self-insure pursuant to this article, it shall notify the other Party that it meets the requirements to self-insure and that its self-insurance program meets the minimum insurance requirements in a manner consistent with that specified in Article 18.3.9.
- 18.3.11** The Parties agree to report to each other in writing as soon as practical all accidents or occurrences resulting in injuries to any person, including death, and any property damage arising out of this LGIA.

Article 19. Assignment

- 19.1 Assignment.** This LGIA may be assigned by either Party only with the written consent of the other; provided that either Party may assign this LGIA without the consent of the other Party to any Affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this LGIA; and provided further that Interconnection Customer shall have the right to assign this LGIA, without the consent of Transmission Provider, for collateral security purposes to aid in providing financing for the Large Generating Facility, provided that Interconnection Customer will promptly notify Transmission Provider of any such assignment. Any financing arrangement entered into by Interconnection Customer pursuant to this article will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said

arrangement, the secured creditor, the trustee or mortgagee will notify Transmission Provider of the date and particulars of any such exercise of assignment right(s), including providing the Transmission Provider with proof that it meets the requirements of Articles 11.5 and 18.3. Any attempted assignment that violates this article is void and ineffective. Any assignment under this LGIA shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

Article 20. Severability

20.1 Severability. If any provision in this LGIA is finally determined to be invalid, void or unenforceable by any court or other Governmental Authority having jurisdiction, such determination shall not invalidate, void or make unenforceable any other provision, agreement or covenant of this LGIA; provided that if Interconnection Customer (or any third party, but only if such third party is not acting at the direction of Transmission Provider) seeks and obtains such a final determination with respect to any provision of the Alternate Option (Article 5.1.2), or the Negotiated Option (Article 5.1.4), then none of these provisions shall thereafter have any force or effect and the Parties' rights and obligations shall be governed solely by the Standard Option (Article 5.1.1).

Article 21. Comparability

21.1 Comparability. The Parties will comply with all applicable comparability and code of conduct laws, rules and regulations, as amended from time to time.

Article 22. Confidentiality

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

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

If requested by either Party, the other Party shall provide in writing, the basis for asserting that the information referred to in this Article 22 warrants confidential treatment, and the requesting Party may disclose such writing to the appropriate Governmental Authority. Each Party shall be responsible for the costs associated

with affording confidential treatment to its information.

The release of Confidential Information shall be subject to Applicable Laws and Regulations and Applicable Reliability Standards.

- 22.1.1 Term.** During the term of this LGIA, and for a period of three (3) years after the expiration or termination of this LGIA, except as otherwise provided in this Article 22, each Party shall hold in confidence and shall not disclose to any person Confidential Information.
- 22.1.2 Scope.** Confidential Information shall not include information that the receiving Party can demonstrate: (1) is generally available to the public other than as a result of a disclosure by the receiving Party; (2) was in the lawful possession of the receiving Party on a non-confidential basis before receiving it from the disclosing Party; (3) was supplied to the receiving Party without restriction by a third party, who, to the knowledge of the receiving Party after due inquiry, was under no obligation to the disclosing Party to keep such information confidential; (4) was independently developed by the receiving Party without reference to Confidential Information of the disclosing Party; (5) is, or becomes, publicly known, through no wrongful act or omission of the receiving Party or Breach of this LGIA; or (6) is required, in accordance with Article 22.1.7 of the LGIA, Order of Disclosure, to be disclosed by any Governmental Authority or is otherwise required to be disclosed by law or subpoena, or is necessary in any legal proceeding establishing rights and obligations under this LGIA. Information designated as Confidential Information will no longer be deemed confidential if the Party that designated the information as confidential notifies the other Party that it no longer is confidential.
- 22.1.3 Release of Confidential Information.** Neither Party shall release or disclose Confidential Information to any other person, except to its Affiliates (limited by the Standards of Conduct requirements), subcontractors, employees, consultants, or to parties who may be or considering providing financing to or equity participation with Interconnection Customer, or to potential purchasers or assignees of Interconnection Customer, on a need-to-know basis in connection with this LGIA, unless such person has

first been advised of the confidentiality provisions of this Article 22 and has agreed to comply with such provisions. Notwithstanding the foregoing, a Party providing Confidential Information to any person shall remain primarily responsible for any release of Confidential Information in contravention of this Article 22.

- 22.1.4 Rights.** Each Party retains all rights, title, and interest in the Confidential Information that each Party discloses to the other Party. The disclosure by each Party to the other Party of Confidential Information shall not be deemed a waiver by either Party or any other person or entity of the right to protect the Confidential Information from public disclosure.
- 22.1.5 No Warranties.** By providing Confidential Information, neither Party makes any warranties or representations as to its accuracy or completeness. In addition, by supplying Confidential Information, neither Party obligates itself to provide any particular information or Confidential Information to the other Party nor to enter into any further agreements or proceed with any other relationship or joint venture.
- 22.1.6 Standard of Care.** Each Party shall use at least the same standard of care to protect Confidential Information it receives as it uses to protect its own Confidential Information from unauthorized disclosure, publication or dissemination. Each Party may use Confidential Information solely to fulfill its obligations to the other Party under this LGIA or its regulatory requirements.
- 22.1.7 Order of Disclosure.** If a court or a Government Authority or entity with the right, power, and apparent authority to do so requests or requires either Party, by subpoena, oral deposition, interrogatories, requests for production of documents, administrative order, or otherwise, to disclose Confidential Information, that Party shall provide the other Party with prompt notice of such request(s) or requirement(s) so that the other Party may seek an appropriate protective order or waive compliance with the terms of this LGIA. Notwithstanding the absence of a protective order or waiver, the Party may disclose such Confidential Information which, in the opinion of its counsel, the Party is legally compelled to

disclose. Each Party will use Reasonable Efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information so furnished.

22.1.8 Termination of Agreement. Upon termination of this LGIA for any reason, each Party shall, within ten (10) Calendar Days of receipt of a written request from the other Party, use Reasonable Efforts to destroy, erase, or delete (with such destruction, erasure, and deletion certified in writing to the other Party) or return to the other Party, without retaining copies thereof, any and all written or electronic Confidential Information received from the other Party.

22.1.9 Remedies. The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's Breach of its obligations under this Article 22. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party Breaches or threatens to Breach its obligations under this Article 22, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law. Such remedy shall not be deemed an exclusive remedy for the Breach of this Article 22, but shall be in addition to all other remedies available at law or in equity. The Parties further acknowledge and agree that the covenants contained herein are necessary for the protection of legitimate business interests and are reasonable in scope. No Party, however, shall be liable for indirect, incidental, or consequential or punitive damages of any nature or kind resulting from or arising in connection with this Article 22.

22.1.10 Disclosure to FERC, its Staff, or a State. Notwithstanding anything in this Article 22 to the contrary, and pursuant to 18 CFR section 1b.20, if FERC or its staff, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this LGIA, the Party shall provide the requested information to FERC or its staff, within the time provided for in the request for information. In providing the information to FERC or its staff, the Party must, consistent with 18 CFR section 388.112, request that the information be treated as confidential and non-public by FERC and its staff

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

22.1.11 Subject to the exception in Article 22.1.10, any information that a Party claims is competitively sensitive, commercial or financial information under this LGIA (“Confidential Information”) shall not be disclosed by the other Party to any person not employed or retained by the other Party, except to the extent disclosure is (i) required by law; (ii) reasonably deemed by the disclosing Party to be required to be disclosed in connection with a dispute between or among the Parties, or the defense of litigation or dispute; (iii) otherwise permitted by consent of the other Party, such consent not to be unreasonably withheld; or (iv) necessary to fulfill its obligations under this LGIA or as a transmission service provider or a Control Area operator including disclosing the Confidential Information to an RTO or ISO or to a regional or national reliability organization. The Party asserting confidentiality shall notify the other Party in writing of the information it claims is confidential. Prior to any disclosures of the other Party’s Confidential Information under this subparagraph, or if any third party or Governmental Authority makes any request or demand for any of the information described in this subparagraph, the disclosing Party agrees to promptly notify the other Party in writing and agrees to assert confidentiality and cooperate with the other Party in seeking to protect the Confidential Information from public disclosure by confidentiality agreement, protective order or other reasonable measures.

Article 23. Environmental Releases

23.1 Each Party shall notify the other Party, first orally and then in writing, of the

release of any Hazardous Substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Large Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall: (i) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than twenty-four hours after such Party becomes aware of the occurrence; and (ii) promptly furnish to the other Party copies of any publicly available reports filed with any Governmental Authorities addressing such events.

Article 24. Information Requirements

- 24.1 Information Acquisition.** Transmission Provider and Interconnection Customer shall submit specific information regarding the electrical characteristics of their respective facilities to each other as described below and in accordance with Applicable Reliability Standards.
- 24.2 Information Submission by Transmission Provider.** The initial information submission by Transmission Provider shall occur no later than one hundred eighty (180) Calendar Days prior to Trial Operation and shall include Transmission System information necessary to allow Interconnection Customer to select equipment and meet any system protection and stability requirements, unless otherwise agreed to by the Parties. On a monthly basis Transmission Provider shall provide Interconnection Customer a status report on the construction and installation of Transmission Provider's Interconnection Facilities and Network Upgrades, including, but not limited to, the following information: (1) progress to date; (2) a description of the activities since the last report (3) a description of the action items for the next period; and (4) the delivery status of equipment ordered.
- 24.3 Updated Information Submission by Interconnection Customer.** The updated information submission by Interconnection Customer, including manufacturer information, shall occur no later than one hundred eighty (180) Calendar Days prior to the Trial Operation. Interconnection Customer shall submit a completed copy of the Large Generating Facility data requirements contained in Appendix 1 to the LGIP. It shall also include any additional information provided to Transmission Provider for the Feasibility and Facilities Study. Information in this submission shall be the most current Large Generating Facility design or expected performance data. Information submitted for stability models shall be compatible with Transmission Provider standard models. If there is no compatible model, Interconnection Customer will work with a consultant mutually agreed to by the Parties to develop and supply a standard model and associated information.

If Interconnection Customer's data is materially different from what was originally provided to Transmission Provider pursuant to the Interconnection Study

Agreement between Transmission Provider and Interconnection Customer, then Transmission Provider will conduct appropriate studies to determine the impact on Transmission Provider Transmission System based on the actual data submitted pursuant to this Article 24.3. The Interconnection Customer shall not begin Trial Operation until such studies are completed.

24.4 Information Supplementation. Prior to the Operation Date, the Parties shall supplement their information submissions described above in this Article 24 with any and all “as-built” Large Generating Facility information or “as-tested” performance information that differs from the initial submissions or, alternatively, written confirmation that no such differences exist. The Interconnection Customer shall conduct tests on the Large Generating Facility as required by Good Utility Practice such as an open circuit “step voltage” test on the Large Generating Facility to verify proper operation of the Large Generating Facility’s automatic voltage regulator.

Unless otherwise agreed, the test conditions shall include: (1) Large Generating Facility at synchronous speed; (2) automatic voltage regulator on and in voltage control mode; and (3) a five percent change in Large Generating Facility terminal voltage initiated by a change in the voltage regulators reference voltage. Interconnection Customer shall provide validated test recordings showing the responses of Large Generating Facility terminal and field voltages. In the event that direct recordings of these voltages is impractical, recordings of other voltages or currents that mirror the response of the Large Generating Facility’s terminal or field voltage are acceptable if information necessary to translate these alternate quantities to actual Large Generating Facility terminal or field voltages is provided. Large Generating Facility testing shall be conducted and results provided to Transmission Provider for each individual generating unit in a station. Subsequent to the Operation Date, Interconnection Customer shall provide Transmission Provider any information changes due to equipment replacement, repair, or adjustment. Transmission Provider shall provide Interconnection Customer any information changes due to equipment replacement, repair or adjustment in the directly connected substation or any adjacent Transmission Provider-owned substation that may affect Interconnection Customer’s Interconnection Facilities equipment ratings, protection or operating requirements. The Parties shall provide such information no later than thirty (30) Calendar Days after the date of the equipment replacement, repair or adjustment.

Article 25. Information Access and Audit Rights

25.1 Information Access. Each Party (the “disclosing Party”) shall make available to the other Party information that is in the possession of the disclosing Party and is necessary in order for the other Party to: (i) verify the costs incurred by the

disclosing Party for which the other Party is responsible under this LGIA; and (ii) carry out its obligations and responsibilities under this LGIA. The Parties shall not use such information for purposes other than those set forth in this Article 25.1 and to enforce their rights under this LGIA.

25.2 Reporting of Non-Force Majeure Events. Each Party (the “notifying Party”) shall notify the other Party when the notifying Party becomes aware of its inability to comply with the provisions of this LGIA for a reason other than a Force Majeure event. The Parties agree to cooperate with each other and provide necessary information regarding such inability to comply, including the date, duration, reason for the inability to comply, and corrective actions taken or planned to be taken with respect to such inability to comply. Notwithstanding the foregoing, notification, cooperation or information provided under this article shall not entitle the Party receiving such notification to allege a cause for anticipatory breach of this LGIA.

25.3 Audit Rights. Subject to the requirements of confidentiality under Article 22 of this LGIA, each Party shall have the right, during normal business hours, and upon prior reasonable notice to the other Party, to audit at its own expense the other Party’s accounts and records pertaining to either Party’s performance or either Party’s satisfaction of obligations under this LGIA. Such audit rights shall include audits of the other Party’s costs, calculation of invoiced amounts, Transmission Provider’s efforts to allocate responsibility for the provision of reactive support to the Transmission System, Transmission Provider’s efforts to allocate responsibility for interruption or reduction of generation on the Transmission System, and each Party’s actions in an Emergency Condition. Any audit authorized by this article shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to each Party’s performance and satisfaction of obligations under this LGIA. Each Party shall keep such accounts and records for a period equivalent to the audit rights periods described in Article 25.4.

25.4 Audit Rights Periods.

25.4.1 Audit Rights Period for Construction-Related Accounts and Records. Accounts and records related to the design, engineering, procurement, and construction of Transmission Provider’s Interconnection Facilities and Network Upgrades shall be subject to audit for a period of twenty-four months following Transmission Provider’s issuance of a final invoice in accordance with Article 12.2.

25.4.2 Audit Rights Period for All Other Accounts and Records.

Accounts and records related to either Party's performance or satisfaction of all obligations under this LGIA other than those described in Article 25.4.1 shall be subject to audit as follows: (i) for an audit relating to cost obligations, the applicable audit rights period shall be twenty-four months after the auditing Party's receipt of an invoice giving rise to such cost obligations; and (ii) for an audit relating to all other obligations, the applicable audit rights period shall be twenty-four months after the event for which the audit is sought.

25.5 Audit Results. If an audit by a Party determines that an overpayment or an underpayment has occurred, a notice of such overpayment or underpayment shall be given to the other Party together with those records from the audit which support such determination.

Article 26. Subcontractors

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

26.2 Responsibility of Principal. The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this LGIA. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall Transmission Provider be liable for the actions or inactions of Interconnection Customer or its subcontractors with respect to obligations of Interconnection Customer under Article 5 of this LGIA. Any applicable obligation imposed by this LGIA upon the hiring Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

26.3 No Limitation by Insurance. The obligations under this Article 26 will not be limited in any way by any limitation of subcontractor's insurance.

Article 27. Disputes

27.1 Submission. In the event either Party has a dispute, or asserts a claim, that arises out of or in connection with this LGIA or its performance, such Party (the "disputing Party") shall provide the other Party with written notice of the dispute

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

27.2 External Arbitration Procedures. Any arbitration initiated under this LGIA shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) Calendar Days of the submission of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) Calendar Days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“Arbitration Rules”) and any applicable FERC regulations or RTO rules; provided, however, in the event of a conflict between the Arbitration Rules and the terms of this Article 27, the terms of this Article 27 shall prevail.

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

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

Article 28. Representations, Warranties, and Covenants

28.1 General. Each Party makes the following representations, warranties and covenants:

28.1.1 Good Standing. Such Party is duly organized, validly existing and in good standing under the laws of the state in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the Large Generating Facility, Interconnection Facilities and Network Upgrades owned by such Party, as applicable, are located; and that it has the corporate power and authority to own its properties, to carry on its business as now being conducted and to enter into this LGIA and carry out the transactions contemplated hereby and perform and carry out all covenants and obligations on its part to be performed under and pursuant to this LGIA.

28.1.2 Authority. Such Party has the right, power and authority to enter into this LGIA, to become a Party hereto and to perform its obligations hereunder. This LGIA is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is sought in a proceeding in equity or at law).

28.1.3 No Conflict. The execution, delivery and performance of this LGIA does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.

28.1.4 Consent and Approval. Such Party has sought or obtained, or, in accordance with this LGIA will seek or obtain, each consent, approval, authorization, order, or acceptance by any Governmental Authority in connection with the execution, delivery and

performance of this LGIA, and it will provide to any Governmental Authority notice of any actions under this LGIA that are required by Applicable Laws and Regulations.

Article 29. Joint Operating Committee

29.1 Joint Operating Committee. Except in the case of ISOs and RTOs, Transmission Provider shall constitute a Joint Operating Committee to coordinate operating and technical considerations of Interconnection Service. At least six (6) months prior to the expected Initial Synchronization Date, Interconnection Customer and Transmission Provider shall each appoint one representative and one alternate to the Joint Operating Committee. Each Interconnection Customer shall notify Transmission Provider of its appointment in writing. Such appointments may be changed at any time by similar notice. The Joint Operating Committee shall meet as necessary, but not less than once each calendar year, to carry out the duties set forth herein. The Joint Operating Committee shall hold a meeting at the request of either Party, at a time and place agreed upon by the representatives. The Joint Operating Committee shall perform all of its duties consistent with the provisions of this LGIA. Each Party shall cooperate in providing to the Joint Operating Committee all information required in the performance of the Joint Operating Committee's duties. All decisions and agreements, if any, made by the Joint Operating Committee, shall be evidenced in writing. The duties of the Joint Operating Committee shall include the following:

- 29.1.1** Establish data requirements and operating record requirements.
- 29.1.2** Review the requirements, standards, and procedures for data acquisition equipment, protective equipment, and any other equipment or software.
- 29.1.3** Annually review the one (1) year forecast of maintenance and planned outage schedules of Transmission Provider's and Interconnection Customer's facilities at the Point of Interconnection.
- 29.1.4** Coordinate the scheduling of maintenance and planned outages on the Interconnection Facilities, the Large Generating Facility and other facilities that impact the normal operation of the interconnection of the Large Generating Facility to the Transmission System.
- 29.1.5** Ensure that information is being provided by each Party regarding equipment availability.

29.1.6 Perform such other duties as may be conferred upon it by mutual agreement of the Parties.

Article 30. Miscellaneous

30.1 Binding Effect. This LGIA and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

30.2 Conflicts. In the event of a conflict between the body of this LGIA and any attachment, appendices or exhibits hereto, the terms and provisions of the body of this LGIA shall prevail and be deemed the final intent of the Parties.

30.3 Rules of Interpretation. This LGIA, unless a clear contrary intention appears, shall be construed and interpreted as follows: (1) the singular number includes the plural number and vice versa; (2) reference to any person includes such person's successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this LGIA, and reference to a person in a particular capacity excludes such person in any other capacity or individually; (3) reference to any agreement (including this LGIA), document, instrument or tariff means such agreement, document, instrument, or tariff as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (4) reference to any Applicable Laws and Regulations means such Applicable Laws and Regulations as amended, modified, codified, or reenacted, in whole or in part, and in effect from time to time, including, if applicable, rules and regulations promulgated thereunder; (5) unless expressly stated otherwise, reference to any Article, Section or Appendix means such Article of this LGIA or such Appendix to this LGIA, or such Section to the LGIP or such Appendix to the LGIP, as the case may be; (6) "hereunder", "hereof", "herein", "hereto" and words of similar import shall be deemed references to this LGIA as a whole and not to any particular Article or other provision hereof or thereof; (7) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (8) relative to the determination of any period of time, "from" means "from and including", "to" means "to but excluding" and "through" means "through and including".

30.4 Entire Agreement. This LGIA, including all Appendices and Schedules attached hereto, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this LGIA. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this LGIA.

30.5 No Third Party Beneficiaries. This LGIA is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

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

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

30.7 Headings. The descriptive headings of the various Articles of this LGIA have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this LGIA.

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

30.9 Amendment. The Parties may by mutual agreement amend this LGIA by a written instrument duly executed by the Parties.

30.10 Modification by the Parties. The Parties may by mutual agreement amend the Appendices to this LGIA by a written instrument duly executed by the Parties. Such amendment shall become effective and a part of this LGIA upon satisfaction of all Applicable Laws and Regulations.

30.11 Reservation of Rights. Transmission Provider shall have the right to make a unilateral filing with FERC to modify this LGIA with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this LGIA pursuant to section 206 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any

such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this LGIA shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

30.12 No Partnership. This LGIA shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

IN WITNESS WHEREOF, the Parties have executed this LGIA in duplicate originals, each of which shall constitute and be an original effective Agreement between the Parties.

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

By: _____ By: _____

Title: _____ Title: _____

Date: _____ Date: _____

[Insert name of Interconnection Customer]

By: _____

Title: _____

Date: _____

Appendices: Interconnection Facilities, Network Upgrades and Distribution Upgrade

Appendices to LGIA

| | |
|-------------------|---|
| Appendix A | Interconnection Facilities, Network Upgrades, and Distribution Upgrades |
| Appendix B | Milestones |
| Appendix C | Interconnection Details |
| Appendix D | Security Arrangements Details |
| Appendix E | Commercial Operation Date |
| Appendix F | Addresses for Delivery of Notices and Billings |
| Appendix G | Interconnection Requirements for a Wind Generating Plant |

Appendix A: Interconnection Facilities, Network Upgrades and Distribution Upgrades

Appendix A to LGIA

Interconnection Facilities, Network Upgrades and Distribution Upgrades

1. Interconnection Facilities:

- (a) [insert Interconnection Customer's Interconnection Facilities]:**
- (b) [insert Transmission Provider's Interconnection Facilities]:**

2. Network Upgrades:

- (a) [insert Stand Alone Network Upgrades]:**
- (b) [insert Other Network Upgrades]:**

3. Distribution Upgrades:

Appendix B: Milestones

**Appendix B to LGIA
Milestones**

Appendix C: Interconnection Details

Appendix C to LGIA Interconnection Details

Appendix D: Security Arrangements Details

Appendix D to LGIA

Security Arrangements Details

Infrastructure security of Transmission System equipment and operations and control hardware and software is essential to ensure day-to-day Transmission System reliability and operational security. FERC will expect all entities, including Transmission Providers, market participants, and Interconnection Customers interconnected to the Transmission System to comply with the Reliability Standards promulgated by FERC and administered by the North American Electric Reliability Corporation (NERC) and associated Regional Reliability Organizations (RRO). In EPE's service territory, the RRO is the Western Electricity Coordinating Council (WECC).

Appendix E: Commercial Operation Date

Appendix E to LGIA Commercial Operation Date

This Appendix E is a part of the LGIA between Transmission Provider and Interconnection Customer.

[Date]

[Transmission Provider Address]

Re: _____ Large Generating Facility

Dear _____:

On **[Date]** **[Interconnection Customer]** has completed Trial Operation of Unit No. _____. This letter confirms that **[Interconnection Customer]** commenced Commercial Operation of Unit No. _____ at the Large Generating Facility, effective as of **[Date plus one day]**.

Thank you.

[Signature]

[Interconnection Customer Representative]

Appendix F: Addresses for Delivery of Notices and Billings

Appendix F to LGIA

Addresses for Delivery of Notices and Billings

Notices:

Transmission Provider:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

Billings and Payments:

Transmission Provider:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

Alternative Forms of Delivery of Notices (telephone, facsimile or email):

Transmission Provider:

[To be supplied.]

Interconnection Customer:

[To be supplied.]

Appendix G: Interconnection Requirements for a Wind Generating Plant

Appendix G to LGIA Interconnection Requirements for a Wind Generating Plant

Appendix G sets forth requirements and provisions specific to a wind generating plant. All other requirements of this LGIA continue to apply to wind generating plant interconnections.

A. Technical Standards Applicable to a Wind Generating Plant

i. Low Voltage Ride-Through (LVRT) Capability

A wind generating plant shall be able to remain online during voltage disturbances up to the time periods and associated voltage levels set forth in the standard below. The LVRT standard provides for a transition period standard and a post-transition period standard.

Transition Period LVRT Standard

The transition period standard applies to wind generating plants subject to FERC Order 661 that have either: (i) interconnection agreements signed and filed with the Commission, filed with the Commission in unexecuted form, or filed with the Commission as non-conforming agreements between January 1, 2006 and December 31, 2006, with a scheduled in-service date no later than December 31, 2007, or (ii) wind generating turbines subject to a wind turbine procurement contract executed prior to December 31, 2005, for delivery through 2007.

1. Wind generating plants are required to remain in-service during three-phase faults

with normal clearing (which is a time period of approximately 4 - 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to pre-fault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the transmission provider. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles at a voltage as low as 0.15 p.u., as measured at the high side of the wind generating plant step-up transformer (i.e. the transformer that steps the voltage up to the transmission interconnection voltage or “GSU”), after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system.

2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU or to faults that would result in a voltage lower than 0.15 per unit on the high side of the GSU serving the facility.
3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.
4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAr Compensator, etc.) within the wind generating plant or by a combination of generator performance and additional equipment.

5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the effective date of the Appendix G LVRT Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Appendix G LVRT Standard.

Post-transition Period LVRT Standard

All wind generating plants subject to FERC Order No. 661 and not covered by the transition period described above must meet the following requirements:

1. Wind generating plants are required to remain in-service during three-phase faults with normal clearing (which is a time period of approximately 4 - 9 cycles) and single line to ground faults with delayed clearing, and subsequent post-fault voltage recovery to prefault voltage unless clearing the fault effectively disconnects the generator from the system. The clearing time requirement for a three-phase fault will be specific to the wind generating plant substation location, as determined by and documented by the transmission provider. The maximum clearing time the wind generating plant shall be required to withstand for a three-phase fault shall be 9 cycles after which, if the fault remains following the location-specific normal clearing time for three-phase faults, the wind generating plant may disconnect from the transmission system. A wind generating plant shall remain interconnected during such a fault on the transmission system for a voltage level as low as zero volts, as measured at the high voltage side of the wind GSU.

2. This requirement does not apply to faults that would occur between the wind generator terminals and the high side of the GSU.
3. Wind generating plants may be tripped after the fault period if this action is intended as part of a special protection system.
4. Wind generating plants may meet the LVRT requirements of this standard by the performance of the generators or by installing additional equipment (e.g., Static VAr Compensator) within the wind generating plant or by a combination of generator performance and additional equipment.
5. Existing individual generator units that are, or have been, interconnected to the network at the same location at the effective date of the Appendix G LVRT Standard are exempt from meeting the Appendix G LVRT Standard for the remaining life of the existing generation equipment. Existing individual generator units that are replaced are required to meet the Appendix G LVRT Standard.

ii. Power Factor Design Criteria (Reactive Power)

The following reactive power requirements apply only to a newly interconnecting wind generating plant that has executed a Facilities Study Agreement as of the effective date of the Final Rule establishing the reactive power requirements for non-synchronous generators in section 9.6.1 of this LGIA (Order No. 827). A wind generating plant to which this provision applies shall maintain a power factor within the range of 0.95 leading to 0.95 lagging, measured at the Point of Interconnection as defined in this LGIA, if the Transmission Provider's System Impact Study shows that such a requirement is necessary to ensure safety or reliability. The power factor range standard can be met by

using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors if agreed to by the Transmission Provider, or a combination of the two. The Interconnection Customer shall not disable power factor equipment while the wind plant is in operation. Wind plants shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the System Impact Study shows this to be required for system safety or reliability.

iii. Supervisory Control and Data Acquisition (SCADA) Capability

The wind plant shall provide SCADA capability to transmit data and receive instructions from the Transmission Provider to protect system reliability. The Transmission Provider and the wind plant Interconnection Customer shall determine what SCADA information is essential for the proposed wind plant, taking into account the size of the plant and its characteristics, location, and importance in maintaining generation resource adequacy and transmission system reliability in its area.

Appendix 7 INTERCONNECTION PROCEDURES FOR A WIND GENERATING PLANT

APPENDIX 7 TO LGIP

INTERCONNECTION PROCEDURES FOR A WIND GENERATING PLANT

Appendix G sets forth procedures specific to a wind generating plant. All other requirements of this LGIP continue to apply to wind generating plant interconnections.

A. Special Procedures Applicable to Wind Generators

The wind plant Interconnection Customer, in completing the Interconnection Request required by section 3.3 of this LGIP, may provide to the Transmission Provider a set of preliminary electrical design specifications depicting the wind plant as a single equivalent generator. Upon satisfying these and other applicable Interconnection Request conditions, the wind plant may enter the queue and receive the base case data as provided for in this LGIP.

No later than six months after submitting an Interconnection Request completed in this manner, the wind plant Interconnection Customer must submit completed detailed electrical design specifications and other data (including collector system layout data) needed to allow the Transmission Provider to complete the System Impact study.

ATTACHMENT N
Small Generator Interconnection Procedures and Agreement

SMALL GENERATOR
INTERCONNECTION PROCEDURES (SGIP)

(For Generating Facilities No Larger Than 20 MW)

Notice to Prospective Applicants:

The interconnection of generating facilities to distribution facilities not subject to FERC jurisdiction are not subject to these procedures. The term “Distribution System” as used in the SGIP is limited to distribution facilities that are subject to FERC jurisdiction. See FERC Order No. 792 at P 247.

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Attachment 1 – Glossary of Terms

Attachment 2 – Small Generator Interconnection Request

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Attachment 4 – Certification of Small Generator Equipment Packages

Attachment 5 – Application, Procedures, and Terms and Conditions for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10 kW (“10 kW Inverter Process”)

Attachment 6 – Feasibility Study Agreement

Attachment 7 – System Impact Study Agreement

Attachment 8 – Facilities Study Agreement

Section 1 Application

1.1 Applicability

- 1.1.1 A request to interconnect a certified Small Generating Facility (See Attachments 3 and 4 for description of certification criteria) to the Transmission Provider's Distribution System shall be evaluated under the section 2 Fast Track Process if the eligibility requirements of section 2.1 are met. A request to interconnect a certified inverter-based Small Generating Facility no larger than 10 kilowatts (kW) shall be evaluated under the Attachment 5 10 kW Inverter Process. A request to interconnect a Small Generating Facility no larger than 20 megawatts (MW) that does not meet the eligibility requirements of section 2.1, or does not pass the Fast Track Process or the 10 kW Inverter Process, shall be evaluated under the section 3 Study Process. If the Interconnection Customer wishes to interconnect its Small Generating Facility using Network Resource Interconnection Service, it must do so under the Standard Large Generator Interconnection Procedures and execute the Standard Large Generator Interconnection Agreement.
- 1.1.2 Capitalized terms used herein shall have the meanings specified in the Glossary of Terms in Attachment 1 or the body of these procedures.
- 1.1.3 Neither these procedures nor the requirements included hereunder apply to Small Generating Facilities interconnected or approved for interconnection prior to 60 Business Days after the effective date of these procedures.
- 1.1.4 Prior to submitting its Interconnection Request (Attachment 2), the Interconnection Customer may ask the Transmission Provider's interconnection contact employee or office whether the proposed interconnection is subject to these procedures. The Transmission Provider shall respond within 15 Business Days.
- 1.1.5 Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. The Federal Energy Regulatory Commission expects all Transmission Providers, market participants, and Interconnection Customers interconnected with electric systems to comply with the recommendations offered by the President's Critical Infrastructure Protection Board and best practice recommendations from the electric reliability authority. All public utilities are expected to meet basic standards for electric system infrastructure and operational security, including physical, operational, and cyber-security practices.

1.1.6 References in these procedures to interconnection agreement are to the Small Generator Interconnection Agreement (SGIA).

1.2 Pre-Application

1.2.1 The Transmission Provider shall designate an employee or office from which information on the application process and on an Affected System can be obtained through informal requests from the Interconnection Customer presenting a proposed project for a specific site. The name, telephone number, and e-mail address of such contact employee or office shall be made available on the Transmission Provider's Internet web site. Electric system information provided to the Interconnection Customer should include relevant system studies, interconnection studies, and other materials useful to an understanding of an interconnection at a particular point on the Transmission Provider's Transmission System, to the extent such provision does not violate confidentiality provisions of prior agreements or critical infrastructure requirements. The Transmission Provider shall comply with reasonable requests for such information.

1.2.2 In addition to the information described in section 1.2.1, which may be provided in response to an informal request, an Interconnection Customer may submit a formal written request form along with a non-refundable fee of \$300 for a pre-application report on a proposed project at a specific site. The Transmission Provider shall provide the pre-application data described in section 1.2.3 to the Interconnection Customer within 20 Business Days of receipt of the completed request form and payment of the \$300 fee. The pre-application report produced by the Transmission Provider is non-binding, does not confer any rights, and the Interconnection Customer must still successfully apply to interconnect to the Transmission Provider's system. The written pre-application report request form shall include the information in sections 1.2.2.1 through 1.2.2.8 below to clearly and sufficiently identify the location of the proposed Point of Interconnection.

1.2.2.1 Project contact information, including name, address, phone number, and email address.

1.2.2.2 Project location (street address with nearby cross streets and town)

1.2.2.3 Meter number, pole number, or other equivalent information identifying proposed Point of Interconnection, if available.

- 1.2.2.4 Generator Type (e.g., solar, wind, combined heat and power, etc.)
- 1.2.2.5 Size (alternating current kW)
- 1.2.2.6 Single or three phase generator configuration
- 1.2.2.7 Stand-alone generator (no onsite load, not including station service – Yes or No?)
- 1.2.2.8 Is new service requested? Yes or No? If there is existing service, include the customer account number, site minimum and maximum current or proposed electric loads in kW (if available) and specify if the load is expected to change.

1.2.3. Using the information provided in the pre-application report request form in section 1.2.2, the Transmission Provider will identify the substation/area bus, bank or circuit likely to serve the proposed Point of Interconnection. This selection by the Transmission Provider does not necessarily indicate, after application of the screens and/or study, that this would be the circuit the project ultimately connects to. The Interconnection Customer must request additional pre-application reports if information about multiple Points of Interconnection is requested. Subject to section 1.2.4, the pre-application report will include the following information:

- 1.2.3.1 Total capacity (in MW) of substation/area bus, bank or circuit based on normal or operating ratings likely to serve the proposed Point of Interconnection.
- 1.2.3.2 Existing aggregate generation capacity (in MW) interconnected to a substation/area bus, bank or circuit (i.e., amount of generation online) likely to serve the proposed Point of Interconnection.
- 1.2.3.3 Aggregate queued generation capacity (in MW) for a substation/area bus, bank or circuit (i.e., amount of generation in the queue) likely to serve the proposed Point of Interconnection.
- 1.2.3.4 Available capacity (in MW) of substation/area bus or bank and circuit likely to serve the proposed Point of Interconnection (i.e., total capacity less the sum of existing

aggregate generation capacity and aggregate queued generation capacity).

- 1.2.3.5 Substation nominal distribution voltage and/or transmission nominal voltage if applicable.
 - 1.2.3.6 Nominal distribution circuit voltage at the proposed Point of Interconnection.
 - 1.2.3.7 Approximate circuit distance between the proposed Point of Interconnection and the substation.
 - 1.2.3.8 Relevant line section(s) actual or estimated peak load and minimum load data, including daytime minimum load as described in section 2.4.4.1.1 below and absolute minimum load, when available.
 - 1.2.3.9 Number and rating of protective devices and number and type (standard, bi-directional) of voltage regulating devices between the proposed Point of Interconnection and the substation/area. Identify whether the substation has a load tap changer.
 - 1.2.3.10 Number of phases available at the proposed Point of Interconnection. If a single phase, distance from the three-phase circuit.
 - 1.2.3.11 Limiting conductor ratings from the proposed Point of Interconnection to the distribution substation.
 - 1.2.3.12 Whether the Point of Interconnection is located on a spot network, grid network, or radial supply.
 - 1.2.3.13 Based on the proposed Point of Interconnection, existing or known constraints such as, but not limited to, electrical dependencies at that location, short circuit interrupting capacity issues, power quality or stability issues on the circuit, capacity constraints, or secondary networks.
- 1.2.4 The pre-application report need only include existing data. A pre-application report request does not obligate the Transmission Provider to conduct a study or other analysis of the proposed generator in the event that data is not readily available. If the Transmission Provider cannot

complete all or some of a pre-application report due to lack of available data, the Transmission Provider shall provide the Interconnection Customer with a pre-application report that includes the data that is available. The provision of information on “available capacity” pursuant to section 1.2.3.4 does not imply that an interconnection up to this level may be completed without impacts since there are many variables studied as part of the interconnection review process, and data provided in the pre-application report may become outdated at the time of the submission of the complete Interconnection Request. Notwithstanding any of the provisions of this section, the Transmission Provider shall, in good faith, include data in the pre-application report that represents the best available information at the time of reporting.

1.3 Interconnection Request

The Interconnection Customer shall submit its Interconnection Request to the Transmission Provider, together with the processing fee or deposit specified in the Interconnection Request. The Interconnection Request shall be date- and time-stamped upon receipt. The original date- and time-stamp applied to the Interconnection Request at the time of its original submission shall be accepted as the qualifying date- and time-stamp for the purposes of any timetable in these procedures. The Interconnection Customer shall be notified of receipt by the Transmission Provider within three Business Days of receiving the Interconnection Request. The Transmission Provider shall notify the Interconnection Customer within ten Business Days of the receipt of the Interconnection Request as to whether the Interconnection Request is complete or incomplete. If the Interconnection Request is incomplete, the Transmission Provider shall provide along with the notice that the Interconnection Request is incomplete, a written list detailing all information that must be provided to complete the Interconnection Request. The Interconnection Customer will have ten Business Days after receipt of the notice to submit the listed information or to request an extension of time to provide such information. If the Interconnection Customer does not provide the listed information or a request for an extension of time within the deadline, the Interconnection Request will be deemed withdrawn. An Interconnection Request will be deemed complete upon submission of the listed information to the Transmission Provider.

1.4 Modification of the Interconnection Request

Any modification to machine data or equipment configuration or to the interconnection site of the Small Generating Facility not agreed to in writing by

the Transmission Provider and the Interconnection Customer may be deemed a withdrawal of the Interconnection Request and may require submission of a new Interconnection Request, unless proper notification of each Party by the other and a reasonable time to cure the problems created by the changes are undertaken.

1.5 Site Control

Documentation of site control must be submitted with the Interconnection Request. Site control may be demonstrated through:

1.5.1 Ownership of, a leasehold interest in, or a right to develop a site for the purpose of constructing the Small Generating Facility;

1.5.2 An option to purchase or acquire a leasehold site for such purpose; or

1.5.3 An exclusivity or other business relationship between the Interconnection Customer and the entity having the right to sell, lease, or grant the Interconnection Customer the right to possess or occupy a site for such purpose.

1.6 Queue Position

The Transmission Provider shall assign a Queue Position based upon the date- and time-stamp of the Interconnection Request. The Queue Position of each Interconnection Request will be used to determine the cost responsibility for the Upgrades necessary to accommodate the interconnection. The Transmission Provider shall maintain a single queue per geographic region. At the Transmission Provider's option, Interconnection Requests may be studied serially or in clusters for the purpose of the system impact study.

1.7 Interconnection Requests Submitted Prior to the Effective Date of the SGIP

Nothing in this SGIP affects an Interconnection Customer's Queue Position assigned before the effective date of this SGIP. The Parties agree to complete work on any interconnection study agreement executed prior the effective date of this SGIP in accordance with the terms and conditions of that interconnection study agreement. Any new studies or other additional work will be completed pursuant to this SGIP.

Section 2 Fast Track Process

2.1 Applicability

The Fast Track Process is available to an Interconnection Customer proposing to interconnect its Small Generating Facility with the Transmission Provider's Distribution System if the Small Generating Facility's capacity does not exceed the size limits identified in the table below. Small Generating Facilities below

these limits are eligible for Fast Track review. However, Fast Track eligibility is distinct from the Fast Track Process itself, and eligibility does not imply or indicate that a Small Generating Facility will pass the Fast Track screens in section 2.2.1 below or the Supplemental Review screens in section 2.4.4 below.

Fast Track eligibility is determined based upon the generator type, the size of the generator, voltage of the line and the location of and the type of line at the Point of Interconnection. All Small Generating Facilities connecting to lines greater than 69 kilovolt (kV) are ineligible for the Fast Track Process regardless of size. All synchronous and induction machines must be no larger than 2 MW to be eligible for the Fast Track Process, regardless of location. For certified inverter-based systems, the size limit varies according to the voltage of the line at the proposed Point of Interconnection. Certified inverter-based Small Generating Facilities located within 2.5 electrical circuit miles of a substation and on a mainline (as defined in the table below) are eligible for the Fast Track Process under the higher thresholds according to the table below. In addition to the size threshold, the Interconnection Customer's proposed Small Generating Facility must meet the codes, standards, and certification requirements of Attachments 3 and 4 of these procedures, or the Transmission Provider has to have reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate.

| Fast Track Eligibility for Inverter-Based Systems | | |
|---|---|--|
| Line Voltage | Fast Track Eligibility Regardless of Location | Fast Track Eligibility on a Mainline [1] and ≤ 2.5 Electrical Circuit Miles from Substation [2] |
| < 5 kV | ≤ 500 kW | ≤ 500 kW |
| ≥ 5 kV and < 15 kV | ≤ 2 MW | ≤ 3 MW |
| ≥ 15 kV and < 30 kV | ≤ 3 MW | ≤ 4 MW |
| ≥ 30 kV and ≤ 69 kV | ≤ 4 MW | ≤ 5 MW |

[1] For purposes of this table, a mainline is the three-phase backbone of a circuit. It will typically constitute lines with wire sizes of 4/0 American wire gauge, 336.4 kcmil, 397.5 kcmil, 477 kcmil and 795 kcmil.

[2] An Interconnection Customer can determine this information about its proposed interconnection location in advance by requesting a pre-application report pursuant to section 1.2.

2.2 Initial Review

Within 15 Business Days after the Transmission Provider notifies the Interconnection Customer it has received a complete Interconnection Request, the Transmission Provider shall perform an initial review using the screens set forth

below, shall notify the Interconnection Customer of the results, and include with the notification copies of the analysis and data underlying the Transmission Provider's determinations under the screens.

2.2.1 Screens

- 2.2.1.1 The proposed Small Generating Facility's Point of Interconnection must be on a portion of the Transmission Provider's Distribution System that is subject to the Tariff.
- 2.2.1.2 For interconnection of a proposed Small Generating Facility to a radial distribution circuit, the aggregated generation, including the proposed Small Generating Facility, on the circuit shall not exceed 15 % of the line section annual peak load as most recently measured at the substation. A line section is that portion of a Transmission Provider's electric system connected to a customer bounded by automatic sectionalizing devices or the end of the distribution line.
- 2.2.1.3 For interconnection of a proposed Small Generating Facility to the load side of spot network protectors, the proposed Small Generating Facility must utilize an inverter-based equipment package and, together with the aggregated other inverter-based generation, shall not exceed the smaller of 5 % of a spot network's maximum load or 50 kW[1].
- [1] A spot Network is a type of distribution system found within modern commercial buildings to provide high reliability of service to a single customer. (Standard Handbook for Electrical Engineers, 11th edition, Donald Fink, McGraw Hill Book Company)
- 2.2.1.4 The proposed Small Generating Facility, in aggregation with other generation on the distribution circuit, shall not contribute more than 10 % to the distribution circuit's maximum fault current at the point on the high voltage (primary) level nearest the proposed point of change of ownership.
- 2.2.1.5 The proposed Small Generating Facility, in aggregate with other generation on the distribution circuit, shall not cause any distribution protective devices and equipment (including, but not limited to, substation breakers, fuse cutouts, and line

reclosers), or Interconnection Customer equipment on the system to exceed 87.5 % of the short circuit interrupting capability; nor shall the interconnection be proposed for a circuit that already exceeds 87.5 % of the short circuit interrupting capability.

2.2.1.6 Using the table below, determine the type of interconnection to a primary distribution line. This screen includes a review of the type of electrical service provided to the Interconnecting Customer, including line configuration and the transformer connection to limit the potential for creating over-voltages on the Transmission Provider's electric power system due to a loss of ground during the operating time of any anti-islanding function.

| Primary Distribution Line Type | Type of Interconnection to Primary Distribution Line | Result/Criteria |
|---------------------------------------|---|------------------------|
| Three-phase, three wire | 3-phase or single phase, phase-to-phase | Pass screen |
| Three-phase, four wire | Effectively-grounded 3 phase or Single-phase, line-to-neutral | Pass screen |

2.2.1.7 If the proposed Small Generating Facility is to be interconnected on single-phase shared secondary, the aggregate generation capacity on the shared secondary, including the proposed Small Generating Facility, shall not exceed 20 kW.

2.2.1.8 If the proposed Small Generating Facility is single-phase and is to be interconnected on a center tap neutral of a 240 volt service, its addition shall not create an imbalance between the two sides of the 240 volt service of more than 20 % of the nameplate rating of the service transformer.

2.2.1.9 The Small Generating Facility, in aggregate with other generation interconnected to the transmission side of a substation transformer feeding the circuit where the Small Generating Facility proposes to interconnect shall not exceed

10 MW in an area where there are known, or posted, transient stability limitations to generating units located in the general electrical vicinity (e.g., three or four transmission busses from the point of interconnection).

2.2.1.10 No construction of facilities by the Transmission Provider on its own system shall be required to accommodate the Small Generating Facility.

2.2.2 If the proposed interconnection passes the screens, the Interconnection Request shall be approved and the Transmission Provider will provide the Interconnection Customer an executable interconnection agreement within five Business Days after the determination.

2.2.3 If the proposed interconnection fails the screens, but the Transmission Provider determines that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards, the Transmission Provider shall provide the Interconnection Customer an executable interconnection agreement within five Business Days after the determination.

2.2.4 If the proposed interconnection fails the screens, and the Transmission Provider does not or cannot determine from the initial review that the Small Generating Facility may nevertheless be interconnected consistent with safety, reliability, and power quality standards unless the Interconnection Customer is willing to consider minor modifications or further study, the Transmission Provider shall provide the Interconnection Customer with the opportunity to attend a customer options meeting.

2.3 Customer Options Meeting

If the Transmission Provider determines the Interconnection Request cannot be approved without (1) minor modifications at minimal cost, (2) a supplemental study or other additional studies or actions, or (3) incurring significant cost to address safety, reliability, or power quality problems, the Transmission Provider shall notify the Interconnection Customer of that determination within five Business Days after the determination and provide copies of all data and analyses underlying its conclusion. Within ten Business Days of the Transmission Provider's determination, the Transmission Provider shall offer to convene a customer options meeting with the Transmission Provider to review possible Interconnection Customer facility modifications or the screen analysis and related results, to determine what further steps are needed to permit the Small Generating Facility to be connected safely and reliably. At the time of notification of the

Transmission Provider's determination, or at the customer options meeting, the Transmission Provider shall:

- 2.3.1 Offer to perform facility modifications or minor modifications to the Transmission Provider's electric system(e.g., changing meters, fuses, relay settings) and provide a non-binding good faith estimate of the limited cost to make such modifications to the Transmission Provider's electric system. If the Interconnection Customer agrees to pay for the modifications to the Transmission Provider's electric system, the Transmission Provider will provide the Interconnection Customer with an executable interconnection agreement within ten Business Days of the customer options meeting; or
- 2.3.2 Offer to perform a supplemental review in accordance with section 2.4 and provide a non-binding good faith estimate of the costs of such review; or
- 2.3.3 Obtain the Interconnection Customer's agreement to continue evaluating the Interconnection Request under the section 3 Study Process.

2.4 Supplemental Review

- 2.4.1 To accept the offer of a supplemental review, the Interconnection Customer shall agree in writing and submit a deposit for the estimated costs of the supplemental review in the amount of the Transmission Provider's good faith estimate of the costs of such review, both within 15 Business Days of the offer. If the written agreement and deposit have not been received by the Transmission Provider within that timeframe, the Interconnection Request shall continue to be evaluated under the section 3 Study Process unless it is withdrawn by the Interconnection Customer.
- 2.4.2 The Interconnection Customer may specify the order in which the Transmission Provider will complete the screens in section 2.4.4.
- 2.4.3 The Interconnection Customer shall be responsible for the Transmission Provider's actual costs for conducting the supplemental review. The Interconnection Customer must pay any review costs that exceed the deposit within 20 Business Days of receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced costs, the Transmission Provider will return such excess within 20 Business Days of the invoice without interest.
- 2.4.4 Within 30 Business Days following receipt of the deposit for a supplemental review, the Transmission Provider shall (1) perform a supplemental review using the screens set forth below; (2) notify in writing the Interconnection Customer of the results; and (3) include with the

notification copies of the analysis and data underlying the Transmission Provider's determinations under the screens. Unless the Interconnection Customer provided instructions for how to respond to the failure of any of the supplemental review screens below at the time the Interconnection Customer accepted the offer of supplemental review, the Transmission Provider shall notify the Interconnection Customer following the failure of any of the screens, or if it is unable to perform the screen in section 2.4.4.1, within two Business Days of making such determination to obtain the Interconnection Customer's permission to: (1) continue evaluating the proposed interconnection under this section 2.4.4; (2) terminate the supplemental review and continue evaluating the Small Generating Facility under section 3; or (3) terminate the supplemental review upon withdrawal of the Interconnection Request by the Interconnection Customer.

2.4.4.1 Minimum Load Screen: Where 12 months of line section minimum load data (including onsite load but not station service load served by the proposed Small Generating Facility) are available, can be calculated, can be estimated from existing data, or determined from a power flow model, the aggregate Generating Facility capacity on the line section is less than 100% of the minimum load for all line sections bounded by automatic sectionalizing devices upstream of the proposed Small Generating Facility. If minimum load data is not available, or cannot be calculated, estimated or determined, the Transmission Provider shall include the reason(s) that it is unable to calculate, estimate or determine minimum load in its supplemental review results notification under section 2.4.4.

2.4.4.1.1 The type of generation used by the proposed Small Generating Facility will be taken into account when calculating, estimating, or determining circuit or line section minimum load relevant for the application of screen 2.4.4.1. Solar photovoltaic (PV) generation systems with no battery storage use daytime minimum load (i.e. 10 a.m. to 4 p.m. for fixed panel systems and 8 a.m. to 6 p.m. for PV systems utilizing tracking systems), while all other generation uses absolute minimum load.

2.4.4.1.2 When this screen is being applied to a Small Generating Facility that serves some station

service load, only the net injection into the Transmission Provider's electric system will be considered as part of the aggregate generation.

2.4. 4.1.3 Transmission Provider will not consider as part of the aggregate generation for purposes of this screen generating facility capacity known to be already reflected in the minimum load data.

2.4.4.2 Voltage and Power Quality Screen: In aggregate with existing generation on the line section: (1) the voltage regulation on the line section can be maintained in compliance with relevant requirements under all system conditions; (2) the voltage fluctuation is within acceptable limits as defined by Institute of Electrical and Electronics Engineers (IEEE) Standard 1453, or utility practice similar to IEEE Standard 1453; and (3) the harmonic levels meet IEEE Standard 519 limits.

2.4.4.3 Safety and Reliability Screen: The location of the proposed Small Generating Facility and the aggregate generation capacity on the line section do not create impacts to safety or reliability that cannot be adequately addressed without application of the Study Process. The Transmission Provider shall give due consideration to the following and other factors in determining potential impacts to safety and reliability in applying this screen.

2.4.4.3.1 Whether the line section has significant minimum loading levels dominated by a small number of customers (e.g., several large commercial customers).

2.4.4.3.2 Whether the loading along the line section is uniform or even.

2.4.4.3.3 Whether the proposed Small Generating Facility is located in close proximity to the substation (i.e., less than 2.5 electrical circuit miles), and whether the line section from the substation to the Point of Interconnection is a Mainline rated for normal and emergency ampacity.

- 2.4.4.3.4 Whether the proposed Small Generating Facility incorporates a time delay function to prevent reconnection of the generator to the system until system voltage and frequency are within normal limits for a prescribed time.
 - 2.4.4.3.5 Whether operational flexibility is reduced by the proposed Small Generating Facility, such that transfer of the line section(s) of the Small Generating Facility to a neighboring distribution circuit/substation may trigger overloads or voltage issues.
 - 2.4.4.3.6 Whether the proposed Small Generating Facility employs equipment or systems certified by a recognized standards organization to address technical issues such as, but not limited to, islanding, reverse power flow, or voltage quality.
- 2.4.5 If the proposed interconnection passes the supplemental screens in sections 2.4.4.1, 2.4.4.2, and 2.4.4.3 above, the Interconnection Request shall be approved and the Transmission Provider will provide the Interconnection Customer with an executable interconnection agreement within the timeframes established in sections 2.4.5.1 and 2.4.5.2 below. If the proposed interconnection fails any of the supplemental review screens and the Interconnection Customer does not withdraw its Interconnection Request, it shall continue to be evaluated under the section 3 Study Process consistent with section 2.4.5.3 below.
- 2.4.5.1 If the proposed interconnection passes the supplemental screens in sections 2.4.4.1, 2.4.4.2, and 2.4.4.3 above and does not require construction of facilities by the Transmission Provider on its own system, the interconnection agreement shall be provided within ten Business Days after the notification of the supplemental review results.
 - 2.4.5.2 If interconnection facilities or minor modifications to the Transmission Provider's system are required for the proposed interconnection to pass the supplemental screens in sections 2.4.4.1, 2.4.4.2, and 2.4.4.3 above, and the Interconnection Customer agrees to pay for the modifications to the

Transmission Provider's electric system, the interconnection agreement, along with a non-binding good faith estimate for the interconnection facilities and/or minor modifications, shall be provided to the Interconnection Customer within 15 Business Days after receiving written notification of the supplemental review results.

- 2.4.5.3 If the proposed interconnection would require more than interconnection facilities or minor modifications to the Transmission Provider's system to pass the supplemental screens in sections 2.4.4.1, 2.4.4.2, and 2.4.4.3 above, the Transmission Provider shall notify the Interconnection Customer, at the same time it notifies the Interconnection Customer with the supplemental review results, that the Interconnection Request shall be evaluated under the section 3 Study Process unless the Interconnection Customer withdraws its Small Generating Facility.

Section 3 Study Process

3.1 Applicability

The Study Process shall be used by an Interconnection Customer proposing to interconnect its Small Generating Facility with the Transmission Provider's Transmission System or Distribution System if the Small Generating Facility (1) is larger than 2 MW but no larger than 20 MW, (2) is not certified, or (3) is certified but did not pass the Fast Track Process or the 10 kW Inverter Process.

3.2 Scoping Meeting

3.2.1 A scoping meeting will be held within ten Business Days after the Interconnection Request is deemed complete, or as otherwise mutually agreed to by the Parties. The Transmission Provider and the Interconnection Customer will bring to the meeting personnel, including system engineers and other resources as may be reasonably required to accomplish the purpose of the meeting.

3.2.2 The purpose of the scoping meeting is to discuss the Interconnection Request and review existing studies relevant to the Interconnection Request. The Parties shall further discuss whether the Transmission Provider should perform a feasibility study or proceed directly to a system impact study, or a facilities study, or an interconnection agreement. If the Parties agree that a feasibility study should be performed, the Transmission Provider shall provide the Interconnection Customer, as soon as possible,

but not later than five Business Days after the scoping meeting, a feasibility study agreement (Attachment 6) including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.

- 3.2.3 The scoping meeting may be omitted by mutual agreement. In order to remain in consideration for interconnection, an Interconnection Customer who has requested a feasibility study must return the executed feasibility study agreement within 15 Business Days. If the Parties agree not to perform a feasibility study, the Transmission Provider shall provide the Interconnection Customer, no later than five Business Days after the scoping meeting, a system impact study agreement (Attachment 7) including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study.

3.3 Feasibility Study

- 3.3.1 The feasibility study shall identify any potential adverse system impacts that would result from the interconnection of the Small Generating Facility.
- 3.3.2 A deposit of the lesser of 50 percent of the good faith estimated feasibility study costs or earnest money of \$1,000 may be required from the Interconnection Customer.
- 3.3.3 The scope of and cost responsibilities for the feasibility study are described in the attached feasibility study agreement (Attachment 6).
- 3.3.4 If the feasibility study shows no potential for adverse system impacts, the Transmission Provider shall send the Interconnection Customer a facilities study agreement, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study. If no additional facilities are required, the Transmission Provider shall send the Interconnection Customer an executable interconnection agreement within five Business Days.
- 3.3.5 If the feasibility study shows the potential for adverse system impacts, the review process shall proceed to the appropriate system impact study(s).

3.4 System Impact Study

- 3.4.1 A system impact study shall identify and detail the electric system impacts that would result if the proposed Small Generating Facility were interconnected without project modifications or electric system

modifications, focusing on the adverse system impacts identified in the feasibility study, or to study potential impacts, including but not limited to those identified in the scoping meeting. A system impact study shall evaluate the impact of the proposed interconnection on the reliability of the electric system.

- 3.4.2 If no transmission system impact study is required, but potential electric power Distribution System adverse system impacts are identified in the scoping meeting or shown in the feasibility study, a distribution system impact study must be performed. The Transmission Provider shall send the Interconnection Customer a distribution system impact study agreement within 15 Business Days of transmittal of the feasibility study report, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, or following the scoping meeting if no feasibility study is to be performed.
- 3.4.3 In instances where the feasibility study or the distribution system impact study shows potential for transmission system adverse system impacts, within five Business Days following transmittal of the feasibility study report, the Transmission Provider shall send the Interconnection Customer a transmission system impact study agreement, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, if such a study is required.
- 3.4.4 If a transmission system impact study is not required, but electric power Distribution System adverse system impacts are shown by the feasibility study to be possible and no distribution system impact study has been conducted, the Transmission Provider shall send the Interconnection Customer a distribution system impact study agreement.
- 3.4.5 If the feasibility study shows no potential for transmission system or Distribution System adverse system impacts, the Transmission Provider shall send the Interconnection Customer either a facilities study agreement (Attachment 8), including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the study, or an executable interconnection agreement, as applicable.
- 3.4.6 In order to remain under consideration for interconnection, the Interconnection Customer must return executed system impact study agreements, if applicable, within 30 Business Days.
- 3.4.7 A deposit of the good faith estimated costs for each system impact study may be required from the Interconnection Customer.

- 3.4.8 The scope of and cost responsibilities for a system impact study are described in the attached system impact study agreement.
- 3.4.9 Where transmission systems and Distribution Systems have separate owners, such as is the case with transmission-dependent utilities ("TDUs") – whether investor-owned or not – the Interconnection Customer may apply to the nearest Transmission Provider (Transmission Owner, Regional Transmission Operator, or Independent Transmission Provider) providing transmission service to the TDU to request project coordination. Affected Systems shall participate in the study and provide all information necessary to prepare the study.

3.5 Facilities Study

- 3.5.1 Once the required system impact study(s) is completed, a system impact study report shall be prepared and transmitted to the Interconnection Customer along with a facilities study agreement within five Business Days, including an outline of the scope of the study and a non-binding good faith estimate of the cost to perform the facilities study. In the case where one or both impact studies are determined to be unnecessary, a notice of the fact shall be transmitted to the Interconnection Customer within the same timeframe.
- 3.5.2 In order to remain under consideration for interconnection, or, as appropriate, in the Transmission Provider's interconnection queue, the Interconnection Customer must return the executed facilities study agreement or a request for an extension of time within 30 Business Days.
- 3.5.3 The facilities study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the system impact study(s).
- 3.5.4 Design for any required Interconnection Facilities and/or Upgrades shall be performed under the facilities study agreement. The Transmission Provider may contract with consultants to perform activities required under the facilities study agreement. The Interconnection Customer and the Transmission Provider may agree to allow the Interconnection Customer to separately arrange for the design of some of the Interconnection Facilities. In such cases, facilities design will be reviewed and/or modified prior to acceptance by the Transmission Provider, under the provisions of the facilities study agreement. If the Parties agree to separately arrange for design and construction, and provided security and confidentiality

requirements can be met, the Transmission Provider shall make sufficient information available to the Interconnection Customer in accordance with confidentiality and critical infrastructure requirements to permit the Interconnection Customer to obtain an independent design and cost estimate for any necessary facilities.

- 3.5.5 A deposit of the good faith estimated costs for the facilities study may be required from the Interconnection Customer.
- 3.5.6 The scope of and cost responsibilities for the facilities study are described in the attached facilities study agreement.
- 3.5.7 Upon completion of the facilities study, and with the agreement of the Interconnection Customer to pay for Interconnection Facilities and Upgrades identified in the facilities study, the Transmission Provider shall provide the Interconnection Customer an executable interconnection agreement within five Business Days.

Section 4 Provisions that Apply to All Interconnection Requests

4.1 Reasonable Efforts

The Transmission Provider shall make reasonable efforts to meet all time frames provided in these procedures unless the Transmission Provider and the Interconnection Customer agree to a different schedule. If the Transmission Provider cannot meet a deadline provided herein, it shall notify the Interconnection Customer, explain the reason for the failure to meet the deadline, and provide an estimated time by which it will complete the applicable interconnection procedure in the process.

4.2 Disputes

- 4.2.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.
- 4.2.2 In the event of a dispute, either Party shall provide the other Party with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.
- 4.2.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, either Party may contact FERC's Dispute Resolution Service (DRS) for assistance in resolving the dispute.

4.2.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.

4.2.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-half of any costs paid to neutral third-parties.

4.2.6 If neither Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then either Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of these procedures.

4.3 Interconnection Metering

Any metering necessitated by the use of the Small Generating Facility shall be installed at the Interconnection Customer's expense in accordance with Federal Energy Regulatory Commission, state, or local regulatory requirements or the Transmission Provider's specifications.

4.4 Commissioning

Commissioning tests of the Interconnection Customer's installed equipment shall be performed pursuant to applicable codes and standards. The Transmission Provider must be given at least five Business Days written notice, or as otherwise mutually agreed to by the Parties, of the tests and may be present to witness the commissioning tests.

4.5 Confidentiality

4.5.1 Confidential information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential." For purposes of these procedures all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed confidential information regardless of whether it is clearly marked or otherwise designated as such.

4.5.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce these procedures. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public

without the prior written authorization from the Party providing that information, except to fulfill obligations under these procedures, or to fulfill legal or regulatory requirements.

4.5.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.

4.5.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.

4.5.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if FERC, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to these procedures, the Party shall provide the requested information to FERC, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR § 388.112, request that the information be treated as confidential and non-public by FERC and that the information be withheld from public disclosure. Parties are prohibited from notifying the other Party prior to the release of the Confidential Information to FERC. The Party shall notify the other Party when it is notified by FERC that a request to release Confidential Information has been received by FERC, at which time either of the Parties may respond before such information would be made public, pursuant to 18 CFR § 388.112. Requests from a state regulatory body conducting a confidential investigation shall be treated in a similar manner if consistent with the applicable state rules and regulations.

4.6 Comparability

The Transmission Provider shall receive, process and analyze all Interconnection Requests in a timely manner as set forth in this document. The Transmission Provider shall use the same reasonable efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Small Generating Facility is owned or operated by the Transmission Provider, its subsidiaries or affiliates, or others.

4.7 Record Retention

The Transmission Provider shall maintain for three years records, subject to audit, of all Interconnection Requests received under these procedures, the times required to complete Interconnection Request approvals and disapprovals, and justification for the actions taken on the Interconnection Requests.

4.8 Interconnection Agreement

After receiving an interconnection agreement from the Transmission Provider, the Interconnection Customer shall have 30 Business Days or another mutually agreeable timeframe to sign and return the interconnection agreement, or request that the Transmission Provider file an unexecuted interconnection agreement with the Federal Energy Regulatory Commission. If the Interconnection Customer does not sign the interconnection agreement, or ask that it be filed unexecuted by the Transmission Provider within 30 Business Days, the Interconnection Request shall be deemed withdrawn. After the interconnection agreement is signed by the Parties, the interconnection of the Small Generating Facility shall proceed under the provisions of the interconnection agreement.

4.9 Coordination with Affected Systems

The Transmission Provider shall coordinate the conduct of any studies required to determine the impact of the Interconnection Request on Affected Systems with Affected System operators and, if possible, include those results (if available) in its applicable interconnection study within the time frame specified in these procedures. The Transmission Provider will include such Affected System operators in all meetings held with the Interconnection Customer as required by these procedures. The Interconnection Customer will cooperate with the Transmission Provider in all matters related to the conduct of studies and the determination of modifications to Affected Systems. A Transmission Provider which may be an Affected System shall cooperate with the Transmission Provider with whom interconnection has been requested in all matters related to the conduct of studies and the determination of modifications to Affected Systems.

4.10 Capacity of the Small Generating Facility

4.10.1 If the Interconnection Request is for an increase in capacity for an existing Small Generating Facility, the Interconnection Request shall be evaluated on the basis of the new total capacity of the Small Generating Facility.

4.10.2 If the Interconnection Request is for a Small Generating Facility that includes multiple energy production devices at a site for which the Interconnection Customer seeks a single Point of Interconnection, the Interconnection Request shall be evaluated on the basis of the aggregate capacity of the multiple devices.

4.10.3 The Interconnection Request shall be evaluated using the maximum capacity that the Small Generating Facility is capable of injecting into the Transmission Provider's electric system. However, if the maximum capacity that the Small Generating Facility is capable of injecting into the Transmission Provider's electric system is limited (e.g., through use of a control system, power relay(s), or other similar device settings or adjustments), then the Interconnection Customer must obtain the Transmission Provider's agreement, with such agreement not to be unreasonably withheld, that the manner in which the Interconnection Customer proposes to implement such a limit will not adversely affect the safety and reliability of the Transmission Provider's system. If the Transmission Provider does not so agree, then the Interconnection Request must be withdrawn or revised to specify the maximum capacity that the Small Generating Facility is capable of injecting into the Transmission Provider's electric system without such limitations. Furthermore, nothing in this section shall prevent a Transmission Provider from considering an output higher than the limited output, if appropriate, when evaluating system protection impacts.

Attachment 1 Glossary of Terms

10 kW Inverter Process – The procedure for evaluating an Interconnection Request for a certified inverter-based Small Generating Facility no larger than 10 kW that uses the section 2 screens. The application process uses an all-in-one document that includes a simplified Interconnection Request, simplified procedures, and a brief set of terms and conditions. See SGIP Attachment 5.

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

Business Day – Monday through Friday, excluding Federal Holidays.

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

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

Fast Track Process – The procedure for evaluating an Interconnection Request for a certified Small Generating Facility that meets the eligibility requirements of section 2.1 and includes the section 2 screens, customer options meeting, and optional supplemental review.

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

Interconnection Customer – Any entity, including the Transmission Provider, the Transmission Owner or any of the affiliates or subsidiaries of either, that proposes to

interconnect its Small Generating Facility with the Transmission Provider's Transmission System.

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

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

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

Network 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.

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

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

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

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

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

Small Generating Facility – The Interconnection Customer's device for the production and/or storage for later injection of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Study Process – The procedure for evaluating an Interconnection Request that includes the section 3 scoping meeting, feasibility study, system impact study, and facilities study.

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

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

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

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

**Attachment 2
SMALL GENERATOR INTERCONNECTION REQUEST**

(Application Form)

Transmission Provider: _____

Designated Contact Person: _____

Address: _____

Telephone Number: _____

Fax: _____

E-Mail Address: _____

An Interconnection Request is considered complete when it provides all applicable and correct information required below. Per SGIP section 1.5, documentation of site control must be submitted with the Interconnection Request.

Preamble and Instructions

An Interconnection Customer who requests a Federal Energy Regulatory Commission jurisdictional interconnection must submit this Interconnection Request by hand delivery, mail, e-mail, or fax to the Transmission Provider.

Processing Fee or Deposit:

If the Interconnection Request is submitted under the Fast Track Process, the non-refundable processing fee is \$500.

If the Interconnection Request is submitted under the Study Process, whether a new submission or an Interconnection Request that did not pass the Fast Track Process, the Interconnection Customer shall submit to the Transmission Provider a deposit not to exceed \$1,000 towards the cost of the feasibility study.

Interconnection Customer Information

Legal Name of the Interconnection Customer (or, if an individual, individual's name)

Name: _____

Contact Person: _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

Facility Location (if different from above): _____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Alternative Contact Information (if different from the Interconnection Customer)

Contact Name: _____

Title: _____

Address: _____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Application is for: _____ New Small Generating Facility
_____ Capacity addition to Existing Small Generating Facility

If capacity addition to existing facility, please describe: _____

Will the Small Generating Facility be used for any of the following?

Net Metering? Yes ___ No ___

To Supply Power to the Interconnection Customer? Yes ___ No ___

To Supply Power to Others? Yes ___ No ___

For installations at locations with existing electric service to which the proposed Small Generating Facility will interconnect, provide:

(Local Electric Service Provider*)
Account Number*)

(Existing

[*To be provided by the Interconnection Customer if the local electric service provider is different from the Transmission Provider]

Contact Name: _____

Title: _____

Address: _____

Telephone (Day): _____ Telephone (Evening): _____

Fax: _____ E-Mail Address: _____

Requested Point of Interconnection: _____

Interconnection Customer's Requested In-Service Date: _____

Small Generating Facility Information

Data apply only to the Small Generating Facility, not the Interconnection Facilities.

Energy Source: ___ Solar ___ Wind ___ Hydro ___ Hydro Type (e.g.

Run-of-River): _____

___ Diesel ___ Natural Gas ___ Fuel Oil ___ Other (state type)

Prime Mover: ___ Fuel Cell ___ Recip Engine ___ Gas Turb ___ Steam Tu
___ Microturbine ___ PV ___ Other

Type of Generator: ___ Synchronous ___ Induction ___ Inverter

Generator Nameplate Rating: _____ kW (Typical) Generator Nameplate kVAR:

Interconnection Customer or Customer-Site Load: _____ kW (if none, so state)

Typical Reactive Load (if known): _____

Maximum Physical Export Capability Requested: _____ kW

List components of the Small Generating Facility equipment package that are currently certified:

| Equipment Type | Certifying Entity |
|----------------|-------------------|
| 1. _____ | _____ |
| 2. _____ | _____ |
| 3. _____ | _____ |
| 4. _____ | _____ |
| 5. _____ | _____ |

Is the prime mover compatible with the certified protective relay package? ___ Yes ___ No

Generator (or solar collector)

Manufacturer, Model Name & Number: _____
Version Number: _____

Nameplate Output Power Rating in kW: (Summer) _____ (Winter) _____

Nameplate Output Power Rating in kVA: (Summer) _____ (Winter) _____

Individual Generator Power Factor

Rated Power Factor: Leading: _____ Lagging: _____

Total Number of Generators in wind farm to be interconnected pursuant to this
Interconnection Request: _____ Elevation: _____ ___ Single phase ___ Three
phase

Inverter Manufacturer, Model Name & Number (if used): _____

List of adjustable set points for the protective equipment or software: _____

Primary frequency response operating range for electric storage resources:

Minimum State of Charge: _____

Maximum State of Charge: _____

Note: A completed Power Systems Load Flow data sheet must be supplied with the
Interconnection Request.

Small Generating Facility Characteristic Data (for inverter-based machines)

Max design fault contribution current: _____ Instantaneous _____ or RMS? _

Harmonics Characteristics: _____

Start-up requirements: _____

Small Generating Facility Characteristic Data (for rotating machines)

RPM Frequency: _____

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

Synchronous Generators:

Direct Axis Synchronous Reactance, X_d : _____ P.U.

Direct Axis Transient Reactance, X'_d : _____ P.U.

Direct Axis Subtransient Reactance, X''_d : _____ P.U.

Negative Sequence Reactance, X_2 : _____ P.U.

Zero Sequence Reactance, X_0 : _____ P.U.

KVA Base: _____

Field Volts: _____

Field Amperes: _____

Induction Generators:

Motoring Power (kW): _____

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

Rotor Resistance, R_r : _____

Stator Resistance, R_s : _____

Stator Reactance, X_s : _____

Rotor Reactance, X_r : _____

Magnetizing Reactance, X_m : _____

Short Circuit Reactance, X_d'' : _____

Exciting Current: _____

Temperature Rise: _____

Frame Size: _____

Design Letter: _____

Reactive Power Required In Vars (No Load): _____

Reactive Power Required In Vars (Full Load): _____

Total Rotating Inertia, H: _____ Per Unit on kVA Base

Note: Please contact the Transmission Provider prior to submitting the Interconnection Request to determine if the specified information above is required.

Excitation and Governor System Data for Synchronous Generators Only

Provide appropriate IEEE model block diagram of excitation system, governor system and power system stabilizer (PSS) in accordance with the regional reliability council criteria. A PSS may be determined to be required by applicable studies. A copy of the manufacturer's block diagram may not be substituted.

Interconnection Facilities Information

Will a transformer be used between the generator and the point of common coupling? Yes No

Will the transformer be provided by the Interconnection Customer? Yes No

Transformer Data (If Applicable, for Interconnection Customer-Owned Transformer):

Is the transformer: single phase three phase? Size:
_____ kVA

Transformer Impedance: _____ % on _____ kVA Base

If Three Phase:

Transformer Primary: _____ Volts _____ Delta _____ Wye _____ Wye Grounded

Transformer Secondary: _____ Volts _____ Delta _____ Wye _____ Wye Grounded

Transformer Tertiary: _____ Volts _____ Delta _____ Wye _____ Wye Grounded

Transformer Fuse Data (If Applicable, for Interconnection Customer-Owned Fuse):

(Attach copy of fuse manufacturer's Minimum Melt and Total Clearing Time-Current Curves)

Manufacturer: _____ Type: _____ Size: _____ Speed: _____

Interconnecting Circuit Breaker (if applicable):

Manufacturer: _____ Type: _____

Load Rating (Amps): _____ Interrupting Rating (Amps): _____ Trip Speed (Cycles): _____

Interconnection Protective Relays (If Applicable):

If Microprocessor-Controlled:

List of Functions and Adjustable Setpoints for the protective equipment or software:

| Setpoint Function | Minimum | Maximum |
|-------------------|---------|---------|
| 1. _____ | _____ | _____ |
| 2. _____ | _____ | _____ |
| 3. _____ | _____ | _____ |
| 4. _____ | _____ | _____ |
| 5. _____ | _____ | _____ |
| 6. _____ | _____ | _____ |

If Discrete Components:

(Enclose Copy of any Proposed Time-Overcurrent Coordination Curves)

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Manufacturer: _____ Type: _____ Style/Catalog No.: _____ Proposed Setting: _____

Current Transformer Data (If Applicable):

(Enclose Copy of Manufacturer's Excitation and Ratio Correction Curves)

Manufacturer: _____
Type: _____ Accuracy Class: . Proposed Ratio Connection: _____

Manufacturer: _____
Type: _____ Accuracy Class: . Proposed Ratio Connection: _____

Potential Transformer Data (If Applicable):

Manufacturer: _____
Type: _____ Accuracy Class: . Proposed Ratio Connection: _____

Manufacturer: _____
Type: _____ Accuracy Class: . Proposed Ratio Connection: _____

General Information

Enclose copy of site electrical one-line diagram showing the configuration of all Small Generating Facility equipment, current and potential circuits, and protection and control schemes. This one-line diagram must be signed and stamped by a licensed Professional Engineer if the Small Generating Facility is larger than 50 kW. Is One-Line Diagram Enclosed?
___ Yes ___ No

Enclose copy of any site documentation that indicates the precise physical location of the proposed Small Generating Facility (e.g., USGS topographic map or other diagram or documentation).

Proposed location of protective interface equipment on property (include address if different from the Interconnection Customer's address) _____

Enclose copy of any site documentation that describes and details the operation of the protection and control schemes. Is Available Documentation Enclosed? ___ Yes ___ No

Enclose copies of schematic drawings for all protection and control circuits, relay current circuits, relay potential circuits, and alarm/monitoring circuits (if applicable).
Are Schematic Drawings Enclosed? ___ Yes ___ No

Applicant Signature

I hereby certify that, to the best of my knowledge, all the information provided in this Interconnection Request is true and correct.

For Interconnection Customer: _____ Date: _____

Attachment 3 Certification Codes and Standards

IEEE1547 Standard for Interconnecting Distributed Resources with Electric Power Systems (including use of IEEE 1547.1 testing protocols to establish conformity)

UL 1741 Inverters, Converters, and Controllers for Use in Independent Power Systems

IEEE Std 929-2000 IEEE Recommended Practice for Utility Interface of Photovoltaic (PV) Systems

NFPA 70 (2002), National Electrical Code

IEEE Std C37.90.1-1989 (R1994), IEEE Standard Surge Withstand Capability (SWC) Tests for Protective Relays and Relay Systems

IEEE Std C37.90.2 (1995), IEEE Standard Withstand Capability of Relay Systems to Radiated Electromagnetic Interference from Transceivers

IEEE Std C37.108-1989 (R2002), IEEE Guide for the Protection of Network Transformers

IEEE Std C57.12.44-2000, IEEE Standard Requirements for Secondary Network Protectors

IEEE Std C62.41.2-2002, IEEE Recommended Practice on Characterization of Surges in Low Voltage (1000V and Less) AC Power Circuits

IEEE Std C62.45-1992 (R2002), IEEE Recommended Practice on Surge Testing for Equipment Connected to Low-Voltage (1000V and Less) AC Power Circuits

ANSI C84.1-1995 Electric Power Systems and Equipment – Voltage Ratings (60 Hertz)

IEEE Std 100-2000, IEEE Standard Dictionary of Electrical and Electronic Terms
NEMA MG 1-1998, Motors and Small Resources, Revision 3

IEEE Std 519-1992, IEEE Recommended Practices and Requirements for Harmonic Control in Electrical Power Systems

NEMA MG 1-2003 (Rev 2004), Motors and Generators, Revision 1

Attachment 4

Certification of Small Generator Equipment Packages

- 1.0 Small Generating Facility equipment proposed for use separately or packaged with other equipment in an interconnection system shall be considered certified for interconnected operation if (1) it has been tested in accordance with industry standards for continuous utility interactive operation in compliance with the appropriate codes and standards referenced below by any Nationally Recognized Testing Laboratory (NRTL) recognized by the United States Occupational Safety and Health Administration to test and certify interconnection equipment pursuant to the relevant codes and standards listed in SGIP Attachment 3, (2) it has been labeled and is publicly listed by such NRTL at the time of the interconnection application, and (3) such NRTL makes readily available for verification all test standards and procedures it utilized in performing such equipment certification, and, with consumer approval, the test data itself. The NRTL may make such information available on its website and by encouraging such information to be included in the manufacturer's literature accompanying the equipment.
- 2.0 The Interconnection Customer must verify that the intended use of the equipment falls within the use or uses for which the equipment was tested, labeled, and listed by the NRTL.
- 3.0 Certified equipment shall not require further type-test review, testing, or additional equipment to meet the requirements of this interconnection procedure; however, nothing herein shall preclude the need for an on-site commissioning test by the parties to the interconnection nor follow-up production testing by the NRTL.
- 4.0 If the certified equipment package includes only interface components (switchgear, inverters, or other interface devices), then an Interconnection Customer must show that the generator or other electric source being utilized with the equipment package is compatible with the equipment package and is consistent with the testing and listing specified for this type of interconnection equipment.
- 5.0 Provided the generator or electric source, when combined with the equipment package, is within the range of capabilities for which it was tested by the NRTL, and does not violate the interface components' labeling and listing performed by the NRTL, no further design review, testing or additional equipment on the customer side of the point of common coupling shall be required to meet the requirements of this interconnection procedure.
- 6.0 An equipment package does not include equipment provided by the utility.
- 7.0 Any equipment package approved and listed in a state by that state's regulatory body for interconnected operation in that state prior to the effective date of these small generator interconnection procedures shall be considered certified under these procedures for use in that state.

Attachment 5

Application, Procedures, and Terms and Conditions for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10 kW ("10 kW Inverter Process")

- 1.0 The Interconnection Customer ("Customer") completes the Interconnection Request ("Application") and submits it to the Transmission Provider ("Company").
- 2.0 The Company acknowledges to the Customer receipt of the Application within three Business Days of receipt.
- 3.0 The Company evaluates the Application for completeness and notifies the Customer within ten Business Days of receipt that the Application is or is not complete and, if not, advises what material is missing.
- 4.0 The Company verifies that the Small Generating Facility can be interconnected safely and reliably using the screens contained in the Fast Track Process in the Small Generator Interconnection Procedures (SGIP). The Company has 15 Business Days to complete this process. Unless the Company determines and demonstrates that the Small Generating Facility cannot be interconnected safely and reliably, the Company approves the Application and returns it to the Customer. Note to Customer: Please check with the Company before submitting the Application if disconnection equipment is required.
- 5.0 After installation, the Customer returns the Certificate of Completion to the Company. Prior to parallel operation, the Company may inspect the Small Generating Facility for compliance with standards which may include a witness test, and may schedule appropriate metering replacement, if necessary.
- 6.0 The Company notifies the Customer in writing that interconnection of the Small Generating Facility is authorized. If the witness test is not satisfactory, the Company has the right to disconnect the Small Generating Facility. The Customer has no right to operate in parallel until a witness test has been performed, or previously waived on the Application. The Company is obligated to complete this witness test within ten Business Days of the receipt of the Certificate of Completion. If the Company does not inspect within ten Business Days or by mutual agreement of the Parties, the witness test is deemed waived.
- 7.0 Contact Information – The Customer must provide the contact information for the legal applicant (i.e., the Interconnection Customer). If another entity is responsible for interfacing with the Company, that contact information must be provided on the Application.
- 8.0 Ownership Information – Enter the legal names of the owner(s) of the Small Generating Facility. Include the percentage ownership (if any) by any utility or public utility holding company, or by any entity owned by either.

9.0 UL1741 Listed – This standard ("Inverters, Converters, and Controllers for Use in Independent Power Systems") addresses the electrical interconnection design of various forms of generating equipment. Many manufacturers submit their equipment to a Nationally Recognized Testing Laboratory (NRTL) that verifies compliance with UL1741. This "listing" is then marked on the equipment and supporting documentation.

Application for Interconnecting a Certified Inverter-Based Small Generating Facility No Larger than 10kW

This Application is considered complete when it provides all applicable and correct information required below. Per SGIP section 1.5, documentation of site control must be submitted with the Interconnection Request. Additional information to evaluate the Application may be required.

Processing Fee

A non-refundable processing fee of \$100 must accompany this Application.

Interconnection Customer

Name: _____

Contact Person: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Contact (if different from Interconnection Customer)

Name: _____

Contact Person: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Owner of the facility (include % ownership by any electric utility): _____

Small Generating Facility Information

Location (if different from above): _____

Electric Service Company: _____

Account Number: _____

Inverter Manufacturer: _____ Model _____

Nameplate Rating: _____ (kW) _____ (kVA) _____ (AC Volts)

Single Phase _____ Three Phase _____

System Design Capacity: _____ (kW) _____ (kVA)

Prime Mover: Photovoltaic Reciprocating Engine Fuel Cell
Turbine Other (describe) _____

Energy Source: Solar Wind Hydro Diesel Natural Gas
Fuel Oil Other (describe) _____

Is the equipment UL1741 Listed? Yes_ No __
If Yes, attach manufacturer's cut-sheet showing UL1741 listing

Estimated Installation Date: _____ Estimated In-Service Date: _____

The 10 kW Inverter Process is available only for inverter-based Small Generating Facilities no larger than 10 kW that meet the codes, standards, and certification requirements of Attachments 3 and 4 of the Small Generator Interconnection Procedures (SGIP), or the Transmission Provider has reviewed the design or tested the proposed Small Generating Facility and is satisfied that it is safe to operate.

List components of the Small Generating Facility equipment package that are currently certified:

| Equipment Type | Certifying Entity |
|----------------|-------------------|
| 1. _____ | _____ |
| 2. _____ | _____ |
| 3. _____ | _____ |
| 4. _____ | _____ |
| 5. _____ | _____ |

Interconnection Customer Signature

I hereby certify that, to the best of my knowledge, the information provided in this Application is true. I agree to abide by the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW and return the Certificate of Completion when the Small Generating Facility has been installed.

Signed: _____

Title: _____ Date: _____

Contingent Approval to Interconnect the Small Generating Facility

(For Company use only)

Interconnection of the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW and return of the Certificate of Completion.

Company Signature: _____

Title: _____ Date: _____

Application ID number: _____

Company waives inspection/witness test? Yes ___ No ___

Small Generating Facility Certificate of Completion

Is the Small Generating Facility owner-installed? Yes _____ No _____

Interconnection Customer: _____

Contact Person: _____

Address: _____

Location of the Small Generating Facility (if different from above):

City: _____ State: _____ Zip Code: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

Electrician:

Name: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Telephone (Day): _____ (Evening): _____

Fax: _____ E-Mail Address: _____

License number: _____

Date Approval to Install Facility granted by the Company: _____

Application ID number: _____

Inspection:

The Small Generating Facility has been installed and inspected in compliance with the local building/electrical code of _____

Signed (Local electrical wiring inspector, or attach signed electrical inspection):

Print Name: _____

Date: _____

As a condition of interconnection, you are required to send/fax a copy of this form along with a copy of the signed electrical permit to (insert Company information below):

Name: _____

Company: _____

Address: _____

City, State ZIP: _____

Fax: _____

Approval to Energize the Small Generating Facility (For Company use only)

Energizing the Small Generating Facility is approved contingent upon the Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW

Company Signature: _____

Title: _____ Date: _____

Terms and Conditions for Interconnecting an Inverter-Based Small Generating Facility No Larger than 10kW

1.0 Construction of the Facility

The Interconnection Customer (the "Customer") may proceed to construct (including operational testing not to exceed two hours) the Small Generating Facility when the Transmission Provider (the "Company") approves the Interconnection Request (the "Application") and returns it to the Customer.

2.0 Interconnection and Operation

The Customer may operate Small Generating Facility and interconnect with the Company's electric system once all of the following have occurred:

2.1 Upon completing construction, the Customer will cause the Small Generating Facility to be inspected or otherwise certified by the appropriate local electrical wiring inspector with jurisdiction, and

2.2 The Customer returns the Certificate of Completion to the Company, and

2.3 The Company has either:

2.3.1 Completed its inspection of the Small Generating Facility to ensure that all equipment has been appropriately installed and that all electrical connections have been made in accordance with applicable codes. All inspections must be conducted by the Company, at its own expense, within ten Business Days after receipt of the Certificate of Completion and shall take place at a time agreeable to the Parties. The Company shall provide a written statement that the Small Generating Facility has passed inspection or shall notify the Customer of what steps it must take to pass inspection as soon as practicable after the inspection takes place; or

2.3.2 If the Company does not schedule an inspection of the Small Generating Facility within ten business days after receiving the Certificate of Completion, the witness test is deemed waived (unless the Parties agree otherwise); or

2.3.3 The Company waives the right to inspect the Small Generating Facility.

2.4 The Company has the right to disconnect the Small Generating Facility in the event of improper installation or failure to return the Certificate of Completion.

2.5 Revenue quality metering equipment must be installed and tested in accordance with applicable ANSI standards.

3.0 Safe Operations and Maintenance

The Customer shall be fully responsible to operate, maintain, and repair the Small Generating Facility as required to ensure that it complies at all times with the interconnection standards to which it has been certified.

4.0 Access

The Company shall have access to the disconnect switch (if the disconnect switch is required) and metering equipment of the Small Generating Facility at all times. The Company shall provide reasonable notice to the Customer when possible prior to using its right of access.

5.0 Disconnection

The Company may temporarily disconnect the Small Generating Facility upon the following conditions:

- 5.1 For scheduled outages upon reasonable notice.
- 5.2 For unscheduled outages or emergency conditions.
- 5.3 If the Small Generating Facility does not operate in the manner consistent with these Terms and Conditions.
- 5.4 The Company shall inform the Customer in advance of any scheduled disconnection, or as is reasonable after an unscheduled disconnection.

6.0 Indemnification

The Parties shall at all times indemnify, defend, and save the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inactions of its obligations under this agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

7.0 Insurance

The Parties agree to follow all applicable insurance requirements imposed by the state in which the Point of Interconnection is located. All insurance policies must be maintained with insurers authorized to do business in that state.

8.0 Limitation of Liability

Each party's liability to the other party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either party be liable to the other party for any indirect, incidental, special, consequential, or punitive damages of any kind whatsoever, except as allowed under paragraph 6.0.

9.0 **Termination**

The agreement to operate in parallel may be terminated under the following conditions:

9.1 **By the Customer**

By providing written notice to the Company.

9.2 **By the Company**

If the Small Generating Facility fails to operate for any consecutive 12 month period or the Customer fails to remedy a violation of these Terms and Conditions.

9.3 **Permanent Disconnection**

In the event this Agreement is terminated, the Company shall have the right to disconnect its facilities or direct the Customer to disconnect its Small Generating Facility.

9.4 **Survival Rights**

This Agreement shall continue in effect after termination to the extent necessary to allow or require either Party to fulfill rights or obligations that arose under the Agreement.

10.0 **Assignment/Transfer of Ownership of the Facility**

This Agreement shall survive the transfer of ownership of the Small Generating Facility to a new owner when the new owner agrees in writing to comply with the terms of this Agreement and so notifies the Company.

**Attachment 6
Feasibility Study Agreement**

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

RECITALS

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

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

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

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

- 1.0 When used in this Agreement, with initial capitalization, the terms specified shall have the meanings indicated or the meanings specified in the standard Small Generator Interconnection Procedures.
- 2.0 The Interconnection Customer elects and the Transmission Provider shall cause to be performed an interconnection feasibility study consistent the standard Small Generator Interconnection Procedures in accordance with the Open Access Transmission Tariff.
- 3.0 The scope of the feasibility study shall be subject to the assumptions set forth in Attachment A to this Agreement.
- 4.0 The feasibility study shall be based on the technical information provided by the Interconnection Customer in the Interconnection Request, as may be modified as the result of the scoping meeting. The Transmission Provider reserves the right to request additional technical information from the Interconnection Customer as may reasonably become necessary consistent with Good Utility Practice during the course of the

feasibility study and as designated in accordance with the standard Small Generator Interconnection Procedures. If the Interconnection Customer modifies its Interconnection Request, the time to complete the feasibility study may be extended by agreement of the Parties.

- 5.0 In performing the study, the Transmission Provider shall rely, to the extent reasonably practicable, on existing studies of recent vintage. The Interconnection Customer shall not be charged for such existing studies; however, the Interconnection Customer shall be responsible for charges associated with any new study or modifications to existing studies that are reasonably necessary to perform the feasibility study.
- 6.0 The feasibility study report shall provide the following analyses for the purpose of identifying any potential adverse system impacts that would result from the interconnection of the Small Generating Facility as proposed:
 - 6.1 Initial identification of any circuit breaker short circuit capability limits exceeded as a result of the interconnection;
 - 6.2 Initial identification of any thermal overload or voltage limit violations resulting from the interconnection;
 - 6.3 Initial review of grounding requirements and electric system protection; and
 - 6.4 Description and non-binding estimated cost of facilities required to interconnect the proposed Small Generating Facility and to address the identified short circuit and power flow issues.
- 7.0 The feasibility study shall model the impact of the Small Generating Facility regardless of purpose in order to avoid the further expense and interruption of operation for reexamination of feasibility and impacts if the Interconnection Customer later changes the purpose for which the Small Generating Facility is being installed.
- 8.0 The study shall include the feasibility of any interconnection at a proposed project site where there could be multiple potential Points of Interconnection, as requested by the Interconnection Customer and at the Interconnection Customer's cost.
- 9.0 A deposit of the lesser of 50 percent of good faith estimated feasibility study costs or earnest money of \$1,000 may be required from the Interconnection Customer.
- 10.0 Once the feasibility study is completed, a feasibility study report shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the feasibility study must be completed and the feasibility study report transmitted within 30 Business Days of the Interconnection Customer's agreement to conduct a feasibility study.

- 11.0 Any study fees shall be based on the Transmission Provider's actual costs and will be invoiced to the Interconnection Customer after the study is completed and delivered and will include a summary of professional time.
- 12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Transmission Provider shall refund such excess within 30 calendar days of the invoice without interest.
- 13.0 Governing Law, Regulatory Authority, and Rules
The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.
- 14.0 Amendment
The Parties may amend this Agreement by a written instrument duly executed by both Parties.
- 15.0 No Third-Party Beneficiaries
This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.
- 16.0 Waiver
- 16.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.
- 16.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Transmission Provider. Any waiver of this Agreement shall, if requested, be provided in writing.
- 17.0 Multiple Counterparts
This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 18.0 No Partnership

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

19.0 Severability

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

20.0 Subcontractors

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

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

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

21.0 Reservation of Rights

The Transmission Provider shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the

**Attachment A to
Feasibility Study Agreement**

Assumptions Used in Conducting the Feasibility Study

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

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

- 2) Designation of alternative Points of Interconnection and configuration.

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

**Attachment 7
System Impact Study Agreement**

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

RECITALS

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

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

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

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

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

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

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

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

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

17.0 Multiple Counterparts

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

18.0 No Partnership

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

19.0 Severability

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

20.0 Subcontractors

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

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

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

21.0 Reservation of Rights

The Transmission Provider shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under section 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

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

[Insert name of Transmission Provider] [Insert name of Interconnection Customer]

Signed _____ Signed _____

Name (Printed): _____ Name (Printed): _____

Title _____ Title _____

Attachment A to System Impact Study Agreement

Assumptions Used in Conducting the System Impact Study

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

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

- 2) Designation of alternative Points of Interconnection and configuration.

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

**Attachment 8
Facilities Study Agreement**

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

RECITALS

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

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

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

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

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

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

- 4.0 The facilities study shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the conclusions of the system impact study(s). The facilities study shall also identify (1) the electrical switching configuration of the equipment, including, without limitation, transformer, switchgear, meters, and other station equipment, (2) the nature and estimated cost of the Transmission Provider's Interconnection Facilities and Upgrades necessary to accomplish the interconnection, and (3) an estimate of the time required to complete the construction and installation of such facilities.
- 5.0 The Transmission Provider may propose to group facilities required for more than one Interconnection Customer in order to minimize facilities costs through economies of scale, but any Interconnection Customer may require the installation of facilities required for its own Small Generating Facility if it is willing to pay the costs of those facilities.
- 6.0 A deposit of the good faith estimated facilities study costs may be required from the Interconnection Customer.
- 7.0 In cases where Upgrades are required, the facilities study must be completed within 45 Business Days of the receipt of this Agreement. In cases where no Upgrades are necessary, and the required facilities are limited to Interconnection Facilities, the facilities study must be completed within 30 Business Days.
- 8.0 Once the facilities study is completed, a draft facilities study report shall be prepared and transmitted to the Interconnection Customer. Barring unusual circumstances, the facilities study must be completed and the draft facilities study report transmitted within 30 Business Days of the Interconnection Customer's agreement to conduct a facilities study.
- 9.0 Interconnection Customer may, within 30 Calendar Days after receipt of the draft report, provide written comments to Transmission Provider, which Transmission Provider shall include in the final report. Transmission Provider shall issue the final Interconnection Facilities Study report within 15 Business Days of receiving Interconnection Customer's comments or promptly upon receiving Interconnection Customer's statement that it will not provide comments. Transmission Provider may reasonably extend such fifteen-day period upon notice to Interconnection Customer if Interconnection Customer's comments require Transmission Provider to perform additional analyses or make other significant modifications prior to the issuance of the final Interconnection Facilities Report. Upon request, Transmission Provider shall provide Interconnection Customer supporting documentation, workpapers, and databases or data developed in the preparation of the Interconnection Facilities Study, subject to confidentiality arrangements consistent with Section 4.5 of the standard Small Generator Interconnection Procedures.
- 10.0 Within ten Business Days of providing a draft Interconnection Facilities Study report to Interconnection Customer, Transmission Provider and Interconnection Customer shall meet to discuss the results of the Interconnection Facilities Study.

- 11.0 Any study fees shall be based on the Transmission Provider's actual costs and will be invoiced to the Interconnection Customer after the study is completed and delivered and will include a summary of professional time.
- 12.0 The Interconnection Customer must pay any study costs that exceed the deposit without interest within 30 calendar days on receipt of the invoice or resolution of any dispute. If the deposit exceeds the invoiced fees, the Transmission Provider shall refund such excess within 30 calendar days of the invoice without interest.
- 13.0 Governing Law, Regulatory Authority, and Rules
The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.
- 14.0 Amendment
The Parties may amend this Agreement by a written instrument duly executed by both Parties.
- 15.0 No Third-Party Beneficiaries
This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.
- 16.0 Waiver
- 16.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.
- 16.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection Customer's legal rights to obtain an interconnection from the Transmission Provider. Any waiver of this Agreement shall, if requested, be provided in writing.
- 17.0 Multiple Counterparts
This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.
- 18.0 No Partnership

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

19.0 Severability

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

20.0 Subcontractors

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

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

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

21.0 Reservation of Rights

The Transmission Provider shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the

rights of the Parties or of FERC under section 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

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

[Insert name of Transmission Provider] [Insert name of Interconnection Customer]

Signed _____ Signed _____

Name (Printed): _____ Name (Printed): _____

Title _____ Title _____

**Attachment A to
Facilities Study Agreement**

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

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

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

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

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

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

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

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

What protocol does the control system or PLC use?

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

Physical dimensions of the proposed interconnection station:

Bus length from generation to interconnection station:

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

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

Number of third party easements required for transmission lines*:

* To be completed in coordination with Transmission Provider.

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

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

Please provide the following proposed schedule dates:

Begin Construction Date: _____

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

Generation Testing Date: _____

Commercial Operation Date: _____

**SMALL GENERATOR
INTERCONNECTION AGREEMENT (SGIA)**

(For Generating Facilities No Larger Than 20 MW)

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Recitals

This Interconnection Agreement ("Agreement") is made and entered into this ____ day of _____, 20__, by _____ ("Transmission Provider"), and _____ ("Interconnection Customer") each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties."

Transmission Provider Information

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

Interconnection Customer Information

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

Phone: _____ Fax: _____

Interconnection Customer Application No: _____

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

Article 1. Scope and Limitations of Agreement

- 1.1 This Agreement shall be used for all Interconnection Requests submitted under the Small Generator Interconnection Procedures (SGIP) except for those submitted under the 10 kW Inverter Process contained in SGIP Attachment 5.
- 1.2 This Agreement governs the terms and conditions under which the Interconnection Customer's Small Generating Facility will interconnect with, and operate in parallel with, the Transmission Provider's Transmission System.
- 1.3 This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power. The purchase or delivery of power and other services that the Interconnection Customer may require will be covered under separate agreements, if any. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with the applicable Transmission Provider.
- 1.4 Nothing in this Agreement is intended to affect any other agreement between the Transmission Provider and the Interconnection Customer.
- 1.5 Responsibilities of the Parties
 - 1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.
 - 1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Small Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, and with Good Utility Practice.
 - 1.5.3 The Transmission Provider shall construct, operate, and maintain its Transmission System and Interconnection Facilities in accordance with this Agreement, and with Good Utility Practice.

- 1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE, Underwriter's Laboratory, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to design, install, maintain, and operate its Small Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the system or equipment of the Transmission Provider and any Affected Systems.
- 1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Attachments to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Transmission Provider and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Transmission Provider's Transmission System, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Attachments to this Agreement.
- 1.5.6 The Transmission Provider shall coordinate with all Affected Systems to support the interconnection.
- 1.5.7 The Interconnection Customer shall ensure “frequency ride through” capability and “voltage ride through” capability of its Small Generating Facility. The Interconnection Customer shall enable these capabilities such that its Small Generating Facility shall not disconnect automatically or instantaneously from the system or equipment of the Transmission Provider and any Affected Systems for a defined under-frequency or over-frequency condition, or an under-voltage or over-voltage condition, as tested pursuant to section 2.1 of this Agreement. The defined conditions shall be in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis. The Small Generating Facility’s protective equipment settings shall comply with the Transmission Provider’s automatic load-shed program. The Transmission Provider shall review the protective equipment settings to confirm compliance with the automatic load-shed program. The term “ride through” as used herein shall mean the ability of a Small Generating Facility to stay connected to

and synchronized with the system or equipment of the Transmission Provider and any Affected Systems during system disturbances within a range of conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority on a comparable basis. The term “frequency ride through” as used herein shall mean the ability of a Small Generating Facility to stay connected to and synchronized with the system or equipment of the Transmission Provider and any Affected Systems during system disturbances within a range of under-frequency and over-frequency conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis. The term “voltage ride through” as used herein shall mean the ability of a Small Generating Facility to stay connected to and synchronized with the system or equipment of the Transmission Provider and any Affected Systems during system disturbances within a range of under-voltage and over-voltage conditions, in accordance with Good Utility Practice and consistent with any standards and guidelines that are applied to other generating facilities in the Balancing Authority Area on a comparable basis.

1.6 Parallel Operation Obligations

Once the Small Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Small Generating Facility in the applicable control area, including, but not limited to; 1) the rules and procedures concerning the operation of generation set forth in the Tariff or by the applicable system operator(s) for the Transmission Provider's Transmission System and; 2) the Operating Requirements set forth in Attachment 5 of this Agreement.

1.7 Metering

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

1.8 Reactive Power and Primary Frequency Response

1.8.1 Power Factor Design Criteria

1.8.1.1 Synchronous Generation. The Interconnection Customer shall design its Small Generating Facility to maintain a

composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the Transmission Provider has established different requirements that apply to all similarly situated synchronous generators in the control area on a comparable basis.

1.8.1.2 Non-synchronous Generation. The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the high-side of the generator substation at a power factor within the range of 0.95 leading to 0.95 lagging, unless the Transmission Provider has established a different power factor range that applies to all similarly situated non-synchronous generators in the control area on a comparable basis. This power factor range standard shall be dynamic and can be met using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors, or a combination of the two. This requirement shall only apply to newly interconnecting non-synchronous generators that have not yet executed a Facilities Study Agreement as of the effective date of the Final Rule establishing this requirement (Order No. 827).

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

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

compensate the Interconnection Customer from the time service commenced.

1.8.4 Primary Frequency Response. Interconnection Customer shall ensure the primary frequency response capability of its Small Generating Facility by installing, maintaining, and operating a functioning governor or equivalent controls. The term “functioning governor or equivalent controls” as used herein shall mean the required hardware and/or software that provides frequency responsive real power control with the ability to sense changes in system frequency and autonomously adjust the Small Generating Facility’s real power output in accordance with the droop and deadband parameters and in the direction needed to correct frequency deviations. Interconnection Customer is required to install a governor or equivalent controls with the capability of operating: (1) with a maximum 5 percent droop and ± 0.036 Hz deadband; or (2) in accordance with the relevant droop, deadband, and timely and sustained response settings from an approved NERC Reliability Standard providing for equivalent or more stringent parameters. The droop characteristic shall be: (1) based on the nameplate capacity of the Small Generating Facility, and shall be linear in the range of frequencies between 59 to 61 Hz that are outside of the deadband parameter; or (2) based on an approved NERC Reliability Standard providing for an equivalent or more stringent parameter. The deadband parameter shall be: the range of frequencies above and below nominal (60 Hz) in which the governor or equivalent controls is not expected to adjust the Small Generating Facility’s real power output in response to frequency deviations. The deadband shall be implemented: (1) without a step to the droop curve, that is, once the frequency deviation exceeds the deadband parameter, the expected change in the Small Generating Facility’s real power output in response to frequency deviations shall start from zero and then increase (for under-frequency deviations) or decrease (for over-frequency deviations) linearly in proportion to the magnitude of the frequency deviation; or (2) in accordance with an approved NERC Reliability Standard providing for an equivalent or more stringent parameter. Interconnection Customer shall notify Transmission Provider that the primary frequency response capability of the Small Generating Facility has been tested and confirmed during commissioning. Once Interconnection Customer has synchronized the Small Generating Facility with the Transmission System, Interconnection Customer shall operate the Small Generating Facility consistent with the provisions specified in Sections 1.8.4.1 and 1.8.4.2 of this Agreement. The primary frequency response requirements contained herein shall apply to both synchronous and non-synchronous Small Generating Facilities.

1.8.4.1

Governor or Equivalent Controls. Whenever the Small Generating Facility is operated in parallel with the Transmission System, Interconnection Customer shall operate the Small Generating Facility with its governor or equivalent controls in service and responsive to frequency.

Interconnection Customer shall: (1) in coordination with Transmission Provider and/or the relevant balancing authority, set the deadband parameter to: (1) a maximum of ± 0.036 Hz and set the droop parameter to a maximum of 5 percent; or (2) implement the relevant droop and deadband settings from an approved NERC Reliability Standard that provides for equivalent or more stringent parameters.

Interconnection Customer shall be required to provide the status and settings of the governor or equivalent controls to Transmission Provider and/or the relevant balancing authority upon request. If Interconnection Customer needs to operate the Small Generating Facility with its governor or equivalent controls not in service, Interconnection Customer shall immediately notify Transmission Provider and the relevant balancing authority, and provide both with the following information: (1) the operating status of the governor or equivalent controls (i.e., whether it is currently out of service or when it will be taken out of service); (2) the reasons for removing the governor or equivalent controls from service; and (3) a reasonable estimate of when the governor or equivalent controls will be returned to service.

Interconnection Customer shall make Reasonable Efforts to return its governor or equivalent controls into service as soon as practicable. Interconnection Customer shall make Reasonable Efforts to keep outages of the Small Generating Facility's governor or equivalent controls to a minimum whenever the Small Generating Facility is operated in parallel with the Transmission System.

1.8.4.2

Timely and Sustained Response. Interconnection Customer shall ensure that the Small Generating Facility's real power response to sustained frequency deviations outside of the deadband setting is automatically provided and shall begin immediately after frequency deviates outside of the deadband, and to the extent the Small Generating Facility has operating capability in the direction needed to correct the frequency deviation. Interconnection Customer shall not block or otherwise inhibit the ability of the governor or equivalent

controls to respond and shall ensure that the response is not inhibited, except under certain operational constraints including, but not limited to, ambient temperature limitations, physical energy limitations, outages of mechanical equipment, or regulatory requirements. The Small Generating Facility shall sustain the real power response at least until system frequency returns to a value within the deadband setting of the governor or equivalent controls. A Commission-approved Reliability Standard with equivalent or more stringent requirements shall supersede the above requirements.

1.8.4.3 Exemptions. Small Generating Facilities that are regulated by the United States Nuclear Regulatory Commission shall be exempt from Sections 1.8.4, 1.8.4.1, and 1.8.4.2 of this Agreement. Small Generating Facilities that are behind the meter generation that is sized-to-load (i.e., the thermal load and the generation are near-balanced in real-time operation and the generation is primarily controlled to maintain the unique thermal, chemical, or mechanical output necessary for the operating requirements of its host facility) shall be required to install primary frequency response capability in accordance with the droop and deadband capability requirements specified in Section 1.8.4, but shall be otherwise exempt from the operating requirements in Sections 1.8.4, 1.8.4.1, 1.8.4.2, and 1.8.4.4 of this Agreement.

1.8.4.4 Electric Storage Resources. Interconnection Customer interconnecting an electric storage resource shall establish an operating range in Attachment 5 of its SGIA that specifies a minimum state of charge and a maximum state of charge between which the electric storage resource will be required to provide primary frequency response consistent with the conditions set forth in Sections 1.8.4, 1.8.4.1, 1.8.4.2 and 1.8.4.3 of this Agreement. Attachment 5 shall specify whether the operating range is static or dynamic, and shall consider: (1) the expected magnitude of frequency deviations in the interconnection; (2) the expected duration that system frequency will remain outside of the deadband parameter in the interconnection; (3) the expected incidence of frequency deviations outside of the deadband parameter in the interconnection; (4) the physical capabilities of the electric storage resource; (5) operational limitations of the electric

storage resource due to manufacturer specifications; and (6) any other relevant factors agreed to by Transmission Provider and Interconnection Customer, and in consultation with the relevant transmission owner or balancing authority as appropriate. If the operating range is dynamic, then Attachment 5 must establish how frequently the operating range will be reevaluated and the factors that may be considered during its reevaluation.

Interconnection Customer's electric storage resource is required to provide timely and sustained primary frequency response consistent with Section 1.8.4.2 of this Agreement when it is online and dispatched to inject electricity to the Transmission System and/or receive electricity from the Transmission System. This excludes circumstances when the electric storage resource is not dispatched to inject electricity to the Transmission System and/or dispatched to receive electricity from the Transmission System. If Interconnection Customer's electric storage resource is charging at the time of a frequency deviation outside of its deadband parameter, it is to increase (for over-frequency deviations) or decrease (for under-frequency deviations) the rate at which it is charging in accordance with its droop parameter. Interconnection Customer's electric storage resource is not required to change from charging to discharging, or vice versa, unless the response necessitated by the droop and deadband settings requires it to do so and it is technically capable of making such a transition.

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

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

2.1 Equipment Testing and Inspection

- 2.1.1 The Interconnection Customer shall test and inspect its Small Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the Transmission Provider of such activities no fewer than five Business Days (or as may be agreed to by the Parties) prior to such testing and inspection. Testing and inspection shall occur on a Business Day. The Transmission Provider may, at its own expense, send qualified personnel to the Small Generating Facility site to

inspect the interconnection and observe the testing. The Interconnection Customer shall provide the Transmission Provider a written test report when such testing and inspection is completed.

2.1.2 The Transmission Provider shall provide the Interconnection Customer written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Transmission Provider of the safety, durability, suitability, or reliability of the Small Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Small Generating Facility.

2.2 Authorization Required Prior to Parallel Operation

2.2.1 The Transmission Provider shall use Reasonable Efforts to list applicable parallel operation requirements in Attachment 5 of this Agreement. Additionally, the Transmission Provider shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Transmission Provider shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.

2.2.2 The Interconnection Customer shall not operate its Small Generating Facility in parallel with the Transmission Provider's Transmission System without prior written authorization of the Transmission Provider. The Transmission Provider will provide such authorization once the Transmission Provider receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

2.3.1 Upon reasonable notice, the Transmission Provider may send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Small Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Small Generating Facility (including any required testing), startup, and operation for a period of up to three Business Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Transmission

Provider at least five Business Days prior to conducting any on-site verification testing of the Small Generating Facility.

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

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

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

3.1 Effective Date

This Agreement shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by the FERC. The Transmission Provider shall promptly file this Agreement with the FERC upon execution, if required.

3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of ten years from the Effective Date or such other longer period as the Interconnection Customer may request and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with article 3.3 of this Agreement.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination, including the filing with FERC of a notice of termination of this Agreement (if required), which notice has been accepted for filing by FERC.

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

3.3.2 Either Party may terminate this Agreement after Default pursuant to article 7.6.

3.3.3 Upon termination of this Agreement, the Small Generating Facility will be disconnected from the Transmission Provider's Transmission System. All

costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this SGIA or such non-terminating Party otherwise is responsible for these costs under this SGIA.

3.3.4 The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.

3.3.5 The provisions of this article shall survive termination or expiration of this Agreement.

3.4 Temporary Disconnection

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

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

3.4.2 Routine Maintenance, Construction, and Repair

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

3.4.3 Forced Outages

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

3.4.4 Adverse Operating Effects

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

3.4.5 Modification of the Small Generating Facility

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

3.4.6 Reconnection

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

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Attachment 2 of this Agreement. The Transmission Provider shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Customer, such other entities, and the Transmission Provider.

4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and (2) operating, maintaining, repairing, and replacing the Transmission Provider's Interconnection Facilities.

4.2 Distribution Upgrades

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

Article 5. Cost Responsibility for Network Upgrades

5.1 Applicability

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

5.2 Network Upgrades

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

5.2.1 Repayment of Amounts Advanced for Network Upgrades

The Interconnection Customer shall be entitled to a cash repayment, equal to the total amount paid to the Transmission Provider and Affected System operator, if any, for Network Upgrades, including any tax gross-up or other tax-related payments associated with the Network Upgrades, and not otherwise refunded to the Interconnection Customer, to be paid to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, as payments are made under the Transmission Provider's Tariff and Affected System's Tariff for transmission services with respect to the Small Generating Facility. Any repayment shall include interest calculated in accordance with the methodology set forth in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives a repayment of such payment pursuant to this subparagraph. The Interconnection Customer may assign such repayment rights to any person.

5.2.1.1 Notwithstanding the foregoing, the Interconnection Customer, the Transmission Provider, and any applicable Affected System operators may adopt any alternative payment schedule that is mutually agreeable so long as the Transmission Provider and said Affected System operators take one of the following actions no later than five years from the Commercial Operation Date: (1) return to the Interconnection Customer any amounts advanced for Network Upgrades not previously repaid, or (2) declare in writing that the Transmission Provider or any applicable Affected System operators will continue to provide payments to the Interconnection Customer on a dollar-for-dollar basis for the non-usage sensitive portion of transmission charges, or develop an alternative schedule that is mutually agreeable and provides for the return of all amounts advanced for Network Upgrades not previously repaid; however, full reimbursement

shall not extend beyond twenty (20) years from the commercial operation date.

5.2.1.2 If the Small Generating Facility fails to achieve commercial operation, but it or another generating facility is later constructed and requires use of the Network Upgrades, the Transmission Provider and Affected System operator shall at that time reimburse the Interconnection Customer for the amounts advanced for the Network Upgrades. Before any such reimbursement can occur, the Interconnection Customer, or the entity that ultimately constructs the generating facility, if different, is responsible for identifying the entity to which reimbursement must be made.

5.3 Special Provisions for Affected Systems

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

5.4 Rights Under Other Agreements

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

Article 6. Billing, Payment, Milestones, and Financial Security

6.1 Billing and Payment Procedures and Final Accounting

6.1.1 The Transmission Provider shall bill the Interconnection Customer for the design, engineering, construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement on a monthly basis, or as otherwise agreed by the Parties. The Interconnection Customer

shall pay each bill within 30 calendar days of receipt, or as otherwise agreed to by the Parties.

6.1.2 Within three months of completing the construction and installation of the Transmission Provider's Interconnection Facilities and/or Upgrades described in the Attachments to this Agreement, the Transmission Provider shall provide the Interconnection Customer with a final accounting report of any difference between (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and (2) the Interconnection Customer's previous aggregate payments to the Transmission Provider for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Transmission Provider shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Transmission Provider within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Transmission Provider shall refund to the Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.

6.2 Milestones

The Parties shall agree on milestones for which each Party is responsible and list them in Attachment 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure Event, it shall immediately notify the other Party of the reason(s) for not meeting the milestone and (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and (2) requesting appropriate amendments to Attachment 4. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless it will suffer significant uncompensated economic or operational harm from the delay, (2) attainment of the same milestone has previously been delayed, or (3) it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

6.3 Financial Security Arrangements

At least 20 Business Days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Transmission Provider's Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the Transmission Provider, at the Interconnection Customer's option, a

guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to the Transmission Provider and is consistent with the Uniform Commercial Code of the jurisdiction where the Point of Interconnection is located. Such security for payment shall be in an amount sufficient to cover the costs for constructing, designing, procuring, and installing the applicable portion of the Transmission Provider's Interconnection Facilities and Upgrades and shall be reduced on a dollar-for-dollar basis for payments made to the Transmission Provider under this Agreement during its term. In addition:

- 6.3.1 The guarantee must be made by an entity that meets the creditworthiness requirements of the Transmission Provider, and contain terms and conditions that guarantee payment of any amount that may be due from the Interconnection Customer, up to an agreed-to maximum amount.
- 6.3.2 The letter of credit or surety bond must be issued by a financial institution or insured reasonably acceptable to the Transmission Provider and must specify a reasonable expiration date.

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

7.1 Assignment

This Agreement may be assigned by either Party upon 15 Business Days prior written notice and opportunity to object by the other Party; provided that:

- 7.1.1 Either Party may assign this Agreement without the consent of the other Party to any affiliate of the assigning Party with an equal or greater credit rating and with the legal authority and operational ability to satisfy the obligations of the assigning Party under this Agreement, provided that the Interconnection Customer promptly notifies the Transmission Provider of any such assignment;
- 7.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Transmission Provider, for collateral security purposes to aid in providing financing for the Small Generating Facility, provided that the Interconnection Customer will promptly notify the Transmission Provider of any such assignment.
- 7.1.3 Any attempted assignment that violates this article is void and ineffective. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. An assignee is responsible for meeting the same financial, credit, and insurance

obligations as the Interconnection Customer. Where required, consent to assignment will not be unreasonably withheld, conditioned or delayed.

7.2 Limitation of Liability

Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages, except as authorized by this Agreement.

7.3 Indemnity

7.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in article 7.2.

7.3.2 The Parties shall at all times indemnify, defend, and hold the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or failure to meet its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.

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

7.3.4 If an indemnifying party is obligated to indemnify and hold any indemnified person harmless under this article, the amount owing to the indemnified person shall be the amount of such indemnified person's actual loss, net of any insurance or other recovery.

7.3.5 Promptly after receipt by an indemnified person of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this article may apply, the indemnified person shall notify the indemnifying party of such

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

7.4 Consequential Damages

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

7.5 Force Majeure

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

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

7.6 Default

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

Article 8. Insurance

- 8.1 The Interconnection Customer shall, at its own expense, maintain in force general liability insurance without any exclusion for liabilities related to the interconnection undertaken pursuant to this Agreement. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. The Interconnection Customer shall obtain additional insurance only if necessary as a function of owning and operating a generating facility. Such insurance shall be obtained from an insurance provider authorized to do business in the State where the interconnection is located. Certification that such insurance is in effect shall be provided upon request of the Transmission Provider, except that the Interconnection Customer shall show proof of insurance to the Transmission Provider no later than ten Business Days prior to the anticipated commercial operation date. An Interconnection Customer of sufficient credit-worthiness may propose to self-insure for such liabilities, and such a proposal shall not be unreasonably rejected.

- 8.2 The Transmission Provider agrees to maintain general liability insurance or self-insurance consistent with the Transmission Provider's commercial practice. Such insurance or self-insurance shall not exclude coverage for the Transmission Provider's liabilities undertaken pursuant to this Agreement.
- 8.3 The Parties further agree to notify each other whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.

Article 9. Confidentiality

- 9.1 Confidential Information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.
- 9.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.
- 9.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.
- 9.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.
- 9.3 Notwithstanding anything in this article to the contrary, and pursuant to 18 CFR § 1b.20, if FERC, during the course of an investigation or otherwise, requests information from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to FERC, within the time provided for in the request for information. In providing the information to FERC, the Party may, consistent with 18 CFR §

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

Article 10. Disputes

- 10.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this article.
- 10.2 In the event of a dispute, either Party shall provide the other Party with a written Notice of Dispute. Such Notice shall describe in detail the nature of the dispute.
- 10.3 If the dispute has not been resolved within two Business Days after receipt of the Notice, either Party may contact FERC's Dispute Resolution Service (DRS) for assistance in resolving the dispute.
- 10.4 The DRS will assist the Parties in either resolving their dispute or in selecting an appropriate dispute resolution venue (e.g., mediation, settlement judge, early neutral evaluation, or technical expert) to assist the Parties in resolving their dispute. DRS can be reached at 1-877-337-2237 or via the internet at <http://www.ferc.gov/legal/adr.asp>.
- 10.5 Each Party agrees to conduct all negotiations in good faith and will be responsible for one-half of any costs paid to neutral third-parties.
- 10.6 If neither Party elects to seek assistance from the DRS, or if the attempted dispute resolution fails, then either Party may exercise whatever rights and remedies it may have in equity or law consistent with the terms of this Agreement.

Article 11. Taxes

- 11.1 The Parties agree to follow all applicable tax laws and regulations, consistent with FERC policy and Internal Revenue Service requirements.
- 11.2 Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect the Transmission

Provider's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 12. Miscellaneous

12.1 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the state of _____ (where the Point of Interconnection is located), without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

12.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties, or under article 12.12 of this Agreement.

12.3 No Third-Party Beneficiaries

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

12.4 Waiver

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

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

12.5 Entire Agreement

This Agreement, including all Attachments, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all

prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

12.6 Multiple Counterparts

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

12.7 No Partnership

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

12.8 Severability

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

12.9 Security Arrangements

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

12.10 Environmental Releases

Each Party shall notify the other Party, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Small Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the

other Party. The notifying Party shall (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and (2) promptly furnish to the other Party copies of any publicly available reports filed with any governmental authorities addressing such events.

12.11 Subcontractors

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

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

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

12.12 Reservation of Rights

The Transmission Provider shall have the right to make a unilateral filing with FERC to modify this Agreement with respect to any rates, terms and conditions, charges, classifications of service, rule or regulation under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder, and the Interconnection Customer shall have the right to make a unilateral filing with FERC to modify this Agreement under any applicable provision of the Federal Power Act and FERC's rules and regulations; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations, except to the extent that the Parties otherwise agree as provided herein.

Article 13. Notices

13.1 General

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

If to the Interconnection Customer:

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

If to the Transmission Provider:

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

13.2 Billing and Payment

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

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

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

13.3 Alternative Forms of Notice

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

If to the Interconnection Customer:

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

If to the Transmission Provider:

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

13.4 Designated Operating Representative

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

Interconnection Customer's Operating Representative:

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

Transmission Provider's Operating Representative:

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

13.5 Changes to the Notice Information

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

Article 14. Signatures

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

For the Transmission Provider

Name: _____

Title: _____

Date: _____

For the Interconnection Customer

Name: _____

Title: _____

Date: _____

Attachment 1 Glossary of Terms

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

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

Business Day – Monday through Friday, excluding Federal Holidays.

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

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

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

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

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police,

or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, the Interconnection Provider, or any Affiliate thereof.

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

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

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

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

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

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

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

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

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

Small Generating Facility – The Interconnection Customer's device for the production and/or storage for later injection of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

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

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

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

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

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

Attachment 2 Description and Costs of the Small Generating Facility, Interconnection Facilities, and Metering Equipment

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

Attachment 3 One-line Diagram Depicting the Small Generating Facility, Interconnection Facilities, Metering Equipment, and Upgrades

Attachment 4 Milestones

In-Service Date: _____

Critical milestones and responsibility as agreed to by the Parties:

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

Agreed to by:

For the Transmission Provider _____ Date _____

For the Transmission Owner (If Applicable) _____ Date _____

For the Interconnection Customer _____ Date _____

Attachment 5 Additional Operating Requirements

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

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

Attachment 6 Transmission Provider's Description of its Upgrades

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

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

ATTACHMENT P
Energy Imbalance Market

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10.3.1 Corrective Actions for Temporary Contingencies

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

Attachment P provides for Transmission Provider's participation as the EPE EIM Entity in the EIM administered by the MO. This Attachment P should be read in conjunction with the EPE EIM BP.

Attachment P shall be in effect upon its acceptance by the Commission, with the exceptions provided below, for as long as Transmission Provider 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 P take effect no earlier than April 5, 2023, or the implementation date of Transmission Provider's participation in the EIM, whichever is later. All other sections of this Attachment P take effect on January 25, 2023 or seven (7) days prior to the start of EPE's parallel operations with CIASO's EIM market, whichever is earlier.

This Attachment P shall apply to: (1) all Transmission Customers and Interconnection Customers, as applicable, with new and existing service agreements under Parts II and III and Attachments M and N of this Tariff, (2) all Transmission Customers with legacy transmission agreements that pre-existed this Tariff and that expressly incorporate by reference the applicability of EPE's Tariff and/or this Attachment P in particular, and (3) Transmission Provider's use of the transmission system for service to Native Load Customers. To the extent an Interconnection Customer controls the output of a generator located in EPE's BAA, the EPE EIM Entity may require the Interconnection Customer to comply with a requirement in this Attachment P that on its face applies to a Transmission Customer to the extent that the EPE EIM Entity makes a determination, in its sole discretion, that the Interconnection Customer is the more appropriate party to satisfy the requirements of Attachment P than any Transmission Customer.

This Attachment P 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 P is inconsistent with a provision in the remainder of this Tariff with regard to the EPE EIM Entity's administration of the EIM, this Attachment P shall prevail.

This Attachment P governs the relationship between the EPE EIM Entity and all Transmission Customers and Interconnection Customers subject to this Tariff. This Attachment P 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 EPE EIM Participating Resources, in which case the MO Tariff provisions for EIM Participating Resources and EIM Participating Resource Scheduling Coordinators shall also apply.

For purposes of the remainder of this Attachment P, the use of the defined term "Transmission Customer(s)" shall include any applicable Interconnection Customer who, pursuant to a determination made by the Transmission Provider as provided above, has been identified to be the more appropriate party to satisfy the requirements of this Attachment P.

2. Election of Transmission Customers to become EPE EIM Participating Resources

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

- (1) Meet the requirements specified in Section 3 of this Attachment P and the EPE 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 P and the EPE EIM BP posted on the Transmission Provider's OASIS.

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

3. Eligibility to be an EPE EIM Participating Resource

3.1 Internal Resources - Transmission Rights

Resources owned or controlled by Transmission Customers and located within the metered boundaries of EPE's BAA are eligible to become EPE 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 EPE's BAA

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 EPE's BAA may participate in the EIM as an EPE EIM Participating Resource if the Transmission Customer: (1) implements a Pseudo-Tie into EPE's BAA, consistent with EPE's business practice posted on Transmission Provider's OASIS; (2) has arranged firm transmission over any third-party transmission systems to an EPE BAA intertie boundary equal to the amount of energy that will be Dynamically Transferred through a Pseudo-Tie into EPE's BAA, consistent with EPE's business practice posted on Transmission

Provider's OASIS; (3) has secured transmission service consistent with Section 3.1 of this Attachment P, and (4) has already registered the pseudo-tie and resource with the NAESB webRegistry.

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 EPE's BAA.

3.3 Application and Certification of EPE EIM Participating Resources

This section should be read in conjunction with the EPE EIM BP.

3.3.1 Application

To register a resource to become an EPE EIM Participating Resource, an applicant must submit a completed application and shall provide a deposit of \$1,500 for the EPE EIM Entity to process the application. Upon completion of processing the completed application, the EPE 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 (without interest) to the EPE EIM Participating Resource applicant, as appropriate. At the time of application, any EPE 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, as applicable.

3.3.2 Processing the Participating Resource Application

The EPE 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 EPE EIM Entity shall validate through the application that the EPE EIM Participating Resource applicant has satisfied Sections 3.1 and 3.2 of this Attachment P, as applicable, and met minimum telemetry and metering requirements, as set forth in the MO's requirements and the EPE EIM BP. Within 45 days of receipt of the application and in accordance with the process outlined in the EPE EIM BP, the EPE EIM Entity may request additional information and will attempt to resolve any minor deficiencies in the application with the Transmission Customer. The EPE 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 EPE EIM Entity approves the application, it shall send notification of approval to both the EPE EIM Participating Resource applicant and the MO. If the EPE EIM Entity rejects the application, the EPE EIM Entity shall send notification stating the grounds for rejection to the EPE EIM Participating Resource applicant. Upon request, the EPE EIM Entity may provide guidance to the applicant as to how the EPE EIM Participating Resource applicant may cure the grounds for the rejection. In the event that the EPE 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 EPE EIM Entity's initial receipt of the application, the application shall be deemed rejected by the EPE EIM Entity. If an application is rejected, the EPE 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 EPE EIM BP, certification by the EPE EIM Entity of the EPE 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 EPE EIM Entity shall provide notice to both the Transmission Customer with an EPE EIM Participating Resource and the MO that the EPE EIM Participating Resource is certified and therefore eligible to participate in the EIM.

3.3.4 Status of Resource Pending Certification

If the Transmission Customer: (i) has submitted an application for a resource to be an EPE EIM Participating Resource but the application has not been approved; or (ii) has not yet been certified by the EPE EIM Entity consistent with Section 3.3.3 of this Attachment P, 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 an EPE EIM Participating Resource has an ongoing obligation to inform the EPE EIM Entity of any changes to any of the information submitted as part of the application process under this Attachment P consistent with EPE EIM Business Practice Manual.

This information includes, but is not limited to:

- (1) Any change in the EPE 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 EPE EIM Participating Resource in the EIM or the Transmission Customer has terminated the EPE 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 P.

4. Roles and Responsibilities

4.1 Transmission Provider as the EPE EIM Entity and the EPE EIM Entity Scheduling Coordinator

4.1.1 Responsibilities

4.1.1.1 Identification of EIM Entity Scheduling Coordinator

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

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

4.1.1.2 Processing EPE EIM Participating Resource Applications

The EPE EIM Entity shall be responsible for processing applications of Transmission Customers seeking authorization to participate in the EIM with resources as EPE EIM Participating Resources in accordance with Section 3.3 of this Attachment P.

4.1.1.3 Determination of EIM Implementation Decisions for EPE's BAA

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

- (1) **Eligibility requirements:** Eligibility requirements are set forth in Section 3 of Attachment P.
- (2) **Load Aggregation Points:** There shall be one LAP for EPE's BAA.

- (3) **MO load forecast:** The EPE 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 EPE EIM Entity and all Transmission Customers with EPE 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 EPE 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 EPE EIM Business Practice

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

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

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

In addition, the EPE 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 and by making a filing pursuant to Section 205 of the Federal Power Act to revise this Tariff consistent with the Commission's requirements.

4.1.2 Responsibilities of the EPE EIM Entity to Provide Required Information

4.1.2.1 Provide Modeling Data to the MO

The EPE EIM Entity shall provide the MO information associated with transmission facilities within EPE's BAA, including, but not limited to, network constraints and associated limits that must be observed in EPE's BAA network and interties with other BAAs.

4.1.2.2 Registration

The EPE EIM Entity shall register all Non-Participating Resources with the MO consistent with EPE's EIM Business Practice Manual. The EPE EIM Entity may choose to obtain default energy bids from the MO for Non-Participating Resources that are Balancing Authority Area Resources. The EPE 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 P.

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 EPE 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 EPE 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 EPE 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 policies and industry standards through an update to the e-Tag. If WECC policies and industry standards are modified such that the 60-minute time frame set forth in the preceding sentence is no longer sufficient to enable compliance with the WECC policies and industry standards, Transmission Provider shall specify in its EIM BP the applicable time frame necessary to remain compliant.

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

Upon notification by the MO, the EPE 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 EPE 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 EPE 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 EPE EIM Entity shall be responsible for financial settlement of all charges and payments allocated by the MO to the EPE EIM Entity. The EPE EIM Entity shall sub-allocate EIM charges and payments in accordance with Schedules 1, 1A, 4, and 10 of this Tariff or Section 8 of Attachment P, as applicable.

4.1.6 Dispute Resolution with the MO

The EPE EIM Entity shall manage dispute resolution with the MO for the EPE EIM Entity settlement statements consistent with Section 29.13 of the MO Tariff, Section 12.4 of this Tariff, and the EPE EIM BP. Transmission Customers with EPE 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 Transmission Customers must comply with the information requirements of this section: (1) Transmission Customers with an EPE EIM Participating Resource; (2) Transmission Customers with a Non-Participating Resource; (3) Transmission Customers with load within EPE's BAA; and (4) subject to the limitations identified in Section 4.2.4.5.1 of this Attachment P, Transmission Customers wheeling through EPE's BAA. This section should be read in conjunction with the EPE EIM BP.

4.2.1 Initial Registration Data

4.2.1.1 Transmission Customers with an EPE EIM Participating Resource

A Transmission Customer with an EPE EIM Participating Resource shall provide the EPE EIM Entity with the 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 EPE 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 an EPE EIM Participating Resource

Each Transmission Customer with an EPE EIM Participating Resource has an ongoing obligation to inform the MO and EPE EIM Entity of any changes to any of the information submitted by the Transmission Customer provided under Section 4.2.1 of this Attachment P that reflects changes in operating characteristics as required by Section 29.4(e)(4)(D) of the MO Tariff.

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 EPE 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 P.

4.2.3 Outages

Transmission Customers with EPE 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 P and the EPE EIM BP.

4.2.4 Submission of Transmission Customer Base Schedule

Every Transmission Customer (including Transmission Customers which do not have any resources or load within EPE's BAA) shall submit the Transmission Customer Base Schedule to the EPE 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 EPE's BAA, submission of the Transmission Customer Base Schedule shall balance to the Transmission Customer's anticipated actual generation within EPE's BAA. The submissions shall be in the format and within the timing requirements established by the MO and the EPE EIM Entity as required in Section 4.2.4.5 of this Attachment P and the EPE EIM BP.

4.2.4.1 Transmission Customers with an EPE EIM Participating Resource or Non-Participating Resource in the EPE BAA

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

- (1) resources located in EPE'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 EPE EIM Participating Resource Scheduling Coordinator shall provide to the EPE EIM Entity:

- (1) the energy bid range data (without price information) of the respective resources it represents that are participating in the EIM; and
- (2) 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

4.2.4.2.1 Resource Forecasts

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.

4.2.4.2.2 Method of submission

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 EPE EIM Entity's Variable Energy Resource reliability forecast prepared for Variable Energy Resources within EPE'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 10 of this Tariff;
- (2) The Transmission Customer may elect to self-supply the Forecast Data and provide such data to the EPE 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 10 of this Tariff;
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 10 of this Tariff.

4.2.4.2.3 Timing of submission

A Transmission Customer with a Non-Participating Resource that is a Variable Energy Resource must elect one of the above methods prior to either: (1) the date EPE joins the EIM or (2) the date the Non-Participating Resource interconnects to EPE's BAA. A Transmission Customer with a Non-Participating Resource that is a Variable Energy Resource may change its election by providing advance notice to the EPE EIM Entity.

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 P, the EPE EIM Entity shall apply method (1) for purposes of settlement pursuant to Schedule 10 of this Tariff.

4.2.4.3 Transmission Customers with Load

As set forth in Sections 4.2.4 of this Attachment P, 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 EPE 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 EPE's BAA

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

Transmission Customers with resources or load in the EPE 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. 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 EPE EIM Entity to comply with Section 4.1.4 of this Attachment P.

5. Transmission Operations

5.1 Provision of Information Regarding Real-Time Status of the Transmission Provider’s Transmission System

The EPE 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 *Saved for future provision*

5.3 Provision of EIM Transfer Capability by the EPE EIM Entity

The EPE 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”). The provision of EIM Transfer capacity corresponding to ATC shall be implemented by 40 minutes prior to the Operating Hour (“T-40”) by the EPE EIM Entity. The EPE 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 the Transmission Provider 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 EPE EIM Entity, Transmission Customers with EPE EIM Participating Resources, or Transmission Customers with Non-Participating Resources to comply with applicable reliability standards.

The EPE 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 EPE'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 EPE's BAA, including facilities of EPE BAA Transmission Owners. If requested by a Transmission Customer that is also an EPE BAA Transmission Owner, the EPE EIM Entity will provide additional information or data related to EIM operation as it may relate to facilities of an EPE BAA Transmission Owner.

6.2 Good Utility Practice

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

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

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

7. Outages

7.1. EPE EIM Entity Transmission Outages

7.1.1 Planned Transmission Outages and Known Derates

The EPE 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 EPE EIM Entity shall update the submittal if there are changes to the transmission outage plan.

7.1.2 Unplanned Transmission Outages

The EPE 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 EPE BAA Transmission Owner Outages

Transmission Customers that are also EPE BAA Transmission Owners shall provide the EPE EIM Entity with planned and unplanned transmission outage data. Planned outages shall be reported to the EPE EIM Entity.

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

7.3 EPE EIM Participating Resource Outages

7.3.1 Planned EPE EIM Participating Resource Outages and Known Derates

EPE EIM Participating Resource Scheduling Coordinators shall submit information regarding planned resource outages and known derates to the EPE EIM Entity. Planned outages and known derates shall be reported to the EPE EIM Entity seven (7) or more days in advance and preferably at least 30 days in advance of the outage or known derate. The EPE 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. EPE EIM Participating Resource Scheduling Coordinators shall update the submittal if there are changes to the resource outage plan.

7.3.2 Unplanned EPE EIM Participating Resource Outages or Derates

In the event of an unplanned outage required to be reported under Section 29.9(e) of the MO Tariff, the EPE EIM Participating Resource Scheduling Coordinator is responsible for notifying the EPE EIM Entity of required changes. The EPE EIM Entity shall then submit this information to the MO's outage management system. Changes in availability of 10 MW or 5% of Pmax (whichever is greater) lasting 15 minutes or longer must be reported to the EPE EIM Entity. The EPE 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 EPE EIM Entity. The Transmission Customer with a Non-Participating Resource shall update the submittal if there are changes to the resource's outage plan.

The EPE 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 or Derates 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 EPE EIM Entity.

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

Changes in availability of 10 MW or 5% of the element's normal system operating limits (whichever is greater) lasting 15 minutes or longer must be reported to the EPE EIM Entity. The EPE EIM Entity shall then submit this information to the MO's outage management system.

8. EIM Settlements and Billing

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

8.1 Instructed Imbalance Energy (IIE)

The EPE EIM Entity shall settle as IIE imbalances that result from (1) operational adjustments of a Transmission Customer's affected base generation schedule or Interchange, which includes changes by a Transmission Customer after T-57, (2) resource imbalances created by Manual Dispatch or an EIM Available Balancing Capacity dispatch, (3) an adjustment to resource imbalances created by adjustments to resource forecasts, or (4) other reasons IIE is calculated by the MO pursuant to Section 11.5 of the MO Tariff and using the RTD or FMM price at the applicable PNode. Any allocations to the EPE EIM Entity pursuant to Section 29.1 1(b)(1) and (2) of the MO Tariff for IIE that is not otherwise recovered under Schedule 10 of this Tariff shall be settled directly with each Transmission Customer according to this Section 8.1.

8.2 Uninstructed Imbalance Energy (UIE)

Any charges or payments to the EPE 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 10 shall not be sub-allocated to Transmission Customers.

8.3 Unaccounted for Energy (UFE)

Any charges to the EPE EIM Entity pursuant to Section 29.11(c) of the MO Tariff for UFE shall be sub-allocated to Transmission Customers on the basis of Measured Demand.

8.4 Charges for Under-Scheduling or Over-Scheduling Load

8.4.1 Under-Scheduling Load

Any charges to the EPE EIM Entity pursuant to Section 29.1 1(d)(1) of the MO Tariff for underscheduling load shall be assigned to the Transmission Customers subject to Schedule 4 based on each Transmission Customer's respective under- scheduling imbalance ratio share, which is the ratio of the Transmission Customer's under-scheduled load imbalance amount relative to all other Transmission Customers' under-scheduled load imbalance amounts who have under-scheduled load for the Operating Hour, expressed as a percentage.

8.4.2 Over-Scheduling Load

Any charges to the EPE EIM Entity pursuant to Section 29.1 1(d)(2) of the MO Tariff for overscheduling load shall be assigned to the Transmission Customers subject to Schedule 4 based on each Transmission Customer's respective over- scheduling imbalance ratio share, which is the ratio of the Transmission Customer's over-scheduled load imbalance amount relative to all other Transmission Customers' over-scheduled load imbalance amounts who have over-scheduled load for the Operating Hour, expressed as a percentage.

8.4.3 Distribution of Under-Scheduling or Over-Scheduling Proceeds

Any payment to the EPE EIM Entity pursuant to Section 29.1 1(d)(3) of the MO Tariff shall be distributed to Transmission Customers that were not subject to underscheduling or overscheduling charges during the Trading Day on the basis of Metered Demand and in accordance with the procedures outlined in the EPE 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 EPE EIM Entity pursuant to Section 29.1 1(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 EPE EIM Entity pursuant to Section 29.11 (e)(2) of the MO Tariff for the EIM real-time congestion offset shall be 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 EPE EIM Entity pursuant to Section 29.1 1(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 EPE EIM Entity pursuant to Section 29.11 (e)(5) of the MO Tariff for EIM neutrality settlement shall be sub-allocated as follows:

| Description | Allocation |
|---|-----------------|
| Neutrality Adjustment (monthly and daily) | Measured Demand |
| Rounding Adjustment (monthly and daily) | Measured Demand |

8.5.5 Real-Time Bid Cost Recovery

Any charges to the EPE 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 payments to the EPE 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 as follows:

| Description | Allocation |
|---|-----------------|
| Flexible Ramping Forecasted Movement Resource Settlement | Measured Demand |
| Flexible Ramping Forecasted Movement Demand Allocation | Measured Demand |
| Daily Flexible Ramping Uncertainty Award (in both upward and downward directions) | Measured Demand |
| Monthly Flexible Ramping Uncertainty Award (in both upward and downward directions) | Measured Demand |
| Any other Flexible Ramping Product charges or payments | Measured Demand |

8.5.7 Inaccurate or Late Actual Settlement Quality Meter Data Penalty

To the extent the EPE 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 EPE EIM Entity shall directly assign the penalty to the offending Transmission Customer.

8.5.8 Other EIM Settlement Provisions

Any charges to the EPE EIM Entity pursuant to the MO Tariff for the EIM settlement shall be sub-allocated. The charges shown in the following table shall be sub-allocated as follows:

| Description | Allocation |
|--|----------------|
| Invoice Deviation (distribution and allocation) | EPE EIM Entity |
| Generator Interconnection Process Forfeited Deposit Allocation | EPE EIM Entity |
| Default Invoice Interest Payment | EPE EIM Entity |
| Default Invoice Interest Charge | EPE EIM Entity |
| Invoice Late Payment Penalty | EPE EIM Entity |
| Financial Security Posting (Collateral) Late Payment Penalty | EPE EIM Entity |
| Shortfall Receipt Distribution | EPE EIM Entity |
| Shortfall Allocation Reversal | EPE EIM Entity |
| Shortfall Allocation | EPE EIM Entity |
| Default Loss Allocation | EPE EIM Entity |

8.6 MO Tax Liabilities

Any charges to the EPE 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 additional transmission service charges under Schedules 7 and 8 solely as a result of EIM Dispatch Instruction.

8.8 Variable Energy Resource Forecast Charge

Any costs incurred by the EPE 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 P, 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 P, any charges to the EPE EIM Entity pursuant to Section 29.1 1(j)(1) of the MO Tariff for Variable Energy Resource forecast charges shall be suballocated to the Transmission Customer with a Non-Participating Resource requesting such forecast.

8.9 EIM Payment Calendar

Pursuant to Section 29.11(1) of the MO Tariff, the EPE 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 EPE EIM Entity shall follow Section 7 of this Tariff for issuing invoices regarding the EIM. For any months in which the Transmission Provider's net billing is less than \$100, Transmission Provider will roll such amount over for future invoicing on the earlier of the end of the calendar year or once the accumulated charges reach \$100 or greater.

8.10 EIM Residual Balancing Account

To the extent that MO EIM-related charges or payments to the EPE EIM Entity are not captured elsewhere in Attachment H-1, Schedules 1, 1A, 4, and 10 of this Tariff, or this Section 8, those charges or payments shall be placed in a balancing account, with interest accruing at the rate established in 18 C.F.R. § 35.19(a)(2)(iii), until EPE makes a filing with the Commission pursuant to Section 205 of the Federal Power Act proposing an allocation methodology.

8.11 Market Validation and Price Correction

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

8.12 Allocation of Operating Reserves

8.12.1 Payments

Any payments to the EPE EIM Entity pursuant to Section 29.1 1(n)(1) of the MO Tariff for operating reserve obligations shall be sub-allocated to Transmission Customers with EPE EIM Participating Resources in the EPE BAA for Operating Hours during which EIM Transfers from the EPE BAA to another BAA occurred. Payments shall be sub-allocated on a ratio-share basis, defined as the proportion of the volume of Operating Reserves provided by an EPE EIM Participating Resource in the EPE BAA dispatched during the Operating Hour compared to the total volume of Operating

Reserves provided by all EPE EIM Participating Resources dispatched in the EPE BAA for the Operating Hour.

8.12.2 Charges

Any charges to the EPE EIM Entity pursuant to Section 29.11(n)(2) of the MO Tariff for Operating Reserve Obligations shall be sub-allocated to Transmission Customers within the EPE BAA based on the Transmission Customer's positive load imbalance ratio share, which is the ratio of the Transmission Customer's positive load imbalance amount (the amount that the Transmission Customer's load exceeds the Transmission Customer's resources) relative to the sum of the positive load imbalances of all other Transmission Customers with such load imbalance amounts for the Operating Hour, expressed as a percentage.

9. Compliance

9.1 Provision of Data

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

If the EPE 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 EPE EIM Entity may disclose such information; provided, however, that upon the EPE EIM Entity learning of the disclosure requirement and, if possible, prior to making such disclosure, the EPE 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 EPE 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 EPE EIM Entity shall treat all Transmission Customer and Interconnection Customer data and information provided to it as market-sensitive and confidential, unless the EPE EIM Entity is otherwise allowed or required to disclose. The EPE 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 EPE 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 EPE EIM Entity, the Transmission Customer must immediately and directly communicate the nature of any such limitation to the EPE 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 EPE EIM Entity, as applicable, of outages in accordance with Section 7 of this Attachment P;
- (4) Provide complete, accurate, and timely meter data to the EPE 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 EPE EIM Entity, the Transmission Customer shall be responsible for any consequence on settlement and billing;
- (5) Provide information to the EPE 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 P, 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 EPE EIM Entity.

9.3 Enforcement

The EPE EIM Entity may refer a violation of Section 9.2 of this Attachment P to 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 EPE EIM Entity shall utilize Schedules 4A, 9, 10A, and Sections 15.7 and 28.5 of EPE's Tariff 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 EPE 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 EPE EIM Entity

If the EPE 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 P, in order to mitigate price exposure during the 180-day period between submission of the notice and the termination effective date, the EPE EIM Entity may invoke the following corrective actions by requesting that the MO:

- (1) prevent EIM Transfers and separate the EPE EIM Entity's BAA from operation of the EIM in the EIM Area; and
- (2) suspend settlement of EIM charges with respect to the EPE EIM Entity. Once such corrective actions are implemented by the MO, the EPE EIM Entity shall utilize Schedules 4A, 10A, and Sections 15.7 and 28.5 of EPE's Tariff.

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

10.3 Corrective Actions Taken by the EPE EIM Entity for Temporary Contingencies

The EPE 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 EPE's BAA) have caused, or are in danger of causing, an abnormal system condition in EPE'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 EPE EIM Entity are disrupted and prevent the EPE EIM Entity, the EPE EIM Entity Scheduling Coordinator, or an EPE 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 EPE EIM Entity may invoke the following corrective actions by requesting that the MO:

- (1) prevent EIM Transfers and separate the EPE 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 EPE 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 EPE EIM Entity shall utilize Schedules 4A, 10A, and Sections 15.7 and 28.5 of EPE's Tariff.

If the EPE EIM Entity takes action under this Section 10.3, the EPE EIM Entity shall notify the MO and Transmission Customers. The EPE EIM Entity and the MO shall cooperate to resolve the temporary contingency event and restore full EIM operations as soon as is practicable.